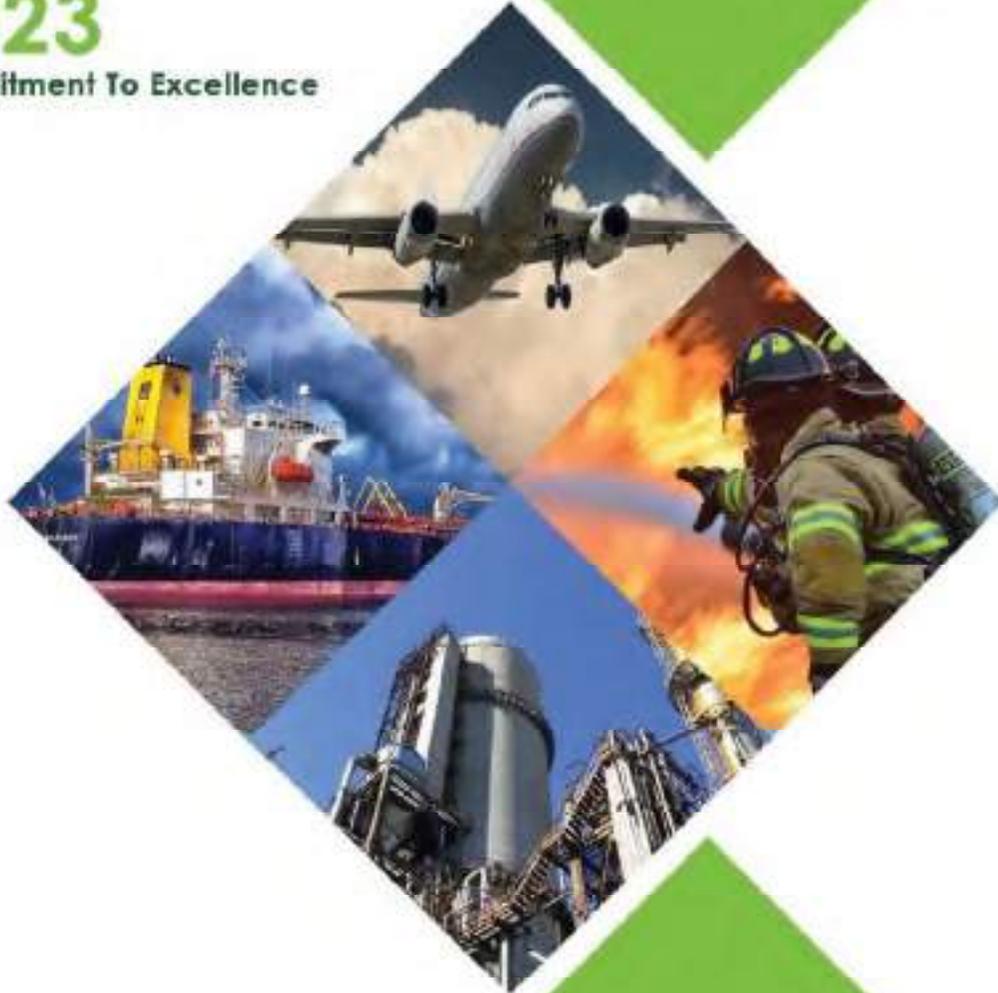




Pakistan Reinsurance Company Limited

# ANNUAL REPORT 2023

Commitment To Excellence



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# VISION

To be a leading provider of  
reinsurance and risk management  
services in the region

# MISSION

To provide secure reinsurance capacity and outstanding risk management advice in a profitable manner and to conduct business in a dependable and professional way with the highest standards of customer service.

# STRATEGY

To continue being the premier provider of reinsurance and risk management services to the insurance industry, fostering strong business relationships with local insurers, reinsurance brokers, and foreign reinsurers.

# OBJECTIVES

- ❖ To provide the best reinsurance services to the local insurance industry in order to check the outflow of foreign exchange, to the maximum possible extent.
- ❖ To develop good business relations with foreign reinsurers.
- ❖ To train staff in pace with the fast changing business requirements as well as to provide them with conducive working environment.
- ❖ To assist in the development of national insurance industry.
- ❖ To enhance Domestic retention capacity in the country in order to save valuable foreign exchange.

# Corporate Information

## BOARD OF DIRECTORS OF PRCL

	<u>Members</u>	<u>Types</u>
Mr. Mumtaz Ali Rajper	Chairman Board / Director	Non-Executive
Dr. Kausar Ali Zaidi	Director	Non-Executive
Dr. Musleh-ud-Din	Director	Independent / Non-Executive
Mr. Muhammad Rashid	Director	Non-Executive
Mrs. Zara Shaheen Awan	Director	Independent / Non-Executive
Mr. Shoaib Mir	Director	Independent / Non-Executive
Mr. Farmanullah Zarkoon	Chief Executive Officer	Executive

## COMPANY SECRETARY

Mr. Sumeet Kumar

## BOARD COMMITTEES

### AUDIT COMMITTEE

Dr. Musleh-ud-Din	Chairman
Dr. Kausar Ali Zaidi	Member
Mr. Muhammad Rashid	Member
Mr. Shoaib Mir	Member
Mr. Asif Kamal (CIA)	Secretary

### ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Dr. Kausar Ali Zaidi	Member
Dr. Musleh-Ud-Din	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of HR Department	Secretary

### INVESTMENT COMMITTEE

Mr. Shoaib Mir	Chairman
Mr. Muhammad Rashid	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Musleh-Ud-Din	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

## **PROCUREMENT COMMITTEE**

Dr. Kausar Ali Zaidi	Chairman
Mr. Mumtaz Ali Rajper	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Administration	Secretary

## **MANAGEMENT COMMITTEES**

### **RISK MANAGEMENT AND COMPLIANCE COMMITTEE**

Mr. Muhammad Rashid	Chairman
Dr. Kausar Ali Zaidi	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Risk Management Officer	In Mandatory Attendance
Head of Legal	In Mandatory Attendance
Compliance Officer	In Mandatory Attendance
Company Secretary	Secretary

### **UNDERWRITING / REINSURANCE COMMITTEE**

Dr. Kausar Ali Zaidi	Chairman
Chief Executive Officer	Member
Executive Director (Underwriting)	Secretary

### **CLAIMS SETTLEMENT COMMITTEE**

Mr. Mumtaz Ali Rajper	Chairman
Mr. Shoaib Mir	Member
Chief Executive Officer	Member
Head of Claims Department	Secretary

### **SENIOR MANAGEMENT**

Mr. Farmanullah Zarkoon	Chief Executive Officer
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Ms. Hina Gul	Regional Director
Syed Aamir	Chief Financial Officer
Mr. Muhammad Asif Kamal	Chief Internal Auditor
Mr. Sumeet Kumar	Company Secretary
Mr. Tameezuddin	General Manager (Internal Audit)
Mr. Muhammad Naveed Iqbal	General Manager (Investment)
Mr. Arham Rahim	HOD (Human Resource)
Mr. Muhammad Rizwan Sharif	HOD (Underwriting Property)
Mr. Inayat ullah	HOD(Administration)
Mr. Muhammad Rafiq	HOD (Information Tech)
Mr. Hans Hussain Soomro	HOD (Accounts)
Mr. Bashir Ahmad	HOD/ Compliance Officer

Mr. Yousuf Hassan Rana  
Mr. Muhammad Amin  
Mr. Zafar Ahmed  
Mr. Muhammad Ahmed  
Mr. Uneeb Aslam Chaudhry  
Mr. Muhammad Fahad

HOD(Treaty)  
HOD (Underwriting Non-property)  
HOD(Retrocession)  
HOD (Window Retakaful Operation)  
HOD(Claims)  
Underwriting Specialist

**AUDITORS**

Kreston Hyder Bhimji & Co  
Chartered Accountants  
Suite No. 1601,  
16th Floor, Kashif Centre,  
Shahrah-e-Faisal,  
Karachi.

**REGISTERED OFFICE**

PRC Towers, 32-A, Lalazar Drive  
M. T. Khan Road, P.O. Box: 4777  
Karachi-74000, Pakistan.  
Tele: (92-21) 99202908-15  
Telefax: (92-21) 99202921-22  
Email: [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk)  
Website: [www.pakre.org.pk](http://www.pakre.org.pk)

**BANKERS**

National Bank of Pakistan  
Bank Al Habib  
Habib Bank Limited  
Bank Al Falaha  
Dubai Islamic Bank

**LIAISON OFFICE**

House No. 355-A  
Street No. 36  
F-11/3, Islamabad  
Contact: 0333-5255555

**SHARE REGISTRAR**

Central Depository Company of Pakistan  
Limited  
CDC House, 99-B,Block-B, SMCHS  
Main Shakra-e-Faisal  
Karachi-74400, Pakistan  
Tele: (92-21) 111-111-500

# DIRECTORS PROFILE



Mr. Mumtaz Ali Rajper holds a Master's Degree in Economics.

He has more than 33 Years of experience with Pakistan International Airlines, Sindh TV, and Mehran TV.

He was on PAKRE Board as a Nominee Director of Government of Pakistan since April 2010 and now he has been elected as Director effective December 2013. He also serves on the Board of Matrix (Pvt) Limited. He is also a certified Board Director from the Institute of Chartered Accountants of Pakistan.



Dr. Musleh ud Din holds Ph.D. in Economics from Johns Hopkins University. He has more than 30 years of experience in teaching and policy-oriented research. He has published widely in national and international journals in the areas of macroeconomics, financial sector development, and trade policy. He has served as a member of various high-level committees and is currently a member of the Economic Advisory Council. He also serves as executive editor of the Pakistan Development Review. Dr. Musleh ud Din has conducted a number of research projects under the aegis of the World Bank, Asian Development Bank, and United Nations. He is also a certified Board Director from the Institute of Chartered Accountants of Pakistan.



Mrs. Zara S. Awan is a barrister of Lincoln's Inn and an advocate of the High Courts of Pakistan.

She is a practitioner and an academician. Zara received her education at the Inns of Courts School of Law (UK) and the University of Kent at Canterbury (UK), Karachi Grammar School & the Convent of Jesus & Mary Karachi. Zara is associated with both practice and academia and advises and represents parties on a Pro Bono basis as well. She has experience in civil, commercial and arbitration laws and is also a Director of the University of London International Law Programs at an affiliated institution in Karachi.



Mr. Kausar Ali Zaidi is a civil servant who has financial and administrative expertise with 22 years of practical experience as DG, Trade Dispute, Joint Secretary Special Initiative, Executive Director, Joint Secretary Admin, and Insurance, Director General Admin, and Director Admin at various Ministries and Divisions. He has also served as a Member of the Policy Board, Security, and Exchange Commission of Pakistan (SECP) as a representative of the Ministry of Commerce. He completed his Master's in International Law and Economics (MILE) in 2005 from the World Trade Institute, University of Bern, Switzerland, and also a Fellowship, in International Trade Law in 2006 from IDLO, Sydney, Australia.



Mr. Muhammad Rashid is currently working as Chief Financial Officer at State Life Insurance Corporation of Pakistan. He is F.C.MA, C.I.A (U.S.A), and F.L.M.I (U.S.A) and has vast experience of around 31 years in Finance and Accounts. He participated in many finances as well as administration-related programs, seminars, and pieces of training from time to time. He remained on the Board of Directors of Alpha Insurance Company Limited as well as Pakistan Cables Limited.

Mr. Shoaib Mir is a retired Pakistani Administrative Service (PAS) Officer of Federal Government in BS-22. He remained posted as Chief Secretary Balochistan, Federal Secretary to the Government of Pakistan, Chairman, State Life Insurance Corporation and other leading Administrative & Financial positions in Federal, Provincial Governments and Public Sector Enterprises.

Mr. Shoaib Mir Joined Civil Services in 1986, having vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration. Finance, Health, Insurance and Planning etc., his roles and responsibilities included

- Leading as an administrative Head of the Province
- To implement policies of the government
- Assisting the Government in formation of policies
- Ensuring the efficient and effective working of the administration
- Ensuring law and order of the province
- Coordination and promotion of economic and development activities.



Moreover, Mr. Shoaib Mir has also been an active academician and visiting faculty to following:

1. National School of Public Policy's affiliate units of National Institute of Management at Karachi, Lahore, Islamabad, Peshawar and Quetta to impart mandatory promotion trainings to the Senior and Mid-career level civil servants of the Federal Government, Provincial Governments, Autonomous Bodies and Public Sector Organizations.
2. Professional Development Programs at Highway Research & Training Centre, NHA, Pakistan
3. Secretariat Training Institute, Pakistan. Imparting Specialized Training which includes Organization and Machinery of the Government.
4. Civil Services Academy Lahore. A premier training institution of Pakistan for pre-service training of Civil Servants.
5. State Life Training Academies at Islamabad, KPK, Karachi, Hyderabad, Lahore, Faisalabad and Multan.
6. Defense Services Intelligence Academy, Islamabad.

**Mr. Farmanullah Zarkoon** is an accomplished professional with extensive leadership experience and a strong educational background. He holds a Certificate in Chartered Insurance ('ACII') from the Chartered Insurance Institute in London, an MBA from Germany, an MS from Poland ('Erasmus Exchange Semester'), and a Bachelor's degree in Computer Engineering from GIK Institute of Engineering Sciences & Technology, Pakistan. He has completed various training programs, including the 20<sup>th</sup> Mid-Career Management Course from National Institute of Management ('NIMS'), Karachi, 21<sup>st</sup> National Security Workshop from National Defense University, Islamabad, and SECP Certified Directors Training Program from LUMS, Lahore.



Throughout his career, Mr. Zarkoon has garnered extensive professional expertise in areas such as Underwriting, Reinsurance, Corporate Governance, Human Resources, and Risk Analysis & Management. He has held various illustrious tenures in leadership roles. He has served as the Chief Executive Officer (CEO) and Director on Board (Policy & Planning Committee) at the Balochistan Board of Investment and Trade (BBolT), as well as Commissioner (Operations) in the Balochistan Revenue Authority, Government of Balochistan. Prior to his appointment as CEO of the Pakistan Reinsurance Company, he had also served as an Executive Director in the same organization.

Mr. Zarkoon is known for achieving challenging goals, taking fast and decisive actions when needed, outperforming the competition and inspiring others to perform at the highest level they can. His leadership style emphasizes business development and the implementation of Digital Leadership & Automation/Digitization of processes within Government organizations.

# COMPANY PROFILE

PRCL is a Public Sector Company attached to the Ministry of Commerce. The Company is supervised by a Board of Directors, which is assisted by the Management comprising a strong team of professionals who effectively manage the business affairs of the Company. The Seven Member Board comprises four Government Nominee Directors, two Elected Directors, one Nominee of State Life Insurance Corporation.

PRCL's prime objective is the provision of reinsurance services in Pakistan. The company is the only national reinsurer. It provides reinsurance protection to the local insurance industry by way of treaty and facultative businesses.

## Company History

PRCL was established in 1952 as Pakistan Insurance Corporation under the PIC Act, 1952, with the objective of supporting the local insurance industry. In the year 2000, Pakistan Insurance Corporation was converted and incorporated as a public limited company namely Pakistan Reinsurance Company Limited vide Ministry of Commerce SRO No.98(1)/2000 was issued under the Presidential Ordinance No. XXXVI of 2000 dated 14th February 2001.

## Types of Businesses undertaken by Company

- ✓ Fire – Building, Stock, Plant, Machinery, Crop;
- ✓ Marine – Hull, Cargo, (Primary, War liabilities);
- ✓ Aviation – (Aircraft, Cargo, Crew, Passengers, Third Party Liability);
- ✓ Accident – Motor, Fidelity Guarantee, Personal Lines;
- ✓ Liability – Employers Liability, Professional Indemnity, Workman Compensation;
- ✓ Engineering – Property Damage, Business Interruption, Plant, Machinery Breakdown, TPL, Erection All Risks, Contractor All Risks, etc.
- ✓ Public Sector Risks: Oil Refineries, Power Projects, Oil and Gas Exploration, Fields / Operations, Hydel Power, and Nuclear Power Projects.

## Business Operations

The reinsurance operation of the Company consists of the following departments:

- ✓ **Underwriting Department** deals with scrutiny and acceptance of risk offered by local insurers, both under the Facultative and Treaty arrangements.
- ✓ **Retrocession Department** undertakes to tender of risks ceded by National Insurance Company Limited including their placement with foreign insurers.
- ✓ **Claims Department** deals with claims notified by cedants under both the Facultative and Treaty arrangements and approval of claims.

# CHAIRMAN'S REPORT

Dear Stakeholders,

I am delighted to present the Chairman's review of the Pakistan Reinsurance Company Limited ('PRCL') for the year 2023, a period marked by dynamic global shifts and challenges that demanded resilience and strategic foresight.

The global landscape persisted in presenting economic challenges characterized by geopolitical tensions, energy dynamics, and inflationary pressures that affected markets, leading to rising inflation, political instability, flood damages, and supply chain disruption. Despite these challenges, PRCL not only navigated through these complexities but also emerged stronger, demonstrating its adaptability and robust operational framework.

In the face of these challenges, PRCL has maintained a steadfast commitment to its strategic objectives, ensuring the prudent management of our underwriting and investment portfolios. I am pleased to report that our gross premiums written reached Rs. 33.969 billion, reflecting a commendable growth trajectory from the previous year. Our unwavering dedication to effective risk management is evident in our claims, which were efficiently handled, amounting to Rs. 4.707 billion for the year. A key highlight of our performance is the impressive profit after tax, standing at 3.065 billion, a testament to the resilience and agility of our business operations. The Retakaful window continued to operate seamlessly, underscoring our commitment to innovation and diversification in the reinsurance sector.

Our Board of Directors, supported by four Board Committees and three Management Committees, has remained vigilant in fulfilling its fiduciary duties. Our well-established system of controls, governance, and risk management ensures that the interests of our shareholders and the integrity of the company are safeguarded at all times. In addition to our commitment to compliance with national laws, PRCL is dedicated to upholding the highest standards of integrity and ethical conduct.

I extend my sincere appreciation to our diligent employees and valued business partners for their unwavering professionalism and dedicated efforts. To our shareholders and board members, I express gratitude for your continued confidence and steadfast commitment to PRCL. It is this collective trust and support that propels us forward, ensuring not only progress but also the sustainable growth of Pakistan's Insurance and Reinsurance Industry.

In closing, I remain optimistic about the future, and I am confident that, together, we will continue to overcome challenges, seize opportunities, and strengthen PRCL's position as a leader in the industry.

Sincerely,

  
Mumtaz Ali Rajper  
Chairman

## CEO'S MESSAGE

Dear Stakeholders,

I am delighted to share with you the Annual Report for the year ending December 31, 2023, highlighting the exceptional achievements, strategic initiatives, and operational excellence of Pakistan Reinsurance Company Limited.

Throughout the dynamic landscape of 2023, our commitment to enhancing efficiency, profitability, and service quality across our treaty and facultative operations remained unwavering. We initiated substantial reforms, streamlining processes, ensuring regulatory compliance, and enhancing transparency. These changes, including revised return submission deadlines, new reporting forms, and revamped acceptance letters, reflect our dedication to continual improvement and client-centric operations.

In 2023, your Company not only weathered challenges but thrived, achieving a notable profit after tax of PKR 3.065 billion. This stands as a testament to our robust financial performance and operational efficiency. The gross written premium for the year reached an impressive PKR 33.969 billion, showcasing our strong underwriting capabilities and the ability to attract and retain clients in a fiercely competitive market. These financial accomplishments underscore our commitment to delivering sustainable value to shareholders while laying the groundwork for future growth and success.

In our pursuit of prudent risk management and sustainable growth, we conducted a thorough review of underwriting strategies. This led to the adoption of more cautious underwriting practices and the creation of tailored products meeting the evolving needs of our clients. Our objective extends beyond profitability; we aim to strengthen client relationships by providing innovative solutions customized to their specific requirements.

Within our facultative operations, we successfully implemented mechanisms to monitor exposure accumulation, revised acceptance letters, and embraced proactive underwriting strategies for profitability and risk mitigation. Additionally, we took proactive steps toward international expansion, capacity building, and process improvements, including innovative employee training programs and the introduction of fast-track processing for small-value claims.

I am pleased to announce that JCR-VIS conducted the credit rating of the company this year, resulting in an impressive AA+ rating with a stable outlook. This underscores our strong financial position, robust risk management practices, and unwavering commitment to excellence. Furthermore, we significantly expanded the capacity of our marine and fire & engineering risk XOL treaties, reinforcing our position as a preferred reinsurance partner and showcasing our confidence in the market.

As we look ahead, our focus remains on driving innovation, fostering stronger client relationships, and delivering sustainable value to our shareholders. Our journey of growth and transformation is guided by unwavering commitment to excellence, integrity, and client satisfaction.

I extend my heartfelt gratitude to our valued shareholders, esteemed clients, dedicated employees, regulatory authorities, and other stakeholders for their continued support and trust in our vision. Together, we will navigate challenges and seize opportunities, ensuring a brighter and more prosperous future for Pakistan Reinsurance Company Limited.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Farman Zarkoon', with a large, stylized flourish above it.

Farman Zarkoon

Chief Executive Officer

# Directors' Report

To the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Company along with the audited financial statements and Auditors' report for the year ended December 31, 2023.

## **Economic Review:**

The preceding year, CY23, presented significant challenges due to a tumultuous macroeconomic landscape and political instability. The country faced a severe balance of payments crisis, with foreign exchange reserves starting the year at a notably low USD 5.6 billion, exacerbated by high loan repayments. Inflation stood at an average of 31% during CY23, primarily influenced by currency fluctuations and supply chain limitations aggravated by destructive floods and import restrictions. Both business and public confidence dwindled amidst concerns of deepening economic hardship.

By the latter part of June 2023, Pakistan successfully obtained a Stand-by Arrangement of USD 3 billion from the IMF for a period of 9 months, leading to a partial restoration of economic stability. Subsequently, numerous economic indicators have displayed improvement, with the anticipation of ongoing gradual progress, contingent upon Pakistan's commitment to reforms within the IMF program.

Economic activity stagnated during the concluding fiscal year of FY23, witnessing Pakistan's \$375 billion economy contract to approximately \$342 billion, marking a negative growth rate of around 0.17% compared to the 6.2% growth achieved in FY22. Projections for FY24 by the ADB and IMF, in their most recent reports, forecast GDP growth at 2% and 3.5% respectively.

While inflation maintained an average of 31% throughout CY23, we anticipate a significant cooling off, with expectations of it falling within the range of 20-22%. This decline is largely attributed to the high base effect. We foresee a slowdown in the monthly rate of price increases, as the majority of adjustments, especially energy prices, have already been implemented by the government. Over the past six monetary policy meetings, the central bank has maintained interest rates, but market sentiments are leaning towards the possibility of the first-rate cut occurring in April 2024. For CY24, we anticipate a reduction of 4-6% in the policy rate.

The second and final review of the month Stand-By Arrangement (SBA) with the IMF was reached in March 2024. Going forward, the continuation of the IMF program is imperative for economic stability as it will not only help stave off any solvency threats the country faces, it will also compel the authorities to continue to pursue economic reforms required to achieve macroeconomic stability. The successful completion of the IMF review will facilitate inflows from other Multilateral Development Banks (MDBs) and friendly nations, aiding in the maintenance of reserves at acceptable levels. To achieve more sustainable and inclusive economic growth, the government must prioritize long overdue structural reforms, which encompass a) broadening

the narrow tax base by levying taxes on all sources of income, including Agriculture and Real Estate. b) Expedited privatization of State-Owned Enterprises. c) Rationalization of current expenditures to prioritize developmental expenditures. d) Enhancing governance standards and competency across all levels of government. e) Addressing inefficiencies and losses in Discos while reducing circular debt.

Going forward we believe that the economy will stabilize and will be on the path of recovery in second half of 2024 providing enough impetus to maintain the growth trajectory of your company.

#### Company Performance Highlights:

2023 has been a good year for Pakistan Reinsurance Company Limited. The comparative financial highlights for the years 2023 and 2022 are presented as follows:

Rupees in million (Except as otherwise stated)	2023	2022	%
Net Premium	9,323	7,929	18%
Net Claims	(4,707)	(4,312)	9%
Underwriting Profit	1,892	1,652	15%
Investment Income	2,389	1,338	79%
Rental Income	148	126	17%
Other Income	1,197	419	186%
Profit After Tax	3,065	2,624	17%
Earnings Per Share	3.41	2.92	17%

During the year under review, there was a significant increase in gross premiums, rising to Rs. 33,969 million from Rs. 24,271 million in 2022, marking a substantial Rs. 9,698 million increase i.e. 40%. Net premiums also experienced growth, reaching Rs. 9,323 million from Rs. 7,929 million in 2022, reflecting a Rs. 1,394 million increase i.e. 18%. Net claims increased to Rs. 4,707 million compared to Rs. 4,312 million in 2022, representing a Rs. 395 million i.e. 9% increase. The underwriting increased to Rs. 1,893 million compared to Rs. 1,652 million in 2022, representing a Rs. 241 million i.e. 15% increase.

Overall, profit after tax showed a positive trajectory, rising from Rs. 2,625 million to Rs. 3,065 million, marking an increase of 17% from the previous year. However, the profit after tax represents 33% of the net premium same as compared to 33% in 2022.

### **Treaty Business:**

Treaty business constitutes 24% (2022: 28%) of the Companies' total business portfolio. Gross Premium underwritten during the year was Rs. 8,202 million as compared to Rs. 6,887 million in 2022, an increase of Rs. 1,315 million i.e. 20%. Net premium stood at Rs. 5,768 million as against Rs. 4,622 million in 2022. The net claim to the net premium ratio for the year under review was 59% (2022: 27%) resulting in an underwriting profit of Rs. 105 million as against an underwriting profit of Rs.1,302 million in 2022, a decrease of Rs. 1,197 million.

### **Facultative Business:**

#### **Fire:**

Fire facultative business represents 18% of the total premium portfolio, a notable increase from 7% in 2023. The gross premium underwritten during the year amounted to Rs. 6,172 million, marking a substantial increase of Rs. 4,393 million i.e. 247% compared to Rs. 1,779 million in 2022. Net premium increased to Rs. 1,688 million, compared to Rs. 1,671 million in 2022. The net claim to the net premium ratio for the year was 26%, a significant improvement from 147% in 2022, resulting in an underwriting profit of Rs. 852 million, contrasting with a loss of Rs. 1,337 million in 2022.

#### **Marine Cargo & Hull:**

In this class, facultative business constitutes 1.7% of the total premium portfolio, slightly lower than the 1.9% reported in 2022. The gross premium underwritten during the year amounted to Rs. 603 million, reflecting a significant increase of Rs. 152 million or 34% compared to Rs. 451 million in 2022. Net premium decreased to Rs. 135 million from Rs. 227 million in 2022. The net claim to net premium ratio for the year was 61%, contrasting with -16% in 2022, resulting in an underwriting profit of Rs. 42 million compared to Rs. 209 million in 2022, representing a decrease of Rs. 167 million.

#### **Aviation:**

Facultative business in this class constitutes 19.8% (2022: 19.8%) of the total premium portfolio. The gross premium underwritten during the year was Rs. 6,679 million as compared to Rs. 4,786 million in 2022, an increase of Rs. 1,893 million. Net premium stood at Rs. 425 million as against Rs. 274 million in 2022. The net claim to the net premium ratio for the year under review was 61% (2022: -18%) resulting in an underwriting profit of Rs. 202 million as against a profit of Rs. 381 million in 2022.

#### **Accident:**

In this category, facultative business represents 4.3% of the total premium portfolio, a significant rise from 1.69% reported in 2022. The gross premium underwritten during the year amounted to Rs. 1,468 million,

reflecting a notable increase of Rs. 1,060 million or 260% compared to Rs. 408 million in 2022. Net premium increased to Rs. 238 million from Rs. 216 million in 2022, representing a Rs. 21 million increase. The underwriting result posted a loss of Rs. 95 million a significant decrease from underwriting profit of Rs. 291 million in 2022.

#### **Engineering:**

The Engineering Facultative business, comprising 32% of the total premium portfolio (compared to 41.19% in 2022), experienced significant changes. The gross premium underwritten during the year amounted to Rs. 10,844 million, marking an increase of Rs. 884 million (8.8%) compared to Rs. 9,960 million in 2022. Net premium also rose to Rs. 1,068 million, an increase of Rs. 150 million or 16.3% from Rs. 918 million in 2022. The net claim to net premium ratio for the year stood at 20% (compared to 88% in 2022), resulting in an underwriting profit of Rs. 993 million, in contrast to an underwriting profit of Rs. 217 million in 2022.

#### **Investment Income:**

The company's investment performance exceeded expectations. Total Investment Income surged to Rs. 2,389 million from Rs. 1,338 million last year, showcasing significant growth. Furthermore, dividend income for the year increased to Rs. 271 million, compared to Rs. 267 million last year, while income from debt securities soared to Rs. 1,929 million, up from Rs. 1,126 million in 2022.

Rental income also increased from Rs. 148 million to 127 million.

#### **Other Income:**

During this period, the company experienced notable changes in its other income. Other income saw a substantial increase from 419 million to 1,197 million. Return on deposits showed significant growth, rising from PKR 212 million in 2022 to PKR 471 million. Additionally, the company benefited significantly from exchange gains, which increased to PKR 671 million compared to PKR 138 million previously.

#### **Claims Settlement:**

Ensuring timely settlement of claims and prioritizing customer satisfaction is paramount for the company, fostering trust and goodwill among valued clients. The overall net claim to the net premium ratio for the year stood at 50.4%, demonstrating a decrease from 54.37% in 2022.

#### **Cost Control Measures:**

During the year under review, management expenses amounted to Rs. 1,569 million, compared to Rs. 1,528 million in the previous year, reflecting a negligible increase of Rs. 41 million. As a percentage of net premium, management expenses were 16.8% in CY23, down from 19% in 2022. Moving forward, the management is committed to maintaining efforts to control costs as a percentage of net premiums.

#### **Public Sector Business:**

The Company acts as the re-insurer of National Insurance Company Limited. This includes some of the prestigious accounts such as PIA, PARCO, PSO, OGDCL, PPL, PN5C, KSEW, Public Sector Power Projects, etc. During the year under review, the company's Gross revenues from Public Sector business grew from Rs. 15,957 million to Rs.23,591 Million – an increase of 48%.

#### **Reinsurance Arrangements:**

PRCL has an excess of loss reinsurance arrangements & relationships with some of the top global reinsurers such as Hannover Re (rated AA- by S&P), Swiss Re (rated AA- by S&P), XL Re (rated AA- by S&P) and Lloyd's Syndicate (rated A+ by S&P), etc. The company adheres to a strategy aimed at optimizing risk retention by implementing a meticulously crafted reinsurance program. This program is tailored to the company's specific exposures, considering factors such as accumulation and concentration of risk at various locations.

#### **E.C.O. Reinsurance Company:**

The Articles of Agreement (AoA) of ECO Reinsurance Company were signed on February 10, 2010, by the representatives of three Member States, the Islamic Republic of Pakistan, the Islamic Republic of Iran, and the Republic of Turkey, at Islamabad (Pakistan). The AoA was further ratified by the Member States and the last ratification was made by the Republic of Turkey on November 22, 2017. The objective of the Company shall be to supplement the existing Reinsurance services, promote the growth of the underwriting & retention capacities and support the economic development in the region.

The authorized capital of the Company shall be thirty million USD, divided into three thousand shares with a par value of ten thousand US Dollars each, to be equally subscribed by the entities of three countries. Any investment by PRCL in ECO Reinsurance Company shall be subject to the approval of the Board of Directors, Shareholders / AGM, and Compliance with Section 199 of the Companies Act-2017.

#### **Credit Rating:**

The credit rating of the Company for the year 2022-23 was undertaken by M/s. JCR-VIS. The Company's credit rating of AA+ with a stable outlook. As per the standard rating scale & definition, the "AA+" rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments and no significant vulnerability to foreseeable events.

#### **Profit after Tax:**

The profit after tax of the Company is Rs.3,065 million as compared to Rs. 2,624 million last year, showing an increase of Rs. 870 million i.e 17%.

**Appropriations:(Rs. in millions)**

	2023	2022
Profit before tax	5,189	3,556
Less: Tax	(2,124)	(931)
Profit after tax	3,065	2,624
Add: Unappropriated profit brought forward	1,887	5,414
Add: Comprehensive Income	640	(318)
Less: Final cash dividend 2022 @ 7.5%	(675)	(600)
Less: Issuance of Bonus shares @200%	-	(5,358)
Unappropriated profit carried forward	4,748	1,887

**Proposed Dividend:**

The directors have recommended a final cash dividend of 7.5% i.e. Rs. 0.75 per share for the year 2023 (2022: Rs. 0.75/- per share).

**Window Retakaful:**

This was the fourth year of operations of the Retakaful window. The comparative financial highlights for the year 2023 and 2022 are presented as follows:

	2023	2022	
<b>Participant's Retakaful Fund</b>			
Net contribution revenue	1,249,344,539	979,125,622	28%
Wakala fee expense	(275,846,335)	(215,856,211)	28%
Net underwriting income	973,498,204	763,269,411	28%
Net claims - reported/ settled - IBNR	(435,568,023)	(501,892,882)	-13%
Surplus before investment income	537,930,181	304,239,169	77%
Investment income	14,670,315	8,316,060	76%
Other income	239,412,544	72,908,632	228%
Less: Modarib's fees	(63,520,715)	(20,306,173)	213%
Surplus before taxation	728,492,325	356,384,563	104%
Taxation	(34,061,086)	(10,760,328)	217%
Surplus transferred to accumulated surplus	694,431,239	345,624,235	101%
<b>Operator's Retakaful Fund</b>			
Wakala fee income	275,846,335	215,856,211	28%
Commission expense	(263,110,958)	(213,471,407)	23%
General, administrative and management expenses	(21,767,791)	(15,746,091)	38%
Investment income	2,958,821	1,687,509	75%
Other income	85,097,792	34,143,170	149%
Modarib's fee	63,520,715	20,306,173	213%
Profit before taxation	142,544,914	42,775,565	233%
Taxation	(47,039,822)	(12,404,914)	348%
Profit after taxation attributable to shareholders	95,505,092	30,370,651	214%

During the year under review, gross contribution increased to Rs. 1,379 million from Rs. 1,079 million in 2022, an increase of Rs. 300 i.e. 27.8%. Net contribution increased to Rs. 1,249 million from Rs. 979 million in 2022, an increase of Rs. 270 million i.e. 28%. Net claims decreased to Rs. 435 million as compared to Rs. 502 million in 2022, a decrease of Rs. 67 million, i.e. 13%. The Underwriting surplus increased by 101% to Rs. 694 million as compared to Rs. 345 million in 2022.

#### **Treaty Business:**

##### **Proportional Treaty:**

Treaty business constitutes 80% (2022: 82%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 1,215 million as compared to Rs. 987 million in 2022, an increase of Rs. 228 million i.e. 23.10%. Net contribution stood at Rs. 1,122 million as against Rs. 868 million in 2022, an increase of Rs. 254 million i.e. 29.26%. The net claim to net contribution ratio for the year under review was 51% (2022: 71.9%) resulting in an underwriting surplus of Rs. 327 million as against an underwriting surplus of Rs. 70 million in 202, an increase of 257 million i.e. 367%.

##### **Non-Proportional Treaty:**

Treaty business constitutes 8% (2022: 8%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 119 million as compared to Rs. 99 million in 2022, an increase of Rs. 20 million i.e. 20%. Net contribution stood at Rs. -19 million as against Rs. -3 million in 2022, a decrease of Rs. 16 million i.e. The underwriting surplus clocked at Rs. 107 million as against an underwriting surplus of Rs. 133 million in 2022, a decrease of Rs. 26 million.

#### **Facultative Business:**

##### **Fire:**

Fire facultative business constitutes 11.35% (2022: 8.87%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 172 million as compared to Rs. 107 million in 2022, an increase of Rs. 65 million i.e. 60%. Net contribution stood at Rs. 135 million as against Rs. 102 million in 2022, an increase of Rs. 33 million i.e. 32%. The net claim to net contribution ratio for the year under review was 11% ( 2022: 32.15%) resulting in an underwriting surplus of Rs. 93 million as against an underwriting surplus of Rs. 49 million in 2022, an increase of 44 million i.e. 90%.

##### **Marine Cargo & Hull:**

Facultative business in this class constitutes 0.13% (2022: 0.13%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 1.9 million as compared to Rs. 1.5 million in 2022, an increase of Rs. 0.3 million i.e. 20%. Net contribution stood at Rs. 1.9 million as against Rs. 1.45 million in 2022, an increase of Rs. 0.45 million i.e. 31. The underwriting surplus stands at of Rs. 1.6 million as against an underwriting surplus of Rs. 1.1 million in 2022, an increase of 0.5 million i.e. 45%.

**Accident:**

Facultative business in this class constitutes 0.56% (2022: 0.85%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 8.5 million as compared to Rs. 10.2 million in 2022, a decrease of Rs. 1.7 million i.e. 16%. Net contribution stood at Rs. 8.64 million as against Rs. 10.2 million in 2022, a decrease of Rs. 1.7 million i.e. 16%. The underwriting surplus was Rs. 7.8 million as against Rs. 8 million in 2022.

**Employees' Welfare:**

The Company has in place a fund to provide welfare facilities to its employees whereby six employees are sent for Hajj every year. Besides, the Company grants (a) cash awards to the Employees' Children who are Hafiz-e-Quran and secure A+ grades in Secondary and Higher Education, (b) pensions to the retiring employees having a long association with the company, and (c) burial & compensation packages for a family of employees who die during service.

**Board Structure and Committees:**

The Board structure is in accordance with the Listed Companies (Code of Corporate Governance), Regulations 2019, and Code of Corporate Governance for Insurers, 2016, issued by the Securities and Exchange Commission of Pakistan.

To ensure the effective implementation of sound internal control systems and compliance with the Code of Corporate Governance, the Board has constituted various Committees which are seven (07) in number. This includes four Board Committees and three Management Committees. The composition of all Committees is separately shown in the report under the section of Corporate Information.

**Future Outlook:**

In 2024, the company anticipates navigating through a dynamic business landscape characterized by ongoing challenges. Despite facing macroeconomic uncertainties, persistent inflationary pressures, and fluctuations in currency values, PRCL remains committed to delivering efficient services to insurance firms, with a particular emphasis on facultative offerings.

With a reinforced financial foundation and an improved equity structure, PRCL is poised to prioritize the cultivation of high-value treaty and facultative business segments, aiming for profitable treaty cessions through a gradual expansion of its retention capabilities and the implementation of comprehensive risk management strategies.

Moreover, the company is dedicated to enhancing shareholder value and aims to strengthen its market position across both treaty and facultative business domains. The commencement of re-takaful operations has already proven to be a significant contributor to profitability, and PRCL anticipates further growth in this segment over time.

The company holds an optimistic view regarding the potential of its investment portfolio, strategically positioned to capitalize on favourable returns from fixed income instruments in the foreseeable future. In light of this, PRCL maintains a positive outlook on its future business performance, driven by its steadfast commitment to operational excellence and strategic growth initiatives.

#### **Internal Controls:**

The internal control framework has been successfully implemented through an in-house Internal Audit function established by the Board, ensuring independence from the External Audit Function. The Internal Audit function has diligently fulfilled its duties as outlined in the charter set by the Audit Committee. The Audit Committee has meticulously reviewed Internal Audit reports and taken prompt action when necessary. Collaboration between External and Internal Auditors has been fostered to enhance efficiency and support the Company's objectives, including maintaining a dependable financial reporting system and adherence to laws and regulations.

#### **Risk Management Policy:**

The company has established a robust framework of methods, systems, and processes to effectively manage risks and capitalize on opportunities aligned with business objectives. The Risk Management approach encompasses both quantitative and qualitative evaluations of risks, with a focus on minimizing potential hazards. A comprehensive risk management policy, endorsed by the Board and subject to periodic review, outlines the company's strategy. Additionally, detailed guidelines have been developed to articulate the risk mitigation process and associated measures.

#### **Code of Conduct:**

The Company has designed a code of conduct to ensure ethical conduct & integrity by all employees. All the operations of the company are undertaken in a fair and transparent manner strictly following the code of conduct.

#### **Directors' Training Program:**

All the directors of the company are certified directors under the Directors Training program.

**Directors' Remuneration Policy:**

The remuneration of directors is approved by the Board of Directors in accordance with the clause 63 read with 68 (gg) of Article of Association of the Company.

**Performance Evaluation of the Board of Directors:**

Pursuant to Regulation 10(3) of Companies (Code of Corporate Governance) Regulations, 2019 and the policy approved by the Board, the Performance Evaluation for the current year of the CEO & the rest of the Directors of the Board has been undertaken independently by the Chairman of the Board. The evaluation framework comprises of qualitative assessment of individual Board members.

**Related Party Transactions:**

At each board meeting, the Board of Directors approves the Company's transactions with Associated Companies / Related Parties. All the transactions executed with related parties are on an arm's length basis.

**Ownership:**

As of December 31, 2023, there were 3,936 shareholders on the record of the Company.

**The Pattern of Shareholding:**

The pattern of shareholding of the company as at December 31, 2023, along with the necessary information is available at the end of this report.

**Statement on Corporate and Financial Reporting Framework:**

PRCL being a Listed Company adheres to the Listed Companies (Code of Corporate Governance), 2019 and Code of Corporate Governance for Insurers, 2016. The Directors confirm compliance with all reporting and disclosure requirements as envisaged in the Companies Act, 2017, Insurance Ordinance 2000, and Regulations made there under. The Directors confirm compliance with the corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following: -

- a) The financial statements, prepared by the management of the company, present fairly, its state of affairs, the result of its operations, cash flows and changes in equity;
- b) The Company has maintained proper books of accounts;
- c) The Company has followed consistently appropriate accounting policies in preparation of the financial statements, changes have been adequately disclosed and accounting estimates are made on the basis of prudent and reasonable judgement;
- d) Financial statements have been prepared by the company in accordance with the International Accounting Standards, as applicable in Pakistan, requirements of Companies Act, 2017, Insurance Ordinance, 2000, and the Securities and Exchange Commission (Insurance) Rules, 2017;

- e) The system of internal control is in place and internal audit department is in complete function;
- f) There are no doubts upon the Company's ability to continue as a going concern;
- g) There is no material departure from the best practices of Listed Companies (Code of Corporate Governance), 2019, as laid down in the listing regulations, and Code of Corporate Governance for Insurers, 2016;
- h) The directors are qualified under directors Training Programme;
- i) Presentation was given to newly appointed Directors to acquaint them with the relevant laws and their responsibilities;
- j) The Company has 8.34% shareholding of National Investment Trust Limited (NITL) and as such has its representation on the Board of NITL by one of its Directors. Currently, the CEO of PRCL is representing the Company on NITL Board.
- k) The appointment of the Chairman and other members of the Board and the terms of their appointment along with the remuneration policy are adopted in the best interests of the Company as well as in line with the best practices;
- l) The Non-executive Directors do not have fixed remuneration and are being paid a fixed fee for each meeting attended. Disclosure on remuneration of Chief Executives, Directors and Executives as applicable is separately shown in the report;
- m) Summarised key operating and financial data of the last 6 years is separately shown in the report;
- n) The statement of pattern of shareholding is separately shown in the report;
- o) The value of investment in pension, gratuity and provident fund is also disclosed as under:

	2023	2022
	(Rs. in millions)	
Pension and Gratuity Fund	1,585	1107
General Provident Fund / Provident Fund	177	147

**Board Meetings and Attendance:**

In the year 2023, the Board formed various Committees, the detail of the meetings held and the attendance of each director is given hereunder: -

Sr.	Name Of Directors	No. of Meetings						
		Board of Directors	Audit Committee	Ethics, HR & Remuneration / Committees	Underwriting / Reinsurance Committee	Claim Settlement Committee	Investment Committee	Procurement Committee
		Attended	Attended	Attended	Attended	Attended	Attended	Attended
1	Mr. Mumtaz Ali Rajper, Chairman Board	9	—	7	—	3	4	2
2	Mr. Musleh-ud-Din, Board Member	9	6	7	—	—	4	—
3	Mr. Shoalb Mir, Board Member	9	6	—	—	3	4	—
4	Dr. Kausar Ali Zaidi, Board Member	9	6	7	2	—	—	2
5	Mr. Muhammad Rashid, Board Member	9	6	—	—	—	4	—
6	Ms. Zara Shaheen Awan, Board Member	9	—	7	—	—	—	2
7	Mr. Farmanullah Zarkoon, CEO / Director	9	1	7	2	3	4	2

Leave of absence, if any, was granted by Board to the Directors who could not attend some of the meetings after intimating the Board in advance.

**Change in the Board of Directors:**

The Board welcomed every Non-executive / Nominee / Ex-officio Directors, who joined it and it also recorded appreciation of the services and contribution of all those Directors who were transferred/separated during the period under review.

**Contribution to National Exchequer:**

During the year, your Company contributed an amount of Rs.1,445 million (2022: Rs.1266 million) into the government treasury on account of Taxes, Levies, and other duties.

**Compliance with the Code of Corporate Governance:**

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with.

**Audit Committee of the Board:**

The Board, in compliance with the Code of Corporate Governance, has constituted an Audit Committee and its terms of reference have been approved by the Board. The names of the members of the Committee are given in the section of Corporate Information.

**Performance of the Company during the last six years**

(Rs. in millions)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Gross Premium	33,696	24,271	20,994	16,896	17,655	10,734
Net Premium	9,323	7,929	7,226	6,709	6,905	5,464
Net Commission	(949)	(1,026)	(968)	(925)	(1,243)	(1,047)
Net Claims	(4,707)	(4,312)	(3,778)	(3,924)	(4,259)	(2,990)
Management Expenses	(1,569)	(1,529)	(729)	(666)	(775)	(844)
Underwriting Profit/(Loss)	1,892	1,401	1,742	765	628	583
Investment Income	2,389	1,338	982	1,043	868	691
Profit before Tax	5,189	3,556	3,614	1,941	2,189	1,730
Profit after Tax	3,065	2,624	2,589	1,392	1,484	1,228

**Trading in the Company Shares:**

Trading in the shares of the Company was not done by any of the Directors and by the Key Officers.

**Appointment of Auditors:**

Financial Statements for the year 2023 have been audited by Hyder Bhimji Chartered Accountants. The present auditors have given their consent to continue as Auditors for the year 2024. The Board of Directors on the recommendation of the Audit Committee has proposed the appointment of Messrs Hyder Bhimji Chartered Accountants as statutory auditors for the next term of the year 2024.

**Acknowledgment:**

The Company extends its heartfelt gratitude to its shareholders for their unwavering confidence and support. We also express sincere appreciation to all insurance companies, strategic partners, vendors, the Securities and Exchange Commission of Pakistan, and the State Bank of Pakistan for their invaluable support and guidance. Additionally, we recognize and commend the dedication and hard work of the officers and staff of the Company, whose contributions have been instrumental in our continued success.

For and on behalf  
of the Board of Directors



CHIEF EXECUTIVE OFFICER



CHAIRMAN BOARD OF DIRECTORS

## ناظمین کی رپورٹ

برائے حصص کنندگان

محترم حصص کنندگان

بورڈ کے ناظمین کی جانب سے 31 دسمبر 2023 کو اختتام پذیر سال پر، ناظمین کی رپورٹ مع محتسب شدہ مالیاتی دستاویزات اور محاسبین (Auditors) کی رپورٹ پیش کرتے ہوئے ہم خوشی محسوس کرتے ہیں۔

### معاشی جائزہ

سابقہ سال 2023 کو ہنگامہ انگیز کلی معیشت (macroeconomic) متاثر نامے اور سیاسی عدم استحکام جیسی مشکلات کا سامنا تھا، ملک کو سال کے آغاز سے ہی غیر ملکی زر مبادلہ کے نمایاں طور پر 5.6 ارب امریکی ڈالر کے ساتھ زیادہ قرضہ کی ادائیگی کے سبب ہونے والے ہنگامے نے شدید پبلس آف پیمنٹ کے بحران کا سامنا تھا، موجودہ سال 2023 کے دوران افراط زر کی اوسط 31 فیصد رہی جو کرپسی کی قدر میں اتار چڑھاؤ اور سہلائی چین کی حد بندیوں جس میں مزید شدت تباہ کن سیلاب اور درآمدات پر پابندیوں سے آئی، کاروبار اور عوام کے اعتماد میں کمی کی وجہ بڑھتی ہوئی معاشی سختی کے بارے میں فکر مندی تھی۔ جون 2023 کے آخری دنوں میں، پاکستان نے کامیابی سے IMF سے اسٹیٹ ہائی اریجنٹ کے تحت 9 ماہ کے لیے 3 ارب امریکی ڈالر حاصل کیے جس کی وجہ سے جزوی معاشی استحکام بحال ہوا، اس کے بعد متعدد معاشی اشاروں نے بہتری دکھائی جس کے ساتھ متوقع جاری بتدریج ترقی جو پاکستان کے IMF پروگرام کے تحت کی جانے والی اصلاحات پر منحصر ہے۔ اختتام پذیر مالی سال 2023 معاشی سرگرمی رک گئی تھی پاکستان کا 375 ارب امریکی ڈالر کا معاشی معاہدہ جسے تقریباً 342 ارب امریکی ڈالر کا کیا جو مالی سال 2022 کی 6.2 فیصد نمو کے مقابلے میں تقریباً 17 فیصد مالی سال 2024 کے لیے ADB اور IMF کی حالیہ رپورٹس میں مجموعی قومی پیداوار کا تخمینہ بلترتیب 2 فیصد اور 3.5 فیصد لگایا ہے جبکہ جاری سال 2023 کے دوران افراط زر 31 فیصد کی اوسط برقرار رکھی، یہیں توقع ہے کہ اس میں کمی آئے گی اور توقع ہے کم ہو کر 20-22 فیصد کی رینج میں آجائے گی۔ یہ کمی زیادہ تر ہائی ہیس افیکٹ سے منسوب ہے ہم قیمتوں میں اضافے کی شرح میں سست زوی کی توقع کرتے ہیں کیونکہ زیادہ تر ایڈجسٹمنٹ، خاص طور پر توانائی کی قیمتوں، حکومت پہلے ہی لگا کر چکی ہے گذشتہ چھ مالیاتی پالیسی اجلاس میں مرکزی بینک نے سودی نرخ کو برقرار رکھا، لیکن مارکیٹ کے احساسات کے سبب امکان ہے کہ شرح میں پہلی کسی اپریل 2024 میں آئے گی۔ جاری سال 2024 کے دوران ہمیں توقع ہے پالیسی نرخ میں 4-6 فیصد کی کمی آئے گی۔

IMF کے ساتھ اسٹیٹ ہائی اریجنٹ کا دوسرا اور حتمی جائزہ مارچ 2024 میں ہو گیا ہے آگے بڑھتے ہوئے IMF پروگرام کا جاری رہنا معاشی استحکام کے لیے ناگزیر ہے جو نہ صرف ادائیگی کے خطرے کو روک دے گا جس کا ملک کو سامنا ہے، اور یہ اٹھارٹیز کو بھی مجبور کرے گا جو کلی معیشت کے استحکام کو حاصل کرانے کے لیے ضروری اصلاحات پر عمل جاری رکھیں۔ IMF پروگرام کے جائزے کی تکمیل سے دیگر کثیر الجہتی ڈیولپمنٹ بینک اور دوست ممالک سے انرونی بہاؤ کی سہولت حاصل ہو گی جو ذخائر کو قابل قبول سطح پر برقرار رکھنے میں معاونت کرے گی، تسلسل سے جاری رہنے والی نمو، حکومت کو لازمی دیرینہ ڈھانچائی اصلاحات کو ترجیح دے جو احاطہ کرتی ہو (a) تمام ذرائع آمدنی بشمول زراعت اور رئیل اسٹیٹ، پر ٹیکس لگا کر تنگ ٹیکس ہیس میں وسعت (b) حکومتی ملکیت کے اداروں کی نجکاری میں تیزی (c) موجودہ اخراجات کی نظام سازی (Rationalization) تاکہ ترقیاتی اخراجات کو ترجیح دی جائے۔ (d)

حکومت کی ہر سطح پر گورننس کے معیار اور اہلیت میں اضافہ (e) لائق اثلیتوں اور ڈسکوز (Discos) کے نقصانات کا تدارک کے ساتھ گرنشی فرخون میں کمی۔

آگے برہنے ہوئے، ہمیں یقین ہے کہ سال 2024 کے دوسرے نصف میں معیشت مستحکم ہوگی اور بحالی کے راستے پر چل پڑے گی جو آپ کی کمپنی کی نمو کو برقرار رکھنے کا محرک ہوگی۔

### کمپنی کی کارکردگی کی جھلکیاں

سال 2022 پاکستان ری انشورنس کمپنی لمیٹڈ کے لیے اچھا رہا سال 2023 اور 2022 کی مالیاتی جھلکیوں کا تقابلی جائزہ درج ذیل ہے:

روپے ملین میں

(سوائے بصورت دیگر بیان کردہ)

فیصد	2022	2023	
18%	7,929	9,323	خالص پریمیم
9%	(4,312)	(4,707)	خالص دعوے
15%	1,652	1,692	ضمانتی بیمہ (underwriting) کا منافع
79%	1,338	2,389	بزمالیہ کاری سے آمدنی
17%	126	148	کرایہ داری کی آمدنی
186%	419	1,197	دیگر آمدنی
17%	2,624	3,065	منافع بعد از محصول
17%	2.92	3.41	آمدنی فی حصص - روپے

زیر غور جائزہ سال کے دوران مجموعی پریمیم خالصہ اضافے سے بڑھ کر 33,969 ملین روپے ہو گیا جبکہ سال 2022 میں اس کی مالیت 24,271 ملین روپے تھا، اس طرح سے خالصہ بڑا اضافہ 9,698 ملین روپے یعنی 40 فیصد خالص پریمیم بھی بڑھ کر 9,323 ملین روپے ہو گیا جبکہ سال 2022 میں اس کی مالیت 7,929 ملین روپے تھی، اس طرح سے اضافہ 1,394 ملین روپے یعنی 18 فیصد خالص دعوے بڑھ کر 4,707 ملین روپے ہو گئے جبکہ سال 2022 میں اس کی مالیت

4,312 ملین روپے تھا، اس طرح سے اضافہ 396 ملین روپے یعنی 9 فیصد ضمانتی بیمہ (Underwriting) بڑھ کر 1,893 ملین روپے ہو گیا جبکہ اس کے مقابلے میں سال 2022 میں 1,652 ملین تھا، اس طرح سے اضافہ 241 ملین روپے یعنی 15 فیصد

مجموعی منافع بعد از محمول، اتر چڑھاؤ کے بعد 2,625 ملین روپے کے مقابلے میں بڑھ کر 3,065 ملین روپے ہو گیا جو گذشتہ سال کے مقابلے میں 17 فیصد زیادہ ہے۔ خالص پریمیم پر منافع بعد از محمول 33 فیصد رہا اس کے مقابلے میں 2022 میں 33 فیصد رہا۔

### معائداتی (Treaty) کاروبار

کمپنی کے کل کاروبار کے پورٹ فولیو میں متناسب معائداتی (Treaty) کاروبار کا 24 فیصد (2022: 28 فیصد) حصہ رہا۔ سال 2022 کے دوران تحریر شدہ مجموعی پریمیم کے 6,887 ملین روپے کے مقابلے میں اس سال 8,202 ملین روپے رہا، اضافہ 1,315 ملین روپے یعنی 20 فیصد۔ خالص پریمیم سال 2022 کے 4,622 ملین روپے کے مقابلے میں رواں سال 5,768 ملین روپے رہا، زیر جائزہ سال کا خالص دعوے سے خالص پریمیم کا تناسب 59 فیصد تھا (2022: 27 فیصد) جس کا نتیجہ سال 2022 کے 1,302 ملین روپے کے ضمانتی بیمہ (underwriting) منافع کے مقابلے میں رواں سال اس کی مالیت میں کمی کے ساتھ 105 ملین روپے رہی، کمی 1,197 ملین روپے۔

### اختیاری کاروبار:

#### آگ:

اختیاری کاروبار کے سلسلے میں، آگ کے کاروبار کی قسم کا کل پریمیم پورٹ فولیو میں 18 فیصد حصہ ہے جس میں 2023 میں 7 فیصد کا نمائندہ اضافہ رہا۔ سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 6,172 ملین روپے رہا اس کے مقابلے میں 2022 میں 1,779 ملین روپے تھا، خاصہ بڑا اضافہ 4,393 ملین روپے یعنی 247 فیصد۔ خالص پریمیم سال 2022 کے 1,671 ملین روپے کے مقابلے میں 1,688 ملین روپے تھا۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 26 فیصد جس میں خاصہ بہتری آئی ہے 2022 کے 147 فیصد کے مقابلے میں جس کا نتیجہ انٹر رائٹنگ کا منافع 852 ملین روپے تھا اس کے مقابلے میں 2022 میں 1,337 ملین روپے کا نقصان تھا۔

### بحری فرسٹل بار برداری (Marine Cargo) اور جہاز کا ڈھانچہ (Hull):

اختیاری کاروبار کے دیگر سلسلے میں بحری فرسٹل بار برداری اور جہاز کے ڈھانچے کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 1.7 فیصد جو سال 2022 کے 1.9 فیصد سے معمولی کم ہے۔ سال کے دوران تحریر کردہ مجموعی پریمیم 603 ملین روپے رہا، اس کے مقابلے میں سال 2022 میں 451 ملین روپے تھا، جس میں خاصہ اضافہ 152 ملین روپے یعنی 34 فیصد۔ خالص پریمیم سال 2022 کے 227 ملین روپے سے کم ہو کر 135 ملین روپے ہو گیا۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 61- فیصد کے مقابلے میں سال 2022 میں یہ منفی 16 فیصد تھا، جس کا نتیجہ انٹر رائٹنگ کا منافع 42 ملین روپے رہا جبکہ اس کے مقابلے میں سال 2022 میں منافع 209 ملین روپے تھا جو 167 ملین روپے کی کمی دکھا رہا ہے۔

### ہوا بازی (Aviation):

اختیاری کاروبار کے دیگر سلسلے میں ہوا بازی کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 19.8 فیصد (2022: 19.8 فیصد) رہا۔ سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 6,679 ملین روپے تھا اس کے مقابلے میں 2022 میں 4,786 ملین روپے تھا، اضافہ 1,893 ملین روپے رہی۔ خالص

پریمیم 425 ملین روپے رہا اس کے مقابلے میں سال 2022 میں 274 ملین روپے تھا۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب -61 فیصد (2022: 18 فیصد) تھا جس کا نتیجہ انٹر رائٹنگ کا منافع 202 ملین روپے رہا جبکہ سال 2021 میں 381 ملین روپے کا منافع تھا۔

### حادثات

اختیاری کاروبار کے دیگر سلسلے میں حادثات اور صحت کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 4.3 فیصد حصہ رہا جس میں سال 2022 میں 1.69 فیصد کا اضافہ رہا۔ سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 1,468 ملین روپے تھا اس کے مقابلے میں 2022 میں 408 ملین روپے رہا، اضافہ 1,060 ملین یعنی 260 فیصد خالص پریمیم سال 2022 کے 216 ملین روپے کے مقابلے میں 238 ملین رہا اضافہ 21 ملین روپے رہا انٹر رائٹنگ کا نقصان 95 ملین روپے رہا جو سال 2022 میں انٹر رائٹنگ کا منافع 291 ملین روپے تھا۔

### انجینئرنگ

اختیاری کاروبار کے دیگر سلسلے میں انجینئرنگ کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 32 فیصد (2022: 41.19 فیصد) حصہ اور اس سے خالص تبدیلی آئی ہے۔ زیر غور سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 10,844 ملین روپے تھا اس کے مقابلے میں 2022 میں 9,960 ملین روپے تھا، اضافہ 884 ملین روپے (8.8 فیصد)۔ خالص پریمیم سال 2022 کے 918 ملین روپے کے مقابلے میں بڑھ کر 1,068 ملین ہو گیا، اضافہ 150 ملین روپے یعنی 16.3 فیصد زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 20 فیصد (2022: 88) تھا جس کا نتیجہ انٹر رائٹنگ کا منافع 993 ملین روپے رہا جو سال 2022 میں 217 ملین روپے تھا۔

### سرمایہ کاری سے آمدن

کمپنی کی سرمایہ کاری کو کارکردگی توقعات سے بڑھ کر زبانی سرمایہ کاری سے آمدنی میں تیزی سے اضافے کے بعد 2,389 ملین روپے ہو گئی جو گذشتہ سال 1,338 ملین روپے تھی جو خالص نمو کی مثال ہے۔ علاوہ ازیں، سال کے دوران منقسم آمدنی میں 271 ملین روپے ہو گئی اس کے مقابلے میں گذشتہ سال اس کی مالیت 267 ملین روپے تھی جبکہ سال کے دوران نیٹ سیکورٹائز سے آمدنی بڑھ کر 1,929 ملین روپے جس کے مقابلے میں گذشتہ سال اس کی مالیت 1,126 ملین روپے تھی۔ گذشتہ سال کے کرایہ سے آمدنی 127 ملین روپے سے بڑھ کر 148 ملین روپے ہو گئی۔

### دیگر آمدنی؛

زیر غور مدت کے دوران، کمپنی نے دیگر آمدنی میں نمایاں تبدیلیاں دیکھیں۔ دیگر آمدنی نے خاصے بڑے اضافے کے ساتھ 419 ملین روپے سے بڑھ کر 1,197 ملین روپے ہو گئی۔ ٹیکسز پر منافع (Return) گذشتہ سال 2022 میں 212 ملین روپے سے بڑھ کر 471 ملین روپے ہو گئی۔ اس کے علاوہ کمپنی کو مبادلہ منافع (exchange gains) بھی خاصہ اضافہ ہوا جو گذشتہ سال کے 138 ملین روپے سے بڑھ کر 671 ملین روپے رہا۔

### دعوں کا تصفیہ

دعوں کا بروقت تصفیہ اور گاہکوں کا اطمینان، کمپنی کی بہت زیادہ ترجیحات میں شامل ہے کیونکہ قابل قدر گاہکوں کے اعتبار اور گڈ ویل (goodwill) بنانے میں مدد کرتی ہیں۔ زیر غور مدت میں مجموعی

خالص دعوے سے خالص پرمیم کا تناسب 50.4 فیصد رہی جبکہ اس کے مقابلے میں 2022 میں 54.37 فیصد تھی جو ایک کمی کو ظاہر کرتی ہے۔

#### لاگت میں کمی کے اقدامات

زیر غور مدت میں، انتظامی اخراجات کی مالیت 1,528 ملین روپے تھی جو 41 ملین روپے کا معمولی اضافہ دکھا رہا ہے۔ خالص پرمیم کی فیصد کے مطابق سال 2023 میں یہ 16.8 فیصد جو سال 2022 کی 19 فیصد سے کم رہی۔ آگے بڑھتے ہوئے، انتظامیہ پر عزم ہے کہ انتظامی لاگت کو وہ خالص پرمیم کی کمی فیصد کو برقرار رکھنے کی کوشش کرے گی۔

#### پبلک سیکٹر کاروبار

کمپنی، لیٹل انشورنس کمپنی لمیٹڈ کے ری انشورنس کرنے والی کمپنی کے طور پر کام کرتی ہے۔ اس میں شامل چند اعلیٰ شہرت کے اکاؤنٹس ہیں مثلاً PIA، PARCO، PSO، OGDCL، PPL، KSEW، PNSC، پبلک سیکٹر کے توانائی کے منصوبے وغیرہ شامل ہیں۔ زیر حجازہ سال کے دوران، کمپنی کی پبلک سیکٹر کاروبار سے مجموعی مالگذاری (revenues) ط 15,507 ملین روپے سے بڑھ کر 23,591 ملین روپے ہو گئی تھی، اضافہ 48 فیصد۔

#### ری انشورنس کے انتظامات

PRCL کے پاس اضافی ری انشورنس کے نقصان کے انتظامات ہیں اور دنیا کے معروف ری انشورنس کرنے والی کمپنیوں سے انتظام اور تعلقات ہیں جیسا کہ بیورٹی (S&P کی AA-)، سونس ری (S&P کی AA) اور لائٹ سنٹیکیٹ (S&P کی A+ درجہ بندی) وغیرہ وغیرہ کمپنی زیادہ سے زیادہ خطرے کو سنبھالنے کی حکمت عملی پر عملدرآمد کرتی ہے جو کہ محتاط ری انشورنس پروگرام کے تحت بدلتی گئی ہے۔ کمپنی کے ری انشورنس کے لحاظ سے بنیاد خطرے کے مقام پر کمپنی کی شمولیت، اس کا جمع ہونا اور اس کا ارتکاز ہے۔

#### E.C.O. ری انشورنس کمپنی

10 فروری 2010 پر اسلام آباد (پاکستان) میں E.C.O. ری انشورنس کمپنی کا آرٹیکل آف ایگریمنٹ (AOA) پر تین رکن ریاستوں، اسلامی جمہوریہ پاکستان، اسلامی جمہوریہ ایران اور ترکی کے نمائندگان کے درمیان مستحضر ہوئے۔ AOA کی مزید منظوری رکن حکومتوں نے دی اور آخری منظوری ترکی نے 22 نومبر 2017 میں دی۔ کمپنی کا مقصد موجودہ ری انشورنس کی خدمات کو بڑھانا، انٹر رائٹنگ (underwriting) اور خطرے کا سنبھالنے کی صلاحیت کو بڑھانا اور خطے کی معاشی ترقی میں معاونت کرنا ہے۔

کمپنی کا منظور شدہ سرمایہ تیس ملین امریکی ڈالر ہوگا جو تین ہزار امریکی ڈالر فی حصص کی مالیت کے تین ہزار حصص پر مشتمل ہو گا اور تینوں ملکوں کے اداروں میں مساوی طور پر تقسیم ہوگا۔ PRCL کی جانب سے ECO ری انشورنس کمپنی میں کوئی بھی سرمایہ کاری بورڈ کے نظمنین، حصص کنندگان / AGM کی منظوری اور کمپنیز ایکٹ 2017 کے سق 199 کی تعمیل سے مشروط ہوگا۔

#### گریڈڈ درجہ بندی

کمپنی کی سال 2022-23 کی درجہ بندی کا کام میسرز JCR-VIS نے سنبھال لیا ہے۔ کمپنی کی درجہ بندی "AA+" مستقبل کا منظر نامہ (outlook) مثبت ہے درجہ بندی کے معیار کے پیمانے اور تعریف کے مطابق "AA+" درجہ بندی کریڈٹ ریسک کی انتہائی کم توقع ظاہر کرتا ہے، اور یہ مالی ادارہگروں کے وعدوں کی بروقت ادائیگی کی انتہائی مستحکم استعداد کی نشاندہی کرتی ہے اور کسی ممکنہ واقعات میں کوئی خاص عدم تحفظ (vulnerability) نہیں ہے۔

#### منافع بعد از محصول

کمپنی کا منافع بعد از محصول گذشتہ سال کے 2,624 ملین روپے کے مقابلے میں رواں سال 3,065 ملین روپے رہا جو 870 ملین روپے کا اضافہ یعنی 17 فیصد ظاہر کرتا ہے۔

#### مختصات (appropriations)

<u>(روپے ملین میں)</u>		<u>مختصات (appropriations)</u>
<u>2022</u>	<u>2023</u>	
3,556	5,189	منافع قبل از محصول
(931)	(2,124)	نفی : محصول
2,624	3,065	منافع بعد از محصول
5,414	1,887	جمع : غیر مختص شدہ پچھلا منافع جو آگے بڑھایا گیا
(318)	640	جمع : مجموعی آمدن
(600)	(675)	نفی : حتمی نقد منقسمہ منافع 2022 @ 7.5%
(5,358)	-	نفی : بولس حصص کا اجراء @ 200%
1,887	4,748	غیر مختص شدہ منافع جو آگے بڑھایا گیا

#### مجوزہ منقسمہ منافع منقسمہ منافع

سال 2023 کے لیے ڈائریکٹرز 10 فیصد یعنی 1 روپے فی حصص کا حتمی نقد منقسمہ منافع تجویز کیا ہے۔

#### ونڈو ری-ٹکنل

یہ ری-ٹکنل ونڈو کے آپریشن کا چوتھا سال ہے۔ 2023 اور 2022 کی مالیاتی جھلکوں کا تقابلی جائزہ نیچے پیش کیا جاتا ہے!

<u>فیصد</u>	<u>2022</u>	<u>2023</u>	<u>شراکت داری کاری-تکفل فنڈ</u>
	روپے	روپے	
28%	979,125,622	1,249,344,539	خالص شراکت داری سے مال گزاری (revenue)
28%	(215,856,211)	(275,846,335)	وکیلہ فیس کے اخراجات
28%	763,269,411	973,498,204	خالص انٹر رائٹنگ آمدن
-13%	(501,892,882)	(435,568,023)	خالص دعویٰ رپورٹ تصفیہ-IBNR
77%	304,239,169	537,930,181	سرمایہ کاری آمدن سے پہلے زائد از ضرورت
76%	8,316,060	14,670,315	سرمایہ کاری آمدن
228%	72,908,632	239,412,544	دیگر آمدن
213%	(20,306,173)	(63,520,715)	ظہریٰ مضارب کی فیس
104%	356,384,563	728,492,325	زائد از ضرورت قبل از محصول
217%	(10,760,328)	(34,061,086)	محصولات
101%	345,624,235	694,431,239	زائد از ضرورت کی جمع شدہ زائد از ضرورت میں منتقلی
<u>آپریٹر کا ری تکفل فنڈ</u>			
28%	215,856,211	275,846,335	وکیلہ فیس سے آمدنی
23%	(213,471,407)	(263,110,958)	کمیشن کے اخراجات
38%	(15,746,091)	(21,767,791)	علم، انتظامی اور مینجمنٹ کے اخراجات
75%	1,687,509	2,958,821	سرمایہ کاری سے آمدن
149%	34,143,170	85,097,792	دیگر آمدن
213%	20,306,173	63,520,715	مضارب کی فیس
233%	42,775,565	142,544,914	منافع قبل از محصول
348%	(12,404,914)	(47,039,822)	محصول

منافع بعد از محمول جو حصص کنندگان سے منسوب ہے 95,505,092 30,370,651 214%

زیر غور سال کے دوران مجموعی حصہ (contribution) بڑھ کر 1,379 ملین روپے ہو گیا جبکہ 2022 میں اس کی مالیت 1,079 ملین روپے تھی، اضافہ 300 ملین روپے یعنی 27.8 فیصد خالص حصہ (contribution) بڑھ کر 1,249 ملین روپے ہو گیا جبکہ سال 2022 میں اس کی مالیت 979 ملین روپے تھی میں اضافہ 270 ملین روپے یعنی 28 فیصد خالص دعویٰ کم ہو کر 435 ملین روپے ہو گئے اس کے مقابلے میں سال 2022 میں اس کی مالیت 502 ملین روپے تھی، کمی 67 ملین روپے یعنی 13 فیصد زائد از ضرورت (surplus) ضمانتی بیمہ (underwriting) 101 فیصد اضافے سے بڑھ کر 694 ملین روپے ہو گیا جبکہ سال 2022 میں اس کی مالیت 345 ملین تھی۔

### معاداتی (Treaty) کاروبار

#### متناسب معاداتی (Treaty) کاروبار

کمپنی کے کل کاروبار کے پورٹ فولیو میں متناسب معاداتی (Treaty) کاروبار کا 80 فیصد (2022) 80 فیصد حصہ رہا، سال 2022 کے تحریر شدہ مجموعی حصے 987 ملین روپے کے مقابلے میں 1,215 ملین روپے رہا، اضافہ 228 ملین روپے یعنی 23.10 فیصد خالص حصہ سال 2022 کے 868 ملین روپے کے مقابلے میں رواں سال 1,122 ملین روپے رہا، اضافہ 254 ملین روپے یعنی 29.26 فیصد۔ زیر جواز سال کا خالص دعویٰ سے خالص حصہ کا تناسب 51 فیصد تھا (2022) 71.9 فیصد جس کا نتیجہ سال 2022 کے 70 ملین روپے کے ضمانتی بیمہ (underwriting) زائد از ضرورت (surplus) کے مقابلے میں رواں سال 327 ملین روپے کا زائد از ضرورت رہا، اضافہ 257 ملین روپے یعنی 367 فیصد۔

#### غیر متناسب معاداتی (Treaty) کاروبار

کمپنی کے کل کاروبار کے پورٹ فولیو میں غیر متناسب معاداتی (Treaty) کاروبار کا 8 فیصد (2022) 8 فیصد حصہ رہا، سال 2022 کے تحریر شدہ مجموعی حصے کے 98 ملین روپے کے مقابلے میں 119 ملین روپے رہا، اضافہ 20 ملین روپے یعنی 20 فیصد خالص حصہ سال 2022 کے 3 ملین روپے کے مقابلے میں رواں سال 19 ملین روپے رہا، کمی 16 ملین روپے۔ سال 2022 کے 133 ملین روپے کے ضمانتی بیمہ (underwriting) زائد از ضرورت کے مقابلے میں رواں سال 107 ملین روپے زائد از ضرورت رہی، کمی 26 ملین روپے۔

### اختیاری کاروبار:

#### اگ:

اختیاری کاروبار کے سلسلے میں، آگ کے کاروبار کی قسم کا کل پورٹ فولیو میں 11.35 فیصد (2022) 8.87 فیصد حصہ ہے۔ سال کے دوران مجموعی حصہ جو تحریر کیا گیا 172 ملین روپے تھا اس کے مقابلے میں 2022 میں 107 ملین روپے، اضافہ 65 ملین روپے یعنی 60 فیصد خالص حصہ سال 2022 کے 102 ملین روپے کے مقابلے میں 135 ملین روپے رہا، اضافہ 33 ملین روپے یعنی 32 فیصد۔ زیر غور سال کے لیے خالص دعویٰ سے خالص حصہ کا تناسب 11 فیصد (2022) 32.15 فیصد تھا جس کا نتیجہ لٹر رائٹنگ کا زائد از ضرورت 93 ملین روپے تھا جو سال 2022 میں 49 ملین روپے ظہر کرتا ہے، اضافہ 44 ملین روپے یعنی 90 فیصد۔

## بحری ٹریمین باز برداری (Marine Cargo) اور جہاز کا ڈھانچہ (Hull):

اختیاری کاروبار کے دیگر سلسلے میں بحری ٹریمین باز برداری اور جہاز کے ڈھانچے کی قسم کے کاروبار کا کل پورٹ فولیو میں 0.13 فیصد (2022: 0.13 فیصد) تھا۔ سال کے دوران تحریر کردہ مجموعی حصہ 1.9 ملین روپے اور اس کے مقابلے میں سال 2022 میں 1.5 ملین روپے تھا، اضافہ 0.3 ملین روپے یعنی 20 فیصد۔ خالص حصہ 1.9 ملین روپے رہا اس کے مقابلے میں سال 2022 میں 1.45 ملین روپے تھا، اضافہ 0.45 ملین روپے یعنی 31 فیصد زبرد غور سال کے لیے انٹر ریلٹنگ زائد از ضرورت 1.6 ملین روپے تھا جو سال 2022 میں 1.1 ملین روپے تھا، اضافہ 0.5 ملین روپے یعنی 45 فیصد۔

## حادثات (Accidents):

اختیاری کاروبار کے دیگر سلسلے میں حادثات کی قسم کے کاروبار کا کل پورٹ فولیو میں 0.56 فیصد (2022: 0.85 فیصد) رہا۔ سال کے دوران مجموعی حصہ جو تحریر کیا گیا 8.5 ملین روپے تھا اس کے مقابلے میں 2022 میں 10.2 ملین روپے تھا، کمی 1.7 ملین روپے یعنی 16 فیصد۔ خالص حصہ 8.64 ملین روپے رہا اس کے مقابلے میں سال 2022 میں 10.2 ملین روپے تھا، کمی 1.7 ملین روپے یعنی 16 فیصد۔ زائد از ضرورت انٹر ریلٹنگ 7.8 ملین روپے تھا جبکہ سال 2022 میں 8 ملین روپے تھا۔

## ملازمین کی فلاح و بہبود

کمپنی کے پاس ملازمین کی فلاح و بہبود کا فراہم کرنے کا لائحہ موجود ہے جس کے تحت چھ ملازمین کو ہر سال حج پر بھیجا جاتا ہے۔ اس کے علاوہ کمپنی (a) ملازمین کے بچوں کو قرآن حفظ کرنے پر اور سیکٹری اور بائزر سیکٹری تعلیم میں A+ گریڈ حاصل کرنے پر نقد انعام دیتی ہے، (b) کمپنی کے سابقہ طویل رفاقت رکھنے والے ملازمین کے لیے معاوضہ بعد از ملازمت (pension) اور (c) دوران ملازمت انتقال کرنے والے ملازمین کے اہل خانہ کے لیے تنغین اور تلافی کا پیکیج دیا جاتا ہے۔

## بورڈ کی ساخت اور کمیٹیاں

بورڈ کی ساخت اسٹنڈ کمپنیز کے ادارتی نظم و ضبط 2019، بیلگ سیکٹر کمپنیز (کوڈ آف کارپوریٹ گورننس) رولز 2013 اور کارپوریٹ گورننس برائے بیمہ ساز اداروں، 2016، جس کا اجراء سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، کے مطابق ہے۔

مضبوط اندرونی کنٹرول کے نظام اور ادارتی نظم و ضبط کے ضابطے کی موثر نفاذ کو یقینی بنانے کے لیے، بورڈ نے متعدد کمیٹیاں تشکیل دی ہیں جن کی تعداد سات (7) ہیں۔ ان میں بورڈ کی چار (4) کمیٹیاں اور انتظامیہ کی تین (3) کمیٹیاں شامل ہیں۔ تمام کمیٹیوں کی ساخت اس رپورٹ میں علیحدہ سے ادارتی معلومات کے حصے میں پیش کی گئیں ہیں۔

## مستقبل کا منظر نامہ

سال 2024 میں کمپنی ڈائنامک (dynamic) کاروباری پس منظر میں گزارے گی جس کی خصوصیت جاری مشکلات کا شکار ہے۔ کلی معیشت (macroeconomic) کی غیر یقینی صورتحال افراطی زر کا دہلاؤ اور کرنسی کی قدر میں اتار چڑھاؤ کے باوجود PRCL پر عزم ہے کہ اس کی حکمت عملی کی توجہ کا مرکز انٹرنیشنل کمپنیوں کو خدمات کی فوری فراہمی پر رہے گی خاص طور پر اختیاری پیشکشوں پر۔ PRCL ایک مستحکم تر مالیاتی بنیاد اور بہتر ملکیتی سہولتے (equity) کے ڈھانچے کے ساتھ معیاری معاہداتی اور اختیاری کاروبار اور منافع بخش معاہداتی سہولتگی (cession) پر توجہ مرکوز

رکھے گی اور اس کے لیے ریٹینشن (retention) کی استعداد میں بتدریج اضافے اور خطرات سے نمٹنے کے انتظامی اقدامات کے نفاذ سے حاصل کرے گی۔

کمپنی پر عزم ہے کہ وہ حصص کنندگان کی قدر میں اضافے اور اس کی توجہ سے نونوں یعنی معیادتی اور اختیاری کاروبار میں اپنے حصص کو بڑھائے، ری تکامل آپریشن نے کمپنی کی منافع بخشی میں حصہ ڈالنا شروع کر دیا ہے اور توقع ہے کہ وقت گزرنے کے ساتھ اس سیگمنٹ میں اضافہ ہوگا۔ فیکس آمدنی کے پورٹ فولیو، فیکس آمدنی کے انسٹرومنٹس (Instruments) سے حاصل ریکارڈ بلندمنافع اور فیکس آمدنی کے پورٹ فولیو سے کمپنی فائدہ اٹھانے کے لیے پوری طرح سے تیار ہے اور بلند تر لانے کا - مستقل میں کمپنی اپنے کاروبار کی کارکردگی کی بارے میں پر مضبوط منظر نامہ کی امید رکھتی ہے جو آپریشنل عسکری اور ترقیاتی نمو کے لیے کئے جانے والے اقدامات سے مشروط ہے۔

### اندرونی نگرانی (Internal Controls)

کمپنی میں بورڈ کا تشکیل کردہ مناسب کا شعبہ ، جو بیرونی آڈٹ فنکشن کے تحت نہیں ہے ، کے ذریعے سے اندرونی نگرانی کا ڈھانچے کا موثر نفاذ کیا جا چکا ہے ۔ اندرونی آڈٹ فنکشن نے آڈٹ کمیٹی کی متعین کردہ ہدایات پر محنت سے عملدرآمد کیا ہے۔ آڈٹ کمیٹی کا اندرونی آڈٹ رپورٹ کا بہت احتیاط سے جائزہ لے چکی ہے اور جہاں ضروری ہوا فوری اور مناسب قدم اٹھایا۔ بیرونی اور اندرونی محاسبین میں تعاون کی سہولت فراہم کی گئی ہے تاکہ بہتر کارکردگی کو یقینی بنایا جائے اور کمپنی کے مقاصد کو پورا کیا جا سکے بشمول معتبر مالیاتی رپورٹنگ نظام اور قوانین اور ضوابط کی تعمیل بھی کی جا سکے۔

### خطرے سے انتظام کی پالیسی (Risk Management Policy)

کمپنی میں خطرے سے نمٹنے اور کاروباری مقاصد سے متعلق مواقعوں سے فائدہ طریقوں، نظام اور پراسس کا مناسب ڈھانچہ موجود ہے۔ کمپنی کا خطرے کی مینجمنٹ ایروچ میں شامل ہے ۔ خطرے کا مقداری (quantitative) اور ماہیتی (qualitative) تخمینہ تاکہ خطرات کو کم سے کم کیا جا سکے۔ بورڈ ، ایک تفصیلی خطرے کے انتظام کی پالیسی کی منظوری دے چکا ہے جس کا وقتاً فوقتاً جائزہ لیا جاتا ہے خطرے کو کم کر کے طریقے اور اقدامات تیار کیے جا چکے ہیں اور ہدایات میں وضاحت سے بیان کیا جا چکا ہے۔

### ضابطہ اخلاق

کمپنی نے ضابطہ اخلاق تیار کیے تاکہ تمام ملازمین کے اخلاقی رویے اور سالمیت کو یقینی بنایا جا سکے۔ کمپنی کے تمام آپریشنز ضابطہ اخلاق کی سختی سے تعمیل کرانے ہوئے جائز اور شفاف طریقے سے کئے جاتے ہیں۔

### ناظمین کا تربیتی پروگرام

کمپنی کے تمام ناظمین، "ناظمین کے تربیتی پروگرام" کے تحت مستند ناظمین ہیں۔

### ناظمین کی مشاورہ پالیسی

بورڈ کی تجویز پر ناظمین کا مشاورہ کی منظوری ، کمپنی کے آرٹیکل آف ایمو سی ایشن کی شق نمبر 63 کو 68 (gg) کے ساتھ پڑھا جائے ، کے مطابق ہوتی ہے۔

### بورڈ کے ناظمین کا کارکردگی کی قدر بندی (Evaluation)

پبلک سیکٹر کارپوریشن گورننس، رولز 2019 کے ضابطہ 10 (3) اور بورڈ کی منظور کردہ پالیسی کے تحت، CEO اور باقی تمام ناظمین کی موجودہ سال کی کارکردگی کا آزادی سے جائزہ بورڈ کے چیئرمین نے لیا۔ قدر پتیری کا ڈھانچہ، بورڈ کے ہر انفرادی رکن کے ماہیتی (qualitative) تخمینے پر مشتمل ہے۔

### متعلقہ فریق کے لین دین

بورڈ کے ناظمین ہر بورڈ کے اجلاس میں کمپنی کی شریک کمپنیوں/متعلقہ فریقوں کے لین دین کی منظوری دیتے ہیں۔ تمام متعلقہ فریقوں سے کئے گئے تمام لین دین متعین حدود کی بنیاد پر کئے گئے ہیں۔

### ملکیت

31 دسمبر 2023 پر کمپنی کے ریکارڈ پر 3,936 حصص کنندگان موجود تھے۔

### حصص رکھنے کا رجحان

31 دسمبر 2023 پر کمپنی کے حصص رکھنے کا رجحان بمع ضروری معلومات اس رپورٹ کے آخر میں دستیاب ہے۔

### ادارتی اور مالیاتی رپورٹنگ کے ڈھانچے کا بیان

IPRCL ایک مندرج (listed) کمپنی ہے اور لسٹڈ کمپنیز کے (ادارتی نظم و ضبط کے قواعد)، 2020 اور دیگر تمام لسٹڈ قواعد کی پابندی کرتی ہے کمپنی پبلک سیکٹر ادارہ بھی ہے اور پبلک سیکٹر کمپنیز (ادارتی نظم و ضبط کے ضوابط) قوانین 2019 اور ادارتی نظم و ضبط کے ضابطہ برائے انشوررز 2016 کے تحت کام کرتی ہے۔ ڈائریکٹرز تمام رپورٹنگ اور معلومات کو افشا کرنے کی ضروریات جو کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000 اور ان کے تحت بنائے گئے قوانین کی تعمیل کی تصدیق کرتے ہیں ڈائریکٹرز SECP کے ادارتی گورننس کے ضابطے کے ادارتی اور مالیاتی رپورٹنگ کے مندرجہ ذیل ڈھانچے کی تعمیل کی تصدیق کرتے ہیں۔

a. کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیتی سرمایہ (equity) میں تبدیلی بہتر طور پر پیش کرتے ہیں۔

b. کمپنی نے سوزوں کھتوں کی کتابیں (Books of Accounts) قائم رکھی ہوئی ہیں۔

c. کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب عملی پالیسیاں یکساں طور پر اپنائی گئی ہے، تبدیلیوں کو مناسب طور پر ظاہر کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط پر رکھی ہے۔

d. پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیار، کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000 اور سیکورٹیز ایکسچینج کمیشن (انشورنس) قوانین 2017 کی ضروریات کے مطابق عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں۔

e. اندرونی نگرانی کا نظام موجود ہے اندرونی آڈٹ کا شعبہ پوری طرح کام کر رہا ہے۔

f. کمپنی کے کاروبار کے جاری رہنے والے ادارے کے طور پر کوئی ابہام نہیں ہے۔

- g. بینک سوکٹر کمپنیز (ادارتی نظم و ضبط کا ضابطہ) 2019 برائے انشوررز 2016 میں درج بہترین پریکٹسز سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔
- h. ڈائریکٹرز کے تربیتی پروگرام کے تحت تمام ڈائریکٹرز تعلیم یافتہ ہیں۔
- i. نو منتخب ڈائریکٹرز کو متعلقہ قوانین اور ان کی ذمہ داریوں کے بارے آگاہی کا نعراتی پروگرام کیا گیا تھا۔
- j. کمپنی کی نیشنل انویسٹمنٹ ٹرسٹ لمیٹڈ (NITL) میں 8.34 فیصد کی حصصی شراکت داری ہے اور اس طرح سے اس کے ڈائریکٹرز میں سے ایک ہیں اس وقت جو PRCL کے موجودہ CEO ہیں وہ NITL کے بورڈ میں کمپنی کی نمائندگی ہے۔
- k. چیئر مین اور دیگر بورڈ کے ارکان کے انتخاب اور ان کے انتخاب کی شرائط کے ساتھ ساتھ ان کے مشاہرہ پالیسی کو کمپنی کے بیٹریں مفاد اور بہترین پریکٹسز کو مد نظر رکھتے ہوئے اختیار کیا گیا ہے۔
- l. نان ایکزیکیوٹو ڈائریکٹرز کا متعین معلومہ نہیں ہے اور ان کو بر اجلاس میں شرکت کی ایک متعین فیس ادا کی جاتی ہے چیف ایکزیکیوٹو، ڈائریکٹرز اور ایکزیکیوٹوز پر لاگو معلقہ معلقہ سے رپورٹ میں دیے گئے ہیں۔
- m. گذشتہ 6 سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ علیحدہ سے اس رپورٹ میں شامل ہے۔
- n. حصص رکھنے کے رجحان کا بیان علیحدہ سے اس رپورٹ میں شامل ہے۔
- o. وظیفہ بعد از ملازمت (pension)، گریجویٹ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت درج ذیل ہے!

(روپے ملین میں)

2022	2023	
1107	1,585	پینشن اور گریجویٹ فنڈ
147	177	عام پراویڈنٹ فنڈ/ پراویڈنٹ فنڈ

#### بورڈ کے ناظمین اجلاس اور حاضری

سال 2023 میں بورڈ نے متعدد کمیٹیاں تشکیل دیں، اور منعقدہ اجلاس اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں

پروڈیگٹور منٹ کمیٹی	میرٹائم کاری کمیٹی	دعوت کے تصفیہ کمیٹی	اعزى رانصاح اربى الصورصى كمیٹی	صباحہ اعلیٰ انسٹی ویسٹ / مشاورہ کمیٹی	آئیٹ کمیٹی	بورڈ آف ڈائریکٹرز	اجلاس کی تعداد
2	4	3	2	7	6	9	
نظمین کے نام							نمبر
2	4	3	-	7	-	9	1
-	4	-	-	7	6	9	2
-	4	3	-	-	6	9	3
2	-	-	2	7	6	9	4
-	4	-	-	-	6	9	5
2	-	-	-	7	-	9	6
2	4	3	2	7	1	9	7

جو ڈائریکٹرز اجلاس میں شرکت نہ کر سکے اور انہوں نے اس کی پیشگی اطلاع دے دی تھی، بورڈ نے ان کی اجلاس سے غیر حاضری کی رخصت کی منظوری دے دی تھی۔

#### بورڈ آف ڈائریکٹرز کی تبدیلی

زیر عہد مدت میں، بورڈ پر نان ایگزیکٹو اہل ذمہ، ایس ایف او (EX-officio) ڈائریکٹرز جو بورڈ میں شامل ہونے ان کو خوش آمدید کیا اور بورڈ سے مستقل/علیحدہ ہونے والے تمام ارکان کی خدمات اور کمیٹی کی کامیابی میں حصہ ڈالنے کو رکارڈ پر سرفہما ہے۔

قومی خزانے میں حصہ

آپ کی کمپنی نے محصولات، لیویز اور ٹیوٹریز کی مدد میں گورنمنٹ کے خزانے میں 1,445 ملین روپے (2022: 1,268 ملین روپے) جمع کروائے گئے۔

#### ادارائی نظم و ضبط کی تعمیل

ذکراتی کرنے کے حکام کی جانب سے جاری کردہ ادارائی نظم و ضبط کے قواعد تعمیل کی گئی ہیں۔

#### بورڈ کی آڈٹ کمیٹی

بورڈ نے ادارائی نظم و ضبط کے ضابطے کی تعمیل کرنے یوںے ایک آڈٹ کمیٹی تشکیل دے دی ہے اور بورڈ اس کے قواعد و ضوابط منظور کر چکا ہے۔ کمیٹی کے ارکان کے نام ادارائی معلومات کے سیکشن میں دیے گئے ہیں۔

#### گذشتہ 6 سالوں میں کمپنی کی کارکردگی

(روپے ملین میں)

2018	2019	2020	2021	2022	2023	
10,734	17,655	16,896	20,994	24,271	33,696	مجموعی پربہم
5,464	6,905	6,709	7,226	7,929	9,323	خالص پربہم
(1,047)	(1,243)	(925)	(968)	(1,026)	(949)	خالص کمیشن
(2,990)	(4,259)	(3,924)	(3,778)	(4,312)	(4,707)	خالص دعوے
(844)	(775)	(866)	(729)	(1,529)	(1,569)	انتظامی اخراجات
583	628	765	1,742	1,401	1,892	لائڈ رائٹنگ منافع (تقسیم)
691	868	1,043	982	1,338	2,389	سرمایہ کاری سے آمدنی
1,730	2,189	1,941	3,614	3,556	5,189	نفع قبل از محصول
1,228	1,484	1,392	2,589	2,624	3,065	نفع بعد از محصول

کمپنی کے حصص کی تجارت

کمپنی کے ایم افسران نے کمپنی کے حصص کے لین دین نہیں کیا گیا۔

#### محاسبین (Auditors) کا انتخاب

سال 2023 کے لیے کمپنی کی مالیاتی دستاویزات کا آڈٹ میسرز حیدر بیہم جی، چارٹرڈ اکاؤنٹنٹس سے کرایا جا چکا ہے۔ موجودہ آڈیٹرز نے سال 2024 کے لیے بطور آڈیٹرز کے کام کرنے پر آمادگی ظاہر کر چکے ہیں۔ بورڈ کے ناظمین نے آڈٹ کمیٹی کی سفارش پر میسرز حیدر بیہم جی، چارٹرڈ

اکاؤنٹنٹس ، کو سال 2024 کے لیے ان کی بطور دستوری بیرونی آڈیٹرز کے انتخاب کی منظوری کی تجویز دی ہے۔

### سٹیشن

کمپنی اپنے حصص کنندگان کا کمپنی پر اپنے اعتماد کرنے کا شکریہ ادا کرنا چاہتی ہے۔ ہم ہمہ تن سے تمام انشورنس کمپنیوں ، حکمتی شراکت داروں، بیویلیوں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور بینک دولت پاکستان سے ان کی عملیت اور رہنمائی پر شکریہ کا اظہار کرتے ہیں۔ ہم کمپنی کے افسران اور عملے کے سخت محنت اور ان کی لگن کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے



چیرمین، بورڈ آف ڈائریکٹرز



چیف ایکزیکوٹو افسر



## **NOTICE OF THE 24<sup>th</sup> ANNUAL GENERAL MEETING (“AGM”)**

**NOTICE IS HEREBY GIVEN** that the 24<sup>th</sup> Annual General Meeting (“AGM”) of Pakistan Reinsurance Company Limited (“the Company”) will be held at 14<sup>th</sup> Floor, PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, Karachi, and virtually through the video-conference facility on Friday, April 26, 2024, at 11: 00 am, to transact the following business:

### **ORDINARY BUSINESS:**

1. To confirm the minutes of 23<sup>rd</sup> Annual General Meeting of the Company held on 28<sup>th</sup> April, 2023.
2. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2023 together with the Chairman’s review, Directors’ and Auditors’ reports thereon.
3. To consider and if thought fit to approve the payment of final cash dividend at the rate of 10 % i.e. Rs. 1 per share of Rupees Ten (Rs. 10.00) as recommended by the Board of Directors.
4. To appoint External Auditors and fix their remuneration for the year ending December 31, 2024. The Board of Directors recommends the appointment of **M/S Kreston Hyder Bhimji & Co.**, for re-appointment as auditors, as suggested by the Audit Committee, till the next Annual General Meeting.

### **ANY OTHER BUSINESS:**

5. To transact any other business with the permission of the Chair.

**By Order of the Board**

Place: Karachi  
Dated: 5<sup>th</sup> April, 2024

**Sumeet Kumar**  
**Company Secretary**

### **NOTES:**

#### **1. CLOSURE OF SHARE TRANSFER BOOK**

The share transfer books of the Company shall remain closed for eight days i.e. from **April 19<sup>th</sup>, 2024**, to **April 26<sup>th</sup>, 2024**; (both days inclusive) no transfer will be accepted for registration during the period.

#### **2. PARTICIPATION IN THE AGM PROCEEDING VIA VIDEO CONFERENCING FACILITY**

All shareholders/members interested in attending the AGM through a video-conferencing facility are requested to register at [bit.ly/4asLTuY](https://bit.ly/4asLTuY) by providing their Names, Folio Numbers, Cell



## **NOTICE OF THE 24<sup>th</sup> ANNUAL GENERAL MEETING (“AGM”)**

Numbers, CNICs / Passport numbers, and email addresses at least 48 hours prior to meeting. A confirmation email for video link and login credentials will be shared to the shareholders after due verification. Please note that login facility will remain open 20 minutes before the meeting time to enable the participants to join the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [alihyder@pakre.org.pk](mailto:alihyder@pakre.org.pk) at least 24 hours before the meeting schedule.

CDC Accountholders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan for attending the meeting physically:

- a) In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- b) In the case of a corporate entity, the Board of Director’s Resolution/ Power of attorney with specimen signature of the nominee, shall be produced (Unless it has been provided earlier) at the time of the meeting.

### **3. APPOINTING PROXIES**

- a) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. A proxy must be deposited at the Company not less than 48 hours before the meeting and in case of default; a form of proxy will not be treated as valid.
- b) In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group and their registration details are uploaded as per the CDC Regulation, shall submit the proxy form (provided at Company’s website) as per the above requirement.
- c) The proxy form shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the form.
- d) Attested copies of the CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- e) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- f) In the case of a corporate entity, the Board of Directors’ Resolution/Power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



## **NOTICE OF THE 24<sup>th</sup> ANNUAL GENERAL MEETING (“AGM”)**

### **4. UPDATING PARTICULARS**

The shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In case of corporate entity, the shareholders are requested to promptly notify change in their particulars of their authorized representative, if applicable.

### **5. PAYMENT OF CASH DIVIDENDS ELECTRONICALLY-COMPULSORY**

Members of the Company are hereby requested to comply with the provisions of Section 242 of the Companies Act, 2017 and provide the particulars of their bank accounts through E-Dividend Form (annexed at the end of the annual report as well as available at the Company's website: [www.pakre.org.pk](http://www.pakre.org.pk)) as dividends payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders instead of, through the issuance of Dividend Warrants. In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend to those shareholders who have not provided the same.

### **6. PAYMENT DEDUCTION OF INCOME TAX FROM DIVIDEND**

a. Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- 1) Persons appearing on the Active Taxpayers List (ATL) 15%
- 2) Persons not appearing in the Active Taxpayers List (ATL) 30 %

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

b. As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. 1166417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. CDC Pakistan Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

c. Further, according to clarification received from the Federal Board of Revenue (FBR), withholding tax will be determined separately on the 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.



## **NOTICE OF THE 24<sup>th</sup> ANNUAL GENERAL MEETING (“AGM”)**

In this regard, all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders 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 #	Principal Shareholder		Joint Shareholder	
		Name and CNIC Number	Shareholding Proportion (No of Shares)	Name and CNIC number	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 the principal shareholder and Joint holder(s).

- d. For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers and email address. The Corporate Secretariat Department can be reached at telephone number (+92-21) 99202908-14 (Ex-220) and email address [alihyder@pakre.org.pk](mailto:alihyder@pakre.org.pk) . Alternatively, Share Registrar services can be accessed through the contact numbers 0800-23275 and email address [info@cdcsrsl.com](mailto:info@cdcsrsl.com).
- e. 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 CDC Pakistan Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote the 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.
- f. Members who desire to stop the deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

### **7. CONSENT FOR VIDEO CONFERENCING FACILITY**

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video conferencing facility. In this regard, please fill in the following and submit at registered address of the Company at least 10 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10 % or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/ We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Pakistan Reinsurance Company Limited holder of \_\_\_\_\_ ordinary share(s) as per registered folio / CDC no. \_\_\_\_\_ hereby opt for video conferencing facility.

### **8. UNCLAIMED/ UNPAID DIVIDENDS AND SHARE CERTIFICATES**



## **NOTICE OF THE 24<sup>th</sup> ANNUAL GENERAL MEETING (“AGM”)**

As per Section 244 of the Companies Act, 2017 shares/dividends which remain unclaimed or unpaid for a period of three years from the date these have been due and payable to be vested with the Federal Government. In this regard, Pakistan Reinsurance Company Limited had already sent individual letters earlier, on the available addresses through our Share Registrar "CDC Share Registrar Services Limited, CDC House, 99-B, Block B, SMCHS, Main Sharah-e-Faisal, Karachi" requesting therein to claim their shares/dividends within 90-days of the letter. After that, as per SEC directives a final notice was also published in daily Business Recorder and daily Express dated June 12, 2019. In this regard, the detail of unclaimed/undelivered shares and dividends is available on the Company's website.

Shareholders of the Company, regardless of their status as former or current members, are humbly requested to revisit the Company's website and ascertain if there are any unclaimed or undelivered shares or dividends under their name. If any such circumstances arise, our Share Registrar, CDC Share Registrar Services Limited, can be contacted for lodging a claim through an application including the Folio number, present address, and a valid CNIC copy at the address mentioned above.

### **9. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM**

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, listed companies are required to replace existing physical shares issued by them into the Book-Entry form. Given the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from the physical form into Book-Entry form as soon as possible. Conversion of physical shares into Book-Entry form would facilitate the shareholders in many ways, i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate the risk of loss & damage, easy & secure transfer with lesser formalities as compared to physical shares. The Company's shareholders may contact Share Registrar of the Company [i.e., M/s. CDC Pakistan Limited] for assistance in converting physical shares into Book-Entry Form.

### **10. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO**

As per record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends/bonus. In order to provide better services and convenience, such shareholders are requested to send requests to the Company's Share Registrar to merge their folios into one folio.

### **11. SUBMISSION OF COPIES OF CNIC NOT PROVIDED EARLIER**

Non-CDC Individual Shareholders are once again reminded to submit a copy of their valid CNICs to Share Registrar, if not provided earlier to the Company's Share Registrar, M/s. CDC Pakistan Limited.

### **12. AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON THE COMPANY'S WEBSITE:**

## **NOTICE OF THE 24<sup>th</sup> ANNUAL GENERAL MEETING (“AGM”)**

The Annual Report, including the Financial Statements of the Company, can be viewed using the following QR-enabled code. The same will be shared via email in case an email address is provided by the members. A printed copy of the above referred statements can be provided to members upon request:



### **13. AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON THE COMPANY'S WEBSITE:**

The audited financial statement of the Company for the year ended December 31, 2023 has been made available on the Company's website which can be viewed using the following link:

<https://www.pakre.org.pk/ms/investor-relations/financial-reports-by-year/2023.html>

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### **Pakistan Reinsurance Company Limited**

PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, P.O. Box No. 4777 Karachi, Pakistan,

Telephone: 021-99202908-14 Fax: 021-99202921-22,

Email: [prcl@pakre.org.pk](mailto:prcl@pakre.org.pk), Website: [www.pakre.org.pk](http://www.pakre.org.pk)

**Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016.**

**Name of Company** PAKISTAN REINSURANCE COMPANY LIMITED  
**Name of Line Ministry** MINISTRY OF COMMERCE (GoP)  
**For the year ended** DECEMBER 31, 2023

- i. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- ii. The Company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N																				
			Tick the relevant box																					
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	Y																					
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Category</th> <th>Name</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Independent Directors</td> <td>Dr. Masleh-ud-Din</td> <td>16-03-2017</td> </tr> <tr> <td>Mr. Shoaib Mir</td> <td>17.08.2022</td> </tr> <tr> <td>Mrs. Zara Shabeen Awan</td> <td>29.10.2021</td> </tr> <tr> <td rowspan="3">Non-Executive Directors</td> <td>Mr. Mumtaz Ali Rajپر</td> <td>31.12.2019</td> </tr> <tr> <td>Mr. Muhammad Rashid</td> <td>20.09.2021</td> </tr> <tr> <td>Dr. Kausar Ali Zafri</td> <td>04.09.2020</td> </tr> <tr> <td>Executive Directors</td> <td>Mr. Farman Ullah Zafkoon</td> <td>18.08.2022</td> </tr> </tbody> </table>	Category	Name	Date of Appointment	Independent Directors	Dr. Masleh-ud-Din	16-03-2017	Mr. Shoaib Mir	17.08.2022	Mrs. Zara Shabeen Awan	29.10.2021	Non-Executive Directors	Mr. Mumtaz Ali Rajپر	31.12.2019	Mr. Muhammad Rashid	20.09.2021	Dr. Kausar Ali Zafri	04.09.2020	Executive Directors	Mr. Farman Ullah Zafkoon	18.08.2022	3(2)	Y	
Category	Name	Date of Appointment																						
Independent Directors	Dr. Masleh-ud-Din	16-03-2017																						
	Mr. Shoaib Mir	17.08.2022																						
	Mrs. Zara Shabeen Awan	29.10.2021																						
Non-Executive Directors	Mr. Mumtaz Ali Rajپر	31.12.2019																						
	Mr. Muhammad Rashid	20.09.2021																						
	Dr. Kausar Ali Zafri	04.09.2020																						
Executive Directors	Mr. Farman Ullah Zafkoon	18.08.2022																						
3	The directors have confirmed that none of them is serving as a director on more than five public sector / Listed companies simultaneously, except their subsidiaries.	3(5)	Y																					
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board Members under the provisions of the Act.	3(7)	Y																					

5	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	Y	
6	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	Y	
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	Y	
8	(a) The Board has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.  (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website ( <a href="http://www.pakre.org.pk">www.pakre.org.pk</a> )  (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	Y	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	Y	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	Y	
11	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	Y	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	Y	
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5 (5) (c) (iii)	Y	
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	Y	
15	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(7)	Y	

16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	Not applicable	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	Y	
18	(a) The Board has met at least four times during the year.	6(1)	Y	
	(b) Written notices of the Board meetings, along with agenda duly approved by the Chairman, were circulated at least seven days before the meetings.	6(2)	Y	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	Y	
19	The Board has monitored and assessed the performance of senior management on annual basis. And held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	Y	
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Y	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of the first, second and third quarter of the year as well as the financial year end.	10	Y	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.	10	Y	
	(c) The Board has placed the annual financial statements on the company's website.	10	Y	
22	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	Y	
23	(a) The Board has formed the requisite committees, as specified in the Rules.	12	Y	
	(b) All the committees were provided with written terms of reference defining their duties, authority and composition.	12	Y	
	(c) The minutes of the meetings of the committees were circulated to all the board members.	12	Y	

(d) The committees were chaired by the following non-executive directors:						
S.No	Committee	No. of Directors	Name of Chair			
1	Audit Committee	Four	Dr. Masleh-ud-Din			
2	Investment Committee	Five	Mr. Shoaib Mir			
3	* Ethics, Human Resource & Remuneration / Nomination Committee	Five	Mr. Muntaz Ali Rajper			
4	Procurement Committee	Four	Dr. Kausar Ali Zaidi			
5	Underwriting / Reinsurance Committee	Two	Dr. Kausar Ali Zaidi			
6	Claim Settlement Committee	Three	Mr. Muntaz Ali Rajper	12	Y	
7	Risk Management, Compliance and Legal Committee	Four	Mr. Muhammad Rashid			
*The Board has assigned the responsibility and functions of Nomination Committee to the Ethics, HR & Remuneration Committee as per guidelines provided in COCG for Insurers, 2016.						
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.			13	Y	
25	The Chief Financial Officer and the Company Secretary have requisite qualifications prescribed in the Rules.			14	Y	
26	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of Section 225 of the Act.			16	Y	
27	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient features required to be disclosed.			17	Y	
28	The Directors, CEO and Executives or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.			18	Y	
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.  (b) The annual report of the company contains criteria and details of remuneration of each director.			19	Y	
30	The financial statements of Company were duly endorsed by the Chief Executive and Chief Financial Officer, before consideration and approval of the audit committee and the Board.			20	Y	

31	The board has formed an audit committee, with defined and written terms of reference and having the following members with the Chairman as an Independent Director:	21(1)	Y																								
	<table border="1"> <thead> <tr> <th>S.No.</th> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dr. Muslich-ud-Din</td> <td>Non-executive/ Independent</td> <td>Ph.D(Economics)</td> </tr> <tr> <td>2</td> <td>Dr. Kausar Ali Zaidi</td> <td>Non-executive</td> <td>MBBS</td> </tr> <tr> <td>3</td> <td>Mr. Muhammad Rashid</td> <td>Non-executive</td> <td>CIA&amp;FCMA</td> </tr> <tr> <td>4</td> <td>Mr. Sheehab Mir</td> <td>Non-executive/ Independent</td> <td>MBBS</td> </tr> <tr> <td>5</td> <td>Mr. Asif Kamal, Chief Internal Auditor</td> <td>Secretary of the Committee</td> <td>AFA, CICA &amp; MIPA</td> </tr> </tbody> </table>	S.No.	Name of Member	Category	Professional Background	1	Dr. Muslich-ud-Din	Non-executive/ Independent	Ph.D(Economics)	2	Dr. Kausar Ali Zaidi	Non-executive	MBBS	3	Mr. Muhammad Rashid	Non-executive	CIA&FCMA	4	Mr. Sheehab Mir	Non-executive/ Independent	MBBS	5	Mr. Asif Kamal, Chief Internal Auditor	Secretary of the Committee	AFA, CICA & MIPA		
S.No.	Name of Member	Category	Professional Background																								
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2	Dr. Kausar Ali Zaidi	Non-executive	MBBS																								
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4	Mr. Sheehab Mir	Non-executive/ Independent	MBBS																								
5	Mr. Asif Kamal, Chief Internal Auditor	Secretary of the Committee	AFA, CICA & MIPA																								
	The Chief Executive and Chairman of the Board are not Members of the Audit Committee.	21(2)	Y																								
32	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.	21(3)	Y																								
	(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.	21(3)	Y																								
	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditor.	21(3)	Y																								
33	(a) The board has set up an effective internal audit function which has an audit charter, duly approved by the audit committee,	22	Y																								
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.	22	Y																								
	(c) The internal audit reports have been provided to the external auditors for their review.	22	Y																								
34	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics as applicable in Pakistan.	23(4)	Y																								
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regards to provision of non-audit services.	23(5)	Y																								

**Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the regulations):**

- 36 The total number of directors are Seven (7) as per the following:  
 a. Male: **Six**  
 b. Female: **One**
- 37 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 38 The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 39 The Board has arranged Directors' Training program for all its members.
- 40 The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

Name of the Committee	Frequency of Meeting
Board Audit Committee	1. January 6, 2023 2. April 3, 2023 3. April 27, 2023 4. August 25, 2023 5. October 23, 2023 6. December 19, 2023
Ethics, Human Resource & Remuneration/Nomination Committee	1. February 23, 2023 2. April 14, 2023 3. May 18, 2023 4. June 8, 2023 5. August 7, 2023 & August 8, 2023 6. October 10, 2023 7. November 6, 2023
Investment Committee	1. February 24, 2023 2. May 19, 2023 3. October 2, 2023 4. December 19, 2023

Procurement Committee	1. June 7, 2023 2. December 20, 2023
Underwriting Committee	1. June 2, 2023 2. December 18, 2023
Claims Settlement Committee	1. April 4, 2023 2. August 9, 2023 3. October 20, 2023

- 41 We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
- 42 The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they 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 directors of the Bank
- 43 The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 44 Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27,32, 33 and 36 are below (if applicable):

**Further disclosures, required under the Code of Corporate Governance for Insurers, 2016:**

- 43 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 Developing Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- 44 No casual vacancy occurred on the Board during the year which required to be filled up by the Directors.
- 45 The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

46. The Board has formed the following Management Committees:

**Underwriting / Reinsurance Committee**

<b>Name of the Member</b>	<b>Category</b>
Dr. Kausar Ali Zaidi	Chairman
Chief Executive Officer	Member
Executive Director (Underwriting)	Secretary

**Claim Settlement Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muntaz Ali Rajper	Chairman
Mr. Shoaib Mir	Member
Chief Executive Officer	Member
Head of Claims Department	Secretary

**Risk Management, Compliance and Legal Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muhammad Rashid	Chairman
Dr. Kausar Ali Zaidi	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Risk Management	In Mandatory Attendance
Compliance Officer	In Mandatory Attendance
Head of Legal	In Mandatory Attendance
Company Secretary	Secretary

47. The Board has formed the following Board Committees:

**Audit Committee**

<b>Name of the Member</b>	<b>Category</b>
Dr. Musleh-ud-Din	Non-executive / Independent
Mr. Shoaib Mir	Non-executive / Independent
Dr. Kausar Ali Zaidi	Non-executive
Mr. Muhammad Rashid	Non-executive
Mr. Asif Kamal, Chief Internal Auditor	Secretary

**Ethics, Human Resource & Remuneration/Nomination Committee**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muntaz Ali Rajper	Chairman
Dr. Kausar Ali Zaidi	Member

Dr. Musleh-Ud-Din	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of HR Department	Secretary

**Investment Committee**

Name of the Member	Category
Mr. Shoaib Mir	Chairman
Mr. Muhammad Rashid	Member
Mr. Mumtaz Ali Rajper	Member
Dr. Musleh-ud-Din	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

**Procurement Committee**

Name of the Member	Category
Dr. Kausar Ali Zaidi	Chairman
Mr. Mumtaz Ali Rajper	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Administration	Secretary

- 48 All Meetings of the Board Committees were held twice in the year except that of Audit Committee which met as per the requirements of clause (liv) of the Code prior to approval of interim and final results of the insurer and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.
- 49 The Chief Financial Officer and the Head of Internal Audit possess such qualifications and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the following persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No.XXXIX of 2000).

### **Key Officers in Management**

<b>Name of the Person</b>	<b>Designation</b>
Mr. Farmanullah Zarkoon	Chief Executive Officer
Mr. Muhammad Junaid Moti	Executive Director (Underwriting)
Ms. Hina Gul	Regional Director
Syed Aamir	Chief Financial Officer
Mr. Muhammad Asif Kamal	Chief Internal Auditor
Mr. Sumeet Kumar	Company Secretary
Mr. Tameezuddin	General Manager (Internal Audit)
Mr. Muhammad Naveed Iqbal	General Manager (Investment)
Mr. Arham Rahim	HOD (Human Resource)
Mr. Muhammad Rizwan Sharif	HOD (Underwriting Property)
Mr. Inayatullah	HOD(Administration)
Mr. Muhammad Rafiq	HOD (Information Tech)
Mr. Hans Hussain Soomro	HOD (Accounts)
Mr. Bashir Ahmad	HOD/ Compliance Officer
Mr. Yousuf Hassan Rana	HOD(Treaty)
Mr. Muhammad Amin	HOD (Underwriting Non-property)
Mr. Zafar Ahmed	HOD(Retrocession)
Mr. Muhammad Ahmed	HOD (Window Retakaful Operation)
Mr. Uneeb Aslam Chaudhry	HOD(Claims)

- 51 The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
- 52 The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
- 53 The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
- 54 The Board ensures that as part of the risk management system, the Company gets itself rated from the VIS Credit Rating Company Limited (VIS) 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 February 27, 2024, is AA+ with stable outlook.

- 55 The Board has set up a grievance department/function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
- 56 We confirm that all other material principles contained in the Code of Corporate Governance for Insurer, 2016 have been complied with.



CHIEF EXECUTIVE OFFICER



CHAIRMAN

## Independent Auditor's Review Report to the Members of Pakistan Reinsurance Company Limited

### Review Report on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 (referred to as 'the Codes') prepared by the Board of Directors of Pakistan Reinsurance Company Limited (the Company) for the year ended December 31, 2023 to comply with the requirements of the Codes.

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

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

The Codes 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 and also ensure compliance of this requirement of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Codes were observed which are not stated in the statement of compliance:

Listed Companies (Code of Corporate Governance) Regulations, 2019(Listed Co. COCG-2019), Public Sector Companies (Corporate Governance) Rules, 2013(Public Sector Co. CG-2013 ), & Code of Corporate Governance for insurers , 2016 (COCG for insurer-2016)		
S.NO	REFERENCE	DESCRIPTION
1	28(2)-Listed Co. COCG-2019	The Chairman of the HR committee is not an independent director.
2	12(2)-Public Sector Co. CG-2013	Majority of independent directors are not presented in the (i)Procurement committee (ii) Ethics, Human Resource & Remuneration/Nomination Committee (iii) Investment Committee.

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

  
Chartered Accountants

Karachi

Date : April 04, 2024

UDIN : CR202310222ANr6mydOQ

## Explanation for Non-Compliance with Code of Corporate Governance

We confirm that all other material requirements envisaged in the Rules have been complied with, except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

<b>PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013, LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016.</b>			
<b>S.r No.</b>	<b>Rule/Sub-rule No.</b>	<b>Reason for Non-compliance</b>	<b>Future Course of Action</b>
1	28(2)-Listed Co. COCGG-2019	The Company was short of required number of independent Directors to rotate simultaneously in different Committees, keeping in view different codal requirements.	Necessary steps are being taken by the Board to ensure compliance with the requirement of the law.
4	12(2)- Public Sector Co. CG-2013	The Company was short of required number of independent Directors to rotate simultaneously in different Committees, keeping in view different codal requirements.	Necessary steps are being taken by the Board to ensure compliance with the requirement of the law.



CHIEF EXECUTIVE OFFICER



CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023

## INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Reinsurance Company Limited  
Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the annexed financial statements of Pakistan Reinsurance Company Limited, which comprise the statement of financial position as at December 31, 2023, profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information 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, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows 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 the Company's affairs as at December 31, 2023 and of the profit, total comprehensive income, its cash flows and the changes in equity for the year then ended.

### Basis for Qualified Opinion

#### 1. Receivable from Sindh Revenue Board (SRB) and the Related Litigation

As disclosed in note 15 and 36.2 to the financial statements, an amount of Rs. 2,573.89 million (2022: Rs. 2,573.89 million) is receivable from Sindh Revenue Board (SRB) which was recovered by SRB against the sales tax liability on reinsurance services. The Company has recorded this amount as an asset, however the Company could not substantiate any control over the underlying asset and the flow of economic benefits is remote due to ongoing Court case. Had the Company not recorded this asset, total assets, accumulated profit and shareholders' equity would have been reduced by the same amount accordingly.

#### 2. Unreconciled Balances

The Company's amount due from other insurance companies on account of treaty and facultative business as appearing in note 16 in the annexed financial statements includes unreconciled gross amount of Rs 16,089.612 million and net amount of Rs. 15,905.456 million and that gross amount includes balance of related party M/s National Insurance Corporation Limited amounting to Rs. 10,468.111 million whose financial statements are not yet being issued after the year 2017 for litigation issues. Similarly, the Company's amount due to other insurance companies on account of treaty and facultative business as appearing in note 31 in the annexed financial statements includes unreconciled balance of Rs 175.701 million. Managements asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after 3 to 4 months of transaction. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

### Emphasis of Matters

1. We draw attention to the notes 16, 17, 18, 25, 26, 27, 37, 38 and 54 to the financial statements, which reflect the transactions and balances relating to the Company's treaty proportional reinsurance business. Hitherto fore, no supporting documentation of the premium and claims of the ceding insurance companies were made available to the auditors. However, during the year the management has developed some control mechanism over treaty proportional business premium and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding company wise analysis of treaty proportional business as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years.
2. We draw attention to note 36.1 to the financial statements, which provide details regarding contingencies in respect of which decisions are pending.

Our opinion is not further modified in respect of the matters.

### 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, we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<b>Revenue Recognition -Facultative premium earned</b>	
	<p>Refer notes 5.12 and 37 to the financial statements for accounting policies and details in respect of revenue recognition. The Company recognizes facultative premium earned from facultative reinsurance policies representing 76% of gross premium written.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be accurately recorded, recognized in the appropriate period and not properly disclosed in the financial statements.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, including the design and implementation of internal controls over process of capturing, processing in and recording of facultative premium income.</li> <li>• Assessed the appropriateness of the company's accounting policies for recording of facultative premiums in line with the requirements of applicable laws, accounting and reporting standards.</li> </ul>

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>• Tested the policies on sample basis where policies were written close to the year-end and subsequent to the year-end, and evaluated that these were recorded in the appropriate accounting period.</li> <li>• Tested the facultative premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders.</li> <li>• Recalculated the unearned portion of facultative premium and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities.</li> </ul>
2.	<p><b>Valuation of outstanding claims including claims incurred but not reported</b></p>	
	<p>Refer to note 5.6 and 25 to the financial statements for accounting policy and details in respect to facultative claim liabilities.</p> <p>The Company's facultative claim liabilities represent approximately 38% of the Company's total liabilities, both Conventional and Takaful. Valuation of these liabilities involves significant judgment because it requires a number of assumptions to be made with high estimation uncertainty such as loss ratios, trend of historical claims and estimates of the frequency and severity of claims. Facultative claim liabilities are recognized on intimation of the insured event based on management judgment and estimate.</p> <p>The Company maintains provision for IBNR claims based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>Based on the above factors, we have considered it as a key audit matter.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the accounting policy for recording of facultative claims in line with the requirements of applicable laws and accounting and reporting standards.</li> <li>• Obtained an understanding of the Company's policies including the design and implementation of internal controls over the capturing, processing and recording of information related to claims.</li> <li>• Performed test of details and test of controls on a sample basis to evaluate whether the facultative claims settled during the year-end and outstanding at the year-end are appropriately recorded in accordance with the requirements of company surface regulations.</li> <li>• Assessed the competence, capability and objectivity of the actuary involved by the company to value IBNR reserves for facultative claims.</li> </ul>

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>• Reviewed the valuation report of management actuary to:               <ul style="list-style-type: none"> <li>- Understand the basis and methodology used for such valuation.</li> <li>- Evaluate the completeness and accuracy of source data used for the purpose of valuation.</li> </ul> </li> <li>• Evaluated the adequacy of disclosures given on outstanding claims including IBNR as per the insurance regulations and applicable accounting and reporting standards.</li> </ul>
3.	<b>Retirement Benefits Plans</b>	
	<p>Please refer notes 5.8 and 28 to the financial statements. The company operates various defined benefit plans. The Company's obligation in respect of these plans as at December 31, 2023 amounted to Rs. 3,350.609 million.</p> <p>Valuation of these plans require significant level of judgement and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase rate, retirement age and mortality rate etc.) may have a material impact on the valuation of these obligations under the retirement plans.</p> <p>Based on the above factors, we have considered this as a key audit matter.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the competence and objectivity of the actuary involved by the Company to value the obligation under the plan.</li> <li>• Reviewed the actuarial valuation reports to:               <ul style="list-style-type: none"> <li>- Understand the basis and methodology used for such valuation.</li> <li>- Evaluate the completeness and accuracy of source data used for the purposes of valuation.</li> </ul> </li> <li>• Ensured the appropriateness of amount involved in valuation of these obligations.</li> <li>• Evaluated the adequacy of disclosures in the financial statements in accordance with the applicable accounting and reporting standards.</li> </ul>

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

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

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

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

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

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

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

Board of directors is 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, except for the effects of the matters described in basis for qualified opinion section of our report:

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

- 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.

**Other Matter**

The financial statements of the Company for the year ended December 31, 2022 were audited by another firm of chartered accountants, who expressed a qualified opinion on those financial statements vide their report dated April 6, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.



Chartered Accountants

Karachi:

Dated: April 04, 2024

UDIN : AR202310222NSpKDXgEt

PAKISTAN REINSURANCE COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023

	Notes	December 31, 2023	December 31, 2022
		(Rupees)	
<b>ASSETS</b>			
Property and equipment	7	642,621,500	446,068,118
Right of use asset	8	1,939,918,000	1,039,005,577
Capital work in progress	9	33,748,620	10,083,343
Assets in Bangladesh	10	-	-
Investment property	11	798,450,467	722,274,603
Investments			
Equity securities	12	4,183,710,364	2,755,440,067
Debt securities	13	14,135,599,216	9,907,026,504
		18,319,309,520	12,662,466,571
Loans and other receivables	14	547,118,312	462,488,314
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	16	16,621,405,847	17,393,374,652
Reinsurance recoveries against outstanding claims including IBNR	17	18,286,185,158	14,420,709,311
Deferred commission expense / acquisition cost	18	1,125,879,637	991,382,139
Taxation - payments less provision	29	-	78,337,588
Prepayments	19	11,900,386,846	8,943,542,637
Cash and bank balances	20	3,159,752,669	1,030,890,557
		75,868,656,603	61,315,332,437
Total Assets From Window re-takaful operations - operator's Fund	21	1,018,749,110	539,612,842
<b>Total Assets</b>		<b>76,887,405,713</b>	<b>63,854,945,278</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to			
Company's equity holders			
Ordinary share capital	22	9,094,000,000	9,094,000,000
Reserves	23	7,549,733,417	3,900,130,130
Revaluation surplus - net of tax	24	1,566,000,034	1,421,277,526
<b>Total Equity</b>		<b>18,139,733,451</b>	<b>14,421,407,656</b>
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
- Outstanding claims including IBNR	25	25,927,694,396	21,266,135,233
- Unearned premium reserves	26	14,238,918,117	12,047,790,680
- Unearned reinsurance commission	27	810,160,213	539,143,259
- Premium deficiency reserve		-	12,526,427
		42,973,769,726	33,855,814,599
Retirement benefit obligations	28	3,350,608,387	3,630,790,590
Taxation liabilities- provision less payments	29	600,746,604	-
Deferred taxation	30	3,434,851,379	241,089,481
Insurance / reinsurance payables	31	9,362,586,676	10,932,282,952
Lease liabilities	32	22,277,303	23,033,149
Unclaimed dividend	33	92,036,196	68,652,013
Other creditors and accruals	34	171,691,119	109,155,042
<b>Total Liabilities</b>		<b>15,538,068,044</b>	<b>15,529,015,227</b>
<b>Total liabilities from Window Takaful Operations - OPI</b>	25	<b>235,634,472</b>	<b>152,707,799</b>
		58,747,672,262	49,535,537,615
<b>Total Equity and Liabilities</b>		<b>76,887,405,713</b>	<b>63,854,945,278</b>
<b>Contingency(ies) and commitment(s)</b>	36		16

The annexed notes 1 to 63 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	December 31, 2023	December 31, 2022
		----- (Rupees) -----	
Net insurance premium	37	9,323,453,350	7,929,369,976
Net insurance claims	38	(4,707,325,117)	(4,311,851,021)
Net commission and other acquisition costs	40	(949,366,578)	(1,025,917,948)
Premium deficiency reserve expense		12,526,427	46,346,941
Insurance claims and acquisition expenses		(5,644,165,268)	(5,291,422,028)
Management expenses	41	(1,569,671,296)	(1,528,435,094)
(Provision)/ reversal for doubtful debts	16	(216,799,192)	542,510,469
Underwriting results		<u>1,892,817,594</u>	<u>1,652,023,323</u>
Investment income	42	2,389,536,960	1,338,391,205
Rental income - net	43	148,543,674	126,643,188
Finance cost	44	(7,327,337)	(2,760,634)
Fair value gain on investment property		87,650,468	-
Other income	45	1,197,078,078	419,206,393
Other expenses	46	(614,445,617)	(7,130,355)
		<u>3,201,036,226</u>	<u>1,874,349,797</u>
Total profit from operations		5,093,853,820	3,526,373,121
Profit from Window Retakaful Operations	47	95,468,993	30,370,651
Profit before taxation		5,189,322,813	3,556,743,771
Taxation	48	(2,124,074,696)	(931,915,282)
Profit after taxation		<u>3,065,248,117</u>	<u>2,624,828,489</u>
Earnings (after tax) per share - Rupees	49	<u>3.41</u>	<u>2.92</u>

The annexed notes 1 to 63 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
Notes	(Rupees)	
<b>Profit after taxation</b>	<b>3,065,248,117</b>	<b>2,624,828,489</b>
<b>Other comprehensive (loss) / income for the year</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Unrealized Gain/(loss) on available for sale investments	1,223,971,796	(638,280,966)
Deferred tax unrealised gain on available for sale investments	(436,993,844)	179,961,417
Unrealized gain on available for sale investments - Window Retakufal Operations- net of tax	540,584	584,733
	<b>787,518,536</b>	<b>(457,734,816)</b>
<b>Items that will not be reclassified subsequently to profit and loss account</b>		
Actuarial loss on defined benefit obligations	355,480,078	(317,880,626)
Surplus on revaluation of property and equipment- net of tax	88,544,204	-
Surplus on revaluation of right of use asset- net of tax	456,457,334	-
Deferred tax on revaluation surplus	(179,850,508)	-
Deferred tax on revaluation surplus - effect of charge in tax rate	(80,071,973)	-
	<b>640,559,135</b>	<b>(317,880,626)</b>
	<b>1,428,077,671</b>	<b>(775,615,442)</b>
<b>Total comprehensive income for the year</b>	<b>4,493,325,788</b>	<b>1,849,213,047</b>

The annexed notes 1 to 63 form an integral part of this financial statement.







Chairman      Director      Director      Chief Executive Officer      Chief Financial Officer



PAKISTAN REINSURANCE COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	(Rupees)	
<b>OPERATING CASH FLOWS:</b>		
<b>Underwriting activities:-</b>		
Premium received	33,922,739,451	21,106,729,029
Reinsurance premium paid	(23,815,288,864)	(13,381,868,413)
Claims paid	(7,061,557,439)	(6,210,425,217)
Reinsurance and other recoveries received	3,240,015,638	3,940,990,166
Commission paid	(2,538,836,707)	(2,152,329,465)
Commission received	1,665,990,194	1,017,092,732
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	-
Other underwriting payments (management expenses)	(1,576,998,633)	(1,380,800,861)
<b>Net Cash Flows Generated From Underwriting Activities</b>	<b>3,836,063,640</b>	<b>2,939,387,971</b>
<b>Other operating activities:</b>		
Income tax paid	(1,444,914,332)	(1,266,634,926)
General management expenses paid	(13,757,520)	(7,130,383)
Other operating receipts/(payments)	145,930,684	(6,475,233)
Advances to employees	(5,311,676)	72,943,017
<b>Net cash used in other operating activities</b>	<b>(1,318,052,844)</b>	<b>(1,207,297,525)</b>
<b>TOTAL CASH FLOW GENERATED FROM ALL OPERATING ACTIVITIES</b>	<b>2,518,010,796</b>	<b>1,732,090,446</b>
<b>INVESTMENT ACTIVITIES</b>		
Fixed capital expenditure	(165,194,982)	(50,327,717)
Sale proceeds of fixed assets	-	377,638
Acquisition of investments	(16,932,231,400)	(16,334,668,315)
Investment in re-takaful operations statutory fund	(300,000,000)	-
Rental income received - net of expenses	116,016,076	1,218,891,012
Dividend income received	260,285,730	95,054,502
Interest income on bank deposits	136,025,091	266,509,713
Investment income received - net of expenses	1,978,440,300	79,536,193
Proceeds on sale/ maturity of investments	13,189,126,328	15,599,890,340
<b>Total cash used from investing activities</b>	<b>(1,717,532,857)</b>	<b>875,263,366</b>
<b>Financing activities</b>		
Dividend paid	(671,615,827)	(717,304,614)
Payments of finance leases	-	-
<b>Total cash used in financing activities</b>	<b>(671,615,827)</b>	<b>(717,304,614)</b>
<b>Net cash flows from/ (used in ) all activities</b>	<b>128,862,112</b>	<b>1,890,049,208</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>3,030,890,557</b>	<b>1,140,841,359</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,159,752,669</b>	<b>3,030,890,557</b>

PAKISTAN REINSURANCE COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

**Reconciliation to profit and loss account**

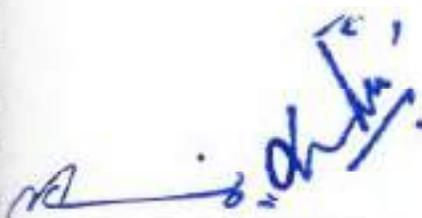
Operating cash flows	2,518,010,796	1,732,090,446
Depreciation expense	(204,573,107)	(188,017,870)
Exchange gain	671,618,175	138,239,529
Rental income	148,543,674	126,643,188
Reinsurance recoveries against outstanding claims	3,785,475,847	9,812,582,076
Provision for outstanding claims	(4,671,259,163)	(11,854,998,046)
Provision for unearned premium	(4,188,205,437)	(1,315,325,028)
Prepaid reinsurance	2,959,881,375	1,217,497,267
Premium deficiency reserve	12,526,427	46,346,941
Provision for employee benefits	(75,288,675)	(743,885,192)
Dividend income	270,567,309	266,509,713
Investment income	189,838,585	(55,298,302)
Interest income	1,808,755,076	1,084,026,602
Amortization of premium	120,375,990	42,778,792
Gain on sale of investment	-	374,400
Amount due from other insurer - written off	601,678,637	-
Decrease/Increase in operating assets other than cash	(1,381,014,929)	3,466,752,310
Increase/(Decrease) in operating liabilities	1,082,008,908	(1,516,578,632)
	3,648,939,488	2,259,738,194
<b>Other adjustments:</b>		
Income tax paid	1,444,914,332	1,266,634,926
Profit before taxation	5,093,853,820	3,526,373,120
Provision for taxation	(2,124,074,696)	(931,915,282)
<b>Profit after taxation</b>	2,969,779,124	2,594,457,838
Profit from Window Retakaful Operations - Operator's Fund	95,468,993	30,370,651
<b>Profit after taxation for the year</b>	3,065,248,117	2,624,828,489

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

**Cash and cash equivalents:**

Cash and other equivalent	676,987	335,020
Current and other accounts	3,159,075,682	3,030,555,537
	3,159,752,669	3,030,890,557

The annexed notes 1 to 63 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive Officer



Chief Financial Officer

**PAKISTAN REINSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on March 30, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in providing reinsurance and other insurance business being forum of risk transfer. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

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

The Company was granted authorization on September 26, 2018 under Rule 6 of the Takaful Rules, 2012 to undertake Window Retakaful Operations in respect of general retakaful products by the Securities and Exchange Commission of Pakistan (SECP).

The Company is under administrative control of Ministry of Commerce (Government of Pakistan). The Ministry of Commerce holds 51% shares of the Company. The Cabinet Committee on Privatization (CCoP) on August 21, 2020 approved divestment of government stakes in the Company through public offerings. The Privatization Commission has submitted the case of PRCL to CCOP for further guidance as Share Value at Stock Exchange is declined presently from the original approval of CCOP in 2018.

**2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

The registered office of the Company is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi, Pakistan.

Other geographical location includes :

- 1 House No 30-B , Lalazar Drive , Maulvi Tamizuddin Khan Road, Karachi .
- 2 Plot/Survey No. 75 , Sheet No. G.K.7, Ghulam Hussain Kassim Quarter, M.A Jinnah Road, Karachi.

V

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

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

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

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

Total assets, total liabilities and profit of the Window Retakaful Operations of the Company referred to as the Operator's retakaful fund have been presented in these financial statement in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015. A separate set of financial statements of the Window Retakaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

#### **3.2 Basis of measurement**

These financial statements have been prepared on the historical cost basis except certain investments which have been measured at fair value and the Company's liability under retirement benefit obligations which is determined based on present value of defined benefit obligation less fair value of plan assets. No adjustment for the effect of inflation has been accounted for in the financial statements. All transactions reflected in these financial statements are on accrual basis except for those reflected in Statement of Cash Flows.

#### **3.3 Functional and presentation currency**

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

### **4 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS**

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

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

Amendments to approved accounting standards:

Amendments to approved accounting standards:

Definition of Accounting Estimates - IAS 8

Disclosure of Accounting Policies - IAS 1 and IFRS Practice Statement 2

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - IAS 12

International Tax Reform-Pillar Two Model Rules - IAS 12

#### **IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4'**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

- a) IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
- b) Amendments to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

#### **Temporary Exemption from Application of IFRS 9**

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

#### **4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

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

Effective date  
(annual periods  
beginning on or  
after)

Classification of Liabilities as Current or Non-current - Amendments to IAS 1	
Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Disclosure: Supplier Finance Arrangement - Amendments to IAS 7 and IFRS 7	January 01, 2024
Sale or contribution of Assets between an investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	

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

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

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

## 5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are set out below and are consistent with those of the previous financial years.

### 5.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

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

In addition to direct insurance, at times the Company also participates in risks under co-insurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

#### 5.1.1 Premiums

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

Treaty is being carried out under the regulations 1978 as the data received is on prescribed forms (returns) therein. Due to the regulations being outdated (enacted decades before insurance ordinance 2000 and insurance rules 2017), PRCL is completely relied on returns.

#### **Provision for unearned premium**

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

#### **5.1.2 Reinsurance contracts**

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 accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amount payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balance due from reinsurance companies. Amount 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 insurance contract.

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

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 recognizes that impairment loss in the statement of profit or loss.

#### **5.1.3 Receivables and payables related to insurance contracts**

Receivables including premium due but unpaid, relating to insurance 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 losses, if any. Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

#### **5.1.4 Reinsurance recoveries against outstanding claims**

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

#### **5.1.5 Commission**

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

##### **a) Commission income**

The revenue recognition policy for commission from reinsurer is given under note 5.12.2.

## **b) Deferred commission expense**

Commission expenses are deferred and recognized as an asset in correlation with pattern of recognition of premium revenue.

Other acquisition are charged to statement of profit and loss account at the time policies are accepted.

### **5.1.6 Premium deficiency reserve**

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

The management considers that the unearned 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. Hence, no reserve for the same has been made in these financial statements.

## **5.2 Investments**

### **5.2.1 Recognition**

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

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

### **5.2.2 Measurement**

#### **a) Held for trading**

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

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

#### **b) Held to maturity**

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

#### **c) Available for sale**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as:

- (a) loans and receivables
- (b) held-to-maturity investments or
- (c) financial assets at fair value through profit or loss

### 5.2.3 **Quoted securities - subsequent measurement**

Subsequent to initial recognition, quoted investments are stated at market value for available for sale investments and fixed income investments redeemable at a given date and where the cost is different from the redemption value, require such difference to be amortized uniformly between the date of acquisition and the date of maturity. The Company uses stock exchange quotations at the reporting date to determine the market value.

### 5.2.4 **Unquoted securities**

Unquoted investments are recorded at cost less impairment loss (if any).

### 5.2.5 **Impairment**

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

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

### 5.2.6 **Date of recognition**

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

### 5.3 **Investment property**

Investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on re-measurement of investment property at fair value is recognized in statement of other comprehensive income. Fair value is evaluated annually by an independent professional value. Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as income in the period of de-recognition. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains or losses on disposal of investment property, if any, are included in income currently.

### 5.4 **Liability adequacy test**

At the end of each reporting year, the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognized in the statement of profit or loss.

### 5.5 **Commission expense, other acquisition costs and commission income**

Commission expense and other acquisition costs are charged to the statement of profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to accounts as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

## **5.6 Provision for outstanding claims including IBNR**

A liability is recognized for outstanding claims incurred up to the reporting date and is considered to be incurred at the time of incident giving rise to the claim. Unpaid reported claims are based on prescribed statutory returns submitted by the ceding companies. Outstanding claims reserve and claims incurred but not reported (IBNR) to the Company up to the reporting date are recorded on the basis of actuarial valuation, results of which have been recognized in the financial statements. The above liability is measured at undiscounted value and includes expected settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates and provision for these claims which are incurred and not reported as at reporting date are made on the basis of specified guidelines issued by the Securities and Exchange Commission of Pakistan, according to which the Company should record those claims which are incurred but not reported on the basis of collection of data of IBNR claims reserves from the ceding companies (non-life insurers) in accordance with the share of Company on account of facultative and treaty business.

## **5.7 Prepaid reinsurance ceded**

Reinsurance premium is recognized as an expense evenly over the period of the underlying policies. The portion of reinsurance premium not yet recognized as expense is recognized as prepayment.

## **5.8 Staff retirement benefits**

### **5.8.1 Gratuity and pension scheme**

The Company operates approved funded gratuity scheme and pension scheme for all its permanent employees who are entitled to the scheme. The Company makes contributions or record liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries and in line with the provisions of the Income Tax Ordinance, 2001. The latest actuarial valuations were carried out as of December 31, 2023 using the Projected Unit Credit Method based on the significant assumptions stated in relevant note for valuation of the funds.

### **5.8.2 Pension fund**

The Company operates a defined benefit plan, a funded pension scheme for its employees and officers eligible for the pension scheme and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. Liability for the fund is based on the advice of appointed actuary.

### **5.8.3 Provident fund**

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.

### **5.8.4 Compensated absences**

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences based on actuarial valuation.

The Company makes periodic provisions in the financial statements for its liability towards defined encashment of leaves up to maximum of 365 days in respect of leave preparatory to retirement (LPR) on the basis of basic pay. The liability is estimated on the basis of actuarial advice under the Projected Unit Credit method carried out by a qualified actuary.

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#### 5.8.5 Post retirement medical benefits

The Company operates post retirement medical benefit plan and recognizes liability for post retirement medical facilities in respect of its eligible employees in accordance with requirements of IAS - 19 (Revised).

#### 5.9 Taxation

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

##### 5.9.1 Current

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

##### 5.9.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the statement of profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

#### 5.10 Property and equipment

Fixed assets except leasehold lands (other than land of PRC House and PRC Building, which has not been bifurcated) are stated at fair value less accumulated depreciation calculated on written down values and accumulated impairment losses thereon. Leasehold land is stated at cost.

Depreciation is charged to income applying the reducing balance method. The rates of depreciation are stated in note 7.1 to the financial statements.

Depreciation on additions during the financial year is charged from the month in which asset is available for use whereas no depreciation is charged from the month in which the asset is disposed off. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The assets residual value and useful life are continuously reviewed by the Company and adjusted if impairment or depreciation is significant.

Maintenance and normal repairs are charged to Statement of profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any are retired.

Gains and losses on disposal of fixed assets, if any, are included in other income.

In case of Right of use assets, depreciation is charged over lower of useful life and lease term. The calculation of useful life is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

#### **5.11 Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for use.

#### **5.12 Revenue recognition**

##### **5.12.1 Premium**

Premium received / receivable under a policy are recognized evenly over the period of underlying policies or in accordance with the pattern of reinsurance service provided. Where the pattern of incidence of risk varies over the period of the policy, the premium is recognized as an income in accordance with the pattern of incidence of risk.

Revenue from premium is based on prescribed statutory returns submitted by the ceding companies. Premiums are taken to income, after (i) deducting reinsurance and (ii) adjusted for provision for unearned premium.

Premium recognition in case of co-insurance or pool arrangements is restricted to the Company's share only.

##### **5.12.2 Commission income**

Commission income is being taken to the statement of profit and loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium.

##### **5.12.3 Investment income**

- Gain / loss on sale of investments is taken to the statement of profit and loss account in the year of sale.
- Profit / interest income on investments securities are recognized on effective interest method.
- Gains or losses on remeasurement of investments recognised as held for trading are recognized in the statement of profit and loss account.
- Dividend income is recognized when the right to receive such dividend is established.

##### **5.12.4 Rental income**

Rentals from investment properties are recognized over the term of the lease.

#### 5.12.5 Other income

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

#### 5.13 Management expenses

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated on the basis of net premium revenue under individual business.

#### 5.14 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit and loss account.

#### 5.15 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the date of transactions. Significant exchange rates applied during the year are provided in relevant note. Non-monetary assets and liabilities are translated into Pakistani Rupees using exchange rates prevalent on transaction date. Exchange differences on foreign currency translations are included in the statement of profit and loss account currently.

#### 5.16 Impairment of assets

##### Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

##### Non-financial assets

The carrying amounts of Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement profit and loss account.

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**5.17 Cash and cash equivalents**

Cash and cash equivalents are carried at amortized cost. They comprise (a) cash in deposit accounts with banks (b) cash (and cheques) in hand, in transit and at banks in current accounts (c) stamps in hand and (d) term deposits maturing within 12 months.

**5.18 Off setting of financial assets and financial liabilities**

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

**5.19 Segment reporting**

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

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

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

**5.20 Provision for doubtful debts**

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. Provision for impairment of premium receivables is established when the chances of recovery are less. Receivables are also analyzed as per their ageing and accordingly provision is maintained on a systematic basis. The provision is made while taking into consideration of expected recoveries, if any.

**5.21 Financial instruments**

Financial instruments carried on the statement of financial position include cash and bank deposits, loans, investments, amounts due from / to other insurers / reinsurers, premium and claim reserves retained from / by retrocessionaires / cedants, accrued investment income, sundry receivables, provision for outstanding claims, long term deposits, other creditors and accruals, retention money payable, dividend payable and surplus profit payable.

All the financial assets and financial liabilities are recognized 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 comprise 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 directly.

## 5.22 Dividend and other appropriations

Dividend and appropriation to reserves are recognized as liability in the Company's financial statements in the year in which these are approved.

## 5.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. However, there were no dilutive potential ordinary shares in issue at December 31, 2023.

## 5.24 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 lease properties for its operations and 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 accumulated depreciation and impairment losses, if any, 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 the right-of-use asset or end of 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 incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured 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 expense on a straight line basis over the lease term.

## 5.25 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

## 6 USE OF ESTIMATES AND JUDGMENTS

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

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

Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

**6.1 Classification of investments**

In classifying investments as held to maturity, the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investment to maturity.

In classifying investments as held for trading, the Company has determined securities, which are acquired with the intention to trade, taking advantage of short-term market / interest rate movements.

Investments which are intended to be held for an undefined period of time but 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 the initial recognition at cost, quoted investments are stated at market value. Unquoted investments are stated at cost less impairment losses, if any.

**6.2 Income tax**

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decision of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

**6.3 Property and equipment / right-of-use asset**

In making estimates of the depreciation method, the management uses method which reflects pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

**6.4 Impairment of available for sale investments**

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

**6.5 Premium deficiency reserve**

The Company carries out an analysis of loss / combined ratios for the expired period, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

**6.6 Outstanding claims including incurred but not reported (IBNR)**

The Company estimates the liability for claims, which include amounts relating to unpaid, reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates and provision for those claims which are incurred and not reported as at the reporting date are made on the basis of specified guidelines issued by the Securities and Exchange Commission of Pakistan through letter no. ID/PRDD/IBNR/2017/9695 dated May 30, 2017, which states that Company should record those claims which are incurred but not reported on the basis of collection of data of IBNR claims reserves from the ceding companies (non-life insurers) in accordance with the share of Company on the account of facultative and treaty business.

**6.7 Reinsurance**

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

**6.8 Provisions**

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

**6.9 Unearned premium reserve**

The Company's estimate of the unearned premium reserve is based on current insurance industry practices in Pakistan and the directives issued by the Securities and Exchange Commission of Pakistan.

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7 PROPERTY AND EQUIPMENT

7.1 Operating fixed assets

	Rupees											
	OWNED					LEASED					Total	
	Building	Furniture and fixtures, office equipment, books and computer equipment			Electrical installation, air-conditioning and lifts	Motor vehicles	Leasehold land	PBC Towers**				
PBC Tower	PBC House*	Furniture and fixtures	Office equipment	Books	Computer equipment	Electrical installation	Air-conditioning	Lifts	Motor vehicles	PBC House*	PBC Towers**	
Net carrying value basis Year ended December 31, 2023												
Opening net book value	188,747,292	-	3,858,862	6,613,799	206,054	21,219,420	466,298	1,241,319	11,095,975	12,460,761	190,927,215	223,522
Addition (at cost)	580,200	-	14,671,554	30,951,535	-	21,276,788	2,589,853	643,395	29,979,080	40,375,600	92,300	-
Transfer from Investment Property to Property and Equipment*	-	10,946,000	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus	27,204,448	534,603	-	-	-	-	-	-	-	-	60,895,153	-
Depreciation charge	(9,450,859)	-	(11,201,924)	(2,713,649)	(20,696)	(7,281,737)	(691,280)	(291,257)	(3,849,058)	(8,973,336)	(9,384,668)	-
Closing net book value	207,046,071	11,474,603	17,328,492	34,851,685	185,448	35,234,471	2,764,521	1,493,457	37,276,085	43,862,225	249,840,000	223,522
Gross carrying value basis Year ended December 31, 2023												
Cost / revalued amount	253,955,877	11,474,603	29,571,778	44,021,402	667,586	79,240,809	15,549,766	23,676,652	54,492,278	43,730,821	279,863,661	223,522
Accumulated depreciation	(46,000,806)	-	(12,243,286)	(9,169,717)	(482,088)	(43,936,424)	(12,784,848)	(22,183,995)	(17,266,273)	(19,867,796)	(23,963,661)	-
Closing net book value	207,946,071	11,474,603	17,328,492	34,851,685	185,448	35,234,471	2,764,521	1,493,457	37,276,085	43,862,225	249,840,000	223,522
Depreciation rate (% per annum)	5%	5%	10%	15%	11%	20%	30%	20%	20%	20%	5%	5%

\*This represents lease hold land and Building of 1,388 Square Yards located at House No. 30-B, Lalazar Drive, Marol Tammizuddin Khan Road, Karachi.

\*\*This represents lease hold land of 7,918 Square Yards located at Plot No. 32-A, Lalazar Drive, Marol Tammizuddin Khan Road, Karachi.

Building	OWNED										LEASED		Total
	Furniture and fixtures, office equipment, books and computer software					Electrical installation, air-conditioning and lifts			Motor vehicles		Leasehold		
	Partitions and fixtures	Office equipment	Books	Computer equipment	Electrical installation	Air-conditioning	Lifts	Motor vehicles	FRS House*	FRS Towers**			
100,676,697	1,863,382	3,189,438	27,065	12,868,754	582,873	(5,532,214)	(89,241)	2,317,493	208,280,000	223,632	480,000,184		
-	2,368,013	4,391,718	1,800	15,429,807	-	-	13,107,650	(2,528,631)	1,377,554	-	48,824,963		
-	(79,000)	(214,347)	-	(31,865)	-	-	-	(2,108,560)	-	-	(2,436,418)		
-	7,800	168,298	-	33,815	-	-	-	1,448,877	-	-	2,058,790		
-	(71,200)	(45,949)	-	(405)	-	-	-	(239,696)	-	-	(377,036)		
19,933,893	(221,333)	(919,419)	(2,811)	(4,888,141)	(1,165,723)	(3,626,455)	(2,300,913)	(2,125,668)	(10,430,339)	-	(11,480,300)		
188,746,396	3,438,862	6,615,789	25,654	22,229,420	466,794	1,241,819	11,995,973	12,469,781	198,927,215	223,632	446,068,118		
236,201,239	14,860,234	15,069,887	667,586	57,884,107	12,440,013	23,032,607	24,313,108	29,585,021	209,906,208	223,632	666,413,557		
(37,431,937)	(1,641,262)	(6,434,088)	(461,412)	(39,254,887)	(12,295,613)	(21,789,818)	(13,317,223)	(10,391,260)	(10,978,993)	-	(146,345,434)		
198,769,302	1,818,972	9,635,799	206,054	22,229,420	466,798	1,241,819	11,995,975	17,460,761	198,927,215	223,632	446,068,118		
-	10%	15%	10%	20%	20%	20%	20%	20%	-	-	5%		

**Net carrying value book  
Year ended December 31, 2022**

Opening net book value  
Addition (at cost)  
Disposal (NBV)  
Cost / residual amount  
Accumulated depreciation  
\*\*\*  
Residuals  
Depreciation charge for the year  
Closing net book value

**Gross carrying value book  
Year ended December 31, 2022**

Cost / residual amount  
Accumulated depreciation  
Closing net book value

Depreciation rate (% per annum)

\*This lease hold land of 1,388 Square Yards are located at House No. 30-B, Lohane Drive, Muzuri Tamizhavan Chao Road, Karachi  
\*\*This lease hold land of 7,918 Square Yards are located at Plot No. 33-A, Lohane Drive, Muzuri Tamizhavan Chao Road, Karachi  
\*\*\* Depends of fiscal assets do not include any assets whose approximating book value exceeds Rs. 500,000.

**Fair value measurement**

The fair value of Land and Building is determined by Jhalil A. Bangla & Company, (Pvt) Ltd which is an external, independent property valuers having appropriate professional qualifications and recent experience in the location and category of the property being valued and also registered with Pakistan Bankers Association. The fair value of land are based on assumptions considered to be in level 3 i.e. inputs other than quoted prices included within level 1 that are not observable either directly or indirectly.

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>7.3 Forced sales value</b>			
Class of assets			
Building- PRC tower		213,600,000	158,341,968
Leasehold land- PRC House		199,872,000	166,560,000
		<u>413,472,000</u>	<u>324,901,968</u>

## 8 RIGHT OF USE ASSETS

### 8.1 Assets - Leasehold land

#### Net carrying value basis

Opening net book value		1,639,605,577	1,801,531,334
Revaluation gain during the year		456,457,334	-
Depreciation for the year	8.2	(156,152,911)	(161,925,757)
Closing net book value		<u>1,939,910,000</u>	<u>1,639,605,577</u>

#### Gross carrying value basis

Cost / revalued amount		2,257,988,668	1,801,531,334
Accumulated depreciation	8.2	(318,078,668)	(161,925,757)
		<u>1,939,910,000</u>	<u>1,639,605,577</u>

### 8.2 Accumulated depreciation

Balance at beginning of the year		161,925,757	5,270,859
Depreciation for the year		156,152,911	156,654,899
Balance at end of the year		<u>318,078,668</u>	<u>161,925,757</u>

8.3 The Company has entered into lease arrangement with Karachi Port Trust (KPT) for lease of land. The remaining lease term (useful life) of the right of use asset is 9.5 years. (2022: 10.5 years)

## 9 CAPITAL WORK-IN-PROGRESS

PRC Tower Renovation	9.1 & 9.2	23,131,568	-
Computer Software	9.1 & 9.3	10,617,052	10,083,343
		<u>33,748,620</u>	<u>10,083,343</u>

9.1 The movement in capital work in progress is as follows:

	Dec-23			Dec-22
	PRC Tower Renovation	Computer Software	Total	
Balance at beginning of the year	-	10,083,343	10,083,343	8,474,168
Additions during the year	23,131,568	533,709	23,665,277	1,609,175
Balance at end of the year	<u>23,131,568</u>	<u>10,617,052</u>	<u>33,748,620</u>	<u>10,083,343</u>

9.2 This pertains to renovation work being carried at PRC Towers from the 11th Floor to the 14th Floor.

9.3 This pertains to implementation of ERP and development of customized system solution which includes Reinsurance, Administration, Human Resource, Audit, Accounting and Finance, Investment, Corporate Affairs and Retakafal modules.

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>10 ASSETS IN BANGLADESH - NET</b>			
Assets and Liabilities in Bangladesh comprise of:			
<b>Assets</b>			
<b>Fixed assets</b>			
Land and building		8,608,000	8,608,000
Furniture and fixtures		4,000	4,000
		<u>8,612,000</u>	<u>8,612,000</u>
<b>Investments</b>			
Stock and shares		7,112,000	7,112,000
Debentures		250,000	250,000
		<u>7,362,000</u>	<u>7,362,000</u>
		<u>15,974,000</u>	<u>15,974,000</u>
<b>Liabilities</b>			
Outstanding claims	25	(4,952,000)	(4,952,000)
Other liabilities		(809,000)	(809,000)
		<u>(5,761,000)</u>	<u>(5,761,000)</u>
		<u>10,213,000</u>	<u>10,213,000</u>
Provision for loss on net assets in Bangladesh		(10,213,000)	(10,213,000)
		<u>-</u>	<u>-</u>
<b>11 INVESTMENT PROPERTY</b>			
PRC Building, Karachi		6,724,654	6,014,475
Electrical installations		47,174	47,174
Air conditioning plant		67,158	67,158
Lifts		52,331	52,331
		<u>6,891,317</u>	<u>6,181,138</u>
Lease hold land		267,000,000	244,750,000
PRC Towers, Karachi		524,559,150	461,082,104
PRC House		10,940,000	10,261,360
PRC House transfer to Property & Equipment*		(10,940,000)	-
		<u>791,559,150</u>	<u>716,093,464</u>
		<u>798,450,467</u>	<u>722,274,602</u>
* During the year transfer to Property Plant & Equipment for the official use			
<b>11.1 Forced sales value</b>			
Owned		5,379,724	4,811,580
PRC building Karachi			
Leased			
Leasehold land		1,551,928,000	1,425,240,000
PRC tower		584,855,021	369,464,592
PRC House		9,179,682	8,209,088
		<u>2,145,962,703</u>	<u>1,802,913,680</u>
		<u>2,151,342,427</u>	<u>1,807,725,260</u>

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- 11.2 The Company uses revaluation model for its buildings and Lands. Investment property is remeasured at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises. Where a property has previously been measured at fair value, it should continue to be measured at fair value until disposal, even if comparable market transactions become less frequent or market prices become less readily available.
- 11.3 The fair value of land and building is determined by Iqbal A. Nanjee & Co. Private Limited which is an external, independent property valuers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and also registered with Pakistan Bankers Association. However, as per board the revaluation shall be carried out once in every two to three years as the valuation does not materially differs from the carrying values.
- 11.4 The fair value of the investment properties has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used) and which is considered as highest and best use of investment property. U

12 INVESTMENTS IN EQUITY SECURITIES

	Note	2023				2022			
		Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
<b>Available for sale</b>									
<b>Related parties</b>									
Listed shares	12.1	88,518,371	-	989,869,208	1,078,387,599	88,518,391	-	556,230,535	644,748,026
Unlisted shares	12.2	1,235,842	(618,227)	-	617,615	1,235,842	(618,227)	-	617,615
Mutual funds	12.3	800,000,000	(170,415,673)	-	629,584,327	800,000,000	(223,986,732)	(95,670,800)	479,542,468
		889,754,213	(171,033,900)	989,869,208	1,708,589,541	889,754,233	(224,604,959)	499,559,735	1,124,709,009
<b>Others</b>									
Listed shares	12.4	421,480,185	-	866,489,478	1,287,969,583	421,480,196	-	470,514,513	891,994,648
Unlisted shares	12.5	1,372,264	(1,372,264)	-	-	1,372,254	(1,372,264)	-	-
Mutual funds	12.6	792,488,811	-	187,420,875	979,909,686	792,488,811	(76,694,179)	(111,269,412)	604,525,225
		1,215,341,180	(1,372,264)	1,053,910,353	2,267,879,269	1,215,341,180	(78,066,438)	359,245,131	1,496,519,877
<b>Sub total</b>		2,105,095,413	(172,406,164)	2,043,779,561	3,976,468,810	2,105,095,413	(302,671,397)	818,804,860	2,621,228,882
<b>Held for trading</b>									
<b>Related parties</b>									
Listed shares	12.7	61,148,685	-	31,289,746	92,438,431	71,616,682	-	(10,467,977)	61,148,685
<b>Others</b>									
Listed shares	12.8	73,062,500	-	41,740,563	114,803,063	62,337,463	-	(29,274,963)	73,062,500
<b>Sub total</b>	12.7 & 12.8	134,211,185	-	73,030,309	207,241,494	133,954,125	-	(39,742,940)	134,211,185
<b>Grand Total</b>		2,239,306,598	(172,406,164)	2,116,809,870	4,183,710,304	2,279,049,538	(302,671,397)	779,061,926	2,755,440,067

	2023			2022		
	Number of shares / certificates / units	Cost	Impairment	Unrealised gains / (loss)	Carrying amount	Number of shares / certificates / units

Available for sale - Related parties

12.1	Listed shares	2023			2022		
		Number of shares / certificates / units	Cost	Impairment	Unrealised gains / (loss)	Carrying amount	Number of shares / certificates / units
	National Bank of Pakistan	6,450,114	6,824,793	-	197,346,528	204,171,311	6,259,129
	Pakistan State Oil Company Limited	14,042	371,225	-	2,110,127	2,481,352	371,225
	Pakistan Petroleum Limited	546,484	27,200,953	-	38,472,041	62,671,994	27,200,953
	Sui Southern Gas Company Limited	1,494,227	36,441,488	-	107,364,194	143,805,682	36,441,488
	Sui Northern Gas Pipelines Limited *	8,498,203	17,107,194	-	622,384,691	639,491,885	7,107,194
	Pakistan Engineering Company Limited	43,776	264,758	-	25,271,126	25,535,884	306,738
	Unlisted shares**	18,255,847	88,828,291	-	983,869,268	1,078,347,699	80,218,291
	State Bank of Pakistan	4,600	817,615	-	-	517,615	317,615
	Industrial Development Bank of Pakistan ***	6,213	618,227	(618,227)	-	-	618,227
	National Investment Trust Limited	75,200	300,000	-	-	300,000	100,000
	Mutual funds	90,313	1,235,842	(618,227)	-	617,615	1,235,842
	National Investment Unit Trust	8,294,733	800,800,040	(170,415,673)	-	629,644,227	8,059,650
	Grand total	26,738,892	889,754,243	(171,033,900)	583,809,208	1,248,529,541	80,254,233

Finance shares

	National Investment Unit Trust	8,059,650	221,986,227	-	-	221,986,227	221,986,227
	Grand total	8,059,650	221,986,227	-	-	221,986,227	221,986,227

\*\*\*

Name of Company	2023		2022	
	CEO/Managing Director	Resignation date	CEO/Managing Director	Resignation date
State Bank of Pakistan	Javed Akram	-	Javed Akram	-
Industrial Development Bank of Pakistan	Not available	-	Not available	-
National Investment Trust Limited	Ahmed Akbar	-	Ahmed Akbar	-

\*\*\*

Industrial Development Bank of Pakistan (IDBP) has been dissolved and all assets and liabilities are vested in the Industrial Development Bank Limited (IDBL) vide Government of Pakistan (GoP)'s Finance Division's S.R.O. 11(10)12 dated November 13, 2012. Subsequently, on February 02, 2024, High Court of Sindh has ordered to proceed the winding up of IDBL against the petition filed by State Bank of Pakistan dated November 01, 2015.

Available for sale - Others

12.4 Listed shares

	2012						2011					
	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount		
<b>Banks</b>												
MCB Bank Limited	500,000	93,313,314	-	(3,856,314)	89,457,000	500,000	93,131,314	-	(3,071,314)	89,999,999		
Bank Alfaro Limited	700,000	85,892,124	-	(5,454,125)	79,438,000	700,000	85,843,124	-	(5,454,125)	79,999,000		
UBL Bank Limited	500,000	60,488,980	-	25,431,160	85,920,140	500,000	60,488,980	-	(10,113,000)	50,375,980		
	1,700,000	239,694,418	-	18,126,663	257,821,081	1,700,000	239,463,418	-	(8,538,439)	230,925,000		
<b>Insurance</b>												
Advent Insurance Company Limited	1,296,536	33,134,622	-	15,653,353	48,787,975	1,296,536	33,124,622	-	7,273,137	40,397,759		
Asia Insurance Company Limited	40,055	274,800	-	346,302	621,102	40,055	274,800	-	340,282	615,082		
First Insurance Company Limited	12,700	1,724	-	77,876	79,600	12,700	1,724	-	79,876	81,600		
United Insurance Company of Pakistan Limited	1,240,655	166,165	-	13,579,830	13,745,995	1,240,655	166,165	-	9,331,061	9,479,736		
	2,709,956	32,517,331	-	29,666,571	62,183,902	2,709,956	32,317,331	-	17,018,056	49,335,387		
<b>Personal Goods</b>												
Khalid Spinning Mills Limited	7,000	5,700	-	108,300	114,000	7,000	5,700	-	80,688	92,188		
Crescent Jute Products Limited	157,314	-	-	-	-	157,314	-	-	-	-		
Emmar Textile Mills Limited	209	-	-	-	-	209	-	-	-	-		
Mohammad Farooq Textile Mills Limited	4,100	-	-	-	-	4,100	-	-	-	-		
Tan Textile Mills Limited	5,600	-	-	-	-	5,600	-	-	-	-		
	174,914	5,700	-	108,300	114,000	174,914	5,700	-	80,688	92,188		
<b>General industries</b>												
Packages Limited	821,714	90,208,580	-	3,451,834	93,660,414	821,714	90,198,580	-	3,177,114	93,375,694		
M/s Meta Text (Formerly Textile Co) Company Limited	23,887	31,500	-	139,811	171,311	23,887	31,500	-	163,807	195,307		
	845,601	90,410,080	-	3,591,645	94,002,125	845,601	90,430,080	-	3,340,921	93,776,001		
<b>Household Goods</b>												
Hussain Industries Limited	15,829	-	-	211,400	211,400	15,829	-	-	873,456	873,456		
Towelens Limited	129,758	1,048,453	-	23,584,910	24,633,363	129,758	1,048,453	-	14,036,031	15,684,484		
	145,587	1,048,453	-	23,796,310	24,844,763	145,587	1,048,453	-	14,909,487	16,368,940		
<b>Food Products</b>												
Sach Akadgar's Sugar Mills Limited	65,508	327,908	-	808,270	1,136,178	65,508	327,908	-	205,660	533,568		
<b>Construction and Materials</b>												
Dudhley Cement Industries Limited	17,300	-	-	-	-	17,300	-	-	-	-		
Zoal PK Cement Factory Limited	25,336	-	-	-	-	25,336	-	-	-	-		
	56,436	-	-	-	-	56,436	-	-	-	-		
	5,888,950	995,981,342	-	415,927,649	1,411,908,991	5,888,950	995,981,342	-	161,464,255	1,157,445,597		
<b>Tobacco</b>												
Polo Morni (Pakistan) Limited	16,580	8,403	-	5,862,338	5,870,741	16,580	8,403	-	2,801,299	3,009,992		
Pakistan Tobacco Company Limited	2,100	9,951	-	3,381,775	3,391,726	2,100	9,951	-	5,581,203	5,591,154		
	13,580	18,354	-	9,244,113	9,262,467	13,580	18,354	-	7,382,502	7,601,146		
<b>Electricity</b>												
The Hub Power Company Limited	480,000	8,844,042	-	47,315,157	56,159,200	480,000	8,844,042	-	21,381,337	30,225,480		
K-Electric Limited	100,000	233,790	-	302,210	536,000	100,000	233,790	-	16,214	370,000		
Kot Addu Power Company Limited	30,000	1,431,628	-	6,028,270	7,460,000	30,000	1,431,628	-	682,130	2,113,758		
	610,000	10,509,461	-	53,646,737	64,155,657	610,000	10,509,461	-	28,280,781	38,790,240		

Number of shares	2021			2022					
	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
250,000	14,089,512	-	66,102,698	80,232,810	250,000	1,480,542	-	29,923,958	44,812,300
52,353	-	-	-	-	52,353	-	-	-	-
928,088	195,915	-	124,699,157	124,695,072	928,088	195,915	-	80,682,941	80,478,856
307,281	35,595,431	-	201,455,556	239,248,987	307,281	31,599,431	-	161,844,503	197,440,334
7,898,331	421,488,115	-	865,489,477	1,287,985,583	7,898,331	67,488,100	-	470,314,952	891,996,048

Refinery  
Nassau Refinery Limited  
Engineering

Devon Automotive Engineering Limited  
Furniture and Paper  
Security Papers Limited

Chemical  
Lucky Core Industries Limited  
ICI Pakistan Limited

Total

## 12.5 Unlisted shares

Cost of investment in unlisted companies  
Less: provision for diminution in value

2021	2022
12.5.1	1,372,254
	(1,372,254)

Number of shares	2021			2022				
	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)

## 12.5.1 Cost of investment in unlisted companies

Insurance  
Indian Assurance Limited  
Pakistan Guarantee Insurance  
Sinking Insurance Company Limited  
Union Insurance Corporation of

Cotton and Textile  
Aker Textile Mills Limited  
Brothers Textile Mills Limited  
Suhail Textile Mills Limited  
Sulphur Cotton Mills Limited

25,000	250,000	(250,000)	-	-	25,000	250,000	(250,000)	-	-
21,029	-	-	-	-	22,629	-	-	-	-
23,259	-	-	-	-	23,259	-	-	-	-
56,227	-	-	-	-	56,227	-	-	-	-
126,506	250,000	(250,000)	-	-	126,506	250,000	(250,000)	-	-
1,000	9,950	(9,950)	-	-	1,000	9,950	(9,950)	-	-
853	-	-	-	-	333	-	-	-	-
13,519	-	-	-	-	13,510	-	-	-	-
22,397	218,881	(219,801)	-	-	22,392	219,801	(219,801)	-	-
37,280	219,751	(219,751)	-	-	37,280	219,751	(219,751)	-	-

Number of shares	2023			2022			Number of shares	Unrealized gain / (loss)	Carrying amount	Impairment	Cost	Unrealized gain / (loss)	Carrying amount
	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Impairment	Cost							
20,000	200,000	(200,000)	-	-	-	20,000	(100,000)	-	-	-	-	-	-
861	6,470	(6,470)	-	-	861	(6,470)	-	-	-	-	-	-	-
30,000	-	-	-	-	30,000	-	-	-	-	-	-	-	-
64	640	(640)	-	-	64	(640)	-	-	-	-	-	-	-
30,025	7,110	(7,110)	-	-	30,025	(7,110)	-	-	-	-	-	-	-
(100,000)	-	-	-	-	(100,000)	-	-	-	-	-	-	-	-
13,963	-	-	-	-	13,963	-	-	-	-	-	-	-	-
133,333	685,402	(685,402)	-	-	133,333	(685,402)	-	-	-	-	-	-	-
401,987	1,572,264	(1,572,264)	-	-	401,987	(1,572,264)	-	-	-	-	-	-	-

Chemical  
 Synthra Chemical Limited  
 Yaxungari and Allied Industries  
 Borneo Oil Limited  
 Unyusal Oil Mills Limited  
 Borneo Soap Limited  
 Food Products  
 Pango Sagar Mills Limited  
 Electricity  
 Southern Electric Power Company Limited  
 Miscellaneous  
 Arang Industries Limited

12.5.2 Financial statements of these companies are not available. Therefore, the book-up value and the name of the Chief Executive Officer is not presented.

Number of units	2023			2022			Number of units	Unrealized gain / (loss)	Carrying amount	Impairment	Cost	Unrealized gain / (loss)	Carrying amount
	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Impairment	Cost							
50,051	2,237,483	-	8,552,471	10,819,954	50,051	-	-	-	-	-	-	-	-
30,671,728	606,090,908	-	21,042,738	631,642,738	30,671,728	80,060,900	(76,694,174)	14,149,195	209,156,234	-	4,917,118	7,183,601	
15,800,000	105,032,408	-	173,906,108	284,138,500	13,032,000	16,527,270	-	76,371,100	103,103,900	-	76,371,100	103,103,900	
25,722,079	50,305,890	-	214,104,309	782,601,192	33,722,079	10,399,180	(10,694,174)	21,358,628	58,434,370	-	21,358,628	58,434,370	
30,406,274	384,941,231	-	6,692,216	257,628,999	30,406,274	38,511,231	-	(13,488,969)	145,853,262	-	-	-	
17,248	47,697	-	1,802	50,499	17,248	47,697	-	(19,069)	38,628	-	-	-	
20,423,967	284,883,578	-	6,690,413	257,808,994	20,423,967	28,100,528	-	(13,608,036)	145,880,800	-	-	-	
66,346,648	797,483,811	-	157,453,875	973,901,686	66,346,648	79,102,511	(76,694,174)	(11,269,613)	694,534,128	-	-	-	

Mutual funds  
 Open End Mutual Funds  
 JS Growth Fund (Formerly JS Value Fund)  
 NSEA Stock Fund  
 HPL Growth Funds - Class B Segment  
 Close End Mutual Funds  
 HPL Growth Funds - Class A  
 HPL Investment Funds - Class A

Held-for-trading  
 Related parties  
 Landed shares  
 National Bank of Pakistan  
 Oil & Gas Development Company Limited  
 Pakistan Petroleum Limited

11.8 Others - listed shares

	2021				2022					
	Number of units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
<b>Cement</b>										
- Attock Cement Limited	69,000	3,301,980	-	3,737,234	6,639,180	69,000	9,888,210	-	(5,886,295)	3,901,990
<b>Technology and Communication</b>										
- Pakistan Telecommunication Company Limited	319,580	1,548,980	-	1,988,535	3,907,485	319,509	2,779,680	-	(830,705)	1,948,990
<b>Commercial Bank</b>										
- MCB Bank Ltd.	200,000	23,232,000	-	11,278,099	34,510,000	200,000	26,880,973	-	(3,618,973)	23,232,000
- United Bank Limited	290,000	25,187,900	-	15,271,900	48,460,000	290,000	34,145,000	-	(8,937,505)	25,187,900
<b>Construction</b>										
- Aisha Steel Mills Limited	700,000	5,747,000	-	329,000	6,876,000	700,000	10,542,000	-	14,799,000	3,747,000
<b>Household</b>										
- Pak. Tildarous Limited	850,000	7,122,500	-	5,296,500	12,419,000	850,000	12,386,000	-	(1,263,300)	7,122,500
<b>Chemical</b>										
- Fajr Fertilizer Company Limited	60,000	5,822,600	-	868,800	6,791,400	60,000	6,015,600	-	(53,000)	5,922,600
<b>Sub total of others</b>	<b>1,118,580</b>	<b>73,852,500</b>	<b>-</b>	<b>41,740,565</b>	<b>114,409,685</b>	<b>1,118,509</b>	<b>102,317,462</b>	<b>-</b>	<b>(20,271,943)</b>	<b>73,092,500</b>

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12 INVESTMENTS IN DEBT SECURITIES

	2025		2022	
	Cost	Carrying value / Market value	Cost	Carrying value / Market value
<b>Investments - Held to maturity</b>				
Pakistan Investment Bonds - Fixed	6,312,124,697	6,476,424,086	2,025,209,817	1,873,596,130
Pakistan Investment Bonds - Floating	176,287,699	175,122,913	554,936,634	550,110,009
Treasury Bills	6,891,547,208	7,252,443,208	4,503,540,000	5,180,056,130
Total Finance Certificates	90,809,899	90,809,000	92,840,000	92,840,000
<b>Investments - Available for sale</b>	13,479,859,696	14,003,590,119	9,108,335,321	9,702,833,076
<b>Investments - Held to maturity</b>				
Pakistan Investment Bonds - Fixed	133,386,751	132,309,897	105,381,125	103,173,425
Pakistan Investment Bonds - Floating	13,612,545,846	14,145,298,316	9,610,010,446	9,907,026,501

Note

13.1 & 13.2

13.2

13.1

13.1

53

Pakistan Investment Bonds

13.1 This includes Pakistan Investment Bonds amounting to Rs. 1,08 million (2022: Rs. 1,08 million) deposited with the State Bank of Pakistan as required by section 26 of the Insurance Ordinance, 2000.

13.2 Held-to-maturity - secured

	2023		2022	
	Treasury Bills	Pakistan Investment Bonds - Fixed	Treasury Bills	Pakistan Investment Bonds - Floating
Carrying value	3,152.44	5,476.02	3,821.60	174.12
Total	3,152.44	5,476.02	3,821.60	174.12

Rs. in million

Carrying value

Total

Face value - Rupees in million

Market value - Rupees in million

Maturity dates

Profit repayment - frequency

Principal repayment - frequency

Effective interest rate / coupon rate - per annum

3,180.01

up to 12 months

8,000

7,252

January 2024 to October 2024

On maturity

13.10%

to 21.41%

to 13.99%

to 14.90%

to 13.58%

13.3 This represents investment in Term Finance Certificates having an aggregate face value Rs. 99.40 million (2022: Rs. 99.40 million) carrying markup at 6 months KIBOR + 1%. These have been placed with Bank Al Habib Limited for a term of 10 years, starting on 2028. Accrued profit on these certificates amounting to Rs. 2.14 million (2022: Rs. 1.3 million)

13.4 Available for sale - secured

Pakistan Investment Bonds

Total

Face value - Rupees in million

Market value - Rupees in million

Maturity dates

Profit repayment - frequency

Effective interest rate / coupon rate - per annum

December 31, 2023

(Rupees in million)

132.21

December 31, 2022

201.17

5 years to 10 years

159

133

September 2024 to September 2029

Half yearly

On maturity / 9%

to 10.00%

		December 31, 2023	December 31, 2022
		(Rupees)	
<b>14</b>	<b>LOANS AND OTHER RECEIVABLES</b>		
	Loans to employees	85,806,526	80,494,850
	Accrued investment income	182,868,530	139,927,517
	Sundry receivables - net	95,733,515	100,726,049
	Receivable from tenants	182,709,641	141,330,898
		<u>547,118,212</u>	<u>462,488,314</u>
<b>14.1</b>	<b>Loans to employees</b>		
	Non-current portion	61,538,910	66,106,300
	Current portion	24,267,616	14,388,550
		<u>85,806,526</u>	<u>80,494,850</u>
<b>14.1.1</b>	No loan has been provided to the Directors by the Company. Details of loans to Executives of the Company is as under:		
	Balance at beginning of the year	11,477,063	970,711
	Add: disbursements during the year	28,540,348	16,357,010
	Less: receipts during the year	(10,160,220)	(5,850,658)
	Balance at end of the year	<u>29,857,191</u>	<u>11,477,063</u>
<b>14.1.2</b>	Loans to employees represent mark-up free loans and are secured against retirement benefits of the respective employee including, where applicable, documents of assets for which the loan has been given. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made.		
<b>14.1.3</b>	The maximum month-end amount of these loan during the year has been amounting to Rs. 156,453,456 (2022: Rs. 84,294,852).		
<b>14.2</b>	<b>Accrued investment income</b>		
	Dividend receivable	10,281,579	-
	Accrued profit on bank deposit	40,788,602	43,585,123
	Interest on held to maturity debt securities	129,465,734	79,502,317
	Interest on available for sale debt securities	2,332,615	16,840,077
		<u>182,868,530</u>	<u>139,927,517</u>
<b>14.3</b>	<b>Sundry receivables - net</b>		
	<b>Considered good</b>		
	Advances	18,557,282	59,203,431
	Security deposits	6,718,922	6,554,922
	Other receivable	70,457,311	37,892,198
		<u>95,733,515</u>	<u>103,650,551</u>

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	Note	December 31, 2023	December 31, 2022
		----- (Rupees) -----	
<b>Considered doubtful</b>			
Export Credit Guarantee schemes	14.3.1	56,142,435	56,142,435
Receivable against National Co-insurance Scheme		4,939,471	4,939,471
Receivable against War Risk Insurance-Karachi	14.3.2	7,724,303	7,724,303
Receivable against War Risk Insurance-Lahore		10,541,524	10,541,524
Receivable from Investment Corporation of Pakistan		868,470	868,470
Advances		-	-
Other receivable		-	-
		<u>80,216,203</u>	<u>80,216,203</u>
		<u>175,949,718</u>	<u>183,866,754</u>
Less: provision for doubtful debts	14.3.3	<u>(80,216,203)</u>	<u>(83,140,705)</u>
<b>Sundry receivables - net</b>		<u>95,733,515</u>	<u>100,726,049</u>

- 14.3.1 This represents the total amount of income tax deposited by the Company since the year 1984-85 to the year 2001-02 in respect of Export Credits Guarantee Scheme (ECGS). The income of the respective years under the Scheme was transferred to the Government. The income tax department, however, taxed ECGS income by clubbing it with the Company's income. The Company's appeal in this respect which was pending before Honorable High Court has been dismissed. This amount was previously classified as advance tax and has been transferred as amount receivable from the Ministry of Finance, Government of Pakistan.

The Company had filed an appeal in the Honorable Supreme Court of Pakistan (SCP) in this respect which vide order dated August 21, 2007 granted leave to appeal filed by the Company against the judgment of the Honorable High Court. The matter is now before Alternate Dispute Resolution Committee (ADRC).

The ADRC therefore concluded that they would refer the matter to the FBR for providing a legal expert to the ADRC or to re-constitute the ADRC by including therein the legal expert who can interpret and decide on the applicability of the Article 165A of the Constitution of Pakistan in this case.

FBR via letter No. 2(48) IT-Jud/2006-ADR/45098-R regretted the request for reconstitution of ADRC. Therefore, the Company pursued its case with the SCP which has already granted a leave to appeal against order of High Court, has remanded back the case to the High Court of Sindh where the matter is still pending for date of hearing. The Company has recorded provision amounting to Rs. 56.142 million (2022: Rs. 56.142 million) in these financial statements.

- 14.3.2 Amount is receivable from Government of Pakistan against expenses for running the affairs of War Risk Insurance Department (the Department) working under the supervision of Pakistan Insurance Corporation (defunct). The Department was set up for insurance of losses which could have occurred due to war.

**14.3.3 Provision for doubtful debts**

Balance at beginning of the year	83,140,705	83,140,705
(Reversal) made during the year	<u>(2,924,502)</u>	-
Balance at end of the year	<u>80,216,203</u>	<u>83,140,705</u>

**14.4 Receivable from tenants**

Rentals	155,636,422	134,654,995
Electricity charges	27,163,117	6,774,801
Provision against electricity charges	<u>(89,898)</u>	<u>(89,898)</u>
	<u>27,073,219</u>	<u>6,684,903</u>
	<u>182,709,641</u>	<u>141,339,898</u>

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	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>15</b>	<b>RECEIVABLE FROM SINDH REVENUE BOARD</b>	<b>15.1</b>	
		<u>2,573,888,727</u>	<u>2,573,888,727</u>
<b>15.1</b>	The aggregate amount of Rs. 2,573.889 million (2022: Rs. 2,573.889 million) paid has been recorded as "receivable from SRB" in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015. The Company has also filed Sales Tax Reference Application no 63 and 64/2016 and 407/2017 before the Honorable High Court of Sindh against the said order of SRB and the legal counsel of the Company is very much optimistic about the favorable outcome of the case.		
<b>16</b>	<b>INSURANCE / REINSURANCE RECEIVABLES</b>		
	Amount due from other reinsurers	684,246,373	721,774,617
	Amount due from other insurers	16.1 & 16.2	16,660,646,482
		17,344,892,855	17,178,288,151
	Less: provision for impairment in due from other insurers / reinsurers	16.3	(723,487,008)
		16,621,405,847	17,393,374,952
	Premium and claim reserves retained by cedants	24,831,633	24,831,633
	Less: provision for impairment in premium and claim reserves retained by cedants	(24,831,633)	(24,831,633)
		16.4	16,621,405,847
		<u>16,621,405,847</u>	<u>17,393,374,952</u>
<b>16.1</b>	This includes an amount of Rs. 266 million (2022: Rs. 266 million) which is under litigation and the Company has recorded a provision of Rs. 243.3 million (2022: Rs. 243.3 million) in respect of these balances.		
<b>16.2</b>	This includes an amount of Rs. 10,468,216,843 (2022: Rs. 10,729,548,945) due from a related party, National Insurance Company Limited. The age analysis of amount due from related party is as follows:		
	Up to 3 months	8,871,838,652	9,757,572,410
	Over 3 months and above	1,596,273,283	971,976,535
		53	10,468,111,935
		<u>10,468,111,935</u>	<u>10,729,548,945</u>
<b>16.3</b>	Movement of provision for impairment in due from other insurers / reinsurers		
	Balance at beginning of the year	506,687,816	1,049,198,285
	Provision / (Reversal) made during the year	216,799,192	(542,510,469)
	Balance at end of the year	723,487,008	506,687,816
<b>16.4</b>	These balances are based on underlying information and returns submitted by insurers / reinsurers periodically. As per the requirements mentioned in SECP letter no. ID/Offsite-I/Misc/2023/631 dated February 9, 2023 addressed to Insurance Association of Pakistan, the Company has reconciled its balances with 11 insurers and is in the process to reconcile remaining insurers. Securities and Exchange Commission of Pakistan (SECP) had proposed that the reconciliation activity be concluded by December 31, 2023 but this deadline was not met due to non-cooperation by insurers. The Company is actively pursuing insurers and SECP for provision of requisite data so that the balances of remaining insurers can be reconciled and to ensure that the balances are accurate and complete in respect of information available.		

	Note	December 31, 2023	December 31, 2022
		----- (Rupees) -----	
<b>17 REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS INCLUDING IBNR</b>			
Facultative business	17.1	17,350,545,680	13,407,154,617
Treaty	17.2	855,639,478	1,013,554,694
		<u>18,206,185,158</u>	<u>14,420,709,311</u>
<b>17.1 Facultative business</b>			
Fire		713,250,470	410,710,801
Marine cargo		-	5,425,012
Marine hull		17,106,508	14,565,192
Accident		9,504,871	13,933,067
Aviation		2,878,857,616	916,208,568
Engineering		13,731,826,215	12,046,311,977
		<u>17,350,545,680</u>	<u>13,407,154,617</u>
<b>17.2 Treaty</b>			
Non-proportional		<u>855,639,478</u>	<u>1,013,554,694</u>
<b>18 DEFERRED COMMISSION EXPENSE</b>			
Facultative business	18.1	495,135,566	361,765,142
Treaty	18.2	630,743,471	569,616,997
		<u>1,125,879,037</u>	<u>931,382,139</u>
<b>18.1 Facultative business</b>			
Fire		103,659,001	53,334,034
Marine cargo		1,564,013	6,334,980
Marine hull		4,902,836	2,640,357
Accidents and others		27,057,018	7,220,759
Aviation		156,676,845	117,381,006
Engineering		201,275,853	174,854,006
		<u>495,135,566</u>	<u>361,765,142</u>
<b>18.2 Treaty</b>			
Proportional		624,096,336	563,848,844
Non-proportional		6,647,135	5,768,153
		<u>630,743,471</u>	<u>569,616,997</u>
<b>19 PREPAYMENTS</b>			
Prepaid reinsurance ceded - facultative business	19.1	11,311,474,470	8,157,303,075
Prepaid reinsurance ceded - treaty business	19.2	588,735,355	783,025,375
		<u>11,900,209,825</u>	<u>8,940,328,450</u>
Others		177,021	3,214,187
		<u>11,900,386,846</u>	<u>8,943,542,637</u>

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	December 31, 2023	December 31, 2022
Note	(Rupees)	
<b>19.1 Prepaid reinsurance ceded - facultative business</b>		
Fire	788,452,964	38,243,295
Marine Cargo	-	89,749,062
Marine hull	73,320,788	23,645,065
Accidents and others	441,422,065	80,909,326
Aviation	5,854,244,079	4,408,006,288
Engineering	4,154,034,574	3,516,750,030
	<u>11,311,474,470</u>	<u>8,157,303,075</u>
<b>19.2 Prepaid reinsurance ceded - treaty business</b>		
Non-proportional	<u>588,735,355</u>	<u>783,025,375</u>
<b>20 CASH AND BANK BALANCES</b>		
Cash in hand	676,987	335,020
Cash at bank in:		
Saving accounts		
- Local currency	442,105,498	1,541,818,348
- Foreign currency	955,751,677	686,452,556
	20.1 <u>1,397,857,175</u>	<u>2,228,270,904</u>
Current accounts		
- Local currency	1,655,955,746	711,204,528
Dividend accounts		
- Saving accounts	20.1 <u>78,605,360</u>	<u>67,030,422</u>
- Current accounts	<u>26,657,401</u>	<u>24,049,683</u>
	<u>105,262,761</u>	<u>91,080,105</u>
	<u>3,159,752,669</u>	<u>3,030,890,557</u>
20.1 Saving accounts carry markup at the rates ranging from 18% to 20.5% (2022: 13% to 16% ) per annum.		
<b>21 TOTAL ASSETS FROM WINDOW RETAKAFUL OPERATIONS - OPERATOR'S FUND</b>		
<b>Assets</b>		
Investments	23,555,412	20,196,059
Other receivable	12,890,905	4,084,045
Qard-e-hasna to Participant's Retakaful Fund	300,000,000	300,000,000
Operator's retakaful fund - receivables	78,055,762	-
Deferred taxation	-	-
Deferred commission expense	114,413,227	103,795,713
Bank balances	489,833,804	111,537,025
<b>Total Assets</b>	<u>1,018,749,110</u>	<u>539,612,842</u>

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		December 31, 2023		December 31, 2022	
		(Rupees)			
22	<b>SHARE CAPITAL</b>	<b>Note</b>			
22.1	<b>Authorized share capital</b>				
	2023	2022			
	(Number of shares)				
	2,500,000,000	2,500,000,000	Ordinary shares of Rs.10/- each.		
			<b>25,000,000,000</b>	<b>25,000,000,000</b>	
22.2	<b>Issued, subscribed and paid-up share capital</b>				
	2023	2022			
	(Number of shares)				
	8	8	Ordinary shares of Rs.10/- each fully paid in cash.		
	5,000,000	5,000,000	<b>50,000,000</b>	50,000,000	
	894,999,992	294,999,992	Ordinary shares of Rs.10/- each issued for consideration other than cash.		
	894,999,992	294,999,992	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.		
	<b>900,000,000</b>	<b>300,000,000</b>	<b>9,000,000,000</b>	<b>9,000,000,000</b>	
22.3	<b>Shares of the Company held by related parties:</b>			<b>Number of shares</b>	<b>Percentage of holding (%)</b>
	Ministry of Commerce			4,590,000,000	51.00%
	State Life Insurance Corporation of Pakistan			2,196,966,030	24.41%
				<b>6,786,966,030</b>	<b>75.41%</b>
23	<b>RESERVES</b>				
	<b>Capital</b>				
	Reserve for exceptional losses	23.1	281,000,000	281,000,000	
	Revaluation reserve on available for sale investments	23.2	1,384,637,060	597,118,524	
	<b>Revenue</b>				
	General reserve			1,135,296,316	1,135,296,316
	Retained earnings			4,748,800,041	1,886,715,296
				<b>7,549,733,417</b>	<b>3,900,130,136</b>
23.1	These reserves for exceptional losses was set aside prior to 1979 and was charged to statement of profit and loss with the provision of Income Tax Act, 1922 (repealed), and has been so retained to date.				
23.2	This represents unrealized gain on remeasurement of available for sale investments at fair value and is not available for distribution. This shall be transferred to statement of profit and loss on derecognition of investments as permitted under IAS 39.				

	Note	December 31, 2023	December 31, 2022
(Rupees)			
<b>24</b>	<b>SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET</b>		
Opening balance		2,001,799,334	2,176,453,643
Add: Revaluation surplus recognized during the year		545,001,538	-
Transferred to retained earnings in respect of incremental depreciation for the year		(173,666,491)	(174,654,309)
		<u>2,373,134,381</u>	<u>2,001,799,334</u>
Less:			
Related deferred tax liability			
Balance at beginning of the year		(580,521,806)	(631,171,556)
Effect of surplus recognized during the year		(179,850,508)	-
Effect of change in tax rate		(80,071,973)	-
Impact of deferred tax on incremental depreciation charged during the year		57,309,942	50,649,750
Balance at end of the year		(783,134,345)	(580,521,806)
Closing balance		<u>1,590,000,036</u>	<u>1,421,277,528</u>
<b>25</b>	<b>OUTSTANDING CLAIMS INCLUDING IBNR</b>		
Facultative business	25.1	22,512,494,004	17,772,634,303
Treaty	25.2	3,420,152,392	3,488,752,930
		<u>25,932,646,396</u>	<u>21,261,387,233</u>
Claims related to Bangladesh,	10	(4,952,000)	(4,952,000)
		<u>25,927,694,396</u>	<u>21,256,435,233</u>
<b>25.1</b>	<b>Facultative business</b>		
Fire		4,146,521,448	3,497,442,825
Marine cargo		70,913,769	59,944,602
Marine hull		124,041,223	65,000,872
Accident and others		350,040,714	102,343,570
Aviation		3,138,534,650	1,011,311,668
Engineering		14,682,442,200	13,036,590,766
		<u>22,512,494,004</u>	<u>17,772,634,303</u>
<b>25.2</b>	<b>Treaty</b>		
Proportional		2,500,498,352	1,979,757,600
Non-proportional		919,654,040	1,508,995,330
	25.3	<u>3,420,152,392</u>	<u>3,488,752,930</u>
<b>25.3</b>	The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred But Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.		

However, on May 30, 2017 SECP issued separate guidelines for the Company for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Company, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding companies shared their IBNR Claim Reserves. The Company recorded Facultative and Treaty IBNR claim reserves on basis of actuarial valuation amounting to Rs. 5,008,612,000 and Nil respectively.

		December 31, 2023	December 31, 2022
	Note	(Rupees)	
<b>25.4</b>	<b>Claims related to Bangladesh</b>		
	Facultative business		
	Fire	2,382,000	2,382,000
	Marine	1,470,000	1,470,000
	Miscellaneous	1,100,000	1,100,000
		<u>4,952,000</u>	<u>4,952,000</u>
<b>26</b>	<b>UNEARNED PREMIUM RESERVES</b>		
	Facultative business		
	Treaty	26.1 12,738,998,347	9,242,330,987
		26.2 3,496,916,770	2,805,378,693
		<u>16,235,915,117</u>	<u>12,047,709,680</u>
<b>26.1</b>	<b>Facultative business</b>		
	Fire	1,478,547,379	500,178,705
	Marine cargo	18,449,715	113,176,377
	Marine hull	85,469,507	41,549,187
	Accident and others	506,421,391	131,355,951
	Aviation	6,287,785,687	4,700,022,226
	Engineering	4,362,324,668	3,756,048,541
		<u>12,738,998,347</u>	<u>9,242,330,987</u>
<b>26.2</b>	<b>Treaty</b>		
	Proportional	2,493,989,019	1,954,264,983
	Non-proportional	1,002,927,751	851,113,710
		<u>3,496,916,770</u>	<u>2,805,378,693</u>
<b>27</b>	<b>UNEARNED REINSURANCE COMMISSION</b>		
	Facultative business		
	Treaty	27.1 793,336,459	530,411,836
		27.2 16,823,754	8,731,414
		<u>810,160,213</u>	<u>539,143,250</u>

	Note	December 31, 2023	December 31, 2022
		----- (Rupees) -----	
<b>27.1</b>	<b>Facultative business</b>		
	Fire	57,215,228	3,824,329
	Marine hull	-	2,364,506
	Marine Cargo	7,332,079	8,974,906
	Accident and others	35,488,986	6,116,857
	Aviation	279,668,702	229,747,920
	Engineering	413,631,464	279,383,318
		<u>793,336,459</u>	<u>530,411,836</u>
<b>27.2</b>	<b>Treaty</b>		
	Non-proportional	<u>16,823,754</u>	<u>8,731,414</u>
<b>28</b>	<b>RETIREMENT BENEFITS OBLIGATIONS</b>		
	<b>Defined benefit obligations of post employee benefits</b>		
	Officers' pension benefits	28.1 1,390,137,187	1,600,799,590
	Employees' pension fund	28.1 840,264,000	915,640,000
	Gratuity fund	28.1 31,230,000	23,004,000
	<b>Other post employment benefits</b>		
	Post retirement medical benefits	28.1 1,021,455,000	904,412,000
	<b>Other long term employment benefits</b>		
	Compensated absences	28.1 67,522,000	186,944,000
		<u>3,350,608,187</u>	<u>3,630,799,590</u>

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Total	2011				2012				Total			
	Post-employment benefits		Retirement benefits		Post-employment benefits		Retirement benefits					
	Medical	Gratuity	Medical	Compassionate allowances	Medical	Compassionate allowances	Medical	Compassionate allowances				
	Employer	Employee	Employer	Employee	Employer	Employee	Employer	Employee				
26.4	3,08,442	455,114	25,004	906,413	66,014	2,29,361	321,412	4,822	1,09,531	93,389	4,28,888	
	15,495	4,850	5,638	7,471	33,579	13,364	4,242	1,728	6,576	15,339	47,395	
	448,567	63,819	1,498	25,194	(119,442)	119,442	6,570	6,570	8,854	5,336	5,336	
	(179,821)	(28,439)	(4,311)	(26,222)	642,889	284,918	(28,256)	(8,271)	(3,559)	(3,559)	(3,559)	
					(348,331)	(331,658)						(69,441)
	14,250	9,740	1,316	1,074	1,892	(116,851)	2,601	(6,146)	177,159	-	-	(116,851)
	62,186	(184,921)	(1,521)	8,797	(28,435)	229,213	(97,538)	4,614	(164,075)	86,331	86,331	(17,724)
26.5	3,24,503	284,912	3,258	1,01,455	87,512	1,58,481	453,316	1,733	1,01,113	28,531	1,74,157	
	1,57,682	(60,530)	-	-	-	1,45,095	(746,717)	-	-	-	-	1,79,428
	79,021	39,440	-	-	-	31,929	38,278	-	-	-	-	58,201
	121,333	(69,840)	-	-	-	177,166	(44,891)	-	-	-	-	73,257
	(77,521)	(18,436)	-	-	-	(31,929)	(78,752)	-	-	-	-	(134,201)
	297,323	70,436	-	-	-	203,120	(88,483)	-	-	-	-	1,02,833
26.6	2,08,977	(475,741)	-	-	-	(51,143)	(242,333)	-	-	-	-	1,01,338
	291,318	4,734	-	-	-	471,890	(54,322)	-	-	-	-	18,338

26.4 Movement in PFRBID  
 Ducting income  
 Current service cost  
 Past service cost  
 Interest cost  
 Revenue paid / payable  
 Payable

26.5 Fair value of plan assets  
 Fair value at the beginning of the year  
 Contributions to the fund  
 Income earned on plan assets  
 Dividends paid  
 Return on plan assets  
 Fair value at the end of the year

26.6 Actual returns on plan assets

26.7 Composition of fair value of plan assets

Total	2011				2012				Total			
	Post-employment benefits		Retirement benefits		Post-employment benefits		Retirement benefits					
	Medical	Gratuity	Medical	Compassionate allowances	Medical	Compassionate allowances	Medical	Compassionate allowances				
	Employer	Employee	Employer	Employee	Employer	Employee	Employer	Employee				
26.7	3,08,442	455,114	25,004	906,413	66,014	2,29,361	321,412	4,822	1,09,531	93,389	4,28,888	
	15,495	4,850	5,638	7,471	33,579	13,364	4,242	1,728	6,576	15,339	47,395	
	448,567	63,819	1,498	25,194	(119,442)	119,442	6,570	6,570	8,854	5,336	5,336	
	(179,821)	(28,439)	(4,311)	(26,222)	642,889	284,918	(28,256)	(8,271)	(3,559)	(3,559)	(3,559)	
					(348,331)	(331,658)						(69,441)
	14,250	9,740	1,316	1,074	1,892	(116,851)	2,601	(6,146)	177,159	-	-	(116,851)
	62,186	(184,921)	(1,521)	8,797	(28,435)	229,213	(97,538)	4,614	(164,075)	86,331	86,331	(17,724)
26.8	3,24,503	284,912	3,258	1,01,455	87,512	1,58,481	453,316	1,733	1,01,113	28,531	1,74,157	
	1,57,682	(60,530)	-	-	-	1,45,095	(746,717)	-	-	-	-	1,79,428
	79,021	39,440	-	-	-	31,929	38,278	-	-	-	-	58,201
	121,333	(69,840)	-	-	-	177,166	(44,891)	-	-	-	-	73,257
	(77,521)	(18,436)	-	-	-	(31,929)	(78,752)	-	-	-	-	(134,201)
	297,323	70,436	-	-	-	203,120	(88,483)	-	-	-	-	1,02,833
26.9	2,08,977	(475,741)	-	-	-	(51,143)	(242,333)	-	-	-	-	1,01,338
	291,318	4,734	-	-	-	471,890	(54,322)	-	-	-	-	18,338

Assets with an active market  
 Government securities  
 Treasury bills  
 Accepted securities  
 Assets with an active market  
 Term deposit receipts  
 Receivables from Gratuity Fund  
 Receivables from Employees' Provident Fund  
 Receivables from Employees' Pension Fund  
 Cash and bank balances  
 Payable to General Provident Fund  
 Payable to Employees' Pension Fund  
 Payable to Employees' Provident Fund  
 Debit on Spring Certificate

26.8 Composition of fair value of plan assets

28.8 The funds have no holding in the Company's equity instruments as plan assets. Moreover, the funds have no property or other assets, as the plan assets, occupied or used by the Company.

28.9 Actuarial valuation assumptions

	2013				2012			
	Pension		Medical	Compensated absences	Pension		Medical	Compensated absences
	Officers	Employees			Officers	Employees		
Valuation discount rate	15.50%	15.50%	14.75%	15.50%	12.25%	12.25%	12.25%	12.25%
Expected return on plan assets	15.50%	15.50%	-	-	14.25%	14.25%	-	-
Salary increase rate	15.50%	15.50%	-	15.50%	14.25%	14.25%	-	14.25%
Indication in pension	11.50%	11.50%	-	-	11.25%	11.25%	-	-
Medical inflation rate	-	-	14.75%	-	-	14.25%	-	-

28.10 The effect of one percentage movement in the assumptions (rates) would have following effects:

Valuation discount rate

Present value of obligation - other than medical  
Financial impact on present value of obligation

Valuation discount rate %

Salary increase rate

Present value of obligation - other than medical  
Financial impact on present value of obligation

Salary increase rate %

Medical inflation rate

Present value of obligation - medical

Financial impact on present value of obligation

Medical inflation rate %

Life expectancy

Present value of obligation

Financial impact on present value of obligation

Respects in millions	Original		1% Increase		1% Decrease	
4,033,471	3,993,136	-4,073,805	4,033,471	3,993,136	4,073,805	4,073,805
15.50%	(40,325)	40,315	15.50%	(40,325)	40,315	14.30%
4,033,471	3,993,136	4,073,805	4,033,471	3,993,136	4,073,805	4,073,805
15.50%	(40,325)	40,315	15.50%	(40,325)	40,315	14.50%
954,083	944,542	963,624	954,083	944,542	963,624	963,624
14.75%	(9,541)	9,541	14.75%	(9,541)	9,541	15.75%
4,987,554	4,937,678	5,037,429	4,987,554	4,937,678	5,037,429	5,037,429
	(49,826)	49,876		(49,826)	49,876	

28.11 Expected charge to the Funds for the year ending December 31, 2013

	Post employment benefits				Total
	Retirement benefits		Other post-employment benefits		
	Pension	Gratuity	Medical	Compensated absences	
Officers	134,944	14,330	143,117	-	540,373
Employees	247,482	14,330	143,117	-	540,373

Actuarial Assumptions

28.12 The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the Liability in respect of the Benefits payable under the Plan.

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>29 TAXATION - PAYMENTS LESS PROVISION/ (PROVISION LESS PAYMENTS)</b>			
Balance at beginning of the year		78,557,588	(366,732,044)
Tax paid / deducted during the year		1,444,914,332	1,266,634,238
Provision for taxation	48	(2,127,228,523)	(821,344,606)
Balance at end of the year		<u>(603,756,603)</u>	<u>78,557,588</u>
<b>30 DEFERRED TAXATION</b>			
Deferred tax liability on taxable temporary differences:			
Accelerated tax depreciation			
Property and equipment		35,046,441	11,930,004
Right-of-use assets		3,934,319	3,821,372
Revaluation surplus on property and equipment		146,898,365	108,857,562
Revaluation surplus on Right of use asset -net of tax		636,235,981	471,664,245
Investment property		255,074,753	202,065,600
Unrealized gain on investments		698,547,257	225,927,959
		<u>1,775,737,116</u>	<u>1,024,266,742</u>
Deferred tax assets on deductible temporary differences:			
Provision for doubtful debts		(26,501,013)	(24,136,875)
Provision for impairment of insurers / reinsurers receivable		(238,750,713)	(146,939,467)
Provision for impairment of receivables from other insurers / reinsurers		(8,194,439)	(7,201,174)
Lease liabilities		(7,351,510)	(6,679,613)
Notional interest on interest free loans		(3,193,428)	(10,445,427)
Provision for impairment in available for sale investments		(56,894,034)	(87,774,705)
		<u>(340,885,137)</u>	<u>(283,177,261)</u>
	30.1	<u>1,434,851,979</u>	<u>741,089,481</u>
30.1 The above closing deferred tax liability is comprised of deferred tax amounting to Rs. 519,166,729 and (Rs. 60,391,432) reported through Statement of profit and loss and Statement of comprehensive income respectively.			
<b>31 INSURANCE / REINSURANCE PAYABLES</b>			
Due to other insurers/ reinsurers	32.1	9,847,022,320	10,916,458,596
Premium and claim reserves retained from retrocessionaires	31.2	15,824,356	15,824,356
		<u>9,862,846,676</u>	<u>10,932,282,952</u>
31.1 Due to other insurers / reinsurers			
Due to other insurers		199,291,111	289,086,841
Due to other reinsurers		9,647,731,209	10,608,451,488
		<u>9,847,022,320</u>	<u>10,897,538,329</u>

		December 31, 2023	December 31, 2022
	Note	(Rupees)	
<b>31.2 Premium and claim reserves retained from retrocessionaires</b>			
Premium reserves		(2,851,182)	(2,851,182)
Losses reserves		17,033,417	17,033,417
Cash losses received from retrocessionaires		1,642,121	1,642,121
	32.2.1	<u>15,824,356</u>	<u>15,824,356</u>
32.3.1	This represents the Company's retention of deposits withheld against the total amount retroceded to other companies.		
<b>32 LEASE LIABILITIES</b>			
Current portion		3,230,216	3,105,977
Non-current portion		19,047,087	19,927,172
		<u>22,277,303</u>	<u>23,033,149</u>
32.1	The Company has entered into lease arrangement with Karachi Port Trust (KPT) for lease of land. Minimum lease payments, which are payable till the expiry of lease agreement, have been discounted by using 6 months KIBOR prevailing at the initial application date i.e. 13.44% (2022: 13.44%).		
32.2	Statement of profit and loss shows the following amounts relating to lease:		
- Depreciation charge on right-of-use asset	8	(156,152,911)	(161,925,757)
- Interest expense		2,350,131	2,413,641
		<u>(153,802,780)</u>	<u>(159,512,116)</u>
32.3	The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:		
Not later than one year		3,230,216	3,105,977
Later than one year but not later than five years		14,265,675	13,716,995
Later than five years		18,987,624	22,766,520
<b>Total future minimum lease payments</b>		<u>36,483,515</u>	<u>39,589,492</u>
Finance charge allocated to future years		(14,206,212)	(16,556,343)
<b>Present value of future minimum lease payments</b>		<u>22,277,303</u>	<u>23,033,149</u>
Later than five years		<u>22,277,303</u>	<u>23,033,149</u>
<b>33 UNCLAIMED DIVIDENDS</b>			
Balance at beginning of the year		88,652,013	205,956,627
Add: dividend announced during the year		675,000,000	600,000,000
Less: payments during the year		(672,501,179)	(717,304,614)
Add: accrual of interest		885,352	-
Balance at end of the year		<u>92,036,186</u>	<u>88,652,013</u>

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		December 31, 2023	December 31, 2022
	Note	(Rupees)	
<b>34</b>	<b>OTHERS CREDITORS AND ACCRUALS</b>		
	Creditors and accruals	42,080,598	21,300,655
	Rent payable	34.1 39,383,040	36,277,063
	Security deposits	34.2 44,718,002	32,496,917
	Accrued expenses	44,433,819	18,007,846
	Surplus profit payable	34.3 1,075,561	1,075,561
		<u>171,691,110</u>	<u>109,158,042</u>

**34.1** The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard, however, the Company has recorded provision in this regard as at December 31, 2023 amounting to Rs. 39.383 million (2022: Rs. 36.277 million).

Currently, a stay is operating in favor of the Company and the matter is pending before the Honorable High Court of Sindh, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the Court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. The case is pending in the Honorable High Court of Sindh and a hearing has been fixed on Feb 09, 2024 and the matter is still pending.

**34.2** This represents security deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors.

**34.3** This represents the amount set aside for the shareholders in accordance with the requirements of Pakistan Insurance Corporation Act, 1952 (repealed).

**35 TOTAL LIABILITIES FROM WINDOW RETAKAFUL OPERATIONS  
- OPERATOR'S RETAKAFUL FUND**

**Liabilities:**

Unearned wakala fee		130,742,601	103,114,993
Operator's retakaful fund - payable		34,598,043	14,683,246
Taxation- provision less payment		55,709,311	20,615,023
Deferred taxation		485,981	182,212
Other creditors and accruals		1,564,619	2,437,660
Payable to related party		12,733,937	11,674,665
<b>Total liabilities</b>		<u>235,834,492</u>	<u>152,707,799</u>

**36 CONTINGENCIES AND COMMITMENTS**

**36.1 Contingencies**

The Company is contingently liable for:

Sindh Sales Tax	36.2	22,049,017,881	18,905,009,427
Federal Excise Duty	36.5	4,073,379,063	4,073,379,063
Income Tax	36.6	1,822,636,685	1,822,636,685
Insurance payables	36.8	61,568,840	61,568,840
EOBI	36.9	2,589,500	1,509,500
Super Tax	36.3	323,647,001	-
Claims	36.4	483,673,389	-
		<u>28,816,512,359</u>	<u>24,864,103,515</u>

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

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

Subsequently, the Company received two orders in pursuance of Appellate Tribunal (SRB) Order against Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which were worked out and calculated by SRB amounting to Rs. 372.2 million and Rs. 1,118.1 million respectively. The Company has filed reference no 63 and 64/2016 in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal.

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

During the year 2017, the Company has paid an amount of Rs. 2,131,464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013.

The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously.

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

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

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

SRB vide letter SRB/TP/57/2016 dated April 26, 2020 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice.

The aggregate amount of Rs. 2,573.889 million paid has been recorded as "Receivable from SRB" in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

Further, if the matter is decided against the Company, the charge to accumulated profits would amount to Rs. 22 Billion (approximately) pertaining to the years 2011 to 2023 excluding any additional penalty or default surcharge. The pending legal proceeding may result in claims that the Company is unlikely to be able to satisfy. Further, in that case, the overall equity may erode and turn into negative and the Company would also face liquidity crunch and be unable to meet its solvency requirements in addition to "going concern assumption" basis of accounting.

Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the case and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2023 has been recorded in these financial statements.

On January 10, 2023, the hearing of the said case was held in the High Court of Sindh, Karachi. Although it was discharged, due to the shortage of time till the next hearing date April 25, 2024. The case is still pending in high court of Sindh Karachi.

- 36.3 Through Finance Act, 2022 and Finance Act 2023, Super tax has been levied with retrospective effect for tax year 2022 and tax year 2023 respectively. The Supreme Court of Pakistan in its interim decision directed the taxpayers to pay tax to the extent of 4% till the final outcome of the Decision. Thereafter, the Company paid an amount of Rs. 110.367 million in respect of financial year 2021 and also the Company has paid Rs. 338.680 million in respect of financial year 2022.

Subsequently, Islamabad High Court in its decision held the levy of super tax ultra vires to the Constitution and has ordered that no super tax shall be payable past closed transactions or events rather the same will be applicable prospectively and also the Court has ordered that class of income subject to final taxation shall be excluded from the applicability of the super tax. The Company is also intending to approach appropriate forum against the levy of super tax and the Company is confident that the matter will ultimately be decided in its favor. Hence no provision to the extent of Rs. 323.647 million in respect of current year has been recorded, however, the Company as matter of prudence has recorded provision of Rs. 110.367 million and Rs. 338.680 million in respect of the amount of super tax deposited for year 2021 and 2022 respectively and also the Company has recorded provision of Rs.215.762 million in respect of current year at the rate of 4%.

- 36.4 A claim for an amount of Rs 41,965 million has been lodged by Neelum Jehlum Hydro Power Co Pvt Ltd (a subsidiary of WAPDA) in respect of property damage and business interruption loss. The Company's share of gross loss amounts to Rs 692.416655 million and net loss amounts to Rs 483.673389 million. However no survey has yet been concluded and also the surveyor has not proposed any estimate of loss and also there are certain procedural issues due to which the Company believes that cash outflows are not probable in this respect.

### 36.5 Federal Excise Duty

S. no.	Year	Amount in Rupees	Status of the case
1	2012	161,753,030	Federal Board of Revenue (FBR) has issued show-cause notices dated November 22, 2017, whereby the Company is required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017. The Company has submitted its reply against show-cause challenging levy of FED on various legal grounds. Further, the Company also filed Constitutional Petition against show cause notices in the Honorable High Court of Sindh and the Honorable High Court of Sindh vide order dated January 29, 2019 has suspended the proceedings initiated through the above show-cause notice.
2	2013	755,903,899	
3	2014	765,427,619	
4	2015	855,030,670	
5	2016	928,295,664	
6	2017	626,968,181	
		<b>4,073,379,063</b>	

On March 09, 2023, the hearing of the said case was held in the High Court of Sindh, Karachi. The hearing was discharged, due to the shortage of time till the next hearing date of March 06, 2024.

This case is pending for finalization before the Honorable High Court of Sindh. The Company is confident that outcome of the case will be in favor of the Company in light of the 18th amendment in the Constitution of Pakistan.

### 36.6 Income Tax

Tax Year	Order Under Section	Tax Liability in Order & Revised in ROI	Liability Accepted by Company	Deleted by TO/ CBRA/ ATR	Differential (Profiling)	Status of the case
2010	122(5A)	61,946,207	183,750	-	61,762,457	CRA has decided issues against Company which are pending in ATR. Issue of Donation of Rs. 525,000 accepted by Company.
2011	122(5A)	308,263,856	-	387,658,280	189,394,424	CRA and/or ATR have decided issues in Company's favour. Appeal effect given vide order dated October 12, 2017. Tax of Rs. 1,555,807 inadvertently order paid by Company in respect of Rental income is now voluntarily paid by Company. Tax liability of Rs. 98,808,643 is arising due to unavailability of brought forward loss relating to FY 2010 death assessment order passed for the relevant tax year.
2012	122(5A)	320,013,263	-	192,687,155	127,326,208	CRA and/or ATR have decided issues in the Company's favour. Tax liability of Rs. 127,326,208 is arising due to unavailability of loss of Rs. 215,481,200 relating to Tax Year 2010 and tax refund of Rs. 82,957,787 relating to Tax Year 2011 due to assessment orders passed for these tax years.
2013	122(5A)	761,466,000	32,841,303	149,221,136	9,302,600	CRA and/or ATR have decided issues in Company's favour. Appeal effect orders with regard to CBRA & ATR orders are pending. Tax liability of Rs. 42,840,465 is arising due to unavailability of tax refunds of Rs. 1,025,968 and Rs. 41,014,495 relating to Tax Years 2010 and 2012 respectively, due to assessment orders passed for these tax years.
2014	122(5A)	542,657,355	-	129,938,380	912,719,775	CRA has decided issues of Dividend income and claim of expenses against Rental income in Company's favour, whilst remaining issues were decided against Company and are pending in ATR. Appeal effect with regard to CRA's order is pending.

Tax Year	Order Under Section	Tax Liability in Order & Refund in ROL	Liability Accepted by Company	Defended by TO/ CIRA/ ATR	Differential (Pending)	Status of the case
2015	123(5A)	498,557,134	-	407,585,002	77,122	CIRA has decided issues in the Company's favour except issue of Exchange loss of Rs. 50,578,815 which is decided against Company and is pending in ATR. Appeal effect given vide order dated April 27, 2017.
2016	123(5A)	742,378,172	-	518,862,262	225,912,912	CIRA has decided issues in Company's favour except issue of Loss on re-measurement of defined benefit obligations of Rs 675,584,000 and Provision for compensated absences of Rs 60,866,000, which are decided against Company and are pending in ATR, however same issue have been decided in Company's favour in tax year 2015. Appeal effect given vide order dated April 6, 2017. Full bench had been formed due to a conflicting decision of Honorable Tribunal in respect of issue of Commission, however, hearing in this respect has not yet been conducted.
2017	122(4) 122(5)	565,727,053	-	265,727,053	-	The CIRA has passed the Appellate Order bearing bar code number 100000157055482 dated August 30, 2022 and disposed of the appeal in the favour of PRCL in the following manner: In the light of the CIRA order, the impugned order of the DCIR is annulled while the demand of Rs. 565,727,053 is deleted. There is no further action required in this regard.
2018	123(5A)	799,145,138	-	445,541,100	253,612,146	Appeal before CIRA against the order dated January 31, 2019 has been filed which has been heard by CIRA. CIRA has decided various issues in Company's favour against which department has filed appeal before ATR. However, major issue of Commission expense was decided in favour of the department against which appeal has been filed before ATR by the Company which is pending.
2022	181	3,390,000	-	-	-	FIR issued a notice dated 18-01-2024 wherein a Penalty of Rs 3,390,000/- was imposed against the non-updation of the company registration profile under section 181 of the Ordinance. The company has submitted the reply along with supporting documents. The case is pending before the DCIR and the management is confident of the outcome in the favour of the company.
	137(1)	16,041,281	-	-	-	FIR issued show cause notice dated 18-01-2024 regarding delayed filing of returns and imposed penalty of Rs 16,041,281/- The case is pending before the DCIR. Company has submitted reply along with supporting documents to the DCIR and the management is confident of the favourable outcome.
	147	21,185,786	-	-	-	FIR issued show cause notice dated 18-01-2024 relating advance tax paid by the company under section 147 of the ordinance 90% short of 90% of the admitted tax liability. The case is pending before the DCIR. Company has submitted reply along with supporting documents to the DCIR and is of the opinion the outcome will be favorable to the company.

V

Tax Year	Order Under Section	Tax Liability as Order & Refund in ROI	Liability Accepted by Company	Deleted by TO/ CIRA/ ATIR	Differential (Pending)	Status of the case
2023	181	8,390,000			-	FBR issued a notice dated 18-03-2023 wherein Penalty of Rs. 8,390,000/- was imposed against the non up-to-date of company registration profile under section of 181 of the Ordinance. Company has submitted the reply along with supporting documents. The case is pending before the DCIR and the management is confident of the outcome in the favor of the company.
	147	21,291,595			-	FBR issued show cause notice dated 18-01-2024 stating advance tax paid by the company under section 147 of the ordinance falls short of 90% the advised tax liability. Company has submitted reply along with supporting documents to the DCIR and the management is confident of the favorable outcome.
	147	43,435,677			-	FBR issued a notice dated 19-01-2024 wherein default surcharge of Rs. 43,435,477 was levied against the delayed payment under section 147 of the ordinance. The case is pending before DCIR and the management is confident of the outcome in the favor of the company.

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

Tax year	Note	December 31,	December 31,
		2023	2022
		(Rupees)	
2014		260,214,169	260,214,169
2015		39,541,845	39,541,845
2016		182,699,756	182,699,756
<b>Grand Total</b>	<b>36.7</b>	<b>482,455,770</b>	<b>482,455,770</b>
		<b>1,822,636,685</b>	<b>1,822,636,685</b>

- 36.7 The Company received various notices in respect of non deduction of with holding tax on commission paid to ceding companies. CIRA has decided issue of Commission expense against Company and appeal is pending in ATIR. Full bench had been formed due to a conflicting decision of Honourable Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet.

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

### 36.8 Insurance payables

The ceding companies have filed various suits amounting to Rs. 61,568,840 (2022: Rs. 61,568,840) against the Company for recovery of claims. Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the cases and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision has been recorded in the financial statements relating to these claims.

### 36.9 Employee Old Age Benefit Institution

The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution (EOBI) vide letter dated October 31, 2009 that Pakistan Reinsurance Company Limited is required to be registered with EOBI. The Company is of the view that since it is a statutory body corporate under the management and control of Ministry of Commerce, Government of Pakistan and have its own pensioner rules and limitation and therefore provisions of EOBI Act, 1976 are not applicable. A suit was filed with the Honorable Civil Court in 2011 where the judgment was passed against the Company.

Further, the Company filed an appeal in the Honorable High Court of Sindh against the Civil Court judgment and there has been no further proceeding in the court but the management expects a favorable outcome. On the basis of meeting held with EOBI officials, the Company is considering registration of its contractual employees with EOBI which is pending approval from Ministry of Commerce. Further, it has been agreed that advice from Ministry of Law and Justice may be sought on the issue of registration of permanent employees who are already covered under Company's own pension scheme. The financial impact pertaining to contractual employees along with penalty, if any, amounts to Rs. 870,000 (2022 Rs. 455,900) and the impact of permanent employees to the financial statements is currently not ascertainable. Therefore, no provision has been made in these financial statements.

In continuance to above the company has filed an appeal 121/2020 in High Court of Sindh. The case was fixed for hearing on March 29, 2023 but due to fixation policy the case was discharged till next date for hearing i.e. February 21, 2024. However the case is still pending in High court of Sindh.

- 36.10 As disclosed in the notes 16 and 32.1 to the financial statements, the balances of Rs.17,345 billion (net of provision amounting to Rs. 16,621 billion) and Rs. 9,863 billion were respectively due from and due to insurance/ reinsurance companies. In order to reconcile the above balances with the insurance companies, management is in process of reconciling these balances as at December 31, 2023 with the consultation of Securities and Exchange Commission of Pakistan (SECP) by outsourcing this function to an independent third party.

However, the management is confident that the eventual outcome of reconciliation exercise would be in favor of the Company.

	Note	December 31, 2023	December 31, 2022
		----- (Rupees) -----	
<b>36.11 Commitments</b>			
Commitments in respect of:			
- Short term lease rentals (0 to 1 year)		3,860,728	565,908
- Capital expenditure (intangible assets)		25,422,503	25,422,503
		<u>29,283,231</u>	<u>25,988,411</u>
<b>37 NET INSURANCE PREMIUM</b>			
Gross premium written		33,969,248,175	24,271,390,418
Add: unearned premium reserve opening		12,047,709,680	10,732,384,652
Less: unearned premium reserve closing	26	(16,235,915,117)	(12,047,709,680)
Premiums earned		29,781,042,738	22,956,065,390
Less: reinsurance premium ceded		23,417,470,763	16,244,192,681
Add: prepaid reinsurance premium opening		8,940,328,450	7,722,831,183
Less: prepaid reinsurance premium closing	19	(11,900,209,825)	(8,940,328,450)
Reinsurance expense		<u>20,457,589,388</u>	<u>15,026,695,414</u>
		<u>9,323,453,350</u>	<u>7,929,369,976</u>

		December 31, 2023	December 31, 2022
	Note	(Rupees)	
<b>38 NET INSURANCE CLAIMS</b>			
Claims paid		7,061,557,439	6,210,425,217
Add outstanding claims including IBNR closing		25,932,646,396	21,261,387,233
Less outstanding claims including IBNR opening		<u>(21,261,387,233)</u>	<u>(9,406,389,187)</u>
<b>Claims expense</b>		<b>11,732,816,602</b>	<b>18,065,423,263</b>
Less reinsurance and other recoveries received		<u>3,240,015,638</u>	<u>3,940,990,166</u>
Add: reinsurance and other recoveries in respect of outstanding claims closing	17	<b>18,206,185,158</b>	<b>14,420,709,311</b>
Less: reinsurance and other recoveries in respect of outstanding claims opening		<u>(14,420,709,311)</u>	<u>(4,608,127,235)</u>
<b>Reinsurance and other recoveries revenue</b>		<b>7,025,491,485</b>	<b>13,753,572,242</b>
		<u><b>4,707,325,117</b></u>	<u><b>4,311,851,021</b></u>

### 39 CLAIM DEVELOPMENT

The Company maintains adequate reserves in respect of its reinsurance 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	2019	2020	2021	2021	2023	Total
Estimate of ultimate claims cost						
-At the end of accident year	281,854,646	323,292,595	2,408,843,571	8,670,537,568	16,041,136,004	27,723,664,284
-One year later	924,081,624	332,270,151	5,091,306,358	8,855,050,953	-	15,202,709,126
-Two years later	924,107,199	332,999,098	5,129,974,767	-	-	6,387,080,974
-Three years later	925,224,770	333,471,618	-	-	-	1,258,696,388
-Four years later	2,629,618,453	-	-	-	-	2,629,618,453
Current estimate of cumulative claims	2,629,618,453	333,471,618	5,129,974,767	8,855,050,953	16,041,136,004	32,989,251,835
Cumulative payments to date	89,546,198	19,714,646	67,178,724	86,252,780	6,838,294,383	7,061,557,439
Liability recognised in the statement of	<u>2,540,072,255</u>	<u>353,186,244</u>	<u>5,062,796,043</u>	<u>8,768,798,173</u>	<u>9,202,841,621</u>	<u>25,927,694,396</u>

		December 31, 2023	December 31, 2022
	Note	(Rupees)	
<b>40 NET COMMISSION AND OTHER ACQUISITION COSTS</b>			
Commission paid or payable		2,538,836,707	2,152,329,465
Add: deferred commission expense opening		931,382,139	806,214,206
Less: deferred commission expense closing	18	<u>(1,125,879,037)</u>	<u>(931,382,139)</u>
<b>Net commission</b>		<b>2,344,339,809</b>	<b>2,027,161,532</b>
Less: commission received or receivable		<u>1,665,990,194</u>	<u>1,017,092,732</u>
Add: unearned reinsurance commission opening		539,143,250	523,294,102
Less: unearned reinsurance commission closing	27	<u>(810,160,213)</u>	<u>(539,143,250)</u>
<b>Commission from reinsurers</b>		<b>1,394,973,231</b>	<b>1,001,243,584</b>
		<u><b>949,366,578</b></u>	<u><b>1,025,917,948</b></u>

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>41 MANAGEMENT EXPENSES</b>			
Employee benefit cost	41.1	1,075,916,718	1,165,815,034
Medical		17,214,627	20,118,955
Utilities		33,395,193	23,885,867
Security services expense		20,560,487	8,753,503
Repairs and maintenance		64,176,550	16,617,706
Directors' meeting and other expenses	50	28,395,588	13,742,801
Depreciation expense	41.2	200,613,437	188,124,289
Advertisement and business promotion		5,182,023	9,707,494
Travelling and conveyance		50,971,589	24,026,724
Insurance		4,247,021	2,808,163
Computer related expenses		43,233,582	14,904,753
Rent, rates and taxes		6,120,351	3,972,764
Consultancy and professional charges		8,664,561	5,584,034
Printing and stationary		6,079,651	4,695,195
Entertainment		4,514,319	2,597,581
Communication		2,839,782	3,679,540
Newspaper and periodicals		149,090	149,920
Repairs and renewal		2,699,267	3,983,858
Training and research		8,591,723	3,409,973
Shares transaction costs		-	63,427
Charity and Donation		2,000,000	2,500,000
Others		18,187,098	44,491,662
		<u>1,603,752,657</u>	<u>1,563,633,243</u>
Expenses allocated to investment income	42	(13,456,960)	(15,586,861)
Expenses allocated to rental income	43	(20,624,401)	(19,611,288)
		<u>1,569,671,296</u>	<u>1,528,435,094</u>
<b>41.1 Employee benefit cost</b>			
Salaries, wages and benefits		654,292,795	654,627,634
Post employees benefits			
- Officers' pension		232,672,023	131,464,400
- Employees' pension		133,292,813	111,128,000
- Post retirement medical benefits		134,665,000	140,203,000
- Gratuity fund		12,134,000	17,528,000
- Compensated absences		(91,139,913)	110,864,000
		<u>421,623,923</u>	<u>511,187,400</u>
		<u>1,075,916,718</u>	<u>1,165,815,034</u>
<b>41.2 Depreciation expense</b>			
Property and equipment	7.1	44,460,526	31,469,390
Right-of-use assets	8.2	156,152,911	156,654,899
		<u>200,613,437</u>	<u>188,124,289</u>

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>42 INVESTMENT INCOME - NET</b>			
<b>Income from equity securities</b>			
<b>Available for sale</b>			
Dividend income		249,565,909	255,662,913
<b>Held for trading</b>			
Dividend income		21,001,400	10,846,800
		<u>270,567,309</u>	<u>266,509,713</u>
<b>Income from debt securities</b>			
<b>Held to maturity</b>			
Return on debt securities			
Pakistan Investment Bonds - fixed		492,814,016	254,350,816
Pakistan Investment Bonds - floating		65,123,962	75,758,759
Treasury Bills		1,206,969,650	698,785,800
Profit on Term Finance Certificates		21,140,660	14,934,542
Amortization of Pakistan Investment Bonds		120,375,990	42,778,792
		<u>1,906,424,278</u>	<u>1,086,608,709</u>
<b>Available for sale</b>			
Profit on Pakistan Investment Bonds		22,706,788	40,196,685
<b>Net realized gains on investments</b>			
<b>Available for sale financial assets</b>			
Realized gain on equity securities		-	374,400
<b>Net unrealized gain/(losses) on investments</b>			
Held for trading investments		73,030,312	(39,742,941)
<b>Total investment income</b>		<u>2,272,728,687</u>	<u>1,353,946,566</u>
Add: reversal of impairment in value of available for sale investment		130,265,233	31,500
Less: investment related expenses	41	(13,456,960)	(15,586,861)
<b>Net investment income</b>		<u>2,389,536,960</u>	<u>1,338,391,205</u>
<b>43 RENTAL INCOME - NET</b>			
Rental income earned	43.1	169,168,075	146,254,476
Less: expenses allocated to investment property	41	(20,624,401)	(19,611,288)
Less: depreciation on investment property	11	-	-
		<u>(20,624,401)</u>	<u>(19,611,288)</u>
		<u>148,543,674</u>	<u>126,643,188</u>
43.1	The rental income represents income from letting out of PRC Tower.		
43.2	There are no direct expenses relating to investment property that did not generate rental income. (2022:Rs. 9,191 million)		
<b>44 FINANCE COST</b>			
Finance cost - leases		2,350,131	2,413,641
Bank charges		4,977,206	346,993
		<u>7,327,337</u>	<u>2,760,634</u>

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>45 OTHER INCOME</b>			
Return on bank deposits		470,592,837	212,080,446
Net return on loans to employees		12,083,761	5,103,704
Miscellaneous income		39,858,803	63,782,714
Exchange gain		671,618,175	138,239,529
Reversal for provision of doubtful debt		2,924,502	-
		<u>1,197,078,078</u>	<u>419,206,393</u>
<b>46 OTHER EXPENSES</b>			
Legal fees		2,487,500	1,780,000
Auditor's remuneration	46.1	1,330,000	1,327,090
Fee and subscription		3,197,268	1,344,427
Subscription and membership fee		5,752,215	2,678,838
Amount due from other insurer - written off	46.2	601,678,637	-
		<u>614,445,617</u>	<u>7,130,355</u>
<b>46.1 Auditor's remuneration</b>			
Annual audit fee		600,000	466,560
Other certification fee		350,000	486,000
Interim review		180,000	169,711
Out-of-pocket expenses		200,000	204,819
		<u>1,330,000</u>	<u>1,327,090</u>
<b>46.2</b>	This include balances written off consequent to reconciliation with other insurer based on underlying information and returns submitted by insurers / reinsurers periodically. As per the requirements mentioned in SECP letter no. ID/Offsite-I/Misc/2023/631 dated February 9, 2023 addressed to Insurance Association of Pakistan, the Company has reconciled its balances with 11 insurers and is in the process to reconcile remaining insurers. Securities and Exchange Commission of Pakistan (SECP) had proposed that the reconciliation activity be concluded by December 31, 2023 but this deadline was not met due to non-cooperation by insurers. The Company is actively pursuing insurers and SECP for provision of requisite data so that the balances of remaining insurers can be reconciled and to ensure that the balances are accurate and complete in respect of information available.		
<b>47 PROFIT FROM WINDOW RETAKAFUL OPERATIONS -OPERATOR'S RETAKAFUL FUND</b>			
<b>Revenue account</b>			
Wakala fee		275,846,335	215,856,211
Commission expense		(263,110,958)	(213,471,407)
General, administrative and management expenses		(21,767,791)	(15,746,091)
		<u>(9,032,414)</u>	<u>(13,361,287)</u>
Investment income		2,958,821	1,687,509
Profit on bank deposits		85,097,792	34,143,170
Modarib's share of Participant's Retakaful investment and other income		63,466,835	20,306,173
		<u>151,523,448</u>	<u>56,136,852</u>
<b>Profit before taxation</b>		142,491,034	42,775,565
Taxation		(47,022,041)	(12,404,914)
<b>Profit after taxation</b>		<u>95,468,993</u>	<u>30,370,651</u>

	December 31, 2023	December 31, 2022
Note	(Rupees)	
<b>48 TAXATION</b>		
Current	1,780,058,505	917,264,145
Prior year	<u>347,170,018</u>	<u>(95,919,539)</u>
Deferred	2,127,228,523	821,344,606
	<u>(3,153,827)</u>	<u>110,570,676</u>
48.1	<u><u>2,124,074,696</u></u>	<u><u>931,915,282</u></u>
<b>48.1 Relationship between tax expense and accounting profit</b>		
Profit before tax	<u>5,189,322,813</u>	<u>3,556,743,771</u>
Tax at the applicable rate of 33% including super tax (2022: 33% including super tax)	1,712,476,528	1,031,455,694
Tax effect of income that are deductible in determining the taxable profit	64,428,150	(3,620,872)
Prior year tax adjustment	<u>347,170,018</u>	<u>(95,919,539)</u>
Charge for the year	<u><u>2,124,074,696</u></u>	<u><u>931,915,282</u></u>

**48.2 Relationship between average effective tax rate and the applicable tax rate**

Applicable tax rate	33.00%	33.00%
Tax effects of amounts that are:		
- Deductible temporary difference	4.47%	3.13%
- Taxable temporary difference	<u>(3.23%)</u>	<u>(3.23%)</u>
	<u><u>34.24%</u></u>	<u><u>32.90%</u></u>

**49 EARNINGS PER SHARE - basic and diluted**

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

	December 31, 2023	December 31, 2022
	(Rupees)	
Profit after tax (Rupees)	<u>3,065,248,117</u>	<u>2,624,828,489</u>
Weighted average number of ordinary shares (number of shares)	<u>900,000,000</u>	<u>900,000,000</u>
Earnings per share (Rupees)	<u><u>3.41</u></u>	<u><u>2.92</u></u>

49.1 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.

50 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Meeting fees	-	-	15,250	6,350	-	-
Managerial remuneration	27,060	2,321	-	-	55,521	108,513
Leave encashment	-	-	-	-	2,260	9,446
Bonus	8,300	-	-	-	27,796	35,709
Charge for defined benefit plan	-	-	-	-	-	-
Rent and house maintenance	-	1,123	-	-	42,225	78,039
Rent and house maintenance	-	1,123	-	-	42,225	78,039
Utilities	-	304	-	-	11,426	21,193
Dearness allowance	-	198	-	-	7,352	13,061
Conveyance/ car monetization	3,300	2,708	-	-	19,497	18,776
Ad hoc relief (2020, 2021, 2022 and 2023)	-	198	-	-	7,706	12,953
Education allowance	-	104	-	-	4,989	8,116
Others	-	-	13,146	5,256	22,366	3,382
	38,660	8,079	28,396	11,606	243,133	387,229
Number of person(s)	1	1	7	8	38	59

50.1 Executive means any employee who satisfies the definition / criteria as mentioned in the Insurance Regulations, 2017.

50.2 The Directors are entitled to meeting fee for attending each board and committee meeting amounting to Rs. 150,000 for meeting and other benefits comprising of accommodation, air travel allowance and conveyance allowance as recommended by Board on its 177th meeting held on August, 25 2023 in accordance with the articles of association of the Company.

	December 31, 2023	December 31, 2022
51 EMPLOYEES		
Number of employees at the year end		
Permanent	110	124
Contractual	72	57
	<u>182</u>	<u>181</u>
Average number of employees during the year		
Permanent	116	140
Contractual	62	61
	<u>178</u>	<u>201</u>

52 IMPLICATIONS OF REVISED IFRS 2 - SHARE-BASED PAYMENT ON BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and Non-State Owned Enterprises, where GoP holds significant investments (Non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities including the Company on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

✓

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP has transferred 12% of its investment in such SOEs and Non-SOEs to a Trust Fund, established under a Trust Deed, created for the purpose by each of such entities. The eligible employees are entitled to be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units, as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises, needs to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard-2, "Share-based Payments" (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP, on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(1)/2011 dated June 07, 2011 to such entities including the Company from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, Staff costs of the Company would have been higher by Rs. 42,235 million, profit before taxation would have been lower by Rs. 42,235 million, earnings per share would have been lower by Rs. 0.14, reserves would have been higher by Rs. 42,235 million.

During the year, the company has received a notice from Ministry of Commerce, dated 17 March, 2022, to deposit principal amount along with interest accrued on the principal amount available with the Company under BESOS scheme under federal consolidated fund. The Company has paid the principal amount along with the interest accrued on the principal amounting to Rs. 558,525 million on November 29, 2022 to Ministry of Commerce. The Fund will be dissolved after the audit of the financial statements of the fund.

## 53 RELATED PARTIES TRANSACTIONS AND BALANCES

Government of Pakistan through Ministry of Commerce owns 51% (2022: 51%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. The related parties comprise major shareholders, associated company, directors, companies with common directorship, key management personnel, and staff retirement benefit funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material and hence not disclosed in these financial statements. Moreover, transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 51 of these financial statements, are as follows:

U

		December 31, 2023	December 31, 2022
	Note	(Rupees)	
<b>Major shareholders</b>			
<b>Government of Pakistan (GoP) through Ministry of Commerce</b>			
Dividend paid for the year		344,249,451	305,999,512
<b>State Life Insurance Corporation of Pakistan</b>			
Dividend paid for the year		164,772,452	146,464,402
<b>Related parties by virtue of GoP's holdings</b>			
<b>State Bank of Pakistan</b>			
Purchase of investment		17,319,827,053	16,341,045,462
<b>Pakistan State Oil Company Limited</b>			
Dividend received during the year		105,315	119,357
<b>National Investment Trust Limited</b>			
Dividend received during the year		77,220,000	65,637,000
<b>National Insurance Company Limited</b>			
Premium due but unpaid		10,729,548,945	8,797,497,324
Insurance premium written during the year	54.3	23,591,227,879	15,957,225,633
Premium received		(23,852,664,889)	(14,025,174,012)
Balance at the end of year	16.2	10,468,111,935	10,729,548,945
Insurance commission paid		864,415,143	568,487,815
Insurance claims paid		3,351,662,735	1,151,138,787
<b>Alpha Insurance Company Limited</b>			
Insurance / reinsurance receivables / (insurance / reinsurance payable)		16,499,647	2,543,083
Insurance premium written during the year		5,895,631	15,639,419
Commission Paid		(786,991)	(323,226)
Claims paid		(30,020)	(1,359,629)
Net receipts		(1,702,793)	-
Balance at the end of year		19,875,474	16,499,647
<b>Other related parties</b>			
Remuneration including benefits and perquisites of key management personnel	50	267,963,634	327,751,862

The transactions with related parties are in the normal course of business at contracted rates and terms and conditions determined on commercial terms.

## SEGMENT INFORMATION

December 31, 2022

	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Total
<b>Losses written premiums</b>	4,172,218,891	349,217,217	353,952,537	1,488,314,348	6,678,794,261	10,816,641,976	8,202,713,452	33,968,208,175
Unearned-opening	300,178,705	113,176,377	41,509,187	131,375,951	4,700,022,276	3,756,044,541	2,805,378,043	12,047,200,680
Unearned-closing	1,478,547,379	18,449,713	89,469,307	308,411,391	6,287,789,687	4,382,574,908	3,698,918,270	18,275,915,117
<b>Premium earned</b>	3,193,370,177	343,942,889	309,622,207	1,993,208,958	5,990,981,293	10,238,166,439	7,511,792,555	29,781,042,738
Reinsurance-ceded	4,255,568,714	172,020,040	308,447,427	1,215,987,209	6,112,089,898	9,896,986,447	1,548,271,038	23,417,470,763
Reinsurer's share-opening	38,243,395	80,740,062	80,969,336	80,969,336	4,408,006,248	3,516,790,039	783,425,379	8,600,338,430
Reinsurer's share-closing	788,452,964	-	73,320,788	441,422,065	5,854,264,079	4,154,034,574	588,235,355	11,000,269,825
<b>Reinsurance expenses</b>	3,303,359,044	261,269,102	326,711,204	855,974,472	4,869,832,097	9,199,701,912	1,242,461,038	20,457,569,388
Net insurance premium	1,688,511,132	82,174,787	52,860,303	237,794,488	425,128,266	1,048,465,037	5,768,518,197	9,232,443,340
Commissions income	186,613,481	26,176,999	25,755,806	68,019,272	235,103,583	825,250,168	30,981,912	1,394,975,221
<b>Net underwriting income (A)</b>	1,875,116,673	308,531,696	78,486,309	305,813,760	660,351,209	1,891,715,205	5,798,600,109	10,718,426,581
Insurance claims paid	100,822,816	3,360,094	3,959,336	46,781,874	228,943,605	3,267,655,998	3,408,033,808	7,091,557,479
Outstanding-opening	3,497,442,825	99,944,662	65,000,872	102,343,578	1,011,311,698	13,056,290,760	3,488,752,910	23,201,367,233
Outstanding-closing	4,146,521,448	70,922,769	124,041,223	350,040,714	3,138,534,650	14,682,442,200	3,420,152,392	25,950,646,266
<b>Insurance claims expenses</b>	799,061,430	14,329,171	64,999,687	294,870,018	2,336,166,547	4,913,507,430	3,320,433,270	11,752,816,662
Reinsurance recoveries received	-	-	254,330	-	136,185,380	3,019,306,338	84,271,690	3,240,018,638
Recovery-opening	410,710,801	5,425,012	14,265,192	13,923,007	910,208,508	12,046,311,977	1,013,394,094	14,420,708,311
Recovery-closing	713,250,470	-	17,166,508	9,564,873	2,678,857,616	13,751,826,215	855,639,478	18,206,188,158
<b>Insurance claims recovered from reinsurers</b>	302,530,669	15,425,012	2,795,666	15,428,109	2,008,654,428	4,704,718,476	72,653,526	7,625,499,485
Net claims	447,361,770	19,754,163	62,734,041	298,947,214	257,237,159	208,788,954	3,413,076,796	4,707,325,117
Commission expense	276,566,924	20,495,668	18,400,689	60,334,314	123,965,674	263,734,540	1,358,911,747	2,464,539,869
Management expense	298,318,876	14,521,345	9,241,133	42,021,354	75,122,817	188,611,599	941,521,212	3,569,671,296
Provision for doubtful debts-net	-	-	-	-	-	-	-	(12,526,427)
<b>Net insurance claims and expenses (B)</b>	11,622,347,590	354,681,177	89,445,003	660,283,282	4,928,323,631	9,901,535,100	15,695,579,233	18,875,608,971
<b>Underwriting results (C=A-B)</b>	852,877,054	53,670,489	(11,259,264)	(95,469,522)	201,911,138	990,380,099	105,080,354	1,892,817,594
Net investment income	36%	34%	118%	136%	61%	20%	50%	2,389,536,960
Rental income								148,543,674
Finance cost								(7,327,337)
Fair value gain on investment property								87,630,468
Other expenses								(614,445,077)
Other income								1,292,547,071
Profit before tax								4,189,322,813
Less: Tax expense								(2,128,078,690)
Profit after tax								3,065,248,117
<b>Segment assets</b>	1,605,362,435	1,464,013	95,330,137	477,983,954	8,889,778,540	18,087,136,942	2,075,118,304	31,232,274,020
<b>Unaffiliated assets</b>								43,655,131,093
<b>Segment liabilities</b>	5,682,284,055	89,283,480	316,842,809	891,951,601	9,705,980,039	19,456,208,132	6,033,802,918	42,978,271,776
<b>Unaffiliated liabilities</b>								15,708,950,576
								58,787,072,262

December 31, 2002

Gross written premium  
 Add: interest-earning  
 Less: amount-closing  
 Premium earned  
 Reinsurance-ceded  
 Add: Prepaid reinsurance-opening  
 Less: Prepaid reinsurance-closing  
 Reinsurance expenses  
 Net insurance premium  
 Add: commission income  
 Net underwriting income - A  
 Insurance claims paid  
 Less: outstanding-opening  
 Add: outstanding-closing  
 Insurance claims expenses  
 Reinsurance recoveries received  
 Less: recovery-earning  
 Add: recovery-closing  
 Insurance claims recovered from reinsurers  
 Net claims  
 Commission expense  
 Management expense  
 Premium deficiency expense  
 Provision for doubtful debts-net  
 Net insurance claims and expenses - B  
 Underwriting results C = A-B  
 Net investment income  
 Rental income  
 Pinner cost  
 Fair value gain on investment property  
 Other expenses  
 Other income  
 Premium deficiency expense  
 Profit before tax  
 Less: Tax expense  
 Profit after tax  
 Segment assets  
 Unallocated assets  
 Segment liabilities  
 Unallocated liabilities

Item	Marine cargo	Marine hull	Accident	Aviation	Engineering	Truck	Total
1,788,354,168	187,906,423	202,617,090	408,284,583	4,785,514,192	9,060,897,888	6,887,445,574	24,271,290,418
769,247,738	9,792,274	41,131,807	4,455,083,660	3,297,005,824	2,149,618,813	10,732,384,652	10,732,384,652
801,128,705	113,116,377	132,352,951	4,700,022,276	3,756,048,841	2,407,378,693	13,047,709,680	13,047,709,680
1,087,852,201	84,583,271	318,061,910	4,540,775,426	9,108,838,371	6,251,685,694	25,950,393,391	25,950,393,391
314,124,317	120,518,442	178,833,300	4,437,080,258	9,017,843,584	3,088,898,514	16,244,192,881	16,244,192,881
40,842,152	22,227,020	3,130,578	4,237,633,205	3,695,879,208	323,300,560	7,722,831,183	7,722,831,183
38,243,295	33,645,065	80,900,325	4,108,008,208	3,316,750,929	783,025,373	8,940,328,450	8,940,328,450
316,732,274	30,895,380	101,085,552	4,286,704,275	8,581,720,263	1,029,173,889	13,026,885,214	13,026,885,214
1,671,119,627	53,773,891	216,948,387	274,070,751	913,056,008	4,523,572,007	7,926,389,976	7,926,389,976
23,003,038	3,083,038	7,492,351	238,377,295	696,021,228	24,316,467	1,001,242,584	1,001,242,584
1,695,143,065	56,851,829	224,370,038	312,448,046	1,614,077,126	4,840,828,474	8,920,613,566	8,920,613,566
906,890,545	1,351,473	74,700,378	959,165,409	259,458,473	3,918,863,181	6,210,425,217	6,210,425,217
1,841,012,038	68,805,420	229,659,688	1,770,285,442	2,008,445,006	3,186,981,921	9,400,389,187	9,400,389,187
3,497,442,825	59,944,622	65,000,877	1,011,311,698	3,026,596,766	3,488,722,056	21,361,872,213	21,361,872,213
3,562,631,137	73,622,854	114,353,044	191,191,635	1,287,603,543	4,320,684,106	18,065,423,243	18,065,423,243
317,898,041	65,747,544	-	967,411,205	(4,089,000)	2,978,367,481	3,840,990,166	3,840,990,166
419,710,891	14,365,192	33,913,087	1,627,925,619	1,550,467,642	1,022,238,288	4,008,327,235	4,008,327,235
2,469,728,372	53,182,353	35,913,097	340,694,652	10,482,115,315	2,969,683,789	11,793,572,242	11,793,572,242
238,426,092	(23,420,897)	(126,448,107)	(9,203,017)	895,488,228	1,250,980,401	4,311,851,021	4,311,851,021
322,122,497	17,826,997	26,175,216	128,068,292	41,481,619	3,202,434,484	2,027,005,532	2,027,005,532
	10,365,236	33,317,792	52,838,853	176,066,072	891,017,772	(46,246,941)	(46,246,941)
(1,030,286,901)	(1,108,713)	66,100,966	(131,264,128)	(1,396,956,819)	(2,244,423,657)	(7,228,590,237)	(7,228,590,237)
(1,237,143,896)	51,086,186	290,861,544	181,053,458	217,146,317	1,302,394,817	1,652,023,333	1,652,023,333
1,695,143,065	86,854,820	224,370,038	512,448,046	1,614,077,126	4,840,828,474	12,760,634	12,760,634
(3,037,871,113)	(1,411,766)	68,556,236	(332,677,926)	(1,403,097,243)	(4,374,972,805)	(17,339,355)	(17,339,355)
						419,206,203	419,206,203
						30,370,851	30,370,851
						3,590,742,771	3,590,742,771
						931,915,262	931,915,262
						2,634,858,489	2,634,858,489
						8,930,611,560	8,930,611,560
						45,924,311,718	45,924,311,718
						42,834,942,278	42,834,942,278
						18,012,984,147	18,012,984,147
						24,438,026,534	24,438,026,534
						35,825,023,227	35,825,023,227

#### 54.1 Geographical segment

Although the operations of the Company are based primarily on business segments, the Company also operates in geographical area. The following table shows the distribution of the Company's revenue, total assets and total liabilities by geographical segments:

Locations	2023		2022	
	Lahore	Karachi	Lahore	Karachi
	Rupees in thousands		Rupees in thousands	
Premium earned	1,535,839	28,245,204	1,544,359	22,956,065
Commission expense	426,470	2,112,367	171,744	1,780,585
Losses paid	466,840	6,594,717	847,883	5,362,542
Outstanding liabilities	1,399,560	24,528,124	647,540	20,608,896
Management expenses	5,831	1,563,840	8,621	1,519,814
Total assets	2,638,033	74,249,373	1,610,695	62,244,250

54.2 Management has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

#### 54.3 Information about major customer

The following table presents insurance premium written from transactions with external customer where such amounts equals and / or exceed ten per cent of the total premium written by the Company.

Note	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
<b>National Insurance Company Limited</b>		
<b>Facultative business</b>		
Accident	1,211,376,664	268,358,879
Aviation	6,647,057,833	4,748,148,099
Engineering	10,305,652,716	9,617,379,837
Fire	4,055,624,172	86,581,123
Marine Cargo	202,454,352	141,888,012
Marine hull	343,238,377	258,274,396
	22,765,404,114	15,120,630,346
<b>Treaty business</b>	825,823,765	836,595,287
53	23,591,227,879	15,957,225,633

55 **MOVEMENT IN INVESTMENTS**

	Held to maturity	Available for sale	Held for trading	Total
	----- Rupees -----			
<b>At beginning of previous year</b>	8,813,219,837	3,602,609,187	147,073,152	12,562,902,176
Additions	16,341,045,462	-	26,880,972	16,367,926,434
Disposals / redemptions	(15,450,555,599)	(150,000,000)	-	(15,600,555,599)
Fair value net gains (excluding net realized gains)	-	(628,063,502)	(39,742,941)	(667,806,443)
<b>At beginning of current year</b>	9,703,709,700	2,824,545,685	134,211,183	12,662,466,568
Additions	17,911,912,839	-	-	17,911,912,839
Disposals / redemptions	(13,612,232,420)	(75,000,000)	-	(13,687,232,420)
Fair value net gains (excluding net realized gains)	-	1,359,132,219	73,030,311	1,432,162,533
<b>At end of current year</b>	14,003,390,119	4,108,677,904	207,241,493	18,319,309,520

56 **MANAGEMENT OF INSURANCE AND FINANCIAL RISK**

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

56.1 **Insurance risk**

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**

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

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

	December 31, 2023	December 31, 2022
	----- Rupees in thousand -----	
<b>Gross sum insured</b>		
Fire	<b>11,548,000</b>	7,496,000
Marine cargo	<b>1,238,000</b>	1,200,000
Marine hull	<b>1,209,000</b>	1,481,000
Accident and others	<b>700,000</b>	499,000
Aviation	<b>673,000</b>	18,346,000
Engineering	<b>8,475,000</b>	5,502,000
	<b>23,843,000</b>	34,524,000

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

b) **Source of uncertainty in estimation of future claim payments**

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the past claim reporting pattern and confirmation received from ceding companies.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

**Key assumptions**

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

The assumed net of reinsurance loss ratios for each class of business is as follows:

	December 31, 2023	December 31, 2022
	----- (Percentage) -----	
<b>Assumed net loss ratio</b>		
Fire	55%	68%
Marine cargo	7%	28%
Marine hull	14%	34%
Accident and others	10%	45%
Aviation	7%	30%
Engineering	8%	6%

**Sensitivity analysis**

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and 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 recognized in the statement of financial position is adequate. 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, some results of sensitivity testing are set out below, showing the impact of claims paid on profit before tax net of reinsurance recoveries.

	Profit before tax		Shareholders' equity	
	2023	2022	2023	2022
	----- Rupees in thousand -----		----- Rupees in thousand -----	
10% increase in expense	(4,707,325)	(4,311,851)	(2,871,468)	(2,888,940)
10% decrease in expense	4,707,325	4,311,851	2,871,468	2,888,940

### 56.2 Reinsurance and retrocession arrangements

The Company in the normal course of business, undertakes reinsurance business from local insurance companies and controls its exposure to potential losses from large risk, by retrocession to various foreign companies. Its significant portion of reinsurance and retrocession is effected under treaty pact and excess of loss contracts.

The Company further evaluates the financial condition of ceding companies as well as it reinsures to minimize its exposures to significant losses from reinsurance insolvencies.

The Company continues to remain under obligation of the ceding companies during the validity of the contract and as a result it remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under their agreements.

An analysis of gross amount due from other insurers and reinsurers recognized by the rating of the entity, from which it is due are as follows:

	December 31, 2023	December 31, 2022
	----- (Rupees''000) -----	
A or above	5,892,324	6,148,149
BBB	1,305	1,573
Others	11,451,263	11,333,554
Total	17,344,892	17,483,276

### 56.3 Financial risk management objectives and policies

The Company's activities expose to financial risks, credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors (the Board) has overall responsibility to the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### a) Credit risk and concentration of credit risk

Credit risk is the risk that 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 counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements.

The management monitors and limits the company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provision for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	Note	December 31, 2023	December 31, 2022
----- (Rupees'000') -----			
Bank balances	20	3,159,075,682	3,030,890,557
Loans and other receivables	14	547,118,212	462,488,314
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727
Debt securities	13	14,135,599,216	9,907,026,504
Insurance / reinsurance receivables	16	16,621,405,847	17,393,374,952
Reinsurance recoveries against outstanding claims	17	18,206,185,158	14,420,709,311
		<u>55,243,272,842</u>	<u>47,788,378,365</u>

The Company did not hold any collateral against the above during the year. General provision is made for insurance / reinsurance receivables and other receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

	December 31, 2023	December 31, 2022
----- (Rupees'000') -----		
The age analysis of insurance / reinsurance receivable is as follows:		
Up to three months	10,914,587	11,420,463
Over three months but up to one year	5,083,848	4,173,873
Over one year but up to two years	492,116	1,627,586
Over two years but up to three years	204,965	177,416
Over three years	649,378	500,725
	<u>17,344,894</u>	<u>17,900,062</u>
Provision against amount due from other insurers and reinsurers	(723,487)	(661,496)
	<u>16,621,407</u>	<u>17,238,567</u>

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

	Short term	Long term	Rating agency	2023	2022
				----- (Rupees'000') -----	
National Bank of Pakistan	A-1+	AAA	PACRA	332,473	69,008
Bank Al-Habib Limited	A-1+	AAA	PACRA	2,688,637	1,464,745
Bank Alfalah Limited	A-1+	AA+	PACRA	28,177	24,031
Sindh Bank Limited	A-1	A+	VIS	50	42
Dabul Islamic Bank	A-1+	AA	VIS	13,690	1,472,729
Habib Bank Limited	A-1+	AAA	VIS	96,725	-
				<u>3,159,753</u>	<u>3,030,556</u>

b) **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	Carrying amount	Contractual cash flows	Maturity in one year	Maturity exceeding one year
(Rupees '000')				
<b>31-Dec-23</b>				
Outstanding claims including IBNR	25,927,694	25,927,694	25,927,694	-
Insurance / reinsurance payables	9,862,847	9,862,847	9,862,847	-
Other creditors and accruals	171,691	171,691	171,691	-
Lease liabilities	22,277	22,277	22,277	22,277
	<b>35,984,509</b>	<b>35,984,509</b>	<b>35,984,509</b>	<b>22,277</b>

	Carrying amount	Contractual cash flows	Maturity in one year	Maturity exceeding one year
(Rupees '000')				
<b>31-Dec-22</b>				
Outstanding claims including IBNR	21,256,435	21,256,435	21,256,435	-
Insurance / reinsurance payables	10,932,283	10,932,283	10,932,283	-
Other creditors and accruals	109,158	109,158	109,158	-
Lease liabilities	23,033	23,033	23,033	23,033
	<b>32,320,909</b>	<b>32,320,909</b>	<b>32,320,909</b>	<b>23,033</b>

c) **Market risk**

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to market risk with respect to its investments. The Company has invested its funds in Government securities, ordinary shares, National Investment Trust Units and close ended mutual funds resulting in risk arising from fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company actively monitors the key factors that affect investment market.

**Sensitivity analysis**

The table below summarizes the Company's equity price risk as of December 31, 2023 and 2022 and shows the effects of a 10% increase and a 10% decrease in market prices as at the year end. The selected change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Estimated fair value after change in price	Increase / (decrease) in shareholders equity	Profit before tax
(Rupees '000')				
<b>31-Dec-23</b>				
10% increase	4,183,710	4,602,081	255,206	418,371
10% decrease	-	3,765,339	(255,206)	(418,371)
<b>31-Dec-22</b>				
10% increase	2,755,440	3,030,984	187,370	275,544
10% decrease	-	2,479,896	(187,370)	(275,544)

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument 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. Interest / mark-up rate risk to the Company is the risk of changes in market interest / mark-up rates reducing the overall return on its interest bearing securities. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated. The following table provides information about the exposure of the Company to interest / mark-up rate risk at the balance sheet date based on contractual re-pricing or maturity dates which ever is earlier:

Effective rate per annum (percentage)	2011					Non-current bearing financial instruments	Total
	Interest bearing financial instruments						
	Maturity up to one year	Maturity over one year to five years	Maturity more than five years	See total			
(Millions USD)							
Financial assets							
Cash and bank deposits	444.38	-	-	-	-	-	444.38
Receivables	1,750,800	8,832,723	1,060,938	1,428,987	1,662,284	13,735,732	
Securities / investments receivable	1,164,247	-	-	-	1,164,247	2,328,494	
Receivables from bank / insurance / other	-	-	-	-	1,601,446	1,601,446	
Loans and other receivables	-	-	-	-	2,573,889	2,573,889	
Receivables receivable against counterpart claims	34,334	-	-	11,205	42,143	46,339	
<b>Subtotal</b>	<b>3,433,768</b>	<b>8,832,723</b>	<b>1,060,938</b>	<b>15,068,179</b>	<b>16,799,166</b>	<b>30,295,634</b>	
Financial liabilities							
Outstanding claims including IFRS	-	-	-	-	-	-	-
Insurance / reinsurance payable	-	-	-	-	15,027,664	15,027,664	
Other liabilities	3,338	14,204	4,784	21,279	3,865,047	4,213,603	
Other liabilities and amounts received	-	-	-	-	171,680	171,680	
<b>Total</b>	<b>3,437,106</b>	<b>8,846,927</b>	<b>4,784</b>	<b>21,308</b>	<b>19,004,401</b>	<b>32,100,224</b>	
Interest rate sensitivity gap	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	
Contractual interest rate sensitivity gap	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	

Effective rate per annum (percentage)	2012					Non-current bearing financial instruments	Total
	Interest bearing financial instruments						
	Maturity up to one year	Maturity over one year to five years	Maturity more than five years	See total			
(Millions USD)							
Financial assets							
Cash and bank deposits	444.38	-	-	-	-	-	444.38
Receivables	1,750,800	8,832,723	1,060,938	1,428,987	1,662,284	13,735,732	
Securities / investments receivable	1,164,247	-	-	-	1,164,247	2,328,494	
Receivables from bank / insurance / other	-	-	-	-	1,601,446	1,601,446	
Loans and other receivables	-	-	-	-	2,573,889	2,573,889	
Receivables receivable against counterpart claims	34,334	-	-	11,205	42,143	46,339	
<b>Subtotal</b>	<b>3,433,768</b>	<b>8,832,723</b>	<b>1,060,938</b>	<b>15,068,179</b>	<b>16,799,166</b>	<b>30,295,634</b>	
Financial liabilities							
Outstanding claims including IFRS	-	-	-	-	-	-	-
Insurance / reinsurance payable	-	-	-	-	15,027,664	15,027,664	
Other liabilities	3,338	14,204	4,784	21,279	3,865,047	4,213,603	
Other liabilities and amounts received	-	-	-	-	171,680	171,680	
<b>Total</b>	<b>3,437,106</b>	<b>8,846,927</b>	<b>4,784</b>	<b>21,308</b>	<b>19,004,401</b>	<b>32,100,224</b>	
Interest rate sensitivity gap	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	
Contractual interest rate sensitivity gap	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	0,000,000	

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

2023		2022	
Increase	Decrease	Increase	Decrease
in profit / (loss) upon change of 100 bps		in profit / (loss) upon change of 100 bps	
(Rupees '000')			

Cash flow sensitivity - variable rate financial liabilities

	-	-	-
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Cash flow sensitivity - variable rate financial assets

	998,000	(998,000)	998,400 (99,070)
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#### e) Foreign currency risk

Foreign currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. The Company principal transactions are carried out in Pakistani Rupee and its exposure to foreign exchange risk arises primarily with respect to US Dollar. Financial assets exposed to foreign exchange risk amounted to Rs. 955.752 million (2022: Rs.686.453 million) at reporting date.

The following significant exchange rates were applied during the year:

	2023	2022	2023	2022
	Rupees per US Dollars		Rupees per UK Pound	
Average rate	271.82	264.47	348.57	251.49
Report date rate	281.36	226.4	357.95	272.63

#### 56.4 Capital risk management

Capital management objectives and requirements related to regulatory, solvency and paid up capital requirements are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These objectives and requirements are put in place to ensure sufficient solvency margins. Further, objective are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support business objectives, maximize shareholders value and provide returns for benefits for other stakeholders.

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 order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 9,000 million against the minimum required paid-up capital of Rs. 500 million set by the SECP for the non-life insurance companies for the year ended December 31, 2023.

The Company monitors capital using gearing ratio. Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

The Company's net debt to equity ratio as at December 31, 2023 was as follows:

	December 31, 2023	December 31, 2022
	(Rupees'000')	
Total liabilities	58,747,672	49,533,538
Less: cash and cash equivalents	(3,159,753)	(3,030,891)
Net debt (A)	<u>55,587,919</u>	<u>46,502,647</u>
Total equity (B)	<u>18,139,733</u>	<u>14,321,408</u>
Total debt and equity (C=A+B)	<u>73,727,652</u>	<u>60,824,055</u>
Gearing ratio (A/C)	<u>75%</u>	<u>79%</u>

## 57 FAIR VALUE OF FINANCIAL INSTRUMENTS

### 57.1 Carrying amount and fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at December 31, 2023.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Equity securities</b>				
<b>Held for trading</b>				
Ordinary shares - listed	207,241,494	207,241,494	134,211,185	134,211,185
<b>Available for sale</b>				
Ordinary shares - listed	1,078,387,599	1,078,387,599	644,748,926	644,748,926
Mutual fund units	629,584,327	629,584,327	479,342,468	479,342,468
Ordinary share - unlisted	617,615	617,615	617,615	617,615
<b>Debt securities</b>				
Pakistan Investment Bonds	6,651,146,919	6,651,146,919	4,424,006,929	4,424,006,929
Treasury Bills	7,252,443,200	4,975,000,000	5,180,006,150	4,975,000,000

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Terms Finance Certificate	99,800,000	99,800,000	99,840,000	99,840,000
Loans and other receivables	547,118,212	547,118,212	462,488,314	462,488,314
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	16,621,405,847	16,621,405,847	17,393,374,952	17,393,374,952
Reinsurance recoveries against outstanding claims	18,206,185,158	18,206,185,158	14,420,709,311	14,420,709,311
Cash and cash equivalent	3,159,752,669	3,159,752,669	3,030,890,557	3,030,890,557
	<u>57,027,571,767</u>	<u>54,750,128,567</u>	<u>48,844,125,134</u>	<u>48,639,118,984</u>
<b>Financial liabilities</b>				
Outstanding claims including IBNR	21,008,473,085	21,008,473,085	21,008,473,085	21,008,473,085
Unearned premium reserves	12,047,709,680	12,047,709,680	12,047,709,680	12,047,709,680
Unearned reinsurance commission	539,143,250	539,143,250	539,143,250	539,143,250
Retirement benefit obligations	3,039,780,500	3,039,780,500	3,039,780,500	3,039,780,500
	<u>36,635,106,515</u>	<u>36,635,106,515</u>	<u>36,635,106,515</u>	<u>36,635,106,515</u>

### 57.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2023	Total	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	207,241,496	207,241,496	-	-
Available-for-sale investment				
Ordinary shares - listed	2,366,357,178	2,366,357,178	-	-
Mutual fund units	1,609,494,013	1,609,494,013	-	-
Ordinary shares - unlisted	617,615	-	-	617,615
December 31, 2022	Total	Level 1	Level 2	Level 3
Rupees				
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	134,211,185	134,211,185	-	-
Available-for-sale investment				
Ordinary shares - listed	644,748,926	644,748,926	-	-
Mutual fund units	479,342,468	479,342,468	-	-
Ordinary shares - unlisted	617,615	-	-	617,615

#### 57.3 Transfers during the period

There were no transfers between Level 1 and Level 2 fair value measurements.

There were no transfers into or out of Level 3 fair value measurements.

#### 57.4 Valuation techniques

For level 2 investments - held to maturity, the fair value has been determined by using the rates at the reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.

For Level 3 available-for-sale investments, the Company values the investment at lower of carrying value and breakup value.

58 PROVIDENT FUND	December 31, 2023	December 31, 2022
	(Rupees)	
Net assets of the fund	<u>177,454,344</u>	<u>147,039,158</u>
Cost of investments	<u>109,235,410</u>	<u>71,639,865</u>
Fair value of investments	<u>148,334,013</u>	<u>99,056,163</u>
Cost of investment / net assets of the fund	<u>61.56%</u>	<u>48.72%</u>

#### 58.1 Break-up of investments of provident fund

Investment in equity collective investment schemes	7,850,000	7,850,000
Investment in Government securities	48,651,531	32,335,905
TDR	29,533,987	25,963,588
Bank Balances	23,199,892	5,490,372
	<u>109,235,410</u>	<u>71,639,865</u>

59.2

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59.2 Investments out of provident fund have been made in accordance with the provisions of the section 218 of Companies Act, 2017 and the rules formulated for this purpose.

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
<b>59 STATEMENT OF SOLVENCY</b>		
<b>Assets</b>		
Property and equipment	642,621,500	446,068,118
Right of use asset	1,939,910,000	1,639,605,577
Capital work in progress	33,748,620	10,083,343
Investment property	798,450,467	722,274,603
Investments		
Equity securities	4,183,710,304	2,755,440,067
Debt securities	14,135,599,216	9,907,026,504
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Loans and other receivables	547,118,212	462,488,314
Insurance / reinsurance receivables	16,621,405,847	17,393,374,952
Reinsurance recoveries against outstanding claims including IBNR	18,206,185,158	14,420,709,311
Deferred commission expense	1,125,879,037	931,382,139
Taxation - payments less provision	-	78,557,588
Prepayments	11,900,386,846	8,943,542,637
Cash and cash equivalent	3,159,752,669	3,030,890,557
Total Assets From Window re-takaful operations operator's Fund	1,018,749,110	539,612,842
<b>Total assets (A)</b>	<b>76,887,405,713</b>	<b>63,854,945,278</b>
<b>In-admissible assets as per following clause of section 32 (2) of Insurance Ordinance, 2000</b>		
Property and equipment (2) (u-i, ii & iii)	435,575,430	257,325,826
Right of use asset SRO 1012(i) 2022	1,917,632,697	1,616,572,428
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Capital work in progress - intangible asset (2) (i)	10,617,052	10,083,343
Investments (2) (p & s)	1,708,589,540	11,625,597
Insurance / reinsurance receivables more than three months (2) (h)	5,706,818,957	5,972,911,952
<b>Total in-admissible assets (B)</b>	<b>12,353,122,403</b>	<b>10,442,407,874</b>
<b>Total admissible assets (C=A-B)</b>	<b>64,534,283,310</b>	<b>53,412,537,404</b>

	December 31, 2023	December 31, 2022
	(Rupees)	
<b>Total liabilities</b>		
<b>Underwriting provisions</b>		
Outstanding claims including IBNR	25,927,694,396	21,256,435,233
Unearned premium reserves	16,235,915,117	12,047,709,680
Unearned reinsurance commission	810,160,213	539,143,250
Premium deficiency reserve	-	12,526,427
Retirement benefit obligations	3,350,608,187	3,630,799,590
Taxation liabilities- provision less payments	603,756,603	-
Deferred taxation	1,434,851,979	741,089,481
Lease liabilities	22,277,303	23,033,149
Insurance / reinsurance payables	9,862,846,676	10,932,282,952
Unclaimed dividends	92,036,186	88,652,013
Other creditors and accruals	171,691,110	109,158,042
Total liabilities from Window Takaful Operations OPF	235,834,492	152,707,799
<b>Total liabilities (D)</b>	<b>58,747,672,262</b>	<b>49,533,537,615</b>
<b>Total net admissible assets (E-C-D)</b>	<b>5,786,611,048</b>	<b>3,878,999,789</b>
<b>Minimum solvency requirement (higher of following)</b>		
Method A - u/s 36(3)(a)	150,000,000	150,000,000
Method B - u/s 36(3)(b)	2,978,104,274	2,295,606,539
Method C - u/s 36(3)(c)	4,216,856,151	3,330,414,491
	(4,216,856,151)	(3,330,414,491)
<b>Excess of net admissible assets over minimum requirements</b>	<b>1,569,754,897</b>	<b>548,585,298</b>

## 60 CORRESPONDING FIGURES

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

## 61 SUBSEQUENT NON ADJUSTING EVENTS

The Board of Directors in its meeting held on \_\_\_\_\_ have recommended a final cash dividend of Rs. \_\_\_\_\_ per share and a bonus issue of Rs. \_\_\_\_\_ per share for the approval of the members in the annual general meeting to be held on \_\_\_\_\_.

These financial statements for the year ended December 31, 2023 do not include the effect of these appropriations and these will be accounted in the financial statements for the year ending December 31, 2023.

✓

62 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 03 APR 2024 by the Board of Directors of the Company.

63 GENERAL

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



Chairman



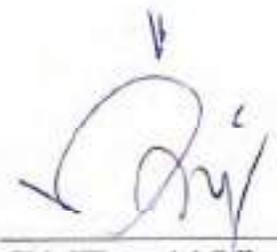
Director



Director



Chief Executive Officer



Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED  
WINDOW RETAKAFUL OPERATIONS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2023

## INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Reinsurance Company Limited – Window Retakaful Operations  
Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the annexed financial statements of Pakistan Reinsurance Company Limited – Window Retakaful Operations (the Operator), which comprise the statement of financial position as at December 31, 2023, profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in fund for the year then ended, and notes to the financial statements, including material accounting policy information 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, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in fund together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit, total comprehensive income, its cash flows and the changes in fund for the year then ended.

### Basis for Qualified Opinion

#### 1. Unreconciled Balances

The Operator's amount due from other insurance companies on account of treaty and facultative business as appearing in note 8 in the annexed financial statements includes unreconciled gross amount of Rs 511,588 million and net amount of Rs. 498,982 million and that gross amount includes balance of related party M/s National Insurance Corporation Limited amounting to Rs. 8,833 million whose financial statements are not yet being issued after the year 2017 for litigation issues. Managements asserted that the reason for time lag in reconciliation is intimations and communications of the transactions which normally takes place after 3 to 4 months of transaction. The Operator is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

### Emphasis of Matters

1. We draw attention to the notes 8, 12, 13, 20, 28, 30, 35 and 38 to the financial statements, which reflect the transactions and balances relating to the Operator's proportional treaty retakaful business. Hitherto fore, no supporting documentation of the contributions and claims of the ceding takaful companies were made available to the auditors. However, during the year the management has developed some control mechanism over treaty proportional business contributions and claims which includes obtaining relevant information from ceding companies in support of periodic returns on random basis and performing ceding company wise analysis of treaty proportional business carried out with ceding companies as well as checking compliance of the treaty terms. However, this needs consistency and continuity of the internal control system over the years.

2. We draw attention to the note 27.1 to these financial statements which explains that notice was served by Sindh Revenue Board (SRB) in 2016 for non-filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance service provider by the Operator. Our opinion is not modified in respect of this matter.

Our opinion is not further modified in respect of the matters.

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

The 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 the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 is 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. *fl*

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion, except for the effects of the matter described in basis for qualified opinion section of our report:

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

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

**Other Matter**

The financial statements of the Operator for the year ended December 31, 2022 were audited by another firm of chartered accountants, who expressed disclaimer of opinion on those financial statements vide their report dated April 6, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.



Chartered Accountants

Karachi:

Dated: April 04, 2024

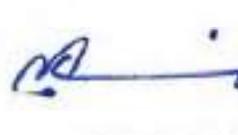
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PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023

	Note	Operator's Retakaful Fund		Participant's Retakaful fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Rupees					
<b>ASSETS</b>					
Investments	6	23,555,412	20,196,059	115,763,346	99,193,301
Other receivable	7	12,890,905	4,084,045	35,646,150	10,631,303
Takaful/retakaful receivables	8	-	-	578,298,812	502,633,943
Retakaful fund - net	9	78,055,762	-	-	14,683,246
Qard-e-Hassan to Participant's Retakaful Fund	10	300,000,000	300,000,000	-	-
Retakaful reserves against outstanding claims	11	-	-	229,093,419	230,780,709
Deferred wakalah fee	12	-	-	130,742,601	163,114,993
Deferred commission expense	13	114,413,327	103,795,712	-	-
Prepayments	14	-	-	165,833,810	87,331,654
Bank balances	15	489,832,604	111,537,025	1,669,936,933	1,310,117,782
<b>TOTAL ASSETS</b>		<b>1,018,749,119</b>	<b>539,612,841</b>	<b>2,925,193,371</b>	<b>2,159,508,739</b>
<b>FUND AND LIABILITIES</b>					
<b>FUNDS ATTRIBUTABLE TO:</b>					
Operator's Retakaful Fund					
Statutory fund	16	600,000,000	300,000,000	-	-
Reserves	17	182,914,618	86,965,642	-	-
Total Operator's Funds		<b>782,914,618</b>	<b>386,965,642</b>	-	-
Participant's Retakaful Fund					
Seed money	18	-	-	1,000,000	1,000,000
Reserves	17	-	-	1,093,476,832	445,084,170
Balance of Participant's Retakaful Fund		-	-	<b>1,094,476,832</b>	<b>446,084,170</b>
Qard-e-Hassan	10	-	-	<b>300,000,000</b>	<b>300,000,000</b>
		-	-	<b>1,394,476,832</b>	<b>746,084,170</b>
<b>LIABILITIES</b>					
Underwriting provisions					
Outstanding claims including IBNR	19	-	-	612,623,902	721,895,204
Unearned contribution reserves	20	-	-	653,713,006	515,574,963
Contribution deficiency reserve	21	-	-	-	-
		-	-	<b>1,266,336,908</b>	<b>1,237,440,167</b>
Unearned wakalah fee	12	130,742,601	103,114,993	-	-
Takaful/retakaful payable	22	-	-	186,292,079	175,951,712
Payable to Participant/ Operator's Retakaful Fund - net	9	34,898,043	-	-	-
Taxation - provision less payment	23	55,709,310	20,615,023	78,055,762	-
Deferred taxation	24	485,982	182,212	-	-
Other creditors and accruals	25	1,564,619	2,437,660	31,690	31,690
Payable to related party	26	12,733,937	11,674,665	-	-
<b>TOTAL LIABILITIES</b>		<b>235,834,452</b>	<b>132,507,399</b>	<b>1,530,716,439</b>	<b>1,413,434,569</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,018,749,119</b>	<b>539,612,841</b>	<b>2,925,193,371</b>	<b>2,159,508,739</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	27				

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

14







Chairman      Director      Director      Chief Executive Officer      Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED DECEMBER 31, 2023

		December 31, 2023	December 31, 2022
	Note	Rupees	
<b>Participant's Retakaful Fund</b>			
Contributions earned		1,379,231,674	1,079,281,056
Less: contributions ceded to retotakaful		(129,887,135)	(100,155,434)
Net contribution revenue	28	1,249,344,539	979,125,622
Wakala fee expense	29	(275,846,335)	(215,856,211)
Net underwriting income		973,498,204	763,269,411
Net claims - reported/ settled - IBNR	30	(435,568,023)	(501,892,882)
Reversal of contribution deficiency reserve		-	42,862,640
Surplus before investment income		537,930,181	304,239,169
Investment income	31	14,670,315	8,316,000
Other income	32	239,197,024	72,908,632
Less: Modarib's fees		(63,466,835)	(20,306,173)
Charge for doubtful contributions	8.1	(49,977,453)	(8,773,125)
Surplus before taxation		678,353,232	356,384,563
Taxation	34	(34,061,086)	(10,760,328)
Surplus transferred to accumulated surplus		644,292,146	345,624,235
<b>Operator's Retakaful Fund</b>			
Wakala fee income	29	275,846,335	215,856,211
Commission expense	35	(263,110,958)	(213,471,407)
General, administrative and management expenses	36	(21,767,791)	(15,746,091)
		(9,032,414)	(13,361,287)
Investment income	31	2,958,821	1,687,509
Other income	32	85,097,792	34,143,170
Modarib's fee	33	63,466,835	20,306,173
		151,523,448	56,136,852
Profit before taxation		142,491,034	42,775,565
Taxation	34	(47,022,041)	(12,404,914)
Profit after taxation attributable to shareholders		95,468,993	30,370,651

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



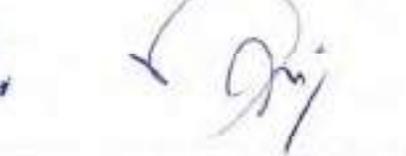


Chairman      Director      Director      Chief Executive Officer      Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees			
<b>Participants' Retakaful Fund</b>			
Surplus for the period		644,292,146	345,624,235
Other comprehensive income			
Item that may be subsequently reclassified to profit and loss account			
Unrealised gain on 'available for sale' investments - net of tax	6	4,100,516	2,311,982
Total comprehensive income for the year		<u>648,392,662</u>	<u>347,936,217</u>
<b>Operator's Retakaful Fund</b>			
Profit after taxation		95,468,993	30,370,651
Other comprehensive income for the year			
Item that may be subsequently reclassified to profit and loss account			
Unrealized gain on revaluation of available-for-sale investments		844,354	721,773
Deferred tax on gain on revaluation		(278,637)	(137,040)
Impact of change in tax rate		(25,133)	-
		540,584	584,733
Total comprehensive income for the year		<u>96,009,576</u>	<u>30,955,384</u>

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

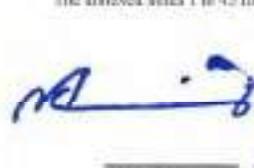
				
Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Rupees				
<b>OPERATING CASH FLOWS</b>				
<b>Retakaful activities</b>				
Contributions received	-	-	1,442,796,889	1,031,966,782
Retro takaful contribution paid	-	-	218,796,698	(83,120,716)
Benefits paid	-	-	(651,544,704)	(323,529,673)
Benefits recovered from retro takaful	-	-	108,452,669	27,954,638
Commission paid	(273,728,473)	(236,607,884)	-	-
Net cash inflow/outflow from retakaful activities	(273,728,473)	(236,607,884)	1,118,411,475	683,271,037
<b>Other operating activities</b>				
Income tax paid	(11,927,755)	(5,194,642)	(34,061,086)	(10,760,328)
Management expenses paid	(21,747,791)	(15,746,092)	-	-
Other operating receipts / (payments)	300,170,184	279,777,461	(765,928,882)	(290,859,689)
Net cash inflow/outflow (used in) other operating activities	266,494,638	258,836,727	(799,989,938)	(301,620,317)
<b>Total cash flow from all operating activities</b>	<b>(7,244,835)</b>	<b>22,228,843</b>	<b>318,421,534</b>	<b>381,650,720</b>
<b>Investment activities</b>				
Payment for investments made	(2,515,000)	(1,503,529)	(12,469,728)	(7,122,145)
Receipt of profit on bank deposits	85,097,792	34,143,170	239,197,024	72,908,632
Receipt of investment income	2,958,821	1,087,509	14,670,315	8,316,060
Increase in Statutory Fund	300,000,000	-	-	-
<b>Total cash flow from investing activities</b>	<b>388,541,613</b>	<b>34,527,150</b>	<b>241,397,611</b>	<b>-74,102,547</b>
<b>Financing activities</b>				
Card-o-bonus	-	(55,745,779)	-	55,745,779
<b>Total cash flow from financing activities</b>	<b>-</b>	<b>(55,745,779)</b>	<b>-</b>	<b>55,745,779</b>
Net cash inflow from all activities	378,296,778	1,010,214	559,819,145	511,499,046
Cash and cash equivalents at beginning of the year	111,537,026	110,525,812	1,110,117,788	598,618,743
Cash and cash equivalents at end of the year	489,833,804	111,537,026	1,669,936,933	1,110,117,788
<b>Reconciliation to profit and loss</b>				
Operating cash flows	(7,244,835)	22,228,843	318,421,534	381,650,720
Receipt of profit on bank deposits	85,097,792	34,143,170	239,197,024	72,908,632
Receipt of investment income	2,958,821	1,087,509	14,670,315	8,316,060
(Decrease) / increase in operating assets other than cash	97,480,137	24,491,986	89,295,143	431,557,951
(Increase) / decrease in operating liabilities	(47,728,636)	(44,970,545)	(117,291,879)	(548,805,127)
Other adjustments	-	-	-	-
Income tax paid	11,927,755	5,194,642	34,061,086	10,760,328
Profit before taxation	142,491,034	42,773,564	678,353,232	356,384,563
Provision for taxation	(47,822,041)	(12,403,914)	(34,061,086)	(10,760,328)
Profit after taxation	95,468,993	30,370,650	644,292,146	345,624,235

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

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Chairman      Director      Director      Chief Executive Officer      Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Statutory Fund	Attributable to Operator's Retakaful Fund			Total	
	Reserves		Total reserves		
	Capital	Revenue			
Unrealized gain on available for sale investment	Unappropriated profit				
Balance as at January 01, 2022	300,000,000	217,305	55,732,353	55,949,658	355,949,658
Unrealized gain on available for sale investments-net	-	584,733	-	584,733	584,733
Profit for the year	-	-	30,370,651	30,370,651	30,370,651
Balance as at December 31, 2022	300,000,000	802,038	86,103,004	86,905,042	386,905,042
Balance as at January 01, 2023	300,000,000	802,038	86,103,004	86,905,042	386,905,042
Increase in Statutory Fund	300,000,000	-	-	-	300,000,000
Unrealized gain on available for sale investments-net of tax	-	540,584	-	540,584	540,584
Profit for the year	-	-	93,468,993	93,468,993	93,468,993
Balance as at December 31, 2023	600,000,000	1,342,622	181,571,997	182,914,618	782,914,618

Seed money	Attributable to Participant's Retakaful Fund			Total	
	Reserves		Total reserves		
	Capital	Revenue			
Unrealized gain on available for sale investment	Accumulated (deficit) / surplus				
Balance as at January 01, 2022	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Total comprehensive income for the year	-	-	-	-	-
Unrealized gain on available for sale investments-net	-	2,311,982	-	2,311,982	2,311,982
Surplus for the year	-	-	345,624,235	345,624,235	345,624,235
Balance as at December 31, 2022	1,000,000	5,616,119	439,468,051	445,084,170	446,084,170
Balance as at January 01, 2023	1,000,000	5,616,119	439,468,051	445,084,170	446,084,170
Total comprehensive income for the year	-	-	-	-	-
Surplus for the year	-	-	644,292,146	644,292,146	644,292,146
Unrealized gain on available for sale investments-net	-	4,100,516	-	4,100,516	4,100,516
Balance as at December 31, 2023	1,000,000	9,716,635	1,083,760,197	1,093,476,832	1,094,476,832

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

 Chairman  
 Director  
 ZAKA  
 Chief Executive Officer  
 Chief Financial Officer

**PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared on the historical cost basis except for the available-for-sale investments that have been measured at fair value.

**2.3 Functional and presentation currency**

These financial statements have been presented in Pak Rupees which is also the functional and presentation currency of the Operator.

### 3 New Accounting Standards, Interpretations and amendments

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

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

Amendments to approved accounting standards:

Definition of Accounting Estimates - IAS 8

Disclosure of Accounting Policies - IAS 1 and IFRS Practice Statement 2

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - IAS 12

International Tax Reform-Pillar Two Model Rules - IAS 12

#### **IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4'**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

- a) IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
- b) Amendments to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

#### **Temporary Exemption from Application of IFRS 9**

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

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### 3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

	Effective date (Annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	
Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Disclosure: Supplier Finance Arrangement - Amendments to IAS 7	January 01, 2024
Sale or contribution of Assets between an investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	

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

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

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

## 4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

### 4.1 Retakaful contracts

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

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

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

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

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

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

#### **Fire and property damage**

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

#### **Marine, aviation and transport**

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

#### **Motor**

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

#### **Miscellaneous**

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

### **4.2 Retakaful surplus**

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

### **4.3 Qard-e-Hasna**

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

#### 4.4 Taxation

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

##### 4.4.1 Current

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

##### 4.4.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

#### 4.5 Revenue recognition

##### 4.5.1 Contribution

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

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

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

##### 4.5.2 Rebate From Retrotakaful Operator

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

##### 4.5.3 Investment income

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

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

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

#### 4.5.4 Receivables and payables related to Retakaful contracts

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

#### 4.6 Cash and cash equivalents

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

#### 4.7 Provisions

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

#### 4.8 Creditors, accruals and provisions

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

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

#### 4.9 Wakala fee

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

##### 4.9.1 Provision for unearned wakala fee

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

#### 4.10 Commission

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

##### 4.10.1 Commission income

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

##### 4.10.2 Deferred commission expense

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

#### 4.11 Statutory fund

Total amount of Rs. 600 million (2022: Rs. 300 million) is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in the separate bank account for Window Takaful business duly maintained in a scheduled bank.

#### 4.12 Contribution

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

##### 4.12.1 Provision for unearned contribution

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

#### 4.13 Retro-takaful ceded

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

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

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

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

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

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

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

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**4.15 Retro - takaful recoveries against outstanding claims**

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

**4.16 Off setting of financial assets and financial liabilities**

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

**4.17 Segment reporting**

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

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

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

**4.18 Investments**

**4.18.1 Classification and recognition**

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

These are recognized and classified as follows:

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

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

**4.18.2 Measurement**

**(a) Held for trading**

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

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

**(b) Held to maturity**

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

**(c) Available-for-sale**

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

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

**4.18.3 Impairment of financial assets**

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

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

**4.19 Impairment of non financial assets**

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

**4.20 Management expenses**

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

**4.21 Modarib's fee**

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

**4.22 Benefits**

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

**4.23 Receivables and payables related to retakaful contracts**

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

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

#### 4.24 Contribution deficiency reserve

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

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

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 5.1 Use of estimates and judgements

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

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

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

6 INVESTMENTS

Available for sale - Mutual Funds

	December 31, 2023					
	Operator's Fund			Participant's Retakaful Fund		
	Total cost of investment	Market value	Unrealized gain / (loss)	Total cost of investment	Market value	Unrealized gain / (loss)
Al-Haram Islamic Income Fund	4,378,133	4,776,081	397,948	21,013,798	23,003,390	1,989,592
Al-Aman Islamic Sovereign Fund -Class-C	2,291,491	2,503,443	204,952	4,036,160	4,817,841	801,681
Al-Aman Islamic Cash Fund	2,014,837	2,188,280	173,443	17,421,341	18,303,106	1,482,065
NBP Islamic Mahana Amanah Fund (Formerly: NBP Amanah Mahana Amanah Fund)	4,368,607	4,750,688	381,881	21,464,600	22,325,164	1,860,564
Abi Islamic Income Fund	4,261,685	4,348,412	86,728	20,944,470	21,373,882	1,429,412
Musam Waqaf Amanah Fund - Growth	4,261,477	4,261,492	15	23,328,104	23,328,175	70
	<u>22,082,240</u>	<u>23,559,412</u>	<u>1,472,672</u>	<u>88,738,175</u>	<u>93,763,546</u>	<u>5,025,371</u>

	December 31, 2022					
	Operator's Fund			Participant's Retakaful Fund		
	Total cost of investment	Market value	Unrealized gain / (loss)	Total cost of investment	Market value	Unrealized gain / (loss)
Al-Haram Islamic Income Fund	3,302,248	4,481,743	1,179,494	16,181,891	16,667,834	485,943
Al-Aman Islamic Sovereign Fund -Class-C	2,050,555	2,148,748	98,192	3,634,308	3,791,908	157,600
Al-Aman Islamic Cash Fund	1,775,645	1,861,840	86,195	15,254,648	16,084,032	729,384
NBP Islamic Mahana Amanah Fund (Formerly: NBP Amanah Mahana Amanah Fund)	3,879,668	4,064,278	184,610	19,071,300	19,317,200	245,900
Abi Islamic Income Fund	3,271,026	3,361,049	89,723	19,024,730	19,480,741	456,011
Musam Waqaf Amanah Fund - Growth	4,078,899	4,078,764	(135)	19,991,588	19,991,517	(71)
	<u>19,567,741</u>	<u>20,195,048</u>	<u>678,217</u>	<u>86,268,637</u>	<u>88,103,293</u>	<u>1,824,651</u>

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

7 OTHER RECEIVABLES

Loan to employee	1,099,904	160,000	-	-
Accrued markup on bank deposits	11,791,901	3,924,045	35,646,158	10,631,103
	<u>12,891,805</u>	<u>4,084,045</u>	<u>35,646,158</u>	<u>10,631,103</u>

Participant's Retakaful Fund	
December 31, 2023	December 31, 2022

Note

8 TAKAFUL/ RETAKAFUL RECEIVABLES

Due from takaful participants holders				
Treaty retakaful			489,478,687	361,612,636
Facultative retakaful			151,529,115	154,844,846
			<u>641,007,802</u>	<u>516,457,482</u>
Less: provision for doubtful debts	8.1		(62,798,990)	(12,821,537)
			<u>578,208,812</u>	<u>503,635,945</u>

8.1 Movement of provision for doubtful debts

Opening balance			12,821,537	4,048,412
Provisions made during the period			49,977,453	8,773,125
Closing balance			<u>62,798,990</u>	<u>12,821,537</u>

9 RECEIVABLE/ PAYABLE (Current account) between OPF and PTF

	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Amount (payable) to /receivable from					
Participant's Retakaful Fund	9.1	(15,156,543)	(10,419,249)	15,156,543	35,419,289
Wakala fee	9.2	303,413,942	241,037,755	(303,473,943)	(241,037,755)
Muslim's share of participant's retakaful fund investment income and bank profit	9.3	63,466,835	70,306,175	(63,466,835)	(70,306,175)
Commission payable		(273,728,473)	(238,607,884)	273,728,473	238,607,884
		<u>78,995,762</u>	<u>(14,683,246)</u>	<u>(78,995,762)</u>	<u>14,683,246</u>

- 9.1 The amount is payable by the Operator to Participant's Retakaful Fund related to contribution received by the Operator from takaful participants.
- 9.2 It represents the amount receivable from Participant's Retakaful Fund related to wakala fee charged at 20% (2022: 20%) of gross contribution written amounted to Rs. 303,473,943 (2022: Rs. 241,037,755).
- 9.3 It represents Mudarib fee receivable against managing the investments and funds of participants at the rate 25% of all investment income and profit on bank deposits.

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Rupees

## 10 QARD-E-HASNA

Balance at the beginning of the year	300,000,000	244,254,221	(300,000,000)	(244,254,221)
Qard-e-hasna transferred from GFP during the year	-	300,000,000	-	(100,000,000)
Qard-e-hasna returned by PTF during the year	-	(244,254,221)	-	244,254,221
Balance at the end of the year	<u>300,000,000</u>	<u>300,000,000</u>	<u>(300,000,000)</u>	<u>(100,000,000)</u>

### Participant's Retakaful Fund

December 31, 2023	December 31, 2022
-------------------	-------------------

Rupees

## 11 RETAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS

Balance at beginning of the year	230,780,709	29,382,727
Charge for the year	106,735,379	229,352,620
Received during the year	(108,452,669)	(27,954,638)
Balance at the end of the year	<u>229,063,419</u>	<u>230,780,709</u>

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Note

Rupees

## 12 DEFERRED / UNEARNED WAKALA FEE

Facultative business	12.1	13,759,587	6,458,554	13,759,587	6,458,554
Treaty		116,983,015	96,656,439	116,983,015	96,656,439
		<u>130,742,601</u>	<u>103,114,993</u>	<u>130,742,601</u>	<u>103,114,993</u>

### 12.1 Facultative business

Fire	8,755,011	5,175,445	8,755,011	5,175,445
Marine cargo	29,088	6,816	29,088	6,816
Marine Hull	-	29,644	-	29,644
Accident	537,071	561,555	537,071	561,555
Aviation	161,976	-	161,976	-
Engineering	4,276,441	685,094	4,276,441	685,094
	<u>13,759,587</u>	<u>6,458,554</u>	<u>13,759,587</u>	<u>6,458,554</u>

		Participant's Retakaful Fund	
		December 31, 2023	December 31, 2022
		-----Rupees-----	
13	<b>DEFERRED COMMISSION EXPENSE</b>	Note	
	Facultative business Treaty	13.1	2,781,948 111,631,279 <u>114,413,227</u>
			2,437,160 101,358,552 <u>103,795,712</u>
13.1	<b>Facultative business</b>		
	Fire		2,591,119
	Marine Cargo		7,273
	Marine Hull		-
	Accident		116,779
	Engineering		66,777
			<u>2,781,948</u>
			<u>2,437,160</u>
14	<b>PREPAYMENTS</b>		
	Treaty business		
	Prepaid retakaful contribution ceded	-	<u>165,831,819</u>
		-	<u>87,351,654</u>
15	<b>BANK BALANCES</b>		
	Cash at bank in:		
	Saving accounts	15.1	489,833,804 111,537,025 <u>1,669,936,933</u>
			<u>1,110,117,788</u>

15.1 Markup on profit and loss sharing account ranging from 18% to 20% (2022 : 14% to 16 %) per annum.

#### 16 STATUTORY FUND

Total amount of Rs. 600 million (2022: Rs.300 million) is deposited by the Operator as statutory fund to comply with the provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

		Operator's Retakaful Fund		Participant's Retakaful Fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		-----Rupees-----			
17	<b>RESERVES</b>				
	Revenue Reserves				
	Unappropriated profit	181,571,997	86,103,004	1,083,763,197	439,468,051
	Capital Reserves				
	Unrealized gain on available for sale investment	<u>1,342,622</u>	<u>802,038</u>	<u>9,715,635</u>	<u>5,610,119</u>
		<u>182,914,619</u>	<u>86,905,042</u>	<u>1,093,478,832</u>	<u>445,084,170</u>
18	<b>SEED MONEY</b>				

It represents the initial amount deposited by the Operator of Rs. 1,000,000 in Waqf fund to create a Participant's Retakaful Fund.

		Participant's Retakaful Fund	
		December 31, 2023	December 31, 2022
		Rupees	
19	<b>OUTSTANDING CLAIMS INCLUDING IBNR</b>	Note	
	Facultative business	19.1	95,757,455
	Treaty		96,848,533
			<u>516,866,447</u>
		19.2	<u>612,623,902</u>
19.1	<b>Facultative business</b>		
	Fire		84,527,963
	Marine cargo		83,479,953
	Marine hull		99,137
	Accident		80,537
	Engineering		-
			65,359
			<u>2,817,282</u>
			<u>8,313,073</u>
			<u>95,757,455</u>
			<u>96,848,533</u>

- 19.2 The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, on May 30, 2017, SECP issued separate guidelines for the Operator for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Operator, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) and it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding companies shared their IBNR Claim Reserves. The Operator recorded Facultative and Treaty IBNR claim reserves on basis of actuarial valuation dated March 26, 2023 which amounts to Rs. 11.036 million and Rs. Nil respectively.

		Participant's Retakaful Fund	
		December 31, 2023	December 31, 2022
		Rupees	
20	<b>UNEARNED CONTRIBUTION RESERVES</b>	Note	
	Facultative business	20.1	68,797,933
	Treaty		32,292,770
			<u>584,915,073</u>
			<u>653,713,006</u>
			<u>515,574,963</u>

V

		Participant's Retakaful Fund	
		December 31, 2023	December 31, 2022
		-----Rupees-----	
<b>20.1</b>	<b>Facultative business</b>		
	Fire	43,775,053	25,877,225
	Marine cargo	145,438	34,081
	Marine hull	-	148,222
	Accident	2,685,353	2,807,774
	Aviation	809,882	-
	Engineering	21,382,207	3,425,468
		<u>68,797,933</u>	<u>32,292,770</u>
<b>20.2</b>	<b>Treaty</b>		
	Proportional	529,489,816	436,019,476
	Non-proportional	55,425,257	47,262,717
		<u>584,915,073</u>	<u>483,282,193</u>
<b>21</b>	<b>CONTRIBUTION DEFICIENCY RESERVES</b>		
	Fire	-	-
	Marine cargo	-	-
	Proportional treaty	-	-
	Non proportional treaty	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>21.1</b>	<b>Movement of contribution deficiency reserve</b>		
	Balance at beginning of the year	-	42,862,640
	Reversal during the year	-	(42,862,640)
	Balance at end of the year	<u>-</u>	<u>-</u>
<b>22</b>	<b>TAKAFUL/ RETAKAFUL PAYABLES</b>		
	Retakaful contribution payable	<u>186,292,079</u>	<u>175,952,712</u>

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	-----Rupees-----			
<b>23</b>	<b>TAXATION- PROVISION LESS PAYMENT</b>			
	(28,613,023)	(13,404,751)	-	-
Balance at beginning of the period/year				
Income tax deducted at source on dividend income	443,821	246,937	2,200,587	1,193,917
Income tax deducted at source on bank profit	11,483,932	4,947,705	31,800,499	9,266,411
Payment of income tax	11,927,753	5,194,642	34,061,086	10,760,328
Provision for current tax	(47,022,041)	(12,404,714)	(34,061,086)	(10,760,328)
Balance at end of the period/year	<u>(55,709,310)</u>	<u>(18,615,823)</u>	<u>-</u>	<u>-</u>

Participant's Retakaful Fund	
December 31, 2023	December 31, 2022

Note

Rupees

24 DEFERRED TAX ASSET / (LIABILITY)

Opening balance	182,212	319,252
Deductible temporary differences on Unrealized loss on available for sale investments		
Taxable temporary differences Unrealized gain on available for sale investments	303,770	137,040
	<u>485,982</u>	<u>182,212</u>

25 OTHER CREDITORS AND ACCRUALS

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Officers association payable	20,800	20,800	-	-
Employee income tax payable	363,464	363,464	-	-
PRCL employees professional tax payable	2,000	2,000	-	-
Sindh sales tax payable	25,872	11,990	3,960	3,960
Income tax deducted at source	73,378	-	26,730	26,730
Audit fee payable	853,590	975,800	-	-
Miscellaneous creditors/Accrued Expenses				
	225,605	1,063,606	1,000	1,000
	<u>1,264,619</u>	<u>2,437,660</u>	<u>31,690</u>	<u>31,690</u>

26 PAYABLE TO RELATED PARTY

Pakistan Reinsurance Company Limited	26.1	<u>12,733,937</u>	<u>11,674,667</u>	-	-
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26.1 Payable in respect of

Income tax	1,869,425	1,884,393	-	-
Salaries	10,102,241	9,028,001	-	-
BONUS	762,271	762,271	-	-
	<u>12,733,937</u>	<u>11,674,665</u>	-	-

27 CONTINGENCIES AND COMMITMENTS

27.1 The Operator was served with a notice by Sindh Revenue Board (SRB) in 2016 for non filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance services provided by the Operator. Pakistan Reinsurance Company Ltd has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit or loss would be to Rs. 158.672 million pertaining to the 2023 (2022: Rs. 156.6 millions) on retakaful operations excluding any additional penalty or default surcharge.

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

Participant's Retakaful Fund	
December 31, 2023	December 31, 2022

Note

Rupees

28 NET CONTRIBUTION REVENUE

Written gross contribution	1,517,369,717	1,205,188,774
Add: unearned contribution reserve opening	515,574,963	389,667,246
Less: unearned contribution reserve closing	(653,713,006)	(515,574,963)
Contribution earned	1,379,231,674	1,079,281,056
Retakaful contribution ceded	208,367,291	111,138,241
Add: prepaid retakaful contribution opening	87,351,654	76,368,847
Less: prepaid retakaful contribution closing	(165,831,810)	(87,351,654)
Retakaful expense	(129,887,135)	(100,155,434)
	1,249,344,539	979,125,622

29 WAKALA FEE

Gross wakala fee	303,473,943	241,037,753
Add: unearned wakala fee opening	103,114,993	77,933,449
Less: unearned wakala fee closing	(130,742,601)	(103,114,993)
	275,846,335	215,856,211

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

30 NET CLAIMS - REPORTED / SETTLED INCLUDING IBNR

Benefits/ claims paid	651,544,704	323,529,673
Less: outstanding benefits/ claims including IBNR - opening	(721,865,204)	(314,149,375)
Add: outstanding benefits / claims including IBNR - closing	612,623,902	721,865,204
Claims expense	542,303,402	731,245,502
Retakaful and other recoveries received	108,452,669	27,954,638
Add: retakaful and other recoveries received- opening	(230,780,709)	(29,382,727)
Less: retakaful and other recoveries received- closing	229,063,419	230,780,709
Retakaful and other recoveries revenue	(106,735,379)	(229,352,620)
Net claims expenses	435,568,023	501,892,832

30.1 Claim development table

The Company maintains adequate reserves in respect of its retakaful 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 retakaful.

Accident year	2019	2020	2021	2022	2023	Total
Example of ultimate claims cost						
-At the end of accident year	4,211,048.00	25,177,378	12,963,881	18,998,199	1,192,622,200	1,249,235,016
-One year later	8,819,796.00	24,001,127	17,798,233	21,996,319	-	31,035,345
-Two years later	7,184,805.88	24,400,172	18,483,249	-	-	90,988,234
-Three years later	7,185,377.88	24,381,561	-	-	-	31,666,839
-Four years later	7,185,377.88	-	-	-	-	7,185,378
Gross ultimate of cumulative claims	2,485,338	21,481,301	18,483,249	31,994,519	1,192,622,200	1,267,066,607
Cumulative payments to date	-	9,245,529	5,269,348	88,488	616,894,158	631,598,714
Liability recognized in the statement of financial position	2,085,338	15,235,772	13,213,901	21,297,831	575,728,042	617,671,982

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>31 INVESTMENT INCOME</b>	Note -----Rupees-----			
<b>Income from equity securities- available for sale</b>				
Dividend income	2,958,831	1,687,509	14,670,315	8,314,060
<b>32 OTHER INCOME</b>				
Profit on bank deposits	85,097,791	34,143,170	239,197,024	72,908,632
<b>33 MODARIB'S FEE</b>				
Investment income earned	14,670,315	8,314,060	(14,670,315)	(8,314,060)
Profit on bank deposits	239,197,024	72,908,632	(239,197,024)	(72,908,632)
	<u>253,867,339</u>	<u>81,224,692</u>	<u>(253,867,339)</u>	<u>(81,224,692)</u>
Modarib' share of income	<u>63,466,835</u>	<u>20,305,172</u>	<u>(63,466,835)</u>	<u>(20,305,172)</u>

33.1 The Operator of the Window Retakaful manage the participant's investments as a Modarib and charge 25% of Modarib's share of the investment income earned and profit on bank deposits by the Participant's Retakaful Fund.

<b>34 TAXATION</b>				
Current tax	47,022,041	12,404,914	34,061,086	10,760,328
	<u>47,022,041</u>	<u>12,404,914</u>	<u>34,061,086</u>	<u>10,760,328</u>

**34.1 Relationship between tax expense and accounting profit**

Profit before tax	142,491,034	42,775,565	-	-
Tax at the applicable rate of 33% (2022: 20%)	47,022,041	12,404,914	-	-
Tax effect of income that are deductible in determining the taxable profit	-	-	34,061,086	10,760,328
Change for the year	<u>47,022,041</u>	<u>12,404,914</u>	<u>34,061,086</u>	<u>10,760,328</u>

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	-----Rupees-----			
Applicable tax rate	33%	29%		
Tax effects of amount that are:				
Permanent difference	0%	0%		
Effective tax rate	<u>33%</u>	<u>29%</u>		

	Operator's Retakaful Fund	
	December 31, 2023	December 31, 2022
<b>35 COMMISSION EXPENSE</b>	Note -----Rupees-----	
Commission paid or payable	273,728,473	236,607,884
Add: deferred commission expense opening	103,795,712	80,659,235
Less: deferred commission expense closing	(114,413,227)	(103,795,712)
	<u>263,110,958</u>	<u>213,471,407</u>

Operator's Retakaful Fund	
December 31, 2023	December 31, 2022

Note

-----Rupees-----

**36 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES**

Salaries, allowance and other benefits  
 Shariah advisor fee  
 Auditor's remuneration  
 Others

36.1

17,871,830	13,506,827
3,167,911	1,573,605
717,800	590,000
10,250	75,659
<u>21,767,791</u>	<u>15,746,091</u>

**36.1 Auditor's remuneration**

Half yearly review  
 Annual audit fee  
 Shariah audit fee  
 Regulatory returns  
 Out of pocket expense

110,000	108,000
200,000	162,000
137,500	135,000
137,500	135,000
132,800	50,000
<u>717,800</u>	<u>590,000</u>

**37 NUMBER OF EMPLOYEES**

Number of employees at the year end

2023	2022
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6	2
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Average number of employees during the year

6	2
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## 38 SEGMENT REPORTING

## PARTICIPANT'S RETAKAFUL FUND

For the year ended December 31, 2023

	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
-----Rupees-----						
Gross written contribution	172,206,794	1,921,887	8,525,353	1,215,718,138	118,997,545	1,517,369,717
Unearned contribution-opening	29,302,693	182,303	2,807,774	436,019,476	47,262,717	515,574,963
Unearned contribution-closing	(65,967,142)	(145,438)	(2,685,323)	(579,489,816)	(55,425,257)	(653,713,006)
Contribution earned	135,542,345	1,958,752	8,647,774	1,122,247,798	110,835,005	1,379,231,674
Retakaful-Ceded	-	-	-	-	208,367,291	208,367,291
Prepaid retakaful-opening	-	-	-	-	87,351,654	87,351,654
Prepaid retakaful-closing	-	-	-	-	(165,831,810)	(165,831,810)
Retakaful expenses	-	-	-	-	129,887,135	129,887,135
Net contribution	135,542,345	1,958,752	8,647,774	1,122,247,798	(19,052,130)	1,249,344,539
Rebate	-	-	-	-	-	-
Net underwriting income (A)	135,542,345	1,958,752	8,647,774	1,122,247,798	(19,052,130)	1,249,344,539
Benefits paid	14,699,728	-	-	630,235,271	6,609,705	651,544,704
Outstanding benefits/claims-opening	(92,981,163)	(145,896)	(3,721,474)	(563,892,991)	(61,123,680)	(721,865,204)
Outstanding benefits/claims-closing	92,841,056	99,137	2,817,282	504,075,570	12,790,877	612,623,902
Claims expenses	14,559,601	(46,759)	(904,192)	570,417,850	(41,723,098)	542,303,402
Retakaful recoveries received	-	-	-	-	108,452,669	108,452,669
Retakaful recoveries against outstanding claims-opening	-	-	-	-	-	-
Retakaful recoveries against outstanding claims-closing	-	-	-	-	(230,780,709)	(230,780,709)
Retakaful recoveries against outstanding claims-closing	-	-	-	-	229,063,419	229,063,419
Retakaful recoveries revenue	-	-	-	-	106,735,379	106,735,379
Net benefit expenses	(14,559,601)	46,759	904,192	(570,417,850)	148,458,477	(435,568,023)
Wakala fee	(27,108,469)	(391,750)	(1,729,555)	(224,469,560)	(22,167,001)	(275,846,335)
Contribution deficiency expense	-	-	-	-	-	-
Net benefits and expenses (B)	(41,668,070)	(344,991)	(825,363)	(794,867,410)	126,291,476	(711,414,358)
Underwriting results (C=A-B)	93,874,275	1,613,761	7,822,411	327,380,388	107,239,346	537,930,181
Profit on bank deposits	-	-	-	-	-	239,197,024
Mudarib share of PTF investment income and bank profit	-	-	-	-	-	(63,466,835)
Dividend Income	-	-	-	-	-	14,670,315
Surplus before tax	-	-	-	-	-	728,330,685

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For the year ended December 31, 2023

	Rupes					
	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
Segment assets	13,193,428	29,088	537,071	105,897,963	240,148,470	359,806,020
Unallocated assets						2,565,387,251
Total assets						<u>2,925,193,271</u>
Segment liabilities	158,808,178	244,575	5,502,635	1,033,565,386	68,216,134	1,266,336,908
Unallocated liabilities						264,379,531
Total liabilities						<u>1,530,716,439</u>
<b>OPERATOR'S RETAKAFUL FUND</b>						
Wakals fee	27,108,469	391,750	1,729,555	224,449,569	22,167,001	275,846,335
Commission	(8,602,376)	(155,456)	(406,300)	(253,939,214)	(7,612)	(263,110,958)
Management expenses	(2,139,204)	(30,914)	(136,484)	(17,711,930)	(1,749,259)	(21,767,791)
Segment results	16,366,889	205,380	1,186,771	(47,201,584)	20,410,130	(9,032,414)
Profit on bank deposits						85,097,792
Dividend income						2,958,821
Modarib share of PTF investment income and bank profit						63,466,833
<b>Profit before tax</b>						<u>142,491,034</u>
Segment assets	2,657,896	7,273	116,779	111,631,279	-	114,413,227
Unallocated assets						904,335,883
Total assets						<u>1,018,749,110</u>
Segment Liabilities	13,193,428	29,088	537,071	105,897,963	11,085,051	130,742,601
Unallocated Liabilities						105,091,891
Total liabilities						<u>235,834,492</u>

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**PARTICIPANT'S RETAKAFUL FUND**

For the year ended December 31, 2022

	Rupees					
	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
Gross written contribution	106,944,159	1,571,272	10,238,415	987,304,172	99,130,755	1,205,188,773
Unearned contribution-opening	24,440,157	69,993	2,798,933	317,065,833	45,292,330	389,667,246
Unearned contribution-closing	(29,302,693)	(182,303)	(2,807,774)	(436,079,476)	(47,262,317)	(515,574,963)
<b>Contribution Earned</b>	102,081,623	1,458,962	10,229,574	868,350,529	97,160,368	1,079,281,056
Retakaful-cced	-	-	-	-	111,138,241	111,138,241
Prepaid Retakaful-opening	-	-	-	-	76,368,847	76,368,847
Prepaid Retakaful-closing	-	-	-	-	(87,351,654)	(87,351,654)
<b>Retakaful Expenses</b>	-	-	-	-	100,155,434	100,155,434
Net contribution	102,081,623	1,458,962	10,229,574	868,350,529	(2,995,066)	979,125,622
<b>Net underwriting income (A)</b>	102,081,623	1,458,962	10,229,574	868,350,529	(2,995,066)	979,125,622
Benefits/claims paid	10,780,549	-	1,281,345	265,630,453	45,836,826	323,529,673
Outstanding benefits/claims-opening	(70,940,750)	(136,745)	(4,902,131)	(204,908,354)	(33,261,396)	(314,149,376)
Outstanding benefits/claims-closing	92,981,163	145,896	3,721,474	563,892,991	61,123,680	721,865,204
<b>Claims expenses</b>	32,820,962	9,151	101,188	624,675,090	73,699,110	731,245,501
Retakaful recoveries received	-	-	-	-	27,954,638	27,954,638
Retakaful recoveries against outstanding claims-opening	-	-	-	-	(29,382,727)	(29,382,727)
Retakaful recoveries against outstanding claims-closing	-	-	-	-	230,780,709	230,780,709
<b>Benefits recovered from retro takaful</b>	-	-	-	-	229,352,620	229,352,620
Net benefit expenses	32,820,962	9,151	101,188	624,675,090	(155,653,510)	501,892,881
Wakala Fee	20,416,325	291,792	2,045,915	175,670,106	19,432,074	215,856,211
Contribution deficiency expense	-	-	-	-	-	-
<b>Net benefits and expenses (B)</b>	53,237,287	300,943	2,147,103	798,245,196	(136,221,436)	717,749,092
<b>Underwriting results (C=A-B)</b>	48,844,336	1,158,019	8,082,471	70,065,334	133,226,370	261,376,530
Profit on bank deposits	-	-	-	-	-	72,908,632
Dividend income	-	-	-	-	-	8,316,060
Modarib share of PTF investment income and bank profit	-	-	-	-	-	(20,306,173)
Contribution deficiency reserved	-	-	-	-	-	42,862,640
Reversal for doubtful contributions	-	-	-	-	-	(8,773,125)
<b>Surplus before tax</b>	-	-	-	-	-	356,384,563

For the year ended December 31, 2021.

	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
Segment assets	102,081,623	1,458,062	10,229,574	868,530,529	(2,995,066)	979,125,622
Unallocated assets						1,180,383,116
						<u>2,159,508,739</u>
Segment liabilities	53,237,287	300,943	2,147,103	798,285,196	(136,221,436)	717,749,092
Unallocated liabilities						695,675,477
						<u>1,413,424,569</u>
<b>OPERATOR'S RETAKAFUL FUND</b>						
Wakala Fee	20,416,325	291,792	2,045,915	173,670,106	19,432,074	215,856,211
Commission	(10,387,829)	(135,075)	(507,477)	(182,069,175)	(20,371,851)	(213,471,407)
Management Expenses	(1,489,312)	(21,285)	(149,244)	(12,068,736)	(1,417,514)	(15,746,091)
Segment Results	8,539,184	135,432	1,389,194	(21,067,805)	(2,357,291)	(13,361,287)
Profit on bank deposits						34,143,170
Mudarib share of PTF investment income and bank profit						1,687,509
Dividend Income						20,306,173
<b>Profit before tax</b>						<u>42,775,566</u>
Segment Assets						539,612,841
Unallocated Assets						<u>539,612,841</u>
Segment Liabilities						152,707,799
Unallocated Liabilities						<u>152,707,799</u>

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2023	
Operator's Retakaful Fund	Participant's Retakaful Fund
Available for sale	
Rupees	

**39 MOVEMENT IN INVESTMENTS**

At beginning of previous year	18,307,796	89,759,175
Additions	1,303,529	7,122,145
Fair value (loss) / gain - net	584,733	2,311,982
At beginning of current year	20,196,058	99,193,302
Additions	2,515,000	12,469,728
Fair value gain - net	844,354	4,100,516
At end of current year	23,555,412	115,763,546

**40 MANAGEMENT OF RETAKAFUL AND FINANCIAL RISK**

The risks involved with financial instruments and the Operator's approach to managing such risks are as follow:

**40.1 Retakaful risk**

The risk under a Retakaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting benefits. By the very nature of a Retakaful contract, it is random and therefore unpredictable. The principal risk faced under such contract is that, the occurrence of the covered events and the severity of reported benefits. The Operator's risk profile is improved by diversification of these risk of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subject.

The Operator principally issues the general Retakaful cover. Risks under these policies usually cover a twelve month duration.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

**Frequency and severity of benefits**

Risk associated with general Retakaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the Retakaful events. This has been managed by underwriting strategy, retakaful arrangements and proactive benefit handling procedures.

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

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

### Uncertainty in the estimation of future benefits payment

Benefits on general Retakaful contracts are payable on a benefit occurrence basis. The Participant Retakaful is liable for all covered events that occur during the term of the Retakaful contract including the event reported after the expiry of the Retakaful contract term.

An estimated amount of the benefit is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the benefits.

There are several variable factors which affect the amount and timing of recognized benefit liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of benefit settlements. However, uncertainty prevails with estimated benefit liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

#### 40.2 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge its obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements. Further, management monitors exposure to credit risk through review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continuously assessing the credit worthiness of counter parties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements.

The management monitors and limits the company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		2023	2022	2023	2022
		-----Rupees-----			
Bank balances	15	489,833,804	111,537,025	1,669,936,833	1,110,117,788
Takaful / retakaful receivables	8	-	-	578,708,812	503,635,945
Accrued markup on bank deposit	7	11,791,001	3,924,045	35,646,150	10,611,103
Loan to employees	7	1,059,904	160,000	-	-
Receivable from Participant's Retakaful Fund / Operator's Retakaful Fund - net	9	78,055,762	(14,683,246)	(78,055,762)	14,683,246

The Company did not hold any collateral against the above during the year. General provision is made for takaful / retakaful receivables and other receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

The credit quality of the bank in which Operator maintained its own and Participant's Funds' bank balance and markup on bank deposits accrued can be assessed below with reference to external credit ratings.

Rating		Rating Agency	Operator's Retakaful Fund	Participant's Retakaful Fund
Short Term	Long Term		Amount in Rs.	
A-1+	AAA	JCR-VIS	10,116,164	82,881,095
A-1	A+	JCR-VIS	519,373	1,293
A-1+	AA	JCR-VIS	479,198,267	1,587,054,545
			<u>489,833,804</u>	<u>1,669,936,933</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provision for doubtful receivables.

The credit quality of customers from whom the amount of retakaful receivables can be assessed with reference to external credit ratings.

	Amount Receivable in Rs.
A or above	
Others	641,007,802
	<u>641,007,802</u>

#### 40.3 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, no amount has been impaired.

#### 40.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator 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 Operator'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 stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities on the basis of an undiscounted cash flow;

Operator's Retakaful Fund	Carrying amount	Contractual cash flows	Maturity up to one year
	Rupees		
<b>2023</b>			
Financial liabilities:			
Other creditors and accruals	1,564,619	1,564,619	1,564,619
	<u>1,564,619</u>	<u>1,564,619</u>	<u>1,564,619</u>
<b>2022</b>			
Financial liabilities:			
Payable to Participant Retakaful Fund-net	14,683,246	14,683,246	14,683,246
Other creditors and accruals	2,437,660	2,437,660	2,437,660
	<u>17,120,906</u>	<u>17,120,906</u>	<u>17,120,906</u>
<b>Participant's Retakaful Fund</b>			
<b>2023</b>			
Financial liabilities:			
Outstanding claims including IBNR	612,623,902	612,623,902	612,623,902
Takaful/ retakaful payables	186,292,079	186,292,079	186,292,079
Other creditors and accruals	31,690	31,690	31,690
	<u>798,947,671</u>	<u>798,947,671</u>	<u>798,947,671</u>
<b>2022</b>			
Financial liabilities:			
Outstanding claims including IBNR	721,865,204	721,865,204	721,865,204
Takaful/ retakaful payables	175,952,712	175,952,712	175,952,712
Other creditors and accruals	31,690	31,690	31,690
	<u>897,849,606</u>	<u>897,849,606</u>	<u>897,849,606</u>

#### 40.5 Market risk

Market risk is a risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the portfolio and by following the internal guidelines established by the relevant committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

##### 40.5.1 Profit/interest rate risk

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

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The information about the Operator's and Participant's Retakaful fund to interest rate risk based on contractual repricing or maturity dates whichever earlier is as follows:

**OPERATOR'S RETAKAFUL**

2023	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest /	Total
		Maturity up to one year	Maturity over one year	Sub total	mark-up bearing financial instruments	
<u>Rupees</u>						
Financial assets						
Bank balances	9% to 10%	489,833,804	-	489,833,804	-	489,833,804
Investments		-	-	-	23,555,412	23,555,412
Other receivable		-	-	-	12,890,905	12,890,905
Subtotal		489,833,804	-	489,833,804	36,446,317	526,280,121
Financial liabilities						
Other creditors and accruals		-	-	-	1,564,619	1,564,619
Subtotal		-	-	-	1,564,619	1,564,619
		489,833,804	-	489,833,804	34,881,698	524,715,502
On balance sheet sensitivity gap		489,833,804	-	489,833,804	34,881,698	

2022	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest /	Total
		Maturity up to one year	Maturity over one year	Sub total	mark-up bearing financial instruments	
<u>Rupees</u>						
Financial assets						
Bank balances	9% to 10%	111,537,025	-	111,537,025	-	111,537,025
Investments		-	-	-	20,196,059	20,196,059
Other receivables		-	-	-	4,084,045	4,084,045
Subtotal		111,537,025	-	111,537,025	24,280,104	135,817,129
Financial liabilities						
Insurance / reinsurance payables		-	-	-	14,683,246	14,683,246
Other creditors and accruals		-	-	-	2,437,660	2,437,660
Subtotal		-	-	-	17,120,906	17,120,906
		111,537,025	-	111,537,025	7,159,198	118,696,225
On balance sheet sensitivity gap		111,537,025	-	111,537,025	7,159,198	

**PARTICIPANT'S**

2023	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
<b>Rupees</b>						
Financial assets						
Bank balances	3% to 6%	1,669,936,933	-	1,669,936,933	-	1,669,936,933
Investments		-	-	-	115,763,546	115,763,546
Other receivable		-	-	-	35,646,150	35,646,150
Receivable from Operator's Retakaful Fund - net		-	-	-	-	-
Takaful / retakaful receivables		-	-	-	578,208,812	578,208,812
Subtotal		1,669,936,933	-	1,669,936,933	729,618,508	2,399,555,441
Financial liabilities						
Outstanding claims including IBNR		-	-	-	299,136,344	299,136,344
Takaful / retakaful payables		-	-	-	58,819,041	58,819,041
Payable to Operator's Retakaful Fund		-	-	-	29,557,577	29,557,577
Other creditors and accruals		-	-	-	1,000	1,000
Subtotal		-	-	-	387,513,962	387,513,962
		1,669,936,933	-	1,669,936,933	342,104,547	2,012,041,479
On balance sheet sensitivity gap		1,669,936,933	-	1,669,936,933	342,104,547	
<b>Rupees</b>						
<hr/>						
2022	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
<b>Rupees</b>						
Financial assets						
Bank balances	3% to 6%	1,110,117,788	-	1,110,117,788	-	1,110,117,788
Investments		-	-	-	99,193,301	99,193,301
Other receivable		-	-	-	10,631,103	10,631,103
Receivable from Operator's Retakaful Fund - net		-	-	-	-	-
Takaful / retakaful receivables		-	-	-	14,683,246	14,683,246
Subtotal		1,110,117,788	-	1,110,117,788	503,635,945	1,718,261,383
Financial liabilities						
Outstanding claims including IBNR		-	-	-	299,136,344	299,136,344
Takaful / retakaful payables		-	-	-	58,819,041	58,819,041
Payable to Operator's Retakaful Fund		-	-	-	29,557,577	29,557,577
Other creditors and accruals		-	-	-	1,000	1,000
Subtotal		-	-	-	387,513,962	387,513,962
		1,110,117,788	-	1,110,117,788	240,629,634	1,350,747,421
On balance sheet sensitivity gap		1,110,117,788	-	1,110,117,788	240,629,634	

## Market risk

Market risk is a risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to market risk with respect to its investments and bank balances maintained in profit & loss sharing accounts. The Company has invested its funds in close ended mutual funds resulting in risk arising from fluctuation in the rate of return and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

### Sensitivity analysis for variable rate instruments

Profit rate risk arises from possibility that changes in profit rate will effect the value of financial instruments. Rate risk is the risk of decline in earning due to adverse movement of the rate curve. The operator is exposed to profit rate risk for certain deposits with the banks.

The below table summarize the price risk as at December 31, 2023 and 2022 and show the effect of 10% increase and decrease in market rate as at the year end. The selected changes does not reflect what could be considered to be the best or worst case scenarios.

### OPERATOR'S RETAKAFUL FUND

	Fair value	Effect on profit before tax	Effect on Operator's Fund
	-----Rupees-----		
<b>December 31, 2023</b>			
10% increase	489,833,804	48,983,380	34,778,200
10% decrease	489,833,804	(48,983,380)	(34,778,200)
<b>December 31, 2022</b>			
10% increase	111,537,025	11,153,703	7,919,129
10% decrease	111,537,025	(11,153,703)	(7,919,129)

### PARTICIPANT'S RETAKAFUL FUND

<b>December 31, 2023</b>			
10% increase	1,669,936,933	166,993,693	118,565,522
10% decrease	1,669,936,933	(166,993,693)	(118,565,522)
<b>December 31, 2022</b>			
10% increase	1,110,117,788	111,011,779	78,818,363
10% decrease	1,110,117,788	(111,011,779)	(78,818,363)

#### 40.6 Foreign Currency risk

Foreign currency risk is a risk that the fair value of future cash flows financial instrument will fluctuate because of change in exchange rates. Current, the Operator is not exposed to currency risk as majority of the transactions are carried out in Pakistani rupees.

#### 40.7 Equity Price Risk

The Operator's equity investments are susceptible to market price risk arising from uncertainty about the future value of investments securities. The Operator limit market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity market.

The table below summarize Operator's market price risk as of December 31, 2023 and 2022. it shows the effects of a 10% increase and decrease in the market prices of equity investments as on those dates on Operator's profit and total Operator's fund.

	Price Change	Fair value	Estimated fair value	Effect on Profit and loss account	Effect on Total Operator's Fund
December 31, 2023	10% increase	23,555,412	25,910,953		2,355,541
	10% decrease	23,555,412	21,199,871	-	(2,355,541)
December 31, 2022	10% increase	20,196,059	22,215,665	-	2,019,606
	10% decrease	20,196,059	18,176,453	-	(2,019,606)

#### 40.8 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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 Operator is not exposed to any such risk.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (un observable inputs).

	Total	Level 1	Level 2	Level 3
	-----Rupees-----			
<b>2023</b>				
Financial assets measured at fair value				
Available-for-sale investment				
Mutual funds				
- Operator's Fund	23,555,412	23,555,412	-	-
- Participant Retakaful Fund	115,763,546	115,763,546	-	-
<b>2022</b>				
Financial assets measured at fair value				
Available-for-sale investment				
Mutual funds				
- Operator's Fund	20,196,059	20,196,059	-	-
- Participant Retakaful Fund	99,193,301	99,193,301	-	-

41 STATEMENT OF SOLVENCY

	Note	December 31, 2023 Rupees
<b>Assets</b>		
Investments		
Takaful/retakaful receivables	6	115,763,546
Other receivable	8	578,208,812
Advance taxation	7	35,646,150
Prepayment		-
Deferred wakala fee	14	165,831,810
Receivable from Operator's Retakaful Fund - net	12	130,742,601
Retakaful recoveries against outstanding claims	9	-
Bank balances	11	229,063,419
Total Assets (A)	15	1,669,936,933
In-admissible assets as per section 32 (2) of Insurance Ordinance, 2000		2,925,193,271
Contribution due since more than three months		
Total In-admissible assets (B)		(380,830,622)
Total Admissible Assets (C=A-B)		(380,830,622)
<b>Total Liabilities</b>		
Qard-e-Hasna		2,544,362,649
Underwriting Provisions		300,000,000
Outstanding benefits including IBNR		
Unearned contribution reserves	19	612,623,902
Contribution deficiency reserves	20	653,713,006
Retakaful Fund - net	21	-
Takaful/retakaful payable	9	78,055,762
Other creditors and accruals	22	186,292,079
Total Liabilities (D)	25	31,690
Total Net Admissible Assets (E=C-D)		1,830,716,439
		713,646,210

The Participant's Retkaful Fund has complied with the minimum solvency requirement as against the requirement of section 36 of the Insurance ordinance, 2000.

42 CAPITAL MANAGEMENT

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

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

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

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

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

The Operator's net debt to equity ratio as at December 31, 2023 was as follows:

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	2023	2022	2023	2022
	Rupees			
Total liabilities	235,834,492	152,707,799	1,530,716,439	1,413,424,569
Less: cash and cash equivalents	(489,833,894)	(111,537,025)	(1,669,936,933)	(1,110,117,788)
Net debt	<u>(253,999,402)</u>	<u>41,170,774</u>	<u>(139,220,494)</u>	<u>303,306,781</u>
Total Operator's Fund / Balance of Participant's Retakaful Fund	<u>782,914,618</u>	<u>386,905,042</u>	<u>1,894,476,832</u>	<u>446,084,170</u>
Net debt to equity ratio	-32%	11%	-13%	68%

43 SUBSEQUENT EVENT

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 03 APR 2024 by the Board of Directors of the Operator.

45 GENERAL

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







Chairman      Director      Director      Chief Executive Officer      Chief Financial Officer

**PAKISTAN REINSURANCE COMPANY LIMITED**

**Pattern of Shareholding  
as at December 31, 2023**

<b># Of Shareholders</b>	<b>Shareholdings'Slab</b>	<b>Total Shares Held</b>	
369	1 To	100	7,715
355	101 To	500	122,863
328	501 To	1000	287,946
1,139	1001 To	5000	3,096,112
520	5001 To	10000	3,997,133
244	10001 To	15000	3,236,051
157	15001 To	20000	2,878,960
113	20001 To	25000	2,625,012
119	25001 To	30000	3,442,702
58	30001 To	35000	1,899,456
37	35001 To	40000	1,408,491
29	40001 To	45000	1,271,105
53	45001 To	50000	2,621,664
23	50001 To	55000	1,214,777
23	55001 To	60000	1,363,237
18	60001 To	65000	1,122,124
12	65001 To	70000	821,212
21	70001 To	75000	1,550,101
12	75001 To	80000	949,250
11	80001 To	85000	917,831
9	85001 To	90000	805,500
9	90001 To	95000	835,762
37	95001 To	100000	3,675,622
3	100001 To	105000	307,000
9	105001 To	110000	976,100
6	110001 To	115000	684,000
12	115001 To	120000	1,430,000
7	120001 To	125000	869,891
9	125001 To	130000	1,154,161
3	130001 To	135000	404,466
6	135001 To	140000	837,498
2	140001 To	145000	285,093
12	145001 To	150000	1,788,065
2	150001 To	155000	309,500
4	155001 To	160000	634,397
3	160001 To	165000	489,500
4	165001 To	170000	668,566
2	170001 To	175000	345,796
4	175001 To	180000	717,994
1	180001 To	185000	183,500
1	185001 To	190000	186,600
3	190001 To	195000	580,580
7	195001 To	200000	1,395,497
4	200001 To	205000	807,000
3	210001 To	215000	636,500
1	215001 To	220000	220,000

4	220001 To	225000	895,000
1	225001 To	230000	227,500
1	240001 To	245000	241,500
2	245001 To	250000	500,000
2	255001 To	260000	516,697
3	270001 To	275000	820,000
1	275001 To	280000	276,500
10	295001 To	300000	3,000,000
2	300001 To	305000	607,500
1	310001 To	315000	315,000
1	320001 To	325000	325,000
2	325001 To	330000	660,000
1	330001 To	335000	334,500
1	335001 To	340000	340,000
3	345001 To	350000	1,048,000
1	355001 To	360000	359,997
2	365001 To	370000	739,699
1	370001 To	375000	370,500
1	375001 To	380000	377,000
1	380001 To	385000	380,500
1	385001 To	390000	387,399
1	390001 To	395000	390,500
7	395001 To	400000	2,796,000
5	405001 To	410000	2,036,500
1	410001 To	415000	410,538
2	415001 To	420000	837,000
2	435001 To	440000	879,195
1	440001 To	445000	441,000
1	445001 To	450000	449,997
1	455001 To	460000	460,000
1	460001 To	465000	463,500
2	465001 To	470000	934,974
1	480001 To	485000	484,500
1	490001 To	495000	491,000
2	495001 To	500000	1,000,000
1	510001 To	515000	511,500
1	525001 To	530000	529,550
1	530001 To	535000	533,331
1	545001 To	550000	545,500
3	585001 To	590000	1,764,664
3	595001 To	600000	1,800,000
1	600001 To	605000	601,800
1	610001 To	615000	610,500
1	620001 To	625000	624,000
1	625001 To	630000	629,997
1	665001 To	670000	667,797
2	715001 To	720000	1,437,000
3	745001 To	750000	2,250,000
1	795001 To	800000	800,000
1	800001 To	805000	802,500

1	805001 To	810000	808,000
1	820001 To	825000	824,397
1	840001 To	845000	844,364
1	845001 To	850000	846,729
1	860001 To	865000	860,529
1	885001 To	890000	887,000
1	895001 To	900000	899,997
1	915001 To	920000	919,500
1	955001 To	960000	957,597
2	995001 To	1000000	2,000,000
1	1115001 To	1120000	1,117,000
4	1120001 To	1125000	4,497,456
1	1125001 To	1130000	1,125,864
1	1150001 To	1155000	1,151,997
1	1185001 To	1190000	1,187,997
1	1195001 To	1200000	1,200,000
1	1215001 To	1220000	1,216,500
1	1220001 To	1225000	1,223,746
1	1235001 To	1240000	1,239,000
1	1385001 To	1390000	1,385,997
2	1795001 To	1800000	3,600,000
1	2045001 To	2050000	2,049,000
2	2335001 To	2340000	4,678,994
1	2495001 To	2500000	2,500,000
1	3295001 To	3300000	3,300,000
1	3495001 To	3500000	3,500,000
1	3885001 To	3890000	3,887,500
1	4005001 To	4010000	4,006,000
1	13045001 To	13050000	13,048,500
1	13970001 To	13975000	13,971,000
1	14935001 To	14940000	14,937,000
1	31660001 To	31665000	31,665,000
1	219695001 To	219700000	219,696,603
1	458995001 To	459000000	458,999,268
<b>3,936</b>			<b>900,000,000</b>

**PAKISTAN REINSURANCE COMPANY LIMITED**

**Pattern of Shareholding**

**as at December 31, 2023**

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Government of Pakistan</b>			
THE SECRETARY MINISTRY OF COMMERCE,	1	458,999,268	51.00
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>			
MR. MUSLEH UD DIN	1	165	0.00
MUMTAZ ALI RAJPER	2	1,665	0.00
MR. SHOAIB MIR	1	165	0.00
ZARA SHAHEEN AWAN	1	30	0.00
<b>Associated Companies, undertakings and related parties</b>			
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	219,696,603	24.41
<b>Banks, Development Financial Institution, Non-Banking Financial In:</b>			
	4	45,683,406	5.08
<b>Insurance Companies</b>			
	4	18,670,854	2.07
<b>Foreign Companies</b>			
	1	750,000	0.08
<b>Modarabas and Mutual Funds</b>			
	1	717,000	0.08
<b>General Public</b>			
a. Local	3,797	141,868,198	15.76
b. Foreign	57	1,132,878	0.13
<b>Others</b>			
	65	12,479,768	1.39
<b>Totals</b>	<b>3,936</b>	<b>900,000,000</b>	<b>100.00</b>

Share holders holding 10% or more	Shares Held	Percentage
THE SECRETARY MINISTRY OF COMMERCE,	458,999,268	51.00
STATE LIFE INSURANCE CORP. OF PAKISTAN	219,696,603	24.41



**Pakistan Reinsurance Company Limited**  
**FORM OF PROXY**  
**Annual General Meeting**

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of **Pakistan Reinsurance Company Limited** and holder of \_\_\_\_\_ ordinary shares hereby appoint Mr/Mrs. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy in my absence to attend and vote for me / us and on my / our behalf at the 24<sup>th</sup> Annual General Meeting of the Company to be held on 26<sup>th</sup> April, 2024 at 11:00am at Karachi and at any adjournment thereof.

Signed this \_\_\_\_\_ day of April, 2024.

Affix Rupees Five  
Revenue Stamp

Signature of Member(s)

Shareholder's Folio No \_\_\_\_\_

or CDC

Participant I D. No. \_\_\_\_\_

and Sub Account No. \_\_\_\_\_

Witnesses:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No. \_\_\_\_\_

NOTE:

1. The member is requested:
  - i) To affix revenue stamp of Rs.5/- at the place indicated above.
  - ii) To sign across the revenue stamp in the same style of signature as is registered with the Company.
  - iii) To write down his/her/their folio number.
  - iv) Attach an attested photocopy of their valid Computerized National Identity Card/Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
2. In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
3. CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.



**Commitment To Excellence**



**Pakistan Reinsurance Company Limited**

PBC Towers, 32 - A, Lalazar Drive, M.T. Khan Road, Karachi  
PO Box 4777, Sindh  
Pakistan

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Fax : (+92-21) 99202921-22  
Email : [prc@pakre.org.pk](mailto:prc@pakre.org.pk)  
Website : [www.pakre.org.pk](http://www.pakre.org.pk)