



LIFE

**EFU LIFE ASSURANC LTD
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30th, 2020**

Directors' Review, 30 September 2020

The Directors of your Company are pleased to present the Condensed Interim Financial Statements (Un-audited) for the nine months ended 30 September 2020.

Top-line performance:

The premium income for the nine months of 2020 has been impacted due to the COVID-19 related lockdowns and closure of the economy, especially during the second quarter of the year. During the third quarter, July – September 2020, your Company has seen a recovery in its top-line in all distribution channels. This was possible due to lifting of lockdown and access of our distribution channels to individual and corporate clients.

Your Company's Gross premium income was Rs. 21.83 billion (2019:Rs. 21.87 billion) during the first nine months of 2020, a reduction of 0.2%. This is a promising recovery when compared to the position as at end of last reported period, i.e. 30 June 2020, when the gross premium was down by 9.6%. Recovery was observed in New individual life premium income, which was down by 32% as of end of last reported period and is now down by 22% as of end of the current reported period; and stood at Rs. 3.63 billion (2019: Rs.4.63 billion). Renewal premium was Rs. 15.3 billion (2019: Rs. 13.9 billion) an increase of 10%, which is another positive sign, and has resulted in improvement in persistency levels. Inclusive of renewal premium, the total individual life regular premium business was Rs. 18.95 billion (2019: 18.54 billion), an increase of 2%, compared to a reduction of 8% observed at the end of the last reported period. Single premium business was Rs. 372 million (2019: Rs. 771 million). Group Benefits business was Rs. 2.47 billion (2019: Rs. 2.75 billion), a reduction of 10%.

Your Company's window takaful operations are in the sixth year of business. The increase in demand for Islamic financial products over the years has also benefited the Company's takaful line of business. The total family takaful contribution was up by 24% at Rs. 3.4 billion (2019: 2.74 billion). Out of this, Rs. 3.17 billion (2019: Rs. 2.51 billion) was from Individual family takaful business (a growth of 26%) while Rs. 238 million (2019: Rs. 229 million) was from Group Family Takaful (a growth of 4%). The Company expects this line of business to continue contributing positively to the growth during 2020.

Impact of COVID-19

Your Company continues to closely monitor the impact of COVID-19 on its key business indicators such as new business, renewal premium and persistency, claims as well as expenses. Business planning processes have taken into account various scenarios such as the possibility of COVID-19 subsiding for the remaining part of the year, as well as the probability of a second wave of the pandemic. The management team and all relevant head office departments, as well as distribution channels are fully equipped to manage their functions effectively in these uncertain times.

Sales Tax on Life Insurance premium:

The Company has been engaged with the provincial tax authorities on the matter of sales tax on life insurance premiums and during the first nine months of 2020 had various meetings with the Sindh and

Punjab Revenue Boards. In 2019, the Company along with the insurance industry had filed a constitutional petition in Sindh and Punjab High Courts and the matter is sub judice.

Bottom-line performance:

Despite the reduction in the topline, the Company's portfolio has shown a positive growth in the bottom-line, mainly due to the recovery in the third quarter in key business performance indicators, improvement in investment income of shareholders' related funds and increase in the investment management charge.

Your Company had a Profit after Tax of Rs. 1.1 billion (2019: Rs. 653 million), a growth of 75%. The Earnings per Share is Rs.11.44 (2019: Rs.6.53).

Interim Dividend: The Directors have pleasure in declaring an Interim Dividend of Rs.1.5 per share. i.e. 15%.

We would like to thank our valued customers for their continued patronage and to the Securities and Exchange Commission of Pakistan for their guidance, and our main reinsurer Munich Re for its support. Your Directors would also like to place on record their appreciation for the efforts made by the officers, all distribution channels and staff who have contributed to the development, growth and continued success of the Company.



Director



Director



Managing Director
& Chief Executive



Chairman

ممبران کوڈائریکٹرز کی رپورٹ (۳۰ ستمبر ۲۰۲۰ء)

آپ کی کمپنی کے ڈائریکٹرز، سال ۲۰۲۰ء کی تیسری سہ ماہی جو ۳۰ ستمبر ۲۰۲۰ء کو اختتام پذیر ہوئی، کمپنی کے (غیر آڈٹ شدہ) مالیاتی گوشواروں کی مختصر مگر جامع عبوری معلومات کے ساتھ، تیسری سہ ماہی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

سرکردہ (ٹاپ لائن) کارکردگی

سال ۲۰۲۰ء کی تیسری سہ ماہی کے لئے پریہیم آمڈنی پر COVID-19 (کورونائڈائرس) کے باعث کئے جانے والے لاک ڈاؤن اور بالخصوص سال کی دوسری سہ ماہی کے دوران معیشت کی بندش کے باعث منفی اثرات مرتب ہوئے۔ تیسری سہ ماہی جولائی-ستمبر ۲۰۲۰ء کے دوران آپ کی کمپنی نے تمام ڈسٹری بیوشن چینلوں میں اپنی ٹاپ لائن پر بحال ہونے کا آغاز کیا اور قدرے بہتری آئی۔ اس کی بڑی وجہ لاک ڈاؤن کا خاتمہ اور ہمارے ڈسٹری بیوشن چینلز کی انفرادی اور کارپوریٹ کلائنٹس تک باسولت رسائی حاصل کرنا تھا۔

آپ کی کمپنی کی مجموعی پریہیم آمڈنی سال ۲۰۲۰ء کی تیسری سہ ماہی کے دوران 21.83 بلین روپے (۲۰۱۹ء: 21.87 بلین روپے) رہی اور اس طرح 0.2 فیصد کمی آئی۔ یہ بہترین بحالی کا آغاز تھا کیونکہ اس کے مقابلے میں گزشتہ رپورٹ کردہ مدت یعنی ۳۰ جون ۲۰۲۰ء کے اختتام پر مجموعی پریہیم کی شرح 9.6 فیصد تک گر گئی تھی۔ نئی انفرادی لائف پریہیم کی آمڈنی میں بھی بہتری کے آثار ظاہر ہوئے تھے جو گزشتہ رپورٹ کردہ مدت کے اختتام کے مطابق 32 فیصد تک کم ہوئی اور اب رواں رپورٹ کردہ مدت کے اختتام کے مطابق 22 فیصد کمی آئی تھی اور یہ 3.63 بلین روپے پر موجود تھے (۲۰۱۹ء: 4.63 بلین روپے)۔ تجدیدی پریہیم 15.3 بلین روپے رہا (۲۰۱۹ء: 13.9 بلین روپے) اور اس طرح 10 فیصد کا اضافہ ہوا جو ایک اور مثبت اشارہ تھا اور اس کے نتیجے میں مستقل حجم میں بہتری ظاہر ہوئی۔ تجدیدی پریہیم کے ساتھ مجموعی انفرادی لائف ریگولر پریہیم بزنس 18.95 بلین روپے رہا (۲۰۱۹ء: 18.54 بلین روپے) اور اس طرح 2 فیصد اضافہ ہوا جبکہ اس کے مقابلے میں گزشتہ رپورٹ کردہ سہ ماہی کے اختتام پر 8 فیصد کمی دیکھنے میں آئی تھی۔ سنگل پریہیم بزنس 372 بلین روپے رہا (۲۰۱۹ء: 771 بلین روپے)۔ گروپ بنی فٹس بزنس کا حجم 2.47 بلین روپے تھا (۲۰۱۹ء: 2.75 بلین روپے) اور اس میں 10 فیصد کمی دیکھنے میں آئی۔

آپ کی کمپنی ونڈو تکافل آپریٹرز کے کاروبار کے چھٹے سال میں ہے۔ گزشتہ سالوں میں اسلامی مالیاتی پروجیکٹس کیلئے طلب بڑھی ہے اور اس سے کمپنی کے تکافل بزنس لائن کو اس کا خاصہ فائدہ پہنچا ہے۔ مجموعی فیملی تکافل 24 فیصد تک بڑھ کر 3.4 بلین روپے ہو گیا (۲۰۱۹ء: 2.74 بلین روپے)۔ اس میں سے 3.17 بلین روپے (۲۰۱۹ء: 2.51 بلین روپے) انفرادی فیملی تکافل بزنس سے حاصل ہوئے (26 فیصد اضافہ حاصل ہوا) جبکہ 238 بلین روپے (۲۰۱۹ء: 229 بلین روپے) گروپ فیملی تکافل سے حاصل ہوئے تھے (4 فیصد کا اضافہ حاصل ہوا)۔ کمپنی توقع کرتی ہے کہ کاروبار کا یہ شعبہ ۲۰۲۰ء کے دوران گروتھ میں مثبت شراکت کا سلسلہ برقرار رکھے گا۔

COVID-19 (کورونائڈائرس) کے اثرات

آپ کی کمپنی اپنے کلیدی کاروباری اشاریوں مثلاً جیسا کہ نئے کاروبار تجدیدی پریہیم اور تسلسل بکیمیز نیز اخراجات میں COVID-19 (کورونائڈائرس) کے اثرات کو انتہائی قریب سے مانیٹر کر رہی ہے۔ کاروباری منصوبہ بندی کے عمل کا مختلف تناظر مثلاً COVID-19 (کورونائڈائرس) کے سال کے باقی ماندہ حصے میں ممکنہ اثرات نیز وہاں کی دوسری لہر کے حوالے سے حالات پیدا ہونے کے سلسلے میں جائزہ لیا جا رہا ہے۔ انتظامی ٹیم اور متعلقہ ہیڈ آفس کے تمام محکمہ جات نیز ڈسٹری بیوشن چینلز کسی بھی غیر یقینی صورتحال کے تناظر میں اپنے افعال اور سرگرمیوں کو جاری رکھنے کیلئے پوری طرح تیار ہیں۔

لائف انشورنس پریہیم پریسٹیکس

کمپنی نے لائف انشورنس پریہیم پریسٹیکس کے معاملات پر صوبے کے ٹیکس حکام کے ساتھ گفت و شنید کی ہے اور ۲۰۲۰ء کی تیسری سہ ماہی کے دوران سندھ اور پنجاب ریونیو بورڈز کے ساتھ ملاقاتیں کی گئیں۔ ۲۰۱۹ء میں کمپنی نے انشورنس انڈسٹری کے ساتھ سندھ اور پنجاب ہائی کورٹس میں آئینی درخواست بھی داخل کی اور معاملہ ابھی زیر سماعت ہے۔

چلی سٹخ کی کارکردگی

ٹاپ لائن میں کمی کے باوجود کمپنی کے پورٹ فولیو نے چلی سٹخ کی کارکردگی میں مثبت گردش ظاہر کی ہے بالخصوص تیسری سہ ماہی کے دوران کاروبار کے کلیدی کارکردگی کے اشاریوں، شیئر ہولڈرز سے متعلق فنڈز کی سرمایہ کار آمدنی میں بہتری اور سرمایہ کاری کے انتظامی اخراجات میں اضافہ ہوا۔

آپ کی کمپنی نے 1.1 بلین روپے کا منافع بعد از ٹیکس حاصل کیا (۲۰۱۹ء: 653 بلین روپے)۔ یوں 75 فیصد کا اضافہ ہوا۔ آمدنی فی شیئر 11.44 روپے رہی (۲۰۱۹ء: 6.53 روپے)۔

عبوری منافع منقسمہ

ڈائریکٹرز 1.5 روپے فی شیئر یعنی 15 فیصد کے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتے ہیں۔

ہم اپنے معزز صارفین کا ان کی مستقل سرپرستی اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی رہنمائی اور ہمارے مرکزی ری انشورر میونخ ری کا ان کی معاونت کیلئے شکر یہ ادا کرتے ہیں۔ آپ کے ڈائریکٹرز کیلئے یہ امر گہرے اطمینان کا باعث ہے کہ وہ افران، تمام ڈسٹری بیوشن چینلز اور عملے کی جانب سے کی جانے والی ان کوششوں پر خراج تحسین پیش کرنا چاہتے ہیں جو انہوں نے کمپنی کی ترقی اور مستقل کامیابی کے ضمن میں کی ہیں۔

Chaque khyei
چیو کھئی

Pafakli
ڈائریکٹرز

Imani
ڈائریکٹرز

Im Sahal
ٹیچنگ ڈائریکٹرز چیف ایگزیکٹو آفیسر

EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At 30 SEPTEMBER 2020

| | Note | 30 September 2020 (Unaudited) | 31 December 2019 (Audited) |
|--|------|-------------------------------------|----------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Assets | | | |
| Properties and equipments | 6 | 2,499,738 | 2,505,662 |
| Right of Use Asset | | 445,461 | 378,025 |
| Intangible assets | 6 | 37,632 | 24,733 |
| Investments | | | |
| Equity securities | 7 | 31,759,879 | 10,472,542 |
| Government securities | 8 | 76,733,111 | 76,203,542 |
| Debt securities | 9 | 7,722,299 | 9,319,491 |
| Term deposits | 10 | 17,492,290 | 19,659,000 |
| Open-ended mutual funds | 11 | 1,578,426 | 410,714 |
| Insurance / reinsurance receivables | | 169,339 | 253,999 |
| Other loans and receivables | | 1,597,372 | 3,235,945 |
| Taxation - payments less provision | | 1,048,773 | 1,061,222 |
| Prepayments | | 76,526 | 51,216 |
| Cash & Bank | 12 | 5,044,071 | 5,713,548 |
| Total Assets | | 146,204,917 | 129,289,639 |
| Equity and Liabilities | | | |
| Authorised share capital [150,000,000 ordinary shares (2019: 150,000,000) of Rs.10 each] | | 1,500,000 | 1,500,000 |
| Ordinary share capital:100,000,000(2019:100,000,000) ordinary shares of Rs.10 each | | 1,000,000 | 1,000,000 |
| Retained earnings arising from business other than participating business attributable to shareholders (Ledger account D) | 13 | 1,904,508 | 1,730,534 |
| Reserves | | 2,000,000 | 2,000,000 |
| Surplus on revaluation of available for sale investment-net of tax | | 27,709 | 50,986 |
| Unappropriated profit | | 746,397 | 1,126,420 |
| Total Equity | | 5,678,614 | 5,907,940 |
| Liabilities | | | |
| Insurance Liabilities | 14 | 136,248,435 | 119,153,655 |
| Deferred taxation | | 733,610 | 743,179 |
| Premium received in advance | | 1,065,965 | 969,354 |
| Insurance / reinsurance payables | | 190,719 | 258,031 |
| Lease Liability | | 516,139 | 415,108 |
| Other creditors and accruals | | 1,771,435 | 1,842,372 |
| | | 4,277,868 | 4,228,044 |
| Total Liabilities | | 140,526,303 | 123,381,699 |
| Total Equity and Liabilities | | 146,204,917 | 129,289,639 |
| Contingency(ies) and commitment(s) | 15 | | |

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


**Managing Director &
Chief Executive Officer**


Chief Financial Officer


Director


Director


Chairman

EFU LIFE ASSURANCE LIMITED
Condensed Interim Profit And Loss Account (Unaudited)
For The Nine Months Period Ended 30 September 2020

| | Note | Nine months period ended 30 September | | Three months period ended 30 September | |
|--|------|--|-------------------|---|------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| ----- (Rupees in '000) ----- | | | | | |
| Premium / Contribution Revenue | | 21,831,444 | 21,876,371 | 8,019,521 | 6,599,214 |
| Premium / retakaful ceded to reinsurers | | (691,840) | (513,499) | (198,747) | (154,566) |
| Net premium revenue | 16 | 21,139,604 | 21,362,872 | 7,820,774 | 6,444,648 |
| Investment income | 17 | 8,542,924 | 7,910,985 | 2,346,426 | 3,091,010 |
| Net realised fair value gains / (losses) on financial assets | 18 | 3,418,818 | (7,286,219) | 2,195,998 | (1,718,879) |
| Net fair value gains / (losses) on financial assets at fair value through profit or loss | 19 | 3,354,357 | 124,309 | 1,308,381 | (897,347) |
| Other income | 20 | 39,668 | 46,554 | 18,538 | 15,578 |
| | | 15,355,767 | 795,629 | 5,869,343 | 490,362 |
| Net income | | 36,495,371 | 22,158,501 | 13,690,117 | 6,935,010 |
| Insurance benefits | | 12,966,138 | 12,099,417 | 5,515,594 | 3,912,947 |
| Recoveries from reinsurers | | (520,215) | (332,699) | (174,430) | (115,803) |
| Claims related expenses | | 6,810 | 5,843 | 1,307 | 1,783 |
| Net insurance benefits | 21 | 12,452,733 | 11,772,561 | 5,342,471 | 3,798,927 |
| Net change in insurance liabilities (other than outstanding claims) | | 16,602,496 | 2,861,894 | 5,583,609 | 690,864 |
| Acquisition expenses | 22 | 4,430,223 | 5,147,486 | 1,623,312 | 1,702,628 |
| Marketing and administration expenses | 23 | 1,365,962 | 1,291,460 | 480,912 | 441,065 |
| Other expenses | 24 | 22,248 | 20,211 | 2,161 | 6,791 |
| Total expenses | | 22,420,929 | 9,321,051 | 7,689,994 | 2,841,348 |
| Profit before tax (Refer note below) | | 1,621,709 | 1,064,889 | 657,652 | 294,735 |
| Income tax expense | 25 | (477,758) | (411,862) | (196,868) | (89,532) |
| Profit after tax for the period | | 1,143,951 | 653,027 | 460,784 | 205,203 |
| Earnings per share - Rupees | | 11.44 | 6.53 | 4.61 | 2.05 |

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

Note:

Profit before tax is inclusive of the amount of the profit before tax of the Shareholders' Fund, the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholders' Fund based on the advice of the Appointed Actuary, and the undistributed surplus in the Revenue Account of the Statutory Funds which also includes the solvency margins maintained in accordance with the Insurance Rules, 2017. For details of the Surplus Transfer from the Revenue Account of the Statutory Funds to the Shareholders' Fund aggregating to Rs. 1,443 million (2019: Rs.1,061 million), please refer to note 27, relating to segmental information - Revenue Account by Statutory Fund.


S. S. Saha
 Managing Director &
 Chief Executive Officer


Subba
 Chief Financial Officer


Jayaram
 Director


Jafar
 Director


Hafeez
 Chairman


EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For The Nine Months Period Ended 30 September 2020

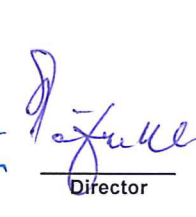
| | Nine months period ended 30 September | | Three months period ended 30 September | |
|---|--|----------------|---|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | (Rupees in '000) | | | |
| Profit after tax for the period - as per Profit and Loss Account | 1,143,951 | 653,027 | 460,784 | 205,203 |
| Other Comprehensive Income: | | | | |
| <i>Items that may be reclassified to profit and loss in subsequent periods:</i> | | | | |
| Change in unrealised (losses) / gains on available-for-sale financial assets | (34,604) | (61,939) | 32,694 | (15,522) |
| Reclassification adjustment relating to available-for-sale investments sold during the period | - | - | - | - |
| Related deferred tax | 11,327 | 17,962 | (9,506) | 4,501 |
| Other comprehensive income for the period- net of tax | (23,277) | (43,977) | 23,188 | (11,021) |
| Total comprehensive income for the period | 1,120,674 | 609,050 | 483,972 | 194,182 |

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)
For The Nine Months Period Ended 30 September 2020

| Note | Attributable to the equity holders' of the Company | | | | | |
|--|--|-----------------|---|---|-----------------------|-------------|
| | Share Capital | General Reserve | Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax * | Surplus/Deficit on revaluation of available for sale investment | Unappropriated Profit | Total |
| | (Rupees in '000) | | | | | |
| Balance as at 1 January 2019 (as reported) | 1,000,000 | 2,150,000 | 1,748,449 | 75,713 | 1,053,434 | 6,027,596 |
| Adjustment due to change in accounting policy | - | - | (69,193) | - | - | (69,193) |
| Balance as at 1 January 2019 re-stated | 1,000,000 | 2,150,000 | 1,679,256 | 75,713 | 1,053,434 | 5,958,403 |
| Comprehensive Income for the period ended 30 September 2019 | | | | | | |
| Income for the period ended 30 September 2019 | - | - | (183,749) | - | 836,777 | 653,027 |
| Other Comprehensive loss | - | - | - | (43,977) | - | (43,977) |
| Total income for the period ended 30 September 2019 | - | - | (183,749) | (43,977) | 836,777 | 609,050 |
| Contribution to increase solvency margin | - | - | 129,406 | - | (129,406) | - |
| Transfer to General Reserve | - | (150,000) | - | - | 150,000 | - |
| Transactions with shareholders | | | | | | |
| Dividend for the year ended 31 December 2018 | - | - | - | - | (1,125,000) | (1,125,000) |
| Interim Dividend-1st Quarter 2019 | - | - | - | - | (150,000) | (150,000) |
| Interim Dividend-2nd Quarter 2019 | - | - | - | - | (150,000) | (150,000) |
| Balance as at 30 September 2019 | 1,000,000 | 2,000,000 | 1,624,913 | 31,736 | 485,805 | 5,142,453 |
| Balance as at 1 January 2020 | 1,000,000 | 2,000,000 | 1,730,534 | 50,986 | 1,126,420 | 5,907,940 |
| Comprehensive Income for the period ended 30 September 2020 | | | | | | |
| Income for the period ended 30 September 2020 | - | - | 40,428 | - | 1,103,523 | 1,143,951 |
| Other Comprehensive loss | - | - | - | (23,277) | - | (23,277) |
| | - | - | 40,428 | (23,277) | 1,103,523 | 1,120,674 |
| Contribution to increase solvency margin | - | - | 133,546 | - | (133,546) | - |
| Transactions with shareholders | | | | | | |
| Dividend for the year ended 31 December 2019 | - | - | - | - | (1,050,000) | (1,050,000) |
| Interim Dividend-1st Quarter 2020 | - | - | - | - | (150,000) | (150,000) |
| Interim Dividend-2nd Quarter 2020 | - | - | - | - | (150,000) | (150,000) |
| Balance as at 30 September 2020 | 1,000,000 | 2,000,000 | 1,904,508 | 27,709 | 746,397 | 5,678,614 |

*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance ,2000 read with rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman


EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited)
For The Nine Months Period Ended 30 September 2020

| | Nine months period ended | |
|--|------------------------------|-------------------|
| | 30 September | |
| | 2020 | 2019 |
| | ----- (Rupees in '000) ----- | |
| Operating cash flows | | |
| a) Underwriting activities | | |
| Insurance premium / contribution received | 21,996,937 | 21,874,019 |
| Reinsurance premium / Retakaful contribution paid | (743,374) | (421,549) |
| Claims paid | (12,473,856) | (11,688,685) |
| Reinsurance and other recoveries received | 520,215 | 332,700 |
| Commission paid | (2,985,401) | (3,459,085) |
| Marketing and administrative expenses paid | (1,365,962) | (1,291,460) |
| Other acquisition cost paid | (1,645,718) | (1,781,158) |
| Net cash flow from underwriting activities | 3,302,841 | 3,564,782 |
| b) Other operating activities | | |
| Income tax paid | (463,551) | (970,557) |
| Other operating (payments) / receipts | (32,158) | 1,773,609 |
| Loans advanced | (89,938) | (64,698) |
| Loans repayments received | 57,721 | 25,248 |
| Net cash flow from other operating activities | (527,926) | 763,602 |
| Total cash flow from all operating activities | 2,774,915 | 4,328,384 |
| Investment activities | | |
| Profit / Return received | 9,839,979 | 7,549,529 |
| Dividends received | 521,725 | 683,434 |
| Payments for investments | (141,977,548) | (289,440,387) |
| Proceed from disposal of investments | 127,741,089 | 286,310,476 |
| Fixed capital expenditure | (292,568) | (352,088) |
| Proceeds from sale of property and equipment | 30,211 | 61,245 |
| Total cash flow from investing activities | (4,137,112) | 4,812,209 |
| Financing activities | | |
| Dividends paid | (1,350,000) | (1,425,000) |
| Payment against lease liability | (123,989) | (75,967) |
| Total cash flow from financing activities | (1,473,989) | (1,500,967) |
| Net cash flow from all activities | (2,836,186) | 7,639,626 |
| Cash and cash equivalents at beginning of the period | 25,372,547 | 19,835,462 |
| Cash and cash equivalents at end of the period | 22,536,361 | 27,475,088 |
| Reconciliation to profit and loss account | | |
| Operating cash flows | 2,774,915 | 4,328,384 |
| Depreciation expense | (253,132) | (245,145) |
| Depreciation on Right-of-use-assets | (120,614) | (96,456) |
| Amortization expense | (17,004) | (9,371) |
| Profit on disposal of property and equipment | 14,754 | 25,495 |
| Other revenue | 12,935 | 13,571 |
| Profit on lease termination | 3,678 | - |
| Finance cost on lease liabilities | (40,648) | (31,946) |
| Profit/(Loss) on disposal of investments | 3,418,818 | (7,286,219) |
| Dividend income | 514,088 | 673,864 |
| Other investment income | 7,953,184 | 7,596,197 |
| Appreciation in market value of investments | 3,740,810 | 49,591 |
| Reversal / (Provision) of impairment in the value of available for sale equity investments | 25,943 | (2,205) |
| (Decrease) in assets other than cash | (594,212) | (1,016,340) |
| Increase in liabilities | (16,289,564) | (3,346,393) |
| Profit after tax for the period | 1,143,951 | 653,027 |

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.


I. M. Sabwal
 Managing Director &
 Chief Executive Officer


Chief Financial Officer


Director


Chairman

EFU LIFE ASSURANCE LIMITED
Notes To The Condensed Interim Financial Information (Unaudited)
For The Nine Months Period Ended 30 September 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The Registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House Plot No.112, 8th East street, Phase 1, DHA, Karachi.

1.2 The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.

1.3 The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:

- Investment linked business (includes individual life business)
- Conventional business (includes group life and individual life businesses)
- Pension business (unit linked)*
- Accident and health business
- Family takaful investment linked business (Refer note 1.4)
- Family takaful protection business (Refer note 1.4)

* The Company had discontinued pension business and accordingly no new business has been written under this fund.

1.4 The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) was formed on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

2 Basis of preparation and statement of compliance

The condensed interim financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

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 and Takaful Rules, 2012 have been followed. The condensed interim financial information does not include all the information required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

2.1 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the available for sale investments which are stated at their fair values.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousands.

2.3 Standards, Interpretations and Amendments that are not yet effective

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial statements, except those disclosed in note 5 and note 2.5.1.

2.3.1 IFRS 9 'Financial Instruments' is effective for reporting year ended 31 December 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduces two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

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

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

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

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

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

| Financial assets | 30 September 2020 (Unaudited) | | | |
|----------------------------------|-------------------------------|---|--------------------|---|
| | Fail the SPPI test | | Pass the SPPI test | |
| | Fair value | Change in unrealized gain or loss during the period | Fair value | Change in unrealized gain or loss during the period |
| | (Rupees in '000) | | | |
| Cash and bank * | - | - | 5,034,718 | - |
| Investments in equity securities | 31,759,879 | 2,005,622 | - | - |
| Investments in debt securities | - | - | 84,455,410 | 1,315,791 |
| Term Deposits | - | - | 17,492,290 | - |
| Mutual Funds | 1,578,426 | - | - | - |
| | <u>33,338,305</u> | <u>2,005,622</u> | <u>106,982,418</u> | <u>1,315,791</u> |

| Financial assets | 30 September 2020 (Unaudited) | | | | | | | | | | | |
|---|--|----------|------------------|------------------|----------------|------------------|---------------|------------------|---------------|-------------------|--------------|----------------|
| | Gross carrying amounts of debt instruments that pass the SPPI test | | | | | | | | | | | |
| | AA+ | A | A+ | AA | AA- | AAA | A- | A-1 | BBB+ | A-1+ | A-2 | Unrated |
| | (Rupees in '000) | | | | | | | | | | | |
| Cash and bank * | - | - | - | - | - | - | - | 1,416,137 | - | 3,617,313 | 1,268 | - |
| Investments in equity securities | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments in debt securities | 358,488 | - | 764,817 | 3,866,155 | 197,566 | 2,265,675 | 15,334 | - | 44,264 | - | - | - |
| Term Deposits / Certificate of investment | - | - | 800,000 | - | - | - | - | 3,350,000 | - | 13,342,290 | - | 210,000 |
| Total gross carrying amounts of financial assets that pass the SPPI test | <u>358,488</u> | <u>-</u> | <u>1,564,817</u> | <u>3,866,155</u> | <u>197,566</u> | <u>2,265,675</u> | <u>15,334</u> | <u>4,766,137</u> | <u>44,264</u> | <u>16,959,603</u> | <u>1,268</u> | <u>210,000</u> |

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

The outbreak of coronavirus in late 2019 has been officially announced as a global pandemic on 11 March 2020 by the World Health Organisation. However, Pakistan witnessed its first case amidst February 2020, which subsequently increased exponentially throughout the country countered by several measures by both the Federal and Provincial governments including the imposition of lockdowns and restricting economic activities.

Although insurance industry has its impact on multiple fronts as a claim payer, as an employer and as investment manager, but for the Company the operational disruption, as indicated by outstanding claim inventories and development triangles, has been minimal. However, the significant uncertainty requires changes to methodologies and assumptions have been made to provide additional margins in the Policyholder Liabilities.

Following are the changes in valuation principles, methodologies and assumption including the changes in response to COVID-19:

Change in Assumptions:

Investment Linked Business:

During the lockdown the Company had extended the premium payment grace period for conventional and takaful individual policies. Although the extension in grace period has ended before the period end, an additional reinstatement reserve has been set aside for policies that lapsed during the three-months preceding the period end to provide for a possible one-off increase in the reinstatements. Moreover, an additional Mortality Fluctuation Reserve (MFR) has also been set aside under the investment-linked business fund.

Conventional Business / Family Takaful Protection Business:

Expected Loss Ratio (ELR) assumptions being used for IBNR claim reserve pertaining to conventional group life and family takaful protection business have been revised to provide for possible increase in incidence and delay in reporting of claims. Further, for family takaful protection business, the methodology for second last and third last event quarters have been moved from CL to ELR and an additional margin in IBNR for pay-continuation claims has been set aside.

Family Takaful Investment Linked Business

Since the individual family takaful fund has become sizeable an Incurred But Not Reported (IBNR) claims reserve has been set aside. This reserve has been determined using the Chain Ladder (CL) method.

5 CHANGES IN ACCOUNTING POLICIES

- 5.1 Last year, the Company changed its practice of the presentation of the surplus in the Participant Takaful Fund. Earlier this was included in the ledger account D based on the SECP's circular number SRO 88(1)/2017 dated 09 February 2017 relating to the Insurance Accounting Regulations 2017, as per which, for published financial statements under rule number 6 (i) and 6 (ii) balance in ledger accounts C and D shall be included as part of shareholder's Equity. For this reason the surplus in the Participant Takaful Fund was earlier also included in shareholders Equity. Subsequently in 2019 SECP issued a circular number 15 dated November 18, 2019. In the said circular SECP has mentioned that retained earnings of Participant Takaful Fund should be part of insurance liabilities. Accordingly based on the suggestion in the said circular and for better presentation, the company has moved retained earnings of Participant Takaful Fund from shareholder's equity to insurance liabilities. The effect of the changes are given in the statement of changes in equity (reduction of ledger D account balance as of 01 January 2019 as earlier reported Rs. 69.19 million as of 31 December 2019 net of tax). The liability balance as of 31 December 2018 is now stated at Rs. 92.26 million.

| 6 Properties, Equipments and Intangible Assets | 30 September 2020 | 31 December 2019 |
|--|------------------------------|------------------|
| | (Unaudited) | (Audited) |
| | ----- (Rupees in '000) ----- | |
| Operating assets | 2,499,738 | 2,505,662 |
| Right Of Use Asset | 445,461 | 378,025 |
| | <u>2,945,199</u> | <u>2,883,687</u> |

Details of additions and disposals during the Nine months period ended 30 September 2020 are as follows:

| | Nine months period ended | | | |
|---------------------------------|------------------------------|---------------|-------------------|---------------|
| | 30 September 2020 | | 30 September 2019 | |
| | Additions | Disposals | Additions | Disposals |
| | ----- (Rupees in '000) ----- | | | |
| Furniture, fixture and fittings | 39,203 | | 10,394 | - |
| Office equipment | 10,506 | 318 | 15,347 | 189 |
| Computer equipment | 49,458 | 1,055 | 104,300 | 604 |
| Motor Vehicle | 129,639 | 41,670 | 178,629 | 87,381 |
| Lease hold Improvements | 21,157 | | 43,274 | 5,237 |
| Building | 12,701 | | | |
| | <u>262,664</u> | <u>43,043</u> | <u>351,944</u> | <u>93,411</u> |

The market value of land and building is estimated at Rs. 3,343 million. The valuations have been carried out by independent valuer.

During the period additions in intangible assets were Rs.29.904 million (30 September 2019: Rs.0.144 million).

| 7 INVESTMENTS IN EQUITY SECURITIES | Note | 30 September 2020 | 31 December 2019 |
|--|------|------------------------------|-------------------|
| | | (Unaudited) | (Audited) |
| | | ----- (Rupees in '000) ----- | |
| Available for Sale | 7.1 | 251,789 | 250,880 |
| At fair value through profit or loss (Designated - upon initial recognition) | 7.2 | 31,508,090 | 10,221,662 |
| | | <u>31,759,879</u> | <u>10,472,542</u> |

| 7.1 Available for Sale | 30 September 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
|---|-------------------------------|-----------------------|-------------------|----------------------------|-----------------------|-------------------|
| | Cost | Impairment/ provision | Carrying Value | Cost | Impairment/ provision | Carrying Value |
| | ----- (Rupees in '000) ----- | | | | | |
| Related Party | | | | | | |
| Listed Shares | 306,470 | (224,342) | 82,128 | 306,470 | (254,266) | 52,204 |
| Others | | | | | | |
| Listed Shares | 140,317 | (18,965) | 121,352 | 140,317 | (18,212) | 122,105 |
| Unlisted Shares | 16,008 | | 508 | 16,008 | | 508 |
| Surplus on revaluation | - | - | 47,801 | - | - | 76,063 |
| 7.2 Fair Value through Profit and Loss (Designated - upon initial recognition) | | | | | | |
| Related Parties | | | | | | |
| Listed Shares | 476,653 | - | 715,898 | 476,653 | - | 587,286 |
| Others | | | | | | |
| Listed Shares | 28,771,761 | - | 30,792,192 | 9,514,742 | - | 9,634,376 |
| | <u>29,711,209</u> | <u>(243,307)</u> | <u>31,759,879</u> | <u>10,454,190</u> | <u>(272,478)</u> | <u>10,472,542</u> |

| Reconciliation of provision for impairment | 30 September 2020 | 31 December 2019 |
|---|------------------------------|------------------|
| | (Unaudited) | (Audited) |
| | ----- (Rupees in '000) ----- | |
| Balance at the beginning of the period | 272,478 | 286,748 |
| (Reversal) for impairment on available for sale investments | (29,171) | (14,270) |
| Balance at the end of the period | <u>243,307</u> | <u>272,478</u> |

8. GOVERNMENT SECURITIES

| | | 30 September 2020 (Unaudited) | 31 December 2019 (Audited) |
|--|-----|-------------------------------------|----------------------------------|
| ----- (Rupees in '000) ----- | | | |
| Held to Maturity | 8.1 | 6,376,257 | 5,350,047 |
| Fair value through profit and loss (designated - upon initial recognition) | 8.2 | 70,356,854 | 70,853,495 |
| | | <u>76,733,111</u> | <u>76,203,542</u> |

30 September 2020 (Unaudited)

8.1 Held to Maturity

| | Maturity Year | Effective Yield % | Amortised Cost | Principal Repayment | Carrying Value |
|-----------------------------------|------------------|-------------------------|-------------------|------------------------|-------------------|
| ----- (Rupees in '000) ----- | | | | | |
| 03 Years Pakistan Investment Bond | 2021 | 7.25 | 66,470 | 70,000 | 66,470 |
| 03 Years Pakistan Investment Bond | 2022 | 9 | 3,736,852 | 3,835,000 | 3,736,852 |
| 10 Years Pakistan Investment Bond | 2028 | 8.75 | 12,040 | 15,000 | 12,040 |
| 20 Years Pakistan Investment Bond | 2024 | 10 | 54,094 | 53,700 | 54,094 |
| 3 Months Treasury Bills | 2020 | 6.91 | 1,240,086 | 1,247,575 | 1,240,086 |
| 6 Months Treasury Bills | 2020 | 7.84 | 372,286 | 375,000 | 372,286 |
| 12 Months Treasury Bills | 2021 | 8.94 | 477,920 | 500,000 | 477,920 |
| 03 Years Government Ijara | 2020 | 5.24 | 221,152 | 221,090 | 221,152 |
| 10 Years Pakistan Energy Sukuk | 2029 | 8.05 | 195,357 | 197,160 | 195,357 |
| | | | <u>6,376,257</u> | <u>6,514,525</u> | <u>6,376,257</u> |

8.2 Fair Value through profit and loss (Designated - upon initial recognition)

| | | | | | |
|---|------|------|-------------------|-------------------|-------------------|
| 03 Years Pakistan Investment Bond | 2021 | 7.25 | 10,353,374 | 10,723,500 | 10,721,326 |
| 03 Years Pakistan Investment Bond | 2022 | 9 | 25,744,760 | 26,156,500 | 26,593,097 |
| 05 Years Pakistan Investment Bond | 2023 | 8 | 2,243,122 | 2,331,000 | 2,327,578 |
| 05 Years Pakistan Investment Bond | 2021 | 7.75 | 548,058 | 560,000 | 561,669 |
| 10 Years Pakistan Investment Bond | 2022 | 12 | 2,116,832 | 2,100,000 | 2,240,403 |
| 10 Years Pakistan Investment Bond | 2024 | 12 | 101,604 | 100,000 | 109,794 |
| 10 Years Pakistan Investment Bond | 2029 | 10 | 116,095 | 125,000 | 127,670 |
| 20 Years Pakistan Investment Bond | 2024 | 10 | 388,674 | 392,000 | 406,720 |
| 3 Months Treasury Bills | 2020 | 6.79 | 7,684,045 | 7,752,425 | 7,683,005 |
| 6 Months Treasury Bills | 2020 | 6.95 | 15,638,980 | 17,100,000 | 15,632,230 |
| 12 Months Treasury Bills | 2021 | 7.83 | 2,733,659 | 1,750,000 | 2,736,236 |
| 03 Years Government Ijara | 2020 | 5.24 | 236,898 | 221,810 | 236,898 |
| 08 Years Pakistan Water And Power Development Authority | 2021 | 9.04 | 136,366 | 571,099 | 133,628 |
| 10 Years Pakistan Energy Sukuk | 2029 | 8.05 | 954,303 | 963,159 | 846,600 |
| | | | <u>68,996,770</u> | <u>70,846,493</u> | <u>70,356,854</u> |

9. INVESTMENT IN DEBT SECURITIES

Fair Value through Profit and Loss
(Designated upon initial recognition)

Others

| Note | 30 September 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
|------------------------------|-------------------------------|--------------------------|-------------------|----------------------------|---------------------------|-------------------|
| | Cost | Impairment/ Provision | Carrying Value | Cost | Impairment / Provision | Carrying Value |
| ----- (Rupees in '000) ----- | | | | | | |
| Term Finance Certificates | 9.1 | 3,358,435 | - | 3,358,435 | - | 3,796,562 |
| Corporate Sukuks | 9.2 | 4,145,664 | - | 4,145,664 | - | 4,677,570 |
| Commercial papers | 9.3 | 8,200 | - | 8,200 | - | 635,359 |
| Certificates of investment | 9.4 | 210,000 | - | 210,000 | - | 210,000 |
| | | <u>7,722,299</u> | <u>-</u> | <u>7,722,299</u> | <u>-</u> | <u>9,319,491</u> |

9.1 Term Finance Certificates

| | Yield | Maturity | No. Of Certificates | | Face Value | Carrying Amount | |
|------------------------------|-------|-----------|-------------------------------------|----------------------------------|---------------|-------------------------------------|----------------------------------|
| | | | 30 September 2020 (Unaudited) | 31 December 2019 (Audited) | | 30 September 2020 (Unaudited) | 31 December 2019 (Audited) |
| ----- (Rupees in '000) ----- | | | | | | | |
| Bank Al Habib | 9.15 | Perpetual | 40,000 | 80,000 | 10 | 200,000 | 400,000 |
| Bank Al Habib | 8.03 | 2026 | 20,000 | 20,000 | 5 | 97,712 | 99,960 |
| Bank Al Habib | 8.97 | 2028 | 80,100 | 80,100 | 5 | 360,723 | 392,940 |
| Bank Al-Falah Ltd. | | | - | 23,063 | - | - | 115,015 |
| United Bank Ltd. | 8.57 | Perpetual | 250,000 | 250,000 | 5 | 1,250,000 | 1,250,000 |
| Soneri Bank | 9.97 | Perpetual | 10,000 | 10,000 | 5 | 50,000 | 50,000 |
| Askari Bank Ltd. | 8.45 | Perpetual | 500 | 500 | 1,000 | 500,000 | 500,000 |
| HBL | 8.85 | Perpetual | 2,000 | 20,000 | 100 | 200,000 | 200,000 |
| JS Bank Limited | 9.47 | Perpetual | 5,000 | 5,000 | 100 | 500,000 | 500,000 |
| Bank Alfalah | 8.79 | Perpetual | 20,000 | 20,000 | 5 | 100,000 | 100,000 |
| Askari Bank | 8.44 | Perpetual | 1 | - | 100,000 | 100,000 | - |
| | | | | | | <u>3,358,435</u> | <u>3,607,915</u> |

| 12 CASH AND BANK | | 30 September 2020 | 31 December 2019 |
|--|------|------------------------------|------------------------------|
| | | (Unaudited) | (Audited) |
| | | ----- (Rupees in '000) ----- | |
| Cash and Cash Equivalent | | | |
| Cash in hand | | 1,562 | 41 |
| Policy & Revenue stamps | | 7,791 | 13,400 |
| Cash at bank | | | |
| Current account | | 957,434 | 1,892,503 |
| Saving account | | 4,077,284 | 3,807,604 |
| | | <u>5,044,071</u> | <u>5,713,548</u> |
| 12.1 Cash and cash equivalents for cash flow purpose comprise of the following: | | 30 September 2020 | 30 September 2019 |
| | | (Unaudited) | (Unaudited) |
| | | ----- (Rupees in '000) ----- | |
| - Cash and others | | 9,353 | 10,560 |
| - Cash at bank | | 5,034,718 | 3,310,528 |
| - Term deposits maturing within three months | | 17,492,290 | 24,154,000 |
| | | <u>22,536,361</u> | <u>27,475,088</u> |
| | | 30 September 2020 | 31 December 2019 |
| | | (Unaudited) | (Audited) |
| | | ----- (Rupees in '000) ----- | |
| | | 2,315,372 | 2,174,946 |
| | | 133,546 | 106,503 |
| | | 56,941 | 33,923 |
| | | <u>2,505,859</u> | <u>2,315,372</u> |
| Related Deferred Tax Liability on: | | | |
| Opening balance | | (584,838) | (495,690) |
| Reversal / (charge) to profit and loss account | | (16,513) | (89,148) |
| Closing balance | | (601,351) | (584,838) |
| Net of tax | | <u>1,904,508</u> | <u>1,730,534</u> |
| 13 RETAINED EARNING LEDGER ACCOUNT D | | | |
| Opening balance | | 2,315,372 | 2,174,946 |
| Contribution to increase solvency margin | | 133,546 | 106,503 |
| Change in solvency margin through profit and loss account | | 56,941 | 33,923 |
| | | <u>2,505,859</u> | <u>2,315,372</u> |
| Related Deferred Tax Liability on: | | | |
| Opening balance | | (584,838) | (495,690) |
| Reversal / (charge) to profit and loss account | | (16,513) | (89,148) |
| Closing balance | | (601,351) | (584,838) |
| Net of tax | | <u>1,904,508</u> | <u>1,730,534</u> |
| 14. INSURANCE LIABILITIES | | | |
| Reported outstanding claims | 14.1 | 3,290,068 | 2,715,505 |
| Incurring but not reported claims | 14.2 | 670,900 | 734,895 |
| Investment component of unit-linked and account value policies | 14.3 | 130,671,495 | 114,383,622 |
| Liabilities under individual conventional insurance contracts | 14.4 | 919,753 | 763,786 |
| Liabilities under group insurance contracts (other than investment linked) | 14.5 | 498,127 | 383,053 |
| Participant takaful fund balance | 14.6 | 198,092 | 172,794 |
| | | <u>136,248,435</u> | <u>119,153,655</u> |
| 14.1 Reported Outstanding Claims | | | |
| Gross of Reinsurance | | | |
| Payable within one year | | 2,821,193 | 2,328,910 |
| Payable over a period of time exceeding one year | | 824,585 | 648,115 |
| | | <u>3,645,778</u> | <u>2,977,025</u> |
| Recoverable from Reinsurers | | | |
| Receivable over a period of time exceeding one year | | (355,710) | (261,520) |
| | | <u>(355,710)</u> | <u>(261,520)</u> |
| Net reported outstanding claims | | <u>3,290,068</u> | <u>2,715,505</u> |
| 14.2 Incurred But Not Reported Claims | | | |
| Gross of reinsurance | | 796,708 | 863,010 |
| Reinsurance recoveries | | (125,808) | (128,115) |
| Net of reinsurance | | <u>670,900</u> | <u>734,895</u> |

Note

| | 30 September 2020 (Unaudited) | 31 December 2019 (Audited) |
|--|-------------------------------------|----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 14.3 Investment Component of Unit Linked and Account Value Policies | | |
| Investment component of unit linked policies | 130,671,495 | 114,383,622 |
| Investment component of account value policies | - | - |
| | <u>130,671,495</u> | <u>114,383,622</u> |
| 14.4 Liabilities under Individual Conventional Insurance Contracts | | |
| Gross of Reinsurance | 1,090,719 | 941,275 |
| Reinsurance Credit | <u>(170,966)</u> | <u>(177,489)</u> |
| Net of Reinsurance | <u>919,753</u> | <u>763,786</u> |
| 14.5 Liabilities under Group Insurance Contracts (other than investment linked) | | |
| Gross of Reinsurance | 661,251 | 456,072 |
| Reinsurance Credit | <u>(163,124)</u> | <u>(73,019)</u> |
| Net of Reinsurance | <u>498,127</u> | <u>383,053</u> |
| 14.6 Participant Takaful Fund Balance | <u>198,092</u> | <u>172,794</u> |

15. CONTINGENCIES AND COMMITMENTS

15.1 The Income tax assessment of the Company for tax year 2020 has been finalized. In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.13.833 million and Rs.15.014 million for Tax Years 2012 and 2013 respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Company filed second appeal before the Appellate Tribunal against the order of CIT. The learned Appellate Tribunal Inland revenue has now decided the case in Company's favour. Subsequent to the period, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Company expects a favourable decision.

In 2015 and 2016, The Searle Company Limited issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Ltd. issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by the Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Company. The honorable high court decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgment until the next date of hearing, which has not yet been decided. The Company is of the view that the case will be decided in its favour and no provision has been made for the aforementioned tax. The amount involved is Rs 3.279 million.

15.2 Last year, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 8 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 1 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020. With effect from 1 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively. According to the grounds of the petition and legal opinion obtained by the Company the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The opinion also mentions that vast majority of premium received from a policy holder, during the life of the policy, is in fact channeled it to the policy holder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

In view of the above the Company has not started billing sales tax to its customers. The amount of sales tax involved is around Rs. 1,058 million computed on the basis of risk based premium, as per the advice of legal advisor, which nonetheless the Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA have called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales Tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax Authorities and agreed in the meeting that the sales tax on Life and Health be kept exempt till 30th June 2020 however a formal notification in this regard has not yet been issued. Further the committee formed met on 5 February 2020 in Lahore at PRA office to work out the way forward.

Based on the legal opinion obtained the Company considers that it has a reasonably strong case on the merits in the constitution petition and the writ petition filed in the High Courts. The petition is still pending for hearing.

15.3 Bank guarantees amounting to Rs. 58.241 million has been given in respect of Group Life coverage. These bank guarantees will expire by 19 February 2021 and 2 December 2023

15.4 There were no capital commitments at the period end. 13

| Aggregate | | Aggregate | |
|--------------------------|------|---------------------------|------|
| Nine months period ended | | Three months period ended | |
| 30 September | | 30 September | |
| 2020 | 2019 | 2020 | 2019 |
| (Unaudited) | | | |
| (Rupees in '000) | | | |

16. NET INSURANCE PREMIUM / CONTRIBUTION REVENUE

Gross premium / contribution

Regular premium / contribution individual policies

| | | | | |
|-------------------------|------------|------------|-----------|-----------|
| First year | 3,630,325 | 4,634,537 | 1,504,479 | 1,508,806 |
| Second year renewal | 3,507,978 | 3,405,093 | 1,297,896 | 1,056,617 |
| Subsequent year renewal | 11,809,847 | 10,501,678 | 4,310,601 | 3,103,611 |

Single premium / contribution individual policies

| | | | | |
|--|---------|---------|---------|---------|
| | 372,142 | 771,548 | 180,145 | 125,430 |
| | | | - | - |

Group policies with cash values

| | | | | |
|--|--------|--------|--------|--------|
| | 32,173 | 41,777 | 10,454 | 13,417 |
|--|--------|--------|--------|--------|

Group policies without cash values

| | | | | |
|--|-----------|-----------|---------|---------|
| | 2,438,748 | 2,708,650 | 753,161 | 852,795 |
|--|-----------|-----------|---------|---------|

Reversal/(Provision) Experience refund

| | | | | |
|--|--------|-----------|----------|----------|
| | 40,231 | (186,912) | (37,215) | (61,462) |
|--|--------|-----------|----------|----------|

Total gross premium / contribution

| | | | | |
|--|------------|------------|-----------|-----------|
| | 21,831,444 | 21,876,371 | 8,019,521 | 6,599,214 |
|--|------------|------------|-----------|-----------|

Less: Reinsurance premium / retakaful contribution ceded

| | | | | |
|--|----------|----------|---------|---------|
| On individual life first year business | 42,852 | 15,972 | 18,463 | (138) |
| On individual life second year business | 30,322 | 17,128 | 9,866 | 10,541 |
| On individual life renewal business | 174,547 | 99,558 | 53,580 | 47,093 |
| On group policies | 455,230 | 419,970 | 116,922 | 104,561 |
| Less: Experience refund from reinsurers | 3,882 | (32,923) | 4,558 | (4,383) |
| Less: Reinsurance commission on risk premium | (14,993) | (6,206) | (4,642) | (3,108) |

Total reinsurance premium / retakaful contribution ceded

| | | | | |
|--|---------|---------|---------|---------|
| | 691,840 | 513,499 | 198,747 | 154,566 |
|--|---------|---------|---------|---------|

Net premium / contribution

| | | | | |
|--|------------|------------|-----------|-----------|
| | 21,139,604 | 21,362,872 | 7,820,774 | 6,444,648 |
|--|------------|------------|-----------|-----------|

17. INVESTMENT INCOME

Income from equity securities

At fair value through profit and loss (Designated upon initial recognition)

| | | | | |
|-----------------|---------|---------|--------|--------|
| Dividend income | 510,603 | 666,324 | 85,497 | 62,806 |
|-----------------|---------|---------|--------|--------|

Available for Sale

| | | | | |
|-----------------|--------|--------|-----|-------|
| Dividend income | 11,122 | 17,110 | 317 | 6,551 |
|-----------------|--------|--------|-----|-------|

Income from debt securities

At fair value through profit and loss (Designated upon initial recognition)

| | | | | |
|---------------------------|-----------|-----------|-----------|-----------|
| Return on debt securities | 1,359,523 | 966,130 | 271,916 | 394,245 |
| On government securities | 5,146,928 | 4,554,237 | 1,622,340 | 1,977,684 |

Held to maturity

| | | | | |
|--------------------------|---------|---------|---------|---------|
| On government securities | 409,185 | 363,428 | 125,032 | 150,753 |
|--------------------------|---------|---------|---------|---------|

Income from term deposits

| | | | | |
|-------------------------|-----------|-----------|---------|---------|
| Return on term deposits | 1,105,563 | 1,343,756 | 241,324 | 498,971 |
|-------------------------|-----------|-----------|---------|---------|

| | | | | |
|--|-----------|-----------|-----------|-----------|
| | 8,542,924 | 7,910,985 | 2,346,426 | 3,091,010 |
|--|-----------|-----------|-----------|-----------|

| | Aggregate | | Aggregate | |
|---|--------------------------|--------------------|---------------------------|--------------------|
| | Nine months period ended | | Three months period ended | |
| | 30 September | | 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | (Unaudited) | | | |
| | (Rupees in '000) | | | |
| 18. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS | | | | |
| Available for sale | | | | |
| Realised gains on: | | | | |
| - Equity securities | 736,609 | 29,869 | 583,343 | (3,141) |
| - Government securities | 2,682,209 | - | 1,612,655 | - |
| Realised losses on: | | | | |
| - Equity securities | - | (7,316,088) | - | (1,715,738) |
| | <u>3,418,818</u> | <u>(7,286,219)</u> | <u>2,195,998</u> | <u>(1,718,879)</u> |
| 19. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- UNREALISED | | | | |
| Net unrealised losses on investments in financial assets- Government securities and Debt Securities(fair value through profit and loss designated upon initial recognition) | 1,315,791 | 194,928 | (3,383,441) | 160,012 |
| Net unrealised gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)- Equity Securities | <u>2,005,622</u> | <u>(80,420)</u> | <u>4,661,516</u> | <u>(1,055,418)</u> |
| Total investment income | 3,321,413 | 114,508 | 1,278,075 | (895,406) |
| Exchange Gain | 10,923 | 17,200 | (2,010) | (2,611) |
| Reversal / (Provision) of Impairment in value of available for sale securities | 25,943 | (2,205) | 34,229 | 1,735 |
| Less: Investment related expenses | (3,922) | (5,194) | (1,913) | (1,065) |
| | <u>3,354,357</u> | <u>124,309</u> | <u>1,308,381</u> | <u>(897,347)</u> |
| 20. OTHER INCOME | | | | |
| Gain on sale of fixed assets | 14,754 | 25,495 | 7,754 | 8,192 |
| Return on loans to employees | 12,935 | 13,571 | 5,649 | 4,617 |
| Gain on early termination of lease contracts | 3,678 | - | 1,335 | - |
| Fees charged to Policyholders | 8,301 | 7,488 | 3,800 | 2,769 |
| | <u>39,668</u> | <u>46,554</u> | <u>18,538</u> | <u>15,578</u> |
| 21. NET INSURANCE BENEFITS | | | | |
| Gross claims | | | | |
| Claims under individual policies | | | | |
| by death | 979,130 | 641,395 | 384,002 | 214,544 |
| by insured event other than death | 9,228 | 18,233 | 4,527 | 5,703 |
| by maturity | 1,458,112 | 876,447 | 746,533 | 273,446 |
| by surrender | 8,673,950 | 8,887,451 | 3,682,213 | 2,876,268 |
| Total gross individual policy claims | <u>11,120,420</u> | <u>10,423,526</u> | <u>4,817,275</u> | <u>3,369,961</u> |
| Claims under group policies | | | | |
| by death | 1,749,851 | 1,607,539 | 676,157 | 522,232 |
| by insured event other than death | 53,287 | 48,707 | 14,503 | 18,240 |
| by maturity | 511 | 399 | 180 | - |
| by surrender | 42,069 | 19,247 | 7,479 | 2,517 |
| Total gross group claims | <u>1,845,718</u> | <u>1,675,892</u> | <u>698,319</u> | <u>542,989</u> |
| Total gross claims | <u>12,966,138</u> | <u>12,099,418</u> | <u>5,515,594</u> | <u>3,912,950</u> |
| Less: Reinsurance / retakaful recoveries | | | | |
| On individual life claims | 175,396 | 99,196 | 43,253 | 35,593 |
| On group life claims | 344,819 | 233,504 | 131,177 | 80,213 |
| Total reinsurance / retakaful recoveries | <u>520,215</u> | <u>332,700</u> | <u>174,430</u> | <u>115,806</u> |
| Add: Claims related expenses | 6,810 | 5,843 | 1,307 | 1,783 |
| Net insurance benefit expense | <u>12,452,733</u> | <u>11,772,561</u> | <u>5,342,471</u> | <u>3,798,927</u> |

| Aggregate | | Aggregate | |
|--------------------------|------|---------------------------|------|
| Nine months period ended | | Three months period ended | |
| 30 September | | 30 September | |
| 2020 | 2019 | 2020 | 2019 |

(Unaudited)

(Rupees in '000)

22. ACQUISITION EXPENSES

Remuneration to insurance intermediaries on individual policies:

| | | | | |
|--|-----------|-----------|---------|---------|
| - Commission to agent on first year premiums / contributions | 1,488,490 | 1,831,710 | 600,677 | 607,600 |
| - Commission to agent on second year premiums / contributions | 334,934 | 351,406 | 126,831 | 55,430 |
| - Commission to agent on subsequent renewal premiums / contributions | 337,122 | 295,681 | 122,795 | 75,441 |
| - Commission to agent on single premiums / contributions | 10,437 | 21,117 | 4,986 | 3,442 |
| - Override commission to supervisors | 357,383 | 417,792 | 144,521 | 131,693 |
| - Other benefits to insurance intermediaries | | | | |
| Salaries, allowances and other benefits | 1,014,433 | 1,205,749 | 316,693 | 463,209 |

Remuneration to insurance intermediaries on group policies:

| | | | | |
|--|---------|---------|--------|---------|
| - Commission | 245,414 | 301,277 | 82,688 | 100,262 |
| - Other benefits to insurance intermediaries | 58,312 | 64,841 | 18,995 | 23,633 |

Other acquisition costs

| | | | | |
|---|------------------|------------------|------------------|------------------|
| - Traveling expenses (including cost of contests, conventions etc.) | 28,661 | 40,055 | 6,276 | 10,890 |
| - Printing and stationery | 4,124 | 5,599 | 1,852 | 1,066 |
| - Depreciation | 241,921 | 229,625 | 79,040 | 84,685 |
| - Rent, rates and taxes | 5,150 | 3,302 | 3,722 | 700 |
| - Electricity, gas and water | 32,352 | 40,098 | 19,725 | 20,062 |
| - Entertainment | 26,302 | 29,744 | 10,856 | 10,299 |
| - Vehicle running expenses | 6,296 | 8,456 | 1,211 | - |
| - Office repairs & maintenance | 22,178 | 33,574 | 9,575 | 24,408 |
| - Postages, telegrams and telephone | 29,608 | 33,527 | 11,430 | 12,580 |
| - Medical fees | 12,321 | 15,619 | 3,973 | 4,482 |
| - Finance Cost | 36,633 | 26,489 | 12,169 | 5,899 |
| - Others | 76,539 | 115,012 | 27,120 | 43,782 |
| - Policy stamps | 61,613 | 76,813 | 18,177 | 23,065 |
| | <u>4,430,223</u> | <u>5,147,486</u> | <u>1,623,312</u> | <u>1,702,628</u> |

23. MARKETING AND ADMINISTRATION EXPENSES

| | | | | |
|---|------------------|------------------|----------------|----------------|
| Employee benefit cost | 661,476 | 545,067 | 228,556 | 189,069 |
| Traveling expenses | 12,238 | 54,060 | 5,421 | 8,499 |
| Advertisements and sales promotion | 55,794 | 68,283 | 11,966 | 24,193 |
| Printing and stationery | 62,217 | 49,809 | 22,645 | 16,481 |
| Depreciation | 131,859 | 111,976 | 48,019 | 37,619 |
| Amortisation | 17,004 | 9,371 | 6,534 | 2,910 |
| Rent, rates and taxes | 10,954 | 9,145 | 6,017 | 8,154 |
| Legal and Professional charges - business related | 48,234 | 81,422 | 14,348 | 22,384 |
| Electricity, gas and water | 28,748 | 28,993 | 13,416 | 12,569 |
| Entertainment | 27,012 | 32,527 | 6,533 | 12,725 |
| Vehicle running expenses | 8,213 | 14,774 | 6,888 | 8,707 |
| Office repair and maintenance | 59,542 | 53,495 | 22,750 | 20,893 |
| Appointed actuary fees | 12,712 | 9,450 | 4,237 | 3,150 |
| Bank charges | 13,632 | 11,914 | 3,207 | 2,093 |
| Postage, internet and telephone | 67,569 | 59,738 | 27,952 | 17,129 |
| Fees and subscription | 35,156 | 24,783 | 15,139 | 9,907 |
| Annual supervision fee SECP | 32,171 | 43,778 | 10,196 | 12,974 |
| Miscellaneous | 81,431 | 82,875 | 27,088 | 31,609 |
| | <u>1,365,962</u> | <u>1,291,460</u> | <u>480,912</u> | <u>441,065</u> |

24. OTHER EXPENSES

| | | | | |
|----------------|---------------|---------------|--------------|--------------|
| Directors' fee | 3,250 | 1,350 | 1,750 | 400 |
| Donation | 16,879 | 6,526 | 199 | 555 |
| Others | 2,119 | 12,335 | 212 | 5,836 |
| | <u>22,248</u> | <u>20,211</u> | <u>2,161</u> | <u>6,791</u> |

| | Nine months period ended | | Three months period ended | |
|----------------------|------------------------------|----------------|---------------------------|---------------|
| | 30 September | | 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | ----- (Unaudited) ----- | | | |
| | ----- (Rupees in '000) ----- | | | |
| 25. TAXATION | | | | |
| For the years | | | | |
| Current | 476,000 | 357,063 | 181,500 | 108,063 |
| Deferred | 1,758 | 54,799 | 15,368 | (18,531) |
| | <u>477,758</u> | <u>411,862</u> | <u>196,868</u> | <u>89,532</u> |

26. RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies/associated undertakings, and entities with common directors and retirement benefit fund. Compensation of key management personnel are on employment terms. Contribution to the provident fund is in accordance with the service rules. Change to the defined contribution is in accordance with the actuarial advice. Other transactions are at agreed rates. Details of transactions with related parties during the period, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

| | Nine months period ended | |
|---|------------------------------|-----------------------------|
| | (Unaudited) | |
| | 30 September 2020 | 30 September 2019 |
| | ----- (Rupees in '000) ----- | |
| Transactions | | |
| Holding company | | |
| Premium written | 10,561 | 17,765 |
| Premium paid | 28,451 | 46,365 |
| Claims paid | 6,854 | 6,774 |
| Claims received | 1,100 | 7,790 |
| Dividend paid | 593,501 | 619,491 |
| Dividend Received | 39,788 | 43,299 |
| Associated companies/ Related Parties | | |
| Premium written | 100,914 | 81,498 |
| Premium paid | 23,078 | 23,086 |
| Claims paid | 40,253 | 15,149 |
| Commission paid | 147,335 | 156,316 |
| Travelling expenses | 1,771 | 464 |
| Donation paid | 2,216 | 1,589 |
| Dividend paid | 575,632 | 606,542 |
| Interest On bank deposit | 549,025 | 559,548 |
| Purchase of Vehicles (Pak Suzuki Motors) | 102,288 | 22,144 |
| Investment sold of related party | - | 25,558 |
| Key management personnel | | |
| Premium written | 1,232 | 525 |
| Loan to key employees | 6,584 | 6,000 |
| Loan recovered | 3,494 | 3,500 |
| Compensation paid | 121,070 | 117,050 |
| Dividend paid | 9,119 | 9,625 |
| Employees' funds | | |
| Contribution to provident fund | 26,927 | 25,139 |
| Contribution to pension fund | 24,563 | 20,891 |
| | <u>30 September 2020</u> | <u>31 December 2019</u> |
| | ----- (Unaudited) ----- | |
| | ----- (Audited) ----- | |
| | ----- (Rupees in '000) ----- | |
| Balances | | |
| Bank balances | 194,462 | 256,279 |
| Bank deposits | 5,721,000 | 5,400,000 |
| Premium payable | 1,192 | 1,459 |
| Premium receivable | 9,904 | 101 |
| Investment in EFU General Insurance Limited-from designated unit fund | 556,800 | 516,310 |
| Investment in related party | 852,034 | 653,525 |
| Claims outstanding - Related party | 28,809 | 17,592 |
| Loan receivable from key employees | 28,233 | 25,144 |

27. SEGMENTAL INFORMATION

27.1 Revenue Account by Statutory Fund
For the nine months period ended 30 September 2020

| | Statutory Funds | | | | | | Aggregate |
|---|----------------------------|-----------------------|--------------------------------|----------------------------|---|------------------------------------|--|
| | Investment Linked Business | Conventional Business | Pension Business (Unit Linked) | Accident & Health Business | Family Takaful Investment Linked Business | Family Takaful Protection Business | For the period ended 30 September 2020 |
| (Unaudited) | | | | | | | |
| (Rupees in '000) | | | | | | | |
| Income | | | | | | | |
| Premium / Contribution less reinsurance / retakaful | 15,989,206 | 1,844,184 | 525 | 478 | 3,112,124 | 178,710 | 21,125,227 |
| Policy transfer from other statutory funds | - | - | - | - | 14,377 | - | 14,377 |
| Bonus units transfer to statutory fund | - | - | - | - | 54,178 | - | 54,178 |
| Net investment income / wakala income | 14,298,336 | 189,473 | 2,296 | 105 | 976,517 | 73,657 | 15,540,384 |
| Total net income | 30,287,542 | 2,033,657 | 2,821 | 583 | 4,157,196 | 252,367 | 36,734,166 |
| Insurance Benefits and Expenditures | | | | | | | |
| Claims net of reinsurance recoveries | 10,563,281 | 1,345,167 | 1,233 | 419 | 408,256 | 112,852 | 12,431,208 |
| Policy transfer from other statutory funds | 14,716 | - | - | - | - | - | 14,716 |
| Bonus units transfer to statutory fund | - | - | - | - | 54,178 | - | 54,178 |
| Management expenses less recoveries | 3,914,872 | 421,775 | 438 | 339 | 1,670,200 | 123,817 | 6,131,441 |
| Total Insurance Benefits and Expenditures | 14,492,869 | 1,766,942 | 1,671 | 758 | 2,132,634 | 236,669 | 18,631,543 |
| Excess of income over Insurance Benefits and Expenditures | 15,794,673 | 266,715 | 1,150 | (175) | 2,024,562 | 15,698 | 18,102,623 |
| Net Change in Insurance Liabilities (Other than outstanding Claims) | (14,402,604) | (58,638) | 670 | 244 | (2,107,730) | (9,141) | (16,577,199) |
| Surplus / (deficit) before tax | 1,392,069 | 208,077 | 1,820 | 69 | (83,168) | 6,557 | 1,525,424 |
| Movement in policyholders' liabilities | 14,402,604 | 58,638 | (670) | (244) | 2,107,730 | 9,141 | 16,577,199 |
| Transfer to and from Shareholder's Fund | | | | | | | |
| Transfer of (surplus) / deficit to shareholders' fund | (1,227,024) | (200,542) | (1,810) | (123) | - | (13,691) | (1,443,190) |
| Capital contribution from share holders' fund | - | - | - | - | 133,546 | - | 133,546 |
| Net Transfer to / from shareholders' fund | (1,227,024) | (200,542) | (1,810) | (123) | 133,546 | (13,691) | (1,309,644) |
| Balance of statutory funds at beginning of the period | 112,260,531 | 1,565,488 | 22,271 | 1,278 | 5,153,135 | 135,416 | 119,138,119 |
| Balance of statutory funds at end of the period | 126,828,180 | 1,631,661 | 21,611 | 980 | 7,311,243 | 137,423 | 135,931,098 |

| | Statutory Funds | | | | | | Aggregate |
|---|----------------------------|-----------------------|--------------------------------|----------------------------|---|------------------------------------|--|
| | Investment Linked Business | Conventional Business | Pension Business (Unit Linked) | Accident & Health Business | Family Takaful Investment Linked Business | Family Takaful Protection Business | For the period ended 30 September 2019 |
| (Unaudited) | | | | | | | |
| (Rupees in '000) | | | | | | | |
| Income | | | | | | | |
| Premium / Contribution less reinsurances / retakaful | 16,727,754 | 1,953,494 | 620 | 610 | 2,488,199 | 183,783 | 21,354,460 |
| Policy transfer from other statutory funds | - | - | - | - | 8,412 | - | 8,412 |
| Bonus units transferred to statutory funds | - | - | - | - | 50,296 | - | 50,296 |
| Net investment income | 391,275 | 194,505 | 163 | 149 | 220,326 | 89,525 | 895,943 |
| Total net income | 17,119,029 | 2,147,999 | 783 | 759 | 2,767,233 | 273,308 | 22,309,111 |
| Insurance Benefits and Expenditures | | | | | | | |
| Claims net of reinsurance recoveries | 9,806,583 | 1,338,246 | 3,783 | (99) | 529,538 | 80,255 | 11,758,306 |
| Policy transfer from other statutory funds | 8,412 | - | - | - | - | - | 8,412 |
| Bonus units transferred to statutory funds | - | - | - | - | 50,296 | - | 50,296 |
| Management expenses less recoveries | 4,609,965 | 516,844 | 68 | 330 | 1,454,383 | 137,865 | 6,719,455 |
| Total Insurance Benefits and Expenditures | 14,424,960 | 1,855,090 | 3,851 | 231 | 2,034,217 | 218,120 | 18,536,469 |
| Excess of income over Insurance Benefits and Expenditures | 2,694,069 | 292,909 | (3,068) | 528 | 733,016 | 55,188 | 3,772,642 |
| Net Change in Insurance Liabilities (Other than outstanding Claims) | (1,809,707) | (134,557) | 3,241 | 18 | (824,671) | (7,524) | (2,773,200) |
| Surplus / (Deficit) before tax | 884,362 | 158,352 | 173 | 546 | (91,655) | 47,664 | 999,442 |
| Movement in policyholders' liabilities | 1,809,707 | 134,557 | (3,241) | (18) | 824,671 | 7,524 | 2,773,200 |
| Transfer to and from Shareholder's Fund | | | | | | | |
| Transfer of (surplus) / deficit to shareholders' fund | (862,132) | (176,397) | (240) | (553) | - | (21,212) | (1,060,534) |
| Capital contribution from share holders' fund | - | - | - | - | 129,406 | - | 129,406 |
| Net Transfer to/from shareholders' fund | (862,132) | (176,397) | (240) | (553) | 129,406 | (21,212) | (931,128) |
| Balance of statutory funds at beginning of the period | 102,834,817 | 1,422,896 | 24,457 | 1,480 | 3,559,726 | 107,368 | 107,950,744 |
| Balance of statutory funds at end of the period | 104,666,754 | 1,539,408 | 21,149 | 1,455 | 4,422,148 | 141,344 | 110,792,258 |

27.2 Segment statement of financial position

| | As at 30 September 2020 (Unaudited) | | | As at 31 December 2019 (Audited) | | |
|---|-------------------------------------|--------------------|--------------------|----------------------------------|--------------------|--------------------|
| | Statutory Funds | Shareholders Funds | Total | Statutory Funds | Shareholders Funds | Total |
| | (Rupees in '000) | | | | | |
| Property and equipment | 1,247,281 | 1,697,918 | 2,945,199 | 1,278,082 | 1,605,605 | 2,883,687 |
| Intangible assets | - | 37,632 | 37,632 | - | 24,733 | 24,733 |
| Investments | 133,990,752 | 1,295,253 | 135,286,005 | 115,103,349 | 961,940 | 116,065,289 |
| Insurance / reinsurance receivables | 169,339 | - | 169,339 | 253,999 | - | 253,999 |
| Other loans and receivables | 1,329,021 | 268,352 | 1,597,373 | 3,000,985 | 234,962 | 3,235,947 |
| Taxation - payments less provision | 9,100 | 1,039,672 | 1,048,772 | 6,334 | 1,054,887 | 1,061,221 |
| Prepayments | 76,526 | - | 76,526 | 51,216 | - | 51,216 |
| Cash and Bank | 4,958,292 | 85,779 | 5,044,071 | 5,669,243 | 44,304 | 5,713,547 |
| Total Assets | 141,780,311 | 4,424,606 | 146,204,917 | 125,363,208 | 3,926,431 | 129,289,639 |
| Insurance Liabilities net of reinsurance recoveries | 136,248,435 | - | 136,248,435 | 119,153,655 | - | 119,153,655 |
| Deferred taxation | - | 733,610 | 733,610 | - | 743,179 | 743,179 |
| Premium / Contribution received in advance | 1,065,965 | - | 1,065,965 | 969,354 | - | 969,354 |
| Insurance / reinsurance payables | 190,720 | - | 190,720 | 258,031 | - | 258,031 |
| Other creditors and accruals | 2,183,419 | 104,154 | 2,287,573 | 1,763,075 | 494,405 | 2,257,480 |
| Total Liabilities | 139,688,539 | 837,764 | 140,526,303 | 122,144,115 | 1,237,584 | 123,381,699 |

| | Held to maturity | Available to Sale | Fair value through profit & loss account | Deposit maturing within 12 months | Total |
|--|------------------|-------------------|--|-----------------------------------|-------|
| | (Rupees in '000) | | | | |

28. MOVEMENT IN INVESTMENTS

| | | | | | |
|--|------------------|------------------|--------------------|-------------------|--------------------|
| At beginning of previous year (1 January 2019) | 3,740,698 | 446,794 | 86,584,045 | 15,049,100 | 105,820,637 |
| Additions | 13,050,623 | 6,647,402 | 380,300,117 | 163,450,000 | 563,448,142 |
| Disposals (sale and redemptions) | (13,358,000) | (5,250,000) | (379,008,661) | (158,840,100) | (556,456,761) |
| Fair value net (losses) / gains (excluding net realised gains) | - | (34,827) | 3,274,748 | - | 3,239,921 |
| Impairment gain | - | 13,350 | - | - | 13,350 |
| At beginning of current period (1 January 2020) | 3,433,321 | 1,822,719 | 91,150,249 | 19,659,000 | 116,065,289 |
| Additions | 4,593,100 | 23,177,253 | 114,207,195 | 60,646,159 | 202,623,707 |
| Disposals (sale and redemptions) | (3,903,000) | (21,741,000) | (98,678,271) | (62,812,869) | (187,135,140) |
| Fair value net (losses) / gains (excluding net realised gains) | - | (34,604) | 3,740,810 | - | 3,706,206 |
| Impairment gain | - | 25,943 | - | - | 25,943 |
| At end of current period (30 September 2020) | 4,123,421 | 3,250,311 | 110,419,983 | 17,492,290 | 135,286,005 |

29. FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in unquoted investments which are stated at cost. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

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

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

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

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

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

On balance sheet financial instruments

| | 30 September 2020 (Unaudited) | | | | | | | | | | |
|---|--|--------------------|------------------|-----------------------|------------------------|-----------------------------|-------------|------------|------------|---------|-------------|
| | Fair Value through profit and loss designated upon initial recognition | Available for Sale | Held To Maturity | Loans and Receivables | Other financial assets | Other financial liabilities | Total | Fair value | | | Total |
| | | | | | | | | Level 1 | Level 2 | Level 3 | |
| (Rupees in '000) | | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | | |
| - Investments | | | | | | | | | | | |
| Government Securities (T-bills + PIBs + Sukuks) | 70,773,363 | - | - | - | - | - | 70,773,363 | - | 70,773,363 | - | 70,773,363 |
| Sukuk Bonds (other than government) | 4,145,664 | - | - | - | - | - | 4,145,664 | - | 4,145,664 | - | 4,145,664 |
| Listed equity securities | 31,507,582 | 251,789 | - | - | - | - | 31,759,371 | 31,759,371 | - | - | 31,759,371 |
| Unlisted equity securities | - | 508 | - | - | - | - | 508 | - | - | 508 | 508 |
| Units of mutual funds | 1,456,730 | 121,696 | - | - | - | - | 1,578,426 | - | 1,578,426 | - | 1,578,426 |
| Debt securities (Listed TFCs) | 3,366,635 | - | - | - | - | - | 3,366,635 | 3,366,635 | - | - | 3,366,635 |
| Financial assets not measured at fair value | | | | | | | | | | | |
| - Government Securities (T-bills + PIBs + Sukuks) | - | - | 5,959,748 | - | - | - | 5,959,748 | - | 6,527,903 | - | 6,527,903 |
| - Balances with banks * | 22,536,361 | - | - | - | - | - | 22,536,361 | - | - | - | 22,536,361 |
| - Certificate of Investment | 210,000 | - | - | - | - | - | 210,000 | - | - | - | 210,000 |
| - Advances | - | - | - | 204,760 | - | - | 204,760 | - | - | - | 204,760 |
| - Investment income accrued | - | - | - | - | 878,620 | - | 878,620 | - | - | - | 878,620 |
| - Other loans and receivables (excluding markup accrued)* | - | - | - | - | 1,392,612 | - | 1,392,612 | - | - | - | 1,392,612 |
| | 133,996,335 | 373,993 | 5,959,748 | 204,760 | 2,271,232 | - | 142,806,068 | - | - | - | 142,806,068 |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Deferred taxation | - | - | - | - | - | 733,610 | 733,610 | - | - | - | 733,610 |
| Premium received in advance | - | - | - | - | - | 1,065,965 | 1,065,965 | - | - | - | 1,065,965 |
| Insurance / reinsurance payables | - | - | - | - | - | 190,719 | 190,719 | - | - | - | 190,719 |
| Other creditors and accruals | - | - | - | - | - | 1,771,435 | 1,771,435 | - | - | - | 1,771,435 |
| | - | - | - | - | - | 3,761,729 | 3,761,729 | - | - | - | 3,761,729 |
| | 133,996,335 | 373,993 | 5,959,748 | 204,760 | 2,271,232 | (3,761,729) | 139,044,339 | - | - | - | 139,044,339 |

On balance sheet financial instruments

| | 31 December 2019 (Audited) | | | | | | | | | | |
|--|--|--------------------|------------------|-----------------------|------------------------|-----------------------------|-------------|------------|------------|---------|------------|
| | Fair Value through profit and loss (designated upon initial recognition) | Available for Sale | Held to Maturity | Loans and Receivables | Other financial Assets | Other financial liabilities | Total | Fair value | | | Total |
| | | | | | | | | Level 1 | Level 2 | Level 3 | |
| (Rupees in '000) | | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | | |
| - Investments | | | | | | | | | | | |
| Government Securities (T-bills + PIBs + Sukuks) | 70,853,495 | - | - | - | - | - | 70,853,495 | - | 70,853,495 | - | 70,853,495 |
| Sukuk Bonds (other than government) | 4,677,570 | - | - | - | - | - | 4,677,570 | - | 4,677,570 | - | 4,677,570 |
| Listed equity securities | 10,297,217 | 174,817 | - | - | - | - | 10,472,034 | 10,472,034 | - | - | 10,472,034 |
| Unlisted equity securities | 508 | - | - | - | - | - | 508 | - | - | 508 | 508 |
| Units of mutual funds | 265,847 | 144,867 | - | - | - | - | 410,714 | - | 410,714 | - | 410,714 |
| Debt securities (Listed TFCs) | 4,431,921 | - | - | - | - | - | 4,431,921 | 4,431,921 | - | - | 4,431,921 |
| Financial assets not measured at fair value | | | | | | | | | | | |
| - Government Securities (T-bills + PIBs + Sukuks) | - | - | 5,350,047 | - | - | - | 5,350,047 | - | 5,340,466 | - | 5,340,466 |
| - Balances with banks * | 25,372,548 | - | - | - | - | - | 25,372,548 | - | - | - | - |
| - Certificate of Investment | 210,000 | - | - | - | - | - | 210,000 | - | - | - | - |
| - Advances | - | - | - | 172,543 | - | - | 172,543 | - | - | - | - |
| - Investment income accrued | - | - | - | - | 2,760,117 | - | 2,760,117 | - | - | - | - |
| - Other loans and receivables (excluding markup accrued) | - | - | - | - | 3,063,402 | - | 3,063,402 | - | - | - | - |
| | 116,109,106 | 319,684 | 5,350,047 | 172,543 | 5,823,519 | - | 127,774,899 | - | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Deferred taxation | - | - | - | - | - | 743,179 | 743,179 | - | - | - | - |
| Premium received in advance | - | - | - | - | - | 969,354 | 969,354 | - | - | - | - |
| Insurance / reinsurance payables | - | - | - | - | - | 258,031 | 258,031 | - | - | - | - |
| Other creditors and accruals | - | - | - | - | - | 2,257,480 | 2,257,480 | 415,108 | - | - | - |
| | - | - | - | - | - | 4,228,044 | 4,228,044 | - | - | - | - |
| | 116,109,106 | 319,684 | 5,350,047 | 172,543 | 5,823,519 | (4,228,044) | 123,546,855 | - | - | - | - |

*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

30. GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Certain prior year's figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

30.1 Date of authorization for issue

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 21 October 2020.


Managing Director &
Chief Executive Officer


Chief Financial Officer


Director

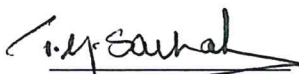

Director


Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited / Unreviewed)
AS AT 30 SEPTEMBER 2020

| | Operator Sub Fund | Policyholder Fund | 30 September 2020 | 31 December 2019 |
|---|----------------------|----------------------|-------------------------|---------------------|
| <i>Note</i> | (Rupees in '000) | | | |
| Assets | | | | |
| Investments | | | | |
| Equity securities | 5 | - | 1,840,274 | 1,840,274 |
| Government securities | 6 | 52,500 | 1,011,451 | 1,063,951 |
| Debt securities | 7 | 10,000 | 1,169,083 | 1,179,083 |
| Term deposits | 8 | 78,000 | 2,566,000 | 2,644,000 |
| Takaful / retakaful receivables | | - | 15,090 | 15,090 |
| Other loans and receivables | | 235,748 | 595,407 | 831,155 |
| Deferred tax asset | | 34,636 | - | 34,636 |
| Prepayments | | 8,597 | - | 8,597 |
| Cash & Bank | 9 | 304,629 | 1,311,464 | 1,616,093 |
| Total Assets | | 724,110 | 8,508,769 | 9,232,879 |
| Equity and Liabilities | | | | |
| Cede Money | | 50,000 | - | 50,000 |
| Capital contributed by shareholder's fund | | 342,958 | - | 342,958 |
| Qard-e-Hasna | | (39,783) | 39,783 | - |
| Retained Earning arising from business other than participating business attributable to shareholder's (Ledger account D) | | 74,297 | - | 74,297 |
| Accumulated losses | | (254,849) | - | (254,849) |
| Total Equity | | 172,623 | 39,783 | 212,406 |
| Liabilities | | | | |
| Insurance Liabilities | 10 | - | 7,585,710 | 7,585,710 |
| Takaful contribution received in advance | | - | 131,076 | 131,076 |
| Takaful / retakaful payables | | - | 51,978 | 51,978 |
| Other creditors and accruals | | 551,487 | 700,222 | 1,251,709 |
| Total Liabilities | | 551,487 | 8,468,986 | 9,020,473 |
| Total Equity and Liabilities | | 724,110 | 8,508,769 | 9,232,879 |
| Contingency(ies) and commitment(s) | 11 | - | - | - |

The annexed notes 1 to 23 form an integral part of these financial statements.


 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman


EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS
Condensed Interim Profit And Loss Account (Unaudited / Unreviewed)
For The Nine Months Period Ended 30 September 2020

| | Operator's Sub Fund | | Policyholder's Fund | | Aggregate | | Aggregate | |
|--|---------------------------------------|------------------|---------------------------------------|------------------|---------------------------------------|------------------|--|-----------------|
| | Nine months period ended 30 September | | Nine months period ended 30 September | | Nine months period ended 30 September | | Three months period ended 30 September | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | (Rupees in '000) | | | | | | | |
| Contribution Revenue | 974,813 | 927,298 | 2,430,561 | 1,815,723 | 3,405,374 | 2,743,021 | 1,371,902 | 912,690 |
| Contribution ceded to reinsurers | - | - | (100,163) | (62,627) | (100,163) | (62,627) | (25,274) | (21,134) |
| Net Contribution revenue | 974,813 | 927,298 | 2,330,398 | 1,753,096 | 3,305,211 | 2,680,394 | 1,346,628 | 891,556 |
| Wakalat-ul-Istismar - PIF | 211,222 | 149,476 | (211,222) | (149,476) | - | - | - | - |
| Wakala Fee - PTF | 125,521 | 132,676 | (125,521) | (132,676) | - | - | - | - |
| Investment income | 41,778 | 20,226 | 350,173 | 223,487 | 391,951 | 243,713 | 78,522 | 104,999 |
| Net realised fair value gains / (losses) on financial assets | 816 | (1,757) | 128,399 | (190,966) | 129,215 | (192,723) | 106,134 | (18,925) |
| Net fair value gains / (losses) on financial assets at fair value through profit or loss | 1,214 | (212) | 191,048 | (23,080) | 192,262 | (23,292) | 187,123 | (55,515) |
| | 380,551 | 300,409 | 332,877 | (272,711) | 713,428 | 27,698 | 371,779 | 30,559 |
| Net income | 1,355,364 | 1,227,707 | 2,663,275 | 1,480,385 | 4,018,639 | 2,708,092 | 1,718,407 | 922,115 |
| Takaful benefits | - | - | 594,236 | 640,409 | 594,236 | 640,409 | 261,687 | 220,519 |
| Recoveries from retakafuls | - | - | (73,128) | (30,616) | (73,128) | (30,616) | (38,093) | (6,281) |
| Claims related expenses | - | - | - | - | - | - | - | - |
| Net Takaful Benefits | - | - | 521,108 | 609,793 | 521,108 | 609,793 | 223,594 | 214,238 |
| Net Change in Takaful Liabilities (other than outstanding claims) | - | - | 2,142,167 | 870,592 | 2,142,167 | 870,592 | 933,583 | 292,006 |
| Acquisition expenses | 1,261,415 | 1,137,452 | - | - | 1,261,415 | 1,137,452 | 486,232 | 411,471 |
| Marketing and administration expenses | 195,855 | 172,644 | - | - | 195,855 | 172,644 | 64,118 | 61,230 |
| Total Expenses | 1,457,270 | 1,310,096 | 2,142,167 | 870,592 | 3,599,437 | 2,180,688 | 1,483,933 | 764,707 |
| Loss before tax | (101,906) | (82,389) | - | - | (101,906) | (82,389) | 10,880 | (56,830) |
| Income tax | 29,553 | 23,893 | - | - | 29,553 | 23,893 | (3,155) | 16,481 |
| Loss for the period | (72,353) | (58,496) | - | - | (72,353) | (58,496) | 7,725 | (40,349) |
| Earnings per share - Rupees | (0.72) | (0.58) | - | - | (0.72) | (0.58) | 0.08 | (0.40) |

The annexed notes 1 to 23 form an integral part of these financial statements.


Managing Director & Chief Executive Officer


Chief Financial Officer


Director


Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited / Unreviewed)
For The Nine Months Period Ended 30 September 2020

| | Operator Sub Fund | | Policyholder Funds | | Aggregate | | | |
|---|---------------------------------------|-----------------|---------------------------------------|----------|---------------------------------------|-----------------|--|-----------------|
| | Nine months period ended 30 September | 2019 | Nine months period ended 30 September | 2019 | Nine months period ended 30 September | 2019 | Three months period ended 30 September | 2019 |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | (Rupees in '000) | | | | | | | |
| Loss for the period - as per Profit and Loss Account | (72,353) | (58,496) | - | - | (72,353) | (58,496) | 7,725 | (40,349) |
| Other Comprehensive Income: | | | | | | | | |
| Items that may be reclassified to profit and loss in subsequent periods: | | | | | | | | |
| Change in unrealised gains / (losses) on available-for-sale financial assets | - | - | - | - | - | - | - | - |
| Reclassification adjustment relating to available-for-sale investments sold during the period | - | - | - | - | - | - | - | - |
| Related deferred tax | - | - | - | - | - | - | - | - |
| Other comprehensive income for the period- net of tax | - | - | - | - | - | - | - | - |
| Total comprehensive loss for the period | (72,353) | (58,496) | - | - | (72,353) | (58,496) | 7,725 | (40,349) |

The annexed notes 1 to 23 form an integral part of these financial statements.


 T. M. Sachal
 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited / Unreviewed)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020

| | Attributable to the equity holders' of the Company | | | | | | Total |
|---|--|---|-----------------|---|---|-----------------------|----------------|
| | Cede Money | Capital Contribution from main Shareholder Fund | General Reserve | Retained earnings arising from business other than participating business attributable to shareholders (ledger account D)- net of tax * | Surplus/Deficit on revaluation of available for sale investment | Unappropriated Profit | |
| | (Rupees in '000) | | | | | | |
| Balance as at 1 January 2019 (as reported) | 50,000 | 231,392 | - | 38,974 | - | (170,052) | 150,314 |
| Capital contribution from shareholder's fund | | 82,045 | | | | | 82,045 |
| Income for the period ended 30 September 2019 | - | - | - | - | - | (58,496) | (58,496) |
| Other Comprehensive income/(loss) | - | - | - | - | - | - | - |
| Total income for the period ended 30 September 2019 | | | | | | (58,496) | (58,496) |
| Contribution to increase solvency margin | | | | 25,804 | | | 25,804 |
| Balance as at 30 September 2019 | 50,000 | 313,437 | - | 64,778 | - | (228,548) | 199,667 |
| Balance as at 1 January 2020 | 50,000 | 298,964 | - | 56,348 | - | (182,496) | 222,816 |
| Capital contribution from shareholder's fund | | 43,994 | | | | | 43,994 |
| Income for the period ended 30 September 2020 | - | - | - | - | - | (72,353) | (72,353) |
| Other Comprehensive income/(loss) | - | - | - | - | - | - | - |
| | | | | | | (72,353) | (72,353) |
| Contribution to increase solvency margin | | | | 17,949 | | | 17,949 |
| Balance as at 30 September 2020 | 50,000 | 342,958 | - | 74,297 | - | (254,849) | 212,406 |

*This include balances maintained in accordance with the requirements of section 35 of the Insurance Ordinance ,2000 read with rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for the carrying on of the life insurance business.

The annexed notes 1 to 23 form an integral part of these financial statements.


 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

EFU LIFE ASSURANCE LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (Unaudited / Unreviewed)
For The Nine Months Period Ended 30 September 2020

| | Nine months period ended | |
|--|------------------------------|-------------|
| | 30 September | |
| | 2020 | 2019 |
| | ----- (Rupees in '000) ----- | |
| Operating cash flows | | |
| a) Underwriting activities | | |
| Insurance premium / contribution received | 3,413,224 | 2,716,189 |
| Reinsurance premium / Retakaful contribution paid | (120,862) | (67,460) |
| Claims paid | (501,262) | (584,779) |
| Reinsurance and other recoveries received | 73,128 | 30,616 |
| Commission paid | (770,494) | (773,849) |
| Marketing and Administrative expenses paid | (195,855) | (172,644) |
| Other acquisition cost paid | (411,964) | (343,557) |
| Net cash flow from underwriting activities | 1,485,915 | 804,516 |
| b) Other operating activities | | |
| Other operating payments | (282,250) | 281,539 |
| Other receipts on operating assets | 336,848 | (146,296) |
| Net cash flow from other operating activities | 54,598 | 135,243 |
| Total cash flow from all operating activities | 1,540,513 | 939,759 |
| Investment activities | | |
| Profit / Return received | 408,218 | 164,057 |
| Dividends received | 7,974 | 19,378 |
| Payments for investments | (11,857,700) | 10,546 |
| Proceed from disposal of investments | 10,318,061 | 70,000 |
| Total cash flow from investing activities | (1,123,447) | 263,981 |
| Financing activities | | |
| Net Capital contributed from shareholder's fund | (13,324) | 63,248 |
| Total cash flow from financing activities | (13,324) | 63,248 |
| Net cash flow from all activities | 403,742 | 1,266,988 |
| Cash and cash equivalents at beginning of the period | 3,856,351 | 2,331,188 |
| Cash and cash equivalents at end of the period | 4,260,093 | 3,598,176 |
| Reconciliation to profit and loss account | | |
| Operating cash flows | 1,540,513 | 939,759 |
| Depreciation expense | (73,062) | (43,387) |
| Amortization expense | (2,204) | (1,214) |
| Loss on disposal of investments | 129,215 | (192,723) |
| Dividend Income | 7,974 | 19,378 |
| Other investment income | 417,421 | 225,326 |
| Appreciation / (Depreciation) in market value of investments | 158,820 | (24,283) |
| (Decrease) / Increase in assets other than cash | (300,722) | 171,964 |
| Increase in liabilities | (1,950,308) | (1,153,316) |
| Profit after taxation | (72,353) | (58,496) |

The annexed notes 1 to 23 form an integral part of these financial statements.


 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

EFU LIFE ASSURANCE LIMITED- Window Takaful Operations
Notes To The Condensed Interim Financial Information (Unaudited/Unreviewed)
For The Nine Months Ended 30 September 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 EFU Life Assurance Limited (the Company) was incorporated in Pakistan on 09 August 1992 as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017) and started its operation from 18 November 1992. The shares of the Company are quoted on Pakistan Stock Exchange. The Registered office of the Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at EFU Life House Plot No.112, 8th East street, Phase 1, DHA, Karachi.
- 1.2 The Company is a subsidiary of EFU General Insurance Limited on the basis of its ability to control the composition of the Board of Directors of EFU Life Assurance Limited effective 31 March 2018.
- 1.3 The Company is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:
- Family Takaful Investment Linked Business (Refer note 1.4)
 - Family Takaful Protection Business (Refer note 1.4)
- 1.4 The Company was granted authorisation on 19 January 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operation in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 6 February 2015 under the brand name "Hemayah". For the purpose of carrying on takaful business, the Company has formed a Waqf namely EFU Life - Window Family Takaful Limited Waqf (here-in-after referred to as the Participant Takaful Fund (PTF)) was formed on 6 February 2015 under a Waqf deed executed by the Company with a cede amount of Rs. 2 million. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

2 Basis of preparation and statement of compliance

- 2.1 These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1) / 2017 dated 09 February 2017.
- 2.2 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012 and Insurance Accounting Regulations, 2017; and
 - Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

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 and the Takaful Rules 2012 shall prevail.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousands.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended 31 December 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

| 5 INVESTMENTS IN EQUITY SECURITIES | Note | 30 September | 31 December |
|--|------|------------------|----------------|
| | | 2020 | 2019 |
| | | (Unaudited) | (Audited) |
| ----- (Rupees in '000) ----- | | | |
| Available for Sale | 5.1 | - | - |
| At fair value through profit or loss (Designated - upon initial recognition) | 5.2 | 1,840,274 | 147,634 |
| | | <u>1,840,274</u> | <u>147,634</u> |

| 5.1 Available for Sale | 30 September 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
|---|-------------------------------|--------------------------|-------------------|----------------------------|--------------------------|-------------------|
| | Cost | Impairment/ provision | Carrying Value | Cost | Impairment/ provision | Carrying Value |
| ----- (Rupees in '000) ----- | | | | | | |
| 5.2 Fair Value through Profit and Loss (Designated - upon initial recognition) | | | | | | |
| Related Parties | | | | | | |
| Listed Shares | - | - | - | - | - | - |
| Others | | | | | | |
| Listed Shares | 1,575,761 | - | 1,840,274 | 122,789 | - | 147,634 |
| | <u>1,575,761</u> | <u>-</u> | <u>1,840,274</u> | <u>122,789</u> | <u>-</u> | <u>147,634</u> |

| 6. GOVERNMENT SECURITIES | Note | 30 September | 31 December |
|--|------|------------------|----------------|
| | | 2020 | 2019 |
| | | (Unaudited) | (Audited) |
| ----- (Rupees in '000) ----- | | | |
| Held to Maturity | 6.1 | 374,475 | 16,931 |
| Fair value through profit and loss (designated - upon initial recognition) | 6.2 | 689,476 | 856,038 |
| | | <u>1,063,951</u> | <u>872,969</u> |

| 6.1 Held to Maturity | 30 September 2020 (Unaudited) | | | | |
|----------------------------------|-------------------------------|--------------------|-------------------|------------------------|-------------------|
| | Maturity Year | Effective Yield | Amortised Cost | Principal Repayment | Carrying Value |
| | ----- (Rupees in '000) ----- | | | | |
| | | % | | | |
| 03 Years Government Ijara | 2020 | 5.24 | 179,118 | 221,090 | 179,118 |
| 10 Years Pakistan Energy Sukuk 1 | 2029 | 8.05 | 195,357 | 197,160 | 195,357 |
| | | | <u>374,475</u> | <u>418,250</u> | <u>374,475</u> |

| 6.2 Fair Value through profit and loss (Designated - upon initial recognition) | 30 September 2020 (Unaudited) | | | | |
|---|-------------------------------|--------------------|-------------------|------------------------|-------------------|
| | Maturity Year | Effective Yield | Amortised Cost | Principal Repayment | Carrying Value |
| | ----- (Rupees in '000) ----- | | | | |
| | | % | | | |
| 03 Years Government Ijara | 2020 | 5.24 | 148,877 | 133,925 | 148,876 |
| 10 Years Pakistan Energy Sukuk 1 | 2029 | 8.05 | 614,751 | 620,840 | 540,600 |
| | | | <u>763,628</u> | <u>754,765</u> | <u>689,476</u> |

| 7. INVESTMENT IN DEBT SECURITIES | Note | 30 September 2020 (Unaudited) | | | 31 December 2019 (Audited) | | |
|----------------------------------|------|-------------------------------|--------------------------|-------------------|----------------------------|---------------------------|-------------------|
| | | Cost | Impairment/ Provision | Carrying Value | Cost | Impairment / Provision | Carrying Value |
| | | ----- (Rupees in '000) ----- | | | | | |
| Others | | | | | | | |
| Term Finance Certificates | 7.1 | 140,315 | - | 140,315 | - | - | |
| Corporate Sukuks | 7.2 | 1,038,768 | - | 1,038,768 | 1,103,857 | - | |
| Commercial papers | 7.3 | - | - | - | 97,732 | - | |
| | | <u>1,179,083</u> | <u>-</u> | <u>1,179,083</u> | <u>1,201,589</u> | <u>-</u> | |
| | | | | | | <u>1,201,589</u> | |

| | Yield | Maturity | No. Of Certificates | | Face Value | Carrying Amount | |
|---|-------|-----------|---------------------|------------------|------------|------------------------------|--------------------------|
| | | | 30 September 2020 | 31 December 2019 | | 30 September 2020 | 31 December 2019 |
| | | | (Unaudited) | (Audited) | | (Unaudited) | (Audited) |
| ----- (Rupees in '000) ----- | | | | | | | |
| 7.1 Term Finance Certificates | | | | | | | |
| Bank Islami | 9.41 | Perpetual | 28,063 | | 5,345 | 140,315 | - |
| | | | | | | <u>140,315</u> | <u>-</u> |
| 7.2 Corporate Sukuks | | | | | | | |
| K Electric | 8.24 | 2022 | 7,500 | 7,500 | 10 | 44,408 | 62,869 |
| Dawood Hercules | 8.21 | 2022 | 5,819 | 2,000 | 200 | 127,576 | 161,488 |
| Meezan Bank Ltd | 9.67 | Perpetual | 100,000 | 100,000 | 5 | 250,000 | 250,000 |
| HUB Co Sukuk | 10.04 | 2023 | 50,000 | 7,000 | 7 | 204,850 | 200,000 |
| Engro Polymer | 7.71 | 2026 | 2,250 | 5,000 | 20 | 208,286 | 207,544 |
| International Brands Ltd | 11.63 | 2021 | 1,000 | 1,000 | 202 | 7,085 | 17,959 |
| Neelum Jhelum | 8.97 | 2026 | 12,500 | 12,500 | 8 | 96,563 | 103,997 |
| Dubai Islamic Bank Limited | 8.44 | Perpetual | 20,000 | 20,000 | 5 | 100,000 | 100,000 |
| | | | | | | <u>1,038,768</u> | <u>1,103,857</u> |
| | | | | | | <u>1,179,083</u> | <u>1,103,857</u> |
| 7.3 Commercial Paper | | | | | | | |
| KEL Islamic Commercial Paper | - | - | - | 1 | 500,000 | - | 97,732 |
| | | | | | | - | 97,732 |
| | | | | | | <u>1,179,083</u> | <u>1,201,589</u> |
| 8. INVESTMENTS IN TERM DEPOSITS | | | | | | 30 September 2020 | 31 December 2019 |
| | | | | | | (Unaudited) | (Audited) |
| | | | | | | ----- (Rupees in '000) ----- | |
| Deposit maturing within 12 months | | | | | | <u>2,644,000</u> | <u>2,474,000</u> |
| 9. CASH AND BANK | | | | | | | |
| Cash and Cash Equivalent | | | | | | | |
| Cash in hand | | | | | | 464 | 4 |
| Cash at bank | | | | | | | |
| Current account | | | | | | 394,945 | 460,104 |
| Saving account | | | | | | 1,220,684 | 922,243 |
| | | | | | | <u>1,616,093</u> | <u>1,382,351</u> |
| 9.1 Cash and cash equivalents for cash flow purpose comprise of the following: | | | | | | 30 September 2020 | 30 September 2019 |
| | | | | | | (Unaudited) | (Unaudited) |
| | | | | | | ----- (Rupees in '000) ----- | |
| - Cash and others | | | | | | 464 | 442 |
| - Cash at bank | | | | | | 1,615,629 | 1,128,734 |
| - Term deposits maturing within three months | | | | | | 2,644,000 | 2,469,000 |
| | | | | | | <u>4,260,093</u> | <u>3,598,176</u> |

| | Note | 30 September 2020 (Unaudited) | 31 December 2019 (Audited) |
|---|------|-------------------------------------|----------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 10. TAKAFUL LIABILITIES | | | |
| Reported outstanding claims | 10.1 | 217,052 | 117,931 |
| Incurred but not reported claims | 10.2 | 41,298 | 31,577 |
| Investment component of unit-linked and account value policies | 10.3 | 6,964,098 | 4,876,131 |
| Liabilities under individual conventional insurance contracts | 10.4 | 74,324 | 68,972 |
| Liabilities under group insurance contracts (other than investment linked) | 10.5 | 45,061 | 37,377 |
| Other liabilities | | 45,785 | 41,029 |
| Participant takaful fund balance | 10.6 | 198,092 | 172,794 |
| | | <u>7,585,710</u> | <u>5,345,812</u> |
| 10.1 Reported Outstanding Claims | | | |
| Gross of Retakaful | | | |
| Payable within one year | | 205,337 | 112,364 |
| Payable over a period of time exceeding one year | | 33,801 | 19,361 |
| | | <u>239,138</u> | <u>131,725</u> |
| Recoverable from Retakaful | | | |
| Receivable over a period of time exceeding one year | | (22,086) | (13,794) |
| | | <u>(22,086)</u> | <u>(13,794)</u> |
| Net reported outstanding claims | | <u>217,052</u> | <u>117,931</u> |
| 10.2 Incurred But Not Reported Claims | | | |
| Gross of retakaful | | 64,984 | 37,942 |
| Retakaful recoveries | | (23,686) | (6,365) |
| Net of retakaful | | <u>41,298</u> | <u>31,577</u> |
| 10.3 Investment Component of Unit Linked and Account Value Policies | | | |
| Investment component of unit linked policies | | 6,964,098 | 4,876,131 |
| Investment component of account value policies | | - | - |
| | | <u>6,964,098</u> | <u>4,876,131</u> |
| 10.4 Liabilities under Individual Conventional takaful Contracts | | | |
| Gross of Retakaful | | 114,970 | 110,754 |
| Retakaful Credit | | (40,646) | (41,782) |
| Net of Reinsurance | | <u>74,324</u> | <u>68,972</u> |
| 10.5 Liabilities under Group Insurance Contracts (other than investment linked) | | | |
| Gross of Reinsurance | | 65,384 | 44,444 |
| Reinsurance Credit | | (20,323) | (7,067) |
| Net of Reinsurance | | <u>45,061</u> | <u>37,377</u> |
| 10.6 | | | |
| This comprises of surplus of Individual Family Takaful - Participant Takaful Fund, which relates exclusively to participants of the Individual Family Takaful Fund and is not available for distribution to shareholders. Under the Waqf Deed of Individual Family Takaful Fund read with Rule 21 of Takaful Rules, 2012, the surplus arising in the Participants Sub Fund can only be distributed to the Participants of that Fund based on approval of the Appointed Actuary. The surplus has been classified under insurance liabilities as clarified by SECP. | | | |

11. CONTINGENCIES AND COMMITMENTS

The contingencies and commitments reported in the main financials of the Company also includes impacts of Window Takaful Operations as at June 30, 2020. Out of the reported amount thereon, an amount of Rs.54.2 million pertains to Window Takaful Operations. There were no other material contingencies and commitments as at June 30, 2020.

| Aggregate (Unaudited) | | Aggregate (Unaudited) | |
|--------------------------|------|---------------------------|------|
| Nine months period ended | | Three months period ended | |
| 30 September | | 30 September | |
| 2020 | 2019 | 2020 | 2019 |

----- (Rupees in '000) -----

12. NET CONTRIBUTION REVENUE

Gross contribution

Regular contribution individual policies

| | | | | |
|-------------------------|-----------|-----------|---------|---------|
| First year | 1,193,561 | 1,156,744 | 518,311 | 386,149 |
| Second year renewal | 823,319 | 641,239 | 320,469 | 219,061 |
| Subsequent year renewal | 1,017,561 | 573,273 | 397,617 | 187,229 |

Single contribution individual policies

| | | | | |
|------------------------------------|---------|---------|--------|--------|
| Group policies with cash values | 730 | 790 | 25 | 55 |
| Group policies without cash values | 238,275 | 229,146 | 75,994 | 87,155 |

Total gross contribution

| | | | | |
|--|------------------|------------------|------------------|----------------|
| | 3,405,374 | 2,743,021 | 1,371,902 | 912,690 |
|--|------------------|------------------|------------------|----------------|

Less: Retakaful contribution ceded

| | | | | |
|---|---------|---------|---------|---------|
| On individual life first year business | 13,492 | 4,829 | 4,496 | (5,441) |
| On individual life second year business | 11,662 | 6,013 | 3,456 | 6,013 |
| On individual life renewal business | 21,173 | 8,477 | 7,575 | 8,477 |
| On group policies | 59,565 | 45,363 | 11,654 | 13,115 |
| Less: Experience refund from reinsurers | (5,729) | (2,055) | (1,907) | (1,030) |

Total reinsurance premium / retakaful contribution ceded

| | | | | |
|--|----------------|---------------|---------------|---------------|
| | 100,163 | 62,627 | 25,274 | 21,134 |
|--|----------------|---------------|---------------|---------------|

Net premium / contribution

| | | | | |
|--|------------------|------------------|------------------|----------------|
| | 3,305,211 | 2,680,394 | 1,346,628 | 891,556 |
|--|------------------|------------------|------------------|----------------|

13. INVESTMENT INCOME

Income from equity securities

At fair value through profit and loss (Designated upon initial recognition)

| | | | | |
|-----------------|-------|--------|-------|-----|
| Dividend income | 7,974 | 19,378 | 2,546 | 815 |
|-----------------|-------|--------|-------|-----|

Available for Sale

| | | | | |
|-----------------|---|---|---|---|
| Dividend income | - | - | - | - |
|-----------------|---|---|---|---|

Income from debt securities

At fair value through profit and loss (Designated upon initial recognition)

| | | | | |
|---------------------------|-----------|---------|----------|--------|
| Return on debt securities | 219,357 | 39,433 | 13,578 | 18,089 |
| On government securities | (199,841) | 195,584 | (68,871) | 19,696 |

Held to maturity

| | | | | |
|--------------------------|---------|-----------|--------|-------|
| On government securities | 222,054 | (132,054) | 99,149 | 7,459 |
|--------------------------|---------|-----------|--------|-------|

Income from term deposits

| | | | | |
|-------------------------|---------|---------|--------|--------|
| Return on term deposits | 142,407 | 121,372 | 32,120 | 58,940 |
|-------------------------|---------|---------|--------|--------|

| | | | | |
|--|----------------|----------------|---------------|----------------|
| | 391,951 | 243,713 | 78,522 | 104,999 |
|--|----------------|----------------|---------------|----------------|

| | Aggregate (Unaudited) | | Aggregate (Unaudited) | |
|--|--------------------------|------------------|---------------------------|-----------------|
| | Nine months period ended | | Three months period ended | |
| | 30 September | | 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| ----- (Rupees in '000) ----- | | | | |
| 14. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS | | | | |
| Available for sale | | | | |
| Realised gains on: | | | | |
| - Equity securities | 129,215 | - | 106,134 | - |
| - Government securities | - | - | - | - |
| Realised losses on: | | | | |
| - Equity securities | - | (192,723) | - | (18,925) |
| | <u>129,215</u> | <u>(192,723)</u> | <u>106,134</u> | <u>(18,925)</u> |
| 15. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - UNREALISED | | | | |
| Net unrealised gains/(Losses) on investments at fair value through profit or loss (designated upon initial recognition)- Equity Securities | 192,262 | (23,292) | 187,123 | (55,515) |
| Total investment income | 192,262 | (23,292) | 187,123 | (55,515) |
| | <u>192,262</u> | <u>(23,292)</u> | <u>187,123</u> | <u>(55,515)</u> |
| 16. NET TAKAFUL BENEFITS | | | | |
| Gross claims | | | | |
| Claims under individual policies | | | | |
| by death | 74,649 | 35,052 | 48,668 | 10,970 |
| by insured event other than death | - | - | - | - |
| by maturity | - | - | - | - |
| by surrender | 368,341 | 507,823 | 155,323 | 175,078 |
| Total gross individual policy claims | 442,990 | 542,875 | 203,991 | 186,048 |
| Claims under group policies | | | | |
| by death | 139,375 | 92,361 | 55,057 | 32,119 |
| by insured event other than death | 11,871 | 5,173 | 2,639 | 2,353 |
| by maturity | - | - | - | - |
| by surrender | - | - | - | - |
| Total gross group claims | 151,246 | 97,534 | 57,696 | 34,472 |
| Total gross claims | 594,236 | 640,409 | 261,687 | 220,520 |
| Less: Retakaful recoveries | | | | |
| On individual life claims | 34,734 | 13,337 | 25,845 | 2,045 |
| On group life claims | 38,394 | 17,279 | 12,248 | 4,237 |
| Total retakaful recoveries | 73,128 | 30,616 | 38,093 | 6,282 |
| Net takaful benefit expense | 521,108 | 609,793 | 223,594 | 214,238 |

| Aggregate (Unaudited) | | Aggregate (Unaudited) | |
|--------------------------|------|---------------------------|------|
| Nine months period ended | | Three months period ended | |
| 30 September | | 30 September | |
| 2020 | 2019 | 2020 | 2019 |

----- (Rupees in '000) -----

17 ACQUISITION EXPENSES

Remuneration to takaful intermediaries on individual policies:

| | | | | |
|---|---------|---------|---------|---------|
| - Commission to agent on first year contributions | 507,713 | 502,040 | 216,364 | 174,422 |
| - Commission to agent on second year contributions | 80,744 | 61,406 | 30,707 | 7,151 |
| - Commission to agent on subsequent renewal contributions | 37,389 | 25,827 | 14,046 | 8,088 |
| - Commission to agent on single contributions | 3,657 | 3,626 | 1,660 | 902 |
| - Override commission to supervisors | 91,460 | 85,625 | 39,440 | 28,708 |
| - Other benefits to takaful intermediaries Salaries, allowances and other benefits | 354,112 | 316,164 | 110,708 | 131,470 |

Remuneration to takaful intermediaries on group policies:

| | | | | |
|--|--------|--------|--------|--------|
| - Commission | 42,350 | 41,500 | 18,202 | 16,408 |
| - Other benefits to takaful intermediaries | 6,426 | 619 | 2,335 | 207 |

Other acquisition costs

| | | | | |
|-------------------------------------|------------------|------------------|----------------|----------------|
| - Traveling expenses | 3,069 | 2,635 | 448 | 865 |
| - Printing and stationery | 1,954 | 460 | 1,245 | 131 |
| - Depreciation | 55,271 | 29,712 | 18,433 | 7,600 |
| - Rent, rates and taxes | 2,227 | 1,371 | 1,411 | 462 |
| - Electricity, gas and water | 11,865 | 9,518 | 6,979 | 5,279 |
| - Entertainment | 6,308 | 4,914 | 2,764 | 1,944 |
| - Vehicle running expenses | 1,023 | 1,048 | 201 | - |
| - Office repairs & maintenance | 6,345 | 12,383 | 3,784 | 10,612 |
| - Postages, telegrams and telephone | 5,741 | 5,803 | 2,591 | 1,831 |
| - Medical fees | 2,996 | 1,184 | 800 | 364 |
| - Finance Cost | 11,309 | 7,155 | 4,543 | 7,155 |
| - Others | 9,366 | 7,932 | 3,644 | 2,907 |
| - Policy stamps | 20,090 | 16,530 | 5,927 | 4,965 |
| | <u>1,261,415</u> | <u>1,137,452</u> | <u>486,232</u> | <u>411,471</u> |

| Aggregate (Unaudited) | | Aggregate (Unaudited) | | |
|--------------------------|------|---------------------------|------|------|
| Nine months period ended | | Three months period ended | | |
| 30 September | | 30 September | | |
| Note | 2020 | 2019 | 2020 | 2019 |

----- (Rupees in '000) -----

18. MARKETING AND ADMINISTRATION EXPENSES

| | | | | |
|------------------------------------|----------------|----------------|---------------|---------------|
| Employee benefit cost | 99,287 | 75,883 | 30,489 | 27,021 |
| Traveling expenses | 3,164 | 10,993 | 1,139 | 3,066 |
| Advertisements and sales promotion | 3,127 | 4,054 | 673 | 1,355 |
| Printing and stationery | 9,509 | 7,843 | 2,933 | 2,122 |
| Depreciation | 17,791 | 13,675 | 6,406 | 4,578 |
| Amortisation | 2,204 | 1,214 | 847 | 377 |
| Rent, rates and taxes | 1,389 | 1,171 | 749 | 1,046 |
| Legal and Professional charges | 4,437 | 6,081 | 1,102 | 1,822 |
| Electricity, gas and water | 3,909 | 3,283 | 1,841 | 1,438 |
| Entertainment | 4,207 | 4,223 | 982 | 1,733 |
| Vehicle running expenses | 1,053 | 1,893 | 887 | 1,128 |
| Office repair and maintenance | 7,756 | 6,890 | 2,953 | 2,697 |
| Appointed actuary fees | 1,648 | 1,225 | 550 | 409 |
| Bank charges | 3,282 | 1,646 | 419 | 254 |
| Postage, internet and telephone | 9,977 | 8,239 | 4,105 | 2,242 |
| Fees and subscription | 4,541 | 3,135 | 1,968 | 1,258 |
| Annual supervision fee SECP | 4,980 | 5,486 | 1,726 | 1,826 |
| Miscellaneous | 13,594 | 15,710 | 4,349 | 6,858 |
| | <u>195,855</u> | <u>172,644</u> | <u>64,118</u> | <u>61,230</u> |

19. Tax for the year

| Aggregate (Unaudited) | | Aggregate (Unaudited) | |
|--|---------------|---|----------------|
| Nine months period ended 30 September | | Three months period ended 30 September | |
| 2020 | 2019 | 2020 | 2019 |
| ----- (Rupees in '000) ----- | | | |
| | - | - | - |
| Current | 29,553 | 23,893 | (3,155) |
| Deferred | 29,553 | 23,893 | 16,481 |
| | 29,553 | 23,893 | (3,155) |
| | | 16,481 | |

20. RELATED PARTY TRANSACTIONS

The related parties comprise of holding company, directors, key management personnel, associated companies/associated undertakings, and entities with common directors and retirement benefit fund. Compensation of key management personnel are on employment terms. Contribution to the provident fund is in accordance with the service rules. Change to the defined contribution is in accordance with the actuarial advice. Other transactions are at agreed rates. Details of transactions with related parties during the period, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

| | Nine months ended | |
|--|----------------------|----------------------|
| | 30 September 2020 | 30 September 2019 |
| (Unaudited) | | |
| ----- (Rupees in '000) ----- | | |
| Transactions | | |
| Associated companies/ Related Party | | |
| Premium written | 7,171 | 2,116 |
| Premium paid | 3,262 | 1,580 |
| Claims paid | 2,655 | 500 |
| Commission paid | 27,308 | 52,517 |
| Interest On bank deposit | - | 255 |
| Employees' funds | | |
| Contribution to provident fund | 1,991 | 1,981 |
| Contribution to pension fund | 568 | 499 |
| | 30 September | 31 December |
| | 2020 | 2019 |
| | (Unaudited) | (Audited) |
| ----- (Rupees in '000) ----- | | |
| Balances | | |
| Bank balances | 15,778 | 14,561 |
| Premium receivable | 1,152 | 197 |
| Claims outstanding - Related party | 1,094 | - |

21. SEGMENTAL INFORMATION

21.1 Revenue Account by Statutory Fund

| | Family Takaful Investment Linked Business | Family Takaful Protection Business | Aggregate |
|--|---|--|--|
| | | | Nine months ended 30 September 2020 (Unaudited) |
| ----- (Rupees in '000) ----- | | | |
| Income | | | |
| Contribution less retakaful | 3,112,124 | 178,710 | 3,290,834 |
| Policy transfer from other statutory funds | 14,377 | - | 14,377 |
| Bonus units transfer to statutory fund | 54,178 | - | 54,178 |
| Net investment income / wakala income | 976,517 | 73,657 | 1,050,174 |
| Total net income | 4,157,196 | 252,367 | 4,409,563 |
| Takaful Benefits and Expenditures | | | |
| Claims net of retakaful recoveries | 408,256 | 112,852 | 521,108 |
| Policy transfer from other statutory funds | - | - | - |
| Bonus units transfer to statutory fund | 54,178 | - | 54,178 |
| Management expenses less recoveries | 1,670,200 | 123,817 | 1,794,017 |
| Total takaful Benefits and Expenditures | 2,132,634 | 236,669 | 2,369,303 |
| Excess of income over takaful Benefits and Expenditures | 2,024,562 | 15,698 | 2,040,260 |
| Net Change in takaful Liabilities (Other than outstanding Claims) | (2,107,730) | (9,141) | (2,116,871) |
| Deficit before tax | (83,168) | 6,557 | (76,611) |
| Movement in takaful liabilities | 2,107,730 | 9,141 | 2,116,871 |
| Transfer to and from Shareholder's Fund | | | |
| Transfer of (surplus) / deficit to shareholders' fund | - | (13,691) | (13,691) |
| Capital contribution from share holders' fund | 133,546 | - | 133,546 |
| Net Transfer to / from shareholders' fund | 133,546 | (13,691) | 119,855 |
| Balance of statutory funds at beginning of the period | 5,153,135 | 135,416 | 5,288,551 |
| Balance of statutory funds at end of the period | 7,311,243 | 137,423 | 7,448,666 |
| ----- (Rupees in '000) ----- | | | |
| | Family Takaful Investment Linked Business | Family Takaful Protection Business | Aggregate |
| | | | Nine months ended 30 September 2019 (Unaudited) |
| ----- (Rupees in '000) ----- | | | |
| Income | | | |
| Contribution less retakaful | 2,488,199 | 183,783 | 2,671,982 |
| Policy transfer from other statutory funds | 8,412 | - | 8,412 |
| Bonus units transferred to statutory funds | 50,296 | - | 50,296 |
| Net investment income | 220,326 | 89,525 | 309,851 |
| Total net income | 2,767,233 | 273,308 | 3,040,541 |
| Takaful Benefits and Expenditures | | | |
| Claims net of retakaful recoveries | 529,538 | 80,255 | 609,793 |
| Policy transfer from other statutory funds | - | - | - |
| Bonus units transferred to statutory funds | 50,296 | - | 50,296 |
| Management expenses less recoveries | 1,454,383 | 137,865 | 1,592,248 |
| Total Insurance Benefits and Expenditures | 2,034,217 | 218,120 | 2,252,337 |
| Excess of income over Takaful Benefits and Expenditures | 733,016 | 55,188 | 788,204 |
| Net Change in Takaful Liabilities (Other than outstanding Claims) | (824,671) | (7,524) | (832,195) |
| Deficit before tax | (91,655) | 47,664 | (43,991) |
| Movement in takaful liabilities | 824,671 | 7,524 | 832,195 |
| Transfer to and from Shareholder's Fund | | | |
| Transfer of (surplus) / deficit to shareholders' fund | - | (21,212) | (21,212) |
| Capital contribution from share holders' fund | 129,406 | - | 129,406 |
| Net Transfer to/from shareholders' fund | 129,406 | (21,212) | 108,194 |
| Balance of statutory funds at beginning of the period | 3,559,726 | 107,368 | 3,667,094 |
| Balance of statutory funds at end of the period | 4,422,148 | 141,344 | 4,563,492 |

22 FAIR VALUE

Investments on the balance sheet are carried at fair value except for investments in non unit-linked funds which are stated at lower of cost or market value and unquoted investments which are stated at cost. The Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

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

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

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

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

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

On balance sheet financial instruments

| | 30 September 2020 (Unaudited) | | | | | | | | | | |
|---|--|--------------------|------------------|-----------------------|------------------------|-----------------------------|-----------|------------|-----------|---------|-----------|
| | Fair Value through profit and loss designated upon initial recognition | Available for Sale | Held To Maturity | Loans and Receivables | Other financial assets | Other financial liabilities | Total | Fair value | | | Total |
| | | | | | | | | Level 1 | Level 2 | Level 3 | |
| (Rupees in '000) | | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | | |
| - Investments | | | | | | | | | | | |
| Government Securities (T-bills + PIBs + Sukuks) | 689,476 | - | - | - | - | - | 689,476 | - | 689,476 | - | 689,476 |
| Sukuk Bonds (other than government) | 1,038,768 | - | - | - | - | - | 1,038,768 | - | 1,038,768 | - | 1,038,768 |
| Listed equity securities | 1,840,274 | - | - | - | - | - | 1,840,274 | 1,840,274 | - | - | 1,840,274 |
| Unlisted equity securities | - | - | - | - | - | - | - | - | - | - | - |
| Units of mutual funds | - | - | - | - | - | - | - | - | - | - | - |
| Debt securities (Listed TFCs) | 140,315 | - | - | - | - | - | 140,315 | 140,315 | - | - | 140,315 |
| Financial assets not measured at fair value | | | | | | | | | | | |
| - Government Securities (T-bills + PIBs + Sukuks) | - | - | 374,475 | - | - | - | 374,475 | - | 352,518 | - | 352,518 |
| - Balances with banks * | 4,260,093 | - | - | - | - | - | 4,260,093 | - | - | - | - |
| - Certificate of Investment | - | - | - | - | - | - | - | - | - | - | - |
| - Advances | - | - | - | - | - | - | - | - | - | - | - |
| - Investment income accrued | - | - | - | - | 58,941 | - | 58,941 | - | - | - | - |
| - Other loans and receivables (excluding markup accrued)* | - | - | - | - | 831,155 | - | 831,155 | - | - | - | - |
| | 7,968,926 | - | 374,475 | - | 890,096 | - | 9,233,497 | - | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Deferred taxation | - | - | - | - | - | - | - | - | - | - | - |
| Premium received in advance | - | - | - | - | - | 131,076 | 131,076 | - | - | - | - |
| Insurance / reinsurance payables | - | - | - | - | - | 51,978 | 51,978 | - | - | - | - |
| Other creditors and accruals | - | - | - | - | - | 1,251,709 | 1,251,709 | - | - | - | - |
| | - | - | - | - | - | 1,434,763 | 1,434,763 | - | - | - | - |
| | 7,968,926 | - | 374,475 | - | 890,096 | (1,434,763) | 7,798,734 | - | - | - | - |

On balance sheet financial instruments

| | 31 December 2019 (Audited) | | | | | | | | | | |
|---|--|--------------------|------------------|-----------------------|------------------------|-----------------------------|-----------|------------|-----------|---------|-----------|
| | Fair Value through profit and loss (designated upon initial recognition) | Available for Sale | Held to Maturity | Loans and Receivables | Other financial Assets | Other financial liabilities | Total | Fair value | | | Total |
| | | | | | | | | Level 1 | Level 2 | Level 3 | |
| (Rupees in '000) | | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | | |
| - Investments | | | | | | | | | | | |
| Government Securities (T-bills + PIBs + S | 856,038 | - | - | - | - | - | 856,038 | - | 872,969 | - | 872,969 |
| Sukuk Bonds (other than government) | 1,103,857 | - | - | - | - | - | 1,103,857 | - | 1,103,857 | - | 1,103,857 |
| Listed equity securities | 147,634 | - | - | - | - | - | 147,634 | 147,634 | - | - | 147,634 |
| Unlisted equity securities | - | - | - | - | - | - | - | - | - | - | - |
| Units of mutual funds | - | - | - | - | - | - | - | - | - | - | - |
| Debt securities (Listed TFCs) | 97,732 | - | - | - | - | - | 97,732 | 97,732 | - | - | 97,732 |
| Financial assets not measured at fair value | | | | | | | | | | | |
| - Government Securities (T-bills + PIBs + Sukuk) | - | - | 16,931 | - | - | - | 16,931 | - | 16,931 | - | 16,931 |
| - Balances with banks * | 3,856,351 | - | - | - | - | - | 3,856,351 | - | - | - | - |
| - Certificate of Investment | - | - | - | - | - | - | - | - | - | - | - |
| - Advances | - | - | - | - | - | - | - | - | - | - | - |
| - Investment income accrued | - | - | - | - | 83,178 | - | 83,178 | - | - | - | - |
| - Other loans and receivables (excluding marku | - | - | - | - | 128,748 | - | 128,748 | - | - | - | - |
| | 6,061,612 | - | 16,931 | - | 211,926 | - | 6,290,469 | - | - | - | - |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Deferred taxation | - | - | - | - | - | - | - | - | - | - | - |
| Premium received in advance | - | - | - | - | - | 121,412 | 121,412 | - | - | - | - |
| Insurance / reinsurance payables | - | - | - | - | - | 72,677 | 72,677 | - | - | - | - |
| Other creditors and accruals | - | - | - | - | - | 673,817 | 673,817 | - | - | - | - |
| | - | - | - | - | - | 867,906 | 867,906 | - | - | - | - |
| | 6,061,612 | - | 16,931 | - | 211,926 | (867,906) | 5,422,563 | - | - | - | - |

*The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

23 GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Certain prior year's figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

23.1 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Company in their meeting held on 21 October 2020.


Managing Director &
Chief Executive Officer


Chief Financial Officer


Director


Director


Chairman