

Limitless
Possibilities

20 22

Annual Report



UNDER OUR PROTECTION

A Company incorporated in 1934

A credible and conscious insurance company protecting all your business and personal insurance risks in the most transparent manner.

- Gross underwriting premium along with Takaful contribution over 5 billion rupees
- Insurer Financial Strength rating 'AA+' by PACRA
- Awarded four times by the Insurance Journal for highest underwriting profitability
- Winner of KSE top 25 companies, SAFA, ICAP and ICMAP awards

Providing Coverage of:

Fire, Marine, Auto, Health, Travel, Home, Engineering, Crop, Livestock, etc.

Organisation
development
through
self development





Aiming Infinity and Beyond

Having decades of experience in the industry, Atlas Insurance has found ways to grow in every situation. Even amidst unpredictable difficulties in the year 2022, the Company gained significant traction and diversified its strategies to meet the ever-changing consumer demands. And as a result, Atlas witnessed steady and profitable growth, achieving notable success.

Financial Highlights 2022

Written Premium
& Contribution

Rs.
5,233
(In million)

Underwriting
Profit

Rs.
916
(In million)

Profit Before Tax

Rs.
1,096
(In million)

Equity

Rs.
3,585
(In million)

Total Assets

Rs.
9,550
(In million)

Total Assets -
WTO

Rs.
399
(In million)

Investments
(Market Value)

Rs.
4,642
(In million)

Cash Dividend

70%

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About the Group

The foundation of Atlas Group was laid down by our late Chairman, Mr. Yusuf H. Shirazi in 1962 when "Shirazi Investments (Pvt.) Limited" was formed with a initial capital of half a million rupees and two associates by his side. The Atlas motto coined by him, 'Organization Development through Self-Development', has been the mantra of success for Atlas since inception.

Today Atlas is a diversified group dealing in manufacturing, power generation, trading and financial services. The Group embodies the spirit of development as it endeavours to fuel the growth of Pakistan's economy through it's diversified presence and especially through 4 companies listed on the Pakistan Stock Exchange Limited.

Atlas with its focus on development, has firmly established as the technology and knowledge leader in Pakistan. The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas is driven by the ambition of making Pakistan self-sufficient and prosperous. Atlas plays a leading role as a responsible corporate citizen promoting professional education, contributing to health facilities, helping law enforcement agencies and improving the standard of life



About the Company

Atlas Insurance Limited (the Company) was incorporated as a public limited company on September 06, 1934 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

The Company is proud of it's successful journey of over eight decades by satisfying its policyholders insurance needs. The Company has a range of products offered to customers, including but not limited to Fire, Marine, Motor, Personal Accident, Health, Travel, Home, Engineering, Crop, Livestock, Bond, Terrorism etc. Today Atlas Insurance is one of the nation's preferred choice not only for better services to insureds but enhanced risk management and safeguarding the interest of the stakeholders.

Group Structure



Shirazi Investments (Pvt.) Ltd.

Incorporated in 1962 is the holding company of Atlas Group. SIL, hold 75.33% shares of Atlas Insurance Limited. Besides being holding company of Atlas Group, it is engaged in the businesses of real estate, warehousing and investments in capital markets.



Atlas Foundation

Atlas Foundation was incorporated in 1986 as not for profit organization. The Foundation has played its role in promoting professional education, contributing to health facilities, helping law enforcement agencies and improving the quality of life. Atlas Foundation holds 2.75% shares of Atlas Insurance Limited.



Atlas Insurance Limited

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, and is one of the oldest insurance companies of Pakistan. The Company was taken over by the Atlas Group in 1980. The Company offers general insurance products both in conventional and takaful lines of business.



Vision

A first class insurance company that provides the highest level of quality service to its policyholders.

Mission

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders - employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.

Corporate Strategy

Our strategy is designed to deliver sustainable and profitable growth in a dynamic and a competitive business environment in accordance with the highest ethical, legal and professional standards.

Focus on building long lasting relationships with our customers.

Create value for the stakeholders by maintaining and improving our competitive position in the market.

Adding value in our skills and services through training and development of our employees. Promoting a culture of transparency and accountability through honesty, integrity and diligence in dealing with people connected with the Company business.

Focus on career development of employees by coaching and by helping them to achieve their goals and providing working environment of trust and mutual respect.

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of "Management By Objective".

Monitoring performances of processes and taking timely action for their standardization and optimization.

Core Values

Integrity and Ethics

The Company places high value on the integrity of employees and ethical practices in its business dealings. We endeavor to establish the best professional and personal standards by adopting the path leading to the highest level of integrity.

Value of Time

We believe that time is the most precious resource and should be utilized in the most effective and efficient manner possible and performance excellence in true sense is managing time to deliver the most in the shortest period.

Respect, Recognition and Reward

The human resource policy is built on Respect, Recognition and Reward (3R's) concept for all levels of employees.

Organization Development through Self Development

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas motto 'Organization Development through Self Development'.

Team Work

We believe that long term sustainability and growth of an organization is based on strong team work and every employee is committed to work as a team to deliver the best results.

Fairness

The Company strongly emphasizes on fair dealing with employees, stakeholders, business partners and clients through adherence to ethical values, Company policies, applicable laws, regulations and high standard of moral behavior.

Code of Conduct

Standard of Conduct

The Company will conduct its operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

Obeying the Law

The Company is committed to comply with all the applicable laws and regulations.

Employees

- The Company is committed to create a working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the Company.
- The Company strongly believes in the core value of 3Rs - Respect, Recognition and Reward.
- The Company recruits, employs and rewards employees purely on the basis of merit, qualification, experience and abilities required for the work to be performed.
- The Company is committed to provide safe, healthy and pleasant working environment to all the employees. The Company will not use any form of forced, compulsory or child labor.
- The Company is committed to work with employees to develop their skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- The Company respects dignity of employees and their right for freedom of expression.
- The Company maintains good communication link with employees through Company based information and consultation procedures.

Insured

The Company is committed to provide prompt and client services to its clients by adequately insuring their risk and doing risk assessment as per requirements of the clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

Shareholders

The Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its business activities, structure and financial matters to the shareholders.

Business Partners

- The Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

Community Involvement

The Company strives to be a trusted corporate citizen and, as integral part of the society, to fulfill its responsibilities to society and communities where it operates.

Public Activities

- The Company will promote and defend its legitimate business interests.
- The Company will co-operate with the government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that could promote legitimate business interests.

- The Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at promoting any party interests.

Environment

- The Company is committed to make continuous improvement in the management of environmental impact towards its long-term goal of promoting a sustainable business.
- The Company will work to promote environmental care and increase understanding of environmental issues.

Competition

The Company and its employees will conduct their operations in accordance with the principles of fair competition without compromising on ethical practices.

Business Integrity

- The Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee shall offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- The accounting records of the Company must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded accounts, funds or assets shall be established or maintained.

Conflict of Interest

The employees shall avoid personal activities and financial interests that could conflict with their responsibilities towards the Company. They shall not seek benefits for themselves or for others through misuse of their positions.

Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in business success of the Company. The management is responsible to ensure that these principles are communicated to, and understood and observed by, all the employees.
- Senior management is responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Any breaches of the Code must be reported by the employees to the management.
- The Board of Directors encourages the employees to bring to its attention, or to that of the senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.
- The Head of HR shall be responsible for disseminating this Code of Conduct to all the employees.

Company's Profile

TOGETHER *WE* RISE

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, Hakeem-ul-Ummat, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. The Company has made steady progress since its acquisition by the Atlas Group. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 3.585 billion in 2022, total assets having grown to over Rs. 9.550 billion and investments from Rs. 4.594 million to over Rs. 4.642 billion. Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Marine & Nichido Fire, Sompo from Japan, Luban Re from Malaysia, Korean Re from Korea, Malaysian Re from Malaysia and Kuwait Re from Kuwait among others.

After obtaining license from Securities and Exchange Commission of Pakistan (SECP), the Company launched its Window Takaful Operations in the year, 2016. Under the supervision of certified and experienced Shariah Advisor, the General Takaful products are designed. Takaful helps not only to cater the requirements of our existing clientele but also reach out to new market segments.

Acknowledging the financial strength of the Company, the Pakistan Credit Rating Agency Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the Company at "AA+" which denotes a very strong capacity to meet policyholders and contract obligations.

Atlas Insurance Limited, a financially sound and professionally managed Company, has been awarded the Top Five Companies "Best Corporate Report Award" eight times, between 2003 to 2015, by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). The Company was awarded merit certificate in the Best Corporate Report Award - 2019, 2020 and 2021 by this joint committee. Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Award" continuously for six years from 2006 to 2011. The Company is also recipient of "KSE Top 25 Companies Award". Atlas Insurance Limited was awarded the "Insurance Journal Performance Awards" for the "Highest Underwriting Profit as Percentage of Written Premium" on the basis of results for the years 2012, 2013, 2014 and 2015 by the Insurance Journal. This award reflects the fundamental strength of the Company and its prudent underwriting policies.

The Company's results have consistently been yielding profits. This has been made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls. Consistency, hard work, dedication, adherence to the Company policies and procedures and code of conduct has contributed towards growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers. It serves its customers through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products for conventional and Takaful are offered by Atlas which includes:

- Fire & allied perils
- Marine & Hull
- Motor
- Personal accident
- Contractors all risk
- Erection all risk
- Machinery breakdown
- Boiler & pressure vessel
- Product liability
- Fidelity guarantee
- Cash in transit / cash in safe
- Bankers' blanket bond
- Loss of profit
- Computer all risk
- Travel insurance
- Credit insurance
- Crop insurance
- Health insurance
- Terrorism
- Public liability
- Professional liability
- Bond insurance



Fire & Allied Perils

This covers property and assets; it provides coverage against fire and lightning and can be extended to provide coverage for perils including impact damage, earthquake, fire & shock, atmospheric disturbance, malicious damage, explosion, flood, electric fluctuation, riot & strike and burglary etc.

Marine

Marine cargo insurance covers loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils.

Motor

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, theft and third party liability etc. to our corporate and individual customers.

Contractors' All Risk (CAR)

Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

Erection All Risk (EAR)

Similar cover to CAR insurance but while CAR cover refers mainly to building and civil engineering work. EAR is used for coverage of loss or damage to machinery in the course of erection etc.

Machinery Breakdown

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdowns.

Personal Accident

Personal accident insurance provides cover against death and disability of a person due to an accident.

Boiler & Pressure Vessel

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.



Crop Insurance

Covers financial loss due to damage to crop caused by natural calamities.



Fidelity Guarantee

Fidelity guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

Cash in Transit / Cash in Safe

Covers cash against snatching or robbery while in transit from one premise to another in a given location or lying in the safe at assured premises.

Bankers' Blanket Bond

Covers banks and provide protection which includes loss due to theft and fidelity guarantee risks etc.

Loss of Profit

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.



Product Liability

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers.



Travel Insurance

This policy provides protection like personal accident, medical, loss of luggage and money while insured is traveling out of home country.



Computer All Risk

This insurance is specially designed to cover high value computer equipments on all risk basis covering sudden and unforeseen losses including various insured perils like fire, burglary and accidental damage. With rapid improvements in technology the useful lives of computers are reducing, creating demand for early changes in such sensitive equipments, resulting in increased requirement for this insurance.



Health Insurance

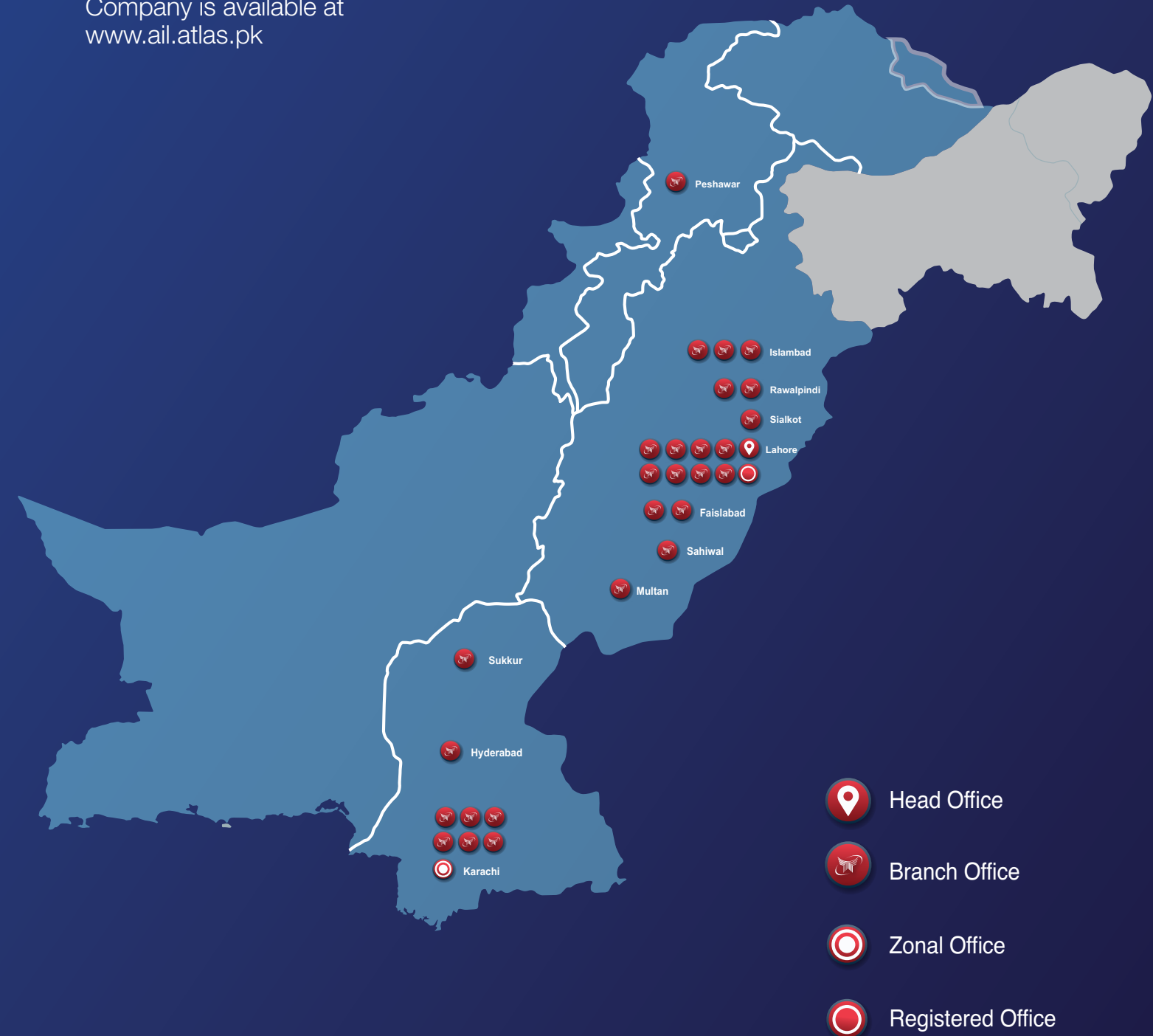
Atlas Insurance health plan - 'Atlas Care' provides coverage against hospitalization, maternity, critical illness, OPD and specialized investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases ailments, surgery, operations and out patient care. The group medical insurance curtails the administrative burden and financial pressures.

Geographical Presence

Branch Network

The complete branch network of the Company is available at www.ail.atlas.pk



Board of Directors



Mr. Iftikhar H. Shirazi
Chairman / Non-Executive Director

Mr. Iftikhar H. Shirazi graduated with a Bachelor of Science in Finance from Notre Dame De Namur University (formerly College of Notre Dame), USA, and completed his OPM from Harvard Business School, USA. He has over 31 years of corporate management experience, more particularly in the financial and trading sectors. He has to his credit, work experience at Bank of Tokyo-Mitsubishi, Yamaichi Securities, and Toyota Tsusho Corporation.

He is currently Chairman of Atlas Insurance Limited, Shirazi Investments (Pvt) Limited, Atlas Asset Management Limited, Shirazi Trading Company (Private) Limited, Atlas Foundation and Atlas Information Technology Resource Centre. He is also a member of the SAARC Chamber of Commerce & Industry, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Karachi Chamber of Commerce & Industry (KCCI). He is also serving on the Board of Governors of the Forman Christian College, Ghulam Ishaq Institute of Engineering Science and Technology and British Overseas School Association. He was also a member of the Aga Khan Resource Development Committee and FPCCI Executive Committee. He has also served the Management Association of Pakistan as their Vice President.

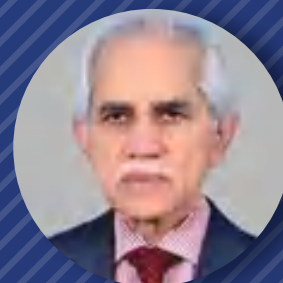
He also enjoys membership of several other prestigious associations that include, Harvard Club of New York and Pakistan, Young Presidents Organization, Aitchison College Old Boys Association, Government College of Commerce & Economics Old Students Association and English Speaking Union. He was also President of International Club, Notre Dame De Namur (formerly College of Notre Dame), USA.



Mr. Ali H. Shirazi
Non-Executive Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, USA in 2000 and thereafter completed his Masters in Law from Bristol University, UK in 2005. During this period he worked for the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is Atlas Group Director Financial Service and President / Chief Executive of Atlas Battery Limited. He serves on the Board of Atlas Asset Management Limited, Shirazi Investments (Pvt.) Limited, Cherat Packaging Limited, Pakistan Cables Limited, National Foods Limited and Pakistan Society for Training and Development. Previously he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL).

He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner / President Management Program (OPM) from Harvard Business School.



Mr. Frahim Ali Khan
Non-Executive Director

Mr. Frahim Ali Khan is a Law graduate from Karachi University. He has also attended Senior Managers' Program at Harvard University, USA, Financial Management Program at Stanford University, USA and Board of Director's Program at Insead University, France.

He has over 50 years of experience in General Management, Finance, Investment and Taxation. He joined the Atlas Group in 1967 and has served in different positions. Currently his other directorship include Atlas Power Limited, Atlas Solar Limited, Atlas Energy (Private) Ltd, Shirazi Investments (Pvt.) Limited, Atlas Asset Management Limited, Atlas Engineering (Private) Limited, Atlas Autos (Private) Limited, Atlas Metal (Private) Limited, Shirazi Trading (Private) Limited and Atlas Foundation.

Earlier, he has also served on the boards of Atlas Honda Limited, Atlas Battery Limited and Atlas Bank Limited (former) and has been CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Private) Limited, Atlas Asset Management Limited and Atlas Investment Bank Limited (former).



Mr. Hasan Reza ur Rahim
Independent Director

Mr. Rahim is an accomplished professional who has over 35 years of domestic and international experience in the Banking and Financial Services industry. Currently he is serving on the Boards of Atlas Insurance Limited, Cyan Limited, Dawood Hercules Corporation Limited ("DHCorp") and Mirpurkhas Sugar Mills Limited.

Mr. Rahim was the Executive Director in-charge of the Chairman of the Dawood Group's Corporate Office which consisted of several listed and unlisted companies and is one of the largest entrepreneurial groups in Pakistan. DHCorp is the flagship investment entity of the Dawood Group which has a large shareholding in Engro Corporation Limited.

Prior to the foregoing, Mr. Rahim also spent 15 years at JPMorgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, was Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex Mergers & Acquisition transactions and Privatizations totaling over USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, Banking, Oil & Gas and Petrochemical industries.

Earlier in his career Mr. Rahim, also held senior positions with MashreqBank psc and ANZ Grindlays Bank plc. He has worked in several international locations that included Zurich, Singapore, Bahrain and Dubai. He received his Bachelor's degree from the University of Delaware in USA; is also an IFC certified trainer to conduct corporate governance training; is a Pakistan Institute of Corporate Governance certified Director and on it's faculty.



Mr. M. Habib-ur-Rahman
Non-Executive Director

Mr. M. Habib-ur-Rahman, a chartered accountant from Institute of Chartered Accountants in England & Wales has over 50 years of corporate management experience in financial and manufacturing sectors. He formerly worked with National Investment Trust Limited as General Manager Finance and Investment, Atlas Honda Limited as executive Director, ABAMCO Limited as Chief Executive and Atlas Asset Management Limited as Chief Executive.

Mr. Habib-ur-Rahman has acted as Securities and Exchange Commission of Pakistan (SECP) nominee director on the Board of Karachi Stock Exchange in 2000, 2001 & 2003. He has also been a member of Advisory Group on Capital Market constituted by SECP. He was a member of Enquiry Committee constituted by SECP to enquire about the management of exposure rules and another Enquiry Committee to study the 2008 Financial Crisis.

Mr. Habib-ur-Rahman has contributed to the formation and development of Mutual Funds Association of Pakistan, a trade body representing asset management companies in Pakistan and represented the Association in international conferences. Mr. Habib-ur-Rahman has represented the Association as director, chairman and chairman of taxation committee.



Mrs. Roohi Raees Khan
Independent Director

Mrs. Roohi Raees Khan is an MBA from IBA, Karachi. She completed her B.A. (Economics & Mathematics) from Punjab University. She has over 36 years of experience in various banking segments like Development Banking, Lease Financing, Housing Finance, SME Financing, Islamic Banking, Investment Banking, Agriculture Financing etc. She has about 20 years of experience at senior management level, as well as Chief Executive and Chief Operating Officer and Director on the Boards of various Financial Institutions having dealt with policy making, strategic planning and systems refinement, implementation of control functions, revamping / restructuring and mergers. She has dealt with international lending Institutions like World Bank, Asian Development Bank, Islamic Development Bank and other multilateral lenders. She represented NDFC for successful negotiation, of credit line to financial sector, from Asian Development Bank.

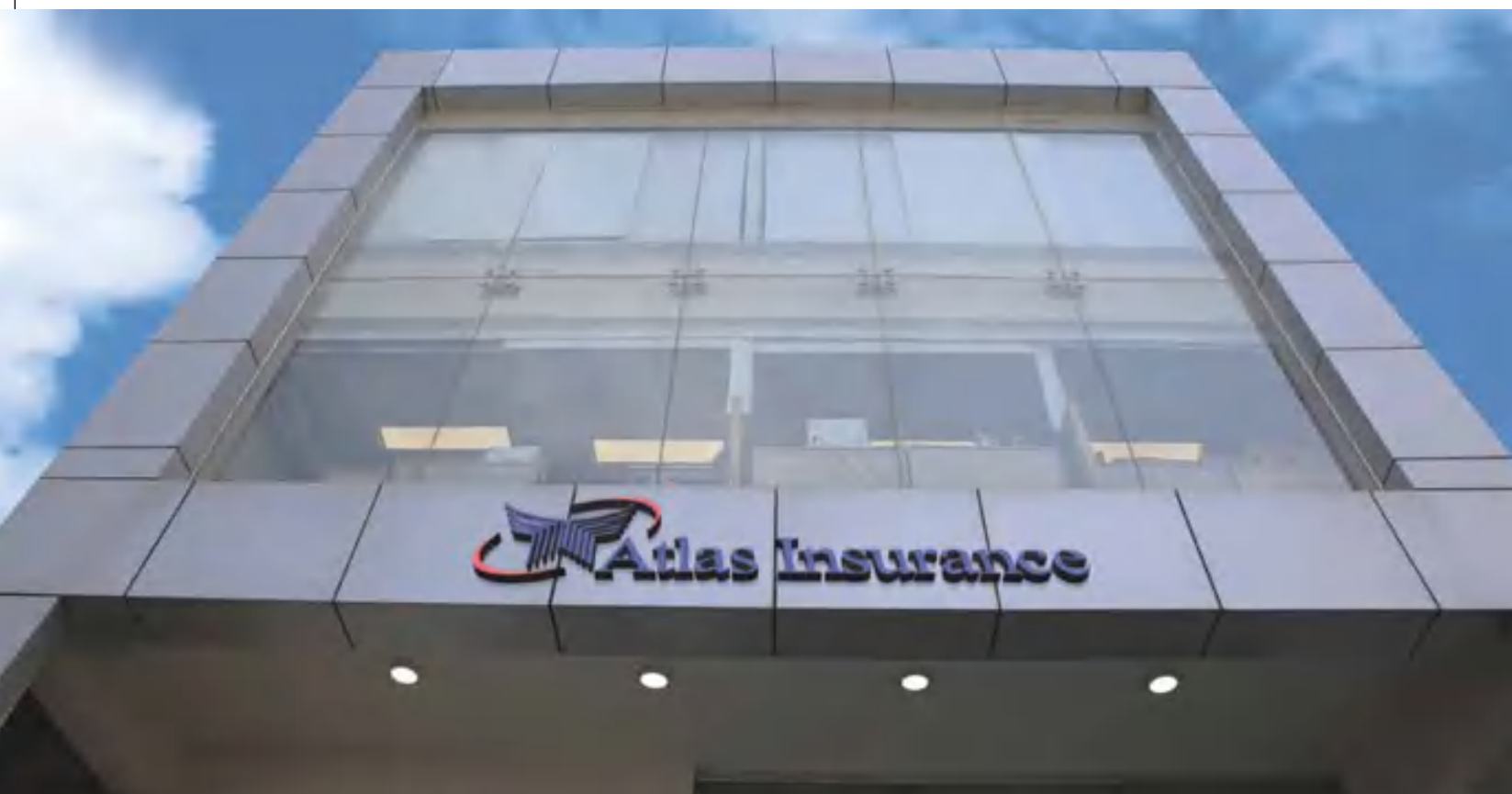
Mrs. Khan is the Chairperson of SNGPL and has served on the Boards of Asian Leasing, Lahore Stock Exchange, International Housing Finance Limited, Mashreq Bank (now Samba Bank), PICIC etc. She was also the Chairperson of an Investment Bank before it was merged with a local commercial Bank. She has also served at senior management level in various organizations. She has been Group Head, Textiles, in National Development Finance Corporation, Chief Executive Officer of Asian Leasing, Chief Operating Officer of Trust Investment Bank and Zarai Taraqati Bank Limited (ZTBL). She had also been acting President of ZTBL during 2011 / 2012 when she was instrumental in bringing about many changes with positive impact on its profitability.

She has constantly devoted time over the past 30 years to various social sector institutions working for the betterment of downtrodden and deprived strata of the society and is an advocate of improving the fate of the deprived mainly by catering to the basic right to health, education and equal opportunity to all.



Mr. Babar Mirza
Chief Executive Officer / Executive Director

Mr. Babar Mirza is an MBA from University of Glasgow, UK. He has over 27 years of experience in the insurance industry. He had been associated with Habib Insurance as General Manager (from 1999 to 2009), worked for Adamjee Insurance as Deputy General Manager Reinsurance and Head of Claims between 2010 and 2013 before joining UBL Insurers as Chief Operating Officer in 2013. He was appointed Chief Executive Officer of UBL Insurers in 2014 and spent around four (4) years in that position before joining Atlas Insurance Limited in April 2018. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



Company Information

Board of Directors

Iftikhar H. Shirazi
Chairman / Non-Executive Director

Ali H. Shirazi
Non-Executive Director

Frahim Ali Khan
Non-Executive Director

Hasan Reza ur Rahim
Independent Director

M. Habib-ur-Rahman
Non-Executive Director

Roohi Raees Khan
Independent Director

Babar Mahmood Mirza
Chief Executive / Executive Director

Muhammad Afzal
Company Secretary

Audit Committee

Hasan Reza ur Rahim
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Muhammad Afzal
Secretary

Saleem Mahmood Akhtar
Chief Internal Auditor

Ethics, Human Resource & Remuneration Committee

Roohi Raees Khan
Chairperson

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Babar Mahmood Mirza
Member

Qudsia Naheed
Secretary

Investment Committee

Ali H. Shirazi
Chairman

Frahim Ali Khan
Member

M. Habib-ur-Rahman
Member

Babar Mahmood Mirza
Member

Muhammad Aasim Gul
Member

Muhammad Afzal
Secretary

Underwriting, Reinsurance & Co-insurance Committee

Ali H. Shirazi
Chairman

Babar Mahmood Mirza
Member

Rashid Amin
Member

Syed Nasir Hussain
Member

Syed Irtiza Kazmi
Secretary

Claims Settlement Committee

Frahim Ali Khan
Chairman

Babar Mahmood Mirza
Member

Muhammad Aasim Gul
Member

Muhammad Saeed
Member

Athar Maqsood Paracha
Secretary

Risk Management & Compliance Committee

Babar Mahmood Mirza
Chairman

Muhammad Aasim Gul
Member

Rashid Amin
Member

Muhammad Saeed
Member

Athar Maqsood Paracha
Secretary

Information Technology (IT) Committee

Babar Mahmood Mirza
Chairman

Rashid Amin
Member

Muhammad Saeed
Member

Abdul Razzaq Ghauri
Member

Wasim Ahmed
Secretary

Management Committee

Babar Mahmood Mirza
Chief Executive Officer

Muhammad Aasim Gul
Chief Financial Officer

Rashid Amin
GM Reinsurance & Compliance

Abbas Sajjad
General Manager Sales & Marketing

Muhammad Saeed
General Manager Claims

Qudsia Naheed
General Manager HR & Admin

Abdul Razzaq Ghauri
Head of IT

Syed Irtiza Kazmi
Head of Underwriting

Syed Nasir Hussain
Head of Reinsurance

Shariah Advisor

Mufti Zeeshan Abdul Aziz

GM Compliance

Rashid Amin

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Haroon Dugal Law Chambers

Tax Advisor

EY Ford Rhodes
Chartered Accountants

Share Registrar

Hameed Majeed Associates (Pvt) Limited
H. M. House, 7-Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

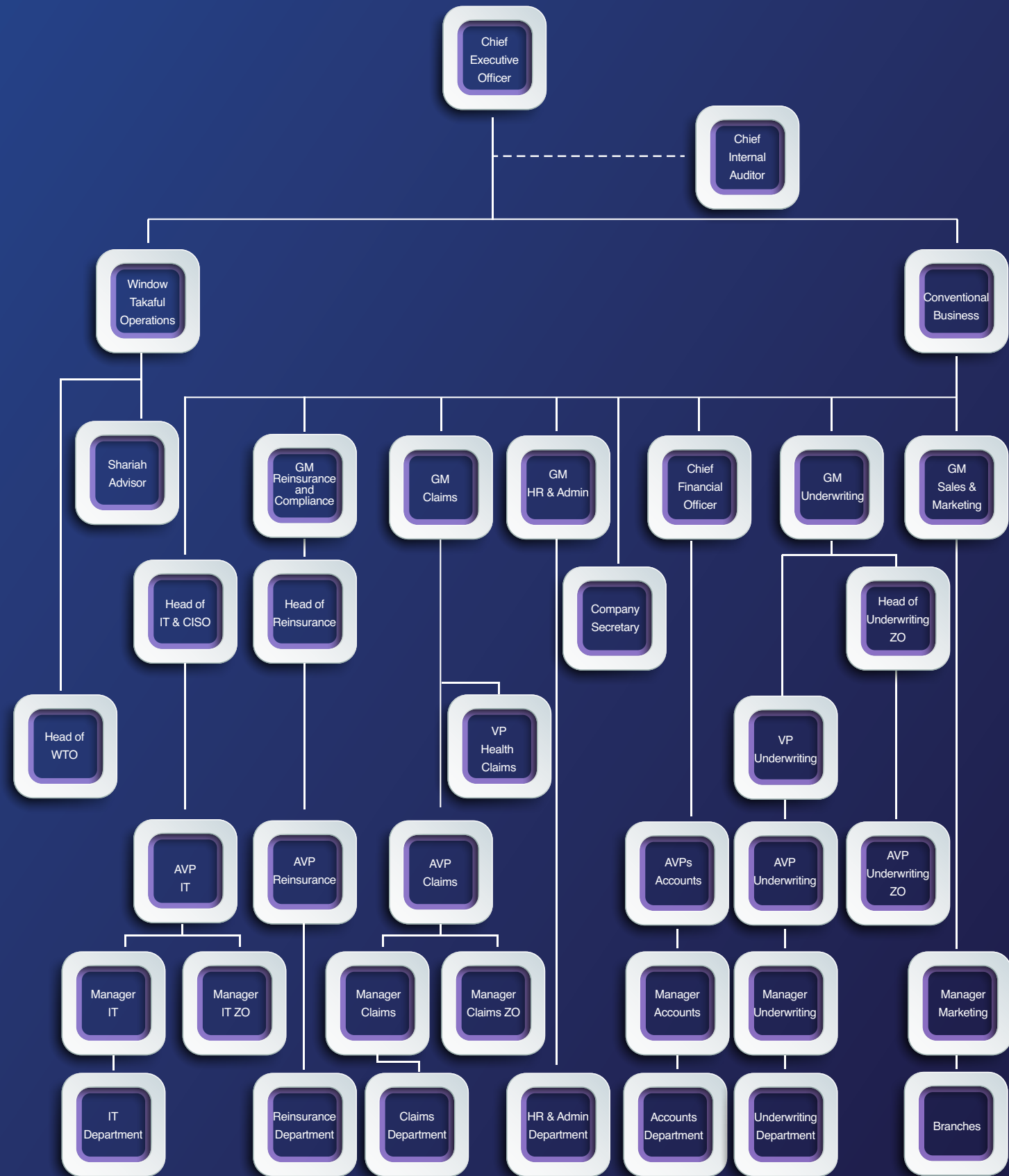
Bankers

Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NRSP Microfinance Bank
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
FINCA Microfinance Bank Limited

Registered and Head Office

63/A, Block - XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA, Lahore.
Tel: (92-42) 37132611-18,
Fax: (92-42) 37132622
E mail: info@ail.atlas.pk
Website: www.ail.atlas.pk

Organogram



Business Model

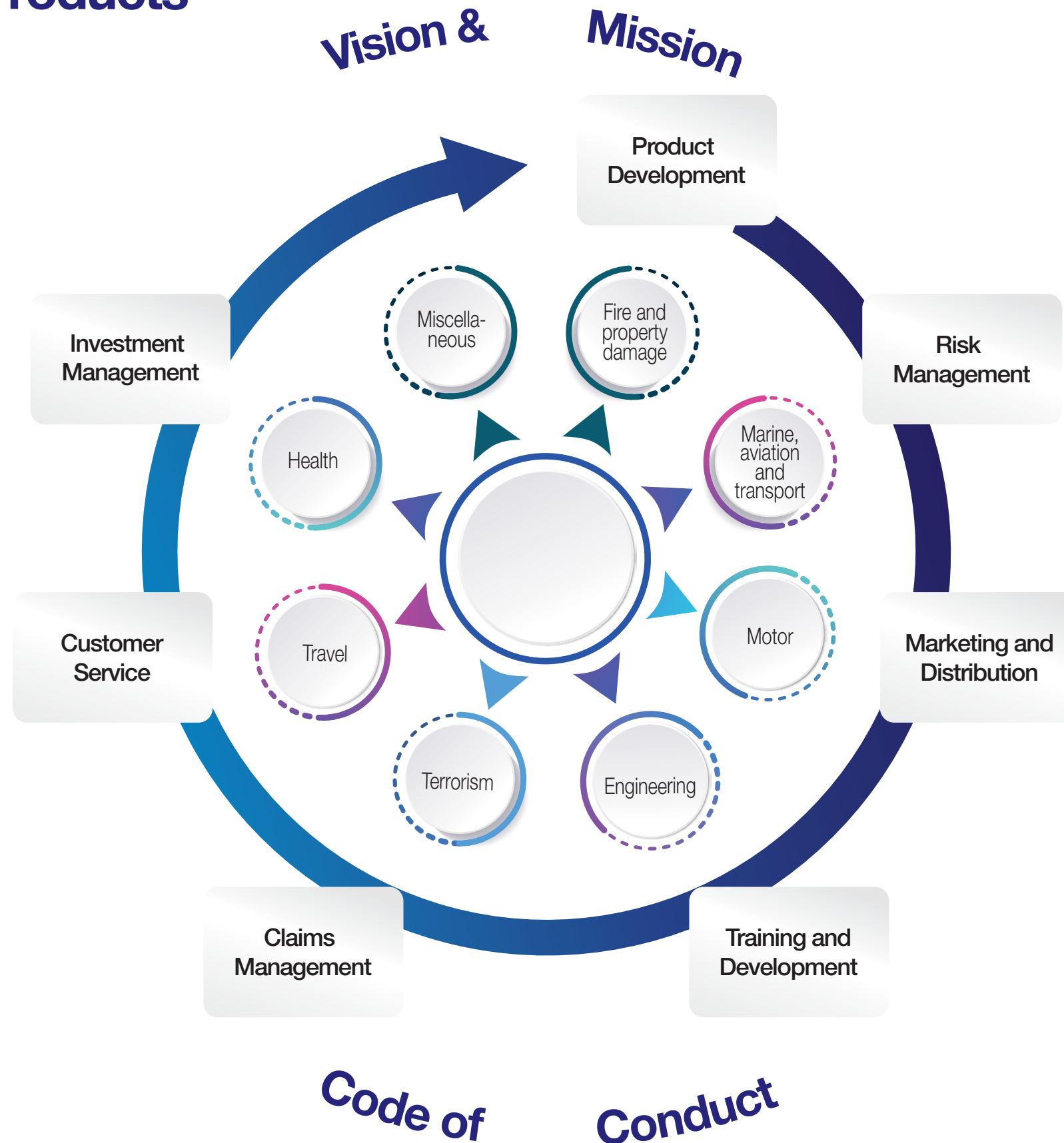
ATLAS CULTURE

- Corporate Governance.
- Respect, Recognition and Reward.
- Value of time.
- Recruitment and career advancement based on integrity, merit, experience and skills.
- Education and training of staff and descendants.
- Self reliance.
- Leading by example.
- Humility and Excellence.
- Living within one's means, saving for the future and donating for good cause.
- To be safe, happy and healthy.

ATLAS SYSTEMS

- Management by Objectives (MBO) to align activities towards agreed company goals.
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared values) for the company.
- Inducting and retaining competent and skilled staff – right man for the right job.
- Using BCG model for strategic direction.
- Creating value through implementation of internal controls (SOPs and policy manuals).
- Management development to produce performers, organization builders and strategists.
- Active participation in management meetings for continuous performance improvement.
- Ensuring accuracy and control of information/data through efficient MIS.
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention.

Insurance and Takaful Products



Financial Capital

- Paid up capital: Rs. 933.8 million
- Equity: Rs. 3,585 million
- Total assets: Rs. 9,550.3 million
- Diversified investment portfolio: Rs. 4,626 million
- Bank deposits: Rs. 1,554 million

Human Capital

- Respect, Recognition and Reward
- Skilled, experienced and competent team
- Total employees: 226
- Training and development programs
- 3 C's

Manufactured Capital

- An Atlas Group Company
- 'AA+' financial rating from PACRA
- Big 4 audit firm
- Fast and effective process flow
- Property, Plant and Equipment: Rs. 221.3 million
- Dedicated doctor for Health Claims

Social and Relationship Capital

- Reinsurance arrangements with leading reinsurers
- Distribution network consisting 27 branches
- Leading workshops on board for motor claims
- Panel of leading hospitals across the country
- Panel of approved surveyors

Intellectual Capital

- CORE integrated business ERP
- Web portal for business associates
- Secured connectivity and communication

Natural Capital

- Go Green initiative
- Insurance of Renewable Energy Projects
- Installed electricity efficient equipments e.g. LED's based electrical infrastructure

Financial Capital

- Gross premium and contribution Rs. 5,233 million
- Profit after tax: Rs. 719 million
- Earnings per share: Rs. 7.70
- Return on equity: 20.1%
- Dividend payout ratio: 91%

Human Capital

- Organization Development through Self Development
- Ratio of female employees: 10%
- High employees retention ratio
- Regular training programs

Manufactured Capital

- Established brand and loyal customers
- 'Atlas' - a renowned brand
- Satisfied customers
- Insureds satisfaction on claims management

Social and Relationship Capital

- Better relationship with international reinsurance
- Good association with insurance brokers
- Long-term association with hospitals, dealers and other stakeholders
- Donations to NPOs
- Sponsoring seminars for public welfare

Intellectual Capital

- Comprehensive and effective MIS supported by Dashboards
- Mobile Apps
- Providing ease to employees, customers and other stakeholders

Natural Capital

- Paperless environment through digitalization
- Reduction in energy cost
- Efficient use of electricity and water

Strategic Objectives

The Company is determined to follow its key strategic objectives and measure the same against the yardstick set by the Company. These strategies to achieve the objectives are regularly monitored and remain relevant in measuring ongoing progress.

Objectives	Nature	Strategy	Resource Allocation Plan	KPIs	Actual Results
Highest level of customer satisfaction and value for money	Short to long term	<ul style="list-style-type: none"> Designing product that satisfy the need of the customers Multiple channels of delivery i.e. agent network, digital channels, and others Trained and professional staff for providing high quality of services 	<ul style="list-style-type: none"> Intellectual Capital Social and Relationship Capital 	<ul style="list-style-type: none"> Policy Issuance Period Claim Settlement Period Workshop and hospital network Market share Value growth 	<ul style="list-style-type: none"> New customers: Nos. Network of workshops and hospital: Nos. No complaints pending
Sales expansion in all segments of insurance	Short to long term	<ul style="list-style-type: none"> Market penetration through expansion in branch and agent network Providing quality services 	All Capitals	<ul style="list-style-type: none"> Sales Profitability Market share 	<ul style="list-style-type: none"> Increase in revenue Profitability achieved
Compliance with laws and regulations and CSR	Short to long term	<ul style="list-style-type: none"> Strong internal control framework Strong compliance oversight Qualified and experienced staff 	<ul style="list-style-type: none"> Human Capital Intellectual Capital Financial Capital 	<ul style="list-style-type: none"> Number of compliances Reporting awards Profit sharing 	<ul style="list-style-type: none"> No fine imposed for non-compliance Clean audit and code of corporate governance report Portion of profit donated annually
Workplace health and safety	Short to long term	<ul style="list-style-type: none"> To increase the efficiency and effectiveness of the Employees, a conducive and nourishing environment is provided SOPs and best practices are implemented and adopted 	<ul style="list-style-type: none"> Human Capital Manufactured Capital Financial Capital Social and Relationship Capital 	<ul style="list-style-type: none"> Employee turnover and feedback on surveys Workplace accident 	<ul style="list-style-type: none"> No discord by any employee reported No major accidents took place
Right person for the right job	Short to long term	<ul style="list-style-type: none"> Hiring staff on merit basis Training and education Succession planning of potential associates Job rotation and career development Encourage ideas from bottom to top 	<ul style="list-style-type: none"> Human Capital Financial Capital 	<ul style="list-style-type: none"> Average training per employee Number of successors In-house or intra group transfer 	<ul style="list-style-type: none"> Altogether 430 and 86 associates benefited from internal trainings and external training / conferences, respectively during the year
Optimum cost levels	Short to long term	<ul style="list-style-type: none"> Cost efficiencies through centralized dealing Technological advancements 	<ul style="list-style-type: none"> Manufactured Capital Human Capital Financial Capital 	<ul style="list-style-type: none"> Effective use of resources Reduction or sustainment of costs 	<ul style="list-style-type: none"> Transfer to inverter technology and LEDs

Relationship between Company's Results and Management's Objectives

The management has set objectives after detailed analysis and consideration which includes numerous factors such as market conditions, economic affairs of local and international markets, prevailing industry norms, operations, available resources, financial capacity, liquidity, historical experiences and customer needs.

The Company focuses on superior quality of service, product innovation, HSE improvement and initiatives for highest level of customer satisfaction.

Significant changes in Management Objectives and Strategies

There have been no significant changes in objectives and strategies of the Company as compared to previous year.



Policy and Procedures for Engagement of Stakeholders

Being the one of the largest insurance company in the country, the Company's services has an effect on diverse group of stakeholders. The perception, and needs of these group of stakeholders shape the Company's business and in turn its success. Identifying the group of stakeholders allows the Company to understand the issues, formulate strategies and deliver according to their expectations.

The engagement process initiates with the identification of stakeholders. The Company defines stakeholders as those who are potentially affected by the Company's operations or who have an interest in or influence on the Company's business. After identification of stakeholders, the most important step is of communication with the stakeholders to ascertain their needs and wants which affect the Company and formulating strategy to cater the identified factors. The Company's range of stakeholders includes shareholders/investors, employees, customers, agents, reinsurers, public, government & regulators, industry associations & representative bodies and media. Process and frequency of consultations with stakeholders, topics identified and the Company's responses to the same are as follows:

Stakeholders		Frequency and Method of Engagement	Areas Identified	Strategy
Shareholders / Investors	Individuals or corporates which have invested in capital of the Company	Ongoing <ul style="list-style-type: none"> Website with Company's financial and non-financial data Notices, circulars, announcements and interim reports Annual <ul style="list-style-type: none"> Annual General Meeting Annual Reports 	<ul style="list-style-type: none"> Good rate of return Sound and prudent management Presentation of minority interest 	<ul style="list-style-type: none"> Prudent underwriting for maximization of returns Professional, knowledgeable and honest management Optimal mix of independent and Non-Executive directors
Insured	Subscribers of Company's services	Ongoing <ul style="list-style-type: none"> Communication through agent network Dedicated claims department Customer Feedback 	<ul style="list-style-type: none"> Service quality and availability Fair market practices Transparent communication Market competitive rates 	<ul style="list-style-type: none"> Appointment based on transparent procedures & evaluation criteria Mutually beneficial relationships

Stakeholders		Frequency and Method of Engagement	Areas Identified	Strategy
Reinsurers	Insurers that provide reinsurance / retakaful treaties and facultative business	Ongoing <ul style="list-style-type: none"> Quarterly accounts submission Reconciliations Remittances Annual <ul style="list-style-type: none"> Reinsurance / retakaful contracts 	<ul style="list-style-type: none"> Timely payment Opportunity and negotiation Shared development Fair market practices 	<ul style="list-style-type: none"> Appointment based on transparent procedures and evaluation criteria Mutually beneficial relationships
Agents	Distributors of the Company's services	Ongoing <ul style="list-style-type: none"> Direct communication with agents Agent training and education programs Annual <ul style="list-style-type: none"> Annual / biannual Sales Conference 	<ul style="list-style-type: none"> Opportunity for employment and business relationship Value creation for the society 	<ul style="list-style-type: none"> Constructive and favorable mutually beneficial outcomes
Public	Neighborhood	Ongoing <ul style="list-style-type: none"> Sponsorship for seminars, sports and other awareness campaigns on various issues concerning public at large Internships programs Contribution in charity and disaster programs recovery efforts 	<ul style="list-style-type: none"> Opportunity for employment and business relationship Value creation for the society 	<ul style="list-style-type: none"> Invariably contribution in the charity Fair job opportunities Business on fair terms, without any discrimination
Government & Regulators	Federal & provincial governments, SECP & PSX	Ongoing <ul style="list-style-type: none"> Filing of statutory forms, documents, prescribed returns, assessments and other information as per applicable laws and regulations Participation in government initiatives, regulation and policy working groups 	<ul style="list-style-type: none"> Compliance with legal and regulatory requirements Adherence to policies and guidelines in true letter and spirit 	<ul style="list-style-type: none"> Ensure timely compliance with legal and regulatory requirements Contribute to the economy through tax payments
Financial Institutions	Institutions through which the Company transacts payments and makes investments	Ongoing <ul style="list-style-type: none"> Face to face / virtual meetings By contracts Web portals 	<ul style="list-style-type: none"> Good rate of return on investments / bank deposits Sound and prudent risk management Security of investment 	<ul style="list-style-type: none"> Increase in income Potfolio management Good credit rating
Employees	Required resources for the implementation of management's decisions for achieving Company's goals	Ongoing <ul style="list-style-type: none"> Communication through line mangers and supervisors Newsletters and other communications Whistle blowing mechanism Training and development programs Bi-Annual Performance Appraisals 	<ul style="list-style-type: none"> 3 R's - Respect, Recognition and Reward Clearly defined roles, responsibilities & goals Performance management and development 	<ul style="list-style-type: none"> Recruitment and career advancement based on integrity, merit, experience and skills Education and training of staff and descendants
Industry associations & representative bodies	Insurance Association of Pakistan	Ongoing <ul style="list-style-type: none"> Periodic submission of Company's information Providing periodical operational data 	<ul style="list-style-type: none"> Protection of interest of members of associations Participation in different committies 	<ul style="list-style-type: none"> Ensure compliance Actively participate in key business and industry initiatives

Risk Management

Risk and Opportunity Report

We manage and monitor risks and factors that could impact our plans for long-term sustainable growth.

Defining Risk

Risks are uncertain events that could materially impact business objectives – negative for threats and positive for opportunities. We recognize that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of these risks is therefore key for accomplishing our strategic objectives and the long-term sustainable growth of our business.

Risk Management

To achieve an informed understanding of our tolerance for risks when delivering our overall business plan, we must be mindful that the objective of risk management is not necessarily to eliminate risk, but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within Atlas Insurance is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.



Enterprise Risk Management

Enterprise Risk Management (ERM) is the process to identify and address the potential events that represent risks to the achievement of strategic objectives, or to opportunities to gain competitive advantage.

Governance

The Board provides guidelines on strategic matters and organizational objectives. However, the Company level risk management is the responsibility of the Risk Management & Compliance Committee (the Committee). The Committee regularly reviews the business risk profile, risk management policy, risk assessment procedures, related counter strategies and advices on future actions.

Strategy Formulation

The Management has developed a set of objectives that represent stakeholders' expectations and are lead indicators for determining the success level of the Company. In order to ensure the achievement of the set objectives, the management adopts certain strategies. These strategies are subject to change, depending upon any changes in the external business environment or internal organizational factors.

Risk Assessment

Businesses face numerous uncertainties that can pose potential threats to the objectives if not addressed, may culminate in loss. Such uncertainties can arise both from external events as well as internal factors within the organization.

Counter Measures

Upon identification of risk factors, counter measures are devised to mitigate their impacts. The severity of the risk will determine the criticality of the counter measures and will accordingly set its priority for action. Risks and their related counter strategies are monitored on continuous basis and evaluated for any changes in related impacts.

Opportunity Analysis

The Company has adequate processes and procedures in place for identifying potential gaps in the external environment which, if the Company has adequate resource, may be explored as opportunities to improve performance.

Key Risks

Following are the key risks that affect the Company, along with their sources, consequences and methods to deal with them:

Sr. No.	Risk	Source	Consequence	Mitigations	Opportunities
1.	<p>Economic Risk</p> <p>Changes in economic environment such as interest rates, exchange rates affects performance of the Company.</p>	External	<p>Volatile economic, political, and financial market conditions may cause hurdles in overall business scenario. The insurance sector also faces challenges arising from the economic and political scenario.</p>	<p>The Company has diversified its business procurement strategies if one segment of the economy is affected the business is grown to other economic sectors so that the affect of economic slow down is mitigated. The Company has cautious underwriting and marketing approach to deal with such risks and keeps working on developing innovative products to maintain and increase its market share without compromising its underwriting profitability.</p>	<p>It ensures continuity of operations without disruption.</p>
2.	<p>Insurance Risk</p> <p>Peril that is insured in the policy, in turn transforms into potential to cause financial loss, if they occur.</p>	External	<p>The risk under any insurance contract is the possibility that the insured event may occur and the uncertainty of quantum of the resulting claims. Generally most insurance contracts carry the insurance risk for a period of one year.</p>	<p>The Company's risk exposure is mitigated by employing a comprehensive framework to identify, manage and monitor risk under the insurance contracts. This framework includes implementation of underwriting strategies which aim to ensure that the underwriting risks are well diversified in terms of type and amount of the risk and provide adequate spread. Suitable reinsurance is arranged to mitigate the effect of potential loss to the Company from large or catastrophic insured events.</p>	<p>It enables the Company to underwrite prudently and mitigate any unforeseen loss.</p>

Sr. No.	Risk	Source	Consequence	Mitigations	Opportunities
3.	<p>Regulatory Risk</p> <p>The risk that change in rules and regulations will materially impact the way the business is being conducted.</p>	External	The Company is operating in a highly regulated industry. Any failure to meet those regulatory requirements would expose the Company to various consequences and may also cause reputational risk.	The Company ensures compliance with all the required regulations. The compliance department ensures timely compliance with all the regulatory requirements.	To operate with least volatility and low occurrence of unforeseen variables.
4.	<p>Investment Risk</p> <p>The risk that the return on investment is below the expected return.</p>	External	Changes in the macro economic factors may affect the stock market and interest rates which impacts the Company's cash flows and profitability.	The Company continuously monitors the investment portfolio to ensure a balanced asset mix, which can provide better returns on investments.	To maximize the return on investments.
5.	<p>Liquidity Risk</p> <p>The risk that resources are not enough to settle all the obligations in timely manner.</p>	External	The Company may not be able to meet its financial obligations towards insured and other stakeholders.	To avoid difficulty in meeting obligations, the Company ensures that it has sufficient liquidity available to meet its claims and other liabilities. It includes measuring and monitoring of future cash flows, maintaining sufficient cash reserves and a portfolio of highly liquid financial assets which can be easily encashed in the event of an unforeseen interruption to cash flows.	Having enough liquid assets to meet the obligations at all the time.
6.	<p>Cyber Risk</p> <p>Risk of financial loss, disruption or damage to the reputation due to failure of its Information Technology systems.</p>	External / Internal	The Company is prone to cyber attacks either internally or externally.	The Company has implemented strong controls including firewall, antivirus solutions, backup and recovery systems to minimize the risks posed by cyber attacks.	Aim is to maintain a strong IT control environment, which can monitor and timely react to emerging cyber and security threats. We strive to embed more intelligent controls over the time.
7.	<p>Reinsurance Risk</p> <p>Default in payment by reinsurance company.</p>	External	Reinsurance ceded does not relieve the Company from its obligation to the insured, as the Company is still liable for the portion of claims reinsured, even in case of any delay or default by any reinsurer to discharge its obligation in time.	The Company has diversified reinsurance arrangements. It is neither dependent on a single reinsurer nor dependent on any single reinsurance contract. The Company obtains reinsurance cover only from reinsurers of sound financial health and good international rating. Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis including cover of any catastrophic event.	To be able to negotiate better terms with well reputed reinsurers.

Sr. No.	Risk	Source	Consequence	Mitigations	Opportunities
8.	Operational Risk Risk that any incident will disrupt the operations of the Company.	External / Internal	The Company is susceptible to disruption of regular business operations.	The Company has an effective Business Continuity Plan (BCP) in place to ensure that operations of the Company shall continue in case of any emergency such as lockdown or other disruptions.	Development of alternative BCP under different scenarios.
9.	Humman Capital and Environment Risk Human resource is the most valuable asset in any business, especially in service industry, but at the same time it is also the most vulnerable asset.	Internal	Failure in providing a safe working environment, attracting and retaining the capable and skilled resource, may lead to illness, injury, loss of precious business time.	Market based remuneration are offered and adjustments are made at the annual appraisals. Different perks are offered like group insurance, health insurance voluntary pension schemes, and gratuity. Training is regularly provided across the board.	Targeted personnel development and training is helping to generate ideas and suggestions that make significant contributions to Company success as well as employees development and retention.

Health, Safety and Environment

Atlas Insurance Limited, recognizes its responsibilities for the occupational safety, health and environment of its associates and asset in all business areas of the Company and society as a whole. Among our top priorities is to promote good health, high level of safety and meticulous care of working environment. Meeting our business targets, in compliance with appropriate HSE standards is of prime importance to us and it is the continuation of a long legacy of Atlas Group's responsible business practices that reflect our corporate culture.

Atlas Insurance Limited is committed to:

- Implement and maintain a comprehensive HSE Management System to mitigate risk to human capital, equipment and assets.
- Comply with all the applicable laws / regulations to implement HSE standards in all areas and activities of organization.
- Provide safe and healthy workplaces for our employees, contractors, visitors and other service providers.
- Establish challenging targets and measures and repost progress to ensure continuous improvement in HSE performance.
- Minimize impact on environment by following best environmental friendly practices.
- Regularly provide HSE related information and training to associates to enable them to effectively discharge their responsibilities and contribute towards compliance with the Group's HSE policy.



Whistle Blowing Policy

The Company is committed to create an atmosphere ensuring accountability and integrity in its conduct. A Whistle Blowing policy has been in place as part of Company's effort to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality.

The policy sets out the procedures for lodging of concerns by the employees, handling of concerns by the organization, reporting requirements, protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by the program.

Cybersecurity Framework

Information Technology (IT) allows the organizations to work more efficiently and maximize productivity and therefore become a vital and integral part of every business. Faster communication, electronic storage and the protection of records are the main advantages of the IT. IT has attained a pivotal role in core business operations of the Company as the availability of secure and uninterrupted flow of information is being managed through IT. Due to the core business activities' dependency on IT services, the security of IT system and its associated facilities have become more critical than ever.

The distribution and offering products through usage of technology by the insurance companies, and to put regulatory measures in place for threat reduction, vulnerability reduction, deterrence and other cyber security measures, the Securities and Exchange Commission of Pakistan (SECP) has issued guidelines on Cybersecurity Framework (the Framework) for the Insurance sector specifying guiding principles for adoption of suitable cybersecurity measures.

By understanding the importance and sensitivity of the matter, to comply with the provisions of the Regulations and to identify, assess, quantify, monitor, and control the nature and significance of the cyber risks, the Company has developed and implemented Cybersecurity Framework.

Following are the main features of this Framework:

1. An IT professional having relevant qualification and experience has been designated as Chief Information Security Officer (CISO).
2. The Cybersecurity risk has been included in the Company's risk management function and the framework has been implemented with the view to control and mitigate the relevant risk.
3. Protection of the insured data which has become more vulnerable due to enhanced reliance on business process outsourcing and offering technology based innovative insurance products and services, is one of the main responsibilities of the insurance companies. The Framework contains the measures to protect insured data.
4. The Framework enables the Company to anticipate, detect, withstand and recover from cybersecurity incidents by limiting the likelihood and impact of a cybersecurity incidents, which could damage the Company's operations, its reputation, and the data privacy of its policyholders and third parties.
5. The requirements for people, processes, and technology necessary for managing cyber risks and timely communication are defined in the Framework.
6. It is the responsibility of the management to create a culture which recognizes that staff at all levels have responsibilities in ensuring the Company's cybersecurity. The Framework defines roles and responsibilities of the staff.
7. The Framework articulates the plan for identification, assessment, measurement, monitoring, mitigation and management of cyber risks. The Framework is reviewed on annual basis.
8. An external communication / connectivity penetration testing is conducted annually to determine the possible vulnerabilities in the IT system.
9. To make the Framework more effective and efficient a third party audit with respect to Penetration Testing and Vulnerability Testing has been conducted by a professional consultant and its recommendations have been adopted.
10. The Framework clearly describe the Business Continuity Plan in case of any unseen disaster.
11. An Information Asset Register has been developed to help better understand and manage information assets and risks to them.

Notice of Annual General Meeting

Notice is hereby given that the 88th Annual General Meeting of the members of Atlas Insurance Limited will be held on Thursday, April 27, 2023 at 2:00 p.m. at the registered office of the Company situated at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, to transact the following business:

Ordinary Business

1. To confirm minutes of the last Annual General Meeting held on April 21, 2022.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2022, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve final cash dividend @ 45% and also approve interim dividend @ 25% already paid to the shareholders for the year ended December 31, 2022, as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending December 31, 2023. The present auditors EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Special Business

5. To consider and, if thought fit, pass the following resolution as ordinary resolution:

Resolved:

"that the remuneration of the Chief Executive Officer of the Company, as fixed by the Board, for the financial year ending December 31, 2023, be and is hereby approved."

6. To consider and approve the change in Article 94 (a) of the Articles of Association of the Company.

- 6.1 To consider and, if thought fit, pass with or without modification the following resolutions as special resolutions:

Resolved:

"that the Article 94 (a) of the Articles of Association of the Company be amended to include as under:

94 (a) The Chief Executive Officer shall receive such remuneration as fixed by the Board of Directors from time to time, in addition to all the perquisites and other benefits as admissible under the Company Rules.

In lieu of:

94 (a) The Chief Executive shall receive such remuneration as the Company in the General Meeting may determine and as the Director may determine within the limits approved by the Company in General Meeting and it may be made a term for his appointment that he be paid a pension or gratuity or provided with employee stock options, if permitted by law, on retirement from his office."

- 6.2 **Further Resolved:**

"that the Company Secretary, be and is hereby, authorized to take all necessary actions for the purpose to give effect to the above resolution for alteration in the Articles of Association of the Company and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution."

7. To consider and, if thought fit, pass with or without modification, the following resolutions as special resolutions:

Resolved:

- 7.1 "that the transactions carried out by the Company in the normal course of business with Atlas Foundation and Atlas Asset Management Limited (AAML), related parties, during the year 2022 be and are hereby ratified, approved and confirmed."

Further Resolved:

- 7.2 "that the Board of Directors be and is hereby authorized to approve all the transactions carried out in the normal course of business with Atlas Foundation and AAML during the ensuing year ending December 31, 2023."

Other Business

8. To consider any other business with the permission of the Chair.

The Statement under Section 134(3) of the Companies Act, 2017, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.

By Order of the Board



Muhammad Afzal
Company Secretary

Lahore: April 06, 2023

Notes:

- 1) The share transfer books of the Company will remain closed from April 13, 2023 to April 27, 2023 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's share registrar, Hameed Majeed Associates (Pvt.) Limited, 7 – Bank Square Sharah-e-Quaid-e-Azam, Lahore by the close of business on April 12, 2023 will be treated in time for the purpose of transfer of shares to the transferees.
- 2) A member entitled to attend, speak and vote at the AGM is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the AGM as are available to the member.
- 3) Duly completed instrument of proxy, and the other authority under which it is signed, or a notarial certified copy thereof, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the time of meeting.
- 4) Any change of address of members should be immediately notified to the Company's share registrar.
- 5) CDC Account Holders will further have to follow the following guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the SECP:

A. For Attending the Meeting:

- i. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per CDC Regulations shall submit the proxy form as per the above requirement showing the original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per CDC Regulations shall submit proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6) Conversion of Physical Shares into Book-Entry Form

The SECP vide their letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021, has advised the listed companies to adhere with the provisions of section 72 of the Companies Act, 2017 (the Act) by replacing shares issued by them in physical form with the shares in the book-entry form.

Atlas Insurance Limited (AIL), being a listed company, is also required to comply with aforesaid provisions of the Act, therefore, the shareholders having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible. The shareholders may contact their broker or CDC investor account service provider for opening a CDC Account and subsequent conversion of physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities in connection with issuance of duplicate shares and having shares readily available for sale in the stock market at the prevailing market rates. The shareholders may contact Company's share registrar for the conversion of their physical shares into book-entry form.

7) Participation in AGM through Electronic Means

In line with the directions issued to the listed companies by the SECP vide Circular No. 4 of 2022 dated February 15, 2022, the Company has also made arrangements for the shareholders to attend the AGM through electronic means.

Shareholders who are interested in attending the AGM through video link are requested to get themselves registered with the Company at least 24 hours before the time of the Meeting at muhammad.afzal@ail.atlas.pk or WhatsApp Number 0300-2261915, by providing the following details:

Name	CNIC No.	Folio / CDC No.	Cell No.	Email Address

The shareholders can also provide their comments and questions for the agenda items of the AGM on our above-mentioned email and WhatsApp Number.

8) Availability of Audited Financial Statements at the Company's website

The audited financial statements of the Company for the year ended December 31, 2022, have been made available on the Company's website www.ail.atlas.pk in addition to the annual and quarterly financial statements of prior years.

9) Procedure for E-Voting

In accordance with the Companies (Postal Ballot) Regulation, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

- a. Details of the E-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on April 12, 2023.
- b. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of E-voting service provider.
- c. Identity of the members intending to cast vote through E-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online as per timeline to be communicated by the E-voting service provider. Once the vote on the resolution is cast by a member, he / she is not allowed to change it subsequently.

10) Procedure for Voting Through Postal Ballot

Pursuant to the Regulations, the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all businesses classified as special business under the Act in the manner and subject to conditions contained in the Regulations in accordance with the requirements and procedure contained in the aforesaid Regulations.

This postal poll paper will be available for download from the the Company's website at <https://ail.atlas.pk/> and will be published in newspapers as per timeline specified in the Regulations.

In case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

11) E-Dividend Mandate (Mandatory)

In compliance of the Section 242 of the Companies Act, 2017, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholder. Therefore, the shareholders who have still not provided their Bank Account Number / IBAN and other banking details are requested to provide the same to the Company at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of E-Dividend mandate, such cash dividends will be withheld by the Company.

12) Unclaimed Dividend

As per the provision of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it were due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claims. The details of the shares issued and dividend declared by the Company which have remained due for more than three years were sent to shareholders, uploaded on the Company website and final notice was issued in the newspapers. In case, if no claim is lodged, the Company shall proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

13) Electronic Transmission of Annual Financial Statements and Notices

Pursuant to Notification vide SRO 787(1) / 2014 of September 8, 2014, the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are requested to convey their consent via email on a standard request form which is available at the Company website i.e. www.ail.atlas.pk. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 10 MB file in size. Further, it is the responsibility of the members to timely update the share registrar of any change in the registered email address.

14) Deduction of Withholding Tax on the Amount of Dividend

Pursuant to the directives vide Circular No. 19 / 2014 dated October 24, 2014, the SECP has directed all the companies to inform their shareholders about the changes made in Section 150 of the Income Tax Ordinance, 2001 for deduction of withholding tax on the amount dividend and accordingly the shareholders are advised as under:

The government of Pakistan through Finance Act has made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. For the tax year 2022-23 these tax rates are as under:

- a) For persons appearing in the Active Tax payers List (ATL) 15%
- b) For persons not appearing in the ATL 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not appearing in the ATL available at the FBR website, despite the fact that they are filers, are advised to make sure that their names are entered into ATL for payment of dividends.

The corporate shareholders having CDC account 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 its share registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

15) Deduction of Withholding Tax on Joint Account Holder(s)

The joint account holders whose shareholding details as to principal shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's share registrar, the shareholding details of yourself as principal shareholder and your joint holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly.

CDC Account No. / Folio No.	Name of Principal Shareholder / Joint Holder	Shareholding Proportion (%)	CNIC Number (Copy attached)	Signature

Please note that in case of non-receipt of the information each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

Statement under Section 134(3) of the Companies Act, 2017

This Statement is annexed to the Notice of the 88th Annual General Meeting of Atlas Insurance Limited to be held on April 27, 2023, at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

Item No. 5 of the Agenda

Approval is being sought for the annual increase in the remuneration of the Chief Executive working whole time with the Company. The Board has fixed the monthly gross remuneration of the Chief Executive at Rs. 3,075,000 per month, for the year ending December 31, 2023, in addition to all the perquisites and other benefits as admissible under the Company Rules.

The Chief Executive is interested only in the remuneration payable to him.

Item No. 6 of the Agenda

As per the Code of Corporate Governance (Code), only the Board has the authority to fix the remuneration of the CEO and there is no requirement to determine his / her remuneration in the General Meeting. Therefore, the Board of Directors has recommended alteration to the relevant Article No. 94 (a), to get this aligned with the Code.

The Chief Executive is interested only in the remuneration payable to him.

Item No. 7 of the Agenda

The transactions carried out in normal course of business with the associated companies (related parties) are recommended by the Board Audit Committee and approved by the Board of Directors on quarterly basis.

In the case of Atlas Foundation and AAML, a majority of the Directors were interested and as per provisions of Section 208 of the Companies Act, 2017, and Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, such transactions shall be placed before the general meeting for approval.

In view of the above, the following normal business transactions carried out during the year 2022 with Atlas Foundation and AAML are being placed before the shareholders for approval / ratification:

(Rupees in thousand)

Nature of Transactions	Atlas Foundation	Atlas Asset Management Limited
Premium underwritten	3,107	13,089
Premium collected	3,049	14,637
Claims paid	1,159	5,879
Lease paid	1,875	-
Fee paid	-	5,604
Dividend paid	16,930	-
Donations paid	21,815	-
Investments in mutual funds	-	315,176
Redemptions of mutual funds	-	302,834
Dividend received from mutual funds	-	1,575

Names of the Directors with interest as Directors in the related parties:

Mr. Iftikhar H. Shirazi, Mr. Ali H. Shirazi, Mr. Frahim Ali Khan and Mr. M. Habib-ur-Rahman, the Directors of AIL are also Directors of Atlas Foundation and AAML.

Corporate Information

Registered Office

63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.
Tel: (92-42) 3713261-18
Fax: (92-42) 37132622

Listing on Stock Exchange

Atlas Insurance Limited is listed on Pakistan Stock Exchange (PSX).

Stock Symbol

The stock symbol for Atlas Insurance Limited at the PSX is ATIL.

Listing Fee

The annual listing fee for the financial year 2022-23 was paid to the PSX and CDC within the prescribed time.

Statutory Compliance

During the year, the Company complied with all applicable provisions of the Companies Act, 2017, the Insurance Ordinance, 2000, the Code of Corporate Governance and PSX Listing Regulations.

88th Annual General Meeting

Date: April 27, 2023
Time: 2:00 p.m.
Venue: 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.

Financial Calendar

Audited annual results for year ended December 31, 2022
- Second half of March

Mailing / placement of annual reports
- First half of April

Annual General Meeting
- Second half of April

Unaudited first quarter financial results
- Second half of April

Unaudited half year financial results
- Second half of August

Unaudited nine months' financial results
- Second half of October

Dividend Announcement

The Board has proposed 45% final cash dividend of for the financial year ended December 31, 2022, subject to approval by the shareholders of the Company at the Annual General Meeting. This is in addition to 25% interim dividend disbursed during the year 2022.

25% interim cash dividend and 10% bonus shares in addition to 45% final cash dividend was disbursed to the shareholders for the year ended December 31, 2021.

Closure of Share Transfer Books

The share transfer books of the Company will remain closed from April 13, 2023 to April 27, 2023 (both days inclusive).

Conversion of Physical Shares into Book-Entry Form

The SECP vide their letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021, has advised the listed companies to adhere with the provisions of section 72 of the Companies Act, 2017 (the Act) by replacing shares issued by them in physical form with the shares in the book-entry form.

Atlas Insurance Limited (AIL), being a listed company, is also required to comply with aforesaid provisions of the Act, therefore, the shareholders having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible. The shareholders may contact their broker or CDC investor account service provider for opening a CDC Account and subsequent conversion of physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities in connection with issuance of duplicate shares and having shares readily available for sale in the stock market at the prevailing market rates. The shareholders may contact Company's share registrar for the conversion of their physical shares into book-entry form.

Annual General Meetings

Pursuant to Section 132 of the Companies Act, 2017, Annual General Meetings of the shareholders are held at least once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in one English and one Urdu newspaper having circulation both in Karachi and Lahore.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

Communication

Address of the share registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7 – Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore.
Tel: (92-42) 37235081 - 82
Fax: (92-42) 37358817

Zakat Declarations and Address

Members are requested to submit declaration for Zakat on the required format and to advise change in address, if any.

Share Price at the PSX

Month-wise share price movement of the Company, at the PSX, during the year 2022 was as follows:

Months	High	Low	Volume
January	61.89	59.00	58,000
February	64.45	59.80	163,000
March	65.00	61.00	150,000
April	66.00	51.50	120,500
May	56.15	51.80	35,000
June	55.69	53.00	38,000
July	53.71	50.64	311,500
August	56.40	52.00	71,500
September	56.43	52.50	23,000
October	54.21	53.00	30,000
November	57.55	53.52	30,000
December	58.80	52.63	16,500

Report of the Board Audit Committee

The Board Audit Committee (the Committee) comprises of three Non-Executive Directors, including the Chairman, who is an independent Director. Profiles of the Committee members are appearing on Page No. 15 & 16 of the Annual Report 2022. The incumbent members are qualified finance professionals and the Committee as a whole possess economic, financial and business acumen.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Internal Auditors attend the Committee meetings by invitation while the External Auditors attend these on requirement basis.

Financial Statements

The Committee has reviewed the conduct and operations of the Company for the year ended December 31, 2022, and reports that:

- The financial statements of the Company for the year ended December 31, 2022 have been prepared on a going concern basis under requirements of the Companies Act, 2017, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 and International Financial Reporting Standards and other applicable Regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity for the year under review.
- The Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended for approval of the Board.
- All the related party transactions were reviewed and recommended by the Committee prior to the approval by the Board.

Risk Management and Internal Controls

- The Company has an effective internal control framework which also include an independent internal audit function.
- The internal audit function is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations.

Internal Audit

- The Company's system of internal controls is sound in design and has been evaluated for effectiveness and competence.
- The internal audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material internal audit findings, taken appropriate actions and brought the matters to the Board's attention, where required.

External Auditors

- The Committee recommended appointment and remuneration of the external auditors for the financial year ended December 31, 2022.
- The Committee has discussed the audit process and observations of the external auditors regarding the preparation of the financial statements including compliance with the applicable statutes.

Access to Reports and Enquiries

Annual Reports

Annual Reports can be downloaded from the Company's website: www.ail.atlas.pk or printed copies can be obtained by writing to:

The Company Secretary,
Atlas Insurance Limited,
63/A, Block-XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA, Lahore

Quarterly Reports

The quarterly reports can be accessed at Atlas Insurance's website.

Shareholders' Enquiries

Shareholders' enquiries regarding status of their shareholdings, dividends, bonus or any other matter may be directed to the share registrar at the following address:

Hameed Majeed Associates (Pvt.) Limited,
H. M. House, 7 - Bank Square,
Sharah-e-Quaid-e-Azam, Lahore.
Tel: 042-37235081-82

Decisions taken at the Last AGM

No significant issues were raised by the shareholders during the AGM held on April 21, 2022. As per agenda the following matters were discussed and approved in the meeting:

1. Approval of minutes of the last AGM held on April 09, 2021.
2. Approval of the audited financial statements for the year ended December 31, 2021 along with Directors' and Auditors' reports.
3. Approval of 70% cash dividend for the year ended December 31, 2021.
4. Approval of 10% bonus shares for the year ended December 31, 2021.
5. Appointment of EY Ford Rhodes as auditors of the Company for the year 2022 and fixing of their remuneration.
6. Approval for remuneration of the CEO for the year 2022.
7. Approval of Related Party Transactions.

Matters Raised in the last AGM of the Company

The AGM was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Audit Committee to answer any queries and matters within the scope of the Audit Committee's responsibilities. During the meeting, there were no significant matters / issues raised except for discussion on the agenda items.

Efforts to Engage Minority Shareholders

The Company values all shareholders equally and consider them an integral part of the Company. The Company facilitates all shareholders including minority shareholders to attend and take part in AGM. The Company has taken multiple steps to increase the participation of minority shareholders, few are as follows;

- Circulation of the notice of AGM both in English and Urdu newspapers having wide circulation in multiple cities,
- The Company has been conducting general meetings through video link, minority shareholders' participation has further improved, with the convenience of attending the meeting from anywhere,
- The notice of AGM is sent to all shareholders at least 21 days before the date of meeting,
- Placement of AGM notice on the Company's website and PSX website

During the meeting also, the minority shareholders are encouraged to provide their insight, and their concerns and suggestion are duly recorded as a part of continuous improvement process.

Investors' Relations

Investors are one of the main stakeholders of the Company. The Company values its relationship with investors and have a dedicated section for Investors' relationship and ancillary financial and non-financial information, the link for the Investors' section is <https://ail.atlas.pk/investors-relation/>. The Company always strives to provide accurate, correct, and precise information to the investors through quarterly and annual financial statements, and on the website. The information on the website is updated regularly.

Corporate Briefing Session of the Company

Corporate Briefing Session is held annually to brief the investors regarding performance of the Company and future outlook. This year, corporate briefing session was held on November 22, 2022. During the meeting the management briefed the following matters about the Company:

- Company's profile,
- Company's network,
- Strategic / Operational developments,
- Company's performance over the last six years and
- Company's performance for the 9 months period ended September 30, 2022 in comparison with same period last year.

Thereafter a question and answer session was held. For more details on corporate briefing session, please refer the presentation available on our website link:

<https://ail.atlas.pk/wp-content/uploads/2022/11/CBS-2022-Presentation.pdf>

Grievance / Feedback System

The Company believes in protecting interest of its investors, shareholders and insured. The shareholders give their feedback in general meetings and are encouraged to do so. It allows the Company to have a good understanding of their views on operations and decisions. Accordingly, an online "Grievance / Feedback System" has been established that provides an avenue for reporting and resolution of all complaints/queries on timely basis for both the investors and insured. A designated webpage has been created which is <https://ail.atlas.pk/investors-relation-2/> to facilitate investors and ail.atlas.pk/grievance-function/ to facilitate insured for submission of queries/grievances and feedbacks. In addition, complaints and suggestions can also be received in writing, duly addressed to designated personnel as mentioned on the website. All grievances / queries are resolved and communicated to the investors and insured on timely basis after due verification procedures.

Significant Plans & Decisions

The Company has a long history of continuous growth. The Company believes in systematic and strategic capacity building. Our long legacy of 88 years is a proof of our commitment and portray our success story. The Company is committed to identifying new markets to expand in and enhancing its capacity to serve. This will in turn expand the business and provide our shareholders the desired return on investment.

International Standards Adopted

International standards adopted for best corporate reporting practices are as follow:

- Integrated reporting framework

Effect of Seasonality on Business in Terms of Sales

It includes the recurring pattern of sales during a specific period. There are multiple factors effecting the quantum of sales during a period. Some of the major effects are as follows:

Reason	Effect
Reporting Period	The companies align the insurance coverages with their financial reporting period, due to which there is an increase in sales during January and July for all lines of business especially fire, motor, marine, health and others.
Occasions / Holidays	There is an increase in buying pattern during different occasions, especially near Eid and there is also an increase in traveling during holidays. Increase in Motor and Travel insurance can be seen.
Season	Increase in agriculture insurance is seen during the start of sowing of Rabi and Kharif crops.
Import / export	Import or export restriction can hinder the volume of marine business during the restricted periods.

Significant changes from prior years

There were no significant changes in this section from the prior years.

Governance Practices Exceeding Legal Requirements

The Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best reporting practices recommended by ICAP / ICMAP;
- Adoption of PSX criteria for selecting top companies;
- Disclosure of various financial analysis including ratios, reviews, risk matrix and graphs etc., and
- Implementation of Health, Safety and Environment strategies to ensure safety of employees.

Share Price Sensitivity Analysis

Key Sensitivities

Company's financial performance has a positive correlation with its share price. As such the factors that influence Company's performance can also be expected to have an impact on its share price. Following factors can be considered as sensitive to affect Company's share price:

Earnings

News released on earnings, profits and future estimated earnings develop investor's interest in the stock of the Company.

Dividend Announcement

Consistency in dividend payouts will reflect the expectations of shareholders and this affects the share price.

Introduction of New Insurance Products

This could lead to positive topline growth which could have an impact on bottom line affecting the share price.

Industry Performance

Government policies specific to industry could result in movement of the share price.

Investor Confidence

Positive economic reforms can attract investors.

Economic Indicators

An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and share price.

Law and Order

Unstable law and order situation impacts disturbance and interruptions in business process. An act of terrorism can also lead to a downturn in economic activity and a fall in share price.

Change in Government Policies

Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect share price.

Investor Sentiment

Investor sentiment or confidence can cause the stock market to go up or down, which can cause share prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- Bull market - a strong market where stock prices are rising and investor confidence is growing. It is often tied to economic recovery or an economic boom, as well as investor optimism.
- Bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high with rising inflation.

Major Events

1st Quarter

JAN. Annual Sales Conference

Field executives of the Company, Group President and Group Director Financial Services attended the Annual Sales Conference held on January 31, 2022 and February 01, 2022, via Zoom.

FEB. BOD Meeting for the Year Ended December 31, 2021

The Board of Directors approved the audited financial statements of the Company for the year ended December 31, 2021 in their meeting held on February 25, 2022.

2nd Quarter

APR. BOD Meeting for the 1st Quarter

BOD meeting for the 1st quarter ended March 31, 2022 was held on April 27, 2022 to approve the unaudited financial statements of the Company.

Annual General Meeting

87th Annual General Meeting of the Company was held on April 21, 2022 to consider and adopt the audited financial statements, to consider and approve final cash dividend @ 45%, bonus shares 10% and to appoint auditors for the year 2022.

Disbursement of Cash Dividend

Cash dividend was disbursed on April 25, 2022.

MAY Disbursement of Bonus Shares

Bonus shares were disbursed on May 10, 2022.

3rd Quarter

JUL. Mid Year Sales Conference

Mid year Sales Conference was held in Nathia Gali on July 25, 2022, and was attended by the Group Director Financial Services and field executives of the Company.

AUG. BOD Meeting for the 2nd Quarter

The meeting of the BOD was held on August 25, 2022 for approval of the unaudited half year financial statements, reviewed by the auditors, for the period ended June 30, 2022.

Financial Strength Rating

The Pakistan Credit Rating Agency Limited maintained the Insurer Financial Strength rating of the Company to 'AA+' with stable outlook, which denotes a very strong capacity to meet policyholders and contract obligations.

4th Quarter

OCT. BOD Meeting for the 3rd Quarter

BOD in their meeting held on October 29, 2022 approved the unaudited financial statements of the Company for the nine months period ended September 30, 2022 and recommended an interim cash dividend @ 25%.

NOV. Disbursement of Interim Cash Dividend

Interim cash dividend was disbursed on November 16, 2022.

Corporate Briefing Session

Corporate Briefing Session was held on November 22, 2022 to brief investors regarding the performance of the Company and its future outlook.

DEC. BOD Meeting for Annual Budget 2023

The Board of Directors meeting was held on December 22, 2022 in which budget for the year ending December 31, 2023 was approved.

Forward Looking Statement

Analysis of Prior Period

As indicated last year, 2022 was a challenging year as the GDP growth forecasts were downgraded more than once by the international agencies. The devaluation of PKR and continued increase in inflation kept the pressure on the PSX, which effected the company's investment income. However, the increase in treasury income and controlled operating expenses provided much needed support in achieving sustainable margins.

Forward Looking Statement

2023 is expected to be another challenging year for the economy. Due to low foreign reserves, increased interest rates and high inflation, the aggregate demand is expected to remain subdued. However, the Company is well positioned for sustainable growth on the back of its leading services. We are addressing new targets, utilizing market potential and strengthening our market position. We will consistently implement our strategy, thus creating the basis for further growth.

Source of Information and Assumptions Used for Projections / Forecasts

The Company prepares annual budgets and forecasts to manage business more effectively. The forecasting is done keeping in view the historical data and figures. Projections are developed based on macro and micro economic indicators, markets trends and research, international and local material price forecasts, data from regulatory and taxation authorities, seasonal variations and competitors' actions etc. Internal capacities are reviewed based on available data and alignment is planned to achieve the desired results.

Information is also generated internally from critical functions of the Company including Marketing, Operations, Information Technology, Human Resources, Finance etc., and the information so collected is collaborated with the data compiled from the above sources for preparation of meaningful and practical forecasts which are adopted as formal plans for the Company.

Statement of Charity Account

We paid an amount of Rs. 21.815 million for the year 2022 to Atlas Foundation. The Foundation has played its role in promoting centers of professional education with the commitment that what has come from the society should be shared with the society. Rashan Bages were distributed to the people affected by the flood as 'Flood Relief' Amounting to Rs. 7.938 million.

Unreserved Compliance of IFRS Issued by the IASB

Company's financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan, comprise of:

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

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

Opportunity Report

As a leading insurer, the Company is in a position to avail and explore number of opportunities. Following is the summary of significant opportunities for the Company:

- Increase reach to all parts of the Country by expanding distribution network;
- Focus on insurance awareness through continuous investment in communication channels and market education;
- With increasing mobile penetration amongst the masses, utilize such platforms for customer interaction, awareness, marketing and sales and;
- Expand general Takaful solutions through window operations.

Materiality Approach

The Management believes materiality as a key component of an effective communication with the stakeholders. In general, matters are considered to be material if, individually or collectively, they are expected to significantly affect the performance and profitability of the Company.

Six Years at a Glance

(Rupees in million)

Description	2022	2021	2020	2019	2018	2017	
Financial Data							
Paid-up capital	933.8	849.0	849.0	771.8	701.6	701.6	
Reserves & retained earnings	2,651.3	3,327.5	3,926.3	2,935.0	2,759.3	3,345.4	
Equity	3,585.2	4,176.5	4,775.2	3,706.7	3,460.9	4,047.0	
Underwriting provisions	3,272.8	2,556.9	2,747.6	1,837.2	1,905.3	1,295.6	
Liabilities including WTO operations	2,692.3	2,584.4	2,139.0	1,490.2	1,299.5	1,419.4	
Investments - at cost (net of impairment)	3,466.5	3,803.9	3,296.2	3,192.1	2,311.9	2,365.8	
Investments - at market value	4,642.1	5,861.6	6,229.4	4,775.4	3,712.6	4,933.7	
Fixed assets - net	221.3	147.6	159.8	120.6	82.1	89.1	
Prepayments, loans and other receivables	929.5	749.4	674.2	771.8	564.7	437.3	
Total assets from general takaful operations - OPF	399.3	273.9	195.3	138.3	108.5	74.9	
Cash and bank deposits	1,553.7	974.5	882.8	650.2	1,328.0	702.3	
Total assets	9,550.3	9,317.8	9,661.7	7,034.1	6,665.7	6,762.1	
Operating Data							
Conventional							
Gross premium revenue	4,697.4	3,739.6	3,046.4	2,911.8	2,849.5	2,379.3	
Net premium revenue	2,132.9	1,830.7	1,405.3	1,455.4	1,473.9	1,274.5	
Net claims	721.2	622.2	449.6	468.7	488.3	432.5	
Management expenses	748.0	618.0	539.8	534.6	461.3	429.1	
Net commission	252.1	182.4	183.6	144.7	160.0	165.6	
Underwriting result	915.8	772.9	599.5	596.8	684.3	578.5	
Investment income	2.4	330.4	239.7	224.8	230.9	321.5	
Profit before tax (PBT)	1,095.6	1,181.5	907.8	895.2	989.0	988.8	
Income tax	376.3	346.1	262.3	272.0	323.5	324.9	
Profit after tax (PAT)	719.3	835.4	645.4	623.3	665.6	664.0	
Window Takaful Operations							
Gross contribution revenue	536.1	366.9	276.7	289.8	211.6	123.4	
Net contribution revenue	176.2	139.7	112.4	135.7	113.3	78.8	
Surplus / (deficit) before tax - PTF	33.1	19.3	27.0	27.5	(25.0)	7.3	
Profit before tax - OPF	87.0	54.2	44.4	38.9	17.1	0.8	
Cash Flow Summary							
Operating activities	828.7	1,060.6	635.4	534.7	725.5	363.8	
Investing activities	391.9	(156.3)	160.4	(721.5)	349.0	535.6	
Financing activities	(641.4)	(812.5)	(563.2)	(491.0)	(448.8)	(447.7)	
Cash & cash equivalents at the year end	1,553.7	1,066.3	882.8	650.2	1,328.0	702.3	
Free cash flow	751.1	1,025.8	613.4	494.4	692.7	307.8	
Financial Ratios							
Profitability							
Profit before tax / Gross premium	%	23.3	31.6	29.8	30.7	34.7	41.6
Profit before tax / Net premium	%	51.4	64.5	64.6	61.5	67.1	77.6
Profit after tax / Gross premium	%	15.3	22.3	21.2	21.4	23.4	27.9
Profit after tax / Net premium	%	33.7	45.6	45.9	42.8	45.2	52.1
Underwriting result / Net premium	%	42.9	42.2	42.7	41.0	46.4	45.4
Management expenses / Gross premium	%	15.9	16.5	17.7	18.4	16.2	18.0
Management expenses / Net premium	%	35.1	33.8	38.4	36.7	31.3	33.7
Commission / Net Premium	%	11.8	10.0	13.1	9.9	10.9	13.0
Net claims / Net premium	%	33.8	34.0	32.0	32.2	33.1	33.9
Combined ratio	%	68.9	67.7	70.4	68.9	64.4	67.6

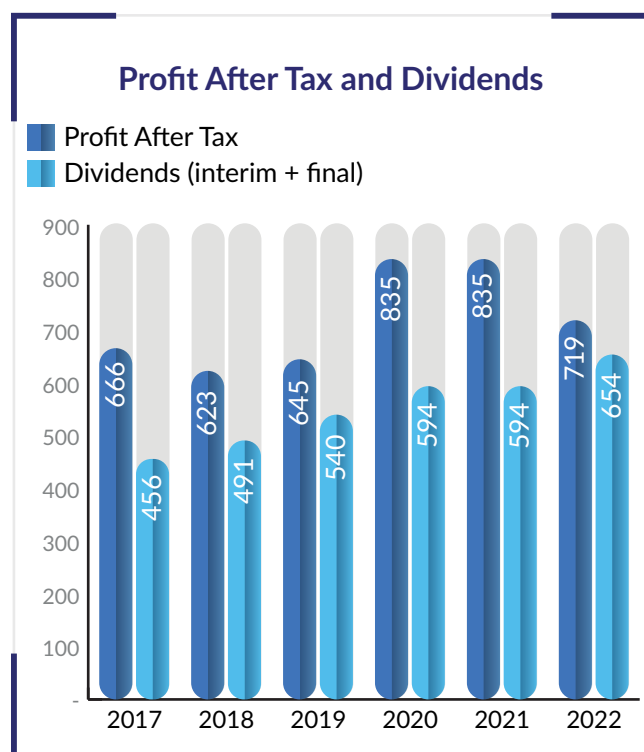
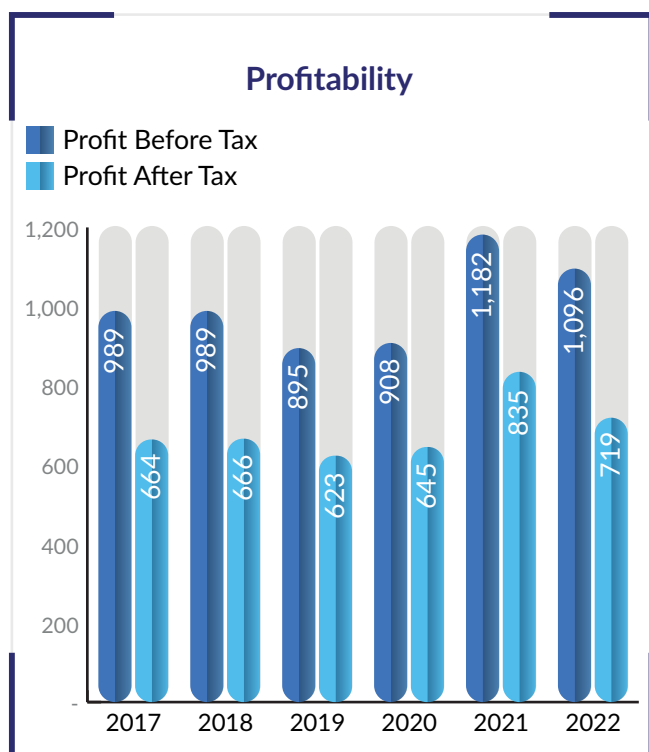
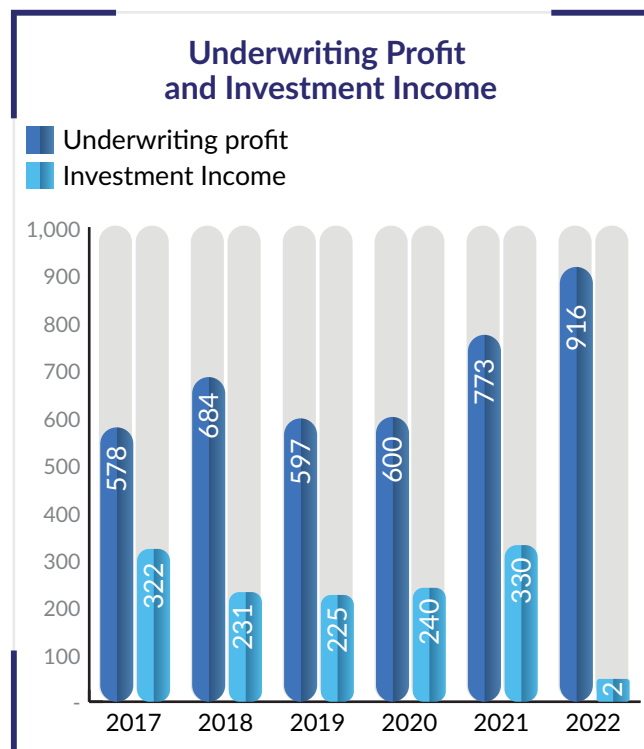
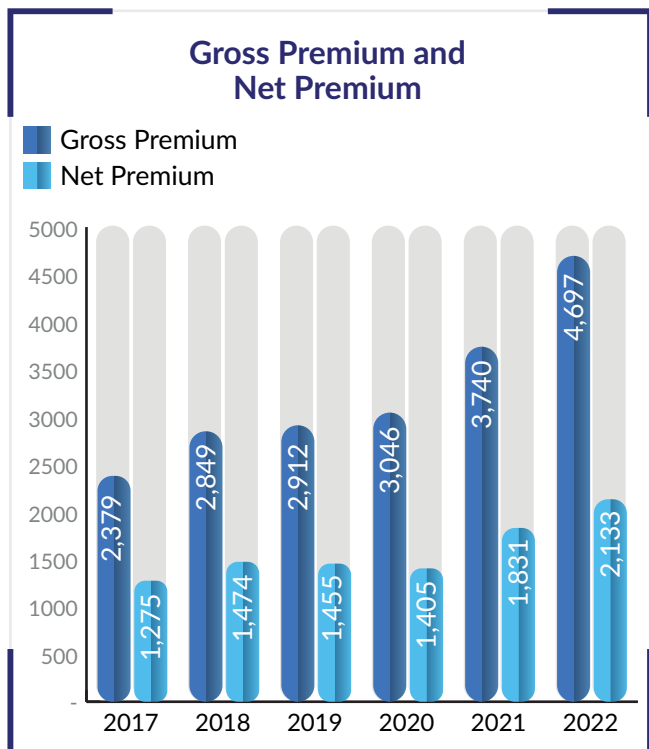
(Rupees in million)

Description		2022	2021	2020	2019	2018	2017
Financial Ratios							
Return to Shareholders							
Return on equity - PBT	%	30.6	28.3	19.0	24.2	28.6	24.4
Return on equity - PAT	%	20.1	20.0	13.5	16.8	19.2	16.4
Earnings growth	%	(13.9)	29.4	3.6	(6.4)	0.2	7.4
Earning per share - PBT	Rs.	11.7	12.7	9.7	10.5	12.8	12.8
Earning per share - PAT	Rs.	7.7	8.9	6.9	7.3	8.6	8.6
Return on assets	%	7.5	9.0	6.7	8.9	10.0	9.8
Investment Yield	%	0.1	9.3	7.4	8.2	9.9	12.9
Earnings assets / Total assets	%	52.6	51.3	43.3	54.6	54.6	45.4
Liquidity / Leverage							
Current ratio	Times	1.7	2.0	2.3	2.4	2.3	3.4
Cash to current liabilities	Times	0.3	0.2	0.2	0.2	0.5	0.4
Total assets turnover	Times	0.5	0.4	0.4	0.4	0.4	0.3
Fixed assets turnover	Times	25.5	24.3	21.7	28.7	33.3	32.1
Total liabilities / Equity	Times	1.7	1.2	1.0	0.9	0.9	0.7
Acid test ratio	Times	1.1	1.4	1.7	1.8	1.8	2.7
Return on capital employed	%	16.6	16.6	13.2	15.7	15.4	12.5
Paid-up capital / Total assets	%	9.8	9.1	8.8	11.0	10.5	10.4
Equity / Total assets	%	37.5	44.8	49.4	52.7	51.9	59.8
Price to book ratio	Times	1.4	1.2	1.1	1.3	1.2	1.3
Market Data							
Price earning ratio	Times	7.2	6.2	8.1	7.9	6.5	8.1
Face value - per share	Rs.	10.0	10.0	10.0	10.0	10.0	10.0
Market value per share							
Market value at the end of the year	Rs.	55.5	61.0	61.5	64.0	61.2	76.4
Highest value during the year	Rs.	66.0	66.5	69.5	78.8	81.8	85.8
Lowest value during the year	Rs.	50.6	47.8	50.6	42.7	51.5	67.0
KSE-100 index	Points	40,420	44,416	43,755	40,435	37,067	40,471
Market capitalization	Rs.	5,182.9	5,178.6	5,224.5	4,939.4	4,293.9	5,360.3
Net assets per share	Times	38.4	49.2	56.2	48.0	49.3	57.7
Distribution							
Cash dividend (interim + final)	Rs.	653.7	594.3	594.3	540.2	491.1	456.0
Cash dividend (interim + final)	%	70%	70%	70%	70%	70%	65%
Bonus shares	Rs.	-	84.9	-	77.2	70.2	-
Bonus shares	%	0%	10%	0%	10%	10%	0%
Cash dividend per share	Rs.	7.0	7.0	7.0	7.0	7.0	6.5
Stock dividend per share	Rs.	-	1.0	-	1.0	1.0	-
Dividend yield	%	12.6	11.5	11.4	10.9	11.4	8.5
Dividend pay out	%	90.9	71.1	92.1	86.7	73.8	68.7
Dividend cover	Times	1.1	1.4	1.1	1.2	1.4	1.5
Breakup value per share	Rs.	38.4	49.2	56.2	48.0	49.3	57.7

Performance at a Glance

Graphical Presentation

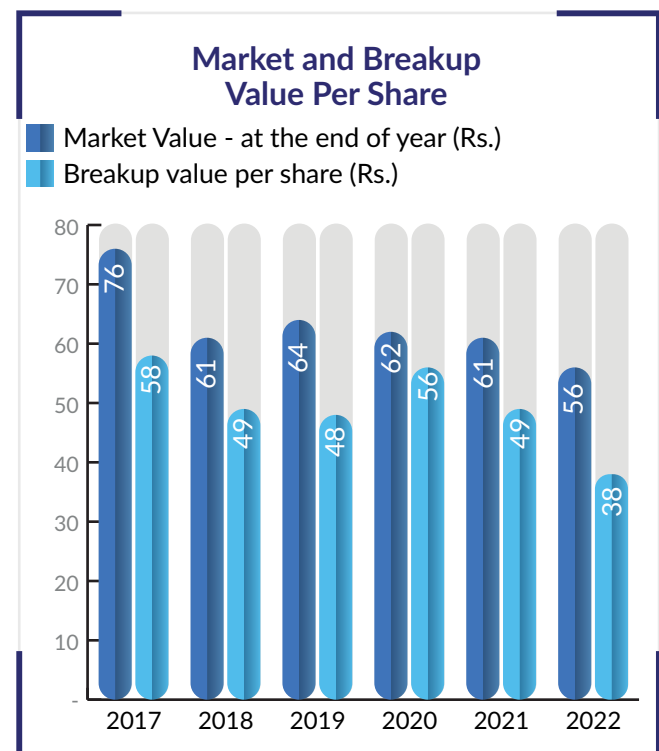
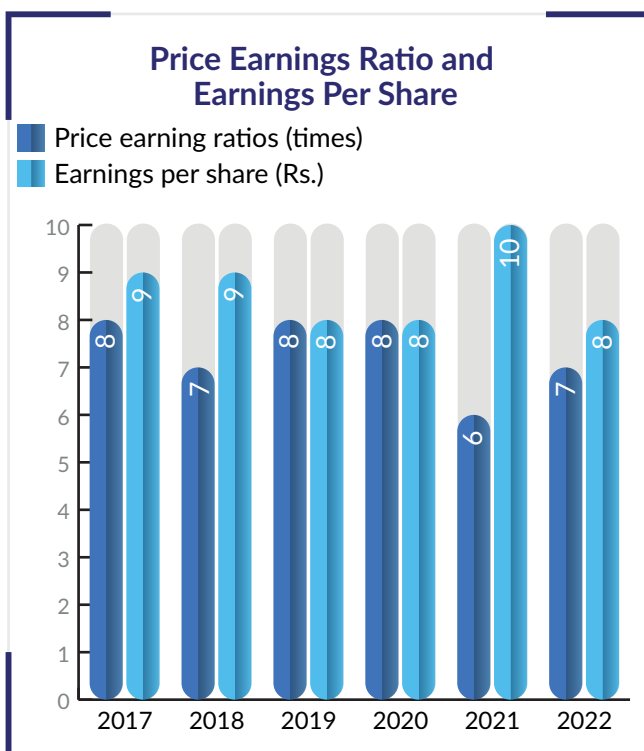
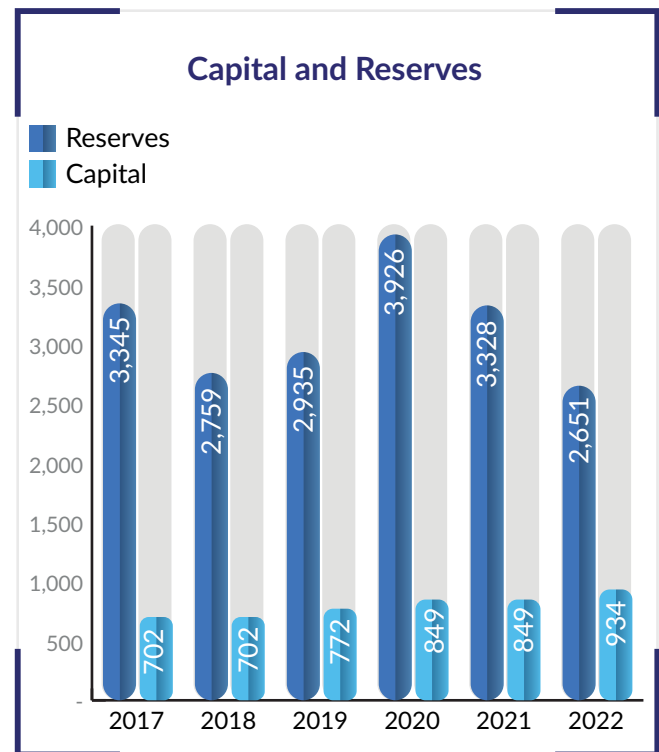
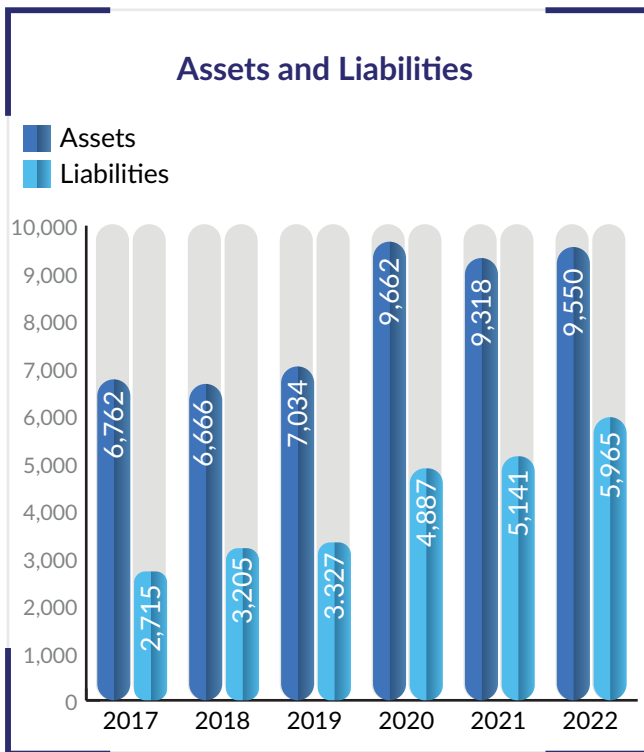
(Rupees in million)



Performance at a Glance

Graphical Presentation

(Rupees in million)



Comments on Key Financial Data and Ratios

Performance Ratios

- Net commission to net premium ratio was 11.8% for the year which denotes the Company's decent arrangements with reinsurers managing to earn sizeable commission income.
- The net claims ratio has been retained at 33.8% from 33.9% in the year 2017 due to prudent underwriting policy of the Company. The combined ratio of 68.9% has increased slightly from the last year's ratio of 67.7% due to economic, inflationary pressure and pressure on premium rates.
- The Company was able to reduce the gross management expense ratio to 15.9% in 2022 which was the lowest in last six years. The reduction in ratio was due to better control of management expenses.
- Profit after tax to net premium ratio reduced to 33.7% due to economic and inflationary pressures, showing sustenance and strength of the Company in core earnings with continuing trend in underwriting result ratio to net premium to 42.9% in 2022 from 42.2% of last year.
- Cash dividend to the shareholders remained at 70% which is consistent with the preceding years 2021 to 2018 and better compared to 65% for the year 2017, which reflects consistency in sharing prosperity with the shareholders.

Balance Sheet

- The growth in business can be analyzed through financial position of the Company as the assets have increased to Rs. 9.55 billion in 2022 from Rs. 6.76 billion of 2017, an increase of Rs. 2.79 billion over the period of six years.
- Increase of 5.28 folds in the assets of general takaful operations – OPF to Rs. 399 million in 2022 as compared to Rs. 75 million in 2017.
- The total equity of the Company, including reserves, stood at Rs. 3.59 billion as at December 31, 2022 compared to Rs. 4.05 billion as at December 31, 2017, a decrease of 11% over the last six years mainly due to distribution of dividends by the Company.

Profit and Loss Account

- Gross premium increased by 97% over the last six years from Rs. 2.38 billion in 2017 to Rs. 4.70 billion in the year 2022.
- Increase in net premium from Rs. 1.27 billion in 2017 to Rs. 2.13 billion in 2022 reflect an increase of 68% over the six years period.
- Underwriting profit increased to Rs. 915.8 million in 2022 from Rs. 578.5 million of 2017, posting growth of 58%, reflecting Company's focus on earning from the core business.
- Despite the difficult situations due to economic and political situation, the Company still managed to earn healthy profit before tax of Rs. 1,095.6 million compared to Rs. 988.8 million of 2017.

Cash Flows

- Cash inflow from operating activities increased by 228% over the period of six years from Rs. 364 million in 2017 to Rs. 829 million in 2022, showing competency of the management in timely conversion of receivable premium into cash.
- The increase in cash outflow of financing activities is mainly due to Company's consistency of paying healthy dividend to the shareholders in the present as well as in the past years.
- Cash & bank deposits have increased to Rs. 1,553.7 million as at December 31, 2022 from Rs. 702.3 million of the year 2017, indicating Company's strong liquidity position.

Solvency

Net admissible assets were in excess by Rs. 557.0 million over the minimum regulatory requirements mainly due to better cash management.

Comments on Free Cash Flow

Free Cash Flow increased to Rs. 751.1 million in 2022, up 244% against 2017 mainly due to timely conversion of receivable premium into cash.

Performance Measurement

Performance measurement is key to evaluate how well an organisation is managed and the value it delivers for stakeholders. As a listed Company, our most important stakeholders are shareholders and as such the value deliver by the Company to them is imperative. In the Company, performance measurement is an ongoing monitoring process. Furthermore, to evaluate performance, besides traditional and most commonly used methods of performance evaluation i.e. ratio analysis, calculation of returns on various categories of assets, horizontal & vertical analysis of financial statements and various comparative statements etc., modern techniques and tools are also considered particularly with reference to the value addition for the shareholders. Following are advance techniques / tools to measure performance of the Company.

Market Value Added

To measure the external performance, Market Value Added (MVA) is calculated to see how the investor evaluate the performance of the Company in term of market value of its shares against book value. In Atlas Insurance Limited, MVA is calculated to evaluate the management performance with reference to market value of Company's shares in the PSX against its book value.

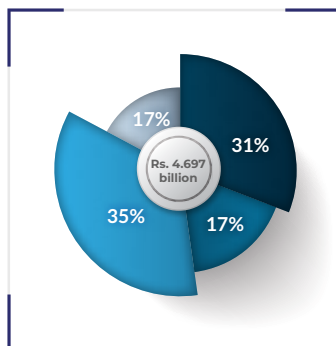
As at December 31, 2022, the market capitalization of the Company was Rs. 5.183 billion as compared with Rs. 5.179 billion of 2021 and the total book value of outstanding shares as at December 31, 2022 stood at Rs. 3.585 billion against Rs. 4.176 billion of 2021. There was a slight increase in the market value even in these uncertain economic times.

Major Capital and IT Expenditures

The Company continues to enhance the alignment of IT services with the strategy to improve business and to support day-to-day business operations. Deployment and enhancement in IT infrastructure, secured and speedy communication, increase customer relations (B2B) through web-portals, mobile Apps and prudent MIS are the plans set for the future foundation.

The modern business environment is becoming paperless rapidly. To create a paperless environment in the organisation, the Company has implemented digitalization of documents to avoid pile of documents and made the relevant documents available on a single click. To work efficiently in the modern era, it is necessary to equip the staff with modern business working tools. During the year, the Company has incurred of Rs. 7.7 million on IT related expense including capital expenditure which shows the commitment of the Company to equipped itself with modern IT tools, software along with communication tools to further enhance the efficiency and effectiveness of its customer service.

Quarterly Performance Analysis

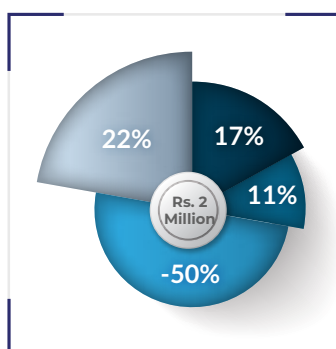
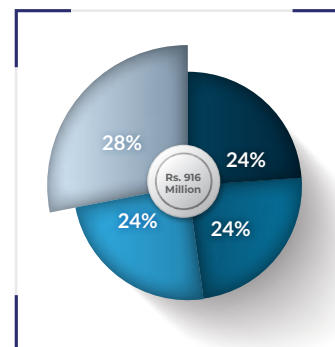


Gross Premium

The trend of underwriting gross premium reflects the firmness of the Company's underwriting policy towards accepting business. Renewals and new business during first and third quarter kept the weightage of gross premium high. Slight change was observed in underwriting of gross premium due to renewal timing of the policies. Company underwrote gross premium of Rs. 4.697 billion during the year.

The core activities i.e. net premium, net claims, net commission and management expenses constitute the underwriting profit of an insurance company. The fourth quarter witnessed increase in underwriting profit compared to other quarters due to increase in retention and net commission and improvement in management expenses.

Underwriting Profit

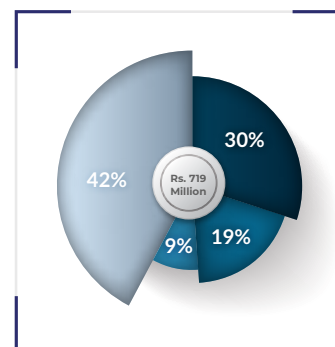


Investment Income

Investment income is a significant component of an insurer's profitability. During the year, due to the volatility in the stock market, the Company earned investment income of Rs. 2 million. The decrease in investment income corresponds to the volatile economic conditions, low performing market and high inflationary rates.

Profit After Tax

Profit after tax witnessed growth in the last quarter due to increase in underwriting profitability.



■ 1st Quarter ■ 2nd Quarter ■ 3rd Quarter ■ 4th Quarter

Analysis of Financial Statements

Statement of Financial Position

Particulars	(Rupees in thousand)						Vertical Analysis Composition of Statement of Financial Position						Horizontal Analysis % Change Year to Year						
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	
Assets																			
Property and equipment	221,315	147,626	159,789	120,565	82,080	89,078	2.3	1.6	1.7	1.7	1.2	1.3	49.9	(7.6)	32.5	46.9	(7.9)	50.4	
Investments	4,642,090	5,861,569	6,229,415	4,775,442	3,712,647	4,933,698	48.6	62.9	64.5	67.9	55.7	73.0	(20.8)	(5.9)	30.4	28.6	(24.7)	(23.4)	
Loan and other receivables	66,748	38,147	22,029	110,348	14,052	24,130	0.7	0.4	0.2	1.6	0.2	0.4	75.0	73.2	(80.0)	685.3	(41.8)	(25.3)	
Insurance / reinsurance receivables	539,279	431,689	311,009	246,245	332,681	308,500	5.6	4.6	3.2	3.5	5.0	4.6	24.9	38.8	26.3	(26.0)	7.8	(4.1)	
Reinsurance recoveries																			
against outstanding claims	1,074,190	772,137	1,087,723	246,582	454,431	150,668	11.2	8.3	11.3	3.5	6.8	2.2	39.1	(29.0)	341.1	(45.7)	201.6	(49.9)	
Salvage recoveries accrued	8,085	8,375	8,627	3,435	2,435	3,942	0.1	0.1	0.1	0.0	0.0	0.1	(3.5)	(2.9)	151.1	41.1	(38.2)	21.9	
Retirement benefit	-	2,265	9,266	-	-	-	-	0.0	0.1	-	-	-	(100.0)	(75.6)	100.0	-	-	-	
Deferred commission expense	144,916	95,197	92,418	81,519	80,233	61,735	1.5	1.0	1.0	1.2	1.2	0.9	52.2	3.0	13.4	1.6	30.0	(17.7)	
Prepayments	862,766	711,215	652,126	661,451	550,697	413,156	9.1	7.6	6.7	9.4	8.3	6.1	21.3	9.1	(1.4)	20.1	33.3	(21.4)	
Taxation - provision less payments	37,840	1,121	11,220	-	-	-	0.4	0.0	0.1	-	-	-	3257.6	(90.0)	100.0	-	-	-	
Cash and bank	1,553,708	974,543	882,778	650,207	1,327,987	702,252	16.3	10.5	9.1	9.2	19.9	10.4	59.4	10.4	35.8	(51.0)	89.1	180.4	
	9,150,937	9,043,884	9,466,400	6,895,794	6,557,243	6,687,158	95.8	97.1	98.0	98.0	98.4	98.9	1.2	(4.5)	37.3	5.2	(1.9)	(16.5)	
Total assets from general																			
takaful operations - OPF	399,319	273,912	195,345	138,326	108,484	74,963	4.2	2.9	2.0	2.0	1.6	1.1	45.8	40.2	41.2	27.5	44.7	8.2	
Total assets	9,550,256	9,317,796	9,661,745	7,034,120	6,665,727	6,762,121	100.0	100.0	100.0	100.0	100.0	100.0	2.5	(3.6)	37.4	5.5	(1.4)	(16.3)	
Liabilities																			
Capital and reserves attributable to Company's equity holders																			
Ordinary share capital	933,848	848,953	848,953	771,775	701,614	701,614	26.0	20.3	17.8	20.8	20.3	17.3	10.0	-	10.0	10.0	-	-	
Reserves	2,174,865	2,705,977	3,277,641	2,313,255	2,104,563	2,685,644	60.7	64.8	68.6	62.4	60.8	66.4	(19.6)	(17.4)	41.7	9.9	(21.6)	(21.2)	
Unappropriated profit	476,479	621,533	648,633	621,710	654,699	659,785	13.3	14.9	13.6	16.8	18.9	16.3	(23.3)	(4.2)	4.3	(5.0)	(0.8)	6.6	
Total equity	3,585,192	4,176,463	4,775,227	3,706,740	3,460,876	4,047,043	37.5	44.8	49.4	52.7	51.9	59.8	(14.2)	(12.5)	28.8	7.1	(14.5)	(14.4)	
Underwriting provisions	3,272,799	2,556,895	2,747,565	1,837,226	1,905,341	1,295,647	34.3	27.4	28.4	26.1	28.6	19.2	28.0	(6.9)	49.5	(3.6)	47.1	(12.0)	
Retirement benefit	12,857	-	-	6,926	9,249	3,920	0.1	-	-	0.1	0.1	0.1	100.0	-	(100.0)	(25.1)	135.9	100.0	
Deferred taxation	346,370	546,293	833,774	426,871	358,875	760,303	3.6	5.9	8.6	6.1	5.4	11.2	(36.6)	(34.5)	95.3	18.9	(52.8)	(31.9)	
Premium received in advance	368,932	333,082	137,351	105,498	178,520	65,966	3.9	3.6	1.4	1.5	2.7	1.0	10.8	142.5	30.2	(40.9)	170.6	24.4	
Borrowings	99,849	60,183	73,016	25,771	-	-	1.0	0.6	0.8	0.4	-	-	65.9	(17.6)	183.3	100.0	-	-	
Insurance / reinsurance payable	532,081	780,521	511,309	428,669	330,450	255,654	5.6	8.4	5.3	6.1	5.0	3.8	(31.8)	52.7	19.3	29.7	29.3	(8.5)	
Other creditors and accruals	1,176,918	793,582	537,097	461,820	357,361	286,559	12.3	8.5	5.6	6.6	5.4	4.2	48.3	47.8	16.3	29.2	24.7	(16.9)	
Taxation - provision less payments	-	-	-	790	22,218	20,677	-	-	-	0.0	0.3	0.3	-	-	(100.0)	(96.4)	7.5	(66.3)	
Total liabilities	5,809,806	5,070,556	4,840,112	3,293,571	3,162,014	2,688,726	60.8	54.4	50.1	46.8	47.4	39.8	14.6	4.8	47.0	4.2	17.6	(19.2)	
Total liabilities from general																			
takaful operations - OPF	155,258	70,777	46,406	33,809	42,837	26,352	1.1	0.8	0.5	0.5	0.6	0.4	119.4	52.5	37.3	(21.1)	62.6	24.2	
Total equity and liabilities	9,550,256	9,317,796	9,661,745	7,034,120	6,665,727	6,762,121	100.0	100.0	100.0	100.0	100.0	100.0	2.5	(3.6)	37.4	5.5	(1.4)	(16.3)	

Analysis of Financial Statements

Profit and Loss Account

Particulars							Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year						
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%	%
Gross premium revenue	4,697,393	3,739,638	3,046,399	2,911,830	2,849,455	2,379,272	100.0	100.0	100.0	100.0	100.0	100.0	25.6	22.8	4.6	2.2	19.8	2.0	
Revenue account																			
Net insurance premium	2,132,895	1,830,688	1,405,342	1,455,416	1,473,915	1,274,543	45.4	49.0	46.1	50.0	51.7	53.6	16.5	30.3	(3.4)	(1.3)	15.6	22.1	
Net insurance claims expenses	(721,228)	(622,186)	(449,595)	(468,715)	(488,305)	(432,519)	(33.8)	(34.0)	(32.0)	(32.2)	(33.1)	(33.9)	15.9	38.4	(4.1)	(4.0)	12.9	60.9	
Net commission and other acquisition income	252,144	182,363	183,595	144,684	159,963	165,556	11.8	10.0	13.1	9.9	10.9	13.0	38.3	(0.7)	26.9	(9.6)	(3.4)	145.9	
Management expenses	(747,984)	(617,980)	(539,822)	(534,634)	(461,250)	(429,085)	(35.1)	(33.8)	(38.4)	(36.7)	(31.3)	(33.7)	21.0	14.5	1.0	15.9	7.5	19.7	
Underwriting results	915,827	772,885	599,520	596,751	684,323	578,495	83.6	65.4	66.0	66.7	69.2	58.5	18.5	28.9	0.5	(12.8)	18.3	19.5	
Investment income	2,449	330,420	239,702	224,805	230,857	321,547	0.2	28.0	26.4	25.1	23.3	32.5	(99.3)	37.8	6.6	(2.6)	(28.2)	(29.8)	
Rental income	-	-	-	-	1,235	2,570	-	-	-	-	0.1	0.3	-	-	-	(100.0)	(51.9)	(69.1)	
Other income	132,583	49,634	47,950	52,796	73,710	98,953	12.1	4.2	5.3	5.9	7.5	10.0	167.1	3.5	(9.2)	(28.4)	(25.5)	518.6	
Other expenses	(27,681)	(16,275)	(13,865)	(14,037)	(16,576)	(13,428)	(2.5)	(1.4)	(1.5)	(1.6)	(1.7)	(1.4)	70.1	17.4	(1.2)	(15.3)	23.4	(71.7)	
	107,351	363,779	273,787	263,564	289,226	409,642	9.8	30.8	30.2	29.4	29.2	41.4	(70.5)	32.9	3.9	(8.9)	(29.4)	(5.8)	
Finance costs	(14,583)	(9,352)	(9,954)	(3,944)	(1,627)	(137)	(1.3)	(0.8)	(1.1)	(0.4)	(0.2)	(0.0)	55.9	(6.0)	152.4	142.4	1,087.6	100.0	
Profit / (loss) from window takaful operations	87,032	54,196	44,422	38,870	17,107	847	7.9	4.6	4.9	4.3	1.7	0.1	60.6	22.0	14.3	127	1,920	137	
Profit before tax	1,095,627	1,181,508	907,775	895,241	989,029	988,847	23.32	31.59	29.80	30.74	34.71	41.56	(7.3)	30.2	1.4	(9.5)	0.0	7.9	
Income tax expense	(376,313)	(346,132)	(262,348)	(271,985)	(323,461)	(324,860)	(34.35)	(29.30)	(28.90)	(30.38)	(32.70)	(32.85)	8.7	31.9	(3.5)	(15.9)	(0.4)	8.8	
Profit after tax	719,314	835,376	645,427	623,256	665,568	663,987	15.3	22.3	21.2	21.4	23.4	27.9	(13.9)	29.4	3.6	(6.4)	0.2	7.4	

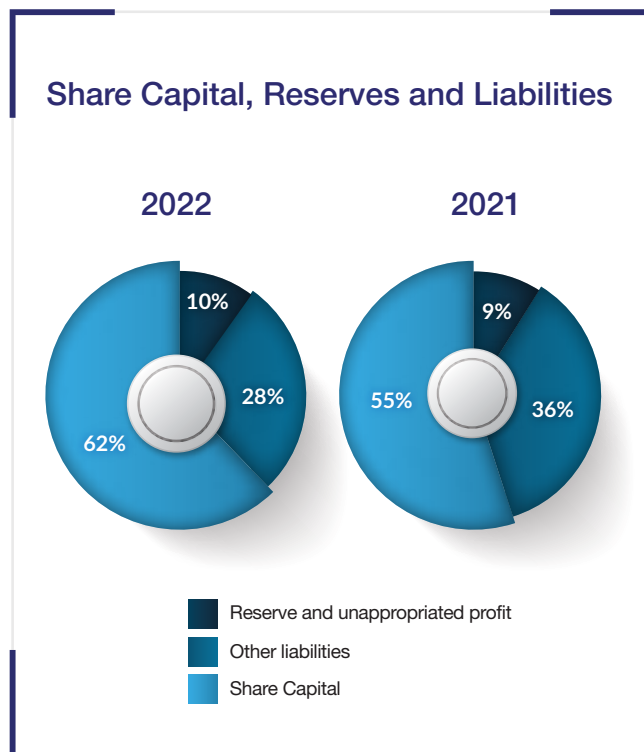
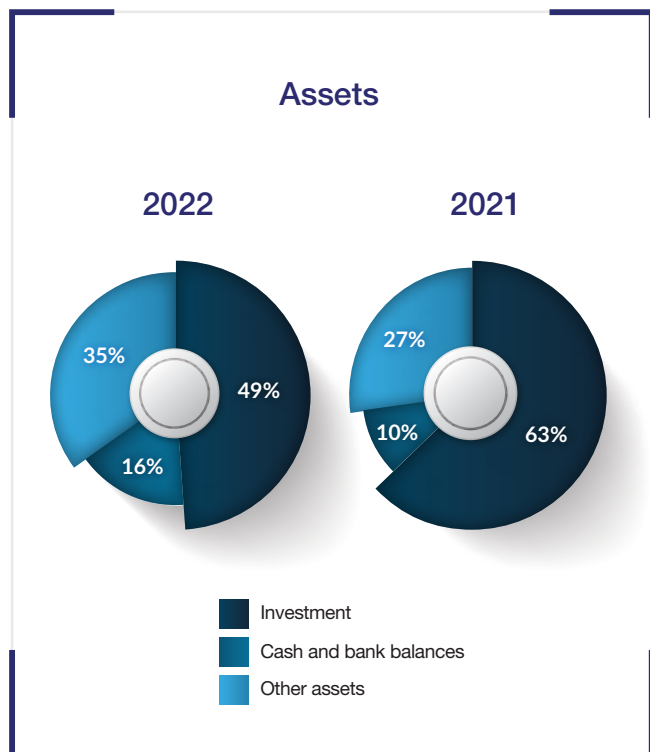
Summary of Cash Flow Statement

Description	2022	2021	2020	2019	2018	2017
	(Rupees in thousand)					
Total cash generated from all operating activities	828,678	1,060,583	635,396	534,734	725,505	363,836
Total cash generated / (used in) from all investing activities	391,860	(156,327)	160,403	(721,546)	349,045	535,633
Total cash used in financing activities	(641,373)	(812,491)	(563,228)	(490,968)	(448,815)	(447,653)
Net cash generated / (used in) from all activities	579,165	91,765	232,571	(677,780)	625,735	451,816
Cash and cash equivalents at the beginning of the year	974,543	882,778	650,207	1,327,987	702,252	250,436
Cash and cash equivalents at the end of the year	1,553,708	974,543	882,778	650,207	1,327,987	702,252

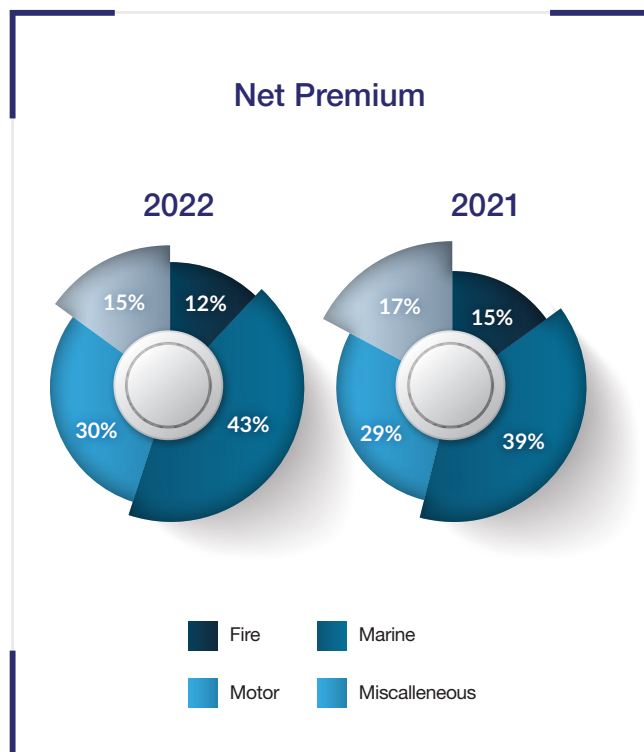
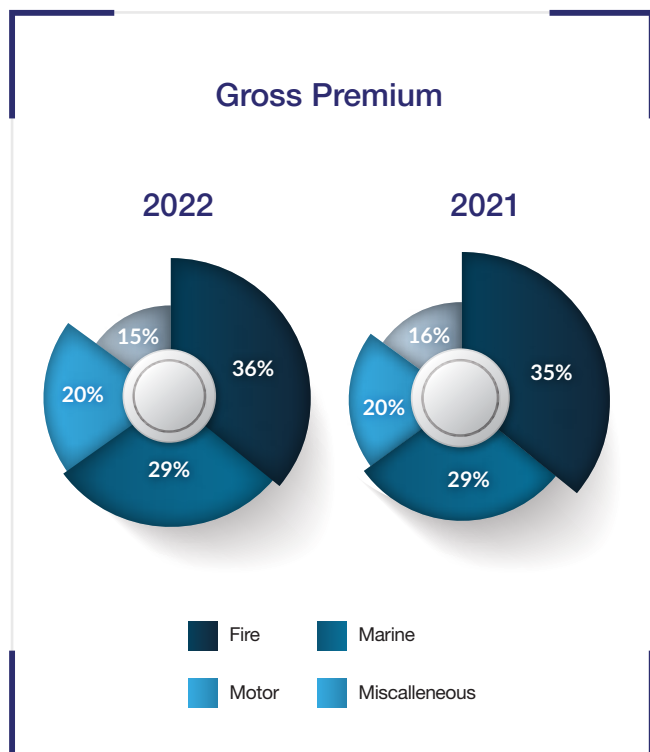
Analysis of Financial Statements

Graphical Presentation

Statement of Financial Position



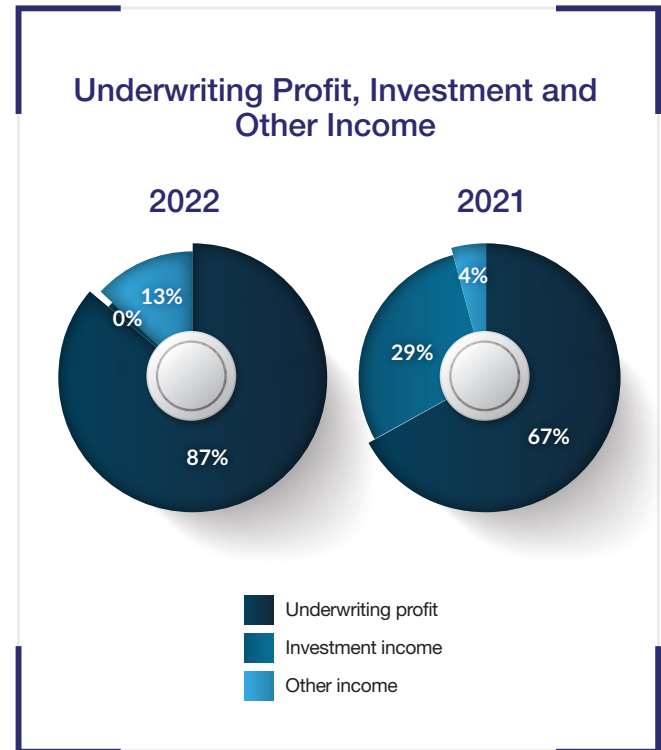
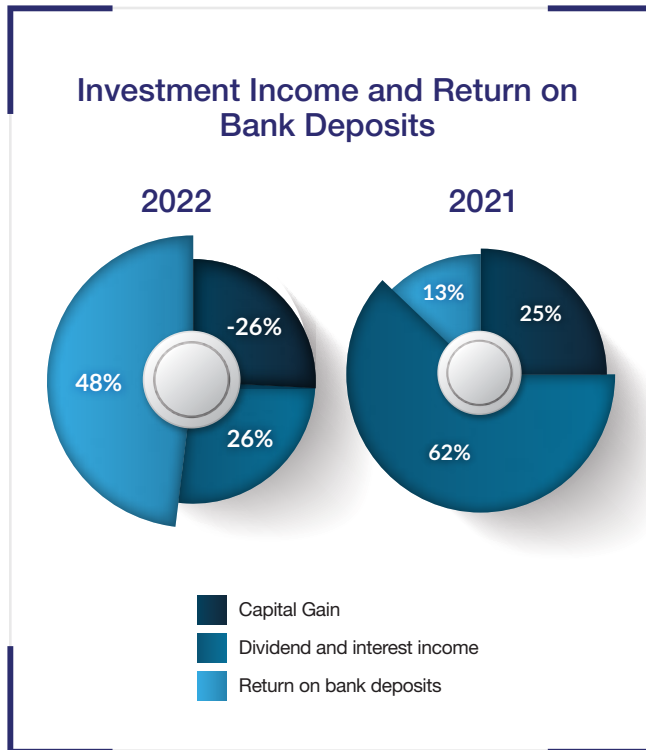
Profit and Loss Account



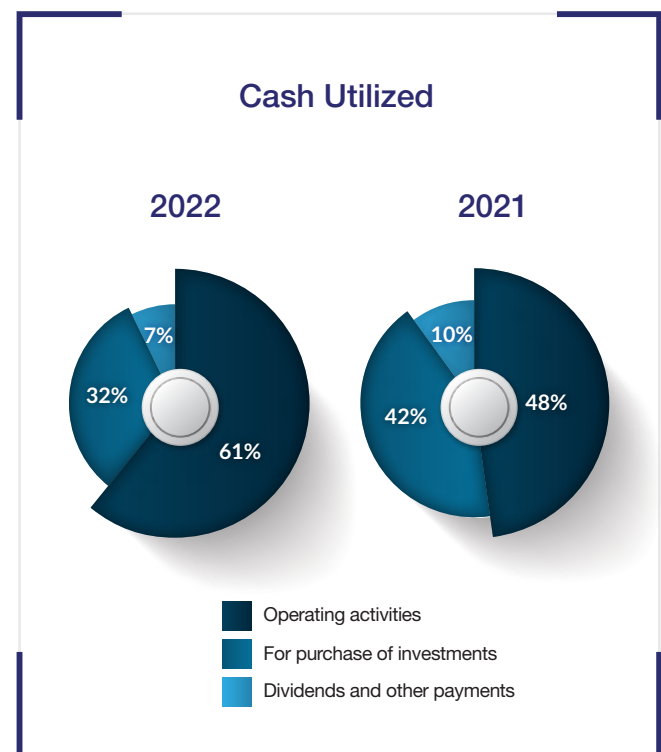
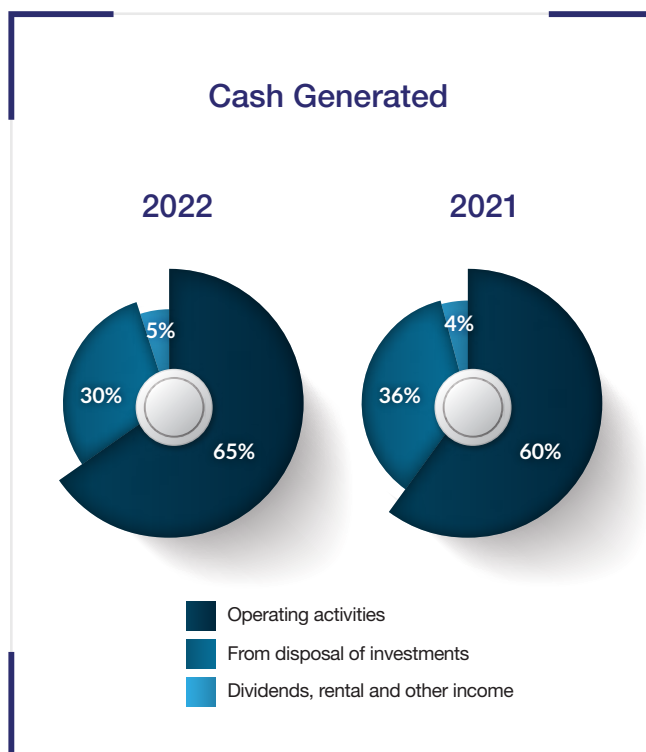
Analysis of Financial Statements

Graphical Presentation

Profit and Loss Account



Cash Flow

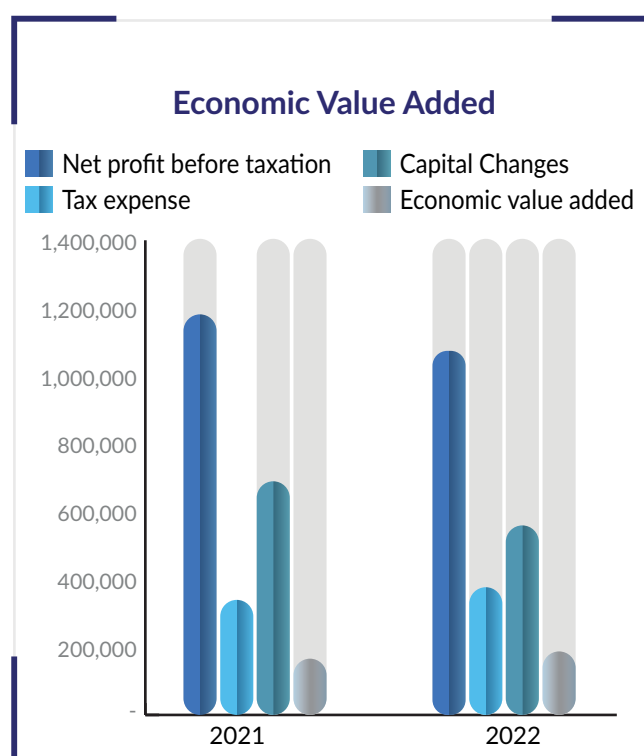


Economic Value Added

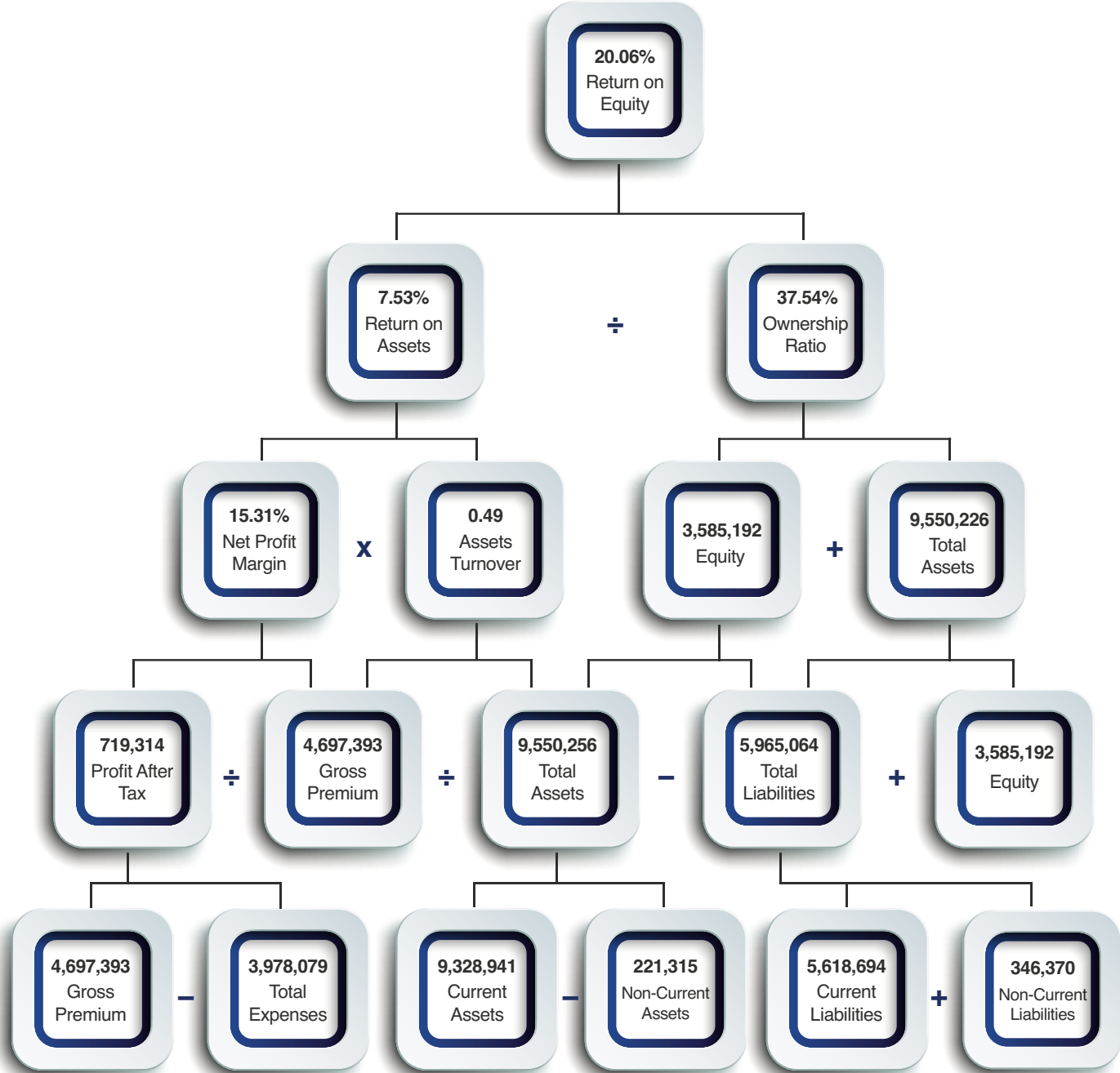
Economic value added (EVA) is a measurement of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis. EVA is also known as economic profit, aims to calculate the true economic profit of a company. It is also used to measure the value a company generates from funds invested in it.

Atlas Insurance Limited was successful to add economic value from its operations in the year ended December 31, 2022 by generating economic value of Rs. 187.36 million against Rs. 169.81 million of last year.

Description	<u>2022</u>	<u>2021</u>
	(Rupees in thousand)	
Net profit before taxation	1,095,627	1,181,508
Less:		
Tax expense	376,313	346,132
Capital charges	531,952	665,568
	908,265	1,011,700
Economic value added	187,362	169,808

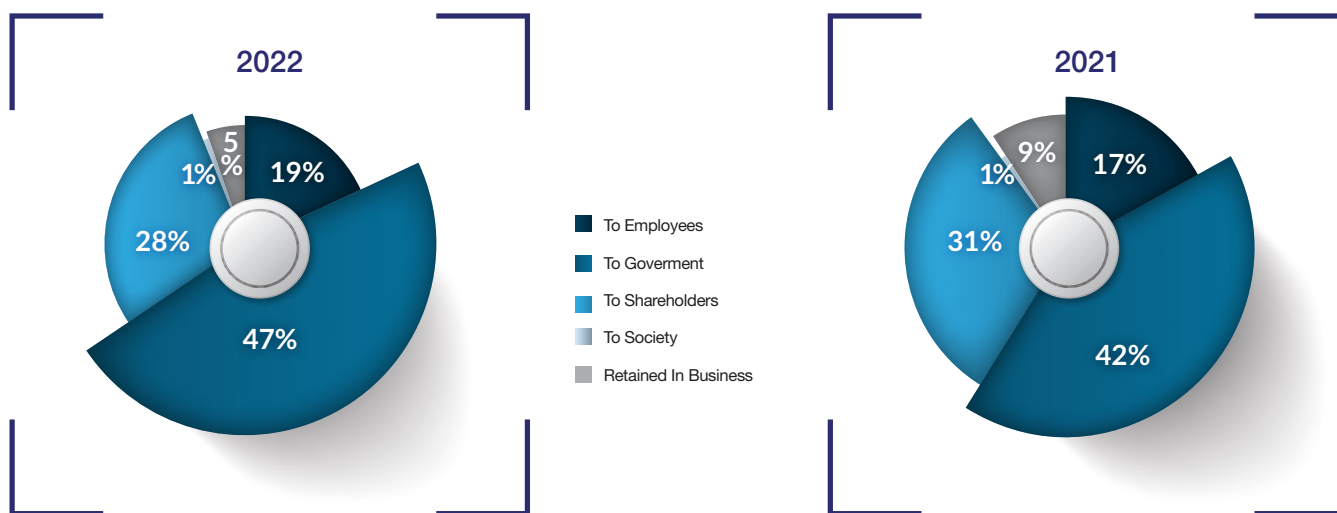


DuPont Analysis



Statement of Value Addition

	2022		2021	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Wealth Generated				
Net premium (including FED & FIF)	2,860,005		2,395,138	
Commission income	252,144		182,363	
Income from investment	2,449		330,420	
Takaful and other income	219,615		103,830	
	3,334,213		3,011,751	
Claims, management and other expenses (excluding employee benefit cost, depreciation and donations)	1,004,115		827,557	
Net wealth generated	2,330,098	100.00%	2,184,194	100.00%
Wealth Distributed				
To Employees				
Employees benefit cost	428,926	18.64%	381,576	17.47%
To Government				
Company taxation	376,313	16.29%	346,132	15.85%
Levies (Including FED and FIF)	727,110	31.37%	564,450	25.84%
	1,103,423	47.66%	910,582	41.69%
To Shareholders				
Cash dividend	653,694	28.20%	594,267	27.21%
Stock dividend	-	0.00%	84,895	3.89%
	653,694	28.20%	679,162	31.09%
Financial charges				
To providers of finance	-		-	
To Society				
Endowment, donation etc.	20,700	0.89%	11,000	0.50%
Retained in Business				
Depreciation and amortization	57,735	2.49%	45,660	2.09%
Retained profit and general reserves	65,620	2.12%	156,214	7.15%
	123,355	4.61%	201,874	9.24%
	2,330,098	100.00%	2,184,194	100.00%



Board of Directors

The Board of Directors (the Board) believes in efficient discharge of duties under relevant statutes and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence. The Board has approved significant policies of the Company.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for good governance practices, financial reporting and disclosure, Atlas Insurance believes in timeliness and accuracy to enable informed decision making by our investors.

All the directors represent rich exposure in diversified fields of businesses and professions and possess the necessary skills set and knowledge to cater various business and corporate issues and have the ability to review, analyze and challenge the management's performance.

During the year, five meetings of the Board were held to review and approve matters referred to it by the Audit and other committees of the Board including financial statements, corporate and financial reporting framework, budget and forecasts including their analysis with actual, cash flow projections, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and its mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention.

For all the meetings the agenda and details of each item of the agenda were circulated to the Board at least seven days before the meeting. Minutes of the Board meetings were appropriately recorded and timely circulated. An actions item list was also prepared and status of each action item was presented to the Board in the next meeting.

The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and CEO are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by the law and Articles of Association of the Company, as well as role assigned by the Board. The Chairman coordinates the activities of the directors and various committees of the Board, and presides over the meetings of the Board. The CEO is responsible for the operations of the Company and conduct of its business in accordance with the powers vested in him by the law, Articles of Association of the Company, authorities delegated to him through a general power of attorney and Board resolutions from time to time. The CEO recommends policies and strategic directions, financial statements, annual business plans and budget to the Board and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business.

Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving authority to the CEO to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with the vision and objectives set by the directors for continuous development and progress. The CEO attends every Board meeting and provides detailed explanation on each item of the agenda and addresses queries of the Board. The performance of the CEO is assessed through the evaluation system which takes into account various parameters including financial results, employees, clients and stakeholders.

Conflict of Interest

Directors have a duty to avoid a situation in which they have or can have a direct or indirect interest which conflicts, with the interests of the Company. In this regard, the directors have undertaken that they will comply with the related provisions of the Companies Act, 2017, the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Code 2016 and 2019) and Rules and Regulations and Company's Code of Conduct.

Board's Performance Review

The evaluation of Board's role of oversight and its effectiveness is a continuous process which is appraised by the Board itself. A detailed Board Evaluation Questionnaire has been formulated which is circulated amongst directors for their feedback every year and compiled results are presented in the Board meeting for review.

Remuneration of Executive, Non-Executive and Independent Directors

The Board has an approved formal policy for remuneration of executive and non-executive directors. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition.

The Company does not pay any remuneration to the independent directors except fees for attending the meetings of the Board and its committees. Remuneration of executive and non-executive directors is approved by the Board, as recommended by the Ethics, Human Resource and Remuneration Committee.

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code 2016 and 2019, it is ensured that directors do not take part in deciding their own remuneration. For information on remuneration of the directors and the CEO in the year 2022, please refer to the note no. 32 of the financial statements.

Retention of Board Meeting Fee Earned by Executive Directors

Board meeting fee earned by the executive directors for their services as non-executive directors in other companies should be retained by them. The Company's CEO is only executive director on the Board. He does not hold position in any other company and as such not taken any fee.

Formal Orientation on Directors' Induction

Every director upon joining is provided with an orientation presentation. The CEO briefs new directors about the Company operation, industry dynamics, organization structure and other significant matters.

Security Clearance of Foreign Director

Every foreign director who is nominated for election on the Board of the Company, shall furnish documents which are then submitted to the Ministry of Interior for security clearance. The Company has no foreign director on its Board, therefore no security clearance is required.

Board Meetings

There were five Board meetings held during the year. All were held inside Pakistan.

Independent Directors

The independent Directors meet the criteria of independence as notified under Companies Act, 2017 and the Code 2016 and 2019.

Representation of Female Director on the Board

The Company is fully compliant to the requirement of the Code 2016 for gender diversity and the Code 2019 to have at least one female member on the Board.

Matters Delegated to the Management

The strategies and policies approved by the Board are implemented by the management primarily. The routine business operations of the Company are also the responsibility of management in accordance with the strategies, vision, mission and direction given by the Board from time to time. Any changes in business environment and significant matters are updated to the Board regularly. The management prepares financial statements that fairly present the financial position of the Company in accordance with the applicable accounting standards and legal requirements.

Board and Management Committees

As envisaged by the Code 2016, the Board has formed Audit Committee, Ethics, Human Resource & Remuneration Committee and Investment Committee. The Board has also established management committees namely; Underwriting, Reinsurance & Co-insurance Committee, Claims Settlement Committee and Risk Management & Compliance Committee. In addition to the regulatory requirements, the Board has also formed Information Technology Committee. A Management Committee comprising all departmental heads and headed by the CEO is also in place for operational coordination.

Board Audit Committee

The Board Audit Committee consists of three non-executive directors and chaired by the independent director. The Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Company. The Committee focuses in particular on compliance with accounting policies and ensuring that an effective system of internal control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code 2016 consisting on the following:

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of annual and interim financial statements of the Company, prior to their approval by the Board focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - going concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with these regulations and other statutory and regulatory requirements; and
 - all related party transactions.
- c) Review of preliminary announcements of results prior to external communication and publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the company;
- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with the these regulations and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) Consideration of any other issue or matter as may be assigned by the Board.

Four meetings of the Committee were held during the year.

Ethics, Human Resource and Remuneration Committee

The Committee consists of four members. Majority of the members are non-executive directors, including the Chairperson who is an independent director. The Committee is responsible for:

- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO. Recommending to the Board the selection and evaluation of CFO, Company Secretary, Compliance Officer and Head of Internal Audit;
- Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to CEO;
- Proposing a remuneration approach and related policies for the Company covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- Reviewing and making recommendations to the Board regarding the specific remuneration of the Board members, the CEO, CFO, Company Secretary, Compliance Officer and Head of Internal Audit. However, at all times, the Committee shall ensure that the remuneration approach is consistent with the performance and risk management framework of the Company.

Three meetings of the Committee was held during the year.

Investment Committee

The Committee consists of five members including three non-executive directors, CEO and CFO. The primary responsibility of the Committee is to assist the Board in discharging its responsibilities in overseeing Company's investment portfolio, including:

- Developing, reviewing and recommending to the Board investment strategies and investment guidelines.
- Monitoring management's compliance with the Company's investment strategies and guidelines.
- Monitoring compliance of the Company's investment policies and practices with applicable legal and regulatory requirements.
- Reviewing and approving all investment transactions.
- Reporting to the Board the Company's investment strategies and guidelines.

Four meetings of the Committee were held during the year.

Underwriting, Reinsurance & Co-insurance Committee

The Committee consists of four members; chaired by a non-executive director. Following Terms of Reference (TORs) for the Underwriting, Reinsurance & Co-insurance Committee have been finalized by the Board:

- Advise the Board and the management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers.
- Regularly review the underwriting and premium policies of the Company with regard to relevant factors such as its business portfolio and the market development.
- Develop the policy for effecting reinsurance, not inconsistent with the relevant provisions of the Insurance Ordinance, 2000, and shall ensure that adequate reinsurance arrangements are made for the business of the Company.

- Review the reinsurance arrangements from time to time, and subject to the consent of the participating reinsurers, make appropriate adjustments to the arrangements in the light of the market development.
- Assess the effectiveness of the reinsurance program for future reference.

Four meetings of the Committee were held during the year.

Claims Settlement Committee

The Committee consists of four members, chaired by a non-executive director. The Committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes.

Four meetings of the Committee were held during the year.

Risk Management and Compliance Committee

The Committee consists of four members, chaired by the CEO. Following TORs for the Committee have been finalized by the Board:

- Oversee the activities of the risk management function of the Company and shall make appropriate recommendations to the Board.
- Assist the Board in implementation of the decisions taken by the Board to mitigate probable risks falling within the purview of the risk management function.
- Monitoring the compliance function and Company's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedure.
- Prepare reports detailing Company's risk profile and the compliance activities undertaken proactively aiming at determination of the Company's ability to meet its legal and ethical obligations, as well as report on identified weaknesses, lapses, breaches or violations of the areas within its purview and the controls and other measures in place to help detect and address the same.
- Supervise and monitor matters reported using the Company's Whistle Blowing policy for employees and others to report compliance concerns or potential breaches, violations or frauds within the areas under its purview.
- Assist the Board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds within the areas under its purview.

Four meetings of the Committee were held during the year.

Information Technology (IT) Committee

The Committee consists of four members and is chaired by the CEO. The TORs of the Committee included:

- Identify strategic directions, capabilities and objectives for Company's IT support.
- Identify opportunities where IT can help achieve Company's goals and recommend priorities.
- Ensure a coordinated implementation of Company's IT projects.
- Review significant IT investments and expenditures.
- Review and as appropriate, make recommendations to the Board regarding significant IT investments in support of Company's IT strategy.
- Review and discuss Company's risk management and risk assessment guidelines and policies regarding IT security including disaster recovery capabilities

Four meetings of the Committee were held during the year.

Management Committee

The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans.

The Committee is also responsible for maintaining a healthy environment within the company as well as outside the company through channeling its financing and investment to projects, producing environments friendly products. It contributes to further strengthen the team work to achieve company's objectives, effectively and efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

Profile of the Shariah Advisor

Mufti Zeeshan Abdul Aziz is a recognized Shariah Scholar and researcher having strong comprehension of all aspects of Islamic Law and a specialized in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom Karachi, Pakistan, having Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) done, majoring in Islamic Banking & Finance.

He is serving as the Shariah Advisor of "Atlas Insurance – Window Takaful Operations" since its commencement and looking after the transactions, day to day Shariah matters and services provided by Atlas Window Takaful Operations. His specialties include Shariah Compliant investments, development of takaful products, policies, manuals and drafting of all its Shariah related documents. Mufti Zeeshan is also involved in delivering detailed trainings to the management of all levels, marketing and distribution force of Atlas Window Takaful Operations on Takaful, its Shariah related issues and requirements in the light of the Takaful Rules, 2012.

He has been associated with several Islamic Financial Institution and Halal Certification bodies within Pakistan and abroad. Mufti Zeeshan is also the Shariah Advisor of Sindh Bank-Islamic Banking Division, NIT Islamic Investment Funds and Shariah Review Bureau, Bahrain and has been frequently debating and speaker on Shariah & technical aspects related to Islamic Finance nationally and internationally as well.

Mufti Zeeshan is also managing Al-Hikmah Shariah Advisory Services (Pvt.) Ltd., a company licensed by SECP as a registered Shariah Advisor, specialized in shariah related services for the Islamic Financial Industry. He is also looking after International Halal Certification (Pvt.) Ltd. in several countries and has performed around 800 Halal Certification audits of different food, beverages, cosmetics and pharmaceuticals companies in different parts of the world.

Chairman's Review

It is my pleasure to present the 88th Annual Report and performance review of the Company on behalf of the Board for the year ended December 31, 2022.

The Economy

The economy continued to face pressures on account of rising inflation, an elevated fiscal deficit and uncertainty over external financing. The GDP growth rate projection for the current year has been revised downwards to 2%. The average inflation was recorded at 25.4% during the first seven months of FY23 as compared to 10.26% during the same period of last year. This was mainly driven by rupee devaluation pass through to domestic prices and upward revision in energy and food prices. On a positive note, revenue collections stood at Rs. 3.4 trillion, reflecting a healthy growth of 16.5% over comparative period of last year. However, it left a shortfall of more than Rs. 220 billion against the target. On the external front, strict policy measures and adoption of stabilization strategies started to yield positive results, with narrowed Current Account Deficit (CAD) to USD 3.8 billion in Jul-Jan FY23 from USD 11.60 billion in July-Jan FY23. The improvement in CAD was mainly driven through reduction in import bill of 23% from USD 40.56 billion to USD 31.38 billion. However, due to slowdown in global demand and gap in exchange rate (interbank and open market), exports and workers remittances declined by 3.4% and 9.6%, respectively.

Despite the improvement in CAD, foreign exchange reserves held by the Central Bank breached the USD 5 billion-mark for the first time in ten years and dropped to USD 3.2 billion due to debt servicing and delay in resumption of IMF EFF program. Due to high demand for US dollars, Pak rupee has lost more than one-fourth of its total value during 2022 with rupee's slide worsening during the second half of the calendar year.

The KSE-100 index also continued its downward trend and closed the year at 40,420 points. This was due to deterioration of investors' confidence and political uncertainty. In a bid to ensure macroeconomic stability and keeping aggregate demand in control, the central bank increased the benchmark interest rate by 10.25% during FY23 from 9.75% to 20%. The performance of agriculture sector was badly affected due to torrential rains and severe floods which damaged the estimated 8.3 million acres of cultivated crops. In order to support the sector, the Government has announced incentives in "Kissan Package" and increased agriculture credit disbursement by 35.9%. Further, with better input situation, including water supply, Rabi crops are expected to perform better. This may help to improve demand for consumer durables in rural areas which slowed down in first half of FY23. Large Scale Manufacturing (LSM) registered negative growth of 3.68% in July-Dec FY23 as against growth of 3.4% in July-Dec FY22 due to elevated inflationary pressures and supply chain disruptions.

The continuation of IMF program is inevitable for the country to remain solvent. The program will provide much-needed

immediate financial relief and ameliorate credibility of the country in the eyes of global financial community, thus paving the way for continuation of inflows from multilateral agencies.

Industry Analysis

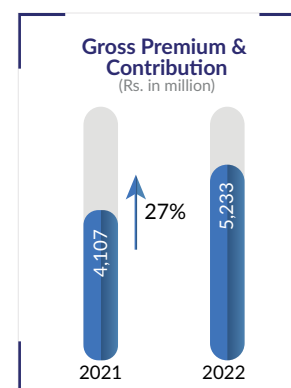
The insurance industry has demonstrated resilience and adaptability over the last few years. With the maturity of digital technologies, insurers have tapped into new capabilities to drive both operational efficiency and transformation. CY22 had its highs and lows. On one hand there were rising premiums in the personal and commercial lines of business but on the other underwriting results were under pressure due to rise in the claims and rate competition.

Fundamentally, insurance is about protecting people and businesses against risk. To carry out this mission, insurers need to understand and prepare for what is around the corner or have a system that lets them pivot accordingly. Uncertainties spurred by global challenges, government regulations and economic forces make the risk management landscape hard for insurers to navigate. Customers are no longer confined to a single platform. From websites to smartphone applications to live conversations, they tend to choose a channel that best fits their needs. They crave experiences that are simple and seamless. The insurers should focus on improving the customer experience by both streamlining processes with automation as well as providing customized service where needed and preferred.

The Company Results

Premium and Contribution

During the year your Company reported gross premium and Takaful contribution of Rs. 5.23 billion compared to Rs. 4.11 billion of last year registering a significant growth of 27%. Takaful contribution was Rs. 536 million compared to Rs. 367 million of 2021, up 46%. Net premium and Takaful contribution revenue was Rs. 2.31 billion against Rs. 1.97 billion of 2021, up 17%.



Segments at a Glance

Fire and Property Damage

The Fire segment reported 28% growth with gross premium of Rs. 1.69 billion against Rs. 1.32 billion of 2021. Net premium was Rs. 258.99 million compared to Rs. 272.14 million of the last year. Due to increased claims, the segment posted underwriting profit of Rs. 49.30 million against Rs. 78.73 million of 2021.

Marine Aviation and Transport

The Marine segment performed well during the year. Gross premium increased to 1.38 billion compared to Rs. 1.08 billion of 2021, up 28%. Similar trend was observed in net premium which improved to Rs. 908.50 million compared to Rs. 713.10 million of 2021, reflecting 27% growth. Net claims increased to Rs. 106.23 million from Rs. 40.29 million of last year. The segment posted underwriting profit of Rs. 689.97 million against Rs. 578.08 million of 2021, up 19%, mainly due to increased net premium.

Motor

Gross premium of Rs. 930.17 million was underwritten in the Motor segment against Rs. 728.36 million of 2021, up 28%. The net premium increased to Rs. 635.39 million from Rs. 534.54 million of last year, up 19%. Loss ratio improved to 47% from 56% of 2021 despite increase in auto parts prices and labor charges. After adjustment of commission and allocation of expenses, the underwriting profit registered 78% growth and stood at Rs. 172.44 million compared to Rs. 96.94 million of 2021, due to increased net premium and better loss ratio.

Miscellaneous

The segment generated gross underwritten premium of Rs. 700.09 million against Rs. 607.35 million of 2021, up 15%. Similarly the net premium increased by 6% and stood at Rs. 330.02 million against Rs. 310.90 million of 2021. The net claims ratio was 78% against 77% of the corresponding year. The segment posted profit of Rs. 4.11 million compared to Rs. 19.14 million of 2021.

Window Takaful Operations

Window Takaful also performed well during the year. Gross contribution increased to Rs. 536.09 million compared to Rs. 366.94 million of 2021, up 46% mainly due to increased contribution in Fire and Property damage and Motor segments. Net contribution increased by 26% to Rs. 176.16 million against Rs. 139.71 million of 2021. Participants' Takaful Fund posted surplus before tax of Rs. 33.10 million compared to Rs. 19.28 million of the corresponding year while Operator's Fund posted profit before tax of Rs. 87.04 million against Rs. 54.20 million of 2021.

Investment Management

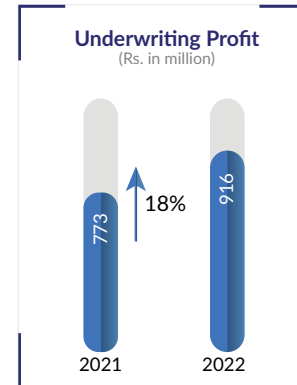
The overall policy of the investment advisors remains to invest in fundamentally sound securities with good dividend yield and growth prospects while maintaining appropriate balance between fixed income and equity securities in accordance with the market situation. The Investment Committee is continually reviewing the performance of the investment advisors and reporting to the Board periodically.

During the year under review, the Company earned investment income of Rs. 2.45 million compared to Rs. 330.42 million of

last year. The decline in investment income was mainly due to loss realized on sale of certain equity securities. Dividend income increased to Rs. 312.62 million compared to Rs. 294.20 million of the last year. The book value of investments as at December 31, 2022 stood at Rs. 3.47 billion (market value Rs. 4.64 billion) against Rs. 3.80 billion (market value Rs. 5.86 billion) of 2021.

Profitability

The Company posted handsome profits from core operations during the year. Underwriting profit increased to Rs. 915.83 million from Rs. 772.89 million of last year, up 18%. Profit before tax was Rs. 1.096 billion against Rs. 1.182 billion of last year, down 7% due to decline in investment income. After providing for taxes including super tax aggregating to Rs. 376 million, the profit after tax stood at Rs. 719.31 million compared to Rs. 835.38 million of last year, down 14%.



Capital Management

Working capital management is a business strategy designed to ensure that a company operates efficiently by monitoring and using its current assets and liabilities to their most effective use. Working capital management can improve a company's cash flow management and earnings quality by using its resources efficiently. Your Company is committed to maintain a strong financial profile which gives financial flexibility to achieve growth and portfolio optimization goals. The Company has a paid up capital of Rs. 933.85 million and an equity base of Rs. 3.59 billion as at December 31, 2022.

Reinsurance

The year 2022 has proved challenging for primary insurers and reinsurers alike. The inflation rates in many regions are higher than they have been in decades which is fueling the long-standing trend towards ever-higher loss burdens for reinsurers.

Your Company has a very effective reinsurance treaty program in place which along with facultative risk wise arrangements provides a bespoke protection to the Company against different types of risks. Your Company has treaty arrangements with prestigious and world renowned reinsurers, having strong financial strength and 'A' ratings, including Swiss Re, Hannover Re, Tokyo Marine and Nichido Fire, Sampo Japan, Malaysian Re, Labuan Re and Kuwait Re. Your Company has arranged substantial non-proportional treaty program to safeguard interest of stakeholders against Catastrophic and Event losses.

Solvency

Solvency is the ability of a company to meet its long-term debts and financial obligations. Solvency can be an important measure

of financial health, since it's one way of demonstrating a company's ability to manage its operations into the foreseeable future. Solvency ratio helps to identify whether an insurance company has enough financial buffer to settle all claims in extreme situations. Hence, it is a good indicator of Company's financial capacity to meet both its short-term and long-term liabilities. Your Company believes in maintaining a strong cash position and asset base to meet any sudden liquidity requirements and comfortably meets the solvency requirements prescribed by the SECP.

Information Technology

I.T services are integral part of your Company's business growth strategy and day-to-day activities. Precisely, secure and continuous core business operations and timely information availability to business associates is the ascent of the I.T strategy. The plan sets forth the current and future foundation and guidelines that direct I.T activities across the Company for deployment and enhancement in: I.T infrastructure, secured & speedy communication, increase customer relations (B2B & B2C) through web-portals, in-house software development, secure and prudent MIS.

Due to rapid increase in interconnected communication Cyber Security has become very critical. Cyber Security within the insurance industry is of vital importance since, inter alia, client information must be secured from threat of cyber-crime. Your Company has developed a Cyber Security Framework under the guidelines notified by the SECP. Your Company has also appointed a Chief Information Security Officer (CISO) who is responsible for implementation and compliance of this security framework.

Human Resource and Associate Development

Your Company believes that Human Resource is our core asset. We provide growth opportunities and promote performance based culture where achievements are appropriately rewarded. Your Company believes in the core value of 3Rs---- Respect, Recognition and Reward and Atlas Group philosophy of "Organization Development through Self Development" and has made considerable investment for the development of its associates to ensure that a continuous learning environment exists within the Company. During the year, initiatives were taken to ensure that associates' commitment to the organization is enhanced and they actively contribute to the achievement of individual and business goals.

Various trainings were conducted from time to time to enhance skills of the staff. Further, the management takes keen interest in planning the succession for all key positions. Presently a sizeable number of employees are appearing in Associate of Chartered Insurance Institute, London, examinations which is financed by the Company. Some employees are also doing EMBA from reputable institutes of Pakistan.

Risk Management System

Risk mitigation is a proactive review and plan for the organization's current and potential risks. One of the vital functions in risk mitigation in your Company is the physical risk inspection of assets being offered for insurance, whether industrial, infra-structure, commercial or private dwellings. Risk management involves assessment of the various sections, processes and departments and it analysis the perils to which these fixed assets are exposed to.

Your Company puts great emphasis on management of risks whether it be internal or external. For this purpose, the Company has put in place a comprehensive mechanism that identifies, quantifies, manages, and reports key risks of the Company to the top management. The risk management mechanism of your company consists of three line of defense that minimizes, mitigates, avoids and transfers the risks of the Company. Your Company has a dedicated team of well qualified and experienced risk surveyors who carry out the largest number of risk surveys every year in the industry. The underwriters equipped with maximum information about the risk are then in a better position to accept or reject the risk with more conviction and confidence.

Role of Compliance Function

The insurance industry is charged with protecting and supporting its customers in their most challenging of times. Any breach of regulation is compounded not only by regulatory consequences, but also by the damage inflicted onto the individual customer or corporate client. Regulatory compliance and risk management for insurance companies requires organizations to abide by comprehensive Know Your Customer (KYC) standards and, of course, impeccable anti-money laundering (AML) and anti-corruption practices.

In your Company, the Compliance Officer heads the compliance function. He is responsible for Company's effective compliance relating to the applicable laws and regulations. He works in close liaison with other departments and ensures compliance of regulatory requirements, internal policies and procedures with specific emphasis on various SECP Regulations, particularly AML / CFT Regulations.

Corporate Social Responsibility

Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit. By adopting the Atlas Group philosophy, the Company is committed to act ethically towards society and aims to contribute to the social development in the country. During the year 2022, the Company paid Rs. 21.82 million to its associated concern Atlas Foundation, which carries out different welfare projects predominantly focused on health and education with the commitment that what has come from the society should be shared with the society.

Rating by PACRA

Pakistan Credit Rating Agency Limited (PACRA), has harmonized the Insurer Financial Strength (IFS) rating of your Company at "AA+" with stable outlook. The rating reflects financial soundness of the Company. The rating takes into account robust liquidity profile, providing strong coverage to the Company's obligations. PACRA has also acknowledged that the Company has a strong panel of reinsurers with favorable treaty terms and prudent risk retention policies.

Performance Evaluation of the Board and Committees of the Board

During the year under review, the Board has effectively discharged its responsibility towards the Company and participated in all strategic affairs diligently. The Board also played a key role in monitoring management performance. The Board has also reviewed and approved the Company's financial budget and capital expenditures. The Audit Committee, the Investment Committee and the Ethics, Human Resource & Remuneration Committee of the Board have also discharged their responsibilities throughout the year.

The Board has a mechanism in place to evaluate its own performance. A detailed Board Evaluation Questionnaire has been formulated which is circulated amongst the directors for their feedback every year and compiled results are presented in the Board meeting for review.

Contribution to the National Exchequer

During the year your Company contributed a sum of Rs. 1.163 billion towards government exchequer on account of direct and indirect taxes. The Atlas Group, of which your Company is a constituent member, contributed Rs. 75 billion in all towards the national exchequer. This makes Atlas Group one of the highest taxpayers in the country.

Future Outlook

The economy, over the years, has shown strong resilience despite unexpected volatility and uncertainty. The macro-economic outlook seems challenging on account of rising inflation, fiscal slippages and drying up of financial inflows and reserves. Moving forward, it is essential to sustain the reform momentum and focus on policies for securing stability and promoting sustainable growth. Macroeconomic adjustment measures, specifically fiscal consolidation to complement the ongoing monetary tightening and exports, will help relieve

pressure on Pak rupee. Managing the underlying risk necessitates articulating and effectively implementing a clear strategy for economic recovery. Accordingly, there is a need to strike an appropriate balance between supporting the economy, ensuring debt sustainability and advancing structural reforms.

Implementation of the IMF conditions will be a challenging task. Retail fuel prices have already been increased and another jump is expected once sales tax is implemented. Further necessary policy measures required by the IMF will hit the masses in the form of higher inflation, high and upward sticky interest rates, and economic slowdown. Corporate profitability, which has remained resilient, will also take a hit as businesses will find it difficult amidst dwindling demand to pass on the rising costs and taxes. However, the fulfillment and continuation of IMF program will provide much needed help and improve credibility of the country.

As the economy returns to full capacity and recovery becomes durable, the insurance sector is expected to continue its growth momentum. While the macroeconomic situation undergoes a re-alignment, the Company remains confident in continuing its journey of sustained long-term growth. The Company is well poised and has demonstrated its ability to avail new opportunities and handle adversity with an aim to keep building a long-term business proposition that increases stakeholder value. In this regard, the "Atlas Way" and "Atlas Systems" continue to remain the corner stone of our business philosophy:

سے ایک نیا سورج طلوع ہوتا ہے ہر تیرگی کے بعد
(Always remain positive)

Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management. I would also like to express my gratitude to the Chief Executive Officer, Mr. Babar Mahmood Mirza and his team for their efforts, dedication and sincerity of purpose.



Iftikhar H. Shirazi
Chairman

جیسے جیسے معیشت بحالی کی جانب بڑھے گی انشورنس کے شعبے کے لئے توقع کی جاتی ہے کہ اس کی ترقی کی رفتار جاری رہے گی۔ میکرو اکنامک صورتحال دوبارہ ترقیاتی عمل سے گزر رہی ہے جس کے ساتھ ساتھ کمپنی طویل مدتی ترقی کے اپنے سفر کو جاری رکھنے کے لیے پرعزم ہے۔ آپ کی کمپنی نے خود کو اس انداز میں راستہ کیا ہے کہ نئے مواقع سے فائدہ اٹھانے اور مشکلات سے نمٹنے کے لیے اپنی بہترین صلاحیت کا مظاہرہ کرے۔ اس مقصد کے ساتھ طویل مدتی کاروباری تجویز پر عمل جاری رکھنا ہے جس کے باعث اسٹیک ہولڈر کی قدر میں اضافہ ہوگا اور اس سلسلے میں، 'ٹلس وے' کا فلسفہ ہمارے کاروباری امور میں نہایت مددگار ہوگا۔

— ایک نیا سورج طلوع ہوتا ہے ہر تیرگی کے بعد

اظہار تشکر

میں اپنے قابل قدر حصص داران، کلائنٹس، ری انشوررز، SECP اور مالیاتی اداروں کی دلی قدر کرتا ہوں جن کے سالوں سے تعاون اور حمایت سے ہمارا تعلق مضبوط ہوا اور ہماری خدمات و مصنوعات میں بہتری لانے اور معاشرے اور قومی معیشت میں شراکت داری کرنے میں معاونت کی۔

میں انتظامیہ کی رہنمائی میں بورڈ آف ڈائریکٹرز کی قابل قدر شرکت اور فعال کردار کی بھی تعریف کرتا ہوں۔ میں چیف ایگزیکٹو آفیسر جناب بابر محمود مرزا اور ان کی ٹیم کی کوششوں، عزم اور مقصد کے حصول میں مخلصی پر تہہ دل سے شکر گزار ہوں۔



افتخار ایچ شیرازی
چیئرمین

غیر یقینی صورتحال کے باوجود معیشت نے گزشتہ سالوں میں چمک دکھائی ہے۔ افراط زر کی بڑھتی ہوئی شرح، روپے کی قدر میں کمی اور مالیاتی سرگرمیوں میں رکاوٹوں کے باعث میکرو اکنامک آؤٹ لک چیلنجنگ لگتا ہے، مزید یہ کہ پائیدار ترقی کو فروغ دینے کے لیے پالیسیوں پر توجہ مرکوز رکھنا بھی ضروری ہے۔ میکرو اکنامک اقدامات کے نتیجے میں مالی استحکام کے ساتھ ساتھ پاکستانی روپے پر دباؤ کو کم کرنے میں بھی مدد ملے گی۔ قرضوں کی ادائیگیوں کو یقینی بنانے کے ساتھ ساتھ سماجی ہم آہنگی کو برقرار رکھتے ہوئے بنیادی اصلاحات کو مزید اجاگر کرنے کے لیے ایک مناسب توازن قائم کرنے کی ضرورت ہے۔

آئی ایم ایف کی شرائط پر عمل درآمد ایک مشکل کام ہوگا۔ ایندھن کی قیمتوں میں پہلے ہی اضافہ کیا جا چکا ہے اور سیلز ٹیکس کے نفاذ کے بعد ایک اور اضافے کا خدشہ ہے۔ آئی ایم ایف کی جانب سے درکار ضروری پالیسی اقدامات، عوام کو بلند افراط زر، بلند شرح سود اور معاشی سست روی کی صورت میں متاثر کریں گے۔ کارپوریٹ منافع کو بھی نقصان پہنچ سکتا ہے کیونکہ بڑھتی ہوئی لاگت اور مانگ میں کمی کے رجحان سے کاروبار کو دشواری کا سامنا ہوگا۔ تاہم آئی ایم ایف پروگرام کی تکمیل اور تسلسل سے بڑی مدد ملے گی جس کے باعث ملکی ساکھ میں بہتری آئے گی۔

ہاؤس مریٹو کیونٹینیشن میں تیزی سے اضافے کے باعث سائبر سیکیورٹی بہت ضروری ہو گئی ہے۔ انٹرنیشنل میں سائبر سیکیورٹی بہت اہمیت کی حامل ہے کیونکہ دیگر خدشات کے ساتھ ساتھ کلائنٹ کی معلومات کو سائبر کرائم کے خطرے محفوظ رکھنا ضروری ہے۔ آپ کی کمپنی نے SECP کی جاری کردہ گائیڈ لائنز کی تحت سائبر سیکیورٹی کا بنیادی ڈھانچا ترتیب دیا ہے۔ آپ کی کمپنی نے ایک چیف انفارمیشن سیکیورٹی آفیسر (CISO) کو بھی مقرر کیا ہے جو اس حفاظتی ڈھانچے کو عمل میں لانے اور اس کی تعمیل کا ذمہ دار ہے۔

ہیومن ریسورس اور ایسوسی ایٹ ڈویلپمنٹ

آپ کی کمپنی کا ماننا ہے کہ ہیومن ریسورس ہمارا بنیادی اثاثہ ہے۔ ہم ترقی کے مواقع فراہم کرنے کے ساتھ ساتھ کارکردگی پر مبنی ثقافت کو فروغ دیتے ہیں اور کامیابیوں کو سراہتے ہیں۔ عزت، پہچان اور اعتماد پر آپ کی کمپنی کی بنیادیں ہیں اور اٹلس گروپ کے فلسفہ "آرگنائزیشن ڈویلپمنٹ بذریعہ سیلف ڈیولپمنٹ" پر یقین رکھنے کے ساتھ کمپنی نے اپنے عمل کی ترقی کے لیے خاطر خواہ سرمایہ کاری کی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ کمپنی میں مسلسل سیکھنے کا ماحول برقرار رہے۔ سال بھر اس بات کو یقینی بنانے کے لیے اقدامات کیے گئے کہ ادارے کے ساتھ عمل کی وابستگی کو بڑھایا جائے اور وہ انفرادی اور کاروباری اہداف کے حصول میں فعال کردار ادا کریں۔

کمپنی نے عمل کی صلاحیتوں کو نکھارنے کے لیے وقتاً فوقتاً مختلف ٹریننگز کا انعقاد کیا۔ مزید برآں، انتظامیہ تمام اہم عہدوں کے لیے اپنے اس سلسلے کی منصوبہ بندی میں گہری دلچسپی رکھتی ہے۔ اس وقت ملازمین کی ایک بڑی تعداد ایسوسی ایٹ آف چارٹرڈ انشورنس انسٹی ٹیوٹ، لندن کے امتحانات میں حصہ لے رہی ہے جس کی مالی معاونت کمپنی کرتی ہے۔ کچھ ملازمین پاکستان کے معروف اداروں سے MBA بھی کر رہے ہیں۔

مکملہ خطرات سے نمٹنے کا نظام (رسک مینجمنٹ سسٹم)

خطرے کی تخفیف کمپنی کے موجودہ اور مکملہ خطرات کے لیے ایک فعال جائزہ اور منصوبہ ہے۔ آپ کی کمپنی میں خطرے کی تخفیف میں ایک اہم کام انشورنس کے لیے پیش کیے جانے والے اثاثوں کا فزیکل رسک مینجمنٹ ہے، خواہ وہ صنعتی، انفراسٹرکچر، تجارتی یا نجی نوعیت ہو۔ رسک مینجمنٹ میں مختلف حصوں، حکاموں اور عوامل کا جائزہ شامل ہوتا ہے اسی کے ساتھ یہ ان خطرات کا تجزیہ کرتا ہے جن سے یہ مقررہ اثاثے ظاہر ہوتے ہیں۔

خطرات اندرونی ہوں یا بیرونی آپ کی کمپنی ان سے نمٹنے کے انتظام پر بہت زور دیتی ہے۔ اس مقصد کے لیے کمپنی نے ایک جامع طریقہ کار وضع کیا ہے جو کمپنی کو درپیش اہم خطرات کی نشاندہی اور اعلیٰ انتظامیہ کو رپورٹ کرتا ہے۔ آپ کی کمپنی کا خطرات سے نمٹنے کا طریقہ کار تین لائن آف ڈیفنس پر مشتمل ہے جو کمپنی کے خطرات کو کم سے کم، دور، اور منتقل کرتا ہے۔ آپ کی کمپنی کے پاس خطرات کا جائزہ لینے کے لیے ایک باصلاحیت ٹیم ہے اور اسی کے ساتھ خطرے کی زیادہ سے زیادہ معلومات کے حامل انڈر رائٹرز زیادہ یقین اور اعتماد کے ساتھ خطرے کو قبول یا مسترد کرنے کے لیے بہتر پوزیشن میں ہوتے ہیں۔

کمپلائنس فنکشن کا کردار

انشورنس انڈسٹری اپنے صارفین کو ان کے مشکل حالات میں تحفظ اور مدد فراہم کرنے کی ذمہ دار ہے۔ ضابطے کی کوئی بھی خلاف ورزی نہ صرف ریگولیٹری بلکہ انفرادی صارف یا کارپوریٹ صارف کو بچھنے والے نقصان کو بھی بڑھا سکتی ہے۔ انشورنس کمپنیوں کے لیے ریگولیٹری تعمیل اور خطرات سے نمٹنے کے انتظام کے لیے اداروں کو نو یور کسٹر (KYC) کے جامع معیارات، اینٹی منی لانڈرنگ (AML) اور انسداد بدعنوانی کے عوامل پر پابندی سے عمل درآمد کی ضرورت ہوتی ہے۔

آپ کی کمپنی میں، کمپلائنس فنکشن کا سربراہ کمپلائنس آفیسر ہے۔ وہ قابل اطلاق قوانین اور ضوابط سے متعلق کمپنی میں اس کی موثر تعمیل کے لیے ذمہ دار ہوتا ہے۔ یہ کمپلائنس آفیسر دوسرے حکاموں کے ساتھ قریبی رابطے میں رہ کر اپنے امور سرانجام دیتا ہے اور SECP کے قواعد و ضوابط بطور خاص AML/CFT ریگولیشنز کے ذریعے انضباطی تقاضوں، داخلی پالیسیوں اور طریقہ کار پر عمل درآمد کو یقینی بناتا ہے۔

سماجی ذمہ داری

آپ کی کمپنی رنگ، نسل، مذہب اور پس منظر سے قطع نظر صرف اور صرف قابلیت کی بنیاد پر کام کرنے کے لیے پرعزم ہے۔ اٹلس گروپ کے فلسفہ کو اپناتے ہوئے کمپنی معاشرے کے لیے اخلاقی طور پر کام کرنے کے لیے پرعزم ہے اور اس کا بنیادی مقصد ملک کی معاشرتی ترقی میں اپنا حصہ ادا کرنا ہے۔ سال 2022 کے دوران، کمپنی نے اپنے متعلقہ ادارے اٹلس فاؤنڈیشن کو 21.82 ملین روپے فراہم کیے جو کہ صحت اور تعلیم کے شعبوں میں مختلف پروجیکٹس پر خدمات انجام دے رہا ہے جو اس عزم کے ساتھ عمل میں لائے جاتے ہیں کہ جو کچھ معاشرے سے ملا اسے معاشرے کے ساتھ ہی بانٹا جائے۔

PACRA کی جانب سے درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے آپ کی کمپنی کے مالیاتی استحکام کے اعتراف میں اس کی انشورنس انشورنس ایسوسی ایٹ (IFS) ریٹنگ کو برقرار رکھنے ہوئے اسے مستحکم ادارے کے طور پر "AA+" کا درجہ دیا ہے۔ یہ درجہ بندی اس بات کا اظہار ہے کہ کمپنی اپنے پالیسی ہولڈرز اور معاہدوں کی ذمہ داریوں سے عہدہ براہونے کی اچھی صلاحیت رکھتی ہے۔ یہ درجہ بندی عمدہ کیونڈیشن پر وفا کے مظہر ہے، جو کہ کمپنی کی ذمہ داریوں کو مستحکم کو ترجیح فراہم کرتی ہے۔ PACRA نے اس بات کا بھی اعتراف کیا ہے کہ اٹلس انشورنس کے پاس معاہدے کی مثبت شرائط اور مکملہ خطرات سے تحفظ کی پالیسیوں کے ساتھ دوسرے بیمہ کاروں کا ایک مضبوط پینل ہے۔

بورڈ اور بورڈ کی کمیٹی کی کارکردگی

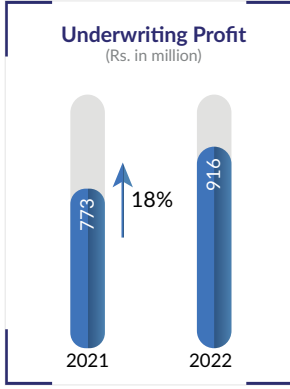
زیر جائزہ سال کے دوران، بورڈ نے کمپنی کے لیے اپنی ذمہ داریاں موثر انداز میں نبھائی ہیں اور تمام ہی امور میں تندی سے حصہ لیا۔ بورڈ نے انتظامی کارکردگی کی نگرانی میں بھی کلیدی کردار ادا کیا ہے۔ بورڈ نے مالیاتی بجٹ کا بھی جائزہ لیا ہے اور اس کی منظوری دی ہے۔ بورڈ کی آڈٹ کمیٹی، سرمایہ کاری کمیٹی، اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹی نے بھی سال بھر اپنی ذمہ داریاں نبھائی ہیں۔

بورڈ نے کوڈ آف کارپوریٹ گورننس کے مطابق اپنی کارکردگی کا جائزہ لینے کے لیے ایک طریقہ کار بھی وضع کر رکھا ہے اور ایک تفصیلی بورڈ ایویلیویشن سوالنامہ مرتب کیا ہے جو ہر سال ڈائریکٹرز کو ان کے تاثرات فراہم کرنے کے لیے تقسیم کیا جاتا ہے اور مرتب شدہ نتائج بورڈ کے اجلاس میں جائزے کے لیے پیش کیے جاتے ہیں۔

قومی خزانے میں حصہ

سال کے دوران، آپ کی کمپنی نے بل واسطہ یا بلا واسطہ ٹیکسوں کی مدد میں حکومتی خزانے میں 1.163 بلین روپے کی رقم جمع کروائی۔ اٹلس گروپ، جس کا آپ کی کمپنی ایک اہم حصہ ہے، اس نے مجموعی طور پر قومی خزانے میں ٹیکس کی مدد میں 75 بلین روپے فراہم کیے ہیں۔ جو اٹلس گروپ کو پاکستان میں چند سب سے زیادہ ٹیکس ادا کرنے والے اداروں میں شامل کرواتا ہے۔

منافع



کمپنی کا انڈر رائٹنگ منافع گزشتہ سال کے 772.89 ملین روپے کے مقابلے میں بڑھ کر 915.83 ملین روپے رہا جو 18 فیصد زیادہ ہے۔ قبل از ٹیکس منافع گزشتہ سال کے 1.182 بلین روپے کے مقابلے میں 1.096 بلین روپے رہا جو 7 فیصد کمی کو ظاہر کرتا ہے جس کی بنیادی وجہ سرمایہ کاری سے آمدنی میں کمی ہے۔ 376 ملین روپے ٹیکس کی ادائیگیوں بشمول سپرنٹیکس، بعد از ٹیکس منافع 719.31 ملین روپے رہا جو کہ گزشتہ سال کے 835.38 ملین روپے کے مقابلے میں 14 فیصد کمی کو ظاہر کرتا ہے۔

کیپٹل مینجمنٹ

ورکنگ کیپٹل مینجمنٹ ایک کاروباری حکمت عملی ہے جو اس بات کو یقینی بنانے کے لیے بنائی گئی ہے کہ کمپنی اپنے موجودہ اثاثوں اور ادائیگیوں کے درست استعمال کے لیے موثر طریقے پر عمل کرے۔ ورکنگ کیپٹل مینجمنٹ اپنے وسائل کو بہتر انداز میں استعمال کر کے کمپنی کے کیش فلوا اور آمدنی کے معیار کو بہتر بنا سکتا ہے۔ آپ کی کمپنی مضبوط مالیاتی پروفائل برقرار رکھنے کے لیے پر عزم ہے۔ 31 دسمبر 2022 تک کمپنی کا پیڈ اپ کیپٹل 933.85 ملین روپے اور ایکویٹی 3.59 بلین روپے پر موجود ہے۔

دوہرا بیمہ

سال 2022 بنیادی بیمہ کنندگان اور دوہرے بیمہ کنندگان کے لیے یکساں طور پر چیلنجنگ ثابت ہوا ہے۔ بہت سے خطوں میں ہنگامی کی شرح اتنی زیادہ ہے جو بائیں بعد دیکھی گئی ہے۔ دوہرے بیمہ کنندگان کو اب تک کے سب سے بڑے نقصان سے دوچار کر رہا ہے۔ آپ کی کمپنی اعلیٰ ساکھ (اے-ریٹنگ) کے حامل اور دنیا کے معروف دوہرے بیمہ کاروں کے ساتھ دوہری بیمہ کاری کے معاہدے زیر عمل لاتی ہے جو مضبوط مالیاتی استحکام کی وجہ بند یوں کے حامل ہیں، ان میں سوئس ری انشورنس کمپنی، پین اوروری انشورنس کمپنی، ٹوکیو میورین اور نیچرڈ وفار بیمہ کمپنی، سومپو جاپان، ملائیشین ری انشورنس کمپنی، لیپوان ری انشورنس کمپنی اور کویت ری انشورنس کمپنی شامل ہیں۔ آپ کی کمپنی نے تمام اسٹیک ہولڈرز کے تحفظات کے لیے متناسب پروگرام ترتیب دیا ہے۔

قابلیت ادا کے قرضہ

انشورنس کمپنی کے لیے قابلیت ادا کے قرضہ کی ضروریات نہایت اہم ہیں کیونکہ اس سے یہ ظاہر ہوتا ہے کہ انشورنس کمپنی غیر متوقع صورتحال کا سامنا کرنے کے لیے تیار ہے۔ آپ کی کمپنی نقدی کی اچانک ضرورت کو پورا کرنے کے لیے ایک مضبوط نقد پوزیشن اور اثاثوں کی بنیاد کو برقرار رکھنے پر یقین رکھتی ہے اور اس سلسلے میں SECP کے تجویز کردہ قابلیت ادا کے قرضہ کی ضروریات کو آسانی سے پورا کرتی ہے۔

انفارمیشن ٹیکنالوجی

I.T خدمات آپ کی کمپنی کی کاروباری حکمت عملی اور روزمرہ کی سرگرمیوں کا لازمی حصہ ہیں۔ یہ واضح ہے کہ محفوظ اور مسلسل بنیادی کاروباری آپریشنز اور شراکت داروں کے لیے بروقت معلومات کی فراہمی ہی I.T حکمت عملیوں کا عروج ہے۔ یہ منصوبہ حال اور مستقبل کی بنیادیں اور رہنمائی جو کمپنی میں I.T سرگرمیوں کا نفاذ کرنے اور اسے بڑھانے کے لیے پیش کرتا ہے: آئی انفراسٹرکچر، محفوظ اور تیز رفتار کیوبیکیشن، ویب پورٹل کے ذریعے کسٹمر ریلیشنز (B2C, B2B) میں اضافہ، ان ہاؤس سافٹ ویئر ڈیولپمنٹ اور محفوظ MIS۔

ہے۔ اسی طرح کا اضافہ نیٹ پریمیم میں بھی دیکھنے میں آیا جو 908.50 ملین روپے رہا اور گزشتہ سال کے 713.10 ملین روپے کے مقابلے میں 27 فیصد اضافے کو ظاہر کرتا ہے۔ نیٹ گلیمز 106.23 ملین روپے رہے جو گزشتہ سال 40.29 ملین روپے تھے۔ اس شعبے نے 689.97 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا جو سال 2021 کے 578.08 ملین روپے کے مقابلے میں 19 فیصد زیادہ ہے جس کی بنیادی وجہ نیٹ پریمیم میں اضافہ ہے۔

موٹر

موٹر کے شعبے میں 930.17 ملین روپے کا گروس پریمیم درج ہوا جو کہ سال 2021 کے 728.36 ملین روپے کے مقابلے میں 28 فیصد زیادہ ہے۔ نیٹ پریمیم 635.39 ملین روپے رہا جو کہ سال 2021 کے 534.54 ملین روپے کے مقابلے میں 19 فیصد زیادہ ہے۔ آٹو پالسی کی قیمتوں اور لیبر چارجز میں اضافے کے باوجود نقصان کا تناسب 2021 میں 56 فیصد کے مقابلے میں بہتر ہو کے 47 فیصد رہا۔ کمیشن کی ایڈجسٹمنٹ اور اخراجات کو مختص کرنے کے بعد انڈر رائٹنگ منافع 172.44 ملین روپے رہا جو کہ مالی سال 2021 کے 96.94 ملین روپے کے مقابلے میں 78 فیصد اضافے کو ظاہر کرتا ہے جس کی وجہ نیٹ پریمیم میں اضافہ اور گلیمز کا بہتر تناسب ہے۔

متفرقات

گروس انڈر رائٹنگ پریمیم سال 2021 کے 607.35 ملین روپے کے مقابلے میں 700.09 ملین روپے رہا جو 15 فیصد اضافے کو ظاہر کرتا ہے۔ نیٹ پریمیم سال 2021 کے 310.90 ملین روپے کے مقابلے میں 330.02 ملین روپے رہا۔ نیٹ گلیمز کی شرح سال 2021 کے 77 فیصد کے مقابلے میں 78 فیصد رہی، جبکہ اس شعبہ نے 2021 کے 19.14 ملین روپے کے مقابلے میں 4.11 ملین روپے کا منافع حاصل کیا۔

ونڈ وکافل آپریشنز

ونڈ وکافل آپریشنز کے شعبے نے اس سال کے دوران اچھی کارکردگی کا مظاہرہ کیا۔ مجموعی کنٹری بیوشن 536.09 ملین روپے رہا جو سال 2021 کے 366.94 ملین روپے کے مقابلے میں 46 فیصد زیادہ ہے جس کی وجہ آتشزدگی اور موٹر کے کنٹری بیوشن میں اضافہ ہے۔ نیٹ کنٹری بیوشن 26 فیصد اضافے کے ساتھ 176.16 ملین روپے رہا جو سال 2021 میں 139.71 ملین روپے تھا۔ پارٹنیشنٹ کافل فنڈ نے 33.10 ملین روپے کا سرپلس ظاہر کیا جو کہ گزشتہ سال 19.28 ملین روپے تھا جبکہ آپریٹرز فنڈ نے 87.04 ملین روپے منافع ظاہر کیا جو کہ سال 2021 میں 54.20 ملین روپے تھا۔

سرمایہ کاری کا انتظام

آپ کی کمپنی کے سرمایہ کاری مشیر کی مجموعی پالیسی مارکیٹ صورتحال کے مطابق فکسڈ انکم اور ایکویٹی سیکورٹیز کے درمیان مناسب توازن برقرار رکھتے ہوئے بنیادی طور پر مضبوط سیکورٹیز میں سرمایہ کاری کرتا ہے۔ سرمایہ کاری کی کمیٹی مشیر کی کارکردگی کا مسلسل جائزہ لے رہی ہے اور وقتاً فوقتاً پورڈ کو آگاہ کر رہی ہے۔ زیر جائزہ سال کے دوران، سرمایہ کاری کی مدد میں آمدنی گزشتہ سال کے 330.42 ملین روپے کے مقابلے میں 2.45 ملین روپے رہی۔ سرمایہ کاری کی آمدنی میں کمی بنیادی طور پر بعض ایکویٹی سیکورٹیز کی فرخت پر ہونے والے نقصان کی وجہ سے تھی۔ ڈیویڈنڈ آمدنی گزشتہ سال کے 294.20 ملین روپے کے مقابلے میں بڑھ کر 312.62 ملین روپے رہی۔ 31 دسمبر 2022 تک انویسٹمنٹ کی بک ویلیو 3.47 بلین روپے تھی (مارکیٹ قدر 4.64 بلین روپے) جو کہ سال 2021 میں 3.80 بلین روپے (مارکیٹ قدر 5.86 بلین روپے) تھی۔

چیرمین کی جانب سے جائزہ

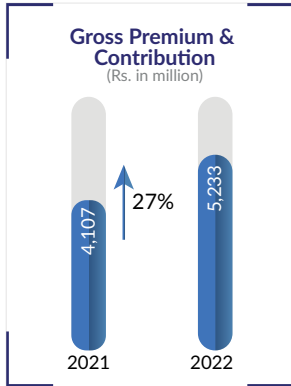
صنعتی تجزیہ

انشورنس انڈسٹری نے گزشتہ سالوں میں چلک اور موافقت کا مظاہرہ کیا ہے۔ ڈیجیٹل ٹیکنالوجی کے باعث، بیمہ کنندگان نے آپریشنز میں نئی صلاحیتوں کو استعمال کیا ہے۔ سال 2022 میں عروج اور زوال دونوں کا مشاہدہ کیا گیا جہاں ایک طرف کاروباری ذاتی اور تجارتی لائسنسوں میں بڑھتے ہوئے پرییم تھے وہیں دوسری جانب لیز اور پرییم ریٹ کا معیشت میں اضافے کے باعث انڈر رائٹنگ نتائج پر داؤر رہا۔

انشورنس بنیادی طور پر لوگوں اور کاروبار کو دو چار خطرات سے تحفظ کے لیے ہے۔ اس مقصد کو عملی جامہ دیتے ہوئے بیمہ کنندگان کے لیے ضروری ہے کہ وہ اس کو سمجھیں اور خود کو حالات کے مطابق یا ایک ایسے نظام کے نفاذ کے لیے آراستہ کریں جو انہیں اس کے مطابق محور بنا دیتا ہے۔ عالمی چیلنجز، حکومتی ضوابط اور معاشی صورتحال کے باعث جنم لینے والی غیر یقینی صورتحال بیمہ کنندگان کے لیے رسک مینجمنٹ کو دشوار بنا دیتی ہے جبکہ صارفین اب کسی ایک پلیٹ فارم تک محدود نہیں ہیں۔ ویب سائٹس سے لے کر سمارٹ فون ایپلی کیشنز اور براہ راست بات چیت تک وہ ایک ایسے چیلن کا انتخاب کرتے ہیں جو ان کی ضروریات کے عین مطابق ہو اور اسی کے ساتھ ساتھ وہ ایسے عوامل کی خواہش رکھتے ہیں جو سادہ اور ہموار ہوں۔ بیمہ کنندگان کو اسٹریٹجک لائٹنگ کے عوامل کے ساتھ آڈیٹیشن کے ذریعے اپنی خدمات فراہم کرنے اور کسٹمر کے تجربے کو بہتر بنانے پر توجہ دینی چاہیے۔

کمپنی نتائج

پرییم اور کٹری بیوشن



اس سال کے دوران کمپنی نے 5.23 بلین روپے کا گروس پرییم اور تکافل کٹری بیوشن درج کیا جو کہ گزشتہ سال کے 4.11 بلین روپے کے مقابلے میں 27 فیصد زیادہ ہے۔ تکافل کٹری بیوشن 5.36 بلین روپے رہا جو کہ گزشتہ سال کے 3.67 بلین روپے کے مقابلے میں 46 فیصد زیادہ ہے۔ نیٹ پرییم اور تکافل کٹری بیوشن ریویو 2.31 بلین روپے رہا جو کہ سال 2021 کے 1.97 بلین روپے کے مقابلے میں 17 فیصد زیادہ ہے۔

شعبہ جات پر ایک نظر

آتشزدگی اور املاک کا نقصان

آتشزدگی اور املاک کا نقصان کے شعبے نے 1.69 بلین روپے کا پرییم درج کیا جو سال 2021 کے 1.32 بلین روپے کے مقابلے میں 28 فیصد زیادہ ہے۔ نیٹ پرییم گزشتہ سال کے 272.14 بلین روپے کے مقابلے میں 258.99 بلین روپے رہا۔ نیٹ کلیمز میں اضافے کے باعث اس شعبے کا انڈر رائٹنگ منافع 49.3 بلین روپے رہا جو سال 2021 میں 78.73 بلین روپے تھا۔

آبی، فضائی اور ذرائع آمدورفت

آبی، فضائی اور ذرائع آمدورفت کے شعبے نے مالی سال کے دوران اچھی کارکردگی کا مظاہرہ کیا جس کے باعث مجموعی پرییم 1.38 بلین روپے رہا جو کہ سال 2021 کے 1.08 بلین روپے کے مقابلے میں 28 فیصد زیادہ

میں نہایت مسرت کے ساتھ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے بوڈی کی جانب سے کمپنی کی 88 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کر رہا ہوں۔

معیشت

بڑھتی ہوئی افراط زر، بلند مالیاتی خسارے اور بیرونی فنانشنگ پر غیر یقینی صورتحال کے باعث معیشت پر مسلسل داؤ بڑھ رہا ہے۔ رواں مالی سال کے لیے جی ڈی پی کی شرح نمو کا تخمینہ 2 فیصد تک آ گیا ہے۔ مالی سال 2023 کے ابتدائی سات ماہ کے دوران اوسط مہنگائی 25.4 فیصد ریکارڈ کی گئی جو گزشتہ سال کی اسی مدت کے دوران 10.26 فیصد تھی۔ یہ بنیادی طور پر روپے کی قدر میں کمی، خوراک اور توانائی کی قیمتوں میں اضافے کے باعث ہوا۔ ایک مثبت صورت میں محصولات کی وصولی 3.4 ٹریلین روپے رہی جو گزشتہ سال کے مقابلے میں 16.5 فیصد زائد ہے۔ تاہم، ہدف کے مقابلے میں 220 بلین روپے کم ہے۔ بیرونی محاذ پر، پالیسی کے سخت اقدامات اور استحکام کی حکمت عملی اپنانے کے مثبت نتائج سامنے آنا شروع ہو گئے ہیں۔ کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2023 جولائی تا جنوری کے دوران کم ہو کر 3.8 بلین امریکی ڈالر ہو گیا جو گزشتہ سال کی اسی مدت کے دوران 11.60 بلین ڈالر تھا۔ CAD میں بہتری بنیادی طور پر درآمدی بل میں 23 فیصد کمی کے باعث ہوئی۔ تاہم، عالمی طلب میں کمی اور شرح مبادلہ (انٹرنیٹک اور اوپن مارکیٹ) میں آنے والے فرق کے باعث برآمدات اور ملازمتین کی ترسیلات زر میں باترتیب 3.4 فیصد اور 9.6 فیصد تک کمی واقع ہوئی ہے۔

CAD میں مثبت پیش رفت کے باوجود مرکزی بینک کے پاس موجود زرمبادلہ کے ذخائر 15 سالوں میں پہلی بار 5 بلین امریکی ڈالر کی حد سے گر گئے۔ قرض کی ادائیگیوں اور آئی ایم ایف EEF پروگرام کے دوبارہ فعال ہونے میں تاخیر کے باعث زرمبادلہ کے ذخائر گزر کر 3.2 بلین امریکی ڈالر رہ گئے ہیں۔ امریکی ڈالر کی مانگ میں اضافے کے باعث سال 2022 کے دوران پاکستانی روپے نے اپنی کل قدر کا ایک چوتھائی سے زیادہ حصہ کھو دیا ہے۔ سال کی دوسری ششماہی کے دوران روپے کی قدر میں زیادہ کمی دیکھنے میں آئی۔

KSE-100 انڈیکس گراؤٹ کے بعد سال کے اختتام پر 40,420 پوائنٹس پر بند ہوا جس کی بنیادی وجہ سرمایہ کاروں کے اعتماد میں کمی اور سیاسی غیر یقینی صورتحال تھی۔ ماکرو اکانومک استحکام کو یقینی بنانے اور مجموعی طلب کو کنٹرول میں رکھنے کے لیے مرکزی بینک نے مالی سال 2023 میں شرح سود میں 10.25 فیصد اضافہ کر دیا جو کہ 9.75 فیصد سے بڑھ کر 20 فیصد ہو گیا۔ موسلا دھار بارشوں اور سیلابی صورتحال کے باعث زرعی شعبے کی کارکردگی بری طرح متاثر ہوئی جس سے 8.3 بلین ایکڑ رقبہ پر کاشت کی گئی فصلوں کو نقصان پہنچا۔ اس شعبے کو سہارا دینے کے لیے حکومت نے ”کسان پیکیج“ میں مراعات کا اعلان کیا اور زرعی قرضوں کی تقسیم میں 35.9 فیصد اضافہ کیا ہے مزید برآں، پانی کی بہتر فراہمی کے باعث رینج کی فصلوں میں بہتر کارکردگی کی توقع ہے۔ اس سے دیہی علاقوں میں کزیو عمر پروڈکٹس کی مانگ کو بہتر بنانے میں مدد مل سکتی ہے جو مالی سال 2023 کی پہلی ششماہی میں سست روی کا شکار تھی۔ بڑے پیمانے پر مینوفیکچرنگ (LSM) نے مالی سال 2023 کے دوران جولائی تا دسمبر کے عرصے میں 3.68 فیصد کی منفی نمو درج کی جو کہ مالی سال 2022 کی اسی مدت میں مثبت 3.4 فیصد تھی جو بڑھتے ہوئے افراط زر کے داؤ اور سیلابی چیلن میں رکاوٹوں کے باعث ہے۔ آئی ایم ایف پروگرام کی بحالی ملکی مسائل کے حل کے لیے ناگزیر ہے۔ یہ پروگرام انتہائی ضروری ہے اور فوری مالی سہولت فراہم کرے گا اور عالمی مالیاتی اداروں کی نظر میں ملک کی ساکھ کو بہتر بنانے کا اور یوں کثیرالچینی ایجنسیوں کی جانب سے قوم کی آمد کو جاری رکھنے کی راہ بھی ہموار ہوگی۔

Directors' Report

The Directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2022. The director's report prepared under Section 227 of the Companies Act, 2017 and Clause (xxvi) of the Code of Corporate Governance, for Insurers, 2016, will be put forward to the members at the eighty eighth Annual General Meeting (AGM) of the Company to be held on April 27, 2023.

Financial Results

Following is the overall performance of the Company for the year ended December 31, 2022:

	<u>2022</u>	<u>2021</u>
	<u>(Rupees in thousand)</u>	
Gross premium	4,697,393	3,793,638
Gross contribution from Window Takaful Operations	536,090	366,938
Profit for the year before tax	1,095,627	1,181,508
Income tax expense	(376,313)	(346,132)
Profit for the year after tax	719,314	835,376
Un-appropriated profit brought forward	12,608	12,394
Profit available for appropriation	731,922	847,770
*Appropriations:		
Transferred to general reserve	(63,500)	(156,000)
Interim cash dividend @ 25% (2021: 25%)	(233,462)	(212,238)
Proposed final cash dividend @ 45% (2021: @ 45%)	(420,232)	(382,029)
Proposed bonus shares Nil (2021: 10%)	-	(84,895)
	(717,194)	(835,162)
Un-appropriated balance carried forward	14,728	12,608

* The Board has recommended final cash dividend of Rs. 4.5 per share i.e. 45% for the year ended December 31, 2022. This is in addition to 25% interim dividend disbursed during the year 2022. The financial statements do not reflect appropriations of proposed final payouts in compliance with the Companies Act, 2017.

Earnings per share

The earnings per share after tax is Rs. 7.70 against Rs. 8.95 (re-stated) of 2021.

Chairman's Review

The Chairman's Review included in the annual report deals inter alia with the performance of the Company for the year ended December 31, 2022 and future prospects. The Directors endorse the contents of the review.

Board of Directors

The Board consists of seven individuals having the knowledge, skill and experience required to provide oversight and strategic guidelines to the Company. All the Directors, except the CEO, are non-executive directors, including two who are also independent directors, and one of them is female Director. None of the Directors on the Board is Director of more than seven (7) listed companies including this Company. All the Directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The Board has set-up following sub-committees:

Audit Committee:

Names	Category
Mr. Hasan Reza ur Rahim	Chairman
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Muhammad Afzal	Secretary

Ethics, Human Resource & Remuneration Committee:

Names	Category
Mrs. Roohi Raees Khan	Chairperson
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali KHan	Member
Mr. Babar Mahmood Mirza	Member
Ms. Qudsia Naheed	Secretary

Investment Committee:

Names	Category
Mr. Ali H. Shirazi	Chairman
Mr. Frahim Ali Khan	Member
Mr. M. Habib-ur-Rahman	Member
Mr. Babar Mahmood Mirza	Member
Mr. Muhammad Aasim Gul	Member
Mr. Muhammad Afzal	Secretary

The Board had five (5) and Audit Committee had four (4) meetings during the year. Attendance by each director / member was as follows:

S. No.	Directors	Directorship in listed companies including Atlas Insurance Limited	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Iftikhar H. Shirazi	1	5/5	N/A
2	Mr. Ali H. Shirazi	5	5/5	4/4
3	Mr. Frahim Ali Khan	1	4/5	4/4
4	Mr. Hasan Reza ur Rahim	3	5/5	4/4
5	Mr. M. Habib-ur-Rahman	1	4/5	N/A
6	Mrs. Roohi Raees Khan	2	5/5	N/A
7	Mr. Babar Mahmood Mirza	1	5/5	N/A

Before each meeting of the Board a closed period is determined by the Company during which Directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has set a threshold defining categories of employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in the Company shares.

No transaction in the Company shares has been reported by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year, except disclosed in the pattern of shareholding.

Holding Company

Shirazi Investments (Pvt.) Limited, incorporated in Pakistan, is the holding company of Atlas Insurance Limited with 75.33% holding.

Directors' Remuneration

The remuneration of the Directors is approved by the Board. However, no director takes part in deciding his / her own remuneration. The Company does not pay remuneration to non-executive directors except fee to independent directors for attending the meetings. Company's remuneration policy is structured in line with prevailing industry trends and business practices. Details of remuneration paid to the Directors during the year 2022 is given as under and are also disclosed in note 32 of the financial statements:

(Rupees in thousand)

S. No.	Directors	Meeting Fee	Managerial Remuneration	Total
1	Mr. Iftikhar H. Shirazi	-	-	-
2	Mr. Ali H. Shirazi	-	-	-
3	Mr. Frahim Ali Khan	-	-	-
4	Mr. Hasan Reza ur Rahim	700	-	700
5	Mr. M. Habib-ur-Rahman	300	-	300
6	Mrs. Roohi Raees Khan	600	-	600
7	Mr. Babar Mahmood Mirza	-	46,755	46,755

Internal Audit

The Company has an independent Internal Audit function. The Audit Committee reviews the appropriateness and authority of this function on quarterly basis. The Head of Internal Audit functionally reports to the Audit Committee. The Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports the findings to the Audit Committee.

Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

Statement of Value Addition and its Distribution

The Statement of value addition and its distribution is annexed to this report.

External Auditors

The present Auditors, M/s. EY Ford Rhodes, Chartered Accountants have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the relevant Regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended such Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the Board and Management letters. The Audit Committee recommended appointment and remuneration of the external auditors for the financial year ended December 31, 2022 for consideration of the Board.

Employees' Retirement Benefits

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, an associated entity, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.
- The newly appointed employees are offered voluntary pension schemes only. However, employees who are members of provident fund trust have the option to opt either of the two above mentioned defined contribution plans.

The Company also operates non-contributory gratuity fund scheme for its management employees.

The value of investment, based on their respective accounts is as follows:

Provident Fund Rs. 44.996 million (as at December 31, 2022)

Gratuity Fund

Management Staff Rs. 59.344 million (as at June 30, 2022)
Non-Management Staff Rs. 19.110 million (as at December 31, 2022)

Compliance with the Code of Corporate Governance

The Directors confirm the compliance of the requirements of the Code of Corporate Governance relevant to the year ended December 31, 2022. Separate statements to these effects are annexed.

Liquidity Management

During the year an amount of Rs. 828.7 million (2021: Rs. 1,060.6 million) was generated from operating activities which was utilized in investment activities and payment of dividend to the shareholders. The Company prudently manages liquidity to ensure its ability to meet its contractual obligations more efficiently.

Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board in light of the Company's overall objectives. The Board is committed to maintain high standards of good corporate governance. The Company has been in compliance with the provisions set out by the SECP and the Listing Rules of the Pakistan Stock Exchange.

Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account

The Company has maintained proper books of account.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

There is no doubt about the company's ability to continue as a going concern.

Operating and Financial Data

Operating and financial data and key ratios of the Company for last six years are annexed.

Best Practices of Corporate Governance

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Taxes and Levies

Information about taxes and levies is given in notes to the financial statements.

Related Party Transactions

Related party transactions are placed before the Audit Committee. These transactions are reviewed / recommended by the Audit Committee and approved by the Board on quarterly basis. Details of related party transactions are disclosed in note 34 of the financial statements and note 29 of the Window Takaful Operation financial statements.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed to this report.

Code of Conduct

The Company has prepared a 'Code of Conduct', which has been approved by the Board. This Code has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company respects the legitimate interest of all those with whom it has relationship - government, employees, clients, shareholders and society. The Code has been placed on Company's website.

Compliance with this Code is essential element in business savvy. The Board is responsible for ensuring that the Code is communicated to and understood and observed by all the employees. Day-to-day responsibility is delegated to the senior management for implementing this Code.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the Code of Corporate Governance for Insurers, 2016, as part of the annual return certifying that the secretarial and corporate requirements of the Companies Act, 2017 and Listing Regulations have been complied with.

Material Changes

There have been no material changes since December 31, 2022 to date of the report and the Company has not entered into any commitment during this period, which would have any adverse impact on financial position of the Company.

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance, which enable the Board members to play more effective role in progress of the Company.

Safeguarding of Records

The Company emphasize for storage and safe custody of its financial records. The Company is using oracle based GIS system for recording its financial information. Access to electronic documentation has been ensured through implementation of comprehensive password protected authorization matrix.

Market Share Information

As per statistics compiled by the Insurance Association of Pakistan (IAP) for non-life insurance companies for the year ended December 31, 2021, the market share of the Company was 3.62%. Status for the year 2022 will be known once statistics of all the companies are compiled by the IAP.

Directors Training Programs

Four directors have successfully completed Directors Training Program (DTP). Three directors possess the minimum qualification and experience criteria for the exemption of DTP as stipulated in the Code of Corporate Governance.

Whistle Blowing Policy

Statement on Whistle Blowing Policy is annexed to this report.

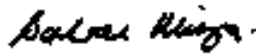
Communication

Communication with the shareholders is given a high priority. Annual reports are circulated to the members and half yearly and quarterly reports are placed on Company's website within the time specified by the Companies Act, 2017. The Company also has a web site, www.ail.atlas.pk, which contains up-to-date information on Company's activities and financial reports.

Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

For and on behalf of the Board of Directors



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director

Lahore: March 27, 2023

پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ منسلک ہے۔

ضابطہ اخلاق

کمپنی نے بورڈ آف ڈائریکٹرز سے منظور شدہ ایک ضابطہ اخلاق مرتب کیا ہے۔ جس کی آگاہی کمپنی بھر میں کی گئی ہے۔ اس ضابطہ کا بنیادی مقصد کاروباری معاملات کو دیانت داری اور کثادگی سے چلانا ہے تاکہ ملازمین کے مفادات اور انسانی حقوق کا تحفظ کیا جاسکے۔ کمپنی ان لوگوں کے تمام جائز مفادات کا احترام کرتی ہے، جن کا تعلق حکومت، ملازمین، گاہک، حصص داران اور معاشرے سے ہے۔ کمپنی کی ویب سائٹ پر یہ ضابطہ اخلاق موجود ہے۔ کاروبار کو چلانے کے لئے یہ ضابطہ اخلاق بہت اہمیت کا حامل ہے۔ اس ضابطہ کو مناسب طریقے سے ملازمین کو سمجھایا گیا ہے اور اس پر عمل درآمد کیا جا رہا ہے۔ اس ضابطے پر عمل درآمد کے لیے اعلیٰ انتظامیہ اپنی ذمہ داریاں نبھاتی ہے۔

سیکرٹری عمل داری کی تعین

کمپنی سیکرٹری نے انشوررز کے لیے کوڈ آف کارپوریٹ گورننس 2016 کے تحت مجوزہ شکل میں سیکرٹریل کمپلائنس شیڈیول جاری کیا ہے جس میں اس بات کی تصدیق کی گئی ہے کہ کمپنی ایکٹ 2017 اور لسٹنگ ریگولیشنز کی سیکرٹریل اور کارپوریٹ تقاضوں کے تحت تعین کی گئی ہے۔

مادی تبدیلیاں

31 دسمبر 2022ء سے لے کر اب تک کوئی مادی تبدیلی نہیں ہوئی ہے اور اس عرصے سے دوران کمپنی نے کوئی ایسا معاہدہ نہیں کیا ہے جس سے کمپنی کی مالی حالت میں کوئی بڑی تبدیلی واقع ہوئی ہو۔

بورڈ کی کارکردگی کی تشخیص

بورڈ نے بذریعہ سوالنامہ خود تشخیصی کے اصولوں کو اپناتے ہوئے اپنی کارکردگی کی جانچ کا طریقہ کار مرتب کیا ہے، جس میں بورڈ کے عمل درآمد کے بنیادی شعبوں کا احاطہ کیا گیا ہے اس تشخیص کا بنیادی مقصد بورڈ کا اپنی گورننس کے معیار کا جائزہ لینا ہے جس کے ذریعے بورڈ اراکین کمپنی کی ترقی میں زیادہ موثر کردار ادا کر سکتے ہیں۔

ریکارڈز کی حفاظت

کمپنی اپنے ریکارڈز / مندرجات کی حفاظت تحویل پر یقین رکھتی ہے۔ کمپنی اپنی مالی معلومات Oracle پروگرام کے ذریعے GIS نظام پر مرتب کرتی ہے اور الیکٹرانک دستاویز تک رسائی کے لئے جامع پاس ورڈ سے محفوظ کردہ میٹرکس استعمال کرتی ہے۔

مارکیٹ شیئر کی معلومات

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے انشورنس ایسوسی ایشن آف پاکستان (IAP) کے اعداد و شمار کے مطابق نان الائف انشورنس کمپنیوں میں آئی کمپنی کا حصہ 3.62 فیصد تھا۔ سال 2022 کی صورتحال اس وقت واضح ہوگی جب IAP کی جانب سے اعداد و شمار جاری کیے جائیں گے۔

ڈائریکٹرز ٹریننگ پروگرام

چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام (DTP) مکمل کر لیا ہے جبکہ تین ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس میں مقرر کردہ تعلیم اور تجربے کے معیاری بنیاد پر DTP سے استفادہ حاصل ہے۔

Whistle Blowing پالیسی

Whistle Blowing پالیسی سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

بات چیت

حصص داران کو مطلع کرنا کمپنی کی اولین ترجیح ہے۔ سالانہ رپورٹس اراکین کو بذریعہ ڈاک ارسال کی جاتی ہیں اور کمپنی ایکٹ 2017 کے ضابطہ کے متعین عرصہ کے دوران ششماہی اور سہ ماہی رپورٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دی جاتی ہیں۔ کمپنی کی ویب سائٹ www.ail.atlas.pk ہے جس میں کمپنی کے کاروباری امور کی تازہ ترین معلومات بشمول مالیاتی رپورٹس دستیاب ہیں۔

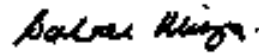
واجب الادا قانونی ادائیگیاں

تمام واجب الادا رقم معمول کے مطابق ہیں۔

منجانب بورڈ آف ڈائریکٹرز



علی ایچ شیرازی
ڈائریکٹر



بابر محمود مرزا
چیف ایگزیکٹو

لاہور: 27 مارچ 2023

سرمایہ کاری کی مالیت، اُن کے متعلقہ کھاتہ داری کے مطابق مندرجہ ذیل ہیں:

پروایڈنٹ فنڈ	44.996 ملین روپے (31 دسمبر 2022 تک)
گریجویٹ فنڈ	
برائے پیمنٹ اسٹاف	59.344 ملین روپے (30 جون 2022 تک)
برائے نان پیمنٹ اسٹاف	19.110 ملین روپے (31 دسمبر 2022 تک)

کوڈ آف کارپوریٹ گورننس کی تعمیل

ڈائریکٹرز نے 31 دسمبر 2022 کو اختتام پذیر سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کی ضروریات کی تعمیل کی تصدیق کی ہے۔ ان بیانات کو علیحدہ طور پر منسلک کیا گیا ہے۔

لیکچر ڈیپٹی انتظامات

سال کے دوران آپریشنز کی کارروائیوں سے 828.7 ملین روپے (2021ء میں 1,060.6 ملین روپے) حاصل کئے گئے جو کہ سرمایہ کاری کی سرگرمیوں اور حصص داران کو ڈیویڈنڈ دینے کے لئے استعمال کئے گئے۔ کمپنی لیکویڈٹی کو احتیاط سے اپنی معاہدے کی ذمہ داریوں کو نبھانے کے لئے استعمال کرتی ہے۔

ڈائریکٹری ذمہ داریوں کی تفصیلات

بورڈ باقاعدگی سے کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ چیف ایگزیکٹو سلائیمنٹس اور کاروباری کارکردگی کے اہداف کو مرتب کرتا ہے اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ اس کا جائزہ لیتا ہے۔ بورڈ کمپنی کی اعلیٰ کارپوریٹ گورننس کے معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹاک ایکسچینج کے مرتب کردہ قوانین کے تحت کاربند رہتی ہے۔

مالی تفصیلات

کمپنی کی انتظامیہ کی جانب سے مرتب کردہ مالی تفصیلات، کام کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو درست انداز میں پیش کیا جاتا ہے۔

اکاؤنٹس کی کتب

کمپنی نے اکاؤنٹس کی درست کتب مرتب کی ہیں۔

حساب داری پالیسیاں

مالی تفصیلات اور بی تھینوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔

بین الاقوامی حساب داری معیار

مالی تفصیلات کو مرتب کرنے کے لئے بین الاقوامی حساب داری معیار، جو کہ پاکستان میں لاگو ہیں، ان کو مدنظر رکھا جاتا ہے۔

اندرونی کنٹرول کا نظام

اندرونی کنٹرول کا نظام عمدہ ہے اور اس کو مؤثر طریقے سے لاگو کیا جاتا ہے اور نگرانی کی جاتی ہے۔

جاری کاروباری خدشات

کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیتوں میں کوئی شک نہیں۔

آپریٹنگ اور مالی اعداد و شمار

کمپنی کے گزشتہ چھ سالوں کے کلیدی تناسب، آپریٹنگ اور مالی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

کارپوریٹ گورننس پر اعلیٰ عمل درآمد

اعلیٰ کارپوریٹ گورننس پر عمل درآمد میں کسی قسم کا شک نہیں ہے۔

نگین اور محصولات

مالی تفصیلات کے نوٹس میں نگین اور محصولات کی معلومات درج ہیں۔

متعلقہ پارٹیز سے لین دین

تمام متعلقہ پارٹیز سے لین دین کی تفصیلات آڈٹ کمیٹی کے اجلاسوں میں جائزے اور سفارشات کے لیے پیش کی جاتی ہیں اور سدھامی بنیادوں پر بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی جاتی ہے۔ متعلقہ پارٹیز سے لین دین کی تفصیلات مالی تفصیلات کے نوٹ نمبر 34 اور WTO مالی تفصیلات کے نوٹ نمبر 29 پر درج ہیں۔

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ بورڈ کی جانب سے منظور کیا جاتا ہے تاہم، کوئی ڈائریکٹر اپنا مشاہرہ طے کرنے میں حصہ نہیں لیتا ہے۔ کمپنی آزاد ڈائریکٹرز کو اجلاس میں شرکت کی فیس کے علاوہ کسی ان ایگزیکٹو ڈائریکٹر کو معاوضے کی ادائیگی نہیں کرتی۔ کمپنی کے مشاہرے کی پالیسی موجودہ صنعتی رجحانات اور کاروباری امور کی انجام دہی پر منحصر ہے۔ ڈائریکٹرز کو معاوضے کی ادائیگی کی تفصیلات نوٹ 32 میں ظاہر کی گئی ہیں۔ سال 2022 کے دوران کمپنی کے ڈائریکٹرز اور سی ای او کو ادا کیے گئے معاوضے کی تفصیلات مندرجہ ذیل ہیں:

(روپے ہزاروں میں)

سیریل نمبر	ڈائریکٹرز	اجلاس میں شرکت کی فیس	انتظامی معاوضہ	ٹوٹل
1	جناب افتخار ایچ شیرازی	-	-	-
2	جناب علی ایچ شیرازی	-	-	-
3	جناب فراہیم علی خان	-	-	-
4	جناب حسن رضا الرحیم	700	-	700
5	جناب محمد حبیب الرحمان	300	-	300
6	محترمہ روجی رئیس خان	600	-	600
7	جناب بابر محمود مرزا	-	46,755	46,755

انٹرنل آڈٹ

کمپنی میں خود چننا انٹرنل آڈٹ کا باضابطہ طریقہ کار موجود ہے۔ بورڈ کی آڈٹ کمیٹی سے ماہی بنیادوں پر اس کی موزونیت، اور طریقہ کار کے اختیار کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کا ہیڈ باضابطہ طور پر آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی سالانہ اور سے ماہی تفتیش پڑنی آڈٹ پلان کی منظوری دیتی ہے۔ انٹرنل آڈٹ فنکشن باضابطہ طریقہ کار کے مطابق مالیاتی، آپریشن اور کنٹرولنگی ٹیم کا جائزہ لیتا ہے اور بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

صحت، تحفظ اور ماحول

ہم صحت، تحفظ اور ماحول کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ اپنے ساتھ کام کرنے والے لوگوں اور جہاں ہم کام کو انجام دیتے ہیں ان کی تندرستی کو بحال رکھیں۔

ویلو ایڈیٹیشن کا اسٹیٹمنٹ اور اس کی ڈسٹری بیوشن

ویلو ایڈیٹیشن کا اسٹیٹمنٹ اور اس کی ڈسٹری بیوشن اس رپورٹ کے ساتھ منسلک ہے۔

بیرونی آڈیٹرز

موجودہ پرنٹال کنڈہ ای وائی فور ہوڈز، چارٹرڈ اکاؤنٹنٹس کونسل ٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول پروگرام کے تحت تسلیم شدہ درجہ بندی دی گئی ہے۔ بیرونی آڈیٹرز نے واضح کیا ہے کہ ان کا ادارہ/فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات اور ICAP کے مروجہ اقدار کے مطابق کام کر رہی ہے۔ بیرونی آڈیٹرز کو متعلقہ ریگولیشنز میں موجود خدمات کے علاوہ کوئی اور خدمات فراہم کرنے کے لئے مقرر نہیں کیا گیا ہے۔ اور اس ضمن میں انہوں نے تصدیق کی کہ ان کا ادارہ IFAC کے ہدایات پر عمل درآمد کر رہا ہے۔

بیرونی پرنٹال کنڈگان نے ان آڈٹ کمیٹی کے اجلاس میں شرکت کی جن میں آڈٹ کمیٹی کی جانب سے پرنٹال شدہ/نظر ثانی شدہ مالی تفصیلات کو زیر غور لایا گیا۔ آڈیٹرز نے تصدیق کی ہے کہ انہیں آزادی کا کوئی مسئلہ نہیں ہے اور انہوں نے اپنے تمام تر خدمات کو بورڈ کو لکھے گئے خطوط میں واضح کر دیا ہے۔ آڈٹ کمیٹی نے 31 دسمبر 2022 کو اختتام پذیر ہونے والے مالی سال کے لیے بیرونی آڈیٹرز کی تقرری اور مشاہرے کی سفارش کی۔

ملازمین کی ریٹائرمنٹ کے فوائد

کمپنی اپنے مستقل ملازمین کے لئے ایک منظم سبھی منصوبہ پر مندرجہ ذیل میں سے کسی ایک طریقے سے عمل کر رہی ہے۔

- ایک تسلیم شدہ پراویڈنٹ فنڈ۔
- پلس ایسٹ منجمنٹ لیویڈ (متعلقہ کمپنی) کی جانب سے رضا کارانہ پنشن سسٹم تو ان 2005ء کے تحت رضا کارانہ پنشن اسکیم ہے۔ یعنی پلس پنشن فنڈ اور پلس پنشن اسلامک فنڈ۔
- نو منتخب ملازمین کو رضا کارانہ پنشن اسکیم پیش کی جاتی ہے۔ تاہم جو ملازمین پراویڈنٹ فنڈ سٹ کا حصہ ہیں انہیں مندرجہ بالا دو تقسیمی منصوبوں میں سے کسی ایک کو منتخب کرنے کا اختیار ہے۔

کمپنی نے اپنے انتظامی ملازمین کے لئے غیر تقسیمی گریجویٹ فنڈ اسکیم بھی آپریٹ کرتی ہے۔

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں تشکیل دی ہیں:

آڈٹ کمیٹی:

نام	کیٹیگری
جناب حسن رضا الرحیم	چیئرمین
جناب علی ایچ شیرازی	ممبر
جناب فراہم علی خان	ممبر
جناب محمد افضل	سیکرٹری

اخلاقی، ہیومن ریسورس اور مشاہرے کی کمیٹی:

نام	کیٹیگری
محترمہ رومی رئیس خان	چیئرمین
جناب علی ایچ شیرازی	ممبر
جناب فراہم علی خان	ممبر
جناب بابر محمود مرزا	ممبر
محترمہ قدسیہ ناہید	سیکرٹری

سرمایہ کاری کمیٹی:

نام	کیٹیگری
جناب علی ایچ شیرازی	چیئرمین
جناب فراہم علی خان	ممبر
جناب محمد حبیب الرحمان	ممبر
جناب بابر محمود مرزا	ممبر
جناب محمد عاصم گل	ممبر
جناب محمد افضل	سیکرٹری

سال کے دوران بورڈ کے پانچ (5) اور آڈٹ کمیٹی کے چار (4) اجلاس منعقد کیے گئے۔ ہر ڈائریکٹر/رکن کی حاضری مندرجہ ذیل ہے۔

سیریل نمبر	ڈائریکٹرز	لسٹڈ کمپنیز میں ڈائریکٹر شپ بشمول ایٹس انشورنس	اجلاس میں حاضری	
			بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی
1	جناب افتخار ایچ شیرازی	1	5/5	N/A
2	جناب علی ایچ شیرازی	5	5/5	4/4
3	جناب فراہم علی خان	1	4/5	4/4
4	جناب حسن رضا الرحیم	3	5/5	4/4
5	جناب محمد حبیب الرحمان	1	4/5	N/A
6	محترمہ رومی رئیس خان	2	5/5	N/A
7	جناب بابر محمود مرزا	1	5/5	N/A

بورڈ آف ڈائریکٹرز کے ہر اجلاس سے پہلے کمیٹی کی جانب سے ایک بند عرصہ متعین کیا جاتا ہے، جس کے دوران ڈائریکٹرز، CEO، کمیٹی کے ایگزیکٹوز اور ان کے شریک حیات کے لیے کمیٹی کے حصص کی لین دین بل واسطہ یا بلا واسطہ طور پر ممنوع قرار دے دی جاتی ہے۔ بورڈ نے ایگزیکٹوز کی حیثیت کا تعین کر رکھا ہے۔ جس کی بناء پر ان پر کمیٹی کے حصص کی لین دین کو اجازت دینے سے منع کیا گیا ہے۔

سال کے دوران ڈائریکٹرز، CEO، CFO، کمیٹی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمیٹی کے حصص کا کوئی لین دین سامنے نہیں آیا، سوائے اس لین دین کے جو کہ شیئرز ہولڈنگ کے بیٹرن میں ظاہر کیا گیا ہے۔

ہولڈنگ کمیٹی

شیرازی انویسٹمنٹ پرائیویٹ لمیٹڈ 75.33% شیئرز کے ساتھ ایٹس انشورنس لمیٹڈ کی ہولڈنگ کمیٹی ہے۔

ڈائریکٹرز کی جانب سے رپورٹ

آپ کی کمپنی کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2022 کو اختتام پذیر ہونے والے سال کے لئے پڑتال شدہ مالی تفصیلات، پڑتال کنندگان کی رپورٹ سمیت پیش کر رہے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریشن گورننس برائے انٹرنیشنل 2016 کی شق (xxvi) کے مطابق تیار کی گئی ہے جو کہ 27 اپریل 2023 کو مستقرہ کمپنی کے 88 ویں سالانہ اجلاس عام میں ارکان کو پیش کی جائے گی۔

مالی نتائج

31 دسمبر، 2022 کو اختتام پذیر سال میں کمپنی کی مجموعی کارکردگی درج ذیل ہے۔

2022	2021	
		(روپے ہزاروں میں)
4,697,393	3,793,638	گروس پریمیم
536,090	366,938	ونڈ وٹکنفل آپریشنز سے مجموعی زریعتاواں
1,095,627	1,181,508	قبل از ٹیکس منافع
(376,313)	(346,132)	انکم ٹیکس کے اخراجات
719,314	835,376	سال کا بعد از ٹیکس منافع
12,608	12,394	آگے لایا گیا ناوقف شدہ منافع
731,922	847,770	موجودہ منافع برائے وقف شدہ
		* وقف بجانب
(63,500)	(156,000)	عمومی ذخائر کو منتقل کردہ
(233,462)	(212,238)	عبوری نقد منافع 25% (2021: 25%)
(420,232)	(382,029)	مجوزہ حتمی نقد ڈیویڈنڈ 45% (2021: 45%)
-	(84,895)	مجوزہ بونس حصص Nil (2021: 10%)
(717,194)	(835,162)	
14,728	12,608	آگے بھیجا گیا غیر وقف شدہ بقایا

ڈائریکٹرز نے فی شیئر 4.50 روپے فائل کیش ڈیویڈنڈ یعنی 45% (2021: فی شیئر 4.50 روپے یعنی 25% (2021: فی شیئر 2.50 روپے یعنی 25%)) عبوری کیش ڈیویڈنڈ کی تجویز دی ہے۔ مالی بیانات کمپنیز ایکٹ 2017 کی تعمیل میں مجوزہ حتمی ادا کیوں کے اختتام کی عکاسی نہیں کرتے ہیں۔

فی حصص آمدنی

سال 2022 میں بعد از ٹیکس ادا کیوں فی حصص آمدنی سال 2021 کے 8.95 روپے (دو بارہ بیان کردہ) کے مقابلے میں 7.70 روپے رہی۔

چیئر مین کی جانب سے تجزیہ

31 دسمبر 2022 کو اختتام پذیر سال کے لئے اور مستقبل کے امکانات کے لئے کمپنی کی کارکردگی پر سالانہ رپورٹ میں چیئر مین کا تجزیہ شامل کیا گیا ہے۔ ڈائریکٹرز تجزیہ کے مندرجات سے متفق ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 7 افراد پر مشتمل ہے، جن کے پاس کمپنی کو گہرائی اور حکمت عملی کی رہنمائی دینے کا علم، مہارت اور تجربہ ہے۔ چیف ایگزیکٹو آفیسر کے علاوہ تمام ڈائریکٹرز نان ایگزیکٹو ڈائریکٹرز ہیں بشمول دو (2) ڈائریکٹرز کے جو کہ آزاد ڈائریکٹرز بھی ہیں اور ان میں سے ایک خاتون ڈائریکٹر ہیں۔ بورڈ کا کوئی بھی ڈائریکٹر 7 سے زیادہ لسطہ کمپنیوں بشمول اس کمپنی کے ڈائریکٹر نہیں ہے۔ تمام ڈائریکٹرز متعدد شعبہ جات/پیشوں کی نمائندگی کرتے ہیں اور متعدد کاروباری معمولات سے نمٹنے کے لئے تمام ضروری مہارتوں اور مفاہمتوں سے واقف ہیں اور انتظامی کارکردگی کے جائزے کی صلاحیت رکھتے ہیں۔

Pattern of Shareholding as at December 31, 2022

Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail)			
Shirazi Investments (Pvt) Limited	1	70,346,141	75.33%
Atlas Foundation	1	2,568,611	2.75%
Iftikhar Shirazi Family Trust	1	1	0.00%
NIT and ICP			
IDBP - (ICP Unit)	1	103	0.00%
Directors, Chief Executive and their spouse and minor children			
Mr. Iftikhar H. Shirazi	1	1	0.00%
Mr. Ali H. Shirazi	1	666	0.00%
Mr. Frahim Ali Khan	1	1	0.00%
Mr. Hasan Reza ur Rahim	1	110	0.00%
Mr. M. Habib-ur-Rahman	1	6,050	0.01%
Mrs. Roohi Raees Khan	1	1	0.00%
Mr. Babar Mahmood Mirza	1	13	0.00%
Mrs. Sabiha Frahim	1	36,300	0.04%
Executives	2	73,993	0.08%
Public Sector Companies & Corporation			
State Life Insurance Corporation of Pakistan	1	2,633,934	2.82%
Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds			
Habib Insurance Company	1	212,960	0.23%
National Bank of Pakisan	1	524,414	0.56%
* Shareholders holding 5% or more voting interest	1	70,346,141	75.33%
Individuals	1,140	15,037,999	16.10%
Others	16	1,943,499	2.08%
Total	1,173	93,384,797	100.00%

* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore not included in the total.

No transaction was reported in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses during the year.

Statement of Compliance with

a) The Code of Corporate Governance for Insurers, 2016

b) Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2022

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

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

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. Total number of Directors are seven as per the following:

Male	Six
Female	One

At present the Board includes:

Category	Names
Independent Director	Mr. Hasan Reza ur Rahim
Independent Female Director	Mrs. Roohi Raees Khan
Non-Executive Directors	Mr. Iftikhar H. Shirazi
	Mr. Ali H. Shirazi
	Mr. Frahim Ali Khan
	Mr. M. Habib-ur-Rahman
Executive Director	Mr. Babar Mahmood Mirza

The Board comprises of seven (7) elected Directors and one-third works out to be 2.33. Presently, two (2) independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a third independent Director. All independent Directors meet the criteria of independence as laid down under the Code.

2. The Directors have confirmed that none of them is serving as Director in more than seven listed companies, including this Company.
3. 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 DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company which includes Directors and employees along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations. Decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and the key officers, have been taken by the Board.
8. 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 met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of meeting were appropriately recorded and circulated. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. Four Directors have successfully completed Directors Training Program (DTP). Three Directors possess the minimum qualification and experience criteria for exemption of DTP as stipulated in the Code of Corporate Governance.
11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of these Regulations.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-insurance Committee:

Names	Category
Mr. Ali H. Shirazi	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Rashid Amin	Member
Syed Nasir Hussain	Member
Syed Irtiza Kazmi	Secretary

Claims Settlement Committee:

Names	Category
Mr. Frahim Ali H. Khan	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Muhammad Aasim Gul	Member
Mr. Muhammad Saeed	Member
Mr. Athar Maqsood Paracha	Secretary

Risk Management & Compliance Committee:

Names	Category
Mr. Babar Mahmood Mirza	Chairman
Mr. Muhammad Aasim Gul	Member
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Mr. Athar Maqsood Paracha	Secretary

Information Technology (IT) Committee:

Names	Category
Mr. Babar Mahmood Mirza	Chairman
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Mr. Abdul Razzaq Ghauri	Member
Mr. Wasim Ahmed	Secretary

17. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Names	Category
Mrs. Roohi Raees Khan	Chairperson
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Babar Mahmood Mirza	Member
Ms. Qudsia Naheed	Secretary

Investment Committee:

Names	Category
Mr. Ali H. Shirazi	Chairman
Mr. Frahim Ali Khan	Member
Mr. M. Habib-ur-Rahman	Member
Mr. Babar Mahmood Mirza	Member
Mr. Muhammad Aasim Gul	Member
Mr. Muhammad Afzal	Secretary

18. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent Director and two are non-executive Directors. The Chairman of the Committee is an independent Director. The composition of the Audit Committee is as follows:

Names	Category
Mr. Hasan Reza ur Rahim	Chairman
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Muhammad Afzal	Secretary
Mr. Saleem Mahmood Akhtar	Chief Internal Auditor

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. Three meetings of Ethics, Human Resource and Remuneration Committee were held during the year. The terms of references of the Committees have been formed, documented, and advised to the Committees for compliance.

20. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and the internal auditors are involved in the internal audit function on a regular basis.

21. The CEO, CFO, Compliance Officer, and the Head of Internal Audit possess such qualification and experience as is required under the Code. The appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance function 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):

Names	Designation
Mr. Babar Mahmood Mirza	Chief Executive Officer
Mr. Muhammad Aasim Gul	Chief Financial Officer
Mr. Rashid Amin	Compliance Officer
Prima Global Consulting	Actuary
Mr. Muhammad Afzal	Company Secretary
Mr. Saleem Mahmood Akhtar	Head of Internal Audit
Syed Irtiza Kazmi	Head of Underwriting and Risk Management
Mr. Muhammad Saeed	Head of Claims and Grievance
Syed Nasir Hussain	Head of Reinsurance

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accounts of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. 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.
24. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
25. The Board ensures that the appointed Actuary, complies with the requirements set out for him in the Code.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on August 26, 2022 is 'AA+' with stable outlook.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code.
31. The Company has not obtained any exemption(s) from the SECP in respect of the requirements of the Code.
32. The frequency of meetings of the committees were as per following:
- | | |
|---|-----------------------|
| a) Audit Committee | 04 quarterly meetings |
| b) Ethics, HR and Remuneration Committee | 03 meetings |
| c) Risk Management & Compliance Committee | 04 quarterly meetings |
33. The Company has a formal policy and transparent procedure for remuneration of Directors in accordance with the Act and these Regulations.
34. We confirm that all other material principles contained in the Code Regulations No. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors



Babar Mahmood Mirza
Chief Executive Officer



Iftikhar H. Shirazi
Chairman

Lahore: March 27, 2023



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Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Atlas Insurance Limited

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

We have reviewed the enclosed Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and the Code of Corporate Governance for Insurers, 2016 (the Regulations), prepared by the Board of Directors of the Atlas Insurance Limited (the Company) for the year ended December 31, 2022, in accordance with the requirements of Regulation 36 of the Regulations and Provision (lxxvii) of the Code of Corporate Governance for Insurers, 2016.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2022.

EY Ford Rhodes
Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: April 04, 2023
UDIN: CR202210177zOZNKsS7T

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlas Insurance Limited Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1	<p>Revenue Recognition - Premium Income</p> <p>Refer notes 4.9 and 21 to the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 4,384 million (2021: 3,702 million). This income stream comprises of four segments: (i) Fire and property damage (ii) Marine, aviation and transport (iii) Motor and (iv) Miscellaneous.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and hence revenue may not be appropriately recorded.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained understanding, evaluated the design and tested the controls over the process of writing, processing and recording of premium; • Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards; • Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; • Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities; • Assessed the appropriateness of disclosures in the financial statements in relation to premium income.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
2	<p>Outstanding claims including IBNR</p> <p>As disclosed in notes 4.25 and 22 to the annexed financial statements, the Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 1,535 million represents a material balance of its total liabilities at the reporting date.</p> <p>Valuation of these claim liabilities involves management judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims. Claims liabilities are recognized on intimation of the insured event based on management judgement and estimation based on the advice of an independent surveyor.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>Due to the high level of judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims, and recoveries from reinsurance arrangements; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; • Obtained an understanding of the work performed by the management for determining provision for claims Incurred But Not Reported and tested underlying data used; • Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities; • Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and tested on sample basis the recoveries from reinsurers based on their respective arrangements; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.



EY Ford Rhodes

Chartered Accountants

Lahore: April 04, 2023

UDIN: AR202210177qNrQ7BjDS

Statement of Financial Position

As at December 31, 2022

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u>
Assets			
Property and equipment	5	221,315	147,626
Intangible assets	6	-	-
Investments			
Equity securities	7	4,224,998	5,514,093
Debt securities	8	417,092	347,476
Loans and other receivables	9	66,748	38,147
Insurance / reinsurance receivables	10	539,279	431,689
Reinsurance recoveries against outstanding claims	22	1,074,190	772,137
Salvage recoveries accrued		8,085	8,375
Retirement benefit assets	16	-	2,265
Deferred commission expense / acquisition cost	23	144,916	95,197
Taxation - payment less provisions		37,840	1,121
Prepayments	11	862,766	711,215
Cash and bank	12	1,553,708	974,543
		9,150,937	9,043,884
Total assets of Window Takaful Operations - Operator's fund		399,319	273,912
Total Assets		9,550,256	9,317,796
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	13.2	933,848	848,953
Reserves	14	2,174,865	2,705,977
Unappropriated profits		476,479	621,533
Total Equity		3,585,192	4,176,463
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	22	1,535,139	1,170,215
Unearned premium reserves	21	1,547,129	1,234,056
Unearned reinsurance commission	23	190,531	152,624
Retirement benefit obligations	16	12,857	-
Deferred taxation	15	346,370	546,293
Premium received in advance		368,932	333,082
Lease liabilities	17	99,849	60,183
Insurance / reinsurance payable	18	532,081	780,521
Other creditors and accruals	19	1,176,918	793,582
Total Liabilities		5,809,806	5,070,556
Total liabilities of Window Takaful Operations - Operator's fund		155,258	70,777
Total Equity and Liabilities		9,550,256	9,317,796
Contingencies and Commitments	20		

The annexed notes from 1 to 41 form an integral part of these financial statements.


Muhammad Aasim Gul
Chief Financial Officer


Babar Mahmood Mirza
Chief Executive


Ali H. Shirazi
Director


Fahim Ali Khan
Director


Iftikhar H. Shirazi
Chairman

Profit and Loss Account

For the year ended December 31, 2022

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u>
Net insurance premium	21	2,132,895	1,830,688
Net insurance claims	22	(721,228)	(622,186)
Net commission and other acquisition income	23	252,144	182,363
Insurance claims and acquisition expenses		(469,084)	(439,823)
Management expenses	24	(747,984)	(617,980)
Underwriting results		915,827	772,885
Investment income	25	2,449	330,420
Other income	26	132,583	49,634
Other expenses	27	(27,681)	(16,275)
Results of operating activities		1,023,178	1,136,664
Finance costs	28	(14,583)	(9,352)
Profit before tax from Window Takaful Operations - Operator's fund	29	87,032	54,196
Profit before tax		1,095,627	1,181,508
Income tax expense	30	(376,313)	(346,132)
Profit after tax		719,314	835,376
		----- (Rupees) -----	
			Restated
Earnings (after tax) per share - basic and diluted	31	7.70	8.95

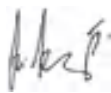
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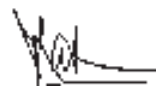
Muhammad Aasim Gul
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Iftikhar H. Shirazi
Chairman

Statement of Comprehensive Income

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	(Rupees in thousand)	
Profit after tax	719,314	835,376
Other comprehensive / loss:		
<i>Items that may be subsequently reclassified to profit and loss account (net of tax):</i>		
Un-realized loss on available for sale investments	(687,112)	(621,664)
Other comprehensive income from Window Takaful Operations - Operator's fund	-	-
	(687,112)	(621,664)
<i>Items that will not be subsequently reclassified to profit and loss account (net of tax):</i>		
Re-measurement loss on retirement benefit obligations	(7,982)	(5,971)
Other comprehensive loss for the year	(695,094)	(627,635)
Total comprehensive income for the year	24,220	207,741

The annexed notes from 1 to 41 form an integral part of these financial statements.


Muhammad Aasim Gul
Chief Financial Officer


Babar Mahmood Mirza
Chief Executive


Ali H. Shirazi
Director


Fahim Ali Khan
Director


Iftikhar H. Shirazi
Chairman

Statement of Changes in Equity

For the year ended December 31, 2022

	Attributable to equity holders of the Company					Total
	Issued, subscribed and paid-up share capital	Revenue Reserves			Unappropriated profits	
		Investment fair value reserve	General reserve	Investment fluctuation reserve		
	(Rupees in thousand)					
Balance as at January 01, 2021	848,953	2,082,577	1,192,064	3,000	648,633	4,775,227
Profit for the year	-	-	-	-	835,376	835,376
Other comprehensive loss for the year	-	(621,664)	-	-	(5,971)	(627,635)
Total comprehensive (loss) / income	-	(621,664)	-	-	829,405	207,741
Transferred to general reserve	-	-	50,000	-	(50,000)	-
Final dividend for the year ended December 31, 2020 @ 70% (Rs. 7.0 per share)	-	-	-	-	(594,267)	(594,267)
Interim dividend for the period ended September 30, 2021 @ 25% (Rs. 2.5 per share)	-	-	-	-	(212,238)	(212,238)
Balance as at December 31, 2021	848,953	1,460,913	1,242,064	3,000	621,533	4,176,463
Profit for the year	-	-	-	-	719,314	719,314
Other comprehensive loss for the year	-	(687,112)	-	-	(7,982)	(695,094)
Total comprehensive (loss) / income for the year	-	(687,112)	-	-	711,332	24,220
Transferred to general reserve	-	-	156,000	-	(156,000)	-
Bonus shares issued for the year ended December 31, 2021 @ 10% per share	84,895	-	-	-	(84,895)	-
Final dividend for the year ended December 31, 2021 @ 45% (Rs. 4.5 per share)	-	-	-	-	(382,029)	(382,029)
Interim dividend for the period ended September 30, 2022 @ 25% (Rs. 2.5 per share)	-	-	-	-	(233,462)	(233,462)
Balance as at December 31, 2022	933,848	773,801	1,398,064	3,000	476,479	3,585,192

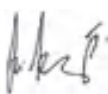
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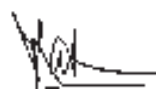
Muhammad Aasim Gul
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Iftikhar H. Shirazi
Chairman

Cash Flow Statement

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	(Rupees in thousand)	
Operating cash flows		
a) Underwriting activities		
Insurance premium received	4,392,332	4,007,320
Reinsurance premium paid	(2,531,466)	(1,860,291)
Claims paid	(1,652,188)	(1,092,346)
Reinsurance and other recoveries received	1,061,927	506,639
Commissions paid	(333,333)	(237,072)
Commissions received	576,800	442,621
Other underwriting payments	(20,075)	(21,073)
Other underwriting receipts	45,112	40,793
Management expenses paid	(538,022)	(520,916)
Net cash generated from underwriting activities	1,001,087	1,265,675
b) Other operating activities		
Income tax paid	(367,654)	(367,156)
Other operating payments	(28,966)	(15,582)
Other operating receipts	224,103	177,643
Loan repayment received	108	3
Net cash used in other operating activities	(172,409)	(205,092)
Total cash generated from all operating activities	828,678	1,060,583
Investment activities		
Profit / return received	141,748	74,944
Dividend received	312,619	299,459
Payments for investments	(2,848,174)	(3,561,301)
Proceeds from investments	2,847,986	3,060,074
Operating assets purchased	(77,585)	(34,763)
Proceeds from sale of property and equipment	15,266	5,260
Total cash generated from / (used in) investing activities	391,860	(156,327)
Financing activities		
Dividends paid	(607,149)	(788,407)
Payment of lease liability against right-of-use assets	(34,224)	(24,084)
Total cash used in financing activities	(641,373)	(812,491)
Total cash generated from all activities	579,165	91,765
Cash and cash equivalents at the beginning of year	974,543	882,778
Cash and cash equivalents at the end of year	1,553,708	974,543

The annexed notes from 1 to 41 form an integral part of these financial statements.

2022 **2021**
(Rupees in thousand)

Reconciliation to profit and loss account

Operating cash flows	828,678	1,060,583
Depreciation of operating assets	(28,509)	(21,357)
Depreciation of right-of-use assets	(29,226)	(24,303)
Gain on disposal of property and equipment	4,238	84
Gain on disposal of right-of-use asset	247	175
Finance cost	(14,583)	(9,352)
Impairment in value of available for sale securities	(284,178)	(90,468)
Profit / (loss) on disposal of investments	(68,813)	95,022
Dividend income	312,619	294,019
Other investment income	170,919	81,222
Increase / (decrease) in assets other than cash	615,801	(94,450)
Increase in liabilities other than borrowings	(527,544)	(461,559)

Other adjustments

Increase in provision for unearned premium	(313,073)	(36,995)
Increase in commission income unearned	(37,907)	(14,220)
Increase in provision for deferred commission expense	49,719	2,779
Profit from Window Takaful Operations for the year - Operator's fund	40,926	54,196


Profit after tax for the year

	719,314	835,376
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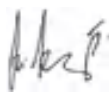
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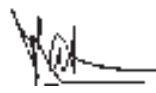
Muhammad Aasim Gul
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director



Frahim Ali Khan
Director



Iftikhar H. Shirazi
Chairman

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2022

1. Legal status and nature of business

1.1 Atlas Insurance Limited (the Company) was incorporated as a public limited company on September 06, 1934 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block – XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

2. Basis of preparation and statement of compliance

2.1 Statement of compliance

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

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

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

2.1.2 As per the requirements of the SECP Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss and other comprehensive income of the Operator's Fund of the Window Takaful Operations of the Company have been presented as a single line item in the statement of financial position, profit and loss account of the Company and statement of comprehensive income respectively. A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Basis of preparation

These financial statements have been presented on the format of financial statements issued by the SECP through the Insurance Rules, 2017 vide S.R.O. 89(I)/2017 dated February 09, 2017.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund (OPF) have been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015 issued by the SECP. Further, a separate set of the financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.3 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, and defined benefit obligations under employees benefits carried at present value as described in respective notes. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in Rupees, unless otherwise stated.

2.5 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e. to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9 Financial Instruments Fees in the ‘10 per cent’ test for derecognition of financial liabilities – The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company’s financial instruments during the period.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

2.6 Amendments to approved accounting standards that are not yet effective

2.6.1 The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard or interpretation

IAS 1	<p>Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.</p> <p>In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none">• What is meant by a right to defer settlement• That a right to defer must exist at the end of the reporting period• That classification is unaffected by the likelihood that an entity will exercise its deferral right• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.• Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. <p>The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.</p>
IAS 1 and IFRS Practice Statement 2	<p>Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – The amendments aim to help entities provide accounting policy disclosures that are more useful by:</p> <ul style="list-style-type: none">• Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and• Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. <p>The amendments to IAS 1 are applicable for annual periods beginning on or after January 01, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.</p>
IAS 8	<p>Definition of Accounting Estimates – Amendments to IAS 8 – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.</p> <p>The amendments are effective for annual reporting periods beginning on or after January 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.</p>
IAS 12	<p>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p> <p>The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.</p>
IFRS 10 & IAS 28	<p>Consolidated Financial Statements & Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB), on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.</p>

IFRS 16 Leases – Lease Liability in a Sale and Leaseback – Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 Insurance Contracts	January 01, 2023

IFRS 17 has been notified by the IASB to be effective for annual periods beginning on or after January 01, 2023 and yet to be notified by the SECP. The standard provides a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grand fathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts include the measurement of the present value of future cash flows incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows); a contractual service margin equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognized in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The management is currently in the process of assessing the impact of changes laid down by the standard on its financial statements.

2.6.3 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 01, 2023, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2018 - 2020 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning on January 01, 2023 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

- (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date.

3. Use of judgment and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

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

	Note
- Residual values and useful lives of property and equipment	4.1
- Provision for outstanding claims including claims Incurred but Not reported (IBNR)	4.25

4. Summary of significant accounting policies

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

4.1 Property and equipment

4.1.1 Operating assets - owned

Operating assets except freehold land are stated at cost less accumulated depreciation and impairment, if any. Cost of tangible operating assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income, through the profit and loss account, by applying the reducing balance method at the rates given in note 5.1 to write off the cost of operating assets over their expected useful life. Depreciation on addition to operating assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal. Management judgement and estimates are involved in determining the residual values and useful lives of assets that best reflects the expected pattern of consumption of the future economic benefits embodied in the asset by the Company.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense, in the profit and loss account.

The operating assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating asset as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

4.2 Operating assets - leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned operating assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

4.3 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss, and represents expenditure incurred on assets during the construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant categories as and when assets are available for use.

4.4 Right-of-use asset and lease liability

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

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

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

These include an assessment of:

- Whether, there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

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

The Company has also elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets which comprise tracking devices installed in the vehicles and rented offices. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

4.5 Operating Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset i.e. retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

4.6 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.

Amortization on additions to intangible assets is charged from the month in which an asset is put to use and on disposal up to the month of disposal. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

The Company assesses at each statement of financial position date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account currently. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.7 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position include cash and bank deposits, loans and other receivables, investments, insurance/reinsurance receivables, salvage recoveries accrued, reinsurance recoveries against outstanding claims, provision for outstanding claims, insurance/reinsurance payables and other creditors and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.7.1 Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit and loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

4.7.1.1 Financial assets at fair value through profit and loss account

A financial asset is classified as at fair value through profit and loss account if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit and loss account if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit and loss account as incurred. Financial assets at fair value through profit and loss account are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit and loss account.

4.7.1.2 Held to maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held to maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

4.7.1.3 Loans and other receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise of long term deposits, trade debts, short term advances, deposits and other receivables.

4.7.1.4 Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit and loss account.

4.7.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company classifies financial liabilities recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities mainly includes other creditors and accruals.

4.7.3 Offsetting 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 legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

4.8 Impairment

4.8.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit and loss account. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit and loss account. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit and loss account, otherwise it is reversed through other comprehensive income.

Impairment is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment.

4.8.2 Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "Cash Generating Unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

4.9 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the insurance contract holders by agreeing to compensate the insurance contract holder on the occurrence of a specified uncertain future event (the insured event) that adversely affects the insurance contract holder under the terms and conditions of the contract.

Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly. Nonetheless, 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.

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

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

a) Fire and property damage insurance:

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. 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. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24th method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017, except in rare circumstances where the coverage period materially differs, the same is recognised in accordance with the ratio of unexpired period of policy and the total period.

In addition to direct insurance, at times the Company also participates in risks under coinsurance 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. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

b) Marine, aviation and transport insurance:

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. 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. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one month period, premium written during last month of the financial year, is taken to the provision for unearned premium at the reporting date.

In addition to direct insurance, at times the Company also participates in risks under coinsurance 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. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

c) Motor insurance:

i) Insurance risks and events insured

Insurance is provided to the assets of the insurance contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally provided to individual customers. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. 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. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24th method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017.

In addition to direct insurance, at times the Company also participates in risks under coinsurance 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. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

d) Miscellaneous insurance:

i) Insurance risks and events insured

Insurance is provided to the assets of insurance contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross premium revenue are clubbed together under this class of insurance contract. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of loss of cash in safe, cash in transit and cash on counter and health are provided to commercial organizations.

ii) Revenue recognition policy

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. 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. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24th method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017, except in rare circumstances where the coverage period materially differs, the same is recognised in accordance with the ratio of unexpired period of policy and the total period.

In addition to direct insurance, at times the Company also participates in risks under coinsurance 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. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of reinsurance contracts held, receivables / payables related to insurance contracts and provision for outstanding claims including Incurred But Not Reported (IBNR) are mentioned in note 4.13, 4.14 and 4.25, respectively.

4.10 Deferred commission expense / acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of the insurance coverage at the reporting date. The same is amortized systematically, through the profit and loss account, over the reporting periods over which the related premium revenue is recognized. Accordingly, deferred commission expense is also effected by the judgement and estimates involved in the determination of premium revenue.

The Company maintains its provision for deferred commission expense by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in the Insurance Accounting Regulation, 2017 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

4.11 Unearned premium reserves

Provision for unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. The method selected by management involves judgement and estimates regarding the expected pattern of incidence of risk in relation to a particular type of policy.

The Company maintains its provision for unearned premium by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017. However, in case of marine, aviation and transport, premium written during last month is taken to the provision for unearned premium.

4.12 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each operating segment, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that operating segment. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year. An estimate of loss ratios for the expired period is carried out, at each operating segment level, keeping in view historical claim development and experience during the expired period of the contracts. Where ratios are adverse, an assessment is made to determine if it is due to one off claim that are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable. If determined to be inadequate, a deficiency in premium is recognized in the current reporting period.

As per management's assessment and in line with the provisions of the Insurance Ordinance, 2000, the Insurance Rules 2017 and the Insurance Accounting Regulations, 2017, a premium deficiency reserve is not required as on December 31, 2022 and accordingly no provision for the same has been made in these financial statements of the current year.

4.13 Reinsurance contracts held

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

The risks undertaken by the Company under these contracts for each operating segment are stated in note 4.9 to these financial statements.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include reinsurance receivables as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured contracts. Reinsurance liabilities primarily include premium payable and commission payable (in case of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities.

Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policyholders.

Premium ceded to reinsurers is recognized as follows:

- a) for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognised on attachment of the underlying policies reinsured, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies; and
- b) for reinsurance contracts operating on a non-proportional basis, a liability is recognised on inception of the reinsurance contract, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of indemnity.

4.14 Receivables and payables related to insurance contracts

Insurance / reinsurance receivables and payables are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These include amounts due to and from agents, brokers, insurance contract holders and other insurance companies.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account for the period.

4.15 Segment reporting

The Company accounts for segment reporting based on the guidelines of the Insurance Accounting Regulations, 2017 and the operating segments as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017, as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under four types of insurance contracts as stated in note 4.9, to these financial statements.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks and stamps in hand and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

4.17 Revenue recognition

a) Premium income earned

Premium income under an insurance contract is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates to its expiry as detailed in note 4.9 to these financial statements.

b) Commission income

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

c) Investment income

Following are recognised as investment income:

- Income on held to maturity investments is recognized in the profit and loss account on a time proportion basis taking into account the effective yield on investments; and

- Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

d) Dividend income and bonus shares

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividends and bonus shares is established.

e) Rent and other income

Rental and other income is recognized on accrual basis.

f) Administration surcharge

Administrative surcharge includes documentation and other charges recovered by the Company from insurance contact holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of Rs. 2,000 in case of motor, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy. For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

g) Interest income and other returns

Interest / mark-up is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.18 Investments

4.18.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All investments in equity securities, debt securities and term deposits are accounted for under IAS-39 and based thereon can be classified into any of the following categories:

- Held to maturity; and
- Available for sale

4.18.2 Investments in subsidiary and associate

A subsidiary is an entity controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not having control or joint control over those policies. Investments in subsidiary and associated undertakings are carried at cost less impairment loss, if any. At each reporting date, the carrying amounts of investments if any, in subsidiary and associates is reviewed to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future dividend stream and an estimate of the terminal value of these investments. Impairment losses are recognized as expense in the profit and loss account.

Currently the Company has no investments that classify as investments in subsidiaries and associates at any of the reporting dates, presented in these financial statements.

4.18.3 Investments other than subsidiary and associates

(i) Equity securities

Currently the company classifies investment in equity securities such as listed / unlisted shares in other companies, mutual fund units / investments, etc. as 'Available for sale'.

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as 'held to maturity' or 'investment at fair value through profit and loss account'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates. Investments classified as 'available for sale' are initially measured at cost, being the fair value of consideration given.

At each subsequent reporting date, available for sale investments are remeasured at fair market value. Changes in fair market value are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The accounting policy for impairment of investments is disclosed in note 4.8 to these financial statements.

(ii) Debt securities and term deposits

The Company classifies its investment in debt securities and term deposits, as either 'Held to maturity' or 'Available for sale' depending upon the maturity of the investment.

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 'held to maturity', while debt investments having an indefinite term / perpetual maturity are classified as 'available for sale'. These investments are initially measured at the cost being the fair value of consideration paid.

Subsequently 'held to maturity' investments are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment. While 'available for sale' investments are remeasured at fair market value at each subsequent reporting date. Changes in fair market value, if any are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The Company has classified debt investments in Pakistan Investment Bonds and Term Deposits as 'Held to maturity', whereas debt investments in Term Finance Certificates having a perpetual maturity have been classified as 'Available for sale' at the reporting date.

4.19 Provisions

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

4.20 Contingencies

Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.21 Taxation

4.21.1 Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing laws 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 includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the current year for such years.

4.21.2 Deferred tax

Deferred tax is accounted for using the 'balance sheet liability method' in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to Other Comprehensive Income (OCI) or equity in which case it is included in other comprehensive income or equity, as applicable.

4.22 Staff retirement benefits

4.22.1 Defined benefit plan

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of the all permanent employees (management and non-management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2022, using the 'Projected Unit Credit Method'.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Actuarial gains or losses are recognized in OCI when they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

4.22.2 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

4.22.3 Compensated absences

The Company provides for liability in respect of employees' compensated absences in the year in which these are earned.

4.23 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

4.24 Management expenses

Expenses of management include both directly and indirectly attributable expenses allocated to various classes of business / operating segments on the basis of gross premium written. Management judgement is involved in determining the nature of expenses that are not allocable to the underwriting business and based thereon are classified as other expenses.

Allocation of management expenses effects the underwriting results of the operating segments, as disclosed in note 35 to these financial statements.

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

The Company recognizes a liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. The Company engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016".

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance arrangements.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

4.26 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

4.27 Provision for doubtful receivables

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.

4.28 Creditors and accruals

Liabilities for creditors and other accruals 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 Company.

4.29 Loan to employees

These are recognized at cost, which is the fair value of the consideration given.

4.30 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

4.31 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u>
Operating assets	5.1	133,468	95,420
Right-of-use asset	5.2	87,847	52,206
		221,315	147,626

5. Property and equipment

5.1 Operating assets

	2022									
	Cost			Depreciation				Written down value		
	As at January 01, 2022	Additions	Disposals	As at December 31, 2022	As at January 01, 2022	Charge for the year	On disposals	As at December 31, 2022	As at December 31, 2022	Depreciation rate
	(Rupees in thousand)									
Freehold building	8,500	-	-	8,500	6,851	83	-	6,934	1,566	5
Lease hold improvements	20,725	-	-	20,725	13,083	1,528	-	14,611	6,114	20
Furniture and fixtures	12,459	763	(7)	13,215	7,232	1,089	(5)	8,316	4,899	10 - 20
Office equipment	24,225	2,117	(445)	25,897	14,436	2,146	(348)	16,234	9,663	15 - 20
Computers equipment	36,916	7,708	(4,138)	40,486	24,716	5,174	(3,618)	26,272	14,214	33
Vehicles	90,776	66,997	(25,351)	132,422	31,863	18,489	(14,942)	35,410	97,012	20
	193,601	77,585	(29,941)	241,245	98,181	28,509	(18,913)	107,777	133,468	
	2021									
	Cost			Depreciation				Written down value		
	As at January 01, 2021	Additions	Disposals	As at December 31, 2021	As at January 01, 2021	Charge for the year	On disposals	As at December 31, 2021	As at December 31, 2021	Depreciation rate
	(Rupees in thousand)									
Freehold building	8,500	-	-	8,500	6,764	87	-	6,851	1,649	5
Lease hold improvements	20,725	-	-	20,725	11,172	1,911	-	13,083	7,642	20
Furniture and fixtures	12,100	372	(13)	12,459	6,042	1,200	(10)	7,232	5,227	10 - 20
Office equipment	23,826	607	(208)	24,225	12,320	2,283	(167)	14,436	9,789	15 - 20
Computers equipment	34,049	6,067	(3,200)	36,916	23,176	4,248	(2,708)	24,716	12,200	30
Vehicles	73,531	27,717	(10,472)	90,776	26,067	11,628	(5,832)	31,863	58,913	20
	172,731	34,763	(13,893)	193,601	85,541	21,357	(8,717)	98,181	95,420	

5.1.1 The depreciation charge / expense for the year has been allocated to management expenses as disclosed in note 24.

5.1.2 Disposal of property and equipment

Particulars	Particulars of buyer	Relationship with the Company	Cost	Sale proceeds	Net Book value	Mode of disposal
Vehicles						
Honda Civic LEA-18A-7822	Mr. Rashid Amin	Employee	2,718	1,126	1,126	Company's policy
Honda Civic BMF-594	Mr. Babar Mehmood Mirza	Employee	2,670	1,104	1,104	Company's policy
Honda Civic LED-18-7580	Mr. Ahsan Ali	Third Party	2,660	2,400	1,080	Negotiation
Honda BRV LEF-19-7674	Mr. Muhammad Aasim Gul	Employee	2,542	1,317	1,317	Company's policy
Honda Civic LEE-18-7827	Mr. Muhammad Saeed	Employee	2,468	1,004	1,004	Company's policy
Honda Civic LEB-16-3319	Mr. Usman Ghani	Third Party	2,130	2,225	475	Negotiation
Honda Civic LEA-18A-7560	Mr. Mushtaq Ahmed	Employee	2,060	2,111	837	Company's policy
Honda City BMN-756	Mr. Muhammad Afzal	Employee	1,830	744	744	Company's policy
Suzuki Cultus LEF-18-9222	Mr. Syed Asif Ali	Employee	1,270	517	517	Company's policy
Suzuki Cultus LEF-18-9690	Mr. Waseem Ahmed	Employee	1,270	517	517	Company's policy
Suzuki Mehran LEF-17-7268	Mr. Arif Iqbal	Employee	802	271	271	Company's policy
Suzuki Mehran LEH-18-652	Mr. Muhammad Ijaz	Employee	762	293	293	Company's policy
Suzuki Mehran LEH-18-7047	Mr. Muhammad Moeen Nasir	Employee	762	287	287	Company's policy
Honda CG-125	Not Applicable	Not Applicable	175	175	175	Insurance claim settlement
Honda CB-150F LEY-18B-6638	Mr. Sameer Khalid	Employee	165	71	71	Company's policy
Honda CB-150F LEY-18A-1106	Ms. Samiya Mubeen	Employee	159	72	72	Company's policy
Honda CB-150F LEK-18A-4264	Ms. Ghazala Shaheen	Employee	156	64	64	Company's policy
Honda CG-125 LEN-19A-1369	Mr. Azfar Nasim Siddiqi	Employee	155	85	85	Company's policy
Honda CG-125 ACX-9166	Mr. Muhammad Akram Amin	Employee	153	125	125	Company's policy
Honda CG-125 KNR-5693	Mr. Shakeel Ahmed	Employee	120	79	79	Company's policy
Honda Pridor -100 AHP 6049	Mr. Shaheen Farooq	Employee	115	115	104	Company's policy
Computers equipment						
Laptop HP Spectre 13	Mr. Abbas Sajjad	Employee	176	18	62	Company's policy
Laptop HP Spectre 13	Mr. Muhammad Saeed	Employee	171	17	58	Company's policy
Laptop HP Spectre 13	Mr. Rashid Amin	Employee	171	17	58	Company's policy
Laptop HP Spectre 13	Ms. Qudsia Naheed	Employee	171	17	58	Company's policy
Other fixed assets with book value less than Rs. 50,000			4,110	495	445	
December 31, 2022			29,941	15,266	11,028	
December 31, 2021			13,893	5,260	5,176	

5.2 Right-of-use assets	Note	2022		2021	
		(Rupees in thousand)			
Opening book value		52,206		72,599	
Additions during the year		68,884		4,898	
Disposals during the year		(4,017)		(988)	
Depreciation charged during the year	24	(29,226)		(24,303)	
Closing book value	5.2.1	87,847		52,206	

5.2.1 Right-of-use assets include Rs. 7,022 thousand (2021: Rs. 695 thousand) recognized against buildings rented from related parties.

5.2.2 The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits.

6. Intangible assets

The Company has fully amortized computer software costing Rs. 6,458 thousand (2021: Rs. 6,458 thousand) which are still in use at the reporting date.

7. Investments in equity securities

Note	2022			2021			
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value	
(Rupees in thousand)							
Available for sale							
Related parties							
Listed shares	7.2 & 7.4	643,711	-	643,711	643,711	-	643,711
Mutual funds	7.3 & 7.8	648,275	-	648,275	629,021	-	629,021
		1,291,986	-	1,291,986	1,272,732	-	1,272,732
Unrealized gain on revaluation as on December 31				1,010,538			1,640,937
				2,302,524			2,913,669
Others							
Listed shares	7.2 & 7.6	1,756,367	-	1,756,367	2,226,579	(92,635)	2,133,944
Unlisted shares	7.7	500	(500)	-	500	(500)	-
Mutual funds	7.3 & 7.8	1,068	-	1,068	49,794	-	49,794
		1,757,935	(500)	1,757,435	2,276,873	(93,135)	2,183,738
Unrealized gain on revaluation as on December 31				165,039			416,686
				1,922,474			2,600,424
				4,224,998			5,514,093

7.1 Particulars of impairment / provision	2022	2021
	(Rupees in thousand)	
Opening balance	93,135	35,803
Charge for the year	284,178	90,468
Elimination on disposal of securities	(376,813)	(33,136)
	(92,635)	57,332
Closing balance	500	93,135

7.2 Listed securities include an amount of Rs. 3,652,749 thousand (2021: Rs. 4,333,617 thousand) being the market value under an arrangement permissible under Shariah. Cost of these securities amounts to Rs. 2,214,154 thousand (2021: Rs. 1,510,159 thousand).

7.3 Mutual funds include an amount of Rs. 332,130 thousand (2021: Rs. 359,354 thousand) being the market value under an arrangement permissible under Shariah. Cost of these securities amounts to Rs. 368,130 thousand (2021: Rs. 268,665 thousand).

7.4 Listed shares - related parties

Number of shares		Face value	Company's name	Cost		Carrying value	
2022	2021			2022	2021	2022	2021
		Rupees		(Rupees in thousand)			
3,518,073	3,518,073	10	Atlas Honda Limited Equity held: 2.84% (2021: 2.84%)	215,296	215,296	1,055,422	1,428,408
610,632	488,506	10	Atlas Battery Limited Equity held: 1.74% (2021: 1.74%)	11,376	11,376	99,576	101,560
850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2021: 0.60%)	9,795	9,795	141,321	201,263
4,303,359	3,912,145	10	Cherat Packaging Limited Equity held: 10.58% (2021: 10.58%)	407,244	407,244	433,994	544,414
				<u>643,711</u>	<u>643,711</u>	<u>1,730,313</u>	<u>2,275,645</u>

7.5 Mutual funds - related parties

Number of units		Face value	Fund's name	Cost		Carrying value	
2022	2021			2022	2021	2022	2021
		Rupees		(Rupees in thousand)			
317,221	317,221	500	Atlas Stock Market Fund	207,412	207,412	178,328	211,440
672,438	672,438	500	Atlas Islamic Stock Fund	368,130	368,130	321,109	370,212
130,098	103,900	500	Atlas Income Fund	72,733	53,479	72,774	56,372
				<u>648,275</u>	<u>629,021</u>	<u>572,211</u>	<u>638,024</u>

7.5.1 The fund manager of above funds is Atlas Asset Management Limited (a related party).

7.6 Listed shares - others

Number of shares		Face value	Company's name	Cost		Carrying value	
2022	2021			2022	2021	2022	2021
		Rupees		(Rupees in thousand)			
Banks							
2,711,000	-	10	Bank Alfalah Limited	88,650	-	81,710	-
1,562,000	-	10	Bank Al-Habib Limited	90,093	-	86,347	-
1,100,000	946,269	10	United Bank Limited	119,556	146,646	110,825	129,241
1,590,134	2,595,395	10	Meezan Bank Limited	167,941	300,771	158,282	348,068
996,000	-	10	Habib Metropolitan Bank Limited	34,872	-	33,814	-
-	2,628,604	10	Habib Bank Limited	-	345,780	-	306,548
Construction and material							
3,535,580	3,535,580	10	Cherat Cement Company Limited	91,761	91,761	360,276	524,362
-	375,300	10	D.G. Khan Cement Company Limited	-	39,522	-	31,127
366,450	229,700	10	Lucky Cement Limited	225,826	159,450	163,649	156,031
Electricity							
3,100,000	2,019,727	10	The Hub Power Company Limited	196,056	177,353	195,548	144,087
-	1,000,000	10	Lalpir Power Limited	-	16,711	-	14,110
-	400,000	10	Pakgen Power Limited	-	9,931	-	9,600
			C/F	<u>1,014,755</u>	<u>1,287,925</u>	<u>1,190,451</u>	<u>1,663,174</u>

Number of shares		Face value	Company's name	Cost		Carrying value	
2022	2021			2022	2021	2022	2021
		Rupees		(Rupees in thousand)			
			B/F	1,014,755	1,287,925	1,190,451	1,663,174
			Oil and gas				
82,000	78,299	10	Pakistan Oilfields Limited	34,235	33,300	32,214	28,001
1,365,000	-	10	Sui Northern Gas Pipelines Limited	51,565	-	51,256	-
24,260	36,760	10	Mari Petroleum Company Limited	37,289	52,475	37,529	60,809
892,000	775,160	10	Oil & Gas Development Company Limited	64,203	111,704	71,057	66,819
-	286,902	10	Pakistan State Oil Limited	-	62,466	-	52,185
			Chemicals				
613,506	562,966	10	Engro Corporation Limited	172,728	159,052	160,745	153,363
1,009,224	686,274	10	Fauji Fertilizer Company Limited	101,999	64,950	99,620	68,806
856,000	862,649	10	Engro Fertilizers Limited	69,681	59,239	65,818	65,639
-	33,000	10	Sitara Chemicals Industries	-	11,423	-	10,167
			General industries				
-	570,000	10	Nishat Mills Limited	-	52,940	-	45,361
-	318,500	10	Gul Ahmed Textile Mills Limited	-	11,068	-	14,989
300,281	62,050	10	Systems Limited	142,928	16,635	145,315	47,148
123,607	105,370	10	Highnoon Laboratories	66,984	62,525	66,766	66,157
-	112,800	10	The Searle Company Limited	-	21,537	-	16,212
-	23,000	10	Packages Limited	-	12,066	-	11,437
-	44,000	10	Thall Limited	-	18,719	-	16,838
-	10,600	10	Abbot Laboratories	-	8,240	-	7,606
-	156,500	10	GlaxoSmithKline Pakistan	-	27,628	-	21,364
-	140,000	10	TRG Pakistan	-	19,477	-	16,506
-	430,850	10	Interloop Limited	-	29,020	-	31,318
-	189,200	10	International Industries	-	36,270	-	26,263
-	20,924	10	Octopus Digital Limited	-	850	-	1,628
-	25,000	10	Indus Motors	-	31,613	-	30,725
-	109,500	10	Pak Suzuki Motors	-	35,457	-	25,542
			Impairment in value of available for sale investments	-	(92,635)	-	-
				<u>1,756,367</u>	<u>2,133,944</u>	<u>1,920,771</u>	<u>2,548,057</u>

7.7 Unlisted shares - others

Number of shares		Face value	Company's name	Cost		Carrying value	
2022	2021			2022	2021	2022	2021
		Rupees		(Rupees in thousand)			
50,000	50,000	10	Arabian Sea Country Club (Private) Limited	500	500	-	-
Impairment in value of available for sale investment				(500)	(500)	-	-
				-	-	-	-

7.7.1 The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. (11.79) per share based on audited accounts for the year ended June 30, 2021.

7.8 Mutual funds - others

Number of units		Face value	Fund's name	Cost		Carrying value	
2022	2021			2022	2021	2022	2021
		Rupees		(Rupees in thousand)			
29,447	29,447	10	National Investment (Unit) Trust	1,068	1,068	1,703	2,045
-	165,705	100	Lakson Money Market Fund	-	16,599	-	16,759
-	317,835	100	Lakson Income Fund	-	32,127	-	33,563
				1,068	49,794	1,703	52,367

7.8.1 This includes 28,000 units (2021: 28,000 units) held as statutory deposit with The State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000 cost amounting to Rs. 350 thousand (2021: Rs. 350 thousand).

8. Investments in debt securities

Note	2022			2021			
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value	
	(Rupees in thousand)						
Others							
Held to maturity							
Pakistan Investment Bonds	8.1.1 & 8.1.4	49,521	-	49,521	141,566	-	141,566
Treasury Bills	8.1.2 & 8.1.5	347,571	-	347,571	185,910	-	185,910
Available for sale							
Term Finance Certificates	8.1.3	20,000	-	20,000	20,000	-	20,000
		417,092	-	417,092	347,476	-	347,476

8.1 Particulars of debt securities are as follow:

8.1.1 Pakistan Investment Bonds

Face value	Type of security	Profit payment	Profit rate	Maturity date	Carrying value	
					2022	2021
					(Rupees in thousand)	
94,500,000	3 year Pakistan Investment Bond	Bi-annually	11.75%	September 19, 2022	-	92,735
50,000,000	3 year Pakistan Investment Bond	Bi-annually	8.55%	August 20, 2023	49,521	48,831

8.1.2 Treasury Bills

Face value	Type of security	Profit payment	Profit rate	Maturity date	Carrying value	
					2022	2021
					(Rupees in thousand)	
50,000,000	3 month Treasury Bill	On maturity	15.69%	February 09, 2023	49,191	-
100,000,000	6 month Treasury Bill	On maturity	15.81%	February 23, 2023	97,872	-
30,000,000	6 month Treasury Bill	On maturity	15.68%	April 06, 2023	28,864	-
100,000,000	12 month Treasury Bill	On maturity	15.90%	August 24, 2023	91,164	-
40,000,000	12 month Treasury Bill	On maturity	15.69%	October 05, 2023	35,882	-
50,000,000	12 month Treasury Bill	On maturity	15.67%	October 19, 2023	44,598	-
70,000,000	3 month Treasury Bill	On maturity	10.66%	March 21, 2022	-	68,324
50,000,000	3 month Treasury Bill	On maturity	10.39%	March 24, 2022	-	48,833
70,000,000	3 month Treasury Bill	On maturity	8.38%	January 27, 2022	-	68,753

8.1.3 Term Finance Certificates

No. of certificates		Face value (Rupees in thousand)	Company's name	Effective rate	Maturity date	Carrying value	
2022	2021					2022	2021
1	1	20,000	Habib Bank Limited	3 Month Kibor + 160 bps	Perpetual	20,000	20,000

8.1.4 Pakistan Investment Bonds having cost of Rs. 48,535 thousand (2021: Rs. 88,400 thousand) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

8.1.5 Treasury Bills having cost of Rs. 86,314 thousand (2021: Nil) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
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9. Loan and other receivables - considered good

Loan to related parties	9.1	1,799	786
Accrued investment income		14,556	6,336
Security deposits		7,459	7,340
Loans to employees		415	523
Advances to suppliers	9.2	-	3,173
Receivable from Operator's Fund	9.3	22,000	12,000
Other receivable		20,519	7,989
		<u>66,748</u>	<u>38,147</u>

9.1 This represent interest free amounts due from executives / key management personnel. Loans and other receivables are carried at amortized cost using the effective interest rate method.

9.2 This includes advances given to related parties amounting to Rs. Nil (2021: Rs. 91 thousand).

9.3 This represents receivable in respect of common expenses incurred by the Company on behalf of the Window Takaful Operations.

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
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10. Insurance / reinsurance receivables - unsecured and considered good

Due from insurance contract holders		342,537	196,789
Less: Provision for impairment of receivable from insurance contract holders	10.1	(2,859)	(2,859)
		<u>339,678</u>	<u>193,930</u>
Due from other insurers / reinsurers	10.3	201,560	239,718
Less: Provision for impairment of due from other insurers/ reinsurers	10.2	(1,959)	(1,959)
		<u>199,601</u>	<u>237,759</u>
		<u>539,279</u>	<u>431,689</u>

10.1 Provision for impairment for receivables from insurance contract holders

Balance as at January 01		2,859	2,859
Addition / (reversal) made during the year		-	-
Balance as at December 31		<u>2,859</u>	<u>2,859</u>

10.2 Provision for impairment of due from other insurers / reinsurers

Balance as at January 01		1,959	1,959
Addition / (reversal) made during the year		-	-
Balance as at December 31		<u>1,959</u>	<u>1,959</u>

10.3 The Company has coinsurance and reinsurance arrangements with various insurance and domestic reinsurance companies. Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by the lead insurer on behalf of other coinsurers, and in case of reinsurance, the premium ceded to and claims recoverable from the reinsurer under the respective contracts. As per the prevailing industry practices, settlements of balances under coinsurance arrangements are done between respective insurance companies in normal course of business.

The current balances of coinsurance and reinsurance reflected in the records of the Company are based on underlying contracts and transactions supported by appropriate evidence. In this regard, the Company exchanged balance information with various coinsurers and reinsurers based on significance of the balances. This information corroborates the balance position of the Company in all material respects.

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
11. Prepayments			
Prepaid reinsurance premium ceded		862,155	710,151
Prepaid rent		-	335
Prepaid miscellaneous expenses		611	729
		<u>862,766</u>	<u>711,215</u>
12. Cash and bank			
Cash and cash equivalents			
Cash at bank			
- Current accounts		-	-
- Saving accounts	12.1	1,553,708	974,543
		<u>1,553,708</u>	<u>974,543</u>
12.1	The balance in savings accounts bears mark-up which ranges from 2.82% to 17.54% (2021: 2.82% to 7.83%) per annum.		
12.2	Cash at bank represents the cash and cash equivalents for the purpose of cash flow statement.		
13. Ordinary Share capital			
13.1 Authorised capital			
	<u>2022</u> (Number of shares)	<u>2021</u> (Number of shares)	<u>Note</u>
	<u>150,000,000</u>	<u>150,000,000</u>	<u>2022</u> (Rupees in thousand)
			<u>2021</u> (Rupees in thousand)
		Ordinary shares of Rs. 10/- each	<u>1,500,000</u>
			<u>1,500,000</u>
13.2 Issued, subscribed and paid up share capital			
	<u>2022</u> (Number of shares)	<u>2021</u> (Number of shares)	
	250,000	250,000	2,500
		Ordinary shares of Rs. 10/- each fully paid in cash	2,500
	93,134,797	84,645,270	931,348
		Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	846,453
	<u>93,384,797</u>	<u>84,895,270</u>	<u>933,848</u>
			<u>848,953</u>
14. Reserves			
Revenue reserves			
Investment fair value reserve			14.1
General reserve			773,801
Investment fluctuation reserve			1,460,913
			1,398,064
			3,000
			<u>2,174,865</u>
			<u>2,705,977</u>
14.1	This represents unrealized gain on re-measurement of available for sale investments at fair value. This shall be transferred to profit and loss account on de-recognition of investments, as permitted under IAS 39.		
15. Deferred taxation		<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
Deferred debits arising in respect of:			
Provision for bonus to staff		(118)	(16,966)
Provision for doubtful receivables - insurance / reinsurance receivables		(1,590)	(1,397)
Impairment in value of available for sale securities		(165)	(27,009)
Liabilities outstanding for more than three years		(26,293)	-
Provision for retirement benefits		(8,175)	(1,984)
Lease liabilities		(32,950)	(17,453)
Accelerated tax depreciation		(1,269)	(749)
		<u>(70,560)</u>	<u>(65,558)</u>
Deferred credits arising due to:			
Unrealised gain on remeasurement of investment		387,940	596,711
Right-of-use assets		28,990	15,140
		<u>416,930</u>	<u>611,851</u>
Net deferred tax liability		<u>346,370</u>	<u>546,293</u>

	<u>Note</u>	<u>2022</u> <u>(Rupees in thousand)</u>	<u>2021</u>
15.1 Reconciliation of deferred tax liabilities, net			
As at January 01		546,293	833,774
Tax income / (expense) recognized in statement of profit and loss		(728)	(31,123)
Tax income / (expense) recognized in OCI	15.1.1	(199,195)	(256,358)
As at December 31		<u>346,370</u>	<u>546,293</u>

15.1.1 This represents deferred tax charged to unrealized gain / (loss) on available-for-sale investments in OCI.

16. Retirement benefits

The Company operates separate defined benefit plans for management and non-management staff. Description of the retirement benefit plans and related accounting policies are stated in note 4.22.

As per IAS 19, the Company has used the 'Projected Unit Credit Method' to determine the present value of its defined benefit obligations and the related current service costs. Actuarial gains and losses on obligation result from increases or decreases in the present value of the defined benefit obligation arising because of changes in financial assumptions, demographic assumptions and experience adjustments.

The Company makes contribution to the Fund based upon recommendations of the latest actuarial valuations carried out, such that the employer's contributions to the Fund should remain within the limits laid down in the Income Tax Rules, 2002. Details of the defined benefit plans are:

	<u>Note</u>	<u>2022</u> <u>(Rupees in thousand)</u>	<u>2021</u>
Gratuity			
- Management staff	16.1	9,142	(1,042)
- Non-management staff	16.1	3,715	(1,223)
Liability / (Asset)		<u>12,857</u>	<u>(2,265)</u>

	<u>Note</u>	<u>Management staff</u>		<u>Non-management staff</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
16.1 Reconciliation - Statement of financial position		(Rupees in thousand)			
Fair value of plan assets	16.1.1	(55,065)	(55,253)	(19,944)	(21,622)
Present value of defined benefit obligations	16.1.2	64,207	54,211	23,659	20,399
Funded status		9,142	(1,042)	3,715	(1,223)
Payable in respect of inter group transfers / outgoing employees		-	-	-	-
Unrecognised net actuarial loss		-	-	-	-
Recognised (asset) / liability		<u>9,142</u>	<u>(1,042)</u>	<u>3,715</u>	<u>(1,223)</u>
16.1.1 Movement in the fair value of plan assets					
Fair value as at January 01		55,253	53,773	21,622	20,689
Expected return on plan assets		6,447	5,238	2,567	1,948
Actuarial gain / (loss)		(3,874)	(2,782)	(5,468)	(2,681)
Employer contributions		-	-	1,977	5,175
Benefits paid		(2,761)	(976)	(754)	(3,509)
Fair value as at December 31	16.1	<u>55,065</u>	<u>55,253</u>	<u>19,944</u>	<u>21,622</u>
16.1.2 Movement in the defined benefit obligations					
Obligation as at January 01		54,211	45,340	20,399	19,856
Service cost		3,733	3,250	1,577	1,380
Interest cost		6,332	4,452	2,431	1,871
Actuarial losses / (gain)		2,566	2,145	6	801
Benefits paid		(2,761)	(976)	(754)	(3,509)
Others		126	-	-	-
Obligation as at December 31	16.1	<u>64,207</u>	<u>54,211</u>	<u>23,659</u>	<u>20,399</u>
16.1.3 Number of staff covered under the defined benefit plan		<u>108</u>	<u>105</u>	<u>79</u>	<u>86</u>

	Management staff		Non-management staff	
	2022	2021	2022	2021
	(Rupees in thousand)			
16.1.4 Cost				
Current service cost	3,734	3,250	1,576	1,379
Interest cost	6,332	4,453	2,431	1,871
Expected return on plan assets	(6,448)	(5,238)	(2,567)	(1,948)
Expense	3,618	2,465	1,440	1,302
Actual return on plan assets	2,573	2,456	(1,678)	932

16.1.5 Principal actuarial assumptions used are as follows:

	2022	2021
Management staff		
Discount rate	14.50% per annum	11.75% per annum
Future long term salary increases	13.50% per annum	10.75% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate
Non-management staff		
Discount rate	14.50% per annum	11.75% per annum
Future long term salary increases	13.50% per annum	10.75% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Light

	Management staff		Non-management staff	
	2022	2021	2022	2021
	(Rupees in thousand)			
16.1.6 Expected costs for the next year are as follows:				
Current service cost	4,486	3,734	1,616	1,576
Interest cost	9,479	6,332	3,338	2,431
Expected return on plan assets	(8,248)	(6,448)	(2,834)	(2,567)
Expense	5,717	3,618	2,120	1,440

	2022	2021	2020	2019	2018
		(Rupees in thousand)			
16.1.7 Comparison for five year					
Management staff as at December 31					
Fair value of plan assets	(55,065)	(55,253)	(53,773)	(30,876)	(21,196)
Defined benefit obligation	64,207	54,211	45,340	37,766	30,365
(Deficit) / surplus	9,142	(1,042)	(8,433)	6,890	9,169
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan assets)	-7.0%	-5.0%	12.4%	-7.8%	-19.1%
Loss on obligations (as percentage of obligations)	4.0%	4.0%	0.9%	0.9%	8.9%
Non-Management staff As at December 31					
Fair value of plan assets	(19,944)	(21,622)	(20,689)	(19,071)	(17,434)
Defined benefit obligation	23,659	20,399	19,856	19,107	17,514
(Deficit) / surplus	3,715	(1,223)	(833)	36	80
Experience adjustments					
(Loss) / gain on plan assets (as percentage of plan assets)	-27.4%	-12.4%	-2.7%	-3.3%	-7.8%
(Gain) / loss on obligations (as percentage of obligations)	0.0%	3.9%	-6.1%	-3.3%	6.1%

16.1.8 Plan assets comprises of the following	2022		2021	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Management staff				
Debt	10,416	19%	15,883	70%
Mutual funds	43,655	79%	38,775	29%
Cash and bank balances	926	2%	595	1%
Other payable	68	0%	-	0%
	<u>55,065</u>	<u>100%</u>	<u>55,253</u>	<u>100%</u>
Non-management staff				
Debt	19,110	96%	4,672	35%
Mutual funds	-	0%	13,274	63%
Cash and bank balances	834	4%	3,676	2%
	<u>19,944</u>	<u>100%</u>	<u>21,622</u>	<u>100%</u>

17. Lease liabilities

The effective interest rate used as the discounting factor (i.e. implicit in the lease) ranges from 10.67% to 16.77 (2021: 10.67% to 11.55%).

17.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:

	2022		2021	
	MLP	PV of MLP	MLP	PV of MLP
	(Rupees in thousand)			
Due not later than 1 year	41,710	30,883	21,516	16,209
Due later than 1 year but not later than 5 years	81,504	68,966	48,009	41,856
Due later than 5 years	-	-	2,266	2,118
	<u>123,214</u>	<u>99,849</u>	<u>71,791</u>	<u>60,183</u>

17.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Balance as at January 01		60,183	73,016
Additions during the year		68,884	4,899
(Deletions) / modification during the year		(4,263)	(1,163)
Markup on lease liabilities		9,270	7,515
		<u>134,074</u>	<u>84,267</u>
Lease rentals paid		(34,225)	(24,084)
Balance as at December 13		<u>99,849</u>	<u>60,183</u>
18. Insurance / reinsurance payable			
Due to other insurers / reinsurers		<u>532,081</u>	<u>780,521</u>
19. Other creditors and accruals			
Agent commission payable		74,803	71,668
Federal Excise Duty / Sales tax		81,234	60,368
Federal Insurance Fee		2,078	1,154
Payable to related parties	19.1	10,855	11,970
Accrued expenses		201,275	38,670
Other tax payable		14,119	4,007
Unpaid and unclaimed dividend		124,949	116,607
Deposit against performance bonds		575,965	351,862
Bonus payable to staff		359	57,006
Leave encashment payable		49,634	41,950
Profit commission payable		15,505	13,000
Others		26,142	25,320
		<u>1,176,918</u>	<u>793,582</u>

19.1 This includes donation payable to a related party, Atlas Foundation, amounting to Rs. 10,855 thousand (2021: Rs. 11,970 thousand).

19.2 Unclaimed insurance benefits

Others include unclaimed insurance benefits of Rs. 17,775 thousand (2021: Rs. 17,911 thousand), aging of which is given below:

Age-wise breakup of unclaimed insurance benefits						
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	beyond 36 months	Total	
(Rupees in thousand)						
Claims not encashed - 2022	35	3,588	904	1,080	12,168	17,775
Claims not encashed - 2021	511	436	832	2,216	13,916	17,911

20. Contingencies and commitments

20.1 Contingencies

20.1.1 The tax authorities had raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] partially upheld the decision and reduced the demand to Rs. 59,722 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognized in these financial statements since the management believes that there are meritorious grounds that the case will be decided in favor of the Company.

20.1.2 For the tax year 2017, the Deputy Commissioner Inland Revenue (DCIR) created a tax demand of Rs. 654,473 thousand, which mainly pertained to disallowances due to need of underlying evidences and disallowance of certain expenses due to non-deduction of withholding tax.

Being aggrieved, the Company filed an appeal before the CIR (A) against the aforesaid order, who has disposed of the appeal and remanded back the entire case to the DCIR for reconsideration. The has Company filed an appeal before ATIR against the order of the CIR (A). No provision has been recognized in these financial statements since the management believes that there are meritorious grounds that the case will be decided in favor of the Company.

20.1.3 Other contingencies	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
Claims against the Company not acknowledged as debt	34,893	34,693

20.2 Commitments

20.2.1 Commitments in respect of operating leases

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
Not later than one year		3,427	8,732
Later than one year and not later than five years		3,900	8,825
	20.2.2	<u>7,327</u>	<u>17,557</u>

20.2.2 These include commitments in respect of operating leases of buildings and trackers. Leasing arrangements with respect to buildings, carry varying terms and are renewable upon expiry with mutual consent of parties to the arrangement. In identification of operating leases, the Company has applied the practical expedients under IFRS 16.

	<u>2022</u>	<u>2021</u>
	(Rupees in thousand)	
21. Net insurance premium		
Written gross premium	4,697,393	3,739,638
Add: Unearned premium reserve - opening	1,234,056	1,197,061
Less: Unearned premium reserve - closing	(1,547,129)	(1,234,056)
Premium earned	4,384,320	3,702,643
Less: Reinsurance premium ceded	2,403,429	1,933,553
Add: Prepaid reinsurance premium - opening	710,151	648,553
Less: Prepaid reinsurance premium - closing	(862,155)	(710,151)
Reinsurance expense	2,251,425	1,871,955
	<u>2,132,895</u>	<u>1,830,688</u>
22. Net insurance claims		
Claims paid	1,652,478	1,092,598
Add: Outstanding claims including IBNR - closing	1,535,139	1,170,215
Less: Outstanding claims including IBNR - opening	(1,170,215)	(1,412,100)
Claims expense	2,017,402	850,713
Less: Reinsurance and other recoveries received	994,121	544,113
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	1,074,190	772,137
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(772,137)	(1,087,723)
	1,296,174	228,527
Reinsurance and other recoveries revenue	<u>721,228</u>	<u>622,186</u>

22.1 Claim development

The following table shows the development of fire and property damage, marine aviation and transport and others including miscellaneous intimated claims compared to the last four years excluding provision for IBNR. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

<u>Accident year</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	(Rupees in thousand)				
Estimate of ultimate claims costs:					
At end of accident year	603,695	384,469	1,859,228	630,851	1,026,503
One year later	503,933	272,887	1,448,825	665,765	-
Two years later	421,719	201,676	1,179,033	-	-
Three years later	421,451	181,386	-	-	-
Four years later	430,257	-	-	-	-
Current estimate of cumulative claims	430,257	181,386	1,179,033	665,765	1,026,503
Cumulative payments to date	(419,786)	(159,703)	(1,024,362)	(405,207)	-
Liability recognized in statement of financial position	<u>10,471</u>	<u>21,683</u>	<u>154,671</u>	<u>260,558</u>	<u>1,026,503</u>

	<u>2022</u>	<u>2021</u>
	(Rupees in thousand)	
23. Net commission and other acquisition income		
Commission paid or payable	336,468	248,817
Add: Deferred commission expense - opening	95,197	92,418
Less: Deferred commission expense - closing	(144,916)	(95,197)
Net commission expense	286,749	246,038
Less: Commission received or recoverable	576,800	442,621
Add: Unearned reinsurance commission - opening	152,624	138,404
Less: Unearned reinsurance commission - closing	(190,531)	(152,624)
Commission from reinsurers	538,893	428,401
	<u>(252,144)</u>	<u>(182,363)</u>

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
24. Management expenses			
Employee benefit cost	24.1	428,926	381,576
Travelling expenses		21,334	6,066
Advertisements and sales promotion		26,169	24,361
Printing and stationery		7,395	7,185
Depreciation of operating assets	5.1	28,509	21,357
Depreciation of right-of-use assets	5.2	29,226	24,303
Rent, rates and taxes		717	4,640
Electricity, gas and water		11,760	7,786
Entertainment		2,366	1,716
Vehicle running expenses		41,937	24,798
Office repairs and maintenance		6,362	2,340
Bank charges		499	739
Postages, telegrams and telephone		11,527	10,058
Annual supervision fee SECP		5,861	4,764
Trackers expense		14,500	13,039
Fee and subscriptions	24.2 & 24.3	51,677	32,413
Insurance expense		2,588	2,912
Office expenses		9,763	7,520
Service charges - net		20,075	21,073
Miscellaneous		26,793	19,334
		<u>747,984</u>	<u>617,980</u>
24.1 Employee benefit cost			
Salaries, allowances and other benefits		405,941	365,142
Charges for post employment benefit	24.1.1	22,985	16,434
		<u>428,926</u>	<u>381,576</u>

24.1.1 This includes Company's contribution to defined contribution plans amounting to Rs. 16,566 thousand (2021: Rs. 14,332 thousand).

24.2 This includes service charges amounting to Rs. 11,100 thousand (2021: Rs. 4,556) paid to Shirazi Investments (Pvt) Limited, a related party, for providing IT support services.

24.3 This includes portfolio management fee amounting to Rs. 5,604 thousand (2021: Rs. 5,000) paid to Atlas Asset Management Limited, a related party, for the management of mandated investment portfolio.

	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
25. Investment income		
Income from equity securities		
Available for sale		
Dividend income	312,619	294,019
Income from debt securities		
Held to maturity		
Return on debt securities	40,664	27,720
Available for sale		
Interest on term finance certificate	2,157	1,955
Income from term deposits		
Return on term deposits	-	2,172
	<u>355,440</u>	<u>325,866</u>
Net realised gains on investments		
Available for sale financial assets		
Realised (loss) / gains on		
- equity securities	(67,042)	98,490
Total investment income	288,398	424,356
Less: Impairment in value of available for sale securities		
- equity securities	(284,178)	(90,468)
Less: Investment related expenses	(1,771)	(3,468)
	<u>2,449</u>	<u>330,420</u>

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
26. Other income			
Return on bank balances		128,098	49,375
Gain on sale of fixed assets		4,238	84
Gain on disposal of right-of-use asset		247	175
		<u>132,583</u>	<u>49,634</u>
27. Other expenses			
Legal and professional fee other than business related		2,742	2,471
Donations	27.1	20,700	11,000
Auditor's remuneration	27.2	2,639	2,297
Director's fee		1,600	500
Zakat expense		-	7
		<u>27,681</u>	<u>16,275</u>

27.1 This amount represents Rs. 20,700 thousand (2021: Rs. 11,000 thousand) donation to Atlas Foundation, a related party, situated at 2nd Floor, Federation House, Clifton, Karachi - 74000. The following Directors of the Company are members of its Board of Directors:

Name of Directors

Mr. Iftikhar H. Shirazi
Mr. Ali H. Shirazi
Mr. Frahim Ali Khan
Mr. M. Habib-ur-Rahman

With the exception of their directorship, the Directors and their spouses have no interest in the donee.

		<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
27.2 Auditor's remuneration			
Audit fee		1,374	1,249
Fee for audit of provident fund, gratuity funds and other certifications		1,015	923
Out of pocket expenses		250	125
		<u>2,639</u>	<u>2,297</u>
28. Finance costs			
Interest on lease liability		9,270	7,515
Exchange loss		5,313	1,837
		<u>14,583</u>	<u>9,352</u>
29. Window Takaful Operations - Operator's fund			
Wakala fee		128,263	92,548
General, administrative and management expenses		(39,894)	(26,391)
Commission expense		(33,583)	(23,337)
Modarib's share of PTF investment income		10,810	3,886
Investment income		20,741	7,359
Direct expenses		(995)	(903)
Other income		1,690	1,034
Profit before tax		<u>87,032</u>	<u>54,196</u>
30. Income tax expense			
For the year			
Current			
- Conventional		292,450	373,939
- Window Takaful Operations - Operator's fund		28,729	-
Deferred			
- Relating to origination of temporary differences		5,890	(31,156)
- Relating to change in tax rate		(6,618)	-
- Window Takaful Operations - Operator's fund		(522)	-
For prior years			
Current			
- Conventional		38,485	3,349
- Window Takaful Operations - Operator's fund		17,899	-
Deferred			
		<u>376,313</u>	<u>346,132</u>

30.1 Relationship between tax expense and accounting profit

Numerical reconciliation between the average effective tax rate and the applicable tax rate

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Accounting profit	1,095,627	1,181,508
Tax at the applicable rate of 33% (2021: 29%)	361,557	342,637
Tax effect of amounts that are:		
- Related to temporary differences	14,756	3,495
	<u>376,313</u>	<u>346,132</u>

30.2 Applicable tax rate represents the tax rate applicable to Insurance Companies under Part-I of Fourth Schedule of the Income Tax Ordinance, 2001.

31. Earnings (after tax) per share - basic and diluted

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Profit (after tax) for the year	<u>719,314</u>	<u>835,376</u>
	Number of shares thousand	Restated
Weighted average number of ordinary shares of Rs. 10 each	<u>93,385</u>	<u>93,385</u>
	(Rupees)	Restated
Earnings per share - (basic / diluted)	<u>7.70</u>	<u>8.95</u>

31.1 There is no dilution in basic earnings per share as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

32. Compensation of directors and executives

Aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)					
Fee	-	-	1,600	500	-	-
Managerial remuneration	21,918	17,445	-	-	118,413	97,070
Leave encashment paid	-	-	-	-	1,531	3,010
Bonus / profit commission paid	8,596	3,388	-	-	44,272	21,572
Contribution to defined benefit plan	794	632	-	-	4,125	3,393
Contribution to defined contribution plan	2,096	1,669	-	-	10,152	8,398
Rent and house maintenance	8,576	6,826	-	-	48,895	41,775
Utilities	1,906	1,517	-	-	10,788	9,215
Medical	622	141	-	-	7,251	5,796
Conveyance paid	-	-	-	-	10,654	10,442
Others (membership fee, petrol, telephone, newspaper, etc.)	2,247	1,222	-	-	30,018	18,028
Total	<u>46,755</u>	<u>32,840</u>	<u>1,600</u>	<u>500</u>	<u>286,099</u>	<u>218,699</u>
Number of person(s)	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>79</u>	<u>69</u>

32.1 Fees paid to 3 (2021: 2) Non-Executive Directors for attending meetings during the year amounts to Rs. 1,600 thousand (2021: Rs. 500 thousand). In addition, the Chief Executive Officer and some of the executives are also provided with use of the Company cars, in accordance with the policy of the Company.

32.2 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

33. Provident fund trust

The Company has maintained an employee provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The salient information of the fund is as follow:

	<u>Note</u>	<u>2022</u> (Unaudited)	<u>2021</u> (Audited)
		(Rupees in thousand)	
Size of the fund		51,087	51,551
Percentage of investments made		88.08%	74.59%
Fair value of investments	33.1	44,996	38,451
Cost of investments made		45,005	38,437

33.1 Investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Act, 2017 and the rules formulated for this purpose. The break-up of investments is as follows:

<u>Breakup of investments at fair value</u>	<u>Investment as a % size of fund</u>		<u>Investments</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
			(Rupees in thousand)	
Government Securities	88%	62%	44,949	32,000
Listed securities and mutual funds	0%	13%	47	6,451
			<u>44,996</u>	<u>38,451</u>

The information for the financial year 2022 is based on un-audited financial statements of the provident fund.

34. Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions.

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this financial statements, are as follows:

Parent Company	Year end balances	<u>2022</u>	<u>2021</u>
		(Rupees in thousand)	
	Provision for outstanding claims	1,683	745
	Due from insurance contract holders	4,450	1,942
	Premium received in advance	-	178

2022 **2021**
(Rupees in thousand)

	Transactions during the year		
	Premium underwritten	25,677	21,858
	Premium collected	25,934	25,961
	Claims paid	9,091	6,292
	IT support service charges paid	25,455	4,556
	Dividend paid	463,645	607,534
Associated Companies	Year end balances		
	Provision for outstanding claims	735,036	130,434
	Premium received in advance	178,520	197,684
	Due from insurance contract holders	203,731	115,824
	Lease liability	7,022	-
	Transactions during the year		
	Premium underwritten	2,091,577	1,773,437
	Premium collected	2,384,728	2,089,256
	Claims paid	358,044	304,372
	Vehicles purchased	38,208	17,889
	Lease liability paid	1,875	1,705
	Expenses paid	7,057	6,627
	Dividends received	114,881	144,296
	Dividends paid	16,930	22,184
	Donations paid	21,815	9,093
	Investments purchased	315,176	691,992
	Investments sold at sale price	302,834	635,542
	Finance cost charged	542	287
Post employment benefit benefit plans	Transactions during the year		
	Contributions in respect of post employment benefit plans including provident fund	24,066	20,333
Key management persone	Year end balances		
	Provision for outstanding claims	2,347	-
	Due from insurance contract holders	85	673
	Transactions during the year		
	Premium underwritten	295	1,117
	Premium collected	2,204	571
	Assets sold	5,364	1,796
	Claims paid	633	35
	Dividend paid	267	170

35. Segment reporting

The Company has identified four (2021: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

Assets and liabilities, wherever possible, have been assigned to each reportable segment based on specific identification or allocated on the basis of the gross premium written by the segments.

	December 31, 2022				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Premium receivable (inclusive of Federal Insurance Fee and Administrative surcharge)	1,979,223	1,582,544	1,069,340	793,396	5,424,503
Less: Federal Excise Duty	272,880	189,230	130,656	85,871	678,637
Federal Insurance Fee	19,101	13,423	8,510	7,439	48,473
Gross written premium (inclusive of Administrative Surcharge)	1,687,242	1,379,891	930,174	700,086	4,697,393
Gross direct premium	1,653,853	1,357,711	817,900	691,811	4,521,275
Facultative inward premium	25,922	519	101,125	3,440	131,006
Administrative surcharge	7,467	21,661	11,149	4,835	45,112
	1,687,242	1,379,891	930,174	700,086	4,697,393
Insurance premium earned	1,544,772	1,366,859	844,136	628,553	4,384,320
Insurance premium ceded to reinsurers	(1,285,787)	(458,361)	(208,744)	(298,533)	(2,251,425)
Net insurance premium	258,985	908,498	635,392	330,020	2,132,895
Commission income	274,771	147,192	46,741	70,189	538,893
Net underwriting income	533,756	1,055,690	682,133	400,209	2,671,788
Insurance claims	(1,189,223)	(391,207)	(364,978)	(71,994)	(2,017,402)
Insurance claims recovered from reinsurers	1,132,748	284,977	63,800	(185,351)	1,296,174
Net claims	(56,475)	(106,230)	(301,178)	(257,345)	(721,228)
Commission expense	(155,943)	(46,577)	(52,275)	(31,954)	(286,749)
Management expenses	(272,042)	(212,910)	(156,236)	(106,796)	(747,984)
Net insurance claims and expenses	(484,460)	(365,717)	(509,689)	(396,095)	(1,755,961)
Underwriting results	49,296	689,973	172,444	4,114	915,827
Investment income					2,449
Other income					132,583
Finance cost					(14,583)
Other expenses					(27,681)
Profit before taxation from window takaful operations - Operator's fund					87,032
Profit before tax					1,095,627
Segment assets - Conventional	944,202	772,289	520,468	391,666	2,628,625
Segment assets - Takaful OPF	39,865	13,350	118,755	23,200	195,166
Unallocated assets - Conventional					6,522,312
Unallocated assets - Takaful OPF					204,153
					9,550,256
Segment liabilities - Conventional	1,706,120	1,395,485	940,457	707,715	4,749,777
Segment liabilities - Takaful OPF	8,896	2,973	26,484	69,360	107,713
Unallocated liabilities - Conventional					1,060,029
Unallocated liabilities - Takaful OPF					47,545
					5,965,064

December 31, 2021

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Premium receivable (inclusive of Federal Excise Duty Federal Insurance Fee and Administrative surcharge)	1,532,707	1,246,537	842,806	682,038	4,304,088
Less: Federal Excise Duty	196,822	153,937	107,427	68,534	526,720
Federal Insurance Fee	13,689	10,864	7,020	6,157	37,730
Gross written premium (inclusive of Administrative Surcharge)	1,322,196	1,081,736	728,359	607,347	3,739,638
Gross direct premium	1,290,401	1,060,149	671,912	599,928	3,622,390
Facultative inward premium	25,077	1,335	47,715	2,328	76,455
Administrative surcharge	6,718	20,252	8,732	5,091	40,793
	1,322,196	1,081,736	728,359	607,347	3,739,638
Insurance premium earned	1,274,491	1,095,259	690,958	641,935	3,702,643
Insurance premium ceded to reinsurers	(1,002,347)	(382,155)	(156,415)	(331,038)	(1,871,955)
Net insurance premium	272,144	713,104	534,543	310,897	1,830,688
Commission income	198,917	112,250	35,287	81,947	428,401
Net underwriting income	471,061	825,354	569,830	392,844	2,259,089
Insurance claims	(343,050)	(101,096)	(351,587)	(54,980)	(850,713)
Insurance claims recovered from reinsurers	297,736	60,806	53,707	(183,722)	228,527
Net claims	(45,314)	(40,290)	(297,880)	(238,702)	(622,186)
Commission expense	(128,638)	(35,664)	(47,793)	(33,943)	(246,038)
Management expenses	(218,384)	(171,319)	(127,218)	(101,059)	(617,980)
Net insurance claims and expenses	(392,336)	(247,273)	(472,891)	(373,704)	(1,486,204)
Underwriting results	78,725	578,081	96,939	19,140	772,885
Investment income					330,420
Other income					49,634
Finance cost					(9,352)
Other expenses					(16,275)
Profit before taxation from window takaful operations - Operator's Fund					54,196
Profit before tax					1,181,508
Segment assets - Conventional	713,405	583,677	393,017	327,450	2,017,549
Segment assets - Takaful OPF	21,134	10,777	93,297	13,948	139,156
Unallocated assets - Conventional					7,026,335
Unallocated assets - Takaful OPF					134,756
					9,317,796
Segment liabilities - Conventional	1,422,306	1,163,669	783,555	652,830	4,022,360
Segment liabilities - Takaful OPF	4,068	2,070	17,947	45,995	70,080
Unallocated liabilities - Conventional					1,048,196
Unallocated liabilities - Takaful OPF					697
					5,141,333

As the operations of the Company are carried out in Pakistan, information relating to geographical segment is not considered relevant.

	Held to maturity	Available for sale	Total
	(Rupees in thousand)		
36. Movement in investments			
As at beginning of previous year	566,058	5,683,357	6,249,415
Additions	1,366,190	2,195,111	3,561,301
Disposals (sales and redemptions)	(1,607,267)	(1,378,324)	(2,985,591)
Fair value net losses (excluding net realised losses)	-	(875,583)	(875,583)
Unwinding on debt securities	2,495	-	2,495
Impairment	-	(90,468)	(90,468)
As at beginning of current year	327,476	5,534,093	5,861,569
Additions	972,157	1,876,017	2,848,174
Disposals (sales and redemptions)	(918,179)	(2,375,701)	(3,293,880)
Fair value net losses (excluding net realised losses)	-	(882,046)	(882,046)
Unwinding on debt securities	15,638	-	15,638
Impairment	-	92,635	92,635
As at end of current year	397,092	4,244,998	4,642,090

36.1 Fair value measurement of financial instruments - IFRS 9

Following is the fair value of financial assets as on December 31, 2022 under IFRS 9 classifications and the change in their fair value during the year ended December 31, 2022:

	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortized cost*	Fair value through OCI	Total	
	(Rupees in thousand)			
Pakistan Investment Bonds				
Opening fair value - December 31, 2021	141,566	-	141,566	-
Additions	-	-	-	-
Unwinding on debt securities	986	-	986	-
Disposals	(93,031)	-	(93,031)	-
Closing fair value - December 31, 2022	49,521	-	49,521	-
Treasury Bills				
Opening fair value - December 31, 2021	185,910	-	185,910	-
Additions	972,157	-	972,157	-
Unwinding on debt securities	14,652	-	14,652	-
Disposals	(825,148)	-	(825,148)	-
Closing fair value - December 31, 2022	347,571	-	347,571	-
Term Finance Certificates				
Opening fair value - December 31, 2021	-	-	-	20,000
Additions	-	-	-	-
Disposals	-	-	-	-
Closing fair value - December 31, 2022	-	-	-	20,000
Shares in listed / unlisted equity securities				
Opening fair value - December 31, 2021	-	-	-	4,823,702
Additions	-	-	-	1,560,426
Increase in fair value - net	-	-	-	(795,041)
Reversal of impairment	-	-	-	92,635
Disposals	-	-	-	(2,030,638)
Closing fair value - December 31, 2022	-	-	-	3,651,084
Mutual fund investments				
Opening fair value - December 31, 2021	-	-	-	690,391
Additions	-	-	-	315,591
Increase in fair value - net	-	-	-	(87,005)
Disposals	-	-	-	(345,063)
Closing fair value - December 31, 2022	-	-	-	573,914

* The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 2,087,621 thousand (2021: Rs. 1,524,260 thousand) and balances with banks amounting to Rs. 1,553,708 thousand (2021: Rs. 974,543 thousand), respectively.

37. Risk management

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholder from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Company's risk management function is carried out by the Board of Directors (the Board), with its associated committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board to the Chief Executive Officer and senior managers.

The Board meets regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board of Directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirement.

The risk faced by the Company and the way these risks are mitigated by management are summarized below :

a) Financial risk, categorized into;	Note
- Credit risk	37.1.1
- Liquidity risk	37.1.2
- Market risk	37.1.3
b) Capital adequacy risk	37.2
c) Insurance risk	37.3

37.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Company's principal financial risk instruments are financial investments, receivables arising from insurance and reinsurance contracts, statutory deposits and cash and cash equivalents. The Company does not enter into any derivative transactions.

The Company's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial 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.

37.1.1 Credit risk

- a) Credit worthiness of counter party;
- b) Aging analysis of counter party.

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

	<u>Note</u>	<u>2022</u> <u>(Rupees in thousand)</u>	<u>2021</u>
Financial assets			
Bank balances	12	1,553,708	974,543
Investments	7 & 8	4,642,090	5,861,569
Amount due from insurance contract holders	10	342,537	196,789
Amount due from other insurers / reinsurers	10	201,560	239,718
Reinsurance recoveries against outstanding claims	22	1,074,190	772,137
Loans and other receivables	9	66,748	38,147
		<u>7,880,833</u>	<u>8,082,903</u>

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

Banks	Rating		Rating Agency	2022	2021
	Short-term	Long-term			
Bank Alfalah Limited	A1+	AA+	PACRA	770,607	450,372
Bank Al Habib	A1+	AAA	PACRA	23,533	20,818
Faysal Bank Limited	A1+	AA	PACRA	22,192	55,428
FINCA Microfinance Bank Limited	A1	A	PACRA	1	1
Habib Bank Limited	A-1+	AAA	JCR-VIS	39,638	15,231
MCB Bank Limited	A1+	AAA	PACRA	665,298	398,400
NRSP Microfinance Bank Limited	A2	A	PACRA	11	3
Sindh Bank Limited	A-1	A+	JCR-VIS	1	1
Soneri Bank Limited	A1+	AA-	PACRA	28,634	33,323
Summit Bank Limited	Unrated	Unrated	N/A	3,793	966
				1,553,708	974,543

The management monitors exposure to credit risk in premium receivable arising from insurance and reinsurance contracts, through regular review of credit exposure and prudent estimates of provision for doubtful receivables. The provision for doubtful receivables amounting to Rs. 4,818 thousands (2021: Rs. 4,818 thousands) is shown in note 10.1 and 10.2. The figures shown below are exclusive of any provisions made during the year. 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 sector segments.

37.1.1.2 The aging analysis of premium due but unpaid can be assessed with the following:

	2022			2021		
	Related parties	Others	Total	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	208,266	134,271	342,537	115,060	81,729	196,789
Past 1 but less than 3 years	-	-	-	-	-	-
Less: provision	-	(2,859)	(2,859)	-	(2,859)	(2,859)
	208,266	131,412	339,678	115,060	78,870	193,930

37.1.1.3 The credit quality of amount due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Total
	(Rupees in thousand)		
As at December 31, 2022			
BB+ or above (including PRCL)	201,560	1,074,190	1,275,750
	201,560	1,074,190	1,275,750
As at December 31, 2021			
BB+ or above (including PRCL)	239,718	772,137	1,011,855
	239,718	772,137	1,011,855

The credit risk of reinsurance recoveries against outstanding claims can be assessed with the following age analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the reinsurance contracts:

The age analysis of reinsurance against outstanding claims is shown below:

	2022		2021	
	Reinsurance recoveries against outstanding claims	Provision for outstanding claims including IBNR	Reinsurance recoveries against outstanding claims	Provision for outstanding claims including IBNR
	(Rupees in thousand)			
Up to 1 year	770,504	1,034,827	341,307	651,200
1-2 years	134,976	260,559	382,569	452,192
2-3 years	120,163	168,064	18,071	31,162
Over 3 years	48,547	62,689	30,190	35,661
	<u>1,074,190</u>	<u>1,535,139</u>	<u>772,137</u>	<u>1,170,215</u>

37.1.2 Liquidity risk

Liquidity risk is the risk that the Company shall not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

On the statement of financial position date, the Company has cash and bank deposits and readily marketable securities with insignificant change in value of Rs. 1,553,708 thousands (2021: Rs. 974,543 thousands) and Rs. 4,224,998 thousands (2021: Rs. 5,514,093 thousands) respectively.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022			
	On demand	Maturity up to one year	Maturity after one year	Total
	(Rupees in thousand)			
Provision for outstanding claims	-	1,535,139	-	1,535,139
Amounts due to other insurers / reinsurers	-	532,081	-	532,081
Other creditors and accruals	-	1,176,918	-	1,176,918
Lease liabilities	-	30,883	68,966	99,849
	<u>-</u>	<u>3,275,021</u>	<u>68,966</u>	<u>3,343,987</u>
	2021			
	On demand	Maturity up to one year	Maturity after one year	Total
	(Rupees in thousand)			
Provision for outstanding claims	-	1,170,215	-	1,170,215
Amounts due to other insurers / reinsurers	-	780,521	-	780,521
Other creditors and accruals	-	793,582	-	793,582
Lease liabilities	-	16,209	43,974	60,183
	<u>-</u>	<u>2,760,527</u>	<u>43,974</u>	<u>2,804,501</u>

37.1.2.1 Changes in liabilities arising from financing activities

		Opening	Cashflows	Other	Closing
		(Rupees in thousand)			
Lease liabilities	2022	<u>60,183</u>	<u>(34,225)</u>	<u>73,891</u>	<u>99,849</u>
Lease liabilities	2021	<u>73,016</u>	<u>(24,084)</u>	<u>11,251</u>	<u>60,183</u>

37.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company is exposed to market risk with respect to its bank balances, deposits and investments.

The Company limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The company has formulated a liquidity-risk based investment policy approved by the Board of Directors which contains various guidelines for investment of surplus funds in money market and equity market.

37.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instrument exposes the Company to fair value interest risk.

Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective interest	Effective interest	Carrying amounts		Carrying amounts	
	Rate %	Rate %	Maturity up to one year		Maturity after one year	
	2022	2021	2022	2021	2022	2021
			(Rupees in thousand)			
Financial assets						
Bank balances	2.82% to 17.54%	2.82% to 7.83%	1,553,708	974,543	-	-
Term deposits	Nil	6% to 6.75%	-	-	-	-
			<u>1,553,708</u>	<u>974,543</u>	<u>-</u>	<u>-</u>
Investments						
TFC's	8.68% to 18.33%	8.89% to 11.97%	-	-	20,000	20,000
PIB's	8.55% to 11.75%	8.55% to 11.75%	49,521	92,735	-	48,831
T.Bills	8.38% to 15.90%	7.09% to 7.59%	347,571	185,910	-	-
			<u>397,092</u>	<u>278,645</u>	<u>20,000</u>	<u>68,831</u>

Sensitivity analysis

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

	Increase	Decrease
	by 100 bps	by 100 bps
	(Rupees in thousand)	
Impact on profit and loss account		
As at December 31, 2022		
Cash flow sensitivity-variable rate financial assets	<u>1,281</u>	<u>(1,281)</u>
As at December 31, 2021		
Cash flow sensitivity-variable rate financial assets	<u>494</u>	<u>(494)</u>

37.1.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up 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 or similar financial instruments traded in the market. Company is exposed to price risk since it has investments amounting to Rs. 4,626 million (2021: Rs. 5,862 million) at the statement of financial position date. However the Company has no significant concentration of price risk.

The carrying amount of investments subject to price risk are based on quoted market prices as of the statement of financial position date including available for sale equity in accordance with the requirements of the S.R.O.88 issued by the SECP, in February 2017.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable.

37.1.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of December 31, 2022 and December 31, 2021 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical changes in price	Hypothetical increase / (decrease) in Asset	Profit after tax
(Rupees in thousand)						
December 31, 2022	Available for sale	20,000	10% increase	22,000	2,000	1,340
			10% decrease	18,000	(2,000)	(1,340)
December 31, 2021	Available for sale	20,000	10% increase	22,000	2,000	1,420
			10% decrease	18,000	(2,000)	(1,420)

37.1.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company's exposure to exchange rate fluctuation risk is insignificant as it holds liabilities of US \$ Nil (2021: US \$ Nil).

37.1.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for certain debt instruments held. The fair values of financial instruments are disclosed in note 38 to these financial statements.

37.2 Capital adequacy risk

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 in its businesses.

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.

The Company's current paid-up capital is in accordance with the limit prescribed by the SECP vide SRO 89 (1)/2017.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

37.3 Insurance risk

The Company's insurance activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Company is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Company's success. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The company is facing three kinds of risk in its insurance activities, namely;

- Premium Risk	37.3.1
- Claim Risk	37.3.2
- Reinsurance Risk	37.3.3

37.3.1 Premium Risk

The underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspections surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The Company manages the insurance risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical underwriting information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

37.3.1.1 The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	Gross sum insured		Net sum insured	
	2022	2021	2022	2021
Fire and property damage	84%	79%	30%	23%
Marine, aviation and transport	4%	5%	37%	35%
Motor	2%	5%	18%	34%
Miscellaneous	10%	11%	15%	8%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

37.3.2 Claim Risk

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies and can be characterized under a number of specific headings, such as;

- Uncertainty as to whether an event has occurred which would give rise to an insured loss.
- Uncertainty as to the extent of policy coverage and limits applicable.
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, the Company account for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Company has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the company and those that are not yet apparent to the insured. The Company's policy for accounting of its claims has been disclosed in note 4.25 to the financial statements.

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 on underwriting results and shareholders' equity due to 10% change in claim expense.

	Underwriting results		Shareholders' equity	
	2022	2021	2022	2021
	(Rupees in thousand)			
Fire and property damage	(5,648)	(4,531)	(3,784)	(3,217)
Marine, aviation and transport	(10,623)	(4,029)	(7,117)	(2,861)
Motor	(30,118)	(29,788)	(20,179)	(21,149)
Miscellaneous	(25,735)	(23,870)	(17,242)	(16,948)
	<u>(72,124)</u>	<u>(62,218)</u>	<u>(48,322)</u>	<u>(44,175)</u>

37.3.3 Reinsurance risk

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both proportional and non-proportional basis. The majority of proportional reinsurance is quota share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line. The Company also arranges the local and foreign facultative reinsurance as part of its risk management strategy.

39. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

Note	Carrying amount						Total
	Available for sale	Fair value through profit or loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	
(Rupees in thousand)							
December 31, 2022							
Financial assets - measured at fair value							
Investment - Equity	7	4,224,998	-	-	-	-	4,224,998
Investment - Debt securities	8	20,000	-	-	-	-	20,000
		4,244,998	-	-	-	-	4,244,998
Financial assets - not measured at fair value							
Investment - Debt securities	8	-	-	397,092	-	-	397,092
Loans and other receivables*	9	-	-	-	66,748	-	66,748
Insurance / reinsurance receivables - unsecured and considered good*	10	-	-	-	539,279	-	539,279
Reinsurance recoveries against outstanding claims*	22	-	-	-	1,074,190	-	1,074,190
Cash and bank*	12	-	-	-	-	1,553,708	1,553,708
Total assets of Window Takaful Operations - Operator's fund*		-	-	-	399,319	-	399,319
		-	-	397,092	2,079,536	1,553,708	4,030,336
Financial liabilities - measured at fair value							
		-	-	-	-	-	-
Financial liabilities - not measured at fair value							
Underwriting provision: - Outstanding claims including IBNR*	22	-	-	-	-	1,535,139	1,535,139
Insurance / reinsurance payables*	18	-	-	-	-	532,081	532,081
Other creditors and accruals*	19	-	-	-	-	1,176,918	1,176,918
Total liabilities of Window Takaful Operations - Operator's fund*		-	-	-	-	155,258	155,258
		-	-	-	-	3,399,396	3,399,396

* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

	Fair value			
	Level 1	Level 2	Level 3	Total
(Rupees in thousand)				
Financial assets - measured at fair value				
Investment - Equity	4,224,998	-	-	4,224,998
Investment - Debt securities	20,000	-	-	20,000
	4,244,998	-	-	4,244,998
Financial assets - not measured at fair value				
Investment - Debt securities	397,092	-	-	397,092
Loans and other receivables*	-	-	-	-
Insurance / reinsurance receivables - unsecured and considered good*	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	-
Cash and bank*	-	-	-	-
Total assets of Window Takaful Operations - Operator's fund*	-	-	-	-
	397,092	-	-	397,092
Financial liabilities - measured at fair value				
	-	-	-	-
Financial liabilities - not measured at fair value				
Underwriting provision: - Outstanding claims including IBNR*	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-
Other creditors and accruals*	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's fund*	-	-	-	-

		Carrying amount						
	Note	Available for sale	Fair value through profit or loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total
		(Rupees in thousand)						
December 31, 2021								
Financial assets - measured at fair value								
Investment - Equity	7	5,514,093	-	-	-	-	-	5,514,093
Investment - Debt Securities	8	20,000	-	-	-	-	-	20,000
		<u>5,534,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,534,093</u>
Financial assets - not measured at fair value								
Investment - Debt Securities	8	-	-	327,476	-	-	-	327,476
Loans and other receivables*	9	-	-	-	38,147	-	-	38,147
Insurance / reinsurance receivables								
- unsecured and considered good*	10	-	-	-	431,689	-	-	431,689
Reinsurance recoveries against outstanding claims*	22	-	-	-	772,137	-	-	772,137
Cash and bank*	12	-	-	-	-	974,543	-	974,543
Total assets of Window Takaful Operations - Operator's fund*		-	-	-	273,912	-	-	273,912
		<u>-</u>	<u>-</u>	<u>327,476</u>	<u>1,515,885</u>	<u>974,543</u>	<u>-</u>	<u>2,817,904</u>
Financial liabilities - measured at fair value								
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities - not measured at fair value								
Underwriting provision:								
- Outstanding claims including IBNR*	22	-	-	-	-	-	1,170,215	1,170,215
Insurance / reinsurance payables*	18	-	-	-	-	-	780,521	780,521
Other creditors and accruals*	19	-	-	-	-	-	793,582	793,582
Total liabilities of Window Takaful Operations - Operator's fund*		-	-	-	-	-	70,777	70,777
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,815,095</u>	<u>2,815,095</u>

* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

		Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees in thousand)			
Financial assets - measured at fair value					
Investment - Equity		5,514,093	-	-	5,514,093
Investment - Debt Securities		20,000	-	-	20,000
		<u>5,534,093</u>	<u>-</u>	<u>-</u>	<u>5,534,093</u>
Financial assets - not measured at fair value					
Investment - Debt Securities		327,476	-	-	327,476
Loans and other receivables*		-	-	-	-
Insurance / reinsurance receivables					
- unsecured and considered good*		-	-	-	-
Reinsurance recoveries against outstanding claims*		-	-	-	-
Cash and bank*		-	-	-	-
Total assets of Window Takaful Operations - Operator's fund*		-	-	-	-
		<u>327,476</u>	<u>-</u>	<u>-</u>	<u>327,476</u>
Financial liabilities - measured at fair value					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities - not measured at fair value					
Underwriting provision:					
- Outstanding claims including IBNR*		-	-	-	-
Insurance / reinsurance payables*		-	-	-	-
Other creditors and accruals*		-	-	-	-
Total liabilities of Window Takaful Operations - Operator's fund*		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

39. Statement of solvency

Assets

Property and equipment	221,315
Investments	
Equity securities	4,224,998
Debt securities	417,092
Loan and other receivables	66,748
Insurance / reinsurance receivables	539,279
Reinsurance recoveries against outstanding claims	1,074,190
Salvage recoveries accrued	8,085
Deferred commission expense / acquisition cost	144,916
Taxation - payment less provisions	37,840
Prepayments	862,766
Cash and bank	1,553,708
	9,150,937
Total assets from window takaful operations - Operator's fund	399,319
Total assets from window takaful operations - Participants' fund	706,417

Total Assets (A) 10,256,673

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

(d)	Loans and advances to employees	3,449
(g)	Due from any body related to the insurer	31,094
(h)	Insurance / reinsurance receivables	281,728
(l)	Assets subject to encumbrances	575,965
(u)	Vehicles, furniture and fixtures, office equipment and computers equipment	125,788
(v)	Investment in shares, mutual funds and property	1,398,212
(g) and (u)	Assets from window takaful operations - Operator's fund	157,054
(g)	Assets from window takaful operations - Participants' fund	52,790

Total of in-admissible assets (B) 2,626,080

Total admissible assets (C=A-B) 7,630,593

Total liabilities

Underwriting provisions	1,535,139
Outstanding claims including IBNR	1,547,129
Unearned premium reserves	190,531
Unearned reinsurance commission	12,857
Retirement benefit obligations	346,370
Deferred taxation	368,932
Premium received in advance	99,849
Lease liabilities	532,081
Insurance / reinsurance payable	1,176,918
Other creditors and accruals	5,809,806

Total liabilities from window takaful operations - Operator's fund 155,258

Total liabilities from window takaful operations - Participants' fund 636,980

Total liabilities (D) 6,602,044

Total net admissible assets (E=C-D) 1,028,549

Minimum Solvency Requirement (higher of the following) 471,528

Method A - U/s 36(3)(a)	150,000
Method A - U/s 36(3)(b)	471,528
Method A - U/s 36(3)(c)	342,068

Excess in net admissible assets over minimum requirements 557,021

39.1 The value of assets has been determined in accordance with the Company's accounting policies for such assets and the method of assigning values to investments provided for in the Insurance Accounting Regulations, 2017, while the value of admissible assets has been limited to the amount to which these are admissible under the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

40. Subsequent events

The Board in its meeting held on March 27, 2023 has proposed a final cash dividend of Rs. 4.5 per share (2021: Rs. 4.5 per share) and Nil bonus shares (2021: 10%) in respect of the year ended December 31, 2022. Furthermore, Rs. 63,500 thousand (2021: Rs. 156,000 thousand) were also approved for transfer to general reserves from the unappropriated profit of the Company. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

41. Date of authorization for issue

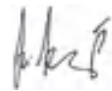
These financial statements were authorised for issue on March 27, 2023 by the Board of Directors of the Company.



Muhammad Aasim Gul
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Iftikhar H. Shirazi
Chairman

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TAKAFUL



Atlas Insurance

Window Takaful Operations

Annual Report 2022

Shariah Advisor's Report to the Board of Directors

For the year ended December 31, 2022

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين
و بعد

I have reviewed the Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Retakaful arrangements and the related transactions of Atlas Insurance Limited - Window Takaful Operations (hereafter referred to as Takaful Operator) for the year ended December 31, 2022.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules 2012 are complied with, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, and express an opinion that the financial arrangements, Retakaful arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.

Progress of the Year:

During the period under review; Atlas Insurance Limited - Window Takaful Operations has achieved significant successes, details of which are as follows:

1. Alhamdulillah, Atlas Insurance Limited - Window Takaful Operations has retained its position as one of the prominent General Takaful Operator of the country.
2. Under the guidance of undersigned and after getting Shariah approval, Takaful Operator has developed and offered various types of Takaful coverage products to its Customers / Participants.
3. Divisions and branches of the Company have fully participated in the business growth of Takaful from different locations of the country, despite the challenges due to COVID 19 pandemic.
4. Significant success has been achieved in the Takaful coverage agreements with Islamic Banks for their leasing and financing portfolios. At this stage, I am also thankful to the Partners Banks for the confidence they have shown on Atlas Insurance Limited-WTO's Takaful Products and Services.

Shariah Certification:

I confirm that in my opinion and to the best of my understanding based on the provided information and explanations:

- i. transactions undertaken and the Takaful business written by the Takaful Operator for the year ended December 31, 2022 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012;
- ii. for the investment purpose of Takaful Funds, a Shari'ah Compliant Investment Policy has been drafted with the consultation of undersigned and the investments have been done from the Operator's Fund & Participant Takaful Fund into Shariah Compliant avenues, including Islamic Banks and Islamic Mutual Funds, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval which are completely separate from the conventional insurance business;
- iii. transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OF);

While concluding; I state that the Shari'ah principles were followed in every aspect of practical implementation of Atlas Insurance Limited-WTO during the year. I am grateful to the Board of Directors of Atlas Insurance Limited, Management, Head of Window Takaful Operations, Divisional and Branch Heads and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shari'ah Compliance in our Takaful practices.

“And Allah Knows Best”



Mufti Zeeshan Abdul Aziz
Shariah Advisor

Date: March 27, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Atlas Insurance Limited - Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore: April 04, 2023
UDIN: AR202210177oiT7KVDIw

Window Takaful Operations

Statement of Financial Position

As at December 31, 2022

	Note	OPF		PTF	
		2022	2021	2022	2021
(Rupees in thousand)					
Assets					
Property and equipment	5	627	787	-	-
Intangible assets	6	-	-	-	-
Investments					
Term Deposits	7	190,000	130,000	305,000	280,000
Loans and other receivables		401	-	-	-
Takaful / retakaful receivables	8	-	-	87,564	48,603
Deferred wakala fee	20	-	-	68,079	45,385
Receivable from PTF	10	156,026	116,257	-	-
Accrued investment income		4,548	1,618	9,512	3,479
Retakaful recoveries against outstanding claims	19	-	-	31,873	8,883
Deferred commission expense	21	17,163	10,551	-	-
Deferred tax asset		522	-	-	-
Prepayments	11	17,429	10,730	79,553	43,142
Cash and bank	12	12,603	3,969	124,836	69,917
Total assets		399,319	273,912	706,417	499,409
Fund and liabilities					
Capital reserve		50,000	50,000	-	-
Accumulated profits		194,061	153,135	-	-
Total Operator's Fund		244,061	203,135	-	-
Participants' Takaful Fund					
Seed Money		-	-	500	500
Accumulated surplus		-	-	68,937	50,389
Balance of Participants' Takaful Fund		-	-	69,437	50,889
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	19	-	-	97,526	58,824
Unearned contribution reserves	17	-	-	240,884	164,012
Contribution deficiency reserve		-	-	3,123	1,629
Reserve for unearned retakaful rebate	18	-	-	15,628	8,307
		-	-	357,161	232,772
Retirement benefit obligations	9	917	697	-	-
Unearned wakala fee	20	68,079	45,385	-	-
Contribution received in advance		-	-	39,139	16,117
Takaful / retakaful payables	14	-	-	63,435	76,463
Other creditors and accruals	15	39,634	24,695	10,051	6,911
Payable to OPF	10	-	-	156,026	116,257
Income tax liabilities		46,628	-	11,168	-
Total liabilities		155,258	70,777	636,980	448,520
Total fund and liabilities		399,319	273,912	706,417	499,409
Contingencies and commitments	16				

The annexed notes from 1 to 36 form an integral part of these financial statements.


Muhammad Aasim Gul
Chief Financial Officer


Babar Mahmood Mirza
Chief Executive


Ali H. Shirazi
Director


Fahim Ali Khan
Director


Iftikhar H. Shirazi
Chairman

Window Takaful Operations

Profit and Loss Account

For the year ended December 31, 2022

	<u>Note</u>	<u>2022</u> (Rupees in thousand)	<u>2021</u> (Rupees in thousand)
PTF			
Contribution earned		330,955	243,243
Less: Contribution ceded to retakaful		(154,796)	(103,534)
Net contributions revenue	17	176,159	139,709
Retakaful rebate earned	18	25,665	15,607
Net underwriting income		201,824	155,316
Net claims reported / settled - IBNR		(192,603) (1,044)	(133,241) (304)
	19	(193,647)	(133,545)
Charge of contribution deficiency reserve		(1,495)	(1,629)
Other direct expenses	26	(6,015)	(12,524)
Surplus before investment income		667	7,618
Investment income	23	43,240	15,545
Less: Modarib's share of investment income	25	(10,810)	(3,886)
Surplus before taxation		33,097	19,277
Taxation	28	(14,549)	-
Surplus transferred to accumulated surplus		18,548	19,277
OPF			
Wakala fee	20	128,263	92,548
Commission expense	21	(33,583)	(23,337)
General, administrative and management expenses	22	(39,894)	(26,391)
		54,786	42,820
Modarib's share of PTF investment income	25	10,810	3,886
Investment income	23	20,741	7,359
Direct expenses	27	(995)	(903)
Other income	24	1,690	1,034
Profit before taxation		87,032	54,196
Taxation	28	(46,106)	-
Profit for the year		40,926	54,196

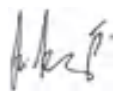
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Muhammad Aasim Gul
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director



Frahim Ali Khan
Director



Iftikhar H. Shirazi
Chairman

Window Takaful Operations
Statement of Comprehensive Income
 For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
	(Rupees in thousand)	
PTF		
Surplus for the year	18,548	19,277
Other comprehensive income:	-	-
Un-realized gains on available for sale investments - net of deferred tax		
Total comprehensive income for the year	<u>18,548</u>	<u>19,277</u>
OPF		
Profit for the year	40,926	54,196
Other comprehensive income	-	-
Un-realized gains on available for sale investments - net of deferred tax		
Total comprehensive income for the year	<u>40,926</u>	<u>54,196</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.


 Muhammad Aasim Gul
 Chief Financial Officer


 Babar Mahmood Mirza
 Chief Executive


 Ali H. Shirazi
 Director


 Fahim Ali Khan
 Director


 Iftikhar H. Shirazi
 Chairman

Window Takaful Operations
**Statement of Changes in Operator Fund
and Participants' Takaful Fund**
For the year ended December 31, 2022

	Attributable to Operator's Fund		
	Statutory fund	Accumulated profits	Total
	(Rupees in thousand)		
Balance as at December 31, 2020	50,000	98,939	148,939
Profit for the year ended December 31, 2021	-	54,196	54,196
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	54,196	54,196
Balance as at December 31, 2021	50,000	153,135	203,135
Profit for the year ended December 31, 2022	-	40,926	40,926
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	40,926	40,926
Balance as at December 31, 2022	50,000	194,061	244,061

	Attributable to Participants of the PTF		
	Seed money	Accumulated surplus	Total
	(Rupees in thousand)		
Balance as at December 31, 2020	500	31,112	31,612
Surplus for the year ended December 31, 2021	-	19,277	19,277
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	19,277	19,277
Balance as at December 31, 2021	500	50,389	50,889
Surplus for the year ended December 31, 2022	-	18,548	18,548
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	18,548	18,548
Balance as at December 31, 2022	500	68,937	69,437

The annexed notes from 1 to 36 form an integral part of these financial statements.


Muhammad Aasim Gul
Chief Financial Officer


Babar Mahmood Mirza
Chief Executive


Ali H. Shirazi
Director


Fahim Ali Khan
Director


Iftikhar H. Shirazi
Chairman

Window Takaful Operations

Cash Flow Statement

For the year ended December 31, 2022

	OPF		PTF	
	2022	2021	2022	2021
Operating Cash flows	(Rupees in thousand)			
a) Takaful activities				
Contributions received	-	-	474,529	386,530
Retakaful contributions paid	-	-	(167,912)	(129,383)
Claims paid	-	-	(229,011)	(146,401)
Retakaful and other recoveries received	-	-	84,062	43,571
Commissions paid	(34,624)	(23,528)	-	-
Wakala fees received / (paid)	109,998	35,002	(109,998)	(35,002)
Modarib share received / (paid)	12,000	-	(12,000)	-
Management expenses paid	(32,858)	(12,940)	(3,185)	(9,934)
Other underwriting receipts	1,690	1,034	11,775	9,285
Net cash generated from / (used in) takaful activities	56,206	(432)	48,260	118,666
b) Other operating activities				
Income tax paid	(5,383)	(3,890)	(5,548)	290
Net cash (used in) / generated from other operating activities	(5,383)	(3,890)	(5,548)	290
Net cash generated from / (used in) all operating activities	50,823	(4,322)	42,712	118,956
c) Investing activities				
Profit / return received	17,811	6,363	37,207	12,919
Payments for investments	(830,000)	(370,000)	(1,205,000)	(770,000)
Proceeds from investments	770,000	240,000	1,180,000	590,000
Net cash (used in) / generated from investing activities	(42,189)	(123,637)	12,207	(167,081)
d) Financing activities				
Finance cost paid	-	-	-	-
Qard-Hasna received / (paid)	-	-	-	-
Total cash (used in) / generated from financing activities	-	-	-	-
Total cash generated from / (used in) all activities	8,634	(127,959)	54,919	(48,125)
Cash and cash equivalents at the beginning of the year	3,969	131,928	69,917	118,042
Cash and cash equivalents at the end of the year	12,603	3,969	124,836	69,917

	OPF		PTF	
	2022	2021	2022	2021
(Rupees in thousand)				
Reconciliation to Profit and Loss Account				
Operating cash flows	50,823	(4,322)	42,712	118,956
Depreciation / amortization expense	(160)	(201)	-	-
Gain on disposal of investments	-	-	-	-
Other investment income	20,741	7,359	43,240	15,545
Increase in unearned contribution	-	-	76,872	(31,147)
Increase in assets other than cash	54,003	73,556	121,056	31,457
Increase in liabilities other than borrowings	(91,093)	(24,371)	(272,653)	(112,779)
Other adjustments				
Decrease / (Increase) in reserve for unearned retakaful rebate	-	-	7,321	(2,755)
Decrease in deferred commission expense	6,612	2,175	-	-
Profit / surplus for the year	40,926	54,196	18,548	19,277
Attributable to				
Surplus in Participants' Takaful Fund	-	-	18,548	19,277
Profit after tax attributable to Operator Fund	40,926	54,196	-	-
	40,926	54,196	18,548	19,277

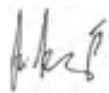
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Muhammad Aasim Gul
Chief Financial Officer



Babar Mahmood Mirza
Chief Executive



Ali H. Shirazi
Director



Fahim Ali Khan
Director



Iftikhar H. Shirazi
Chairman

Window Takaful Operations

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2022

1. Legal status and nature of business

- 1.1 Atlas Insurance Limited (the Operator) was granted a license to undertake Window Takaful Operations (WTO) in Pakistan on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012.

For the purpose of carrying on the takaful business, as per requirement of circular 8 of 2014 the Operator transferred Rs. 50,000 thousand in a separate bank account and thereafter, formed a Waqf / Participants' Takaful Fund (PTF) on March 12, 2016 under a Waqf deed with the seed money of Rs. 500 thousand. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

2. Basis of preparation and statement of compliance

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 as applicable in Pakistan comprise of:

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

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

2.2 Basis of preparation

These financial statements have been presented on the format of financial statements issued by the SECP through General Takaful Accounting Regulations, 2019 vide S.R.O. 1416(I)/2019 dated November 20, 2019.

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

2.3 Basis of measurement

These financial statements have been prepared under historical cost convention, except that certain investments that are carried at fair market value and the recognition of certain employee retirement benefits that are measured at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates ("the functional currency"). The financial statements are presented in Pak Rupees, which is the Operator's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in rupee, unless otherwise stated.

2.5 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e. to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company.

IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period. These amendments had no impact on the financial statements of the Company, as prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of incremental costs directly related to the contracts and an allocation of costs directly related to contract activities.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement.

In addition to the above amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements were generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities – The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IFRS 16 Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16 and had no impact on the financial statements of the Company.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

2.6 Amendments to approved accounting standards that are not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard or interpretation

IAS 1	<p>Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.</p> <p>In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none">• What is meant by a right to defer settlement• That a right to defer must exist at the end of the reporting period• That classification is unaffected by the likelihood that an entity will exercise its deferral right• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.• Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. <p>The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.</p>
IAS 1 and IFRS Practice Statement 2	<p>Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – The amendments aim to help entities provide accounting policy disclosures that are more useful by:</p> <ul style="list-style-type: none">- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. <p>The amendments to IAS 1 are applicable for annual periods beginning on or after January 01, 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.</p>
IAS 8	<p>Definition of Accounting Estimates – Amendments to IAS 8 – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.</p> <p>The amendments are effective for annual reporting periods beginning on or after January 01, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.</p>
IAS 12	<p>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p> <p>The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are not expected to have a material impact on the Company's financial statements.</p>
IFRS 10 & IAS 28	<p>Consolidated Financial Statements & Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB), on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted. The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.</p>

IFRS 16 Leases – Lease Liability in a Sale and Leaseback – Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 Insurance Contracts	January 01, 2023

IFRS 17 has been notified by the IASB to be effective for annual periods beginning on or after January 01, 2023 and yet to be notified by the SECP. The standard provides a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grandfathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the contribution allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts include the measurement of the present value of future cash flows incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows); a contractual service margin equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognized in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The management is currently in the process of assessing the impact of changes laid down by the standard on its financial statements.

2.7 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 01, 2023, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2018 - 2020 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before January 01, 2023 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

- (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date.

3. Use of judgment and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

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

	Note
- Residual values and useful lives of property and equipment	4.1
- Outstanding claims (including IBNR) and reinsurance recoveries there against	4.17

4. Summary of significant accounting policies

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

4.1 Property and equipment

4.1.1 Operating assets - owned

Operating assets except freehold land are stated at cost less accumulated depreciation and impairment, if any. Cost of tangible operating assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income, through the profit and loss account, by applying the reducing balance method at the rates given in note 5.1 to write off the cost of operating assets over their expected useful life. Depreciation on addition to operating assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal. Management judgement and estimates are involved in determining the residual values and useful lives of assets that best reflects the expected pattern of consumption of the future economic benefits embodied in the asset by the Operator.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense, in the profit and loss account.

The operating assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant." The Operator's estimate of the residual value of its operating asset as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

4.1.2 Operating assets - leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned operating assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

4.2 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.

4.3 Takaful contracts

Takaful contracts are based on the principles of Wakala where the Participants' Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. Once a contract has been classified as a Takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if the Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

The classification of a takaful contract into the aforementioned categories is based on management's judgment regarding the incident / cause of loss effecting the majority of asset(s) covered under the takaful contract. The Operator performs its segment reporting activities based on the classifications of takaful contracts made, as disclosed in note 30 to these financial statements.

a) Fire and property damage takaful:

i) Takaful risks and events insured

Cover is provided to the takaful contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These takaful contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct takaful business, contribution is recognized evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. 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. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24th method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

b) Marine, aviation and transport takaful:

i) Takaful risks and events insured

Cover is provided upon the assets of the takaful contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These takaful contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, contribution is recognized evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. 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. Contribution for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one month period, contribution written during last month of the financial year is taken to the provision for unearned contribution at the reporting date.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

c) Motor takaful:

i) Takaful risks and events insured

Cover is provided to assets of the takaful contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally availed by individual customers, however are available to both commercial organization and individuals.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. 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. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24th method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

d) Miscellaneous takaful:

i) Takaful risks and events insured

Cover is provided to assets of the takaful contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross contribution revenue are clubbed together under this class of takaful contract. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of loss of cash in safe, cash in transit and cash on counter and health, etc are provided to commercial organizations.

ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. 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. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24th method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under co-takaful from other companies and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against co-takaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holder in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of retakaful contracts held, receivables / payables related to takaful contracts and provision for outstanding claims including Incurred But Not Reported (IBNR) are mentioned in note 4.7, 4.8 and 4.17 respectively.

4.4 Deferred commission expense

Commission expenses incurred in obtaining and recording takaful are deferred and recognised as an asset. The deferred amount represents the portion of commission expense relating to the unexpired period of the takaful coverage at the reporting date.

The same is amortized systematically, through the profit and loss account, over the reporting periods over which the related contribution revenue is recognized. Accordingly, deferred commission expense is also effected by the judgement and estimates involved in the determination of contribution revenue.

The Operator maintains its provision for deferred commission expense by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in the General Takaful Accounting Regulations, 2019 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

4.5 Reserve for unearned contribution

The unearned portion of contribution written is set aside as an unearned contribution reserve. The provision for unearned contribution accordingly, represents the portion of contribution written relating to the unexpired period of takaful coverage at the reporting date. The method selected by management involves judgement and estimates regarding the expected pattern of incidence of risk in relation to a particular type of policy.

The Operator maintains its provision for unearned contribution by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019. However, in case of marine, aviation and transport, contribution written during last month is taken to the provision for unearned contribution.

4.6 Contribution deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a contribution deficiency reserve is maintained for each operating segment, where the unearned contribution liability for any class of business is not adequate to meet the expected future liability, after re-takaful, for claims, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that operating segment. The movement in the contribution deficiency reserve is recorded as an expense / income as part of the underwriting results for the year

An estimate of loss ratios for the expired period is carried out, at each operating segment level, keeping in view historical claim development and experience during the expired period of the contracts. Where ratios are adverse, an assessment is made to determine if it is due to one off claim that are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable. If determined to be inadequate, a deficiency in contribution is recognized in the current reporting period.

Based on recommendation of actuary, the unearned contribution reserve, on aggregation basis, at the year end is adequate to meet the expected future liability after reinsurance claims and claim handling expenses, expected to be incurred after the statement of financial position date in respect of policies in force at the statement of financial position date. Therefore, no contribution deficiency reserve has been accounted, except for miscellaneous classes for which contribution deficiency reserve have been accounted for separately in these financial statements.

4.7 Retakaful contracts held

The Operator enters into retakaful contracts with retakaful companies by arranging treaty retakaful, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times retakaful of excess of capacity is also placed on case to case basis under facultative retakaful arrangement. The Operator also accepts facultative retakaful from other local takaful companies provided the risk meets the underwriting requirements of the Operator.

The risks undertaken by the Operator under these contracts for each operating segment are stated in note 4.3 to the financial statements.

The benefits to which the Operator is entitled under retakaful contracts held are recognized as retakaful assets. These assets include retakaful receivables as well as receivables that are dependent on the expected claims and benefits arising under the related retakaful contracts. Retakaful liabilities primarily include contribution payable and retakaful rebate payable (in case of facultative acceptance). Retakaful assets and liabilities are measured consistently with the terms of the underlying retakaful contracts.

Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired. Furthermore, Retakaful assets are not offset against related takaful liabilities.

Assets, liabilities and income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligation to its policyholders.

4.8 Amount due to / from retakaful operators

Takaful / retakaful receivables and payables are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received/ paid in the future for services rendered / received. These include amounts due to and from agents, brokers, takaful contract holders and other takaful companies.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account for the period.

4.9 Segment reporting

The Operator accounts for segment reporting based on the guidelines of the General Takaful Accounting Regulations, 2019 and the operating segments as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017, as the primary reporting format based on the Operator's practice of internal reporting to the management on the same basis. The Operator has determined its primary segments based on takaful risks covered under four types of takaful contracts as stated in note 4.3 to the financial statements.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

As the operations of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

4.11 Revenue recognition

a) Contribution income earned

Contribution income under a takaful contract is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry as detailed in note 4.3 to the financial statements.

b) Wakala and Modarib's share

The Operator manages the general takaful operations for the participants and charges wakala fee at following rates of gross contribution written including administrative surcharge as Wakala fee against the services:

Class	December 31, 2022	December 31, 2021
Fire and property damage	35%	35%
Marine, aviation and transport	35%	35%
Motor	25%	25%
Miscellaneous	30%	30%
Health	30%	30%
Engineering	30%	30%

Wakala fee is recognized on the same basis on which the related revenue is recognized. The same its is recognised as an expense in the PTF and income excluding the portion of fee pertaining to accounting, claim handling and possible contribution refund in the OPF.

Unexpired portion of Wakala fee is deferred and, recognized as a liability of the OPF and an asset of the PTF until amortised over the takaful term.

The Operator also manages the participant's investment as Modarib and charges 25% of the investment income earned by the PTF as Modarib fee. It is recognized on the same basis on which related investment income is recognized. The same is recognized as an expense in the PTF and income in the OPF.

c) Rebate from retakaful operators

Rebate from retakaful operators is recognized at the same time of insurance of the underlying takaful policy by the Operator and is deferred in accordance with the pattern of recognition of the retakaful contribution to which it relates.

d) Investment income

Return on Islamic investment products i.e. investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

Gain / loss on sale of available for sale investments are included in profit and loss account.

e) Dividend income

Dividend income is recognized in the profit and loss account when the right to receive such dividends is established.

f) Administration surcharge

Administrative surcharge includes documentation and other charges recovered by the Operator from takaful contract holders in respect of takaful policies issued, at a rate of 5% of the gross contribution, restricted to a maximum of Rs. 2,000 in case of motor, and Rs. 4,000 in case of all other takaful contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy.

For the purpose of these financial statements, administrative surcharge is included in gross contribution written during the year.

4.12 Investments

4.12.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All investments in equity securities, debt securities and term deposits are accounted for under IAS-39 and based thereon can be classified into any of the following categories:

- Held to maturity
- Available for sale

4.12.2 Measurement

(i) Equity securities

Currently the Operator classifies investment in equity securities such as shares in other listed/unlisted companies, mutual fund units / investments etc. as "available for sale".

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as 'held to maturity' or 'investment at fair value through profit and loss account'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates. Investments classified as 'available for sale' are initially measured at cost, being the fair value of consideration given.

At each subsequent reporting date, available for sale investments are remeasured at fair market value. Changes in fair market value are recognized in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The accounting policy for impairment of investments is disclosed in note 4.15 to these financial statements.

(ii) Debt securities and term deposits

The Operator classifies its investment in debt securities and term deposits, as either 'held to maturity' or 'available for sale' depending upon the maturity of the investment.

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 'held to maturity', while debt investments having an indefinite term / perpetual maturity are classified as 'available for sale', if any. These investments are initially measured at the cost being the fair value of consideration paid.

Subsequently 'held to maturity' investments are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment. While 'available for sale' investments are remeasured at fair market value at each subsequent reporting date. Changes in fair market value, if any are recognized in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The Operator has classified debt investments in Term Deposits as 'held to maturity' at the reporting date.

4.13 Off-setting of financial assets and financial liabilities

A financial asset and financial liability other than those relating to takaful contract is offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.14 Provisions

Provisions are recognized when the Operator has a present obligation (legal or constructive) as a result of a past event, it is probable that an 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Impairment of assets

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

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment.

Impairment losses are reversed when there is an indication that impairment loss may no longer exist i.e., upon disposal of investment, or when there has been a change in the estimate used to determine the recoverable amount.

4.16 Management expenses

Expenses of management include both directly and indirectly attributable expenses allocated to various classes of business / operating segments on the basis of gross contribution. Management judgement is involved in determining the nature of expenses that are not allocable to the underwriting business and based thereon are classified as other expenses.

4.17 Provision for outstanding claims / benefits including Incurred But Not Reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. The Operator engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016".

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the retakaful recoveries. The estimation process takes into account the past claims reporting pattern and details of retakaful programs.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

4.18 Creditors and accruals

Liabilities for creditors and other accruals 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.

4.19 Claims

Claims are charged to PTF income 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.

4.20 Qard-e-Hasna

When the PTF including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of interest free loan (Qard-e-Hasna) from the OPF.

4.21 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims / benefits paid to them during the year.

	<u>Note</u>	<u>2022</u> <u>(Rupees in thousand)</u>	<u>2021</u>
5. Property and equipment			
Operating assets	5.1	627	787

5.1 Operating assets - OPF

	2022								
	Cost			Ddepreciation			Written down value		
	As at January 01, 2022	Additions	Disposals	As at December 31, 2022	As at January 01, 2022	Charge for the year/ (disposals)	As at December 31, 2022	As at December 31, 2022	Depreciation rate
	(Rupees in thousand)								
Computer equipment	77	-	-	77	57	7	64	13	33
Vehicles	1,410	-	-	1,410	643	153	796	614	20
	1,487	-	-	1,487	700	160	860	627	
	2021								
	Cost			Ddepreciation			Written down value		
	As at January 01, 2021	Additions	Disposals	As at December 31, 2021	As at January 01, 2021	Charge for the year/ (disposals)	As at December 31, 2021	As at December 31, 2021	Depreciation rate
	(Rupees in thousand)								
Computer equipment	77	-	-	77	49	8	57	20	30
Vehicles	1,410	-	-	1,410	451	192	643	767	20
	1,487	-	-	1,487	500	200	700	787	

5.1.1 The depreciation charge / expense for the year has been allocated to management expenses as disclosed in note 22.

5.1.2 There is no disposal of fixed assets during the current year.

6. Intangible assets

The Operator has fully amortized computer software costing Rs. 900 thousand (2021: Rs. 900 thousand) which is still in use at the reporting date.

	Note	OPF		PTF	
		2022	2021	2022	2021
(Rupees in thousand)					
7. Investments in term deposits					
Held to maturity					
Deposits maturing within 12 months					
Cost	7.1	190,000	130,000	305,000	280,000
Impairment provision		-	-	-	-
Carrying value		190,000	130,000	305,000	280,000

7.1 These represent term deposit receipts carrying markup at 14.00% to 15.25% (2021: 6.00% to 13.00%) per annum.

	Note	2022	2021
		(Rupees in thousand)	
8. Takaful / retakaful receivables - unsecured and considered good			
Due from takaful participants holders		46,622	28,479
Less: Provision for impairment of receivables from takaful participants holders	8.1	(546)	(546)
		46,076	27,933
Due from other insurers / retakaful operators	8.2	41,488	20,670
Less: Provision for impairment of due from other insurers / retakaful operators		-	-
		41,488	20,670
		87,564	48,603
8.1 Provision for impairment for receivables from takaful contract holders			
Balance as at January 01		546	546
Addition / (reversal) made during the year		-	-
Balance as at December 31		546	546

8.2 The Operator has cotakaful and retakaful arrangements with various insurance and domestic retakaful operators. Under the above arrangements, the receivable and payable balances originate mainly due to contributions collected or claims settled by the lead insurer on behalf of other cotakaful, and in case of retakaful, the contribution ceded to and claims recoverable from the retakaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under cotakaful arrangements are done between respective insurance companies in normal course of business.

The current balances of coinsurance and reinsurance reflected in the records of the Operator are based on underlying contracts and transactions supported by appropriate evidence. In this regard, the Operator exchanged balance information with various coinsurers and reinsurers based on significance of the balances. This information corroborates the balance position of the Operator in all material respects.

9. Retirement benefits obligations - OPF

The Operator maintains separate defined benefit plans for management and non-management staff. Contribution are made based upon recommendations of the latest actuarial valuations carried out, such that the employer's contributions should remain within the limits laid down in the Income Tax Rules, 2002. Contributions made are recognised as an expense.

Detailed disclosures as required under Insurance Rules, 2017, have been presented on a collective basis in the separate financial statements of Atlas Insurance Limited.

	Note	OPF		PTF	
		2022	2021	2022	2021
(Rupees in thousand)					
10. Receivable / (payable) - current account between OPF and PTF					
Wakala fee		145,184	104,225	(145,184)	(104,225)
Modaraba fee		10,842	12,032	(10,842)	(12,032)
		156,026	116,257	(156,026)	(116,257)
11. Prepayments					
Prepaid retakaful contribution ceded	17	-	-	77,044	43,110
Tax deducted at source		16,113	10,730	2,167	-
Prepaid miscellaneous expenses		1,316	-	342	32
		17,429	10,730	79,553	43,142

	Note	OPF		PTF	
		2022	2021	2022	2021
12. Cash and bank		(Rupees in thousand)			
Cash at bank					
- Current accounts		-	-	-	-
- Saving accounts	12.1	12,603	3,969	124,836	69,917
		<u>12,603</u>	<u>3,969</u>	<u>124,836</u>	<u>69,917</u>

12.1 The rate of profit and loss sharing accounts range from 2.60% to 12.22% (2021: 1.96% to 11.57%) per annum, depending on the size of average deposits.

12.2 Cash at bank represents the cash and cash equivalents for the purpose of cash flow statement.

	Note	OPF	
		2022	2021
13. Statutory fund		(Rupees in thousand)	
Statutory reserves	13.1	50,000	50,000

13.1 Amount of Rs. 50,000 thousand (2021: Rs. 50,000 thousand) is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by the SECP which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".

	Note	2022	2021
		(Rupees in thousand)	
14. Takaful / retakaful payables			
Due to takaful participants / retakaful payable		63,435	76,463

	Note	OPF		PTF	
		2022	2021	2022	2021
15. Other creditors and accruals		(Rupees in thousand)			
Agent commission payable		14,065	8,494	-	-
Federal Excise Duty / Sales tax		-	-	5,318	3,430
Federal Insurance Fee		-	-	345	188
Other tax payable		341	455	665	578
Leave encashment		605	573	-	-
Bonus payable to staff		-	748	-	-
Tracker fee payable		-	-	-	-
Payable to related parties		-	-	-	-
Audit fee payable		1,151	833	-	-
Payable to Atlas Insurance Limited	15.1	22,000	12,000	-	-
Others		1,472	1,592	3,723	2,715
		<u>39,634</u>	<u>24,695</u>	<u>10,051</u>	<u>6,911</u>

15.1 This represents payable in respect of common expenses incurred by the Atlas Insurance Limited on behalf of the Window Takaful Operations.

16. Contingencies and commitments

16.1 Contingencies

There are no contingencies as at December 31, 2022 (2021: Nil).

16.2 Commitments in respect of operating leases

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	PTF	
	2022	2021
	(Rupees in thousand)	
Not later than one year	3,526	6,422
Later than one year and not later than five years	3,526	6,392
	<u>7,052</u>	<u>12,814</u>

	Note	PTF			
		2022	2021		
(Rupees in thousand)					
17. Net contribution					
Written gross contribution		536,090	366,938		
Less: Wakala fee	20	(128,263)	(92,548)		
Contribution net of wakala fee		407,827	274,390		
Add: Unearned contribution reserve - opening		164,012	132,865		
Less: Unearned contribution reserve - closing		(240,884)	(164,012)		
Contribution earned		330,955	243,243		
Less: Retakaful contribution ceded		188,730	114,998		
Add: Prepaid retakaful contribution - opening		43,110	31,646		
Less: Prepaid retakaful contribution - closing	11	(77,044)	(43,110)		
Retakaful expense		154,796	103,534		
Net Contribution		176,159	139,709		
18. Retakaful rebate					
Retakaful rebate / commission received		32,986	18,362		
Add: Unearned retakaful rebate / commission - opening		8,307	5,552		
Less: Unearned retakaful rebate / commission - closing		(15,628)	(8,307)		
Net retakaful rebate		25,665	15,607		
19. Takaful benefits / claims expense					
Benefits / Claims paid		229,011	146,401		
Add: Outstanding benefits / claims including IBNR - closing		97,526	58,824		
Less: Outstanding benefits / claims including IBNR - opening		(58,824)	(67,372)		
Claims expense		267,713	137,853		
Retakaful and other recoveries received		51,076	25,209		
Add: Retakaful and other recoveries in respect of outstanding claims - closing		31,873	8,883		
Less: Retakaful and other recoveries in respect of outstanding claims - opening		(8,883)	(29,784)		
Retakaful and other recoveries revenue		74,066	4,308		
Net claims expense		193,647	133,545		
19.1 Benefit / Claim Development					

The following table shows the development of fire and property damage, marine, aviation and transport, motor and miscellaneous intimated claims compared to the last four years excluding provision for IBNR. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2018	2019	2020	2021	Current Year
(Rupees in thousand)					
Estimate of ultimate claims costs:					
At end of accident year	28,166	47,728	59,778	50,990	78,705
One year later	25,946	60,920	45,117	51,093	-
Two years later	23,926	60,414	44,007	-	-
Three years later	23,926	59,903	-	-	-
Four years later	23,617	-	-	-	-
Current estimate of cumulative claims	23,617	59,903	44,007	51,093	78,705
Cumulative payments to date	(23,120)	(58,351)	(43,660)	(38,302)	-
Liability recognized in statement of financial position	497	1,552	347	12,791	78,705

	Note	OPF	
		2022	2021
(Rupees in thousand)			
20. Wakala fee / expense			
Gross wakala fee / expense		150,957	101,323
Add: Deferred wakala expense / unearned wakala fee - opening		45,385	36,610
Less: Deferred wakala expense / unearned wakala fee - closing		(68,079)	(45,385)
Wakala fee / expense		128,263	92,548
21. Commission expense			
Commission paid or payable		40,195	25,512
Add: Deferred commission expense - opening		10,551	8,376
Less: Deferred commission expense - closing		(17,163)	(10,551)
		33,583	23,337
22. General administrative and management expense			
Employee benefit cost	22.1	25,902	15,721
Shariah advisor fee		2,177	2,067
Advertisement and sales promotion		6,779	3,000
Printing and stationery		580	446
Depreciation expense		160	201
Vehicle running expenses		296	169
Fee and subscriptions		2,709	3,539
Annual Supervision fee SECP		578	438
Miscellaneous		713	810
		39,894	26,391
22.1 Employee benefit cost			
Salaries, allowance and other benefits		25,528	15,000
Charges for post employment benefit		374	721
		25,902	15,721

	OPF		PTF	
	2022	2021	2022	2021
(Rupees in thousand)				
23. Investment income				
Income from term deposits				
Profit on term deposits	17,336	3,997	32,532	10,683
Profit on bank balances	3,405	3,362	10,708	4,862
	20,741	7,359	43,240	15,545
24. Other income				
Service charges	1,690	1,034	-	-
25. Modarib's fee				

The shareholders of the company manage the participants' investments as a Modarib and charge 25% Modarib's share of the investment income earned by PTF.

	OPF	
	2022	2021
(Rupees in thousand)		
26. Other direct expenses		
Bank charges	42	36
Tracker expenses	5,532	12,409
Miscellaneous	441	79
	6,015	12,524

	Note	OPF	
		2022	2021
27. Direct expenses		(Rupees in thousand)	
Auditor's remuneration	27.1	995	903
27.1 Auditor's remuneration			
Audit fee		483	439
Special certifications and sundry advisory services		483	439
Out of pocket expenses		29	25
		995	903

	OPF		PTF	
	2022	2021	2022	2021
28. Taxation	(Rupees in thousand)			
For the year				
Current	28,729	-	10,702	-
Deferred	(522)	-	-	-
For prior years				
- Current	17,899	-	3,847	-
	46,106	-	14,549	-

29. Compensation of directors and executives

Aggregate amounts charged in the accounts for remuneration to the Executive of the Operator are as follows:

	Executives	
	2022	2021
	(Rupees in thousand)	
Managerial remuneration	1,338	1,228
Bonus paid	605	238
Contribution to defined benefit plan	194	52
Contribution to defined contribution plan	128	587
Rent and house maintenance	524	-
Utilities	116	117
Medical	73	59
Others (petrol, telephone, conveyance, newspaper)	326	180
Total	3,304	2,461
Number of person(s)	1	1

29.1 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

30. Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions.

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this financial statements, are as follows:

		2022	2021
		(Rupees in thousand)	
Operator's Fund			
Retirement benefit plans	Transactions during the year		
	Contributions in respect of retirement benefit plans	377	843
Participant's Takaful Fund			
Parent Company	Transactions during the period		
	Contribution collected	-	278
Associated companies	Year end balances		
	Provision for outstanding claims	1,299	1,045
	Due from contract holders	8,993	5,222
	Transactions during the year		
	Contribution underwritten	48,761	14,239
	Contribution collected	53,067	11,421
	Claims paid	3,859	1,781

		<u>2022</u>	<u>2021</u>
		(Rupees in thousand)	
Operator's Fund			
Key management personnel	Transactions during the year		
	Contribution underwritten	-	85
	Contribution collected	-	100

31. Segment information

The Operator has identified four (2021: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019 and the Insurance Rules, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

31.1 Participants' Takaful Fund (PTF)

	December 31,									
	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and administrative surcharge)	139,524	69,002	45,510	35,029	412,979	308,343	18,985	10,163	616,998	422,537
Less: Federal Excise Duty	18,224	8,164	4,925	3,975	51,808	39,458	556	340	75,513	51,937
Federal Insurance Fee	1,273	560	391	317	3,549	2,688	182	97	5,395	3,662
Gross written contribution (inclusive of administrative surcharge)	120,027	60,278	40,194	30,737	357,622	266,197	18,247	9,726	536,090	366,938
Gross direct contribution	118,468	55,575	38,430	29,266	348,609	257,258	18,047	9,676	523,554	351,775
Facultative inward contribution	272	3,662	114	166	373	2,091	-	-	759	5,919
Administrative surcharge	1,287	1,041	1,650	1,305	8,640	6,848	200	50	11,777	9,244
	120,027	60,278	40,194	30,737	357,622	266,197	18,247	9,726	536,090	366,938
Wakala fees	(30,852)	(18,978)	(14,536)	(11,272)	(78,402)	(59,567)	(4,473)	(2,731)	(128,263)	(92,548)
Takaful Contribution earned	88,411	53,682	41,440	32,177	314,409	240,402	14,958	9,530	459,218	335,791
Takaful contribution ceded to retakaful	(71,811)	(46,115)	(30,316)	(26,723)	(46,710)	(25,844)	(5,959)	(4,852)	(154,796)	(103,534)
Net takaful contribution	(14,252)	(11,411)	(3,412)	(5,818)	189,297	154,991	4,526	1,947	176,159	139,709
Retakaful rebate	14,749	8,437	6,093	5,522	3,406	888	1,417	760	25,665	15,607
Net underwriting income	497	(2,974)	2,681	(296)	192,703	155,879	5,943	2,707	201,824	155,316
Takaful claims	(13,360)	9,473	(30,480)	(6,999)	(208,782)	(132,801)	(15,091)	(7,526)	(267,713)	(137,853)
Takaful claims recovered from retakaful	11,394	(8,316)	27,560	5,968	32,319	6,445	2,793	211	74,066	4,308
Net claims	(1,966)	1,157	(2,920)	(1,031)	(176,463)	(126,356)	(12,298)	(7,315)	(193,647)	(133,545)
Contribution deficiency expense	-	-	1,363	(1,363)	-	-	(2,858)	(266)	(1,495)	(1,629)
Direct expenses	(283)	(33)	(3)	(3)	(5,728)	(12,487)	(1)	(1)	(6,015)	(12,524)
Surplus / (deficit) before investment income	(1,752)	(1,850)	1,121	(2,693)	10,512	17,036	(9,214)	(4,875)	667	7,618
Investment income									43,240	15,545
Modarib's share of investment income									(10,810)	(3,886)
Surplus before tax									33,097	19,277

December 31,

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)									
Corporate segment assets	21,812	8,595	7,285	4,372	64,846	37,829	182,638	98,696	276,581	149,492
Corporate unallocated assets									429,836	349,917
Total assets									706,417	499,409
Corporate segment liabilities	63,718	36,844	21,326	18,781	189,898	162,712	350,870	228,554	625,812	446,891
Corporate unallocated liabilities									11,168	1,629
Total liabilities									636,980	448,520

31.2 Operator's Fund (OPF)

December 31,

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in thousand)									
Wakala fee	30,852	18,978	14,536	11,272	78,402	59,567	4,473	2,731	128,263	92,548
Commission expense	(11,106)	(6,622)	(5,820)	(4,522)	(15,835)	(11,690)	(822)	(503)	(33,583)	(23,337)
General, administrative and management expenses	(8,932)	(4,335)	(2,991)	(2,211)	(26,613)	(19,145)	(1,358)	(700)	(39,894)	(26,391)
	10,814	8,021	5,725	4,539	35,954	28,732	2,293	1,528	54,786	42,820
Investment income									20,741	7,359
Modarib's share of PTF investment income									10,810	3,886
Direct expenses									(995)	(903)
Other income									1,690	1,034
Profit before tax									87,032	54,196
Segment assets	39,861	21,134	13,350	10,777	118,755	93,297	23,200	13,948	195,166	139,156
Unallocated assets									204,153	134,756
Total assets									399,319	273,912
Segment liabilities	8,896	4,068	2,973	2,070	26,484	17,947	69,360	45,995	107,713	70,080
Unallocated liabilities									47,545	697
Total liabilities									155,258	70,777

32. Movement in investments

	Held to maturity	Available for sale	Total
	(Rupees in thousand)		
	OPF		
At beginning of previous year	-	-	-
Additions	370,000	-	370,000
Disposals (sale and redemptions)	(240,000)	-	(240,000)
At beginning of current year	130,000	-	130,000
Additions	830,000	-	830,000
Disposals (sale and redemptions)	(770,000)	-	(770,000)
At end of current year	190,000	-	190,000
	PTF		
At beginning of previous year	100,000	-	100,000
Additions	770,000	-	770,000
Disposals (sale and redemptions)	(590,000)	-	(590,000)
At beginning of current year	280,000	-	280,000
Additions	1,205,000	-	1,205,000
Disposals (sale and redemptions)	(1,180,000)	-	(1,180,000)
At end of current year	305,000	-	305,000

32.1 Measurement of financial instruments - IFRS 9

Following is the fair value of financial assets as on December 31, 2022 under IFRS 9 classifications and the change in their fair value during the year ended December 31, 2022:

Operator's Fund	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortised cost*	Fair value through OCI	Total	
	(Rupees in thousand)			
Terms Deposits				
Opening fair value - December 31, 2021	130,000	-	130,000	-
Additions	830,000	-	830,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(770,000)	-	(770,000)	-
Closing fair value - December 31, 2022	190,000	-	190,000	-

*The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 160,574 thousand (2021: Rs. 117,875 thousand) and balances with banks amounting to Rs. 12,603 thousand (2021: Rs. 3,969 thousand), respectively.

Participants' Takaful Fund	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortised cost*	Fair value through OCI	Total	
	(Rupees in thousand)			
Terms Deposits				
Opening fair value - December 31, 2021	280,000	-	280,000	-
Additions	1,205,000	-	1,205,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(1,180,000)	-	(1,180,000)	-
Closing fair value - December 31, 2022	305,000	-	305,000	-

*The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 289,924 thousand (2021: Rs. 178,840 thousand) and balances with banks amounting to Rs. 124,836 thousand (2021: Rs. 69,917 thousand), respectively.

33. Risk management

The primary objective of the Operator's risk and financial management framework is to protect the Operator's shareholder from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Board meet regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board defines the Operator's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

The risks faced by the Operator and the way these risks are mitigated by management are summarized below:

a) Financial risk, categorized into;	Note
- Credit risk	33.1.1
- Liquidity risk	33.1.2
- Market risk	33.1.3
b) Capital adequacy risk	33.2
c) Takaful risk	33.3

33.1 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Operator's principal financial risk instruments are financial investments, receivables arising from takaful and retakaful contracts, statutory deposits and cash and cash equivalents. The Operator does not enter into any derivative transactions.

The Operator's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

33.1.1 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 Operator attempts to control credit risk by monitoring the following:

- Credit worthiness of counter party;
- Aging analysis of counter party.

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

Financial assets	Note	2022	2021
		(Rupees in thousand)	
Bank balances	33.1.1.1	137,439	73,886
Takaful / retakaful receivables	33.1.1.3	87,564	48,603
Retakaful recoveries against outstanding claims	33.1.1.3	31,873	8,883
		<u>256,876</u>	<u>131,372</u>

33.1.1.1 The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating agency	2022	2021
	Short term	Long term		(Rupees in thousand)	
Askari Bank Limited	A1+	AA+	PACRA	45,953	5,096
Bank Alfalah Limited	A1+	AA+	PACRA	734	72
Sindh Bank Limited	A1	A+	JCR-VIS	538	523
Meezan Bank Limited	A-1+	AAA	JCR-VIS	3,486	3,902
Bank Islami Pakistan Limited	A1	A+	PACRA	5,713	29,678
Faysal Bank Limited	A1+	AA	PACRA	70,069	23,705
National Bank Limited	A1+	AAA	PACRA	10,946	10,910
				<u>137,439</u>	<u>73,886</u>

33.1.1.2 The Operator monitors exposure to credit risk in contribution due from policy holders and amount due from cotakaful operators and retakaful operators through regular review of credit exposure. The amount due from cotakaful operators / companies and retakaful operators / companies represents low credit risk as they have strong credit ratings and have sound financial stability.

The aging analysis of contributions due from policy holders can be assessed with the following:

	2022			2021		
	Related parties	Others	Total	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	8,993	37,629	46,622	4,787	23,692	28,479
Over 3 years	-	-	-	-	-	-
Less: provision	-	(546)	(546)	-	(546)	(546)
	8,993	37,083	46,076	4,787	23,146	27,933

33.1.1.3 The credit quality of amount due from other takaful / retakaful and retakaful recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Amount due from takaful / other retakaful operators	Retakaful recoveries against outstanding claims	Total
	(Rupees in thousand)		
As at December 31, 2022			
BB+ or above	87,564	31,873	119,437
BBB and BBB+	-	-	-
	87,564	31,873	119,437
As at December 31, 2021			
BB+ or above	48,603	8,883	57,486
BBB and BBB+	-	-	-
	48,603	8,883	57,486

The credit risk of retakaful recoveries against outstanding claims can be assessed with the following age analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the retakaful contracts:

The aging analysis of retakaful recoveries against outstanding claims is shown below:

	2022		2021	
	Retakaful recoveries against outstanding claims	Outstanding claims including IBNR	Retakaful recoveries against outstanding claims	Outstanding claims including IBNR
	(Rupees in thousand)			
Up to 1 year	25,171	80,590	7,714	50,141
1-2 years	5,471	12,790	202	2,924
2 to 3 years	38	874	350	2,707
Over 3 years	1,193	3,272	617	3,052
	31,873	97,526	8,883	58,824

33.1.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

On the balance sheet date, cash and bank deposits had insignificant change in value of Rs. 12,603 thousands and Rs. 124,836 thousands for Operator and Participants' Fund respectively.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	2022			
	On demand	Maturity up to one year	Maturity after one year	Total
(Rupees in thousand)				
Operator's Fund				
Retakaful / Cotakaful payables	-	-	-	-
Other creditors and accruals	-	39,634	-	39,634
	-	39,634	-	39,634
2022				
Participant's Takaful Fund				
Outstanding claims including IBNR	-	97,526	-	97,526
Retakaful / Cotakaful payables	-	63,435	-	63,435
Other creditors and accruals	-	10,051	-	10,051
	-	171,012	-	171,012
2021				
Operator's Fund				
Retakaful / Cotakaful payables	-	-	-	-
Other creditors and accruals	-	24,695	-	24,695
	-	24,695	-	24,695
2021				
Participant's Takaful Fund				
Outstanding claims including IBNR	-	58,824	-	58,824
Retakaful / Cotakaful payables	-	76,463	-	76,463
Other creditors and accruals	-	6,911	-	6,911
	-	142,198	-	142,198

33.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Operator is exposed to market risk with respect to its bank balance deposits.

The Operator limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The Operator has formulated a liquidity-risk based investment policy approved by the Board which contains various guidelines for investment of surplus funds in money market and equity market.

33.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Operator to cash flow interest risk, whereas fixed interest rate instrument exposes the Operator to fair value interest risk.

Sensitivity to interest rate risk arises from mismatching of financial assets and liabilities that mature or re-price in a given period. The Operator manages these mismatching through risk management strategies where significant changes in gap position can be adjusted.

At the date of statement of financial position, the interest rate profile of the Operator's significant interest bearing financial instruments was as follows:

		2022			
	Effective interest rate %	Carrying amounts Maturity up to one year		Carrying amounts Maturity after one year	
		OPF	PTF	OPF	PTF
(Rupees in thousand)					
Financial assets					
Bank balances	2.60% to 12.22%	12,603	124,836	-	-
Term deposit receipt	14.00% to 15.25%	190,000	305,000	-	-
		202,603	429,836	-	-
		202,603	429,836	-	-
		2021			
	Effective interest rate %	Carrying amounts Maturity up to one year		Carrying amounts Maturity after one year	
		OPF	PTF	OPF	PTF
(Rupees in thousand)					
Financial assets					
Bank balances	1.93% to 6.26%	3,969	69,917	-	-
Term deposit receipt	5.50% to 8.00%	130,000	280,000	-	-
		133,969	349,917	-	-
		133,969	349,917	-	-

33.1.3.2 Price risk

Other price risk is the risk that the fair value or future cash flows of 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.

33.1.3.3 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operations, at present, are not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

33.2 Capital adequacy risk

The Operator's objective when managing capital is to safeguard the Operator'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 in its businesses.

33.3 Takaful risk

The Operator's takaful activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Operator is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Operator's success. The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

The Operator is facing three kinds of risk in its takaful activities, namely;

	<u>Note</u>
- Contribution Risk	33.3.1
- Claim Risk	33.3.2
- Retakaful Risk	33.3.3

33.3.1 Contribution Risk

The takaful strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspection surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The Operator manages the takaful risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical takaful information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise geographic codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For Marine risks, complete takaful details, besides sum insured and contributions, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	PTF			
	Gross sum insured		Net sum insured	
	2022	2021	2022	2021
Fire and property damage	84%	16%	26%	0%
Marine, aviation and transport	2%	8%	1%	0%
Motor	13%	73%	72%	98%
Miscellaneous	1%	3%	1%	2%
	100%	100%	100%	100%

33.3.2 Claim risk

One of the purposes of takaful is to enable policyholders to protect themselves against uncertain future events. Takaful companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in takaful is inevitably reflected in the financial statements of takaful companies and can be characterized under a number of specific headings, such as;

- Uncertainty as to whether an event has occurred which would give rise to an insured loss.
- Uncertainty as to the extent of policy coverage and limits applicable.
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Operator is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, Operator accounts for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Operator has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the operator and those that are not yet apparent to the insured. The Operator's policy for accounting of its claims has been disclosed in note 4.17 of these financial statements.

Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator 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 Operator considers that the liability for takaful claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Operator enters into short term takaful 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 on underwriting results and on participants' surplus due to 10% change in claim expense.

	PTF			
	Underwriting results		Participants' surplus	
	2022	2021	2022	2021
Fire and property damage	(197)	116	(197)	116
Marine, aviation and transport	(292)	(103)	(292)	(103)
Motor	(17,646)	(12,636)	(17,646)	(12,636)
Miscellaneous	(1,230)	(732)	(1,230)	(732)
	<u>(19,365)</u>	<u>(13,355)</u>	<u>(19,365)</u>	<u>(13,355)</u>

33.3.3 Retakaful risk

The Operator purchases retakaful as part of its risks mitigation program. Retakaful ceded is placed on both proportional and non-proportional basis. The majority of proportional retakaful is quota share reinsurance which is taken out to reduce the overall exposure of the Operator to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Operator's net exposure to catastrophe losses. Retention limits for the excess of loss retakaful vary by product line. The Operator also arranges the local and foreign facultative retakaful as part of its risk management strategy.

Although the Operator has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any retakaful is unable to meet its obligations assumed under such retakaful agreements. The Operator's placement of retakaful is diversified such that it is neither dependent on a single retakaful nor are the operations of the Operator substantially dependent upon any single retakaful contract. Operator's strategy is to seek retakaful with the best combination of financial strength, price and capacity. In compliance of the regulatory requirement, the retakaful agreements are duly submitted with SECP on an annual basis.

34. Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the operator is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the operator to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

	Note	Carrying amount			Fair Value				
		Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in thousand)									
December 31, 2022									
Financial assets - measured at fair value									
Financial assets - not measured at fair value									
Takaful / retakaful receivables*	8	87,564	-	-	87,564	-	-	-	-
Retakaful recoveries against outstanding claims*	19	31,873	-	-	31,873	-	-	-	-
Cash and bank*	12	-	137,439	-	137,439	-	-	-	-
		<u>119,437</u>	<u>137,439</u>	<u>-</u>	<u>256,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities - measured at fair value									
Financial liabilities - not measured at fair value									
Underwriting provisions									
outstanding claims including IBNR*	19	-	-	97,526	97,526	-	-	-	-
Takaful / retakaful payables*	14	-	-	63,435	63,435	-	-	-	-
Other creditors and accruals*	15	-	-	49,685	49,685	-	-	-	-
		<u>-</u>	<u>-</u>	<u>210,646</u>	<u>210,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

	Note	Carrying amount			Fair Value			
		Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in thousand)								
December 31, 2021								
Financial assets - measured at fair value								
		-	-	-	-	-	-	-
Financial assets - not measured at fair value								
Takaful / retakaful receivables*	8	48,603	-	-	48,603	-	-	-
Retakaful recoveries against outstanding claims*	19	8,883	-	-	8,883	-	-	-
Cash and bank*	12	-	73,886	-	73,886	-	-	-
		57,486	73,886	-	131,372	-	-	-
Financial liabilities - measured at fair value								
		-	-	-	-	-	-	-
Financial liabilities - not measured at fair value								
Underwriting provisions								
Outstanding claims including IBNR*	19	-	-	58,824	58,824	-	-	-
Takaful / retakaful payables*	14	-	-	76,463	76,463	-	-	-
Other creditors and accruals*	15	-	-	31,606	31,606	-	-	-
		-	-	166,893	166,893	-	-	-

* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

35. Subsequent events - non adjusting

There are no significant events that need to be disclosed for the year ended December 31, 2022.

36. Date of authorization

These financial statements were authorized for issue on March 27, 2023 by the Board of Directors of the Operator.


Muhammad Aasim Gul
Chief Financial Officer


Babar Mahmood Mirza
Chief Executive


Ali H. Shirazi
Director


Fahim Ali Khan
Director


Iftikhar H. Shirazi
Chairman

Company Offices

HEAD OFFICE

63/A, Block - XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA, Lahore.

UAN:
PABX:
Fax:

111-245-000
(042) 37132611-18,
(042) 37132622

BABAR MAHMOOD MIRZA
Chief Executive Officer

Direct:
Fax:

(042) 37132600 - 01
(042) 37132623

RASHID AMIN
General Manager Reinsurance and
Business Development / Compliance

Direct:
Extension:

(042) 37132607
716

MUHAMMAD AASIM GUL
Chief Financial Officer

Direct:
Extension:

(042) 37132630
758

MUHAMMAD SAEED
General Manager Claims

Direct:
Extension:

(042) 37132608
777

QUDSIA NAHEED
General Manager HR & Admin

Direct:
Extension:

(042) 37132606
717

ABDUL RAZZAQ GHAURI
Head of IT & CISO

Direct:
Extension:

(042) 37132605
738

SYED IRTIZA KAZMI
Head of Underwriting

Direct:
Extension:

(042) 37132604
718

SYED NASIR HUSSAIN
Head of Reinsurance

Direct:
Extension:

(042) 37132603
715

SALEEM MEHMOOD
Chief Internal Auditor

Extension:

762

NORTH ZONE OFFICES & BRANCHES

LAHORE

CH. TAYYAB HUSSAIN
Senior Deputy General Manager

City Branch
64/A, Block - XX, Phase III (Commercial),
Khyaban-e-Iqbal, DHA,
Lahore.

(042) 37132624 - 26
37132628 - 29
Fax: (042) 37132627

MUHAMMAD MUNIR QAZI
Assistant General Manager

Gulberg Branch
Office No. 305, 3rd Floor,
Arcade 38 - G, Gulberg - II, Lahore.

(042) 35775732 - 34
Fax: (042) 35714514

MUHAMMAD IJAZ
Assistant General Manager

Al-Noor Branch
Al-Noor Building, 43-Bank Square
Shahrah-e-Quaid-e-Azam, Lahore.

(042) 37237343
Fax: (042) 37358805

KH. MUHAMMAD NADEEM
Senior Manager

Napier Road Branch
Nairobi Mansion
Napier Road, Lahore.

(042) 37358190
Fax: (042) 37352560

MUHAMMAD WASEEM PURI
Chief Manager

Mall Road Branch
Hafeez Chambers,
85 - Shahrah-e-Quaid-e-Azam,
Lahore.

(042) 36305595, 36370838
Fax: (042) 36369576

CH. ZEESHAN AHMED
Chief Manager

Main Boulevard Branch
Office No-6, 2nd Floor,
Al-Hafeez View, 67-D/1,
Sir Syed Road, Gulberg-III, Lahore.

(042) 35784309
Fax: (042) 35784310

MUSHTAQ AHMED
Assistant General Manager

DHA Branch
1st Floor, Plaza No. 103-CCA,
Block DD, Phase 4, DHA,
Lahore.

(042) 37196606-7

MUBASHIR EHSAN Senior Manager	MM Alam Road Branch Office No.311, 3rd Floor Al-Hafeez Business Centre, 89-B/III Gulberg-III, Lahore.	(042) 35750685-6
RAWALPINDI		
SALMAN MUZAFFAR SHAIKH Assistant General Manager	Rawalpindi Branch 101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	(051) 5563413, 5516546 Fax: (051) 5798083
SYED MANZAR ALI NAQVI Senior Manager		
FAWAD HABIB Assistant General Manager	Rawalpindi Branch - II Office No. SF-18/B, 2nd Floor, Majeed Plaza, Bank Road, Rawalpindi.	(051) 5700460, 5700463 Fax: (051) 5700459
FAISALABAD		
MUHAMMAD ASIF AKRAM Assistant General Manager	Faisalabad Branch 123-B, People's Colony No. 1, D - Ground, Faisalabad.	(041) 8721256, 8734176 8546338, 8735080 Fax: (041) 8732499
IRSHAD FARRUKH BHATTI Chief Manager	Business Center Branch Room No. 7-B, Ground Floor, The Business Center, New Civil Lines Faisalabad.	(041) 2619978, 2629978 Fax: (041) 2409978
SIALKOT		
REHAN NAZIR GHUMAN Manager	Office No.405, 3rd Floor, Al-Khalil Centre, Kashmir Road, Sialkot.	(052) 3550450, 3550460 Fax: (052) 3550470
ISLAMABAD		
ASIM MAJEED Assistant General Manager	Islamabad Branch Office No. 203, 2nd Floor, Muhammad Gulistan Khan House, Suited at 82-East, Fazal-e-Haq Road, Blue Area, Islamabad.	(051) 2347047, 48 Fax: (051) 2804115
ZAHEER RASHEED Assistant General Manager	Islamabad - II Branch Office No. 10, 3rd Floor, Huzaiifa Centre, Plot No. 32, Sector I-8, Islamabad	(051) 2722223-4 Fax: (051) 4861770
OMAR JAVID Assistant General Manager	Islamabad - III Branch Office No. 10&11, Mazzanine Floor, (1-C) Muhammadi Plaza, Jinnah Avenue, Blue Area, Islamabad.	(051) 2726523 (051) 2810362
SAHIWAL		
RANA MUHAMMAD AAMIR NAZ Senior Manager	Room No. 1 & 2, 1st Floor, House No. 407- Stadium Road, Sahiwal.	(040) 4222266 Fax: (040) 4222267
MULTAN		
HAMID ALI JANJUA Manager	Atlas Honda Building Azmat Wasti Road, Multan.	(061) 4544494 Fax: (061) 4544498
DERA GHAZI KHAN		
NISAR AHMED Office Incharge	1st Floor Mohib Traders, Opposite Ghazi Medical College, Jampur Road, Dera Ghazi Khan.	(064) 2403699
PESHAWAR		
SARDAR MUAHMAD ASAD Manager	Office at 2nd Floor, Bhattani Plaza, 3A Park Avenue University Town, Peshawar.	(091) 5840033

SOUTH ZONE OFFICE

Ground Floor, Federation House, Shahrah-e-Firdousi, Main Clifton, Karachi.	UAN: PABX: Fax:	021-111-245-000 (021) 35378806-7, 35369394-6 (021) 35378515
BABAR MAHMOOD MIRZA Chief Executive Officer	Direct:	(021) 35378757
ABBAS SAJJAD General Manager Sales & Marketing	Direct: Extension:	(021) 35369447 215
M. WAQARUDDIN RAUF Vice President	Extension:	216
MUHAMMAD AFZAL Company Secretary	Extension:	202

SOUTH ZONE BRANCHES

KARACHI

M. FAROOQ KANDLAWALA Assistant General Manager	Tower Branch State Life Building No. 7 Room No. 101, 1st Floor G. Allana Road, Karachi.	(021) 32316503, 32201471 Fax: (021) 32315248
ABDUL AZIZ Assistant General Manager	Corporate Branch Room No. 1501, 15th Floor, K.S. Trade Tower, Shahrah-e-Liaqat Karachi.	(021) 32462131, 32422911 Fax: (021) 32462132
IMRAN SATTAR Assistant General Manager	Plaza Branch 3/3 Rimpa Plaza M.A. Jinnah Road, Karachi.	(021) 32729339, 32720852 Fax: (021) 32749004
INAYATULLAH Manager	New Challi Branch Office No. 910, 9th Floor, UNI Tower, I. I. Chundrighar Road, Karachi.	(021) 32412796-7 Fax: (021) 32412795
MUHAMMAD ASHRAF KHAN Manager	New Challi Branch II Office No. 910, 9th Floor, UNI Tower, I. I. Chundrighar Road, Karachi.	(021) 32412798 Fax: (021) 32412799
NOUMAN UDDIN Assistant General Manager	DHA Branch Office No. 18-C, 2nd Floor, Phase - VII, Kayaban-e-Jami, DHA, Karachi.	(021) 35319393-94 Fax: (021) 35319395

HYDERABAD

ZAFAR AHMAD GHOURI Assistant General Manager	Plot No. 466, Mezzanine Floor, Al-Abbas Plaza, Near Kaka Bakery Saddar, Hyderabad.	(022) 2782659, 2782660 Fax: (022) 2786410
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SUKKUR

ABDUL MAJEED QURESHI Chief Manager	Near Public School, Military Road, Sukkur.	(071) 5631056 Fax: (071) 5631057
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Glossary

Actuary	Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.
Actuarial valuations	A determination by an actuary at a special date of the value of a Company's assets and its liabilities.
Amortization	Reduction of the value of an asset by prorating its cost over a period.
Associate	Is a Company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
Authorized share capital	Maximum value of share capital that a Company can legally issue.
Bonus shares	Free shares issued to shareholders.
Book value	The value of an asset as entered in a Company's books.
Budget	An estimate of income and expenditure for a set period of time.
Capital expenditure	Cost of long-term improvements and fixed assets.
Capital gain	Is a rise in the value of a capital asset that gives it a higher worth than the purchase price.
Capital reserves	Any reserve not regarded free for distribution by way of dividends.
Cedant	Client of a reinsurance Company.
Combined ratio	Percentage ratio of the sum of net claims plus management expenses and net commission to net premiums earned. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
Consumer online portal	An internet window presence for selling retails consumer products.
Claims	Amount payable under a contract of insurance arising from occurrence of an insured event.
Claims incurred	Aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
Corporate social responsibility	A process with the aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
CPEC	China – Pakistan Economic Corridor (CPEC) is a collection of infrastructure projects currently under construction in Pakistan.
Deferred commission	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
Deferred tax	An accounting concept (also known as future income taxes) meaning a future tax liability or asset in respect of taxable temporary differences.
Defined benefit plans	Post-employment benefit plans other than defined contribution plans.
Depreciation	Is the systematic allocation of the cost of an asset over its useful life.
Dividend cover	Profit after tax divided by dividend, measures the number of times dividends are covered by distributable profit for the period.
Doubtful debts	A debt where circumstances have rendered its ultimate recovery uncertain.
Earnings per share	Amounts for profit per share attributable to ordinary shareholders of the entity.
Equity method	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.
Exchange gain (loss)	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
Facultative reinsurance	The reinsurer assumes a share of selected individual risks, the primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
Fair Value	Amount for which an asset could be exchanged, or a liability settled.

Fiscal deficit	When government's total expenditures exceed the revenue that it generates.
General insurance	All kinds of non-life insurance and takaful insurance i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous - other insurance.
General takaful	Protection to participant for losses arising from perils such as accident, fire, flood, liability and burglary.
Gross contribution	It is the payment of an amount by a participant to the Takaful Participant Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
Gross domestic products	The total value of goods produced and services provided in a country during fiscal year.
Gross written premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
Group health insurance	A single health policy covering a group of individuals, usually employees of the same Company or members of the same association and their dependents.
Human resource development	A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
Impairment	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
Incurred But Not Reported (IBNR)	Claim incurred but not reported to the insurer until the reporting date of financial statements.
Inflation	A general increase in prices and fall in the purchasing value of money.
Insurance contracts	A contract under which one party (the insurer) accepts insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
Insurer Financial Strength Rating	Provides an assessment of the financial strength of an insurance Company.
Intangibles	An identifiable non-monetary asset without physical substance.
Internal control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
KIBOR	Karachi Interbank Offered Rate (KIBOR) is interbank clean (without collateral) lending / borrowing rates quoted by the banks.
Loss ratio	Percentage ratio of claims expenses to net premium.
Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
Market share	The portion of a market controlled by a particular Company or product.
Market Treasury Bill	A negotiable debt instrument issued by State Bank of Pakistan on behalf of the Government of Pakistan with a maturity of one year or less.
Market value	Price that a buyer would pay and a seller would accept for an item in a competitive market.
MIS	Management Information System (MIS).
Mutual fund	The type of professionally managed investment fund that pools money from many investors to purchase securities.
National exchequer	The account into which tax funds and other public funds are deposited.
Net asset value	The value of total assets of a company minus its liabilities.
Net contribution	Gross contribution less all retakaful contribution payable.
Net premium revenue	Gross written premium less reinsurance expense.
Non-life insurance	Non-life insurance and general insurance have identical meaning.
Outstanding claims	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
Paid up capital	The amount paid or contributed by shareholders in exchange for shares of a company's stock.
Pakistan Investment Bonds	Long term instruments of the Government of Pakistan.

Participants	The participant is the contributing party to the Takaful Policy who is covered through the mutual protection and solidarity of the Takaful Policy.
Participant's takaful fund / Waqf fund	An account to credit a portion of contributions from the participant for the purpose of Tabarru'.
Premium	The amount that has to be paid for the insurance cover provided by an insurer.
Present value	Future amounts that have been discounted to the present.
Proxy	Power of attorney by which the shareholder transfers the voting rights to another shareholder.
Qard-e-Hasna	An interest free loan from the Takaful Operator to the Takaful Participant Fund in order to meet any shortfall that is created in the fund.
Quoted	Being listed on a stock exchange.
Registered office	An address which is registered with the government registrar as the official address of a company.
Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
Reinsurance commission	Commission received or receivable in respect of premium paid or payable to a reinsurer.
Reinsurance premium	The premium payable to the reinsurer in respect of reinsurance contract.
Related party	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
Retakaful	A contract of which an operator procures a third party to cover against loss or liability by reason of such original takaful cover.
Retrocession	Transfer of risk from a reinsurer to another reinsurer.
Revenue reserves	Reserve that is normally regarded as available for distribution through the profit and loss account including general reserves and other specific reserves created out of profit and un-appropriated profit.
Risk	Condition in which there is a possibility of loss.
Risk management	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
Statutory levies	Fee charged (levied) by a government on a product, income or activity.
Strategic objective	A broadly defined objective that an organization must achieve to make its strategy succeed.
Subsequent event – non adjusting	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
Tabarru	A portion of participant's contribution for the purpose of mutual helps and used to pay claims submitted by eligible claimants.
Takaful	An Islamic concept of insurance.
Takaful operator	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
Takaful policy	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangement.
Tangibles	An asset whose value depends on particular physical properties.
Term finance certificate	A debt instrument issued by an entity to raise funds.
Underwriting profit	This is the profit generated purely from the Insurance business without taking into account the investment income, other income and general & administration expenses.
Unearned premium	It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the balance sheet date.
Wakala	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.
Wakala based contract	A contract based on the principle of Wakala (agency).
Window takaful operator	A registered insurer authorized under SECP Takaful Rules, 2012 to carry on takaful business as window operations in addition to conventional insurance business.



Atlas Group Companies

*Year of Establishment /
Acquisition**

 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Global FZE	2015
 Atlas Energy	2016
 Atlas DID	2019
 Atlas GCI	2019
 Atlas Solar	2020

Form of Proxy

I/we _____ of _____ being member(s) of Atlas Insurance Limited and holder(s) of _____ ordinary shares as per Registered Folio No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 88th Annual General Meeting of the Company to be held on April 27, 2023 at 02:00 p.m. at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, and at every adjournment thereof.

As witness my / our hand this ____ day of _____ 2023.

Signature: _____

Address: _____

Witness:

Signature: _____

Address: _____

Affix Revenue Stamp Signature
--

Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote instead of him / her. No person shall act, as a proxy who is not a member of the company except that a institution may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his / her constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.
3. The Form of proxy, duly completed, must be deposited at the Company's registered office, 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore at least 48 hours before the time of the Meeting.

Company Secretary
Atlas Insurance Limited
63/A, Block-XX,
Phase III (Commercial),
Khyaban-e-Iqbal, DHA,
Lahore

AFFIX
POSTAGE

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پراکسی فارم

میں/ہم _____ سکنہ _____ بطور اٹلٹس انشورٹس لمیٹڈ کے رکن / ارکان _____
عمومی حصص کی ملکیت رکھتا ہوں / رکھتے ہیں جس کا رجسٹرڈ فوئیو نمبر _____ ہے۔ میں بطور پراکسی _____ سکنہ _____
اور ان کی عدم موجودگی کی صورت میں _____ سکنہ _____ جو خود بھی کمپنی کا رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ
میری / ہماری جگہ اور میری / ہماری جانب سے کمپنی کے 88 ویں عام اجلاس، جو کہ 27 اپریل 2023 کی دن 02:00 بجے بمقام 63/A، بلاک XX، فیز III (کمرشل)، خیابان اقبال، ڈی ایچ اے، لاہور
میں منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

دن _____ مہینہ _____ 2023 کو مجھے / ہمیں ثبوت دیا گیا ہے۔

دستخط: _____

پتا: _____

گواہ: _____

دستخط: _____

پتا: _____

درست رقم کا ٹکٹ
چسپاں کریں
دستخط

نوٹ:

- 1 - کمپنی کے عام اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی جگہ شرکت اور ووٹ کے لئے پراکسی مقرر کرنے کا حقدار ہے۔ کوئی بھی شخص جو کمپنی کا رکن نہیں ہے اسے بطور پراکسی مقرر نہیں کیا جاسکتا سوائے اُس شخص کے جسے کوئی ادارہ رکن نہ ہونے پر مقرر کرے۔
- 2 - پراکسی مقرر کرنے کا تقرر نامہ کسی مجاز آفیسر سے تصدیق شدہ تحریر میں ہونا چاہئے اور اگر ایسا تقرر کنندہ کوئی کارپوریشن یا کمپنی ہو تو کارپوریشن یا کمپنی ہذا سے تصدیق کیا گیا ہو۔
- 3 - پراکسی کا مکمل پُر شدہ فارم کمپنی کے رجسٹرڈ آفس 63/A، بلاک XX، فیز III (کمرشل)، خیابان اقبال، ڈی ایچ اے، لاہور میں اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے پہلے جمع کروانا لازمی ہوگا۔

درست رقم کا ٹکٹ
چسپاں کریں

کمپنی سیکریٹری
اٹلس انشورنس لمیٹڈ
63/A، بلاک XX، فیز III (کمرشل)،
خیابان اقبال، ڈی ایچ اے، لاہور

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KEEP THE FAITH

Wide range of SHARIAH COMPLIANT
general takaful products



Atlas Insurance Limited

63/A, Block-XX, Phase III (Commercial)

Khayaban-e-Iqbal, DHA, Lahore.

UAN: 111-425-000 (KHI & LHR)

Tel: (92-42) 37132611-18

Fax: (92-42) 37132622

Email: info@ail.atlas.pk

Website: www.ail.atlas.pk