

## Chairman's Review 2024

I am pleased to present to you the Thirty-Third Annual Report of the Company for the year ended 31 December 2024.

### Economic Review:

The economic environment in 2024 continued to pose significant challenges, though some stabilizing factors have emerged. While Pakistan's economy began to show signs of recovery, the global economic landscape and domestic structural issues still impacted growth.

Real GDP growth for FY2024 was recorded at approximately 2.4%, a modest improvement from the previous year. The Pakistani rupee, after experiencing substantial depreciation in 2023, showed signs of stabilization in 2024, supported by continued exchange reforms. By year-end, the rupee had appreciated 1%, helping to alleviate some inflationary pressures.

Inflation eased significantly in 2024, with national year on year inflation dropping from 30% in December 2023 to 4% in December 2024. The 12-month moving average for national inflation has gradually come down from 31% at the end of 2023 to 13% at the end of 2024.

The State Bank of Pakistan maintained its policy rate at 22% for the beginning of the year, a strategic move to curb inflation and stabilize the economy. As inflation began to slow down, starting from June, the central bank began to gradually lower the policy rate with the year closing at 13%. Efforts to secure foreign inflows and continue fiscal consolidation began to bear fruit, but the country remains cautious in its approach to fiscal policy.

The Karachi Stock Exchange (KSE) 100 Index had an impressive gain of 85%, from January to December 2024. Investor confidence was bolstered by improvements in the macroeconomic situation, including stabilization of the currency and the ongoing implementation of fiscal reforms.

In response to IMF pressure, the government has taken steps to increase the tax base, which, combined with high inflation over the last couple of years, has led to reduced disposable income for many citizens. While GDP grew by 2.4%, the FBR tax revenue in FY2024 increased by 30% and the tax-to-GDP ratio increased from 8.54% to 8.77%. The savings-to-GDP ratio in FY2024 remained low at 13% due to these economic pressures.

### Insurance Opportunity

Despite the ongoing economic challenges, the insurance sector continued to demonstrate potential for growth. Pakistan's vast population remains largely uninsured, with insurance penetration still under 1%. As a large portion of the population, particularly the youth under the age of 25, enters the workforce and takes on greater financial responsibilities, the opportunity for growth in both life insurance and Takaful products remains significant.

In a country where affordability and social disparities often leave many without protection, financially inclusive insurance becomes a game-changer for Pakistan. It provides low-income and underserved communities with affordable coverage, ensuring financial resilience and reducing inequality, especially in rural areas. By offering coverage to all, it strengthens social safety nets and supports the overall well-being of the population.

As State Bank of Pakistan encourages the banking sectors' transition to Islamic banking and we observe an increasing demand for shariah compliant products, the Takaful business is expected to drive business growth as well as the country's insurance penetration in future.

The immediate economic pressures faced by many consumers are expected to ease, and a slight uptick in policyholders looking for savings and protection plans will contribute to the recovery in growth. The industry is expected to continue its gradual recovery into 2025, with innovations tailored to meet the needs of the youth demographic expected to drive future growth.

## Insurance and Takaful Industry

The life insurance and Family Takaful industry in Pakistan remains competitive, with a total of eleven players operating in the sector. EFU Life has remained at the forefront with innovation and a customer-centric approach. In 2024, the industry witnessed more stability, and while economic constraints remained, high investment performance during the year helped mitigate challenges.

The life insurance sector's gross premium is expected to surpass Rs. 300 billion for 2024, Meanwhile the health insurance sector is expected to exceed Rs. 110 billion. The industry is likely to face short-term challenges due to economic pressures. However, the medium to long-term outlook remains optimistic, with economic stability and improved consumer confidence expected to support industry growth.

## Company's Performance

Despite the broader economic challenges, your Company has shown resilience. The gross premium (including Takaful business) for 2024 was Rs. 41.67 billion, an 11% increase from Rs. 37.47 billion in 2023, reflecting a recovery of the insurance market and continued efforts from our distribution channels.

Our Net Income for the year stood at Rs. 101.1 billion (after including investment income and net gains on financial assets), which shows the strength of our investment strategy. The Net Insurance Benefits and Total Expenses amounted to Rs. 96 billion, resulting in a profit before tax of Rs. 4.96 billion, compared to Rs. 4.00 billion in 2023.

The imposition of the 10% annual super tax remained a challenge, impacting the after-tax profits. The after-tax profit for the year was Rs. 2.99 billion (2023: Rs. 2.07 billion), translating into an EPS of Rs. 28.82.

## Strategic Initiatives & New Segments

With continued focus on expanding reach and driving customer-centric product and service innovations, your company has maintained its position as one of the leading life insurance providers in Pakistan.

In 2024 your company entered the health insurance sector through 100% acquisition of EFU Health Insurance Limited and subsequent complete amalgamation of EFU Health into EFU Life. With this EFU Life has now positioned itself as a one-stop solution for life and health insurance.

Your company has launched a wellbeing segment with a wellness proposition WIN. The well-being segment is designed to empower individuals to take control of their health and financial well-being through an integrated approach that combines life insurance with a comprehensive wellness platform. WIN is a holistic wellness solution that encourages healthy living. It offers policyholders the unique opportunity to enhance their savings while actively improving their health. By actively engaging in wellness and tracking their daily progress, policyholders can earn rewards and bonuses, ultimately leading to better health outcomes.

Your company has also launched its first Participating (With- Profit) product under the Aasaan product range. Designed to simplify the insurance experience, this offering makes insurance more accessible – particularly for customer segments that find investment-linked insurance products complex.

## Sustainability Focus

As part of our continued commitment to sustainability and responsible business practices, your company has strengthened its efforts by establishing a dedicated Sustainability and Social Impact vertical. This initiative aims to integrate Environmental, Social, and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) principles into core business strategies, ensuring that long-term sustainable growth is built on a foundation of inclusivity, ethical governance, and social responsibility.

Your company is also an active member of SECP's ESG Sustain initiative, which promotes sustainable practices across the industry. Through this participation, your company contributes to the advancement of ESG standards and fosters greater awareness of responsible business practices within the financial sector.

## Board's Role

The Board provides the management of the Company with a strategic direction and long-term vision for the business. Vision and mission statement, key pillars for the overall corporate strategy and significant policies of the Company are developed by the Board.

The Board will continue to play its role in steering the strategic direction of the Company to ensure that it remains amongst the leading life insurance companies and solidifies its market position in the years to come.

## Acknowledgements

On behalf of the Company, I would like to record my appreciation for the tremendous contribution made by the able and eminent officers, staff, and distribution channels of the Company towards its development and growth. I would also like to offer my gratitude to EFU General Insurance Ltd. for their continuous support and guidance, which has enabled the Company to establish a strong presence in the market.



Rafique R. Bhimjee  
Chairman

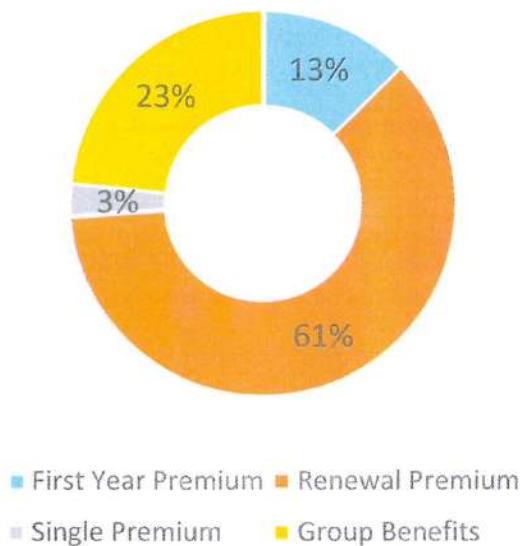
## Report of the Directors to the Members

The Directors of your Company are pleased to present the Thirty-third Annual Report of the Company for the year ended 31 December 2024.

### Business Performance:

The Gross Premium of your Company (including Takaful contributions) was Rs. 41.67 billion (2023: 37.47 billion), an increase of 11.2%. The gross premium composition was as follows:

### Gross Premium Composition



Individual Life regular premium (including Takaful contribution) amounted to Rs. 30.80 billion (2023: Rs. 31.65 billion). Individual life New Business amounted to Rs. 5.26 billion (2023: 5.56 billion). High inflation in recent years has significantly impacted disposable incomes, affecting the ability to purchase insurance. Renewal premium is the lifeline of the Company and drives much of the long-term profitability. However, economic uncertainty during the year and high levels of inflation have resulted in a tendency among policyholders to withdraw from savings and insurance contracts. Despite these challenges, your Company has strived to take measures to maintain customer satisfaction. In 2024, Renewal premium amounted to Rs. 25.54 billion (2023: Rs. 26.09 billion).

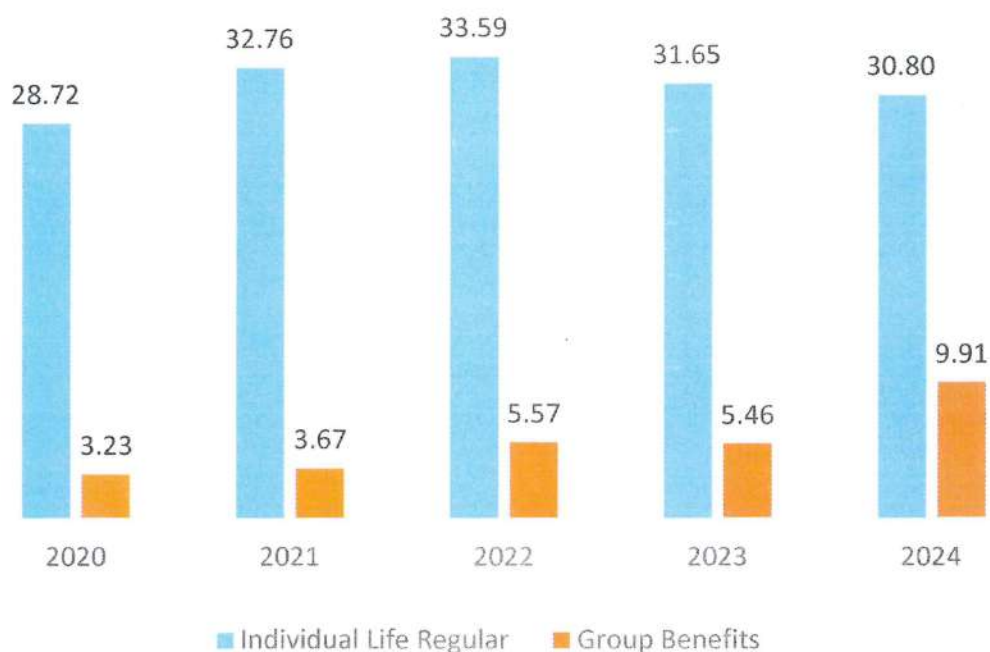
Group Benefits (life and health) experienced significant growth of 81% compared to the previous year. The total group premium, including Takaful contributions, reached Rs. 9.91 billion (2023: Rs. 5.46 billion).

Your Company has recently entered the health insurance business through the 100% acquisition of EFU Health Insurance Limited and subsequent complete amalgamation of EFU Health into EFU Life. The Financial statements reflect the commencement of health business effective 1<sup>st</sup> May 2024. For the period under review, from 1 May 2024 to 31<sup>st</sup> December 2024, the premium income was Rs. 2.60 billion.

The last 5 years' Gross Premium (including Takaful contributions) growth trend is as follows:

### GROSS PREMIUM GROWTH (5 YEAR SUMMARY)

#### Individual Life Regular Premium and Group Benefits (Rupees in Billions)



Single Premium was Rs. 1.14 billion (2023: 982 million).

Hemayah, the Window Takaful Operations of the Company is in its tenth year of operations and has continued to play a role in the topline. During 2024, the Company achieved gross Takaful contribution of Rs. 9.53 billion (2023: Rs. 8.55 billion) including health, recording a growth of 12%. The Individual Family Takaful New business was Rs. 1.82 billion (2023: 1.87 billion). Renewal contribution was Rs. 6.07 billion (2023: Rs. 5.74 billion), recording a growth of 6%. For Group Family Takaful, the Company achieved a business of Rs. 1.24 billion (2023: 816 million), a growth of 52%. For Group Family Accident

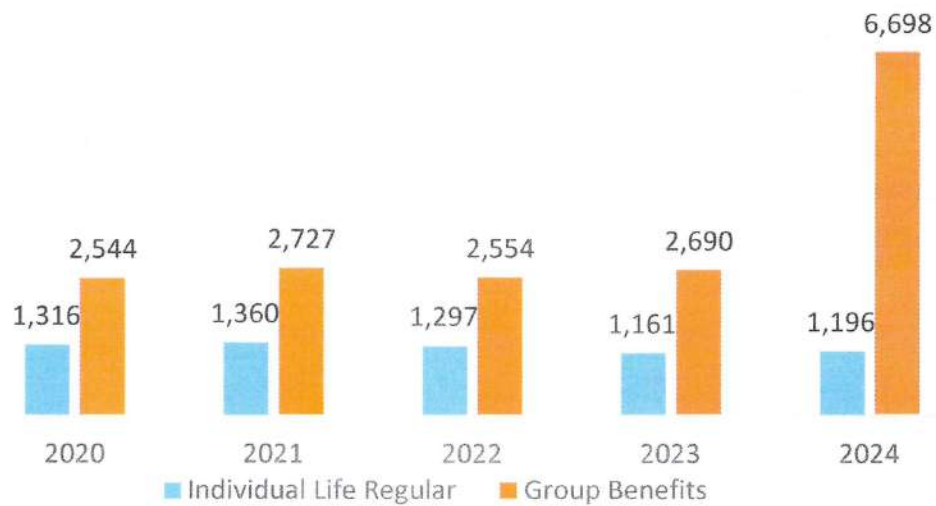
and Health, the company achieved a business of 245 million. Overall, the Company expects its Takaful line of business to continue its contribution to the topline during 2025.

### Claim payments:

The Company remained committed to a timely and efficient claim settlement in 2024. The Company settled total death, disability and health claims of Rs. 7.89 billion (2023: 3.85 billion). Out of this, Individual Life claims were Rs. 1.20 billion and Group Life claims were Rs. 6.70 billion. Out of Group Life claims, claims for the newly commenced health business were Rs. 3.12 billion.

### GROSS DEATH, DISABILITY & HEALTH CLAIMS

## GROSS DEATH, DISABILITY & HEALTH CLAIMS – 5 YEAR SUMMARY (Rupees in Millions)



### Investment Performance:

High interest rates throughout the year and effective management by the Company of the policyholder funds have allowed for the net asset value of all unit linked funds under management to increase to Rs. 231 billion (2023: Rs. 187 billion). Net Investment Income was Rs. 62.6 billion.

This Net Asset Value of funds under management continues to place your Company amongst the leading asset managers in Pakistan. The Company offers the following funds to its clients, varying by the investment strategy and risk appetite of the clients:

For Conventional unit linked business:

Managed Growth Fund, established: 1994  
 Aitemad Growth Fund, established: 2008  
 Guaranteed Growth Fund, established: 2009  
 Aggressive Fund, established: 2017  
 Income Growth Fund, established: 2022

For Takaful unit linked business:

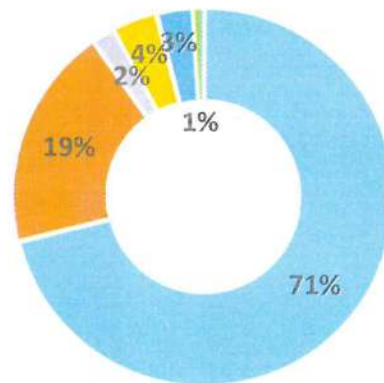
Takaful Growth Fund, established: 2015  
 Takaful Aggressive Fund, established: 2017  
 Takaful Conservative Fund, established: 2019

### FUND PERFORMANCE

	1-year	5-year	10-year
<b>Conventional Unit Linked Funds</b>			
Managed Growth Fund	31.2%	15.6%	9.9%
Aitemad Growth Fund	31.5%	14.4%	9.6%
Guaranteed Growth Fund	19.1%	12.4%	9.2%
Aggressive Fund	39.0%	16.4%	-
Income Growth Fund	19.7%	-	-
<b>Takaful Unit Linked Funds</b>			
Takaful Growth Fund	29.5%	14.4%	-
Takaful Aggressive Fund	35.1%	14.8%	-
Takaful Conservative Fund	20.5%	11.6%	-

The Company has a strong balance sheet size with total assets of Rs. 260 billion (2023: Rs. 210 billion). The composition of assets is as follows:

### Assets Composition



- Government Securities
- Shares and Mutual Funds
- Cash and Bank Deposits

## Profitability and Earnings Per Share:

The Company's Net Revenue was Rs. 101.12 billion (after including investment income and net gains on financial assets). The Net Insurance Benefits and Total Expenses amount to Rs. 96.07 billion, thus resulting in a profit before tax of Rs. 4.96 billion. The continuation of a 10% annual super tax for 2024 has impacted the profit after tax. The Company made an after-tax profit of Rs. 2.99 billion (2023: Rs. 2.07 billion).

## Earnings Per Share

The earnings per share for the year were Rs. 28.82 (2023: Rs. 20.64).

## Appropriation and Dividend:

Your Directors have pleasure in recommending a dividend of Rs. 10.50 (105%) per share to the Shareholders of the Company whose names appear in the Share Register of the Company at the close of business on 18<sup>th</sup> March 2025. This cash dividend is in addition to interim cash dividends of Rs. 4.50 per share (45 %) declared during the year.

	Rupees '000
<b>The amount available for appropriation is</b>	
Amount brought forward from previous year	5,539
Profit after tax for the year	2,064,540
Capital Contribution- Window Family Takaful	(245,354)
Retained Earnings on Account of Ledger D – Solvency Margin	<u>(155,762)</u>
Amount available for appropriation	1,668,963
Interim Dividend for 2023 @ 45% (2022: 45%)	(450,000)
Final cash dividend for 2023 @ 105 % (2022: 105%)	(1,050,000)
Transfer to General Reserve	<u>(170,000)</u>
	<u>(1,670,000)</u>
Unappropriated profit Carried forward	(1,037)
Profit after tax for the year	2,990,052
Capital Contribution - Window Family Takaful	(621,577)
Retained Earnings on Account of Ledger D – Solvency Margin	<u>(357,744)</u>
Available for appropriation	2,009,694
The Directors recommend that this amount to be appropriated in the following manner	
Interim Dividend for 2024 @ 45% (2023: 45%)	(472,500)
Proposed Final Dividend	(1,102,500)
Proposed Transfer to General Reserve	(430,000)
	<u>(2,005,000)</u>
	<u>(4,694)</u>

## Market Share

Based on the financial statements available as of 30 September 2024, the Company has a market share of 33% in the private life insurance sector companies based on the gross premium and contribution income.

## Audit Report

The statutory auditors of the Company, KPMG Taseer & Hadi, Chartered Accountants, Karachi, have issued a clean opinion in their audit report. However, there was an emphasis of matter as discussed in Note 26.3 and 26.5 to the financial statements in respect of scope and applicability of provincial sales tax on services on premium from the life and health insurance / takaful business in provincial high courts.

## Emphasis of matter paragraph

Statutory auditors, without modifying the audit opinion, have added an emphasis of matter paragraph in the audit report in respect of the following issue:

### **Provincial Sales Tax on Life Insurance**

The Sindh Revenue Board (SRB), through notification SRB-3-4/17/2021 dated June 30, 2021, revoked the previous exemption on life insurance, making it taxable at 3%. Similarly, Khyber Pakhtunkhwa Revenue Authority (KPRA) imposed a 15% sales tax on life insurance from July 1, 2021, under the Khyber Pakhtunkhwa Finance Act 2021.

The Company, along with other life insurers, filed petitions in the Lahore and Sindh High Courts, challenging the provincial sales tax (PST & SST) on life insurance based on the following arguments:

1. Insurance is not a service but a contingent contract that pays upon an event.
2. Provincial sales tax on life insurance is unconstitutional as insurance falls under Federal jurisdiction (Entry 29 of the Federal Legislative List).
3. Flaws in tax application, as investment components of unit-linked policies are also being taxed, despite not being service-related.

On January 14, 2025, the Sindh High Court dismissed the petition, stating that petitioners must first seek relief through the statutory forums. Consequently, the Company and other insurers are in process to file a petition in the Supreme Court of Pakistan, arguing that the core legal question was not addressed in the High Court's ruling.

The Insurance Association of Pakistan (IAP) has also taken up the matter with KPRA, emphasizing that insurance is a Federal subject and should not be legislated at the provincial level.

Based on legal advice, the Company has not started charging or withholding sales tax from policyholders. The disputed tax amount stands at Rs. 4,680 million (2023: Rs. 3,537 million). If legal and administrative efforts fail, the tax burden will be passed on to policyholders.

### **Provincial Sales Tax on Health Insurance**

Under the Sindh Sales Tax Act, 2011, Sindh Sales Tax (SST) was applicable on corporate health insurance premiums. However, the Sindh Revenue Board (SRB) had exempted SST from July 1, 2016,

to June 30, 2023, through multiple notifications. Effective July 1, 2023, SRB did not extend the exemption.

The Insurance Association of Pakistan (IAP) engaged with SRB to restore the exemption, while the Company sought legal advice, contending that health insurance is not a service under the Insurance Ordinance, 2000. This argument aligns with international precedents where courts ruled that insurance is not a service.

A constitutional petition was filed at the High Court of Sindh, but on January 14, 2025, the court dismissed the case, directing petitioners to first approach the statutory forums. Subsequently, the Company and other insurers are in process to file a petition to the Supreme Court of Pakistan, arguing that the core legal question remains undecided.

Based on legal advice, the Company is not charging SST on health insurance policies written in Sindh and has not recognized a liability of Rs. 541.41 million in its financial statements.

The **Punjab Revenue Authority (PRA)** withdrew the exemption on health insurance from 1 November 2018. The Insurance Association of Pakistan (IAP) and insurance companies, including the Company, contested this move, arguing that health insurance is not a service but an underwriter's promise to pay, as per the Insurance Ordinance, 2000. Legal opinions and precedents from foreign jurisdictions support this stance.

In September 2019, insurance companies challenged the levy of Punjab Sales Tax (PST) on health insurance in the Lahore High Court (LHC), which granted a stay on coercive recovery measures on 3 October 2019. Due to ongoing litigation, the Company has neither charged PST to clients nor recognized the contingent liability in its financial statements.

Additionally, PRA issued a notification on 2 April 2020, exempting PST on health insurance from 2 April 2020 to 30 June 2020. As of 31 December 2024, the disputed PST liability, excluding the exempt period, amounts to Rs. 1017.8 million.

## Increasing Outreach

Insurance penetration in Pakistan remains low, with gross premiums accounting for less than 1% of GDP. A significant portion of the population, particularly the youth, remains underserved. With more than 60% of the country's population under the age of 25, the demand for insurance is expected to rise as these individuals enter the workforce and take on financial responsibilities. Additionally, the expanding lower-middle-class segment presents a key growth opportunity. Enhancing financial literacy, and offering accessible, need-based life and health solutions will be essential in driving broader insurance adoption and ensuring long-term industry growth.

The State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) are actively working to enhance financial inclusion in Pakistan. The SECP continues to make progress on its Five-Year Strategic Plan aimed at promoting growth in the insurance sector. This plan focuses on raising awareness, engaging stakeholders, and creating a supportive and progressive regulatory environment.

In an effort to tap the untapped population and increase its market outreach, the company has launched several strategic initiatives. The company started health insurance business through 100% acquisition of EFU Health Insurance Limited and subsequent amalgamation of EFU Health into EFU Life. This move positions the company as a comprehensive provider of both life and health insurance solutions, enabling it to offer integrated financial solutions to individuals and businesses.

Your company has launched a wellbeing segment with a wellness proposition branded WIN. The well-being segment is designed to empower individuals to take control of their health and financial well-being through an integrated approach that combines life insurance with a comprehensive wellness platform. WIN is a holistic wellness solution that encourages healthy living. It offers policyholders the unique opportunity to enhance their savings while actively improving their health.

Further, the company launched its first Participating (With- Profit) product under the Aasaan product range. Designed to simplify the insurance experience, this offering makes insurance more accessible – particularly for customer segments that find investment-linked insurance products complex. The launch of Aasaan product range marks a key milestone in your company’s product development strategy, which aims to diversify offerings to meet the diverse needs of customers. By addressing varying preferences, socio-economic segments, and levels of financial literacy, this strategy aligns with UN Sustainable Development Goals (SDGs) of financial inclusion and economic empowerment.

The Company continues to provide a diverse range of financial planning products designed to cater to various socio-economic groups, from the mass market to high-net-worth individuals. Its offerings include both conventional and Takaful plans, addressing needs such as savings and wealth accumulation, child education and marriage, health, retirement planning, and financial protection. For the mass market, the Company primarily focuses on protection-based solutions, including term life, personal accident, and hospital cash plans.

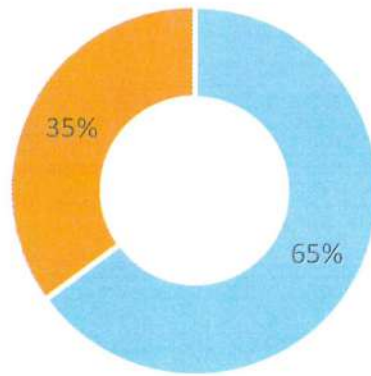
The Company operates through multiple distribution channels for its two core business segments- Individual Life and Group Life. Individual Life Insurance is distributed through a nationwide sales force and bancassurance partnerships, as well as a dedicated Takaful sales team. Group Life is marketed through corporate teams, commercial banks and strategic intermediaries such as mobile network operators, branchless banks, microfinance institutions, and digital payment services. Over the past year, the company has expanded its footprint, especially through inclusive insurance by launching several financial solutions in collaboration with telecommunication companies, branchless banks, and fintech platforms. These efforts have extended insurance coverage to over 7.5 million additional lives, majority of these being first time insurance buyers.

To enhance accessibility across Pakistan, your company maintains a strong nationwide presence with over 215 branch locations including dedicated Takaful branches. It has established partnerships with over 15 banks and more than 35 strategic alliances to support mass market and inclusive insurance initiatives. With a continued focus on innovation, digital transformation, and financial inclusion, your company remains committed to expanding outreach, increasing accessibility, and delivering customer-centric insurance solutions tailored to the evolving needs of individuals and businesses across the country.

### Family Takaful:

In 2024, Hemayah, the Company's Window Takaful Operations, successfully increased its market presence by offering a comprehensive range of Takaful products. These products were distributed through various channels, including individual life and Takaful sales forces, bank partners, mobile network operators, and digital platforms, among others.

The split of new life insurance business of the company by Takaful and conventional business is as follows with Takaful having a share of 35%:



■ Individual Life New Business ■ Family Takaful New Business

With the increasing trend towards Islamic banking and rising consumer demand for Takaful, the Company anticipates substantial growth in this sector. This business line is projected to positively impact both the top and bottom line in the coming years.

### Critical performance measures:

The Company evaluates its performance on the following key performance indicators:

- Growth in premium for each line of business
- Number of lives insured
- Persistency of individual life business by distribution channel
- Mortality and morbidity experience
- Loss ratio analysis for short term business
- Expense ratios and trends
- Growth in profitability for each line of business

The Company expects these parameters to be relevant for the future as well and will continue its internal performance measurement based on these criteria.

### Insurer Financial Strength Rating:

The Company has maintained its Insurer Financial Strength (IFS) rating of AA++ (Outlook: Stable) by VIS Credit Rating Agency. This reaffirmation highlights the Company's robust financial standing and its ability to consistently meet policyholder obligations in the long term. The strong capital base demonstrates its capacity to manage risk volatility with high confidence. This rating confirms the Company as a leading life insurer, recognized for its sustainable business strategies, innovative products, advanced systems and IT infrastructure, satisfied clients, and prudent investment policies, all contributing to favorable medium to long-term returns for clients.

### Awards and Achievements

In 2024, your Company received a multitude of awards in recognition of its outstanding performance and leadership. Some of the major accolades include:

- 'Best Domestic Life Insurer of the Year – Pakistan' at the Insurance Asia Awards 2024 for its innovation, customer service, and industry leadership. EFU Life was the only company in Pakistan to receive this honor during the year.
- 'Insurance Brand of the Year Pakistan 2024' at the Global Banking & Finance Awards, reflecting the Company's commitment to excellence, innovation, and focus on addressing the evolving needs of its customers.
- 'Certificate of Merit' for Best Presented Annual Report 2023 in the Life Insurance category by the South Asian Federation of Accountants (SAFA), for recognizing Company's dedication to enhancing transparency, accountability, and governance in its annual report.
- 'Best Life & Health Insurance Company' at the 18th Consumers Choice Award 2022-23 for the 15th consecutive year. The award reflects the Company's customer-centric approach and innovative product offerings catering to customers' holistic financial and personal health needs.
- 'Brand of the Year Award 2023-2024' for Best Life Insurance Company by the Brands Foundation. The Company has been awarded this title 12 times based on market position and consumer preference.
- 'Certificate of Excellence' at the 39th Corporate Excellence Awards 2024 in the Life Insurance sector for demonstrating exemplary standards in management practices. This is for the 15th time the Company has been recognized by Management Association of Pakistan.
- 'CSR Award 2024' in the Social Impact category at the 13th CSR Summit & Awards for the commitment to social development and sustainability initiatives in the country.
- 'Shaukat Khanum Social Responsibility Award 2023' for significant contributions and support for the treatment of deserving cancer patients, reflecting the Company's commitment to social responsibility and community well-being.

## Marketing Campaign – EFU Life WIN

### 'Let's WIN at life together!'

EFU Life's recent marketing campaign introduced EFU Life WIN, a holistic wellness proposition designed to inspire a healthier and balanced lifestyle. The campaign highlighted EFU Life WIN as more than just a financial solution, emphasizing its focus on supporting a complete wellness journey.

Powered by Swiss health tech partner Dacadoo, the campaign showcased the innovative technology behind EFU Life WIN, offering a personalized snapshot of health across Body, Mind, and Lifestyle. A key feature of the campaign was the involvement of leading wellness experts under the 'WIN Wellness Experts' initiative. These experts provided guidance and support to help individuals achieve their well-being goals. The campaign also featured engaging content to promote the EFU Life WIN Rewards Program, which motivated users to adopt healthier habits while celebrating their progress.

The campaign was rolled out extensively on digital platforms, including Facebook, Instagram, YouTube, X (formerly Twitter), and Google, ensuring broad visibility. It was also promoted on-ground through various activations and promotional events, connecting with audiences directly, and was featured on Radio, further expanding its reach. In addition, the campaign reached a wider audience through print media, with features in several publications.

Moreover, the Company regularly promotes "Back Up Kahaniyaan," a series of client testimonials that highlight real-life stories showcasing the importance of Life insurance and its impact on clients' lives.

## Operational Efficiency and Technology

During 2024, your Company took several initiatives to bring about improvements in its information systems and operational processes. Some of the key developments during this year are as follows:

### **Call Centre Service Upgrades**

EFU Life have consolidated its call centers and extended their availability to 24x7x365, ensuring that customers can reach us anytime. This change was made to provide uninterrupted support and address customer concerns without delays. As a result, customers will enjoy round-the-clock assistance for queries, claims, and policy-related issues, making our services more accessible and reliable.

### **ISO 27001 Certification**

Your Company has achieved ISO 27001 certification to reinforce its commitment to data security and compliance with global standards. This certification reaffirms that customer data is handled with the highest level of security. Customers can now have greater confidence in the safety of their personal and financial information, reducing risks related to data breaches.

### **EFU WIN Mobile App**

The EFU WIN Mobile App has been launched to provide customers with easy access to health and insurance services. This app was developed to offer a more convenient way to track health activities, earn rewards, and focus on their well-being. Customers can now enjoy a seamless digital experience, making wellness management more accessible.

EFU Life has seamlessly integrated telematics with its WIN platform, enhancing services by utilizing data from connected devices to monitor and track various health and lifestyle metrics of our policyholders. This integration enables personalized risk assessments, real-time feedback, and more accurate underwriting, potentially leading to better policy pricing and tailored insurance offerings.

By leveraging telematics, EFU Life is committed to improving the overall customer experience, promoting healthier lifestyles, and optimizing risk management through data-driven insights provided by WIN. Our goal is to empower policyholders with the tools and information they need to make informed decisions about their health and financial well-being.

### **Digital Reinstatement Form**

EFU Life has introduced a digital reinstatement form to streamline the process of reinstating inactive policies. Through the Agent App, sales teams can now initiate and manage reinstatement requests digitally, improving service speed and client satisfaction. The form has identity verification and incorporates two-factor authentication (2FA) for digital signatures, eliminating the need for manual signature verification. This new system enhances security, reduces fraud risks, and increases the reinstatement rate of inactive policies.

## **Human Resource Management**

2024 marked another significant step forward in EFU Life's journey to transform its Human Resource function into a knowledge-driven, digital, and employee-focused ecosystem. Building on the strong foundation of prior years, the Company achieved major milestones in performance management, training, digitalization, employee engagement, and welfare. These initiatives reflect EFU Life's unwavering commitment to fostering a high-performance culture, enhancing employee experience, and equipping its workforce for the future.

### **Performance Management System**

In 2024, EFU Life made significant strides in its second year of a three-year performance management roadmap, focusing on accountability and continuous improvement. The Performance Management System effectively aligned organizational, departmental, and individual goals, facilitating structured

reviews and detailed employee feedback. Efforts were also made to refine the competency framework and KPIs.

### **Training Initiatives**

Recognizing the importance of skills enhancement, EFU Life launched targeted training programs covering performance management, analytics, business intelligence tools, and leadership development. A third-party Training Needs Assessment (TNA) for over 450 employees provided strategic insights to shape the 2025 training calendar, ensuring alignment with organizational priorities.

### **Rewards and Recognition**

2024 marked the launch of "Ignite," EFU Life's new rewards and recognition platform, developed in partnership with GiftKarte. Ignite introduces real-time public social recognition, enables managers and peers to award points, and allows employees to redeem points across 150+ brands nationwide. Ignite is a significant step in boosting employee morale, engagement, and appreciation.

### **Employee Engagement and Career Mobility**

A third-party engagement survey conducted in 2024 revealed a 63% employee engagement score for EFU Life, outperforming national and international benchmarks and reinforcing its position as an employer of choice in Pakistan. This reflects the company's commitment to fostering a supportive and inclusive workplace. Additionally, the internal mobility program was reinforced, offering employees greater career growth opportunities while retaining key skills within the organization. The program has gained significant attention and participation, becoming one of EFU Life's most praised initiatives.

### **Career Fairs and Talent Outreach**

In 2024, EFU Life actively engaged with emerging talent by participating in career fairs at leading universities, including Iqra University, SZABIST, Institute of Business Management (IoBM), FAST-NUCES, Sir Syed University of Engineering and Technology (SSUET), and the Institute of Business Administration (IBA). These events provided an excellent platform to connect with aspiring professionals, introduce them to career opportunities within EFU Life, and highlight our dynamic work culture. Our team interacted with students, offering career guidance, sharing insights about the insurance industry, and identifying potential talent for various roles. These efforts reinforce EFU Life's commitment to attracting and nurturing the next generation of professionals while strengthening its employer brand among young talent.

### **Enhanced Employee Wellbeing**

The company reaffirmed its commitment to holistic employee well-being by launching "Wellness Month", an initiative focused on physical and mental health, as well as nutrition. To further promote financial security and wellness, EFU Life introduced the WIN Savings plan, a subsidized, embedded insurance solution designed to encourage employees to secure their financial future while embracing a healthier lifestyle.

### **AI-Driven Digital Transformation in Recruitment**

In 2024, EFU Life reached new milestones in its digitalization journey by adopting an AI-driven Applicant Tracking System (ATS). This platform automates tasks such as CV analysis, candidate shortlisting, test generation, and skill gap analysis, enabling recruiters to process up to 100 CVs in under 60 seconds. It also generates tailored assessments like video interviews and coding tests, providing detailed insights and rationales for candidate selection.

## Diversity, Equity and Inclusion

EFU Life is dedicated to fostering a diverse, equitable, and inclusive (DE&I) workplace, ensuring that all employees feel valued, respected and empowered. The company has integrated DE&I principles into its HR policies, focusing on merit-based hiring, career development, and workplace inclusivity. In 2024, your Company actively recruited talent from underrepresented groups and ensured fair and transparent hiring processes. The company promoted equity by providing equal access to training, mentorship, and leadership opportunities, particularly for employees from marginalized communities. Additionally, the company tracks both gender ratios and employment of differently abled individuals.

These efforts reflect the company's broader commitment to fostering an inclusive workplace culture that supports equal opportunity and long-term professional growth for all employees.

For more information regarding DE&I, refer to the Annual Report. [View Report](#)

## Capital Management and Liquidity

The Company has adequate capital to support its existing operations. The Company has paid-up capital of Rs. 1.05 billion.

The Company's liquidity position continues to remain adequately strong with cash and cash equivalents at the end of 2024 of Rs. 6.02 billion (2023: Rs.12.56 billion).

## Related Party Transaction

At each Board meeting the Board of Directors approves the Company's transactions made with Associated Companies and Related Parties. All such transactions are executed on an arm's length basis.

## Internal Audit Function

The Board is responsible for the effective implementation of a sound internal control system including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks to provide reasonable assurance that such a system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditor is to conduct periodic audits and to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

As part of Corporate Governance, your Company has the Underwriting Committee, Claims Settlement Committee, Reinsurance Committee, Risk Management and Compliance Committee.

## Risks to Business

Business risks including Sustainability related risks and mitigation factors are described in detail on Note no. 42 of this Annual Report.

## Sustainability and Social Impact

EFU Life remains steadfast in its commitment to sustainability and social responsibility, further strengthening its efforts through the establishment of a dedicated Sustainability and Social Impact (SSI) vertical. Our focus areas include environment, health, education, and economic empowerment, with key initiatives in 2024 reflecting our drive to create meaningful, long-term impact.

### Sustainable Commuting Initiatives

Our commitment to employee welfare and sustainability led to the successful launch of two major initiatives:

- **Carpooling Portal with Rozee:** This platform facilitates carpooling among employees, reducing commuting costs, fostering collaboration, and minimizing environmental impact.
- **Point Bus Service with BusCaro:** By offering 50% subsidized Point Bus routes to employees travelling from across the city to the Head Office, EFU Life significantly reduced employee commute costs while providing secure and comfortable travel options. This initiative contributed to lowering our carbon footprint.

### Tree Plantation Initiative - Desert Green Park

Pakistan is one of the most vulnerable countries to climate change according to the Global Climate Risk Index. To help combat climate change, EFU Life partnered with Children and Families Welfare Organization (CFWO) to plant 6,000 saplings for the Company's tree plantation project '**Desert Green Park**' at Kandaro, Kaloi District Tharparkar- Thar Desert. It is a four-year project that started in 2023. The project aims to trigger an eco-system where local wildlife will thrive in favorable climatic conditions to provide a pleasant environment for the communities living nearby. It created job opportunities for the locals and the project is now being utilized as a recreational space for the communities and visitors.

### Ramadan Social Media Campaign - [#RamadanUmeedoKeNaam](#)

The Company has a Ramadan Social Media Campaign that started in 2014 to create awareness and generate funds for organizations to help provide a better life to many. EFU Life paid Rs.10 for every Like, Comment and Share on its social media platform.

### Annual Employee Donation Drive

Each year during Ramadan, EFU Life employees participate in the Annual Employee Donation Drive. Donations of EFU Life employees over the years have made a real and lasting impact on the hearts, lives and futures of people and their families across the country. In 2024, the organizations supported include Edhi Foundation, The Sindh Institute of Urology & Transplantation (SIUT), Layton Rahmatullah Benevolent Trust (LRBT) and Family Educational Services Foundation (FESF).

### Education for the Underprivileged

Education is vital to the development of a nation, and EFU Life's ongoing commitment to these initiatives underscores its dedication to fostering educational opportunities for less-privileged children in Pakistan.

Since 2012, EFU Life has partnered with The Citizens Foundation (TCF) to support education for underprivileged children in Pakistan. For every education plan sold, the company donates Rs. 50. Additionally, EFU Life employees volunteer in TCF's Rahbar – Youth Mentorship Programme, empowering students to become independent, positive contributors to society. In 2024, EFU Life extended its support to other educational organizations, including Asghari Memorial High School, Hasani Academy Society, and The Hunar Foundation.

This support is crucial as it helps build a stronger, more educated society, ultimately contributing to the nation's overall growth and development.

### **Reuse, Recycle Donate to Dar-ul-Sukun**

EFU Life has a yearly campaign “**Reuse, Recycle Donate to Dar-ul-Sukun**”. With this annual activity, EFU Life is able to reduce landfill waste, and help transform discarded items into something valuable. Each year, EFU Life and its employees donate reusable and recyclable items to Dar-ul-Sukun” to support the care, rehabilitation and protection of children with disabilities.

### **Awareness and Eradication of Thalassemia**

In the year 2024, EFU Life continued to support organizations in the eradication of thalassemia with Afzaal Memorial Thalassemia Foundation and Omair Sana Foundation. Omair Sana Foundation focuses in the provision of free care and treatment for children of Thalassemia and other blood diseases, promotes thalassemia awareness and focuses on the prevention of the disease from spreading in the society.

### **Supporting healthcare for underserved populations**

In 2023, EFU Life facilitated a partnership between Vital Pakistan Trust and Santex Products (Pvt.) Limited to provide free sanitary pads for underprivileged women. This initiative, continuing into 2024, underscores EFU Life's commitment to improving maternal and child health in low-resource settings. By supporting Vital Pakistan Trust, EFU Life helps address the healthcare needs of vulnerable populations, creating lasting positive change in the suburbs of Karachi and beyond.

EFU Life women participated in the Pink Tea event organized by Vital Pakistan Trust to show their support for underserved women and children in Karachi and Sindh. This involvement highlights EFU Life's commitment to advancing quality medical care for vulnerable populations.

Sustainability related risks are covered in the Annual Report [HERE](#)

## **Business Ethics, Consumer Protection, and anticorruption measures**

The Board has adopted the statement of ethics and business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and business practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

## **Relationship with other Stakeholders**

Your Company is committed to fostering strong and meaningful relationships with all stakeholders by upholding integrity, transparency, and mutual respect. Key stakeholder relationships include:

- **Employees:** Creating a positive and inclusive work environment that encourages growth, well-being, and professional development.
- **Clients:** Building trust through exceptional service, customer-centric solutions, and a commitment to delivering value.
- **Business Community:** Engaging in fair, ethical, and transparent business practices to strengthen industry collaboration and credibility.

- Government, Regulators and Policymakers: Supporting free enterprise and a competitive market system while ensuring full compliance with all applicable laws, regulations and industry standards. Engaging with policymakers to contribute to the development of a robust regulatory framework and market development.
- Society: Contributing to societal well-being by maintaining a safe and healthy workplace, supporting sustainability initiatives, and providing employees with opportunities to enhance their skills and contribute meaningfully to the community.

## Contribution to the National Exchequer

Your Company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the company grows. This year the Company contributed Rs. 1,744.80 million to the national exchequer in the form of Income Tax, Federal Excise Duty, Sales Tax, stamp duty etc.

## Directors' Remuneration Policy

- In order to comply with Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the Company has policy with respect to the remuneration of Chairman, Chief Executive, Non-Executive, Executive and Independent Directors. The remuneration, including the fee for attending Board or Board Committee meetings, paid to the Directors and Chief Executive have been fully disclosed in Note 39 to the financial statements.

### Salient Features of Directors' Remuneration Policy

- The Directors' Remuneration Policy is transparent for fixing the remuneration of all the directors including the Chairman, Chief Executive, Non-Executive Directors, Independent Directors, and Directors of the Board Committees
- The policy is prepared keeping in view the requirements of Section 170 of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company.
- The Remuneration of Directors including the Chairman, Chief executive, executive director will be fixed by the board.
- The Remuneration of Directors shall be as per Law and as the Board may fix for each meeting of the Board of Directors and board committees.
- A Director shall also be entitled to be paid reasonable travelling expenses, hotel charges and other expenses incurred by him for attending meetings if he is residing abroad.

## Compliance with the Code of Corporate Governance

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

The Directors of our Company were elected at the Extra Ordinary General Meeting held on July 07, 2023, for a term of three years expiring on July 08, 2026.

Total Five Board meetings were conducted in the year 2024. The number of meetings attended by each Director is given hereunder:

<b>Sr. No</b>	<b>Name of Directors</b>	<b>Number of meetings attended</b>
1.	Rafique R Bhimjee	5 out of 5
2.	Saifuddin N Zoomkawala	5 out of 5
3.	Taher G Sachak	5 out of 5
4.	Hasanali Abdullah	5 out of 5
5.	Salman Rashid	5 out of 5
6.	Ali Raza Siddiqui *	5 out of 5
7.	Rukhsana Shah	5 out of 5
8.	Daanish Bhimjee	4 out of 5
9.	Ruhail Muhammad	5 out of 5
10.	Ahsen Ahmed	5 out of 5
11.	Syed Saad Salman	5 out of 5
12.	Mohammed Ali Ahmed (CEO)	5 out of 5

\*Mr. Ali Raza Siddiqui resigned from the Board of the Company effective from 27 December 2024 and Mr. Asad Nasir is appointed in his place with effect from 01 February 2025.

## Board Committees

Your Company maintains the following three Board Committees.

### Audit Committee

The Board is responsible for the effective implementation of a sound internal control system including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks to provide reasonable assurance that such a system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditor is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with the laws and regulations. The Committee comprises of the following members:

1. Ruhail Muhammad (Chairman)
2. Hasanali Abdullah
3. Taher G. Sachak
4. Rukhsana Shah
5. Daanish Bhimjee
6. Ali Raza Siddiqui \*

\*Mr. Ali Raza Siddiqui resigned from the Board of the Company effective from 28 December 2024.

### **Investment Committee**

The Company has a Board Level Investment Committee that meets on a bi-monthly basis to review the investment portfolio. The Committee is also responsible for developing the investment policy for the various funds managed by the Company. The Committee comprises of the following members:

1. Rafique R. Bhimjee (Chairman)
2. Saifuddin N. Zoomkawala
3. Taher G. Sachak
4. Hasanali Abdullah
5. Daanish Bhimjee
6. Omer Morshed – Appointed Actuary
7. Mohammed Ali Ahmed – CEO
8. S. Shahid Abbas – Management Executive

### **Ethics, HR & Remuneration Committee**

The Committee is responsible for recommending to the Board resource management policies of the Company as well as selection, evaluation, and compensation of the key officers of the Company. The Committee comprises of the following members:

1. Rukhsana Shah (Chairperson)
2. Rafique R. Bhimjee
3. Saifuddin N. Zoomkawala
4. Taher G. Sachak
5. Mohammed Ali Ahmed – CEO

### **Management Committees**

As part of Corporate Governance, your Company maintains the following four Management Committees which meet at least once every quarter:

- Underwriting Committee
- Claim Settlement Committee
- Reinsurance Committee
- Risk Management and Compliance Committee

## **Corporate and Financial Reporting Framework**

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) System of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data for the last six years is annexed.
- i) The value of investments of provident and pension funds based on their un-audited accounts as on December 31, 2024, were the following.

Provident Fund Rs. 893.94 Million  
Pension Fund Rs. 768.03 Million

The value of investments includes accrued interest.

- j) Trading of Shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses, and minor children:

**01 January 2024 to 31 December 2024**

<b>PURCHASE OF SHARES</b>	<b>No. of Shares</b>
EFU General Insurance Ltd.	271,099
Rafique R. Bhimjee *	344,399
Daanish Bhimjee *	51
Saifuddin N. Zoomkawala *	420,099
Hasanali Abdullah *	194,500

\*These shares were issued, other than through a rights issue, as consideration for the 100% acquisition of EFU Health Insurance Ltd. during the year.

<b>SALE OF SHARES</b>	<b>No. of Shares</b>
Saifuddin N. Zoomkawala	241,000
Hasanali Abdullah	7000
Lulua Saifuddin Zoomkawala	73,806

- k) The statement of shareholding in the Company as of 31 December 2024 is included with the Report.

## External Auditors

The Board of Directors recommended the re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants as Auditors of the Company for the year 2025 as suggested by the Audit Committee.

## Performance Evaluation of the Board of Directors

The Board of Directors undergoes an annual performance evaluation by the independent external consultant, the Pakistan Institute of Corporate Governance (PICG). This assessment ensures transparency, accountability, and continuous improvement by reviewing the Board's effectiveness, governance practices, decision-making, and compliance with regulatory and strategic objectives. PICG, with its specialized expertise in corporate governance, conducts the evaluation with objectivity, professionalism, and adherence to best practices.

## Future Outlook of the Industry

The life insurance industry in Pakistan continues to face challenges, including high inflation and reduced consumer purchasing power, which have impacted new business growth and policy persistency. These issues are further amplified by increased taxation, reducing disposable income for many citizens. However, the long-term outlook remains positive, driven by financial inclusion efforts, digital transformation, increasing awareness of financial security and product innovation. With a large untapped market, particularly among the younger population and lower-middle-income segments, the industry is expected to expand as economic conditions stabilize. Both the industry and the Government share a common goal and working in tandem to expand the insurance safety net to reach a larger population.

Looking ahead, as we enter a lower interest rate environment, the industry will need to focus on diversifying its offerings and tapping into new customer segments. Additionally, there needs to be a focus on holistic financial protection plans, ensuring customer accessibility and ease.

With the State Bank of Pakistan encouraging the banking sector to transition to Islamic banking and the growing demand for Shariah-compliant financial solutions, the Takaful segment is expected to continue to grow.

Overall, the life insurance industry in Pakistan is poised for growth, supported by financial inclusion efforts, digital transformation, increasing awareness of financial security, and product innovation. By continuously adapting to market trends and customer needs, the industry aims to strengthen its position and contribute to the financial well-being of the population.

## Acknowledgements

The Directors wish to record their appreciation for the tremendous contribution made by the able and eminent officers, staff and field force of the Company towards its development and growth. Their continuous commitment to high ethical standards, client service and hard work has helped your Company emerge and maintain its position as one of the leading players amongst the private sector life insurers.

We also wish to recognize and place on record our appreciation of the contribution made by our Appointed Actuary Mr. Omer Morshed for his invaluable advice on the overall strategy of the Company.

We would also like to record our appreciation and gratitude to Hannover Re and Munich Re who are your Company's main reinsurers and who continue to provide full support to your Company.

Our gratitude is also due to EFU General Insurance Ltd. For their continuous support and guidance, which has enabled the Company to establish a strong presence in the market.

Finally, we would like to thank our clients for the confidence expressed in us and also to the Securities and Exchange Commission of Pakistan for their guidance and co-operation extended to us throughout the year.



Managing Director  
& Chief Executive



Vice-Chairman



Chairman



Director



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Chartered Accountants  
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## INDEPENDENT AUDITOR'S REPORT

To the members of EFU Life Assurance Limited

### Report on the Audit of Financial Statements

#### Opinion

We have audited the annexed financial statements of **EFU Life Assurance Limited** (the Company), which comprise the statement of financial position as at 31 December 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2024 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to note 26.3, 26.5.1 and 26.5.2 to the accompanying financial statements which describe that certain insurance companies have challenged the scope and applicability of provincial sales tax on services on premium from insurance / takaful business in provincial high courts.



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The Honourable Sindh High Court has dismissed the case with a direction to reapproach Sindh Revenue Board on the matter of taxability of life and health insurance business. However, the insurance companies have decided to refer the case to and file a constitutional petition in the Honourable Supreme Court of Pakistan.

The Company has not charged provincial sales tax to its clients, nor has recognized any liability for the impugned sales tax in its annexed financial statements as the management is confident that the final outcome will be in the favour of Company based on legal opinion.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p><b>Insurance Liabilities</b></p> <p>(Refer note 20 to the financial statements)</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's process and evaluation of the design and implementation of key controls in recognition and valuation of insurance / takaful liabilities.</li> <li>• Assessing the appropriateness of the Company's accounting policy for recognition and measurement of insurance / takaful liabilities, in compliance with applicable accounting and reporting standards.</li> <li>• Assessing the consistency of the methods used for calculation of the IBNR claims</li> </ul>
	<p>The Company's insurance / takaful liabilities (excluding outstanding claims amounting to Rs. 7,125.02 million) represent 93.96% of its total liabilities. Valuation of insurance / takaful contract liabilities involve significant judgment, actuarial assumptions such as; mortality, persistency, morbidity, investment returns, expense levels and inflation, and the use of methods adopted for actuarial valuations. Further, policyholder data is a key input into the valuation process. The valuation of Policyholder liabilities &amp; IBNR claims is, therefore, conditional upon the accuracy and completeness of the data used.</p>	



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S. No.	Key Audit Matters	How the matter was addressed in our audit
		<p>and assumptions for the valuation parameters as at 31 December 2024 to establish whether these had been subject to any arbitrary discontinuities from those used at 31 December 2023.</p> <ul style="list-style-type: none"> <li>• Performing procedures to evaluate the accuracy, completeness and reliability of the underlying data utilized for the purposes of measurement by reference to its source.</li> <li>• Inspecting the report submitted by the Appointed Actuary for the year ended December 31, 2024, to the Board of Directors of the Company in respect of the Insurance Liabilities and the related methods and assumptions used for this purpose.</li> <li>• Appointing an independent actuarial expert to assess the reasonableness of assumptions and methods used by the management's expert in the valuation of insurance liabilities. Our procedures also included evaluating the adequacy of the work performed by our independent appointed actuarial expert; and</li> <li>• Assessed the adequacy of disclosures made in the financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>
2.	<p><b>Premium / contribution</b></p> <p>(Refer note 27 to the financial statements)</p> <p>The Company generates its income primarily from premiums / contributions. Premiums / contributions from</p>	<p>Our audit procedures, amongst others, included the following:</p>



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>insurance policies amounts to Rs. 41.67 billion which comprise of 41.21% of the total income.</p> <p>We identified premiums / contributions as a key audit matter because it is a key performance indicator of the Company and possess a risk of overstatement by recording transactions that may not have occurred.</p>	<ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company process for recognition of premium / contribution and evaluating the design and implementation of key controls involved in the process of capturing, processing and recording of premiums / contributions.</li> <li>• Comparing, on a sample basis, premiums / contributions earned from the underlying policies issued to insurance / takaful policyholders to evaluate appropriateness of recognized premium / contribution during the year.</li> <li>• Assessing the appropriateness of the Company's accounting policy for recognition of premium / contribution, in compliance with applicable accounting and reporting standards.</li> <li>• Assessing whether premium / contribution was recognized in an appropriate accounting period by carrying out a comparison, using an appropriate sample, of recognized premium with the relevant period in the corresponding insurance policies.</li> <li>• Testing, on a sample basis, premium / contribution receipts to evaluate whether the premium / contribution amounts have been received from the policyholders before the recognition of premiums / contributions (other than group life and health insurance / takaful) as required under Insurance Ordinance, 2000.</li> </ul>



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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We were provided with the Director's Report to the Shareholders and Chairman's Review Report prior to the date of this Auditor's report and the remaining parts of the Annual report are expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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



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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse



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consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

### **Other Matter**

The financial statements of the Company for the year ended 31 December 2023 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon dated 06 March 2024.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

**Date: 3 March 2025**

**Karachi**

**UDIN: AR202410106gtkbCvKDY**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

**EFU LIFE ASSURANCE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Note	31 December 2024	31 December 2023 Restated
		----- (Rupees in '000) -----	
<b>Assets</b>			
Property and equipment	5	2,941,307	2,583,751
Right of use assets	6	509,204	568,593
Intangible assets	7	329,552	295,948
Investments			
Equity securities	8	43,942,683	22,314,661
Government securities	9	184,510,229	153,915,701
Debt securities	10	7,608,928	8,407,258
Term deposits	11	347,429	7,508,428
Open-ended mutual funds	12	6,512,010	2,718,416
Insurance / reinsurance receivables	13	1,391,466	1,061,301
Other loans and receivables	14	4,370,849	4,511,953
Taxation - payments less provision		1,157,808	1,152,728
Prepayments	15	148,146	137,990
Cash and bank	16	5,669,618	5,054,792
<b>Total Assets</b>		<b>259,439,229</b>	<b>210,231,520</b>
<b>Equity and Liabilities</b>			
Authorized share capital [150,000,000 ordinary shares (2023: 150,000,000) of Rs.10 each]	17	1,500,000	1,500,000
Ordinary share capital [105,000,000 ordinary shares (2023:100,000,000) of Rs.10 each]		1,050,000	1,000,000
Share premium		636,323	-
Retained earnings arising from business other than participating business attributable to shareholders (Ledger account D)	18	3,541,991	2,562,670
General reserves	19	2,290,000	2,120,000
Surplus on revaluation of available for sale investments - net of tax		136,916	46,012
Unappropriated profit		1,537,194	1,218,963
<b>Total Equity</b>		<b>9,192,424</b>	<b>6,947,645</b>
<b>Liabilities</b>			
Insurance liabilities	20	242,256,860	196,524,888
Deferred taxation	21	1,958,842	1,573,625
Premium received in advance		2,172,637	1,772,407
Insurance / reinsurance payables	22	192,418	202,220
Lease liabilities	23	614,064	687,196
Other creditors and accruals	24	3,051,984	2,523,539
		7,989,945	6,758,987
<b>Total Liabilities</b>		<b>250,246,805</b>	<b>203,283,875</b>
<b>Total Equity and Liabilities</b>		<b>259,439,229</b>	<b>210,231,520</b>
Contingencies and commitments	26		

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director &  
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

**EFU LIFE ASSURANCE LIMITED**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	31 December 2024	31 December 2023 Restated
Note	----- (Rupees in '000) -----	
Premium / contribution revenue	41,671,713	37,467,136
Premium / contribution ceded to reinsurers	(2,263,308)	(1,063,291)
<b>Net premium / contribution revenue</b>	<b>39,408,405</b>	<b>36,403,845</b>
Investment income	38,906,361	32,897,028
Net realised fair value gain on financial assets	1,452,184	289,080
Net unrealised fair value gain on financial assets at fair value through profit or loss	21,103,673	5,949,453
Other income	250,185	211,244
	<b>61,712,403</b>	<b>39,346,805</b>
<b>Net income</b>	<b>101,120,808</b>	<b>75,750,650</b>
Insurance benefits	43,299,854	32,850,082
Recoveries from reinsurers	(2,183,674)	(737,274)
Claims related expenses	8,139	8,987
<b>Net Insurance benefits</b>	<b>41,124,319</b>	<b>32,121,795</b>
Net change in insurance liabilities (other than outstanding claims)	42,973,584	28,932,077
Acquisition expenses	7,792,674	7,208,453
Marketing and administration expenses	4,036,864	3,255,884
Worker's welfare fund	87,523	122,117
Other expenses	70,430	44,913
<b>Total Expenses</b>	<b>54,961,075</b>	<b>39,563,444</b>
Finance cost	74,195	70,620
<b>Profit before tax (Refer note below)</b>	<b>4,961,219</b>	<b>3,994,791</b>
Income tax expense	(1,971,167)	(1,930,251)
<b>Profit after tax for the year</b>	<b>2,990,052</b>	<b>2,064,540</b>
	----- (Rupees) -----	
<b>Earnings per share - Rupees</b>	<b>28.82</b>	Restated 20.64

The annexed notes 1 to 50 form an integral part of these 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. 3,975 million (2023: Rs.3,142 million), please refer to note 41, relating to segmental information - revenue account by statutory fund.

**Managing Director &  
Chief Executive Officer**

**Chief Financial Officer**

**Director**

**Director**

**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	31 December 2024	31 December 2023 Restated
	----- (Rupees in '000) -----	
Profit after tax for the year	2,990,052	2,064,540
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
Change in unrealised gains on available-for-sale financial assets	145,857	48,783
Reclassification adjustment relating to available-for-sale investments sold during the year	(323) 145,534	9,546 58,329
Related deferred tax	(54,630)	(23,774)
Other comprehensive income for the year - net of tax	90,904	34,555
<b>Total comprehensive income for the year</b>	<b>3,080,956</b>	<b>2,099,095</b>

The annexed notes 1 to 50 form an integral part of these financial statements.



\_\_\_\_\_  
**Managing Director &  
Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

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**Director**

\_\_\_\_\_  
**Chairman**

**EFU LIFE ASSURANCE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	31 December 2024	31 December 2023
Note	----- (Rupees in '000) -----	
<b>Operating cash flows</b>		
<b>a) Underwriting activities</b>		
Insurance premium / contribution received	42,606,264	38,610,631
Reinsurance premium / retakaful contribution paid	(125,288)	(776,570)
Claims paid	(42,927,552)	(32,266,722)
Commission paid	(4,343,037)	(4,240,202)
Marketing and administrative expenses paid	(4,036,864)	(3,253,100)
Other acquisition cost paid	(4,008,716)	(3,830,547)
<b>Net cash outflow from underwriting activities</b>	<b>(12,835,193)</b>	<b>(5,756,510)</b>
<b>b) Other operating activities</b>		
Income tax paid	(1,656,186)	(1,525,046)
Other operating payments	83,384	181,687
Loans advanced	(595,119)	(547,343)
Loans repayments received	644,896	587,474
<b>Net cash outflow from other operating activities</b>	<b>(1,523,025)</b>	<b>(1,303,228)</b>
<b>Total cash outflow from all operating activities</b>	<b>(14,358,218)</b>	<b>(7,059,738)</b>
<b>Investment activities</b>		
Profit / return received	36,308,022	30,857,634
Dividends received	3,530,080	2,703,429
Payments for investments	(206,572,726)	(276,497,578)
Proceeds from disposal of investments	175,904,943	245,924,839
Fixed capital expenditure	(969,812)	(902,665)
Proceeds from sale of property and equipment	293,855	243,180
<b>Total cash inflow from all investing activities</b>	<b>8,494,362</b>	<b>2,328,839</b>
<b>Financing activities</b>		
Dividends paid	(1,522,500)	(1,500,000)
Payment against lease liability	(215,847)	(191,177)
<b>Total cash outflow from all financing activities</b>	<b>(1,738,347)</b>	<b>(1,691,177)</b>
<b>Net cash outflow from all activities</b>	<b>(7,602,203)</b>	<b>(6,422,076)</b>
Cash and cash equivalents at beginning of the year	12,563,220	18,985,296
Cash and cash equivalents acquired in a business combination	1,056,030	-
<b>Cash and cash equivalents at end of the year</b>	<b>6,017,047</b>	<b>12,563,220</b>
	16.2	
<b>Reconciliation to statement of profit and loss account</b>		
Operating cash flows	(14,358,218)	(7,059,738)
Depreciation expense	(574,805)	(380,677)
Depreciation on right of use assets	(163,383)	(156,015)
Amortization expense	(100,866)	(23,433)
Profit on disposal of property and equipment	161,474	140,030
Other revenue	30,498	29,481
Profit on lease termination	33,909	21,094
Finance cost on lease liabilities	(75,025)	(70,620)
Profit / (Loss) on disposal of investments	1,452,184	(2,732,261)
Dividend income	3,530,080	2,697,798
Other investment income	36,843,886	31,021,139
Depreciation in market value of investments	21,126,774	9,374,094
Provision of impairment in the value of available for sale equity investments	(20,645)	(123,613)
(Decrease) / Increase in assets other than cash	(764,883)	966,389
Increase in liabilities	(44,130,928)	(31,639,128)
<b>Profit after tax for the year</b>	<b>2,990,052</b>	<b>2,064,540</b>

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director &  
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

**EFU LIFE ASSURANCE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

Attributable to the equity holders' of the Company

	Share capital	Share Premium	General reserves	Retained earnings arising from business other than participating business attributable to shareholders (ledger account D) - net of tax *	Surplus on revaluation of available for sale investments - net of tax	Unappropriated profit	Total
(Rupees in '000)							
Balance as at 1 January 2023	1,000,000	-	1,980,000	2,161,554	11,457	1,195,539	6,348,550
<b>Comprehensive income for the year ended 31 December 2023</b>							
Income for the year ended 31 December 2023	-	-	-	155,762	-	1,908,778	2,064,540
Other comprehensive income	-	-	-	-	34,555	-	34,555
Total income for the year ended 31 December 2023	-	-	-	155,762	34,555	1,908,778	2,099,095
Contribution to increase solvency margin	-	-	-	245,354	-	(245,354)	-
Transfer from general reserve	-	-	140,000	-	-	(140,000)	-
<b>Transactions with shareholders</b>							
Dividend for the year ended 31 December 2022 @ Rs. 10.5 per share	-	-	-	-	-	(1,050,000)	(1,050,000)
First Interim Dividend @ Rs. 1.5 per share	-	-	-	-	-	(150,000)	(150,000)
Second Interim Dividend @ Rs. 1.5 per share	-	-	-	-	-	(150,000)	(150,000)
Third Interim Dividend @ Rs. 1.5 per share	-	-	-	-	-	(150,000)	(150,000)
	-	-	-	-	-	(1,500,000)	(1,500,000)
Balance as at 31 December 2023	1,000,000	-	2,120,000	2,562,670	46,012	1,218,963	6,947,645
Balance as at 1 January 2024	1,000,000	-	2,120,000	2,562,670	46,012	1,218,963	6,947,645
Share Issued during the year	50,000	636,323	-	-	-	-	686,323
<b>Comprehensive income for the year ended 31 December 2024</b>							
Income for the year ended 31 December 2024	-	-	-	357,744	-	2,632,308	2,990,052
Other comprehensive income	-	-	-	-	90,904	-	90,904
Total income for the year ended 31 December 2024	-	-	-	357,744	90,904	2,632,308	3,080,956
Contribution to increase solvency margin	-	-	-	621,577	-	(621,577)	-
Transfer to general reserve	-	-	170,000	-	-	(170,000)	-
<b>Transactions with shareholders</b>							
Dividend for the year ended 31 December 2023 @ Rs. 10.5 per share	-	-	-	-	-	(1,050,000)	(1,050,000)
First Interim Dividend @ Rs. 1.5 per share	-	-	-	-	-	(157,500)	(157,500)
Second Interim Dividend @ Rs. 1.5 per share	-	-	-	-	-	(157,500)	(157,500)
Third Interim Dividend @ Rs. 1.5 per share	-	-	-	-	-	(157,500)	(157,500)
	-	-	-	-	-	(1,522,500)	(1,522,500)
Balance as at 31 December 2024	1,050,000	636,323	2,290,000	3,541,991	136,916	1,537,194	9,192,424

\*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 50 form an integral part of these financial statements.

Managing Director &  
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

**EFU LIFE ASSURANCE LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**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 from 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)
- Family Takaful Accidental and Health Business
- Participating business

\*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)) 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.

**1.5 Merger of EFU Health Insurance Limited**

**1.5.1** The Board of directors of the Company in their Board Meeting held on 28 September 2023 and subsequently in EOGM held on 23 October 2023 approved the acquisition of 100% shares of EFU Health Insurance Limited against issuance of 5 million ordinary shares of face value Rs. 10/- each without rights of the Company to EFU Services (Private) Limited and sponsors of EFU Health Insurance Limited under Share Subscription and Purchase Agreement in satisfaction of the consideration equal to Rs. 500,000,000 at a SWAP ratio of 1 ordinary share of the Company against every 10 ordinary shares of EFU Health Insurance Limited.

- On 01 April 2024, pursuant to the approvals of the Board and after obtaining all the requisite corporate and regulatory approvals and compliance with all the applicable laws and regulation, the Company has acquired 100 % i.e., 50 million ordinary voting shares and control of EFU Health Insurance Limited from sponsors and other shareholders of EFU Health Insurance Limited through Share Purchase Agreement.
- On 15 April 2024, the Board of directors of the Company approved merger of EFU Health Insurance limited (a fully owned subsidiary) with the Company through scheme of Amalgamation under section 284 of the Companies Act 2017. The effective date of merger was set on 01 May 2024 in the said scheme of amalgamation.

**1.5.2** EFU Health Insurance Limited (EFUH) was incorporated in Pakistan on 15 May 2000 as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and had its registered office at 37-K, Block-6, PECH Society, Karachi. The principal activity of EFUH is to sell Health Insurance cover in Pakistan.

**1.5.3** EFUH was authorized to undertake Window Takaful Operations (WTO) on 14 March 2017 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. EFUH commenced Window Takaful Operations on 01 April 2017.

#### 1.5.4 Purchase consideration

Fair value per share of the Company was calculated at Rs 137.26 per share

Total number of shares issued (Number in '000)	5,000
Value per share	137.26
Total value of consideration transferred (Value per share Rs. 137.2646) (Rupees in '000)	<u>686,323</u>

#### 1.5.4.1 Following two methods are used for valuation of the Company:

##### (a) Discounted cashflow method (DCF)

DCF method involves computation of present value of free cashflow stream after taking and then discounting these at a rate of return reflecting both time value of money as well as investment specific risks.

##### (b) Cost approach

Under this approach the valuation is determined by adjusting the carrying values of all assets and liabilities on the balance sheet date to reflect the fair values.

Average of above two methods is used for calculating fair value per share at acquisition date.

#### 1.5.5 IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date. The fair valuation exercise will be completed within the period of one year as allowed under IFRS 3. Any adjustment arising at the time of finalization of this exercise will be incorporated with retrospective effect from the date of acquisition.

Details of the provisional fair values of the assets acquired, liabilities assumed, consideration transferred and the resultant bargain purchase gain recognized as at merger date are as follows:

	Carrying Amounts	Fair Value adjustments (Rupees in '000)	Fair Values
Property and equipment	109,869	101,820	211,689
Intangible assets	1,627	-	1,627
Investments	1,204,818	-	1,204,818
Loans and other receivables	116,801	-	116,801
Insurance / reinsurance receivables	901,377	-	901,377
Reinsurance recoveries against outstanding claims	115,081	-	115,081
Deferred taxation	-	-	-
Taxation - payment less provision	22,086	-	22,086
Prepayments	761,339	-	761,339
Cash and bank	913,031	-	913,031
<b>Total Assets</b>	<b>4,146,029</b>	<b>101,820</b>	<b>4,247,849</b>
Insurance Liabilities	2,972,421	-	2,972,421
Premium received in advance	84,743	-	84,743
Deferred taxation	(7,099)	39,710	32,611
Insurance/reinsurance payables	289,138	-	289,138
Other creditors and accruals	220,563	-	220,563
<b>Total Liabilities</b>	<b>3,559,766</b>	<b>39,710</b>	<b>3,599,476</b>
<b>Net Assets</b>			<b>648,373</b>

#### Goodwill on business combination:

Consideration transferred	686,323
Less: Fair value of net identifiable assets acquired as of merger date	(648,373)
Goodwill on business combination	<u>37,950</u>

(Rupees in '000)

#### 1.5.6 Measurement of fair values:

Asset Acquired	Valuation Technique
Property and equipment	The valuation experts used a market based approach to arrive at the fair value of the Company's property and equipment. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar assets.

## 1.6 Acquisition of Business Segment

Last year, the Company acquired call centre operations and Telemedicine Setup (the Business Segment) of Hello Doctor Pvt Limited via "Business Purchase Agreement"

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values.

IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date. The fair valuation exercise will be completed within the period of one year as allowed under IFRS 3. Any adjustment arising at the time of finalization of this exercise will be incorporated with retrospective effect from the date of acquisition. In the financial statements for the year ended 31 December 2023, the Company had recorded the assets of the Business Segment on provisional values which have been finalised in the current year.

### 1.6.1 The fair values and carrying amounts of assets acquired are as follows:

	Carrying Amounts	Fair Value adjustments	Fair Values
	(Rupees in '000)		
Property and equipment	14,437	-	14,437
Intangible assets	207,358	77,954	285,312
	<b>221,795</b>	<b>77,954</b>	<b>299,749</b>
Less: Deferred tax liabilities	-	(30,402)	(30,402)
	<b>221,795</b>	<b>47,552</b>	<b>269,347</b>

### 1.6.2 Goodwill recognised on acquisition:

	(Rupees in '000)
<b>Consideration transferred</b>	
Cash	300,000
Less: Fair value of identifiable assets acquired	(269,347)
	<b>30,653</b>

### 1.6.3

Asset Acquired	Valuation Technique
Intangible assets	The multiple-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationship, by excluding any cash flows related to contributory assets.

### 1.6.4 Effect of retrospective adjustments made due to finalization of fair valuation exercise

		31 December 2023		
Statement of Financial Position	Sub-caption	As previously reported	Adjustment	As adjusted
		(Rupees in '000)		
Intangible Assets	Goodwill	78,205	(47,552)	30,653
	Customer Relationship	-	75,170	75,170
		<b>78,205</b>	<b>27,618</b>	<b>105,823</b>
Deferred Taxation	Intangibles, Property and equipment	(258,185)	(29,318)	(287,503)
		31 December 2023		
Statement of Profit and Loss Account	Sub-caption	As previously reported	Adjustment	As adjusted
		(Rupees in '000)		
Marketing and administration expenses	Amortisation Expense	20,649	2,784	23,433
Income tax expense	Deferred tax Expense	452,066	(1,086)	450,980
		<b>472,715</b>	<b>1,698</b>	<b>474,413</b>
		31 December 2023		
		As previously reported	Adjustment	As adjusted
Earnings per share - Rupees		20.66	(0.02)	20.64

The above adjustment has no impact on total operating, investing or financing cash flows for the year ended 31 December 2023.

## 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 Standard (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, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012; 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 as disclosed in material accounting policy information relating to certain investments, lease liabilities and insurance liabilities.

### 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 thousand unless otherwise stated.

### 2.5 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Company's accounting periods beginning on or after 01 January 2024. However these do not have any significant impact on the Company's operations and, therefore, have not been detailed in these financial statements.

### 2.6 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after 01 January 2025:

	<b>Effective date (period beginning on or after)</b>
- Lack of exchangeability - Amendments to IAS 21	01 January 2025
- Amendments to the classification and measurement of financial instruments - Amendments to IFRS 9 financial instruments IFRS 7	01 January 2026
- IFRS 17 - Insurance Contracts	01 January 2026
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28	Not yet finalised

The Company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS. However, this standard will be applied along with the application of IFRS 17.

### 2.7 Temporary exemption from application of IFRS-9

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 has also carried 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 introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 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 adopted the temporary exemption which allows the Company to defer the application of IFRS 9.

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

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

b) all other financial assets.

Financial assets	31 December 2024			
	Other Financial Assets		Financial assets that will pass the SPPI test	
	Fair value	Change in unrealized gain or loss during the year	Fair value	Change in unrealized gain or loss during the year
	----- (Rupees in '000) -----			
Cash and bank	-	-	5,669,618	-
Investments in equity securities	43,942,683	17,981,050	-	-
Investments in government and debt securities	169,528,521	-	22,590,636	3,140,189
Term deposits	-	-	347,429	-
Mutual funds	6,512,010	-	-	-
Insurance / reinsurance receivables	-	-	1,391,466	-
Other loans and receivables	-	-	4,370,849	-
	<u>219,983,214</u>	<u>17,981,050</u>	<u>34,369,998</u>	<u>3,140,189</u>

Financial assets	31 December 2023			
	Other Financial Assets		Financial assets that will pass the SPPI test	
	Fair value	Change in unrealized gain or loss during the year	Fair value	Change in unrealized gain or loss during the year
	----- (Rupees in '000) -----			
Cash and bank	-	-	5,054,792	-
Investments in equity securities	22,314,661	5,076,407	-	-
Investments in government and debt securities	143,144,957	-	19,178,002	967,735
Term deposits	-	-	7,508,428	-
Mutual funds	2,718,416	-	-	-
Insurance / reinsurance receivables	-	-	1,061,301	-
Other loans and receivables	-	-	4,511,953	-
	<u>168,178,034</u>	<u>5,076,407</u>	<u>37,314,476</u>	<u>967,735</u>

### 3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of financial statements of the Company for the year ended 31 December 2023.

### **3.1 Property and equipment**

#### **Initial recognition and measurement.**

The cost of an item is recognized as an asset if and only if the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

#### **Subsequent Cost**

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the statement of profit or loss as and when incurred.

Depreciation is calculated on reducing balance method at the rate specified in note 5 to the financial statements after taking into account residual value, whereby the cost of an asset is written off over its estimated useful life. The residual values and useful lives are reviewed, and adjusted, if required, at each reporting date.

Depreciation on fixed assets is charged from the day when the asset is available for use. No depreciation to be charged on the day the asset is disposed off.

#### **Impairment**

The carrying value of the operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

### **3.2 Right of Use Assets**

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right of use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right of use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right of use asset is periodically reduced by impairment losses, if any.

### **3.3 Liabilities against leases for right of use assets**

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

The Company has elected not to recognise right of use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

### **3.4 Intangible assets**

These are stated at cost less accumulated amortisation and any impairment in value. Amortisation on intangible fixed assets is charged to statement of profit and loss account applying the straight line method at the rates specified in note 7 to the financial statements after taking into account residual value, if any.

Amortisation is charged from the day when the asset is available for use. No amortisation is to be charged on the day the asset is disposed off. The useful life and amortisation method is reviewed, and adjusted if appropriate, at each balance sheet date.

### **3.5 Foreign currency translation**

Transactions in foreign currencies are translated into the reporting currency at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using the rates of exchange prevailing at each reporting date. Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are taken to the statement of profit or loss / revenue account

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## 3.6 Insurance contracts

### Classification

The Company currently issues contracts that are classified as insurance and takaful contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the Company. All contracts which include an investment element are unit-linked contracts linked to unit linked funds.

The Company classifies its business into individual life and group life businesses, in both cases the form of contract consisting of main plans and supplementary riders (which are generally optional).

Individual life business mainly consists of unit-linked products and conventional protection products, in both cases with optional supplementary riders which generally provide protection only. Group life business consists primarily of protection products and a relatively small number of unit-linked policies.

### Contract details and measurement

The insurance contracts offered by the Company are described below:

#### Individual life policies

These consist of the following types of policies:

##### (a) Investment Linked Business

These are medium to long term unit-linked plans designed to address a variety of future policyholder needs, such as retirement planning, education planning for children, marriage planning for children, life protection and investments and savings for future. Premiums received from policyholders and after deduction of specified charges including risk charges, are invested in unit linked funds of the Company. The basic plan contains life cover over and above the unit value, with additional protection (for death, disability and sickness) being provided through the addition of optional riders.

##### (b) Conventional protection products

Two types of products are offered under Individual life conventional business, these being medium to long term contracts with level premiums being paid over the policy period. The Company offers a standard term life assurance product that offers protection in event of death as well as a decreasing term life assurance policy that covers outstanding loan balances.

##### (c) Accident and health products

These consist of long term and short term accident and health products providing cover against accidental death, disability, sickness and critical illness, offered both as long term as well as yearly renewable plans.

##### (d) Family takaful investment linked products

These are medium to long term unit-linked plans operated through Window Takaful Operations of the Company.

The Company offers unit-linked takaful plans which provide shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

##### (e) Family Takaful Protection Products

Group Life contracts are mainly issued to employers to insure their commitments to their employees as required under the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Company.

##### (f) Other supplementary benefits

The Company also offers a variety of supplementary benefits attached with main plans including additional term life assurance, income benefits, critical illness, sickness and accidental death and disability related benefits.

## **Group life and group family takaful protection policies**

### **Nature of contracts:**

The Company's group life and group takaful business consists of one year term life contracts which provide coverage, in the event of death or disability, to:

- employees of a common employer, benefits payable under these contracts being either fixed, in case of death, or linked to the extent of loss incurred by the policyholder, in case of disability;
- customers of financial institutions, the contracts being issued to financial institutions to protect their customers' outstanding loan balances, such as on personal loan, mortgages and credit cards.

Unit linked group life policies are similar in nature to individual life unit linked products.

### **3.7 Policyholders' liability**

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date. In determining the value, both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the Company underwrites are taken into account. The bases used are applied consistently from year to year.

The basic liability consists of the estimated actuarial liability against each contract which is in force. To this are added:

- a) The cash value of policies which have lapsed over the last two years and where the liability would be reinstated in case of the policy being revived; and
- b) A reserve for potential losses on a policy by policy basis.

The method used to determine the various component of policyholders' liability are explained in detail in note 43.1.1 to the financial statements.

### **3.8 Reinsurance contracts held**

The Company has entered into reinsurance / retakaful (hereinafter referred to as "reinsurance") arrangements, for both its individual and group businesses, in order to manage risks associated with the frequency and severity of claims. These arrangements include cover under treaties as well as on a facultative basis. The terms of reinsurance treaties vary by the type of business, the objective being to maintain a reasonable risk profile suiting the risk appetite and overall exposure to adverse movements in mortality or morbidity.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

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

Receivables and payables are recognised when due. These include amount due to and from agents and policyholders.

### **3.10 Business combination and goodwill**

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

### **3.11 Operating segments**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or sub classes of business (statutory funds) as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017 under regulatory accounts.

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Based on its classification of Insurance contracts issued, the Company has 8 business segments for reporting purposes namely investment linked business, conventional business, participating business, pension business, accident and health business, family takaful investment linked business, family takaful protection business and family takaful accidental and health.

### 3.12 Provisions

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

### 3.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving accounts;
- Policy stamps in hand;
- Term deposits receipts with original maturity up to three months; and
- Certificate of investments with original maturity up to three months.

### 3.14 Revenue recognition

- First year individual life premiums are recognised once the related policies have been issued and the premiums are received. Renewal premiums are recognised upon receipt of premiums provided the policy is still in force. Single premiums are recognised once the related policies are issued against the receipts of premium.
- Group life premiums are recognised when due. A provision for unearned premiums is included in the policyholders' liabilities.
- Interest / profit on bank deposits is recognised on time proportion basis, using effective interest rate method
- Fixed income securities are recorded on a time proportion basis using effective interest rate method.
- Dividend income is recognised when right to receive such dividend is established.

**3.14.1** Experience refund of premium payable to policyholders except for individual life unit linked is included in outstanding claims.

**3.14.2** Reinsurance commission is recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognized when to the Company's right to receive the same is established.

### 3.15 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. Subsequently the investments are classified as follows:

#### - In equity securities

##### **Fair value through profit or loss**

Investments in equity securities relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference is charged to statement of profit and loss account under the heading 'Fair value through profit or loss'.

##### **Available for sale**

Investment related to non-unit linked fund subsequently measured at fair value and the difference is charged to statement of comprehensive income under the heading 'Available for sale'.

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- **In debt securities**

- Held-to-maturity**

- Investment classified as held-to-maturity are subsequently measured at amortized cost less impairment, if any, taking into account any discount and premium on acquisition, using the effective rate of interest method.

- Fair value through profit or loss**

- Investments in debt securities relating to units assigned to policies of investment linked business, pension business and family takaful investment linked business are subsequently measured at their fair values and the difference is charged to statement of profit and loss account.

- **In term deposits**

- It represents investment in term deposits with banks held for short term usually less than 12 months.

- **In mutual funds**

- Fair value through profit or loss**

- Investments in mutual funds relating to units assigned to policies of investment linked business, pension business and family takaful investment linked business are subsequently measured at their fair values and the difference is taken to statement of profit and loss account.

- Available for sale**

- Investment related to non-unit linked fund subsequently measured at fair value and the difference is charged to statement of comprehensive income under the heading 'Available for sale'.

- **Fair / market value measurements**

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

### 3.16 Taxation

#### *Current*

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.


#### *Deferred*

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of profit and loss account and the statement of comprehensive income.

### 3.17 Earning Per Share (EPS)

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. There are no dilution effect on the EPS and as such these are not presented.



### **3.18 Employees' retirement benefits - defined contribution plans**

**3.18.1** The Company operates a contributory provident fund for all eligible employees to which equal monthly contributions at the rate of 8.33% of basic salary are made by both the Company and the employees. The contributions are recognised as employee benefit expense when they are due.

**3.18.2** The Company also operate an approved funded contributory pension scheme for all eligible employees, whereby, fixed monthly contributions at the rate of 10% of the basic salary are made by the Company and the employees also have an option to contribute in the fund at the rate of 5%. At the time of cessation of employment / retirement, employees are paid in full for their contribution, whereas, Company's contribution accumulated in the fund is paid to employees over the period of time in accordance with the rules of the fund.

### **3.19 Dividends and other appropriations**

Cash dividend to shareholders is recognised as liability in the period in which it is approved. Similarly all other appropriations other than those required by law including reserve for issue of bonus shares are recognised in the period in which they are approved.

### **3.20 Reinsurance assets**

Reinsurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. Claim recoveries receivable from the reinsurers are recognised at the same time as the claim which give rise to the right of recovery and are measured at the amount expected to be recovered.

Reinsurance assets represent balances due from reinsurance companies which are stated on the basis of amounts receivable under the respective contract after considering any impairment in the value of such assets.

### **3.21 Statutory funds**

The Company maintains statutory funds for all classes of life insurance business. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable, or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' fund is recorded as a reduction in the shareholders' equity. Changes in the amount of capital contributed to statutory funds is recorded by the shareholders' funds directly in equity.

### **3.22 Provision for outstanding claims**

A liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date, except for accident and health claims which are recognised as soon as reliable estimates of the claim amount can be made. Claims where intimation of the event giving rise to the claim is received or in respect of investment linked business when the policy ceases to participate in the earnings of the statutory fund are reported as claims in the revenue account. The liability for claims incurred but not reported at the year end is determined by the appointed actuary and are included in the policyholders' liabilities. Experience refund of premium calculated by appointed actuary is included in outstanding claims. Experience refund of premium receivable from reinsurers is included in the reinsurance recoveries of claim.

### **3.23 Acquisition costs**

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognised as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer is recognised as revenue.

### **3.24 Significant accounting policies - Window family takaful operations**

#### **3.24.1 Takaful contracts**

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a program based on shariah compliant, approved concept founded on the principles of mutual cooperation, solidarity and brotherhood.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there is insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operator sub fund to participant takaful fund and group family takaful. The amount of Qard-e-Hasna is refundable to the operator sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### **3.24.2 Group takaful**

The group family takaful contracts are issued typically on yearly renewable term basis. The Company offers group term life and group credit plans to its participants.

#### **3.24.3 Individual takaful contracts unit-linked**

The Company offers unit-linked takaful plans which provide shariah compliant financial protection and investment vehicle to individual participants contribution received from policyholders, after deducting specific charges and takaful donations, are invested in unit linked funds of the Company.

The basic plan contains family takaful cover over and above the unit value with additional protection.

#### **3.24.4 Retakaful**

These contracts are entered into by the Company with retakaful operator under which the retakaful operator cedes the takaful risk assumed during normal course of its business and according to which the Waqf is compensated for losses on contract issued by it are classified as retakaful contracts held.

##### **Retakaful contribution**

Retakaful contribution is recorded at the time the retakaful is ceded.

##### **Retakaful expenses**

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

##### **Retakaful assets and liabilities**

Retakaful assets represent balances due from retakaful operators. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operators. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

Retakaful assets and liabilities are derecognised when the contractual rights are extinguished or expired.

#### **3.24.5 Business segment - Window family takaful operation**

The Company has two primary business segment for reporting purposes; family takaful investment linked business and family takaful protection business.

- a) The family takaful investment linked business segments provides family takaful coverage to individuals under unit-linked policies issued by the participants' takaful fund.
- b) The family takaful protection business segment provides family takaful coverage to member of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.

#### **3.24.6 Takaful operator's fee**

The shareholders of the Company manage the family takaful operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful operation under Waqf fund to meet its general and administrative expenses.

The window takaful operator is also entitled for Wakalah-tul-Istismar fee as it manages participant investment fund.

The window takaful operator is also entitled for mudarib fee as it manages participant takaful fund.

### 3.24.7 Revenue recognition

Individual first year contribution are recognised once the related policies have been issued and the contribution received. Renewal contribution are recognised upon receipt of contribution provided the policy is still in force. Individual single contribution are recognised once the related policies are issued against the receipts of contribution.

Group contribution are recognised when due. A provision for unearned contribution is included in the policyholders' liabilities.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

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

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are:

	<b>Note</b>
- Property and equipment	3.1
- Lease liabilities	3.3
- Policyholders' liabilities and underlying actuarial assumptions	3.7
- Taxation	3.16
- Intangibles	3.4
- Provisions	3.12

### Change in assumptions

#### Conventional business / Family takaful protection business

Expected Loss Ratio (ELR) assumptions being used for IBNR claim reserve pertaining to conventional group life business have been revised to provide for possible decrease in incidence of reporting of claims. Furthermore, the methodology for third quarter have been moved from Chain Ladder (CL) to ELR.



5 PROPERTY AND EQUIPMENT

	31 December 2024											
	Cost				Depreciation						Written down value as at 31 December	Depreciation rate %
	As at 1 January	Acquired through business combination	Additions	Disposals	As at 31 December	As at 1 January	Acquired through business combination	Charge for the year	On disposals	As at 31 December		
Leasehold land	126,505	-	-	-	126,505	-	-	-	-	-	126,505	-
Building	1,366,819	-	-	(2,087)	1,364,732	417,443	-	47,452	(754)	464,141	900,591	5
Office equipment	426,392	14,017	61,206	(459)	501,156	203,831	10,107	24,304	(345)	237,897	263,259	10
Computers	1,071,797	58,249	740,333	-	1,870,379	504,261	40,441	331,147	-	875,849	994,530	30
Furniture and fixture	320,216	10,793	28	(17)	331,020	164,355	7,527	15,844	(16)	187,710	143,310	10
Leasehold improvement	471,336	43,206	-	(1,527)	513,015	380,369	29,309	50,104	(993)	458,789	54,226	-
Vehicles	870,562	210,155	73,349	(298,716)	855,350	399,617	58,124	105,954	(167,231)	396,464	458,886	20
Total	4,653,627	336,420	874,916	(302,806)	5,562,157	2,069,876	145,508	574,805	(169,339)	2,620,850	2,941,307	

31 December 2023

	31 December 2023											
	Cost				Depreciation						Written down value as at 31 December	Depreciation rate %
	As at 1 January	Acquired through business combination	Additions	Disposals	As at 31 December	As at 1 January	Acquired through business combination	Charge for the year	On disposals	As at 31 December		
Leasehold land	126,505	-	-	-	126,505	-	-	-	-	-	126,505	-
Building	1,366,819	-	-	-	1,366,819	367,476	-	49,967	-	417,443	949,376	5
Office equipment	395,496	-	30,896	-	426,392	181,045	-	22,786	-	203,831	222,561	10
Computers	621,347	-	450,450	-	1,071,797	383,959	-	120,302	-	504,261	567,536	30
Furniture and fixture	317,398	-	2,818	-	320,216	147,050	-	17,305	-	164,355	155,981	10
Leasehold improvement	462,945	-	8,391	-	471,336	332,112	-	48,257	-	380,369	90,967	-
Vehicles	1,041,747	-	124,547	(295,732)	870,562	470,139	-	122,060	(192,582)	399,617	470,945	20
Total	4,332,257	-	617,102	(295,732)	4,653,627	1,881,791	-	380,577	(192,582)	2,069,876	2,583,751	

5.1 The market value of leasehold land and building is estimated at Rs. 4,480 million as at 31 December 2024 (2023: 4,472 Million). The valuations have been carried out by independent valuer. The valuation experts used a market based approach to arrive at the fair value of the Company's leasehold land and building. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties.

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	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss) on Sale	Mode of Disposal	Particulars of purchaser	Relationship
	(Rupees In '000)							
Vehicles	3,414	2,225	1,189	2,404	1,216	Negotiation	Mr. Jatal	Employee
Vehicles	2,134	1,391	743	1,707	964	Negotiation	Mr. Mumtaz	Employee
Vehicles	2,134	1,428	706	1,601	896	Negotiation	Mr. Tauqir Abdullah	Employee
Vehicles	2,074	1,352	722	1,556	834	Negotiation	Mr. Jamaluddin	Employee
Vehicles	2,009	1,310	699	1,607	908	Negotiation	Mr. Imran	Employee
Vehicles	1,869	1,261	618	2,550	1,932	Negotiation	Mr. Ayaz Ali	Employee
Vehicles	742	556	186	1,000	814	Negotiation	Mr. Sultan Ali	Employee
Vehicles	1,435	1,033	402	1,800	1,398	Negotiation	Mr. Shahid Naveed	Employee
Vehicles	1,541	1,132	409	2,100	1,691	Negotiation	Mr. M. Saeed	Employee
Vehicles	2,607	1,742	865	1,765	900	Negotiation	Mr. Raza Rizvi	Employee
Vehicles	3,489	2,203	1,286	2,532	1,246	Negotiation	Ms. Aman Hussain	Employee
Vehicles	1,590	1,062	528	1,272	744	Negotiation	Mr. Ghulam Murtaza	Employee
Vehicles	1,590	1,062	528	1,193	665	Negotiation	Mr. Ali Ahmed Shah	Employee
Vehicles	2,507	1,676	832	1,880	1,048	Negotiation	Mr. Ajeet Kumar	Employee
Vehicles	2,717	1,715	1,002	2,038	1,036	Negotiation	Mr. Iftikhar Hasan	Employee
Vehicles	3,755	2,509	1,246	2,629	1,383	Negotiation	Mr. Faisal Masud	Employee
Vehicles	3,508	2,344	1,164	2,438	1,274	Negotiation	Mr. Mubashar Ahmed	Employee
Vehicles	3,155	2,108	1,047	2,209	1,162	Negotiation	Mr. Ahsar Raza	Employee
Vehicles	1,745	1,166	579	1,222	643	Negotiation	Mr. Atta Mehfooz	Employee
Vehicles	1,745	1,166	579	1,222	643	Negotiation	Mr. Awais Akhtar	Employee
Vehicles	1,745	1,166	579	1,222	643	Negotiation	Mr. Danish Ali	Employee
Vehicles	1,856	1,274	581	1,484	903	Negotiation	Mr. M. Ameen	Employee
Vehicles	2,756	1,841	914	1,929	1,016	Negotiation	Mrs. Evelyn Abrogena	Employee
Vehicles	1,745	1,166	579	2,000	1,421	Negotiation	Mr. M. Hanif	Employee
Vehicles	2,744	971	1,773	3,100	1,327	Negotiation	Mrs. Mariam Ahmed	Employee
Vehicles	1,646	647	999	1,800	801	Negotiation	Mrs. Nala Nazir	Employee
Vehicles	2,729	961	1,768	2,200	432	Negotiation	Mr. Khalid Mehmood	Employee
Vehicles	6,758	2,622	4,136	5,980	1,814	Negotiation	Mrs. Nilofer Sohail	Employee
Vehicles	2,079	878	1,201	2,200	999	Negotiation	Mr. Rizwan Sadiq	Employee
Vehicles	1,546	544	1,002	2,100	1,098	Negotiation	Mr. M. Shahzad	Employee
Vehicles	1,877	593	1,284	2,300	1,016	Negotiation	Mr. Zeeshan Aslam	Employee
Vehicles	1,877	728	1,149	1,650	501	Negotiation	Dr. Haya Balool	Employee
Vehicles	2,260	630	1,620	1,600	(20)	Negotiation	Mr. Amir	Employee
Vehicles	2,260	711	1,539	2,600	1,081	Negotiation	Mr. Suneel Kumar	Employee
Vehicles	2,260	711	1,539	2,600	1,081	Negotiation	Mr. Shafiqat Rao	Employee
Vehicles	2,260	711	1,539	2,500	961	Negotiation	Mr. Amtul Rehman	Employee
Vehicles	2,260	630	1,620	2,700	1,080	Negotiation	Mr. Shahid Mehmood	Employee
Vehicles	3,272	916	2,356	3,200	844	Negotiation	Mr. Imad Ali	Employee
Vehicles	3,272	1,034	2,238	3,300	1,062	Negotiation	Mr. Irfan Madhani	Employee
Vehicles	3,272	916	2,356	3,300	944	Negotiation	Mr. Mubashir	Employee
Vehicles	3,272	1,034	2,238	3,800	1,362	Negotiation	Mr. Ahmar Hassan	Employee
Vehicles	1,682	1,464	228	2,200	1,972	Negotiation	Mr. Shahzad	External
Vehicles	703	562	141	865	724	Negotiation	Mr. M. Bilal Khan	External
Vehicles	703	562	141	861	720	Negotiation	Mr. Muzammal	External
Vehicles	703	562	141	865	724	Negotiation	Mr. M. Bilal Khan	External
Vehicles	713	562	151	1,012	861	Negotiation	Mr. Tahir Ali	External
Vehicles	1,883	1,326	557	2,800	2,243	Negotiation	Mr. Irfan Zahid	External
Vehicles	1,780	860	920	2,500	1,580	Negotiation	Mr. Waseem Mirza	External
Vehicles	1,926	983	943	2,000	1,067	Negotiation	Mr. Muzammal	External
Vehicles	2,922	1,183	839	2,250	1,411	Negotiation	Mr. Wasim Mirza	External
Vehicles	1,760	1,030	730	2,265	1,636	Negotiation	Mr. Sanaul Haq	External
Vehicles	1,760	890	770	2,150	1,380	Negotiation	Mr. Akbar Khan	External
Vehicles	1,760	890	770	2,306	1,536	Negotiation	Mr. Sanaulhaq Khan	External
Vehicles	1,780	909	871	2,160	1,289	Negotiation	Mr. Yasir Azam	External
Vehicles	1,391	1,022	369	1,966	1,567	Negotiation	Mr. Tahir Ali	External
Vehicles	1,144	823	321	1,500	1,179	Negotiation	Mr. M. Faiz	External
Vehicles	1,745	1,134	611	2,091	1,480	Negotiation	Mr. Basir Ali	External
Vehicles	2,079	1,005	1,074	2,360	1,276	Negotiation	Mr. Waseem Mirza	External
Vehicles	3,408	1,077	2,331	3,000	869	Negotiation	Mr. Sohail Rasheed	External
Vehicles	802	27	775	3,150	2,375	Negotiation	M/S. Automotive Brokerage Services	External
Vehicles	956	32	923	3,100	2,177	Negotiation	M/S. Automotive Brokerage Services	External
Vehicles	1,106	37	1,069	3,100	2,031	Negotiation	M/S. Automotive Brokerage Services	External
Vehicles	1,800	60	1,740	1,780	40	Negotiation	M/S. Automotive Brokerage Services	External
Vehicles	71	6	65	90	25	Insurance Claim	Received From EFU General Insurance Limited	A related party
Vehicles	1,750	146	1,604	738	(866)	Negotiation	Mr. Muhammad Idrees Murtaza	Employee
Vehicles	2,100	175	1,925	963	(962)	Negotiation	Mr. Shahid Himayat	Employee
Vehicles	5,675	473	5,202	2,099	(3,103)	Negotiation	Dr. Mazhar Hasan	Employee
Vehicles	4,600	374	4,126	1,652	(2,474)	Negotiation	Mr. Sarfaraz Hussain Manjee	Employee
Vehicles	948	51	897	2,950	2,053	Negotiation	M/s. Automotive Brokerage Services	
Office equipment	118	106	10	20	10			
Office equipment	21	17	4	24	20			
Office equipment	116	93	23	20	(3)			
Office equipment	25	20	5	5	-			
Office equipment	66	52	13	13	-			
Office equipment	25	20	5	24	19			
Office equipment	80	35	45	20	(26)			
Office equipment	8	1	7	15	8			
Office equipment	4	1	3	3	-			
	460	345	115	144	29			
Leasehold improvement	1,827	993	834	-	(534)			
Furniture and fixture	17	16	1	6	5			
Building	2,087	754	1,333	245	(1,088)			
2024	302,806	169,338	132,381	293,856	161,474			
2023	285,732	192,582	103,150	243,180	140,030			



5.2 Disposal of fixed assets

	Original Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss) on Sale	Mode of Disposal	Particulars of purchaser	Relationship
(Rupees in '000)								
Vehicles	688	595	93	600	507	Negotiation	Mr. M. Sajid	Employee
Vehicles	688	595	93	700	607	Negotiation	Mr. Hussain Shah	Employee
Vehicles	2,301	1,972	329	2,611	2,282	Negotiation	Mr. Imran	Employee
Vehicles	688	590	98	810	712	Negotiation	Mr. Malik	Employee
Vehicles	1,819	1,559	260	2,621	2,361	Negotiation	Mr. Adil	Employee
Vehicles	688	590	98	600	502	Negotiation	Mr. Riaz	Employee
Vehicles	693	569	124	750	626	Negotiation	Mr. Faheq Shair	Employee
Vehicles	693	576	117	600	483	Negotiation	Mr. Haider Imliaz	Employee
Vehicles	693	576	117	700	683	Negotiation	Mr. Ghulam Fatima	Employee
Vehicles	693	576	117	750	633	Negotiation	Mr. Mohammad Khan	Employee
Vehicles	693	569	124	700	576	Negotiation	Mr. Ghulam	Employee
Vehicles	1,117	917	200	1,125	925	Negotiation	Mr. Tahir	Employee
Vehicles	1,119	920	199	1,400	1,201	Negotiation	Mr. Faisal	Employee
Vehicles	1,347	1,107	240	1,450	1,210	Negotiation	Mr. Muhammad Amir	Employee
Vehicles	1,149	943	206	1,190	984	Negotiation	Mr. Tayyab Khan	Employee
Vehicles	703	570	133	800	667	Negotiation	Mr. Akber Ali	Employee
Vehicles	1,270	970	300	1,600	1,300	Negotiation	Mr. Malik	Employee
Vehicles	1,069	817	252	1,520	1,268	Negotiation	Mrs. Lubna Riaz	Employee
Vehicles	2,738	2,164	574	2,800	2,226	Negotiation	Mr. Taseer	Employee
Vehicles	740	665	176	800	625	Negotiation	Mr. Mazhar	Employee
Vehicles	740	665	176	800	625	Negotiation	Mr. Nasim	Employee
Vehicles	1,265	981	284	1,700	1,416	Negotiation	Mr. Hamid Rauf	Employee
Vehicles	1,597	1,219	378	2,400	2,022	Negotiation	Ms. Apsara Shahid	Employee
Vehicles	1,597	1,219	378	1,238	860	Negotiation	Mr. Sarfaraz Qureshi	Employee
Vehicles	2,438	1,831	607	3,600	2,993	Negotiation	Mr. Adeel	Employee
Vehicles	1,295	973	322	1,750	1,428	Negotiation	Mr. Naeem	Employee
Vehicles	1,377	1,034	343	1,700	1,357	Negotiation	Mr. Kashif	Employee
Vehicles	1,883	1,297	586	1,601	1,015	Negotiation	Mr. Qadir Bakhsah	Employee
Vehicles	4,333	2,407	2,526	3,897	1,371	Negotiation	Mr. Shaikh Waheed	Employee
Vehicles	1,433	731	702	1,950	1,248	Negotiation	Mr. Sikandar Hayat	Employee
Vehicles	1,633	745	888	2,100	1,212	Negotiation	Mr. Jamil	Employee
Vehicles	2,655	1,283	1,372	3,000	1,628	Negotiation	Mr. Shahbaz Iqbal	Employee
Vehicles	2,655	1,355	1,300	3,250	1,950	Negotiation	Mr. Tanveer A. Khan	Employee
Vehicles	1,909	974	935	2,340	1,405	Negotiation	Mr. Abid Ali	Employee
1 Vehicles	1,924	877	1,047	2,300	1,253	Negotiation	Mr. Khurram	Employee
Vehicles	1,943	1,338	605	1,380	766	Negotiation	Ms. Rina	Employee
Vehicles	1,943	1,338	605	1,616	911	Negotiation	Mr. Faiz Ahmed	Employee
Vehicles	1,528	1,076	452	1,600	1,148	Negotiation	Mr. Shakir Sultan	Employee
Vehicles	2,229	1,535	694	1,843	1,149	Negotiation	Mr. M. Javed	Employee
Vehicles	2,304	1,587	717	1,560	843	Negotiation	Mr. Atif	Employee
Vehicles	2,756	1,730	985	2,066	1,101	Negotiation	Mr. Attullah Shaikh	Employee
Vehicles	2,557	1,662	895	2,173	1,278	Negotiation	Mr. Fasihuddin Arsyad	Employee
Vehicles	1,406	794	612	1,142	530	Negotiation	Mr. Asid Abdullah	Employee
Vehicles	1,760	994	766	2,300	1,534	Negotiation	Mr. Majid Naveed	Employee
Vehicles	1,406	794	612	1,142	530	Negotiation	Mr. Syed Munir	Employee
Vehicles	1,921	1,124	797	1,545	748	Negotiation	Mr. Rafiqe Ahmed	Employee
Vehicles	2,022	1,137	885	2,000	1,115	Negotiation	Mr. Waseem Jamal	Employee
Vehicles	1,760	990	770	2,200	1,430	Negotiation	Mr. Fahim Afzal	Employee
Vehicles	1,760	949	811	2,175	1,364	Negotiation	Mr. Messum	Employee
Vehicles	2,657	1,494	1,163	2,800	1,637	Negotiation	Mrs. Naila Nazir	Employee
Vehicles	1,606	903	703	2,000	1,297	Negotiation	Mrs. Reema Shaikh	Employee
Vehicles	2,069	1,385	684	1,552	868	Negotiation	Mr. Ikram Elahi	Employee
Vehicles	1,638	1,096	542	1,147	605	Negotiation	Mr. Ashraf Abbas	Employee
Vehicles	1,531	998	533	1,097	564	Negotiation	Ms. Marvi	Employee
Vehicles	860	576	284	607	323	Negotiation	Mr. Amanat Masih	Employee
Vehicles	860	576	284	607	323	Negotiation	Mr. Qehwan Hassan	Employee
Vehicles	860	561	299	900	601	Negotiation	Mr. Kamran	Employee
Vehicles	1,721	1,182	539	1,205	666	Negotiation	Mr. Rizwan Bajwa	Employee
Vehicles	1,691	1,102	589	1,234	645	Negotiation	Mr. Khawar Ahmed	Employee
Vehicles	1,691	1,132	559	1,184	625	Negotiation	Mr. Umme Farwa	Employee
Vehicles	1,691	1,132	559	1,184	625	Negotiation	Ms. Hina Kanwal	Employee
Vehicles	1,555	1,014	541	1,114	573	Negotiation	Mr. Farhan Ali	Employee
Vehicles	1,555	1,041	514	1,244	730	Negotiation	Mr. Waseem Ahmed	Employee
Vehicles	1,344	946	398	951	553	Negotiation	Mr. Fazal Mehmood	Employee
Vehicles	1,344	946	398	951	553	Negotiation	Mr. Hasan Asmir	Employee
Vehicles	1,760	1,071	689	2,050	1,361	Negotiation	Mr. M. Anees Ahmed	Employee
Vehicles	1,760	990	770	1,950	1,180	Negotiation	Mr. M. Kamran	Employee
Vehicles	1,760	949	811	2,200	1,389	Negotiation	Mr. Riaz Hussain	Employee
Vehicles	1,760	949	811	2,050	1,239	Negotiation	Ms. Saba Saheed	Employee
Vehicles	2,045	1,103	942	2,200	1,258	Negotiation	Mr. Osama	Employee
Vehicles	1,760	990	770	2,510	1,740	Negotiation	Mr. Rashid Latif	Employee
Vehicles	1,899	1,068	831	2,100	1,269	Negotiation	Mr. Ak Rizwan	Employee
Vehicles	1,899	1,068	831	2,000	1,169	Negotiation	Mr. Mustafa Iqbal	Employee
Vehicles	1,780	765	1,025	2,380	1,355	Negotiation	Mr. Muhammad Saleem	Employee
Vehicles	1,780	766	1,026	2,200	1,175	Negotiation	Mr. Saif Ur Rehman	Employee
Vehicles	1,780	857	923	2,160	1,227	Negotiation	Mr. S. Kamran Azhar	Employee
Vehicles	1,780	765	1,025	2,200	1,175	Negotiation	Mr. Usman	Employee
Vehicles	7,536	5,424	2,112	5,258	3,146	Negotiation	Mr. Zain Ibrahim	Employee
Vehicles	1,270	914	356	1,800	1,444	Negotiation	Mr. Waheed Yaqoob	Employee
Vehicles	1,300	917	383	1,800	1,417	Negotiation	Mr. Asad Ullah	Employee
Vehicles	1,391	958	433	1,043	810	Negotiation	Mr. Raja Irfan	Employee
Vehicles	2,219	1,492	727	1,357	630	Negotiation	Ms. Anila	Employee
Vehicles	2,009	1,384	625	1,407	782	Negotiation	Mr. Ashok Gumari	Employee
Vehicles	2,219	1,492	727	1,776	1,048	Negotiation	Mr. Mahesh	Employee
Vehicles	1,926	1,284	642	1,406	775	Negotiation	Mr. Abid Raza	Employee
Vehicles	1,943	1,338	605	1,380	765	Negotiation	Mr. Zubair Zahid	Employee
Vehicles	2,304	1,549	755	1,682	927	Negotiation	Mr. Naveed Faiz	Employee
Vehicles	1,943	1,306	637	1,457	820	Negotiation	Mr. Shakeel Ahmed	Employee

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6 RIGHT OF USE ASSETS

		31 December 2024								
		Cost			Accumulated Depreciation					
As at 01 January 2024	Acquired through business combination	Addition	Deletion	As at 31 December 2024	As at 01 January 2024	Charge for the year	Deletion	As at 31 December 2024	Written Down Value as at 31 December 2024	
1,258,963	73,494	184,315	(126,619)	1,390,253	690,370	52,717	163,383	(25,421)	851,049	509,204
(Rupees in '000)										

Right of use asset

		31 December 2023							
		Cost			Accumulated Depreciation				
As at 01 January 2023	Addition	Deletion	As at 31 December 2023	As at 01 January 2023	Charge for the year	Deletion	As at 31 December 2023	Written Down Value as at 31 December 2023	
1,103,000	216,762	(60,798)	1,258,963	535,581	156,015	(1,226)	690,370	568,593	
(Rupees in '000)									

Right of use asset

7 INTANGIBLE ASSETS

		31 December 2024							
		Cost			Accumulated Amortization				
As at 01 January 2024	Acquired through business combination	Addition	Disposal	As at 31 December 2024	As at 01 January 2024	Charge for the year	On Disposals	As at 31 December 2024	Written Down Value as at 31 December 2024
362,700	38,855	94,893	-	496,448	172,575	89,479	-	299,282	197,166
30,853	-	37,950	-	68,603	-	251	-	251	68,352
77,854	-	-	-	77,854	2,784	11,136	-	13,920	64,034
471,307	38,855	132,843	-	643,005	175,359	37,228	-	313,453	329,552
(Rupees in '000)									

Computer Software  
Goodwill  
Customer Relationship

		31 December 2023 (Restated)							
		Cost			Accumulated Amortization				
As at 01 January 2023	Acquired through business combination	Addition	Disposal	As at 31 December 2023	As at 01 January 2023	Charge for the year	On Disposals	As at 31 Dec 2023	Written Down Value as at 31 December 2023
155,342	-	207,358	-	362,700	151,926	20,649	-	172,575	190,125
-	-	30,653	-	30,653	-	-	-	-	30,653
-	-	77,954	-	77,954	-	2,784	-	2,784	75,170
155,342	-	315,965	-	471,307	151,926	23,433	-	175,359	295,948
(Rupees in '000)									

Computer Software  
Goodwill  
Customer Relationship

Fully amortised intangible assets

Type	Amortization			Total	Book value	
	2021	2022	2024			
Intangible Asset	190,713	172,383	14,959	3,326	45	190,713
(Rupees in '000)						

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8 INVESTMENT IN EQUITY SECURITIES	Note	31 December 2024	31 December 2023
		(Rupees in '000)	
Available for sale	8.1	236,876	123,305
Fair value through profit or loss (Designated - upon initial recognition)	8.2	43,705,807	22,191,356
		<u>43,942,683</u>	<u>22,314,661</u>

8.1 Available for sale	Note	31 December 2024			31 December 2023		
		Cost	Impairment / (provision)	Carrying value	Cost	Impairment / (provision)	Carrying value
		(Rupees in '000)			(Rupees in '000)		
<b>Related parties</b>							
Listed shares	8.3 & 8.4	222,896	(206,787)	16,109	204,222	(180,052)	24,170
Surplus on revaluation				28,069			
<b>Others</b>							
Listed shares	8.3	106,315	(45,477)	60,838	44,751	-	44,751
Unlisted shares	8.3, 8.6 & 8.7	177,103	(176,595)	508	177,103	(176,595)	508
Surplus on revaluation				131,352	-	-	53,876
		<u>506,314</u>	<u>(428,859)</u>	<u>236,876</u>	<u>426,076</u>	<u>(356,647)</u>	<u>123,305</u>

8.2 Fair value through profit or loss (Designated - upon initial recognition)	Note	Cost	Impairment / (provision)	Carrying value	Cost	Impairment / (provision)	Carrying value
		(Rupees in '000)			(Rupees in '000)		
<b>Related parties</b>							
Listed shares	8.5	36,609	-	111,504	36,609	-	89,984
<b>Others</b>							
Listed shares		23,260,953	-	43,594,303	18,815,772	-	22,101,372
		<u>23,297,562</u>	<u>-</u>	<u>43,705,807</u>	<u>18,852,381</u>	<u>-</u>	<u>22,191,356</u>

8.3 Reconciliation of provision for impairment	31 December 2024	31 December 2023
	(Rupees in '000)	
Balance at the beginning of the period	356,647	216,187
Provision for impairment on available for sale investments - net	72,212	140,460
Balance at the end of the period	<u>428,859</u>	<u>356,647</u>

8.4 Listed equities include investment in Jahangir Siddiqui and Company Limited (Associated Company) representing 0.955% of the issued capital of the Associated Company. Total shares acquired 8,742,856 out of which 6,201,540 acquired on behalf of Policyholders.

8.5 This represents investment in ordinary shares of Security General Insurance Company Limited. The breakup value of each ordinary share of Rs. 10 is Rs. 322 based on the half yearly financial statements available for the period ended 30 June 2024. The Company's holding as at the year end is 0.67% (number of shares: 457,038) [(2022: 0.67%) (number of shares: 457,038)]. The Chief Executive Officer of Security General Insurance Company Limited is Mr. Farrukh Aleem.

8.6 This represents investment in ordinary shares of Planet N (Private) Limited. The breakup value of each ordinary share of Rs. 10 is Rs. 18.91 based on the latest financial statements available for the year ended 30 June 2024. The Company's holding as at the year end is 0.38% (number of shares: 75,811) [(2022: 0.38%) (number of shares: 75,811)]. The Chief Executive Officer of Planet N (Private) Limited is Mr. Nadeem Hussain.

8.7 This represents investment in ordinary shares of Khushhali Microfinance bank Limited. The breakup value of each ordinary share of Rs. 10 is Rs. 27 based on the latest financial statements available for the quarter ended 30 September 2023. The Company's holding as at the year end is 0.08% (number of shares: 2,494,103). The Chief Executive Officer of Khushhali bank Limited is Mr. Aameer Karachiwalla



	Note	31 December 2024	31 December 2023
		(Rupees in '000)	
<b>9 INVESTMENT IN GOVERNMENT SECURITIES</b>			
Held to maturity	9.1	14,981,708	10,770,744
Fair value through profit or loss (Designated - upon initial recognition)	9.2	169,528,521	143,144,957
		<u>184,510,229</u>	<u>153,915,701</u>

31 December 2024					
	Maturity year	Effective yield %	Amortised cost	Principal repayment	Carrying value
			(Rupees in '000)		
<b>9.1 Held to maturity</b>					
05 Years Pakistan Investment Bond	2027	10.50%	368,020	400,000	368,020
05 Years Pakistan Investment Bond	2028	14.15%	4,417,779	4,555,000	4,417,779
05 Years Pakistan Investment Bond	2029	13.34% - 15.25%	1,410,510	1,450,000	1,410,510
05 Years Pakistan Investment Bond	2029	15.99%	97,527	100,000	97,527
10 Years Pakistan Investment Bond	2028	8.75%	13,304	15,000	13,304
10 Years Pakistan Investment Bond	2029	10.00%	239,406	273,400	239,406
10 Years Pakistan Investment Bond	2030	8.00%	321,157	414,100	321,157
10 Years Pakistan Investment Bond	2033	14.00%	189,428	200,000	189,428
10 Years Pakistan Investment Bond	2034	15.24%	64,819	70,000	64,819
03 Months Treasury Bills	2025	11.32% - 13.07%	214,810	220,000	214,810
06 Months Treasury Bills	2025	11.90% - 19.85%	2,638,108	2,753,000	2,638,108
12 Months Treasury Bills	2025	12.10% - 20.84%	3,321,082	3,557,690	3,321,082
03 Year Government Ijara Sukuk	2026	12.61% - 19.69%	259,192	261,000	259,192
05 Year Government Ijara Sukuk	2025-2028	8.375% - 18.99%	787,292	772,000	787,292
10 Years Pakistan Energy Sukuk I	2029	18.71%	187,076	170,000	187,076
10 Years Pakistan Energy Sukuk II	2030	13.54%	452,198	450,000	452,198
			<u>14,981,708</u>	<u>15,661,190</u>	<u>14,981,708</u>

31 December 2023					
	Maturity year	Effective yield %	Amortised cost	Principal repayment	Carrying value
			(Rupees in '000)		
<b>Held to maturity</b>					
02 Years Pakistan Investment Bond	2024	21.28%	124,403	125,000	124,403
05 Years Pakistan Investment Bond	2026	10.50%	359,217	400,000	359,217
05 Years Pakistan Investment Bond	2028	22.86%	2,650,567	2,742,700	2,650,567
10 Years Pakistan Investment Bond	2026	8.76%	12,945	15,000	12,945
10 Years Pakistan Investment Bond	2026	10.00%	234,547	273,400	234,547
10 Years Pakistan Investment Bond	2026	8.00%	311,504	414,100	311,504
10 Years Pakistan Investment Bond	2026	14.00%	188,888	200,000	188,888
20 Years Pakistan Investment Bond	2026	10.00%	15,012	15,000	15,012
03 Months Treasury Bills	2024	21.32%	286,629	300,000	286,629
06 Months Treasury Bills	2024	21.36% - 21.55%	1,295,015	1,409,700	1,295,015
12 Months Treasury Bills	2024	21.44% - 22.30%	3,928,134	4,614,200	3,928,134
01 Year Government Ijara Sukuk	2024	23.60%	204,454	204,000	204,454
03 Year Government Ijara Sukuk	2026	21.68%	96,740	100,000	96,740
05 Year Government Ijara Sukuk	2025-2027	21.14% - 22.68%	420,275	422,000	420,275
10 Years Pakistan Energy Sukuk I	2029	24.02%	190,033	170,000	190,033
10 Years Pakistan Energy Sukuk II	2030	21.14%	452,381	450,000	452,381
			<u>10,770,744</u>	<u>11,855,100</u>	<u>10,770,744</u>

31 December 2024

9.2 Fair value through profit or loss (Designated - upon initial recognition)	Maturity year	Effective yield %	Amortized cost	Principal repayment	Carrying value
02 Years Pakistan Investment Bond	2026	13.52%	1,151,096	1,375,000	1,120,522
05 Years Pakistan Investment Bond	2025	7.50%	121,931	125,000	120,748
03 Years Pakistan Investment Bond	2026	15.06%	443,836	450,000	444,885
03 Years Pakistan Investment Bond	2026	12.00%	13,702,805	14,600,000	14,556,010
05 Years Pakistan Investment Bond	2029	10.00%	5,053,076	5,200,000	5,069,480
05 Years Pakistan Investment Bond	2029	14.23%	48,353	50,000	48,540
05 Years Pakistan Investment Bond	2028	14.15%	2,904,681	3,000,000	2,937,300
05 Years Pakistan Investment Bond	2026	13.34%	496,233	500,000	498,400
05 Years Pakistan Investment Bond	2027	10.50%	198,382	225,000	215,090
05 Years Pakistan Investment Bond	2028	14.15%	4,197,051	4,330,000	4,222,816
10 Years Pakistan Investment Bond	2034	15.24%	749,122	800,000	748,320
10 Years Pakistan Investment Bond	2029	10.00%	119,186	125,000	114,569
03 Months Treasury Bills	2025	11.63% - 15.22%	3,371,068	3,425,000	3,371,063
06 Months Treasury Bills	2025	13.19%-19.85%	8,974,259	9,277,000	9,023,119
12 Months Treasury Bills	2025	12.10% - 20.84%	97,214,790	105,009,235	98,699,501
01 Year Government Ijara Sukuk	2025	11.00% - 20.24%	3,242,892	3,530,000	3,325,957
03 Year Government Ijara Sukuk	2026 - 2027	11.59% - 19.69%	4,238,919	4,236,500	4,304,522
05 Year Government Ijara Sukuk	2025 - 2029	11.40% - 18.99%	19,257,838	19,140,000	19,616,453
10 Year Government Ijara Sukuk	2034	14.10%	127,178	125,000	127,500
10 Years Pakistan Energy Sukuk I	2029-2034	16.53% - 19.89%	913,682	830,000	913,682
10 Years Pakistan Energy Sukuk II	2030	13.54%	50,244	50,000	50,244
			<u>166,576,622</u>	<u>176,402,735</u>	<u>169,528,521</u>

31 December 2023

Fair value through profit or loss (Designated - upon initial recognition)	Maturity year	Effective yield %	Amortized cost	Principal repayment	Carrying value
03 Years Pakistan Investment Bond	2026	12.00%	11,736,551	13,100,000	11,733,028
03 Years Pakistan Investment Bond	2024	7.00%	48,663	50,000	46,144
03 Years Pakistan Investment Bond	2024	22.40%	1,369,258	1,375,000	1,367,300
03 Years Pakistan Investment Bond	2026	22.16%	1,709,848	1,750,000	1,720,075
03 Years Pakistan Investment Bond	2026	22.40%	392,358	400,000	392,440
05 Years Pakistan Investment Bond	2026	21.84%	494,425	500,000	490,600
05 Years Pakistan Investment Bond	2025	7.50%	118,418	125,000	104,362
05 Years Pakistan Investment Bond	2027	10.50%	191,289	225,000	189,618
05 Years Pakistan Investment Bond	2028	22.86%	4,699,451	4,857,300	4,708,181
05 Years Pakistan Investment Bond	2028	22.88%	1,659,448	1,750,000	1,697,325
10 Years Pakistan Investment Bond	2029	10.00%	118,299	125,000	99,011
20 Years Pakistan Investment Bond	2024	10.00%	100,048	100,000	95,357
03 Months Treasury Bills	2024	21.32% - 21.84%	2,677,777	2,750,000	2,675,437
06 Months Treasury Bills	2024	21.55% - 21.84%	1,385,609	1,490,300	1,383,788
12 Months Treasury Bills	2024	21.30% - 22.80%	96,920,467	113,065,800	96,833,476
01 Year Government Ijara Sukuk	2024	23.60% - 23.72%	2,199,091	2,196,000	2,216,286
03 Year Government Ijara Sukuk	2026	21.12% - 21.68%	1,982,381	2,000,000	1,992,320
05 Year Government Ijara Sukuk	2025-2027	11.40% - 22.70%	14,551,912	14,540,000	14,421,773
10 Years Pakistan Energy Sukuk I	2029	24.02%	928,171	830,000	928,171
10 Years Pakistan Energy Sukuk II	2030	21.14%	50,265	50,000	50,265
			<u>143,333,729</u>	<u>161,279,400</u>	<u>143,144,957</u>

9.3 Market value of government securities carried at amortized cost amounted to Rs. 13,593 million (2023: Rs. 10,714 million).

9.4 Government securities include Rs.137 million (2023: Rs. 115 million) placed with the State Bank of Pakistan, in accordance with section 29 of the Insurance Ordinance, 2000.

10 INVESTMENT IN DEBT SECURITIES

Note	31 December 2024			31 December 2023			
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value	
	(Rupees in '000)						
Term finance certificates	10.1	5,021,667	-	4,980,997	5,584,546	-	5,592,836
Corporate sukus	10.2 & 10.4	1,752,544	(37,500)	1,646,931	1,912,831	(37,500)	1,833,422
Certificates of investment	10.3	981,000	-	981,000	981,000	-	981,000
		<u>7,755,211</u>	<u>(37,500)</u>	<u>7,608,928</u>	<u>8,478,377</u>	<u>(37,500)</u>	<u>8,407,258</u>

10.1	Term finance certificates	Maturity	No. of Certificates		Face value	Carrying Amount	
			31 December 2024	31 December 2023		31 December 2024	31 December 2023
			(Rupees in '000)				
	<b>Fair value through profit or loss</b>						
	<b>Others</b>						
	Bank Alfalah	2024	-	100,000	5	-	497,163
	Kashf Foundation	2026	1,000	1,000	100	100,000	100,000
	Bank AL Habib Limited	2028	-	20,000	5	-	101,147
	Askari Bank Limited	2030	100	100	1,000	99,500	99,500
	Bank AL Habib Limited	2032	77,000	77,000	5	390,438	393,243
	Bank of Punjab	2032	5,000	5,000	100	500,000	500,000
	United Bank Limited	Perpetual	200,000	200,000	5	1,000,000	1,000,000
	Habib Bank Limited	Perpetual	2,000	2,000	100	200,000	200,000
	Soneri Bank Limited	Perpetual	10,000	10,000	5	50,000	50,000
	Bank AL Falah limited	Perpetual	100,000	100,000	5	500,000	500,000
	Bank AL Falah limited	Perpetual	20,000	20,000	5	100,000	100,000
	Bank AL Habib Limited	Perpetual	40,000	40,000	5	200,000	200,000
	Askari Bank Limited	Perpetual	450	450	1,000	450,000	450,000
	Bank of Punjab	Perpetual	3,950	80,000	100	395,000	400,000
	Bank of Punjab	Perpetual	5,000	5,000	100	490,955	501,668
						<b>4,675,893</b>	<b>5,292,721</b>
	<b>Held to maturity</b>						
	Askari Bank Limited	Perpetual	50	50	1,000	50,000	50,000
	Bank of Punjab	Perpetual	50	-	100	5,000	-
	United Bank Limited	Perpetual	50,000	50,000	5	250,104	250,115
						<b>4,980,997</b>	<b>5,592,836</b>
10.2	Corporate sukuks	Maturity	No. of Certificates		Face value	Carrying Amount	
			31 December 2024	31 December 2023		31 December 2024	31 December 2023
			(Rupees in '000)				
	<b>Fair value through profit or loss</b>						
	<b>Others</b>						
	Hascol Petroleum Limited	NPD	-	30,000	3	-	-
	TPL Trakker	2026	25	25	1,000	7,039	12,732
	Neeium Jehlum Hydro Power Company Limited	2026	12,500	12,500	100	198,884	331,264
	Pakistan Services Limited	2027	250	250	1,000	53,159	104,191
	TPL Corporation	2027	200	200	100	16,667	18,953
	TPL Corporation	2027	200	200	100	14,667	18,767
	Dubai Islamic Bank Limited	2028	20,000	20,000	5	100,000	100,000
	K-Electric Limited	2029	120,000	120,000	5	616,200	607,200
	Meezan Bank Limited	Perpetual	100,000	100,000	5	500,000	500,000
	<b>Related Parties</b>						
	Bank Islami Pakistan Limited	Perpetual	28,063	28,063	5	140,315	140,315
						<b>1,646,931</b>	<b>1,833,422</b>
10.3	Certificates of investment						
	First Habib Modarba Limited	2025	6	6	163,500	981,000	981,000
						<b>981,000</b>	<b>981,000</b>
10.4	Reconciliation of provision						
	Balance at the beginning of the period					37,500	37,500
	Provision for impairment in the value of investment					-	-
	Balance at the end of the period					<b>37,500</b>	<b>37,500</b>

	31 December 2024	31 December 2023
	----- (Rupees in '000) -----	
<b>11 INVESTMENT IN TERM DEPOSITS</b>		
Deposits maturing within 3 months	<u>347,429</u>	<u>7,508,428</u>

11.1 The rate of return on term deposit certificates issued by banks are 9.09 % to 16.05 % per annum (31 December 2023: 13.5 % to 23.20 % per annum) depending on tenure. These term deposit certificates have tenure of one to three months. These include term deposit of Rs. 17.43 million (2023: Rs. 717 million) and Rs. 130 million (2023: Rs. 2.34 billion) held with JS Bank Limited and Bank Islami (Pakistan) Limited (related parties) respectively, which carries a markup at the rate 9.90% to 16% (2023: 13.5% to 21%) and 10% (2023: 15.5% to 21.20%) respectively.

	Note	31 December 2024	31 December 2023
		----- (Rupees in '000) -----	
<b>12 INVESTMENT IN OPEN ENDED MUTUAL FUNDS</b>			
Fair value through profit or loss (Designated - upon initial recognition)	12.1	5,470,875	1,850,418
Available for sale	12.2	<u>1,041,135</u>	<u>867,998</u>
		<u>6,512,010</u>	<u>2,718,416</u>

	31 December 2024			31 December 2023		
	Cost	Impairment / provision	Carrying Value	Cost	Impairment / provision	Carrying Value
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>12.1 Fair value through profit or loss (Designated - upon initial recognition)</b>						
<b>Related parties</b>						
Mutual funds	1,678,435	-	1,895,032	1,783,199	-	1,848,311
<b>Others</b>						
Mutual funds	2,814,429	-	3,575,843	989	-	2,107
	<u>4,492,864</u>	<u>-</u>	<u>5,470,875</u>	<u>1,784,188</u>	<u>-</u>	<u>1,850,418</u>

<b>12.2 Available for sale</b>						
<b>Related parties</b>						
Mutual funds	974,296	-	974,296	841,552	-	841,552
<b>Others</b>						
Mutual funds	-	-	-	4,894	-	4,894
Surplus on revaluation	-	-	66,839	-	-	21,552
	<u>974,296</u>	<u>-</u>	<u>1,041,135</u>	<u>846,446</u>	<u>-</u>	<u>867,998</u>

	31 December 2024	31 December 2023
	----- (Rupees in '000) -----	
<b>12.3 Reconciliation of provision for impairment</b>		
Balance at the beginning of the period	-	32,361
Provision / (Reversal) for impairment on available for sale investments	-	<u>(32,361)</u>
Balance at the end of the period	<u>-</u>	<u>-</u>

<b>13 INSURANCE / REINSURANCE RECEIVABLES</b>		
Due from insurance contract holders	930,090	449,481
Provision for doubtful debts from insurance contract holders	<u>(32,996)</u>	<u>(14,273)</u>
Due from reinsurer	<u>494,372</u>	<u>626,093</u>
	<u>1,391,466</u>	<u>1,061,301</u>

		31 December 2024	31 December 2023
	Note	(Rupees in '000)	
<b>14 OTHER LOANS AND RECEIVABLES</b>			
Accrued investment income		3,019,992	3,293,614
Security deposits		110,794	89,402
Advance to supplier		351,363	469,688
Loans to agents	14.1	84,486	105,288
Loans to employees	14.1	49,482	62,208
Advances to Employees and Agents		453,765	367,930
Credit Cards		58,944	82,667
Receivables from third party and others		70,931	12,279
Qarde Hasna		55,000	-
Cash value and bid offer receivable		116,668	9,863
Others		1,424	19,014
		<u>4,370,849</u>	<u>4,511,953</u>

14.1 This represent housing, vehicle and domestic purpose loans to employees and agents at the interest rate ranging between 6% to 12% (2023: 6% to 10%) per annum. These loans are recoverable over a period of one to ten years (2023: one to ten years) and are secured against cash value of policies, retirement benefit payable to respective employees and security documents of property / vehicle. The Company has not discounted these loans at market interest rates as the effect of such discounting is not material to these financial statements.

		31 December 2024	31 December 2023
	Note	(Rupees in '000)	
<b>15 PREPAYMENTS</b>			
Prepaid rent		27,646	18,607
Prepaid miscellaneous expenses		120,500	119,383
		<u>148,146</u>	<u>137,990</u>

		31 December 2024	31 December 2023
	Note	(Rupees in '000)	
<b>16 CASH AND BANK</b>			
Cash and cash equivalent			
Cash in hand		330	34
Policy and revenue stamps		5,784	3,655
Cash at bank			
Current account		422,249	1,433,262
Savings account	16.1	5,241,255	3,617,841
		<u>5,669,618</u>	<u>5,054,792</u>

16.1 These carry mark-up ranging from 13% to 19% (2023: 18% to 20.5%) per annum and include balance of Rs. 367 million (2023: Rs. 105 million) held with JS Bank Limited (a related party) and Rs. 1,465 million (2023: Rs. 1,155.5 million) held with BankIslami Pakistan Limited (a related party).

		31 December 2024	31 December 2023
		(Rupees in '000)	
<b>16.2</b>	Cash and cash equivalents for cash flow purpose comprise of the following:		
	Cash and others	6,114	3,689
	Cash at bank	5,663,504	5,051,103
	Term deposits maturing within three months	347,429	7,508,428
		<u>6,017,047</u>	<u>12,563,220</u>

		31 December 2024	31 December 2023
	Note	(Rupees in '000)	
<b>17 SHARE CAPITAL</b>			
Authorised Capital			
2024			
2023			
(Number of Shares)			
<u>150,000,000</u>			
<u>150,000,000</u>			
	Ordinary shares of Rs. 10 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital			
2024			
2023			
(Number of Shares)			
Issued, subscribed and paid-up			
15,000,000	Ordinary shares of Rs 10 each fully paid in cash	150,000	150,000
85,000,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	850,000	850,000
5,000,000	Ordinary shares of Rs 10 each issued other than right shares	50,000	-
<u>105,000,000</u>		<u>1,050,000</u>	<u>1,000,000</u>

17.1 As of balance sheet date 47,578,071 (2023: 46,936,072) ordinary shares of Rs. 10/- each were held by the Holding Company.

17.2 During the year, the Company issued 5,000,000 new ordinary shares, other than right issue, to acquire 50,000,000 ordinary voting shares from existing shareholders of EFU Health Insurance Limited.

The total consideration, representing 50,000,000 ordinary shares of EFU Health Insurance Limited with a face value of Rs. 10 each, amounting to Rs. 500,000,000, has been received by the Company from the existing shareholders of EFU Health Insurance Limited in exchange for the issuance of 5,000,000 new ordinary shares of the Company.

Following this issuance, the revised paid-up capital of the Company is Rs. 1,050,000,000, with each share having a face value of Rs. 10.

17.3 Employees stock option scheme

The Company's Employees Stock Option Scheme (ESOS) was duly approved by the Company's Shareholders in their Annual General Meeting held on 5 April 2014. Under the ESOS, the Company shall grant share options to the employees selected by the Board's Compensation Committee. The SECP has accordingly approved the ESOS vide its Letter No.SMD/CIW/ESOS/01/2014 dated: 10 February 2017. The scheme is applicable from the year 2018. No options were granted to employees as at 31 December 2024.

18	RETAINED EARNINGS ARISING FROM BUSINESS OTHER THAN PARTICIPATING BUSINESS ATTRIBUTABLE TO SHAREHOLDERS (LEDGER ACCOUNT D)	Note	31 December	31 December
			2024	2023
			----- (Rupees in '000) -----	
	Opening balance		3,865,631	3,088,626
	Contribution to solvency margin		621,579	245,354
	Change in solvency margin through statement of profit and loss account		586,488	531,651
			<u>5,073,698</u>	<u>3,865,631</u>
	Related deferred tax liability on:			
	Opening balance		(1,302,961)	(927,072)
	Charge to statement of profit and loss account		(228,748)	(375,889)
	Closing balance		<u>(1,531,707)</u>	<u>(1,302,961)</u>
	Net of tax		<u>3,541,991</u>	<u>2,562,670</u>
19	<b>GENERAL RESERVES</b>			
	General reserves		<u>2,290,000</u>	<u>2,120,000</u>
20	<b>INSURANCE LIABILITIES</b>			
	Reported outstanding claims	20.1	7,125,015	6,138,861
	Incurred but not reported claims	20.2	2,157,018	1,421,457
	Investment component of unit-linked and account value policies	20.3	228,314,108	185,930,975
	Liabilities under individual conventional insurance contracts	20.4	890,155	856,133
	Liabilities under group insurance contracts (other than investment linked)	20.5	2,944,183	1,530,264
	Participant takaful fund balance	20.6	826,381	647,198
			<u>242,266,860</u>	<u>196,524,888</u>
20.1	<b>Reported outstanding claims</b>			
	Gross of reinsurance			
	Payable within one year		6,588,587	5,626,042
	Payable over a period of time exceeding one year		942,926	896,688
			<u>7,531,513</u>	<u>6,522,730</u>
	Recoverable from reinsurers			
	Receivable over a period of time exceeding one year		(406,498)	(383,869)
	Net reported outstanding claims		<u>7,125,015</u>	<u>6,138,861</u>
20.2	<b>Incurred but not reported claims</b>			
	Gross of reinsurance		2,862,381	1,800,124
	Reinsurance recoveries		(705,363)	(378,667)
	Net of reinsurance		<u>2,157,018</u>	<u>1,421,457</u>
20.3	<b>Investment component of unit linked and account value policies</b>			
	Investment component of unit linked policies		228,314,108	185,930,975
	Investment component of account value policies		-	-
			<u>228,314,108</u>	<u>185,930,975</u>
20.4	<b>Liabilities under individual conventional insurance contracts</b>			
	Gross of reinsurance		1,082,704	1,066,897
	Reinsurance credit		(192,549)	(210,764)
	Net of reinsurance		<u>890,155</u>	<u>856,133</u>
20.5	<b>Liabilities under group insurance contracts (other than investment linked)</b>			
	Gross of reinsurance		3,734,669	1,711,749
	Reinsurance credit		(790,486)	(181,485)
	Net of reinsurance		<u>2,944,183</u>	<u>1,530,264</u>
20.6	<b>Participant takaful fund balance</b>		<u>826,381</u>	<u>647,198</u>
20.7	<b>Claim development</b>			
20.7.1	For investment linked, conventional and accidental and health business, claim experience over the past 5 years indicates that claims reported after the end of the year in which the claim event occurred were less than 10% threshold therefore, the claim development table for all statutory funds is not disclosed.			
20.7.2	For individual family takaful, claim experience over the past 5 years indicates that claims reported after the end of the year in which the claim event occurred were less than 10% threshold therefore the claim development table is not disclosed.			
21	<b>DEFERRED TAXATION</b>	Note	31 December	31 December
			2024	2023
			----- (Rupees in '000) -----	
	Deferred tax debits arising due to			
	- Liabilities against asset subject to finance lease		237,147	268,006
	Deferred credits arising due to:			
	- Intangibles, Property and equipment		382,696	287,502
	- Right of use of asset		196,014	221,751
	- Surplus on revaluation of available for sale investments		85,572	29,417
	- Retained earnings ledger Account D	18	1,531,707	1,302,961
			<u>1,958,842</u>	<u>1,573,625</u>
22	<b>INSURANCE &amp; REINSURANCE / RETAKAFUL PAYABLES</b>			
	Due to reinsurers / retakaful		<u>192,418</u>	<u>202,220</u>

23 LEASE LIABILITIES

31 December 2024 31 December 2023  
 ----- (Rupees in '000) -----

Lease liabilities under IFRS 16	614,064	687,196
Current portion	101,765	103,996
Non-current portion	512,299	583,200

Finance cost on lease liabilities for the year ended 31 December 2024 was Rs. 75.03 million (31 December 2023: Rs. 70.6 million). Total cash outflow for lease during the year was Rs. 215.85 million (31 December 2023: Rs. 191.17 million).

The lease liabilities are discounted using incremental rate of borrowing ranges from 7.69% to 23.49%.

31 December 2024 31 December 2023  
 ----- (Rupees in '000) -----

23.1 Lease liabilities as on 01 January	687,196	671,657
Lease liabilities acquired in a business combination	19,363	-
Additions during the year	184,316	216,762
Interest expense on lease liability	75,025	70,621
Effect of termination of lease	(135,979)	(80,667)
Lease rental payments	(215,847)	(191,177)
Lease liabilities as on 31 December	614,064	687,196

23.2

	31 December 2024			31 December 2023		
	Present Value of Minimum Lease Payment	Financial Charge for the future	Minimum Lease Payment	Present Value of Minimum Lease Payment	Financial Charge for the future	Minimum Lease Payment
	(Rupees in '000)			(Rupees in '000)		
Not more than one year	16,780	(824)	17602	47,287	(793)	48,080
Later than one year but not later than five years	309,889	(114,798)	424687	333,720	(99,445)	433,165
Later than five years	287,395	(186,379)	475,775	306,189	(206,680)	512,869
	614,064	(302,001)	918,064	687,196	(306,918)	994,114

24 OTHER CREDITORS AND ACCRUALS

31 December 2024 31 December 2023  
 ----- (Rupees in '000) -----

Amount due to agents	801,856	907,301
Accrued expenses	1,389,370	954,419
Unclaimed dividend	82,371	75,255
Payable to supplier and others	101,508	238,684
Amount due to employees	294,537	226,147
Security deposit payable	6,651	6,451
Payable to authorities	328,550	105,206
Others	47,140	10,076
	3,051,984	2,523,539

25 RETIREMENT BENEFIT OBLIGATIONS

25.1 Provident fund

The following information based on un-audited financial statements of the fund as at 31 December 2024:

	Note	2024 (Rupees in '000)	%	2023 (Rupees in '000)	%
Size of the fund - total assets		929,607	-	697,887	-
Cost of investments		839,868	90.35%	624,253	89.47%
Fair value of investments	25.1.1	893,938	96.16%	650,619	93.25%

25.1.1 The breakup of fair value of investment in provident fund is as follows:

Government securities	689,547	77.14%	490,314	75.36%
Open end mutual fund	198,363	22.18%	159,942	24.58%
Shares	6,028	0.67%	363	0.06%
	893,938	100%	650,619	100%

The above investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

25.2 Pension fund

The following information based on un-audited financial statements of the fund as at 31 December 2024;

	Note	2024 (Rupees in '000)	%	2023 (Rupees in '000)	%
Size of the fund - total assets		776,828		688,811	
Cost of investments		733,908	94.47%	658,978	95.67%
Fair value of investments	25.2.1	768,029	98.87%	673,664	97.80%

25.2.1 The breakup of fair value of investment in pension fund is as follows:

Government securities	660,010	85.970%	585,606	86.92%
Open end mutual fund	107,715	14.030%	87,813	13.04%
Shares	304	0.040%	245	0.04%
	768,029	100%	673,664	100%

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## 26 CONTINGENCIES AND COMMITMENTS

26.1 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 had decided the case in Company's favour. Subsequent to it, the department has filed review application against the order in Honourable High Court of Sindh. The decision is still pending. The Company expects a favourable decision.

26.2 In 2015 and 2016, The Searle Company Limited (Searle) 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 Limited 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 Searle in Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The honorable high court decided the case against Searle. Subsequently, Searle 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. The amount involved is Rs. 3.279 million.

No additional provision has been made for the above matters in these financial statements as the management, based on the tax advisor's opinion, is confident that outcome thereof will be in favor of the Company.

26.3 SRB through notification no. SRB-3-4/17/2021 dated 30th June 2021 has revoked its previous exemption of life insurance, granted through SRB-3-4/5/2019 dated 8th May 2019, which is now taxable at a rate of 3%.

The Company, along with other life insurance industry players, based on the advice of its tax consultants filed petitions in the Honourable High Courts of Lahore and Sindh, challenging the levy of Punjab Sales Tax (PST) and Sindh Sales Tax (SST) on life insurance in Punjab and Sindh. The petitions were filed on the strength of legal advice that:

- Substantiating the Company's view that insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy;
- A question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, was a Federal subject, since the Federation has retained a legislative mandate over all laws relating to insurance under Entry 29 of the said List, therefore, only the Federation is entitled to levy any tax in relation to insurance business; and
- Without prejudice to the main contentions as stated above, even otherwise, the legal advisors had expressed a further illegality that there is a critical flaw in the context of the manner in which the entire premium payment has been charged to the levy of provincial sales tax. Even the component of the premium which is to form part of a policyholder's investment account is subjected to the levy.

Later on, in January 2025, the case was decided by Honourable High Court of Sindh, the apex court in the judgement dated 14 January 2025 dismissed the petition on grounds that petition should first seek recourse before the statutory hierarchy.

The Company along with other life insurance industry players, are in process of filing a petition in honourable Supreme Court of Pakistan against the order and believes that since petition earlier filed challenging the verisimilitude of law, the question that has neither discussed nor decided in the impugned order of the Honourable High Court of Sindh, and such, can be filed with higher appellate forum.

Furthermore, Khyber Pakhtunkhwa Revenue Authority (KPRA) through Khyber Pakhtunkhwa Finance Act 2021 has imposed sales tax on life insurance at the rate of 15%, from 1 July 2021, which was previously exempt, for the reason of economic documentation. The matter has been taken up by the IAP with KPRA explaining that 'Insurance' is a Federal subject, hence law in respect of insurance should not be made by the province.

Based on the legal opinion obtained the Company considers that it has a reasonably strong case on the merits in the Constitutional petition and the writ petition filed in the High Courts. In view of the above the Company has not started billing or withholding sales tax to its customers. The amount of sales tax involved is around Rs. 4,680 million (2023: Rs. 3,537 million) computed on the basis of risk based premium excluding the investment amount allocated to unit linked policies. The management contends that in case the administrative efforts fail, the amount will be charged to the policyholders.

### 26.4 Income Tax Assessments - Health

26.4.1 The income tax assessments of the Company have been finalized up to tax year 2007. Subsequent returns up to tax year 2024 have been filed under self-assessment scheme.

26.4.2 The Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) in respect of tax year 2008 against the order of CIR-Appeals for disallowed adjustment of a minimum tax of Rs. 3.78 million. Another order of ACIR received on same ground, the Company filed appeal against the ACIR order on ground that since the appeal against order of CIR- Appeals is still pending before the ITAT, the remand back proceedings may not be finalized.

26.4.3 The Tax department has filed Civil appeals for the tax years 2009 and 2010 before the Honourable Supreme Court of Pakistan, against the decision of the Honourable High Court of Sindh in respect of disallowed proration of expenses, if these appeals are decided against the Company, the additional tax liability is estimated to be Rs. 2.99 million.

26.4.4 The Tax department has filed appeal before the ITAT against the decision of the CIR - Appeals allowing the taxation of dividend income on reduce rate and charging of WWF for the tax year 2014 in favour of the Company. The tax impact of the said appeal is estimated to be Rs. 6.19 million.

- 26.4.5** The Tax department has filed appeals before the Income Appellate Tribunal against the decision of the CIR - Appeals, allowing the taxation of dividend Income on reduce rate for tax year 2015 in favour of the Company. The tax impact of the said appeal is estimated to be Rs. 2.75 million.
- 26.4.6** The Company has filed an appeal before the ITAT against the decision of the CIR - Appeals, disallowing the levy of SWWF and the tax department has filed an appeal before the ITAT against the decision of CIR-Appeals allowing taxation of dividend Income on normal tax rate for tax year 2016. The additional tax impact of the said appeals is estimated to be Rs. 4.37 million.
- 26.4.7** The Company has filed an appeal with ITAT related to Tax year 2017 in respect of fair market value confirmed by the CIR - Appeals for disposal of fixed assets by the Company. Furthermore the tax department has also filed appeal with ITAT against the decision of the CIR - Appeals related to commission expense and provision for compensated absence allowed in favour of the Company. The additional tax impact of the said appeals is estimated to Rs. 0.52 million.

No additional provision has been made for the above matters in these financial statements as the management, based on the tax advisor's opinion, is confident that the outcome thereof will be in favor of the Company.

**26.5 Provincial Sales Tax - Health**

- 26.5.1** Under the Sindh Sales Tax Act, 2011, Sindh sales tax (SST) is payable on premium on corporate health insurance policies written in the province of Sindh. However, the Sindh Revenue Board (SRB) vide its first notification SRB-3-4/5/2019 dated 8 May 2019 has exempted SST for the period from 1 July 2016 to 30 June 2019. SRB maintained this exemption via various notifications till June 2023.

With effect from 1 July 2023, the Sindh Revenue Board (SRB), has decided not to extend the exemption on health insurance.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) had taken up the matter with the Sindh Revenue Board (SRB) for restoration of the exemptions that were not extended. The management of the Company sought a legal opinion from their legal advisors, who confirmed the Company's contention that health insurance is not a service, but infact, an underwriter's promise to pay to its policyholders in the future, as is also clearly defined in the definition of the term "insurance" under the Insurance Ordinance, 2000. Such contention of the Company and the insurance industry has also been upheld in the superior courts of foreign jurisdiction, where, in a majority of jurisdictions it has been widely held that insurance is not a service. The insurance industry at the IAP forum has decided to challenge the matter and a constitutional petition has been filed at the Honourable High Court of Sindh.

Later on, in January 2025, the case was decided by Honourable High Court of Sindh, the apex court in the judgement dated 14 January 2025 dismissed the petition on grounds that petition should first seek recourse before the statutory hierarchy.

The Company along with other life insurance industry players, are in process of filing a petition in honourable Supreme Court of Pakistan against the order and believes that since petition earlier filed challenging the verisis of law, the question that has neither discussed nor decided in the impugned order of the Honourable High Court of Sindh, and such, can be filed with higher appellate forum.

In view of the above and based on its advisor's view, the Company is not charging sales tax on the policies written in the province of Sindh, nor has recognized the liability for SST in the financial statement. The amount involved as of 31 December 2024, Rs. 541.41 million

**26.5.2**

With effect from 1 November 2018, the Punjab Revenue Authority (PRA), withdrew the exemption on health insurance.

This being a collective issue of the industry, the Insurance Association of Pakistan (IAP) had taken up the matter with the Punjab Revenue Authority (PRA) for restoration of the exemptions that were withdrawn. The management of the Company sought a legal opinion from their legal advisors, who confirmed the Company's contention that health insurance is not a service, but infact, an underwriter's promise to pay to its policyholders in the future, as is also clearly defined in the definition of the term "insurance" under the Insurance Ordinance, 2000. Such contention of the Company and the insurance industry has also been upheld in the superior courts of foreign jurisdiction, where, in a majority of jurisdictions it has been widely held that insurance is not a service.

Based on the above contentions, the Company and other insurance companies have challenged the levy of Punjab Sales Tax (PST) 'on health insurance in the Honourable Lahore High Court (LHC) in the month of September 2019. The Honourable Lahore High 'Court, in their order dated 3 October 2019, has granted a stay to the Company and all petitioners against any coercive measures for recovery by the PRA. The hearing of the petition is currently in progress. In view of the pending adjudication, the Company, has not charged PST to its clients, nor recognized the contingent amount of PST liability in these financial statements as the management is confident that the final outcome will be in favor of the Company.

Furthermore, PRA vide its notification SO(Tax) 1-110/2020 (Covid-19) dated 2 April 2020 exempted PST on health insurance for the period from 2 April 2020 till 30 June 2020.

In view of the above, the Company is not charging sales tax on the policies written in the province of Punjab, nor recognized the liability for PST in these financial statements. The amount involved as of 31 December 2024, except for the exempt period, amounts to Rs. 1017.8 million.

**26.6**

Bank guarantees amounting to Rs. 47.82 million have been given in respect of Group Life coverage. These bank guarantees will expire on 30 September 2025.

**26.7**

There were no commitments as at 31 December 2024 (31 December 2023: NIL)

27	NET INSURANCE PREMIUM / CONTRIBUTION REVENUE	31 December 2024	31 December 2023
		----- (Rupees in '000) -----	
	<b>Gross premium / contribution</b>		
	<b>Regular premium / contribution individual policies</b>		
	First year	5,255,131	5,561,421
	Second year renewal	4,082,074	4,816,347
	Subsequent year renewal	21,458,715	21,271,003
	Single premium / contribution individual policies	1,140,768	981,556
	Group policies with cash values	14,189	24,330
	Group policies without cash values	9,897,850	5,439,241
	Provision for experience refund	(177,014)	(626,762)
	<b>Total gross premium / contribution</b>	<b>41,671,713</b>	<b>37,467,136</b>
	<b>Less: Reinsurance premium / retakaful contribution ceded</b>		
	On individual life first year business	47,484	51,257
	On individual life second year business	37,586	49,522
	On individual life renewal business	261,820	276,936
	On group policies	2,504,367	1,125,169
	Less: Experience refund from reinsurers	(425,550)	(415,977)
	Less: Reinsurance commission on risk premium	(162,399)	(23,616)
	<b>Total reinsurance premium / retakaful contribution ceded</b>	<b>2,263,308</b>	<b>1,063,291</b>
	<b>Net premium / contribution</b>	<b>39,408,405</b>	<b>36,403,845</b>
28	<b>INVESTMENT INCOME</b>		
	<b>Income from equity securities</b>		
	<b>At fair value through profit or loss (Designated upon initial recognition)</b>		
	Dividend income	3,372,711	2,578,630
	<b>Available for sale</b>		
	Dividend income	157,369	124,799
	<b>Income from debt securities</b>		
	<b>At fair value through profit or loss (Designated upon initial recognition)</b>		
	Return on debt securities	2,145,020	3,009,995
	Return on government securities	29,467,919	23,848,654
	<b>Held to maturity</b>		
	Return on government securities	2,387,297	1,127,121
	Return on debt securities	332,313	228,802
	<b>Income from term deposits</b>		
	Return on term deposits	1,043,732	1,979,027
		<b>38,906,361</b>	<b>32,897,028</b>

	31 December 2024	31 December 2023
	----- (Rupees in '000) -----	
<b>29 NET REALISED FAIR VALUE GAINS ON FINANCIAL ASSETS</b>		
Available for sale		
Realised gains on:		
- Equity securities	1,708,596	271,209
- Government securities	16,847	46,704
Realised losses on:		
- Equity securities	(143)	(15,466)
- Government securities	(273,116)	(13,367)
	<u>1,452,184</u>	<u>289,080</u>
<b>30 NET UNREALISED FAIR VALUE GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Net unrealised gains on investments in financial assets		
- Government securities and debt securities (fair value through profit or loss designated upon initial recognition)	3,140,189	967,735
Net unrealised (losses) / gains on investments at fair value through profit or loss (designated upon initial recognition) - Equity securities	17,981,050	5,076,407
	<u>21,121,239</u>	<u>6,044,142</u>
Investment income / (loss)		
Exchange gain	5,535	70,990
Provision of impairment in value of available for sale securities	(20,645)	(165,522)
Less: Investment related expenses	(2,456)	(157)
	<u>21,103,673</u>	<u>5,949,453</u>
<b>31 OTHER INCOME</b>		
Gain on sale of fixed assets	161,474	140,030
Return on loans to employees	30,498	29,481
Fees charged to policyholders	21,745	20,604
Gain on early termination of lease contracts	33,909	21,094
Other income	2,559	35
	<u>250,185</u>	<u>211,244</u>
<b>32 NET INSURANCE BENEFITS</b>		
<b>Gross claims</b>		
Claims under individual policies		
by death	1,166,183	1,144,518
by insured event other than death	29,906	16,340
by maturity	6,161,857	4,794,904
by surrender	29,195,178	24,124,310
<b>Total gross individual policy claims</b>	<u>36,553,124</u>	<u>30,080,072</u>
Claims under group policies		
by death	3,298,078	2,532,706
by insured event other than death	3,399,596	157,256
by maturity	1,720	1,723
by surrender	47,336	78,326
<b>Total gross group claims</b>	<u>6,746,730</u>	<u>2,770,011</u>
<b>Total gross claims</b>	<u>43,299,854</u>	<u>32,850,083</u>
<b>Less: Reinsurance / retakaful recoveries</b>		
On individual life claims	105,047	103,631
On group life claims	2,078,627	633,644
<b>Total reinsurance / retakaful recoveries</b>	<u>2,183,674</u>	<u>737,275</u>
Add: Claims related expenses	8,139	8,987
<b>Net insurance benefit</b>	<u>41,124,319</u>	<u>32,121,795</u>

### 32.1 Statement of Age wise Break up of Unclaimed Insurance Benefits as on 31 December 2024

This includes unclaimed maturity benefits and outstanding claims in respect of which cheques have been issued by the Company for claim settlement. However, the same have not been encashed by the claimant. Following is the aging as required by the SECP Circular no.11 of 2014 dated 19 May 2014:

Particulars	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 35 months	Beyond 36 months
Unclaimed maturity benefits	1,956,741	968,847	410,633	296,810	117,840	162,611
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	78,522	12,262	3,540	6,201	10,750	45,769
Other unclaimed benefits	-	-	-	-	-	-
<b>Total</b>	<b>2,035,263</b>	<b>981,109</b>	<b>414,173</b>	<b>303,011</b>	<b>128,590</b>	<b>208,380</b>

### 33 ACQUISITION EXPENSES

	31 December 2024	31 December 2023
	(Rupees in '000)	
Remuneration to insurance intermediaries on individual policies:		
- Commission to agent on first year premiums / contributions	1,797,583	2,083,775
- Commission to agent on second year premiums / contributions	374,453	461,570
- Commission to agent on subsequent renewal premiums / contributions	587,494	560,858
- Commission to agent on single premiums / contributions	33,348	28,996
- Override commission to supervisors	394,104	500,114
- Other benefits to insurance intermediaries salaries, allowances and other benefits	1,435,142	1,543,842
Remuneration to insurance intermediaries on group policies:		
- Commission	960,627	601,808
- Other benefits to insurance intermediaries	327,756	126,096
- Travelling expenses	624,295	388,738
- Printing and stationery	37,550	63,200
- Depreciation	259,385	281,896
- Rent, rates and taxes	9,721	10,570
- Electricity, gas and water	122,618	88,888
- Entertainment	57,875	52,132
- Vehicle running expenses	4,085	5,032
- Office repairs & maintenance	65,692	42,775
- Postages, telegrams and telephone	37,445	45,228
- Medical fees	17,723	18,630
- Policy stamps	85,698	79,111
- Others	560,080	225,194
	<b>7,792,674</b>	<b>7,208,453</b>

### 34 MARKETING AND ADMINISTRATION EXPENSES

	31 December 2024	31 December 2023
	Restated	
	(Rupees in '000)	
Employee benefit cost	1,861,762	1,365,808
Travelling expenses	169,990	85,742
Advertisements and sales promotion	133,911	90,608
Printing and stationery	92,810	105,140
Depreciation	475,961	254,796
Amortisation	103,708	23,433
Rent, rates and taxes	11,981	12,044
Legal and professional charges	73,855	60,365
Electricity, gas and water	98,958	93,939
Entertainment	65,839	64,306
Vehicle running expenses	13,829	10,866
Office repair and maintenance	262,422	474,936
Appointed actuary fees	23,633	21,017
Bank charges	40,878	22,725
Postage, internet and telephone	121,002	115,300
Fees and subscription	199,721	179,102
Annual supervision fee SECP	71,775	73,814
Miscellaneous	214,829	201,943
	<b>4,036,864</b>	<b>3,255,884</b>

**34.1 Employee benefit cost**

	Note	2024 ----- (Rupees in '000) -----	2023
Salaries, allowances and other benefits		1,784,152	1,302,198
Charges for post employment benefit		77,610	63,610
		<u>1,861,762</u>	<u>1,365,808</u>

**35 OTHER EXPENSES**

Advertisements and publicity		509	2,836
Auditors' remuneration	35.1	20,898	12,471
Directors' fee		14,650	12,300
Donations	35.2 & 35.3	32,950	16,166
Printing and stationery		-	321
Others		1,423	819
		<u>70,430</u>	<u>44,913</u>

**35.1 Auditor's remuneration**

Annual audit fee	35.1.1	5,000	3,638
Half yearly review		1,500	650
Review of code of corporate governance		400	472
Other certifications		7,238	2,547
Special Audit fee		5,000	4,050
Out-of-pocket expenses		1,760	1,114
		<u>20,898</u>	<u>12,471</u>

**35.1.1** The auditor of the Company in the current year is KPMG Taseer Hadi & Co., replacing Ernst & Young (2023). The Base audit fee, exclusive of other services, for the year amount to Rs. 5 million (2023: Rs. 3.64 million).

**35.2 Donations**

Donations include the following in whom the directors are interested:

Name of Directors	Interest in donee	Name of donee	2024 ----- (Rupees in '000) -----	2023
Saifuddin N. Zomkawala	Board Member	Sindh Institute of Urology and Transplantation, Civil Hospital Karachi	8,274	5,200
Syed Salman Rashid	Spouse (Trustee)	Anjuman Kashana -E- Atfal-O-Naunihal	100	-
Hasanali Abdullah	Board Member	Agha Khan Hospital and Medical College Foundation	-	-
Ruhail Muhammad	Board Member	Network of Organizations Working for People With Disabilities Pakistan (NOWPDP)	1,025	1,000

**35.3 Donations to a single party exceeding Rs. 500,000**

Family Educational Services Foundation	2,590	1,418
The Citizen Foundation	6,455	-
Afzaal Memorial Thalassemia Foundation	1,500	1,500
Layton Rahmatullah Benevolent Trust	6,973	2,018
Edhi Foundation	2,157	-
Aga Khan University	2,500	-
Asghari Memorial High School	-	600
AKHUWAT	-	2,150

	2024	2023
	----- (Rupees in '000) -----	
<b>36 FINANCE COST</b>		
Finance cost on finance leases	<u>74,195</u>	<u>70,620</u>
	<b>2024</b>	<b>2023</b>
	----- (Rupees in '000) -----	
<b>37 TAXATION</b>		
<b>For the period</b>		Restated
Current tax	1,244,206	979,996
Super Tax	429,018	337,925
Deferred tax	297,943	450,980
<b>For the prior year</b>		
Super tax	-	161,350
	<u>1,971,167</u>	<u>1,930,251</u>
<b>37.1 Relationship between tax expenses and accounting profit</b>		
Tax at applicable rate 39%	1,934,875	1,557,968
Impact of change in tax rate	-	193,241
Prior year super tax	-	161,350
Permanent Difference	36,292	17,692
Tax charge for the year	<u>1,971,167</u>	<u>1,930,251</u>
	<b>2024</b>	<b>2023</b>
	----- (Rupees in '000) -----	
<b>38 EARNINGS PER SHARE</b>		
Profit after tax for the year	<u>2,990,052</u>	<u>2,064,540</u>
Weighted average number of ordinary shares	<u>103,750</u>	<u>100,000</u>
Earnings per share – basic and diluted	<u>28.82</u>	<u>20.64</u>
<b>38.1 Weighted-average number of ordinary shares</b>		
Issued ordinary shares at 1 January	100,000	100,000
Effect of right shares issued during the year	<u>3,750</u>	-
	<u>103,750</u>	<u>100,000</u>
<b>38.2</b> There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2024 and December 31, 2023, therefore diluted earning per share has not been presented separately.		

**39 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND OTHER EXECUTIVES**

	31 December 2024			31 December 2023		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----					
Fees	-	14,650	-	-	12,300	-
Managerial remuneration	71,736	-	873,808	34,023	-	740,122
Bonus	4,971	-	58,462	7,924	-	51,102
Retirement benefits	9,651	-	49,962	5,121	-	43,862
Utilities	384	-	1,323	449	-	2,210
Medical expenses	382	-	17,978	606	-	15,580
Leave passage	4,388	-	1,496	3,033	-	255
	<u>91,512</u>	<u>14,650</u>	<u>1,003,029</u>	<u>51,156</u>	<u>12,300</u>	<u>853,131</u>
Number of persons	<u>1</u>	<u>9</u>	<u>139</u>	<u>2</u>	<u>9</u>	<u>114</u>

During the year ended 31 December 2023, Mr Tahir G Sachak retired from the position of CEO in July 2023, Subsequently, Mr Mohammed Ali Ahmed was appointed as the new CEO.

The Chief Executive is provided with company maintained cars and furniture allowance. He will also be entitled to group life insurance coverages, health insurance for self and family and club memberships.

The Executives are provided with company maintained cars, medical insurance cover and in certain cases, household items and furniture in accordance with their terms of employment.

The Chairman is provided with residential utilities and club fees.

The Vice Chairman is provided with furnished accommodation, club bills, medical insurance for self and family and other residential utilities.

**39.1** The Non Executive Directors were paid directors meeting fee of Rs.14.65 million (2023: Rs. 12.3 million). No other remuneration were paid to Non Executive Directors.

## 40 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 year, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Transactions	31 December 2024	31 December 2023
	----- (Rupees in '000) -----	
<b>Holding Company</b>		
Premium written	14,772	13,539
Premium paid	44,237	33,401
Claims paid	46,853	3,403
Claims received	318	500
Dividend paid	710,199	696,554
Dividend received	-	32,767
Investment Sold	-	388,505
<b>Associated Companies / Related Parties</b>		
Premium written	277,065	222,362
Premium paid	10,362	39,975
Claims paid	289,582	54,242
Commission paid	181,620	133,404
Travelling expenses	18,864	18,432
Donation paid	9,399	6,200
Dividend paid	647,257	646,981
Dividend Received	-	5,139
Interest received on bank deposit	547,182	1,247,088
Purchase of Vehicles (Pak Suzuki Motors)	13,378	48,095
Loan recovered	1,428	2,089
Placement of TDR	9,967,729	35,507,429
Investment bought	549,558	2,528,172
Investment matured/sold of related party	13,520,971	40,492,919
<b>Key management personnel</b>		
Premium written	1,771	1,507
Loan to key employees	18,318	8,200
Loan recovered	34,078	5,883
Dividend Paid	1,990	2,201
<b>Employees' funds</b>		
Contribution to provident fund	70,581	53,566
Contribution to pension fund	46,781	42,102
<b>Balances</b>		
Bank balances	1,855,812	1,218,935
Bank deposits	147,429	3,057,429
Premium payable	136,181	116
Premium receivable	32,854	14,464
Investment in Related Party	3,299,958	-
Claim outstanding - Holding company	3,763	-
Claims outstanding - Related party	77,728	49,025
Commission Payable	2,098	-
Investments Income Receivable	2,714	-
Loan receivable from key employees	6,690	23,878

## 41 SEGMENTAL INFORMATION

31 December 2024

41.1 Revenue account by Statutory Fund	Statutory Funds							Aggregate	
	Investment Linked Business	Conventional Business	Participating business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business	Family Takaful Accidental and Health	31 December 2024
<b>Income</b>									
Premium / contribution less reinsurance / retakaful	23,707,785	5,057,102	28,366	330	1,667,130	7,928,856	800,964	194,581	39,385,114
Policy transfer from other statutory funds	-	-	-	-	-	23,291	-	-	23,291
Special reinstatement fee	-	-	-	-	2,465	56	-	38	2,559
Bonus units transferred to statutory fund	-	-	-	-	-	221,539	-	-	221,539
Net investment income / wakaia income	52,141,024	1,033,061	251	7,524	233,268	8,736,285	432,492	16,587	62,600,492
Total net income	75,848,809	6,090,163	28,617	7,854	1,902,863	16,910,027	1,233,456	211,206	102,232,995
<b>Insurance benefits and expenditures</b>									
Claims net of reinsurance recoveries	32,385,545	2,190,850	-	4,005	1,977,739	4,065,672	285,931	183,247	41,092,889
Policy transfer from other statutory funds	23,291	-	-	-	-	-	-	-	23,291
Bonus units transfer to statutory fund	-	-	-	-	-	221,539	-	-	221,539
Other Expenses	-	-	-	-	-	-	-	202	202
Provision for Doubtful debts	-	16,581	-	-	-	-	1,142	-	17,723
Management expenses less recoveries	6,490,736	1,845,786	25,849	3	437,047	3,711,245	789,871	41,928	13,342,465
Total insurance benefits and expenditures	38,899,572	4,053,217	25,849	4,008	2,414,786	7,998,456	1,076,844	225,377	54,698,109
<b>Excess of income over insurance benefits and expenditures</b>	36,949,237	2,036,946	2,768	3,846	(511,923)	8,911,571	156,612	(14,171)	47,534,886
<b>Net change in insurance liabilities (other than outstanding claims)</b>	(33,384,268)	(834,574)	(2,515)	(3,165)	371,041	(8,848,729)	(86,414)	(18,658)	(42,807,282)
Surplus before tax	3,564,969	1,202,372	253	681	(140,882)	62,842	70,198	(32,829)	4,727,604
Movement in policyholders' liabilities	33,384,268	834,574	2,515	3,165	(371,041)	8,848,729	86,414	18,658	42,807,282
Transfer to and from shareholder's fund									
Transfer of surplus to shareholders' fund	(3,223,853)	(722,948)	-	(673)	-	97,253	-	(26,995)	(3,974,469)
Capital contribution from share holders' fund	-	-	-	-	430,742	-	45,486	48,000	621,481
Net transfer to / from shareholders' fund	(3,223,853)	(722,948)	-	(673)	430,742	97,253	45,486	21,005	(3,352,988)
Balance of statutory funds at beginning of the year	166,571,007	4,003,729	-	22,360	1,667,663	23,787,877	377,136	128,061	196,557,823
Balance of statutory funds at end of the year	200,296,391	5,317,727	2,768	25,523	1,586,482	32,796,701	579,234	134,895	240,739,721

31 December 2023

	Statutory Funds						Aggregate	
	Investment Linked Business	Conventional Business	Participating Business	Pension Business (Unit Linked)	Accident & Health Business	Family Takaful Investment Linked Business	Family Takaful Protection Business and Health	31 December 2023
<b>Income</b>								
Premium / contribution less reinsurances / retakaful	24,772,772	3,477,509	-	355	271	7,627,261	515,080	36,393,248
Policy transfer from other statutory funds	-	-	-	-	-	10,597	-	10,597
Special reinstatement fee	-	-	-	-	-	35	-	35
Bonus units transferred to statutory funds	-	-	-	-	-	178,315	-	178,315
Net investment income	33,864,724	734,389	-	5,506	587	5,111,576	220,124	39,936,906
Total net income	60,637,496	4,211,898	-	5,861	858	12,927,784	735,204	76,519,101
<b>Insurance benefits and expenditures</b>								
Claims net of reinsurance recoveries	27,511,763	1,816,439	-	524	240	2,536,390	237,233	32,102,589
Policy transfer from other statutory funds	10,219	-	-	-	-	-	-	10,219
Bonus units transferred to statutory funds	-	-	-	-	-	178,315	-	178,315
Provision for Doubtful debts	-	13,454	-	-	-	-	1,819	15,273
Management expenses less recoveries	6,616,020	1,105,585	-	16	518	3,586,216	298,523	11,606,878
Total insurance benefits and expenditures	34,138,002	2,935,478	-	540	758	6,300,921	537,575	43,913,274
<b>Excess of income over insurance benefits and expenditures</b>	24,499,494	1,276,420	-	5,321	100	6,626,863	197,629	32,605,827
<b>Net change in insurance liabilities (other than outstanding claims)</b>	(21,645,919)	(313,741)	-	(4,742)	203	(6,706,583)	(81,091)	(28,751,873)
<b>Surplus / (deficit) before tax</b>	2,853,575	962,679	-	579	303	(79,720)	116,538	3,853,954
<b>Movement in policyholders' liabilities</b>	21,645,919	313,741	-	4,742	(203)	6,706,583	81,091	28,751,873
<b>Transfer to and from shareholder's fund</b>								
Transfer of surplus to shareholders' fund	(2,669,073)	(422,234)	-	(463)	(353)	-	(49,975)	(3,142,098)
Capital contribution from shareholders' fund	-	-	-	-	-	245,354	-	245,354
Net transfer to / from shareholders' fund	(2,669,073)	(422,234)	-	(463)	(353)	245,354	(49,975)	(2,896,744)
<b>Balance of statutory funds at beginning of the year</b>	144,740,586	3,149,543	-	17,492	631	16,915,660	229,482	165,053,394
<b>Balance of statutory funds at end of the year</b>	166,571,007	4,003,729	-	22,350	378	23,787,877	377,136	194,762,477

41.2 Segmental results by Line of Business

	Statutory Funds				Statutory Funds				Total 2024	Statutory Funds				Total 2023
	Conventional		Takaful		Conventional		Takaful			Conventional		Takaful		
	Individual Life Direct Sales Force	Individual Life Bancassurance	Group Conventional	Individual Life Direct Sales Force	Individual Life Bancassurance	Group Conventional	Individual Life Direct sales Force	Individual Life Bancassurance		Group Conventional	Individual Life Direct Sales Force	Individual Life Bancassurance		
<b>Income</b>	(Rupees in '000)													
Gross premium	2,262,647	1,166,972	-	562,925	1,256,011	5,247,665	2,263,202	1,423,691	-	564,481	1,309,509	2,263,202	1,423,691	5,247,665
- First year individual regular premium	10,397,514	9,082,047	-	1,819,726	4,248,411	25,547,898	10,517,508	9,929,961	-	1,767,906	3,969,470	10,517,508	9,929,961	25,547,898
- Individual renewal premium	449,937	535,352	-	110,144	45,335	1,140,768	282,435	577,258	-	97,463	24,399	282,435	577,258	981,555
- Individual single premium	14,189	-	-	-	-	5,935,978	23,705	-	-	-	-	23,705	-	4,020,466
- Group premium	13,124,287	10,783,371	5,921,789	2,492,795	5,549,757	37,871,999	13,088,850	11,830,910	3,996,781	2,429,850	5,303,378	13,088,850	11,830,910	38,647,769
Total gross premium	208,073	26,811	-	53,216	37,188	325,286	220,052	33,137	-	55,327	40,639	220,052	33,137	349,155
Rinsurance premium	208,073	26,811	-	53,216	37,188	865,708	220,052	33,137	-	55,327	40,639	220,052	33,137	824,551
- Individual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Group	208,073	26,811	-	53,216	37,188	865,708	220,052	33,137	-	55,327	40,639	220,052	33,137	824,551
Total reinsurance premium	12,916,214	10,756,560	5,056,081	2,439,579	5,512,669	36,681,003	12,866,798	11,797,773	3,172,230	2,374,523	5,262,739	12,866,798	11,797,773	35,474,063
Net premium revenues	31,662,940	20,719,127	1,033,061	2,932,990	5,837,887	62,186,005	20,238,441	13,626,283	734,389	1,560,907	3,550,869	20,238,441	13,626,283	39,710,889
Policy transfers to other statutory funds	31,662,940	20,719,127	1,033,061	2,932,990	5,837,887	62,186,005	20,238,441	13,626,283	734,389	1,560,907	3,550,869	20,238,441	13,626,283	39,710,889
Net investment income	44,579,154	31,475,687	6,089,142	5,395,860	11,350,456	98,890,299	33,105,239	25,424,056	3,806,618	3,946,027	8,813,406	33,105,239	25,424,056	75,195,349
Insurance benefits, including bonuses, net of reinsurance	16,403,771	16,968,251	2,240,074	1,437,301	2,687,097	38,726,494	15,353,771	12,163,526	1,896,888	861,429	1,722,881	15,353,771	12,163,526	31,998,595
Policy transfers to other statutory funds	23,291	-	-	-	-	23,291	10,219	-	-	-	-	10,219	-	10,219
Management expenses less recoveries	3,647,072	3,299,454	1,845,786	1,147,714	2,555,178	12,495,214	2,693,530	1,767,380	1,080,627	803,600	1,141,668	2,693,530	1,767,380	7,486,815
Total insurance benefits and expenditures	20,074,134	19,257,715	4,085,860	2,585,015	5,242,275	51,244,999	18,057,520	13,930,916	2,977,515	1,565,029	2,864,649	18,057,520	13,930,916	39,495,629
Excess of income over insurance benefits and expenditure	24,506,020	12,217,972	2,003,282	2,810,845	6,108,181	47,645,300	15,047,719	11,493,140	929,104	2,280,988	5,948,759	15,047,719	11,493,140	35,699,720
Add: Policyholder liabilities at beginning of the year	98,226,240	66,058,668	2,692,852	7,072,087	16,000,401	190,050,238	85,198,122	57,437,270	2,380,160	5,374,911	10,992,012	85,198,122	57,437,270	161,390,475
Less: Policyholder liabilities at end of the year	120,664,439	77,110,355	3,534,352	9,860,706	22,040,510	233,130,362	98,226,240	66,058,668	2,692,852	7,072,087	16,000,401	98,226,240	66,058,668	190,050,238
Surplus before tax	2,166,821	1,166,275	1,161,782	2,226	89,072	4,585,176	2,017,601	2,871,752	616,412	583,622	940,370	2,017,601	2,871,752	7,029,957



## 43 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

### 43.1 Insurance risk

#### 43.1.1 Insurance contracts and takaful contracts

##### 43.1.1.1 Classification

The company currently issues contracts that are classified as insurance and takaful contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the company. In the past the company has issued contracts where the insurance risk transferred is insignificant, these therefore being classified as investment contracts. All contracts which include an investment element being unit-linked contracts linked to internal mutual funds.

The company classifies its business into Individual Life and Group Life businesses, in both cases the form of contract consisting of main plans and supplementary riders (which are generally optional).

Individual life business mainly consists of unit linked products and conventional protection products, in both cases with optional supplementary riders which generally provide protection only. Group Life business consists primarily of protection products and a relatively small number of unit-linked policies.

##### 43.1.1.2 Contract details and measurement

The insurance contracts offered by the Company are described below:

###### 43.1.1.2.1 Individual life policies

These consist of the following types of policies:

###### (a) Unit linked products

These are medium to long term unit linked plans designed to address a variety of future policyholder needs, such as retirement planning, education planning for children, marriage planning for children, life protection and investments and savings for future. Premiums received from policyholders and after deduction of specified charges including risk charges, are invested in internal unit funds of the company. The basic plan contains life cover over and above the unit value, with additional protection (for death, disability and sickness) being provided through the addition of optional riders.

Policyholder Liabilities for these plans (excluding attached riders) are measured as the sum of the fair value of units attached and the unearned part of any risk premiums charged.

###### (b) Conventional protection products


Two types of products are offered under Individual life conventional business, these being medium to long term contracts with level premiums being paid over the policy period. The company offers a standard term life assurance product that offers protection in event of death as well as a decreasing term life assurance policy that covers outstanding loan balances.

Policyholder liabilities for both products are determined on a net premium basis by determining the present value of benefits less the present value of future net premiums, a theoretical net premium being calculated using conservative assumptions for mortality and the discount rate.

###### (c) Family takaful investment linked products

These are medium to long term unit-linked plans operated through Window Takaful Operations of EFU Life Assurance Limited.

The Member liabilities are divided into two broad categories, unit reserves and non-unit reserves. The unit reserve comprises of the total units allocated to the Membership in the Participants' Investment Fund (PIF). The value of these units, at the bid price prevailing on the valuation date, forms the unit reserve. The non-unit reserve is the actuarial reserve in the Participants' Takaful Fund (PTF). The net non-unit reserve is calculated as the unearned mortality reserve which is calculated as the unexpired portion of the net mortality charges (Net of Wakala Fee and Retakaful Contribution) deposited into the PTF. The gross non-unit reserve is calculated as the net reserve plus the unearned retakaful contribution paid.



**(d) Accident and health products**

These consist of long term and short term accident and health products providing cover against accidental death, disability, sickness and critical illness, offered both as long term as well as yearly renewable plans.

Policyholder Liabilities for short term contracts are evaluated using the unearned premium reserve method, taking into account the unexpired future period of risk, with a premium deficiency reserve being provided for where the company's management perceives that the premium being charged is not adequate. For the critical illness long-term contracts, liabilities are evaluated using a net premium method i.e. expected present value of benefits payable less expected present value of net premiums receivable.

**(e) Other supplementary benefits**

The company also offers a variety of supplementary benefits attached with main plans including additional term life assurance, income benefits, critical illness, sickness and accidental death and disability related benefits.

The methods used to determine policyholder liabilities differ with the nature and terms of these benefits. Most supplementary benefits related to death and critical illness, are identical to some main plans offered in individual life business, the valuation methods used for these being consistent with their related main plans. Measurement of liabilities for benefits related to accident disability, accidental death and sickness are based on unearned premium method.

**(f) Reserve for outstanding losses (Individual life)**

The company records reported losses as payable upon intimation of any claim. Unpaid claims are assessed from time to time and the liability measured in accordance with management's estimates of whether claims are payable or not.

Claims payable over a duration of more than one year are measured at the discounted value of expected payments.

The company also provides, as part of policyholder liabilities, a reserve for incurred but not reported claims (IBNR). The general lag approach, using chain-ladder method for IBNR is applied. Since the individual family takaful fund has become sizeable, an IBNR claims reserve has been set aside been determined using the Chain Ladder (CL) method subject to a minimum flooring net of reinsurance reserve.

**43.1.1.2.2 Group life and group family takaful protection policies****Nature of contracts:**

The Company's group life and group takaful business consists of one year term life contract which provide coverage, in the event of death or disability, to:

- 1) Employees of a common employer, benefits payable under these contracts being either fixed, in case of death, or linked to the extent of loss incurred by the policyholder, in case of disability;
- 2) Customers of financial institutions, the contracts being issued to financial institutions to protect their customers' outstanding loan balances, such as on personal loan, mortgages and credit cards.

Unit-Linked Group Life policies are similar in nature to Individual-Life unit-linked products.

**Policyholder liabilities:**

Policyholder liabilities consist of the following components:

**Net unearned premium reserve**

The unearned premium reserve is the portion of premium that had been booked in the current period but pertains to a period that extends beyond the valuation date. The fraction of premium that is to be consumed in the succeeding period is considered to be unearned. The unearned premium is the aggregate for both posted and fluctuations in the unearned premium.

The unearned premium reserve is computed both gross and net of reinsurance, the methodology used for both being similar.



**Unit-linked group life policies**

Policyholder liabilities for these policies are measured as the sum of the fair value of units attached and the unearned part of any risk premiums charged.

**Profit commission reserve (Accrued for policyholders)**

This is the total accrued profit commission that is payable to policy holders at a future date. Profit commission for any policy normally becomes payable at the end of three policy years. However, accrued profit commission is calculated at the end of each policy year to account for the liability that has been created for that year. The sum of all such accrued profit commissions for all schemes is the Profit Commission reserve.

**Profit commission reserve (Accrued from reinsurer)**

This is the total profit commission due from re-insurer on all reinsured schemes. Profit commission rates are applied on insured groups, based on their size. The total profit commission accrued from re-insurer is the sum of profit commissions for each group.

**Premium deficiency reserve**

The need for premium deficiency reserve arises when the company expects to incur claims in excess of reserves set aside using conventional methods. The company analyzed its current portfolio of group contracts and evaluated loss ratios of group business. The company does not expect excessive claims on any schemes and hence no provision for Premium Deficiency Reserve is set aside.

**Incurred But Not Reported (IBNR) reserve**

The IBNR (incurred but not reported) reserve is an estimate of those claims that might have occurred but not yet reported. It is calculated using the IBNR triangulation methodology using last 5 years' claims development data and a combination of Chain Ladder (CL) and Expected Loss Ratio (ELR) methods.

**43.1.1.3 Liability adequacy test**

Liability adequacy test is applied to all long term contracts where necessary. The test is carried out using current best estimates of assumptions and future net cash flows, including premiums receivable and benefits payable.

To determine the adequacy of liabilities, assumptions must be based on best estimates. At the moment, the Company does not have sufficient mortality data for comparison with assumed life table EFU (61-66). The Company compares efu(61-66) with recent mortality studies for similar groups. The comparison suggests that current actual mortality experience is better than the experience reflected in efu(61-66). Thus, the Company uses a modified version of efu(61-66) as a best estimate of mortality for liability adequacy test.

The investment return currently assumed for valuation is 3.75% p.a. This assumption reflects a long-term conservative return that the company expects to earn on assets backing these liabilities. On a more realistic view of current financial markets, the company estimates that a long term return on these assets of 6% is reasonable. Liabilities are re-evaluated at investment return assumption of 6% for Liability Adequacy Test.

The table below compares total policyholder liabilities under existing valuation basis with policyholder liabilities calculated using best estimate assumptions:

Assumption	Policyholder liabilities on existing valuation basis ----- (Rupees in '000) -----	Policyholder liabilities using best estimate assumptions
Mortality	234,839,393	234,694,784
Investment returns	234,839,393	234,828,192

The liabilities evaluated under these assumptions suggest that recognized liabilities are adequate and no further provision is required.

#### 43.1.2 Reinsurance / retakaful contracts held:

The company has entered into reinsurance / retakaful (hereinafter referred to as "reinsurance") arrangements, for both its individual and group businesses, in order to manage risks associated with the frequency and severity of claims. These arrangements include cover under treaties as well as on a facultative basis. The terms of reinsurance treaties vary by type of business, the objective being to maintain a reasonable risk profile suiting the risk appetite and overall exposure to adverse movements in mortality or morbidity.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

The details related to reinsurance assets and liabilities are shown below:

Reinsurer rating	Amounts due	Amounts due to
	from reinsurers	reinsurers
	----- (Rupees in '000) -----	
'A' or above	494,372	202,221

The company assesses impairment on its reinsurance assets on a regular basis to identify any losses in recoveries. As of now, company's all reinsurance assets are due from reinsurers with a credit rating of "A or Above". The reinsurers maintain a sound credit history and hence no impairment provision is required for now.

#### 43.1.3 Accounting estimates and judgments

The company makes several estimates of assumptions to evaluate its assets and liabilities reported in its financial statements. On the liability side, there are a number of factors that have a direct impact on policyholder liabilities. Assumptions are continually evaluated using internal analysis and monitoring processes to test validity of these assumptions.

##### 43.1.3.1 Mortality, disability and critical illness

Mortality and disability rates are basic assumptions used in valuation of policyholder liabilities. For mortality, life table EFU (61-66) is being currently used. The life table was published more than 40 years ago and may not reflect mortality improvements. For reserving purposes, a 10% mortality loading is used over EFU (61-66) rates to build in conservatism. An analysis of past mortality experience, reveals that 10% mortality loading for reserving purposes is appropriate to ensure prudence.

Sudden adverse experience in mortality might occur due to epidemics, causing deaths on a mass scale due to incurable contagious illnesses. Mortality may also deteriorate over a period of time, due to wide-scale changes in living life styles, eating and health habits.

Sensitivity test with respect to mortality is carried out and impact on policyholder liabilities is observed. When mortality rates increase by 10%, policyholder liabilities increase by 0.042%. Likewise, when mortality rates decrease by 10%, policyholder liabilities decrease by -0.042%.

In absence of credible disability and critical illness incidence rates, the company uses reinsurance rates for actuarial liability valuation of disability and critical illness benefits.

##### 43.1.3.2 Investment income

Investment income is an important assumption for valuation of long-term conventional plans. This is the rate at which future expected benefits and expected premiums are discounted. Currently, the valuation assumption used for investment income is 3.75% p.a.

Sensitivity test with respect to investment income is carried out and its impact on policyholder liabilities observed. When investment rate is increased by 10%, policyholder liabilities decrease by 0.001%. Likewise, when investment income rate is decreased by 10%, policyholder liabilities increase by 0.001%.

#### **43.1.4 Frequency and severity of claims**

Frequency and severity can have a significant impact on total claims paid out by the company. High frequency of claims could occur due to adverse experience of mortality or disability. Adverse mortality experience, in short-term, could be due to a wide-range spread of fatal contagious disease, an epidemic. Over a longer term, overall health practices, eating and living habits could potentially have an adverse effect on mortality.

About 90% of company's business is concentrated in the provinces of Sindh and Punjab. This concentration is largely in line with the population of these provinces relative to country's total population. The company's diversified portfolio of contracts helps limit the frequency and severity of claims. However, in event of large number of deaths or disabilities, company does face the risk of paying out excessive claims. To manage and mitigate this exposure, arrangements in form of reinsurance and catastrophe cover are in place.

In Group life business, frequency and severity of claims can be affected by concentration of business in a specifically risky class of industry. Claim frequency can rise substantially from businesses in industries that are more prone to accidents due to the nature of work they perform. Likewise, severity of claims can also be associated with business concentration in a specific class of industry. The company continually monitors its concentration risk and takes measures to keep its business portfolio well diversified.

Contracts in group life, are mainly one year term life contracts, where premium rates are generally guaranteed for one year only. The company retains the right of changing premium rates by incorporating the claim experience of a group insured, thereby allowing the company to charge a specific group in line with its claim experience.

The company regularly carries out an exercise to monitor time lags between intimation and settlement claim dates. The study reveals that a significant portion of claims are settled within twelve months of claim intimation.

#### **43.1.5 Sources of uncertainty in estimation of future benefit payments and premium receipts**

The uncertainty with respect to future premiums and benefits may arise due to unexpected changes in mortality or disability experience. Adverse mortality experience will result in excess benefit payments, and reduced future premium income.

Likewise, unexpected changes in surrenders and lapses could also have a significant impact on future realized premiums. Estimates of lapses and surrenders are based on internal experience studies carried out annually. Factors that could affect policyholder behavior include market factors such as interest rates, policyholder preferences in terms of the monetary value that a policyholder relates with the insurance policy, the frequency of premium payments and the age of the individual.

#### **43.1.6 Process used to make assumptions**

Assumptions used to determine policyholder liabilities include, mortality/disability/critical illness rates, investment returns for conventional business, investment returns for investment linked business, expenses and mortality loading.

Mortality assumptions should in principle reflect adequate conservatism in liabilities. The Company considers efu(61-66) life table to be appropriate for actuarial valuation of policyholder liabilities.

Disability and Critical illness rates used for liability valuation are the reinsurance rates provided by the reinsurer. Due to lack of sufficient claim experience for these disabilities and critical illnesses, the company considers this as the best estimate available.

The company uses an investment return assumption of 3.75% per annum to evaluate actuarial liabilities of its conventional plans. Liabilities of conventional products should in principle reflect a long term conservative interest rate, to reflect adequate conservatism. An investment return of 3.75% per annum is hence considered appropriate.

For Unit Linked products where the death benefit is paid in form of annuity, the company uses a discount rate of 6% to evaluate present value of future stream of cash flows. In principle, the interest rate assumption set to discount cash flows should reflect the expected returns on assets backing these liabilities. The company expects to earn at least a 6% return on assets backing these unit-linked liabilities.



The company reserves for any increase in actuarial liability resulting from the possible reinstatement of lapsed policies. The current liability valuation also takes into account cash value of units pertaining to policies lapsed in last 2 years. A unit-linked policy lapses when the second annual premium of policy is not received. In principle, cash value of a lapsed policy is not surrenderable, as per provisions and conditions, unless the second premium is paid and policy is reinstated. However, the company recognizes the possibility of these lapsed policies to be reinstated and hence carries out periodic studies to determine expected renewals. In opinion of the company's management and appointed actuary assumptions used to set aside a liability against these lapsed policies is prudent.

For the purpose of liability adequacy tests the company makes assumptions relating to expenses. For this purpose regular expense analyses are carried out based on actual expenses and transaction volumes.

#### 43.1.7 Sensitivity analysis

The basic assumptions used in valuation of liabilities are mortality, disability, critical illness rates and investment returns assumed in discounting future cash flows. The table below presents sensitivity results with respect to above mentioned factors, with their impact observed on policyholder liabilities:

Sensitivity variable	% change in sensitivity variable	% change in policyholder liabilities
Worsening of mortality and critical illness rates	10%	0.042%
Improvement in mortality and critical illness rates	10%	-0.042%
Increase in investment returns	10%	-0.001%
Decrease in investment returns	10%	0.001%

#### 43.1.8 Management of insurance, financial and other risks

##### 43.1.8.1 Insurance risk

The risk that company faces is due to randomness in occurrence of insured events. In principle, the company faces the risk that total claims exceed the reserves set aside at any point in time.

The occurrence of any single claim and amount paid on a single claim is a random event. However, as the number of contracts and independent lives increase, the estimated claim amounts and the number of claims get closer to the actual figures. This phenomenon is observed when pool of contracts is large enough and lives are independent. To manage this risk, company monitors its concentration risk, on several parameters, and maintains diversity in its portfolio of insurance contracts.

In order to maintain this diversification, the company takes a number of steps to manage the overall insurance risk of its portfolio of insurance contracts. The risk of an individual life is broadly assessed in light of its: medical condition, which include living habits, physical health and medical history; occupational condition, which assesses an individual's job profile and whether any characteristics of the job could have a significant impact on that individuals mortality; financial condition, which determines the individuals ability and affordability to purchase and maintain an insurance contract over the long-term.

The Company identifies and defines parameters in its underwriting strategy to clearly identify individuals (sub-standard lives) which could potentially increase the overall risk of insurance portfolio. Based on certain parameters, such individuals pay an extra charge called Extra Mortality Premium, in order to compensate for extra risk added to existing pool of insured individuals. These measures allow the company to charge an individual life in line with the risk contributed to its insurance portfolio. These underwriting measures also discourage accumulation of sub-standard lives in the insured pool, thereby managing the overall insurance risk of the Company in the long-term.

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The Company also manages its geographical concentration of risk. Currently the company's geographical concentration of risk for its Individual Life sales force business is as follows:

	<b>Diversification of Risk Portfolio</b>	
	<b>Before</b>	<b>After</b>
<b>Individual Conventional Business</b>		
Azad Kashmir	3.03%	3.41%
Baluchistan	5.03%	6.13%
Gilgit Baltistan	1.63%	2.45%
Khyber Pakhtunkhwa	1.01%	1.22%
Punjab	38.57%	38.35%
Sindh	50.73%	48.44%

	<b>Diversification of Risk Portfolio</b>	
	<b>Before</b>	<b>After</b>
<b>Individual Family Takaful business:</b>		
Azad Kashmir	1.86%	3.08%
Baluchistan	1.00%	1.07%
Gilgit Baltistan	0.03%	0.06%
Khyber Pakhtunkhwa	1.03%	1.65%
Punjab	42.10%	46.01%
Sindh	53.99%	48.13%

For Group Life business, the Company's geographical concentration of risk is as follows:

	<b>Diversification of Risk Portfolio</b>	
	<b>Before</b>	<b>After</b>
<b>Conventional Business</b>		
Sindh	72.44%	76.79%
Punjab	27.56%	23.21%
<b>Group Family Takaful Business</b>		
Sindh	75.49%	66.23%
Punjab	24.51%	33.77%

The company also has reinsurance arrangements with its reinsurance partners, to whom the company passes any excess insurance risk beyond its retention levels. Limits are continually monitored and kept in line with the overall risk tolerance. This allows the company to retain the risk according to its risk capacity and minimizes excessive claim payouts. Currently, the total risk retained on individual life products is Rs. 2,000,000 per life for the death risk, Rs. 1,000,000 for individual takaful policies and Rs. 1,000,000 for risks associated with critical illness plans. For Group Life, the company currently retains Rs. 2,000,000 of total life risk on each life and Rs. 1,000,000 for Group Family Takaful business. For critical life cover, 50% of the sum covered is retained for both, Group Life and Group Family Takaful business.

The company also has arrangements for claims in event of a catastrophic scenario under an Excess of Loss Catastrophe cover which is triggered in event of excessive claims, limiting total amount of claims paid out if such an event occurs.

#### 43.1.8.2 Other risks

The company faces a number of financial risks in its assets and liabilities, apart from insurance risk. These risks can be broadly categorized as expense risk, lapse risk, market risk, credit risk and liquidity risk. This section describes these risks on the company level and identifies and describes the processes and strategy of management to manage these risks.

#### 43.1.8.3 Expense risk

The risk that the Company faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The company mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the Company to adjust its pricing in time to account for higher than expected expenses.

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The Company closely monitors its expenses by regularly carrying out an expense analysis for its business. The assumptions for future policy expense levels are determined from the Company's most recent annual expense analysis, with an extra margin built-in to account for variability in future expenses. A review of product pricing is carried out each year based on the latest available expense factors. Constant monitoring of expenses enables the Company to take corrective actions in time.

Based on the results of expense analysis, the company apportions its management expenses to different lines of business.

#### **43.1.8.4 Lapse risk**

The risk the Company faces is that future persistency rates may be lower than assumed in pricing, thus impacting the emergence of profit from its portfolio of individual life policies. The Company however is confident that this risk is insignificant as the company places tremendous emphasis on quality customer services and retention of clients by making persistency standard an integral part of the sales force culture. The Company has been consistently maintaining good levels of persistency and will continue a similar trend in future.

The Company has robust systems in place to regularly monitor the lapse experience. Regular focus on persistency is embedded in the Company culture and is an integral part of the monitoring of the sales force performance and remuneration.

#### **43.1.8.5 Market risk**

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk in relation to its investments with respect to products other than unit linked products (in unit linked products, investment risk is borne by the policyholder). The Company limits market risk by maintaining a diversified portfolio and by continuously monitoring developments in government securities, equity and term finance certificates. The company, along with minimizing market risk by careful diversification in assets, also periodically carries out an Asset Liability management exercise, to match its duration of assets and liabilities.

#### **43.1.8.6 Credit risk and concentration of credit risk**

Credit risk arises when one party fails to discharge its obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet their contractual obligations. The Company is exposed to credit risk on premiums receivable from group clients, commission and claims recoverable from insurers and investment in term finance certificates. The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts. The Company believes it is not exposed to any major concentration of credit risk.

#### **43.1.8.7 Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its funding requirements, without incurring a material loss in disposing off its illiquid assets. To guard against this risk, the company maintains a healthy balance of cash and cash equivalents and readily marketable securities. Liquidity is monitored regularly and assets are frequently rebalanced to maintain a certain level of liquidity at all times. Going forward, the company also plans to set up a contingency plan, whereby alternate sources of liquidity will be identified and assets would be analyzed and ranked in their liquidity order, to determine which assets would need to be disposed off first in case of a liquidity crisis.

The expected payouts in liabilities along with maturity profile of assets and liabilities are monitored to ensure that adequate liquidity is maintained within the company, to avoid the need of liquidating assets below their actual market value.



The following extract, classifies the assets and liabilities of the Company by type of product in each Statutory Fund as at 31 December 2024. The table below also presents details of assets under Shareholder's Fund:

	31 December 2024			
	Investment Linked Products (All unit main linked plans)	Conventional Products (Individual, Group Life, Riders)	Shareholders' Fund	Total
	(Rupees in '000)			
Available for sale:				
- Government securities	174,031,907	-	-	174,031,907
- Other fixed income securities	7,468,859			7,468,859
Held to maturity:				
- Government Securities	-	8,183,169	2,295,153	10,478,322
- Other fixed income securities	-	130,069	10,000	140,069
Available for sale:				
- Listed equities	43,853,584	49,963	38,629	43,942,176
- mutual funds	6,512,010	-	-	6,512,010
- Unlisted equities and mutual funds	-	-	508	508
Loans and receivables	-	-	133,968	133,968
- Insurance receivables	-	897,095	-	897,095
Reinsurance assets	72,160	422,212	-	494,372
TDR and bank balances	4,157,988	1,844,374	8,570	6,010,932
Cash and stamps	6,087	27	-	6,114
Investment income accrued	2,848,256	147,028	24,708	3,019,992
Advances and deposits	748,621	168,498	-	917,119
Income tax asset	1,779	42,542	1,113,487	1,157,808
Prepayments	121,183	26,963	-	148,146
Sundry receivables	495,839	233,345	50,798	779,982
Right of use asset	-	-	509,204	509,204
Fixed assets	546,883	-	2,175,411	2,722,294
<b>Total assets</b>	<b>240,865,156</b>	<b>12,145,285</b>	<b>6,360,436</b>	<b>259,370,877</b>
<b>Long-term insurance contracts and investment contracts:</b>				
Fixed term	147,261,645	333,494	-	147,595,139
Whole of life	81,784,336	-	-	81,784,336
Short-term insurance contracts	-	4,227,318	-	4,227,318
Riders	-	216,448	-	216,448
Equity	-	-	5,651,844	5,651,844
Lease liability	-	-	608,071	608,071
Other liabilities	11,819,176	7,368,025	100,521	19,287,721
<b>Total liabilities</b>	<b>240,865,156</b>	<b>12,145,285</b>	<b>6,360,436</b>	<b>259,370,877</b>

#### 44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

##### 44.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: market risk (Comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk in relation to the financial statements on its balance sheet.

The Company's overall risk management seeks to minimize potential adverse effects on the Company's financial performance of such risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

##### 44.1.1 Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk with respect to its investments and with respect to products other than unit linked products (Where the investment risk is passed on to policyholders). The Company limits market risk by maintaining a diversified portfolio and by continuously monitoring developments in government securities, equity and term finance certificates. The Company, along with minimizing market risk by careful diversification in assets, also periodically carries out an Asset Liability management exercise, to match its duration of assets and liabilities.

##### 44.1.1.1 Interest Rate Risk Exposure

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

The information about Company's exposure to interest rate risk (other than relating to policyholders' liabilities) based on contractual reprising or maturity dates as of 31 December 2024, whichever is earlier, is as follows:

On balance sheet financial instruments	2024						Total
	Interest / Markup Bearing			Non Interest / Non Markup Bearing			
	Maturity Up to 1 Year	Maturity after 1 Year	Sub Total	Maturity Up to 1 Year	Maturity after 1 Year	Sub Total	
(Rupees in '000)							
<b>Assets</b>							
Investments	121,695,389	70,771,197	192,466,586	50,454,693	-	50,454,693	242,921,279
Loans and other receivables	15,999	117,969	133,968	4,236,881	-	4,236,881	4,370,849
Insurance receivables	-	-	-	1,391,466	-	1,391,466	1,391,466
Cash and bank	5,241,255	-	5,241,255	428,363	-	428,363	5,669,618
	<b>126,952,643</b>	<b>70,889,166</b>	<b>197,841,809</b>	<b>56,511,403</b>	<b>-</b>	<b>56,511,403</b>	<b>254,353,212</b>
<b>Liability</b>							
Premium received in advance	-	-	-	2,172,637	-	2,172,637	2,172,637
Insurance / reinsurance payables	-	-	-	192,418	-	192,418	192,418
Other creditors and accruals	-	-	-	3,051,984	-	3,051,984	3,051,984
Lease liabilities	614,064	-	614,064	-	-	-	614,064
	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,417,039</b>	<b>-</b>	<b>5,417,039</b>	<b>6,031,103</b>
Interest risk sensitivity gap	<b>126,952,643</b>	<b>70,889,166</b>	<b>197,841,809</b>	<b>51,094,364</b>	<b>-</b>	<b>51,094,364</b>	<b>248,322,199</b>
Cumulative interest risk sensitivity gap	<b>126,952,643</b>	<b>197,841,809</b>					
2023							
Off balance sheet financial instruments	Interest / Markup Bearing			Non Interest / Non Markup Bearing			Total
	Maturity Up to 1 Year	Maturity after 1 Year	Sub Total	Maturity Up to 1 Year	Maturity after 1 Year	Sub Total	
	(Rupees in '000)						
<b>Assets</b>							
Investments	114,890,907	54,940,480	169,831,387	25,033,077	-	25,033,077	194,864,464
Loans and other receivables	440,111	94,955	535,066	3,976,887	-	3,976,887	4,511,953
Insurance receivables	-	-	-	1,061,301	-	1,061,301	1,061,301
Cash and bank	3,617,841	-	3,617,841	1,436,951	-	1,436,951	5,054,792
	<b>118,948,859</b>	<b>55,035,435</b>	<b>173,984,294</b>	<b>31,508,216</b>	<b>-</b>	<b>31,508,216</b>	<b>205,492,510</b>
<b>Liability</b>							
Premium received in advance	-	-	-	1,772,407	-	1,772,407	1,772,407
Insurance / reinsurance payables	-	-	-	202,220	-	202,220	202,220
Other creditors and accruals	-	-	-	2,523,539	-	2,523,539	2,523,539
Lease liabilities	687,196	-	687,196	-	-	-	687,196
	<b>687,196</b>	<b>-</b>	<b>687,196</b>	<b>4,498,166</b>	<b>-</b>	<b>4,498,166</b>	<b>5,185,362</b>
Interest risk sensitivity gap	<b>118,261,663</b>	<b>55,035,435</b>	<b>173,297,098</b>	<b>27,010,050</b>	<b>-</b>	<b>27,010,050</b>	<b>200,307,148</b>
Cumulative interest risk sensitivity gap	<b>118,261,663</b>	<b>173,297,098</b>					

The effective interest rate range (per annum) for the financial assets is as follows:

	2024	2023
Saving and other accounts	13% to 18%	18% to 20.5%
Deposits	12.75% to 21.2%	15.5%-23.5%
Loans and advances	6% to 12%	6% to 12%
Investments	8% to 22.87%	7.5%-24.94%

#### a) Sensitivity analysis - interest rate risk

The sensitivity analysis for interest rate risk illustrates how change in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

Debt securities held to maturity are accounted for at amortised cost and their carrying amounts are not sensitive to changes in the level of interest rates.

Management monitors the sensitivity of reported interest rate movements periodically by assessing the expected changes in the different portfolios due to parallel movements of 100 basis points in all yield curves.

An increase in 100 basis points in interest yields would result in a loss of Rs. 1,978.41 million (2023: Rs. 1,754.17 million).

A decrease in 100 basis points in interest yields would result in a gain of Rs. 1,978.41 million (2023: Rs. 1,754.17 million).

#### 44.1.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

#### 44.1.1.3 Other Price Risk

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

#### 44.1.1.4 Equity Price Risk

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio. In addition, the Company actively monitors the key factors that affect stock market. In the equity portfolio, the top three sectors by exposure are Oil and Gas, Banks and Chemicals.

#### a) Sensitivity analysis - equity risk

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

In case of 5% increase / decrease in PSX 100 index on December 31, 2024, with all other variable held constant, assets for the year would increase / (decrease) by Rs. 2,197.10 million (2023: Rs. 1,115.70 million) as a result of gain / (loss) on equity securities with impact on profit before tax and other comprehensive income / (loss) of Rs. 2,185.30 million and Rs. 11.8 million (2023: Rs. 1,109.55 million and Rs. 6.15 million) respectively.

The analysis is based on the assumption that equity index has increased / (decreased) by 5% with all other variables held constant and all the Company's equity instruments moved accordingly to the historical correlation with the index. This represents management's best estimates of a reasonable possible shift in the PSX 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2024 is not necessarily indicative of the effect on the Company's net assets of future movement in the level of the PSX index.

#### 44.1.2 Credit Risk

Credit risk arises when one party fails to discharge its obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet their contractual obligations. The Company is exposed to credit risk on premiums receivable from group clients, commission and claims recoverable from insurers and investment in term finance certificates. The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts. The Company believes it is not exposed to any major concentration of credit risk.

The credit quality of Company's bank balances (including Term Deposit Receipts) can be assessed with reference to external credit ratings as follows:

Rating of Banks*	31 December	31 December
	2024	2023
	----- (Rupees in '000) -----	
A+	-	62,732
A-	1,293	-
A-1+	3,464,514	5,163,878
A-1	1,903,610	1,430,285
AA	294,693	607,200
AAA	245,505	794,390
AA-	22,986	1,097,163
AA+	5,172	3,401,168
A-3	12,939	-
A-2	60,220	2,715
	<u>6,010,932</u>	<u>12,559,531</u>

\*Rating of banks performed by PACRA, JCR-VIS and Standard and Poors.

The credit quality of Company's exposure on TFCs can be assessed with reference to rating issued by rating agency as follows:

Issuer of TFC	Rating	Rating Agency	31 December	31 December
			2024	2023
			----- (Rupees in '000) -----	
Bank AL Habib Limited	AAA	PACRA	590,422	694,390
United Bank Limited	AA+	VIS	1,000,000	1,000,000
Soneri Bank Limited	A+	PACRA	50,000	50,000
Askari Bank Limited	AA+	PACRA	99,500	99,500
Habib Bank Limited	AA+	VIS	200,000	200,000
Askari Bank Limited	AA+	PACRA	500,000	500,000
Bank Alfalah Limited	AA-	PACRA	-	497,163
Bank of Punjab	AA+	PACRA	500,000	500,000
Bank of Punjab	AA+	PACRA	890,955	901,668
Bank Al Habib Limited	AA+	PACRA	200,000	200,000
United Bank Limited	AA+	PACRA	250,120	250,115
Kashf Foundation	AAA	PACRA	100,000	100,000
Bank Alfalah Limited	AA-	PACRA	600,000	600,000
			<u>4,980,997</u>	<u>5,592,836</u>

Investment in Government securities are not exposed to any credit risk.

The management monitors exposure to credit risk in premium receivable from group clients through regular review of credit exposure and prudent estimates of provision for doubtful debts. As of 31 December 2023, there was no provision for doubtful premiums as all the premiums receivable were considered good.

#### 44.1.3 Capital risk managements

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 1.05 billion against the minimum required paid-up capital of Rs. 500 million set by the SECP for the life insurance Companies for the year ended 31 December 2019.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP, which are fully met by the Company.

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31 December 2024

	Shareholders Fund	Statutory Fund				Accident & Health Business	Group Family Takaful	Family Takaful Accidental and Health	Aggregate 31 December 2024
		Investment Linked Business	Conventional Business	Participating Business	Pension Business				
(Rupees in '000)									
<b>Assets</b>									
Property and Equipment	2,423,415								3,450,512
Intangible assets	329,552								329,552
Investment Property									
Investment in subsidiaries and associates									
Investments									
Equity Securities	38,137	44,094,859	4,364		45,599	6,263,900			50,454,894
Government securities	2,295,153	150,806,983	6,026,050	18,520	1,542,410	23,192,574	614,709		184,510,229
Debt securities	10,000	5,690,456	130,069			1,778,403			7,608,928
Term deposits		167,429				50,000		130,000	347,429
Others									
Loans secured against life insurance policies									
Insurance / reinsurance receivables					483,542		111,107	31,570	1,351,457
Other loans and receivables	790,072	3,019,117	255,228	354	164,258	1,241,419	66,607	111,612	5,648,065
Taxation - payments less Provision	1,113,487				38,203	1,779	1,779	2,560	1,157,808
prepayments		102,034	12,346		11,994	18,149		2,623	148,146
Cash & Banks	8,570	2,151,448	947,475		526,102	1,789,160	197,277	43,547	5,669,517
<b>Total Assets (A)</b>	<b>7,009,386</b>	<b>207,130,563</b>	<b>8,066,220</b>	<b>18,874</b>	<b>2,812,508</b>	<b>34,336,384</b>	<b>991,479</b>	<b>321,912</b>	<b>260,716,447</b>

In-admissible assets as per following clauses of section 32(2)

Interfund	(580,588)								(723,337)
Fixed Asset	(1,914,211)						(48,834)		(1,914,211)
Intangible	(329,552)								(329,552)
Tax									
Unsecured Loan	(28,550)								(28,550)
Secured Loan									
Premium due		(179,435)					(28,287)	(698)	(226,835)
Bank Balance									(63,000)
Bank Guarantee		(47,965)							(47,965)
Equity Investment									
Money Market									
<b>Total In-admissible Assets (B)</b>	<b>(2,852,911)</b>	<b>(227,400)</b>			<b>(81,415)</b>	<b>(93,905)</b>	<b>(77,121)</b>	<b>(698)</b>	<b>(3,333,450)</b>

Total Admissible Assets (C=A+B)

	4,156,475	207,130,563	7,840,820	18,874	2,731,093	34,336,384	961,078	321,214	257,362,997
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Total Liabilities

Insurance Liabilities net of Reinsurance Recoveries							238,495	43,344	6,050,452
Retirement benefit Obligation									
Deferred taxation	427,135								427,135
Premium received in advance		1,363,362	127,174	59	368,622	240,233	70,804	2,384	2,172,838
Insurance / reinsurance payables			3,644		22,154	99,228	47,994	19,397	192,417
Lease Liabilities	608,070								608,070
Other creditors and accruals	324,096	2,080,085	597,496	15,951	382,548	864,878	54,952	121,891	4,423,428
Taxation - provision less payments									
<b>Total Liabilities (D)</b>	<b>1,359,301</b>	<b>6,834,172</b>	<b>2,750,492</b>	<b>16,010</b>	<b>773,624</b>	<b>1,539,682</b>	<b>412,245</b>	<b>187,016</b>	<b>13,874,140</b>

Total Net Admissible Assets (E= C-D)

	2,797,173	200,296,391	8,090,328	2,864	1,957,469	32,792,797	502,112	134,198	243,508,859
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Minimum Solvency Requirement

Shareholder's Fund	165,000								165,000
Policyholders Liability		197,639,990	3,634,352	2,815	1,296,559	31,921,218	285,823	133,838	234,639,392
Solvency Margin		2,656,401	1,555,976	121	424	360,632	127,050		5,361,514

Excess / (Deficit) in Net Admissible Assets over minimum requirement

	2,632,173	2	1	228		420,849	89,239	360	
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**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:

	31 December 2024						
	Fair value through profit or loss (designated upon initial recognition)	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
<b>Financial assets measured at fair value</b>							
- investments							
Government securities (T-bills + PIBs + Sukuks)	-	-	-	-	-	-	169,528,521
Corporate Sukuks	1,646,931	-	-	-	-	-	1,646,931
Listed equity securities	43,733,876	208,299	-	-	-	-	43,942,175
Units of mutual funds	5,470,875	1,041,135	-	-	-	-	6,512,010
Debt securities (Listed TFCs)	4,980,997	-	-	-	-	-	4,980,997
<b>Financial assets not measured at fair value</b>							
- Government securities (T-bills + PIBs + Sukuks)	-	-	14,981,708	-	-	-	14,981,708
- Balances with banks *	6,017,047	-	-	-	-	-	6,017,047
- Unlisted equity securities	-	-	-	-	508	-	508
- Certificate of investment	-	-	981,000	-	-	-	981,000
- Advances to employees and agents	-	-	-	133,968	-	-	133,968
- Investment income accrued	-	-	-	-	3,019,992	-	3,019,992
- Other bans and receivables (excluding markup accrued)*	-	-	-	-	1,216,889	-	1,216,889
	231,378,247	1,249,434	15,962,708	133,968	4,237,389	-	252,981,746
<b>Financial liabilities not measured at fair value</b>							
Deferred taxation	-	-	-	-	-	1,958,842	1,958,842
Premium received in advance	-	-	-	-	-	2,172,637	2,172,637
Insurance / reinsurance payables	-	-	-	-	-	192,418	192,418
Lease liability	-	-	-	-	-	614,064	614,064
Other creditors and accruals	-	-	-	-	-	3,051,984	3,051,984
	-	-	-	-	-	7,989,945	7,989,945
	231,378,247	1,249,434	15,962,708	133,968	4,237,389	(7,989,945)	244,971,801

On balance sheet financial instruments

31 December 2023

	Fair value through profit or loss (designated upon initial recognition)	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value		
								Level 1	Level 2	Level 3
(Rupees in '000)										
<b>Financial assets measured at fair value</b>										
- Investments										
Government securities (T-bills + PIBs + Sukuks)	143,144,957	-	-	-	-	-	143,144,957	-	143,144,957	-
Corporate Sukuks	1,833,422	-	-	-	-	-	1,833,422	-	1,833,422	-
Listed equity securities	22,191,356	122,797	-	-	-	-	22,314,153	22,314,153	-	-
Units of mutual funds	1,850,418	867,998	-	-	-	-	2,718,416	-	2,718,416	-
Debt securities (Listed TFCs)	5,592,836	-	-	-	-	-	5,592,836	-	5,592,836	-
<b>Financial assets not measured at fair value</b>										
- Government securities (T-bills + PIBs + Sukuks)	-	-	10,770,744	-	-	-	10,770,744	-	-	-
- Balances with banks *	12,563,220	-	-	-	-	-	12,563,220	-	-	-
- Unlisted equity securities	-	-	-	-	508	-	508	-	-	-
- Certificate of investment	-	-	981,000	-	-	-	981,000	-	-	-
- Advances to employees and agents	-	-	-	167,496	-	-	167,496	-	-	-
- Investment income accrued	-	-	-	-	3,293,614	-	3,293,614	-	-	-
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	1,050,843	-	1,050,843	-	-	-
	187,176,209	990,795	11,751,744	167,496	4,344,965	-	204,431,209	-	-	-
<b>Financial liabilities not measured at fair value</b>										
Deferred taxation	-	-	-	-	-	1,544,309	1,544,309	-	-	-
Premium received in advance	-	-	-	-	-	1,772,407	1,772,407	-	-	-
Insurance / reinsurance payables	-	-	-	-	-	202,220	202,220	-	-	-
Lease liability	-	-	-	-	-	687,196	687,196	-	-	-
Other creditors and accruals	-	-	-	-	-	2,523,539	2,523,539	-	-	-
	-	-	-	-	-	6,729,671	6,729,671	-	-	-
	187,176,209	990,795	11,751,744	167,496	4,344,965	(6,729,671)	197,701,538	-	-	-

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

**46.1 Valuation techniques used in determination of fair values within level 2**

The following table shows the valuation techniques used in measuring Level 2 fair values of financial assets for financial statements.

Type	Valuation Technique	Input Used
Government securities	Government Securities includes Pakistan Investments Bonds (PIBs) at fixed rate and floating rate, Treasury Bills (T-Bills) and GOP Ijarah Sukuk. The fair value of fixed rates PIBs and T-Bills are derived from PKRV rates. Floating rate PIBs are revalued using PKFRV rates. GOP Ijarah Sukuks are revalued using PKISRV rates.	- PKRV Rates - PKFRV Rates - PKISRV Rates
Non-Government Debt Securities	Non-Government Debt Securities includes Term Finance Certificates (TFCs) and Sukuks issued by counterparties other than Federal Government. Investments in Non-Government Debt Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP.	- Fair value as per MUFAP
Units of Mutual Funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.	- Net Assets Value as per MUFAP

	31 December 2024	31 December 2023
<b>47 NUMBER OF EMPLOYEES</b>		
Number of employees as at 31 December	<b>2,369</b>	2,576
Average number of employees as at 31 December	<b>2,473</b>	2,539

**48 GENERAL**

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

**48.2** Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no reclassifications during the year.

**49 SUBSEQUENT EVENTS - NON ADJUSTING**

The Board of Directors has proposed a cash dividend of Rs. 10.5 per share (2023: Rs. 10.50/- per share) amounting to Rs. 1102.5 million (2023: Rs. 1,050 million) at its meeting held on 25th February 2025 for the approval of the members at the Annual General Meeting to be held on 25th March 2025.

**50 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 25th February 2025.

\_\_\_\_\_  
Managing Director &  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman



# **TAKAFUL ACCOUNTS**

**FOR THE PERIOD ENDED DECEMBER 31, 2024**

**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Note	Operator Sub Fund	Policyholder Fund	31 December 2024	31 December 2023
----- (Rupees in '000) -----					
<b>Assets</b>					
Properties and equipments		-	-	-	-
Investments					
Equity securities	5	-	5,763,874	5,763,874	2,481,285
Mutual fund	6		500,026	500,026	-
Government securities	7	353,966	23,453,317	23,807,283	16,698,708
Debt securities	8	-	1,778,403	1,778,403	1,782,641
Term deposits	9	10,000	170,000	180,000	1,991,000
Takaful / retakaful receivables		-	142,677	142,677	101,439
Other loans and receivables		646,208	3,632,470	4,278,678	2,384,415
Deferred tax asset		39,874	-	39,874	33,621
Prepayments		21,772	-	21,772	4,042
Qard-e-Hasna		55,000	48,000	103,000	-
Deferred Commission Receivable		-	-	-	-
Cash & Bank	10	85,872	1,944,111	2,029,983	1,537,652
<b>Total Assets</b>		<b>1,212,692</b>	<b>37,432,878</b>	<b>38,645,570</b>	<b>27,014,803</b>
<b>Equity and Liabilities</b>					
Cede Money		100,000	-	100,000	50,000
Capital contributed by shareholder's fund		345,711	-	345,711	254,359
Qard-e-Hasna		-	-	-	-
Retained Earning arising from business other than participating business attributable to shareholder's (Ledger account D)		345,633	-	345,633	246,246
Accumulated losses		(207,723)	-	(207,723)	(171,084)
<b>Total Equity</b>		<b>583,621</b>	<b>-</b>	<b>583,621</b>	<b>379,521</b>
<b>Liabilities</b>					
Insurance Liabilities	11	2,060	33,858,742	33,860,802	24,481,660
Takaful contribution received in advance		-	313,421	313,421	292,278
Takaful / retakaful payables		-	166,619	166,619	136,449
Deferred Tax Liability		-	-	-	-
Unearned Wakala Fee		-	-	-	-
Other creditors and accruals		627,011	3,094,096	3,721,107	1,724,895
<b>Total Liabilities</b>		<b>629,071</b>	<b>37,432,878</b>	<b>38,061,949</b>	<b>26,635,282</b>
<b>Total Equity and Liabilities</b>		<b>1,212,692</b>	<b>37,432,878</b>	<b>38,645,570</b>	<b>27,014,803</b>

Contingency(ies) and commitment(s)

12

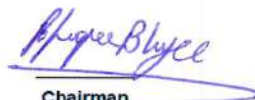
The annexed notes 1 to 24 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer

  
 Chief Financial  
 Officer

  
 Director

  
 Vice-Chairman

  
 Chairman


**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)**  
**Statement Of Profit And Loss Account**  
**For The Year Ended 31 December 2024**


Note	Operator's Sub Fund		Policyholder's Fund		Aggregate	
	Year Ended		Year Ended		Year Ended	
	2024	2023	2024	2023	2024	2023
	----- (Rupees in '000) -----					
Contribution Revenue	1,300,158	1,332,939	8,233,243	7,216,579	9,533,401	8,549,518
Contribution ceded to reinsurers	-	-	(585,710)	(396,579)	(585,710)	(396,579)
<b>Net Contribution revenue</b>	<b>1,300,158</b>	<b>1,332,939</b>	<b>7,647,533</b>	<b>6,820,000</b>	<b>8,947,691</b>	<b>8,152,939</b>
Wakalat-ul-Istismar - PIF	901,918	759,402	(905,034)	(761,946)	(3,116)	(2,544)
Wakala Fee - PTF	631,847	342,192	(631,847)	(342,192)	-	-
Special reinstatement fee	56	35	-	-	56	35
Mudarib Fee	74,499	70,315	(74,499)	(70,315)	-	-
Lapsed unit Income	647	-	-	-	647	-
Other Income	2,091	-	-	-	2,091	-
Investment income	142,322	135,528	4,874,566	3,587,228	5,016,888	3,722,756
Net realised fair value (losses) / gains on financial assets	353	(526)	146,383	(201,767)	146,736	(202,293)
Net unrealised fair value (losses) on financial assets at fair value through profit or loss	6,136	1,845	2,545,543	707,796	2,551,679	709,641
	1,759,869	1,308,791	5,955,112	2,918,804	7,714,981	4,227,595
<b>Net income</b>	<b>3,060,027</b>	<b>2,641,730</b>	<b>13,602,645</b>	<b>9,738,804</b>	<b>16,662,672</b>	<b>12,380,534</b>
Takaful benefits	-	-	4,781,138	3,049,513	4,781,138	3,049,513
Recoveries from retakafuls	-	-	(249,064)	(278,259)	(249,064)	(278,259)
Qard-e-Hasna	-	-	-	-	-	-
Claims related expenses	-	-	-	-	-	-
<b>Net Takaful Benefits</b>	<b>-</b>	<b>-</b>	<b>4,532,074</b>	<b>2,771,254</b>	<b>4,532,074</b>	<b>2,771,254</b>
Net Change in Takaful Liabilities (other than outstanding claims)	1,731	329	9,070,369	6,967,550	9,072,100	6,967,879
Acquisition expenses	2,188,561	2,068,578	-	-	2,188,561	2,068,578
Exgratia-Surrender Expense	2,675	2,369	-	-	2,675	2,369
Marketing and administration expenses	883,095	712,022	-	-	883,095	712,022
Other expenses	-	-	202	-	202	-
<b>Total Expenses</b>	<b>3,076,062</b>	<b>2,785,117</b>	<b>9,070,571</b>	<b>6,967,550</b>	<b>12,146,633</b>	<b>9,752,667</b>
<b>(Loss) / Income before tax</b>	<b>(16,035)</b>	<b>(143,387)</b>	<b>(0)</b>	<b>-</b>	<b>(16,035)</b>	<b>(143,387)</b>
Income tax	6,253	41,582	0	-	6,253	41,582
<b>(Loss)/ Income for the period</b>	<b>(9,782)</b>	<b>(101,805)</b>	<b>(0)</b>	<b>-</b>	<b>(9,782)</b>	<b>(101,805)</b>

The annexed notes 1 to 24 form an integral part of these financial statements.

  
**Managing Director &  
Chief Executive Officer**

  
**Chief Financial  
Officer**

  
**Director**






  
**Vice-Chairman**

  
**Chairman**

**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For The Year Ended 31 December 2024**

	Operator Sub Fund		Policyholder Funds		Aggregate	
	Year Ended 31 December		Year Ended 31 December		Year Ended 31 December	
	2024	2023	2024	2023	2024	2023
	----- (Rupees in '000) -----					
(Loss) / Income for the period - as per Profit and Loss Acco	(9,782)	(101,805)	(0)	-	(9,782)	(101,805)
<b>Other Comprehensive Income:</b>						
<b>Items that may be reclassified to profit and loss in subsequent periods:</b>						
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	-	-	-	-	-	-
<b>Total comprehensive (loss)/ income for the period</b>	<b>(9,782)</b>	<b>(101,805)</b>	<b>(0)</b>	<b>-</b>	<b>(9,782)</b>	<b>(101,805)</b>

The annexed notes 1 to 24 form an integral part of these financial statements.

 <b>Managing Director &amp; Chief Executive Officer</b>	 <b>Chief Financial Officer</b>	 <b>Director</b>	 <b>Vice-Chairman</b>	 <b>Chairman</b>
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**EFU LIFE ASSURANCE LIMITED-WINDOW TAKAFUL OPERATIONS (Un-audited / Un-reviewed)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**


	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 2023	50,000	61,326	-	193,925	-	(69,279)	235,972
Capital contribution from shareholder's fund	-	245,354	-	-	-	-	245,354
Income / (loss) for the period ended 31 December 2023	-	-	-	-	-	(101,805)	(101,805)
Other Comprehensive income/( loss)	-	-	-	-	-	-	-
Total income / (loss) for the year ended 31 December 2023	-	-	-	-	-	(101,805)	(101,805)
Contribution to increase solvency margin	-	(52,321)	-	52,321	-	-	-
Capital contribution transferred to policy holder liability	-	-	-	-	-	-	-
<b>Balance as at 31 December 2023</b>	<b>50,000</b>	<b>254,359</b>	<b>-</b>	<b>246,246</b>	<b>-</b>	<b>(171,084)</b>	<b>379,521</b>
Balance as at 1 January 2024	50,000	254,359	-	246,246	-	(221,059)	329,546
Cede Money of Takaful Health	50,000	-	-	-	-	23,118	73,118
Capital contribution from shareholder's fund	-	190,739	-	-	-	-	190,739
Income / (loss) for the period ended 31 December 2024	-	-	-	-	-	(9,782)	(9,782)
Other Comprehensive income/( loss)	-	-	-	-	-	-	-
Total income / (loss) for the period ended 31 December 2024	-	-	-	-	-	(9,782)	(9,782)
Contribution to increase solvency margin	-	(99,387)	-	99,387	-	-	-
<b>Balance as at 30 December 2024</b>	<b>100,000</b>	<b>345,711</b>	<b>-</b>	<b>345,633</b>	<b>-</b>	<b>(207,723)</b>	<b>583,621</b>


\*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 24 form an integral part of these financial statements.

  
**Managing Director &  
 Chief Executive Officer**

  
**Chief Financial  
 Officer**

  
**Director**

  
**Vice-Chairman**

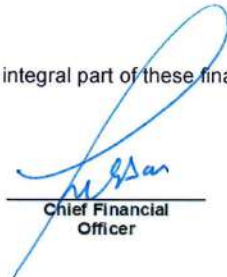
  
**Chairman**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**Window Takaful Operations (Un-audited / Un-reviewed)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Year ended	
	2024	2023
----- (Rupees in '000) -----		
<b>Operating cash flows</b>		
<b>a) Takaful activities</b>		
Takaful contribution received	9,557,502	8,672,151
Retakaful contribution paid	(318,141)	(368,805)
Claims paid	(4,696,045)	(2,872,188)
Commission paid	(1,250,870)	(1,241,819)
Marketing and Administrative expenses paid	(883,095)	(712,022)
Other acquisition cost paid	(666,843)	(781,386)
Net cash flow from underwriting activities	1,742,508	2,974,190
<b>b) Other operating activities</b>		
Other operating (payments) / receipts	1,779,396	(13,358)
Other receipts / (payments) on operating assets	(1,771,889)	(235,457)
Net cash flow from other operating activities	7,507	(248,815)
<b>Total cash flow from all operating activities</b>	<b>1,750,015</b>	<b>2,725,375</b>
<b>Investment activities</b>		
Profit / Return received	4,743,342	3,135,835
Dividends received	295,372	151,001
Payments for investments	(10,534,043)	(9,030,017)
Proceed from disposal of investments	2,345,506	1,086,687
<b>Total cash flow from investing activities</b>	<b>(3,149,823)</b>	<b>(4,656,494)</b>
<b>Financing activities</b>		
Net Capital contributed from shareholder's fund	(65,188)	17,304
<b>Total cash flow from financing activities</b>	<b>(65,188)</b>	<b>17,304</b>
<b>Net cash flow from all activities</b>	<b>(1,464,996)</b>	<b>(1,913,815)</b>
Cash and cash equivalents at beginning of the period	3,673,837	5,442,467
<b>Cash and cash equivalents at end of the period</b>	<b>2,208,841</b>	<b>3,528,652</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	1,750,015	2,725,375
Depreciation expense	(166,870)	(138,534)
Amortization expense	(7,741)	(756)
(Loss) / gain on disposal of investments	146,736	(202,293)
Dividend Income	295,372	151,001
Other investment income	4,564,893	3,574,570
Depreciation in market value of investments	2,708,302	706,826
(Decrease) / Increase in assets other than cash	1,910,816	282,614
Increase in liabilities	(11,212,447)	(7,200,608)
<b>Profit after taxation</b>	<b>(10,924)</b>	<b>(101,805)</b>

The annexed notes 1 to 24 form an integral part of these financial statements.

  
 Managing Director &  
 Chief Executive Officer

  
 Chief Financial  
 Officer

  
 Director

  
 Vice-Chairman

  
 Chairman

**EFU LIFE ASSURANCE LIMITED- Window Takaful Operations (Un-audited / Un-reviewed)**  
**Notes To and forming part of Financial Statement**  
**For The Year Ended 31 December 2024**

**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 condensed interim 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 condensed interim 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 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.

### **2.4 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.

## **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 2023.

### **3.1 Significant Accounting Policies - Window Family Takaful Operations**

#### **3.1.1 Takaful Contracts**

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a program based on Shariah compliant, approved concept founded on the principles of mutual cooperation, solidarity and brotherhood.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there is insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the Operator sub fund to participant takaful fund and group family takaful. The amount of Qard-e-Hasna is refundable to the Operator sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### **3.1.2 Group Takaful**

The group family takaful contracts are issued typically on yearly renewable term basis. The Company offers group term life and group credit plans to its participants.

#### **3.1.3 Individual Takaful Contracts Unit - Linked**

The Company offers unit-linked Takaful plans which provide Shariah compliant financial protection and investment vehicle to individual participants contribution received from policyholders, after deducting specific charges and takaful donations, are invested in internal unit funds of the Company.

The basic plan contains family takaful cover over and above the unit value with additional protection.

#### **3.1.4 Retakaful**

These contracts are entered into by the Company with retakaful operator under which the retakaful operator cedes the takaful risk assumed during normal course of its business and according to which the Waqf is compensated for losses on contract issued by it are classified as retakaful contracts held.

### **Retakaful Contribution**

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognized in the revenue account.

### **Retakaful Expenses**

Retakaful expenses are recognized as a liability in accordance with the pattern of recognition of related contribution.

### **Retakaful assets and liabilities**

Retakaful assets represent balances due from retakaful operators. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operators. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance

Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired.

#### **3.1.5 Business Segment - Window Family Takaful Operation**

The Company has two primary business segment for reporting purposes; Family Takaful Investment Linked Business and Family Takaful Protection Business.

- a) The Family Takaful Investment Linked Business segments provides family takaful coverage to individuals under unit -linked policies issued by the PTF.
- b) The Family Takaful Protection Business segment provides family takaful coverage to member of business enterprises, corporate entities and common interest groups under group family takaful scheme

#### **3.1.6 Takaful operator's fee**

The shareholders of the Company manage the family takaful operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful operation under Waqf fund to meet its general and administrative expenses.

The window takaful operator is also entitled for Wakalt-ul-Istismar fee as it manages Participant Investment Fund.

#### **3.1.7 Revenue recognition**

Individual first year contribution are recognized once the related policies have been issued and the contribution received. Renewal contribution are recognized upon receipt of contribution provided the policy is still in force. Individual single contribution are recognized once the related policies are issued against the receipts of contribution.

Group contribution are recognized when due. A provision for unearned contribution is included in the policyholders' liabilities.

## **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	31 December 2024	31 December 2023
----- (Rupees in '000) -----			
At fair value through profit or loss (Designated - upon initial recognition)	5.1	<b>5,763,874</b>	2,481,285
		<b>5,763,874</b>	<b>2,481,285</b>

31 December 2024			31 December 2023		
Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
----- (Rupees in '000) -----					

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

Related Parties  
Listed Shares

Others

Listed Shares

-	-	-	-	-	-
3,469,069	-	<b>5,763,874</b>	2,481,285	-	2,481,285
<b>3,469,069</b>	-	<b>5,763,874</b>	2,481,285	-	<b>2,481,285</b>

INVESTMENT IN OPEN ENDED MUTUAL FUNDS

31 December 2024			31 December 2023		
Cost	Impairment/ provision	Carrying Value	Cost	Impairment/ provision	Carrying Value
----- (Rupees in '000) -----					

6 INVESTMENT IN OPEN ENDED MUTUAL FUNDS

Fair value through profit or loss (Designated - upon initial recognition)  
Available for sale

373,714	-	500,026	-	-	-
<b>373,714</b>	-	<b>500,026</b>	-	-	-

7. GOVERNMENT SECURITIES

Held to Maturity

Fair value through profit and loss (designated - upon initial recognition)

	Note	31 December 2024	31 December 2023
----- (Rupees in '000) -----			
	7.1	<b>1,491,894</b>	1,175,648
	7.2	<b>22,315,389</b>	15,523,060
		<b>23,807,283</b>	<b>16,698,708</b>

7.1 Held to Maturity

Government Ijara  
Pakistan Energy Sukuk I  
Pakistan Energy Sukuk II

Maturity Year	Effective Yield %	31 December 2024			31 December 2023		
		Amortised Cost	Principal Repayment	Carrying Value	Amortised Cost	Principal Repayment	Carrying Value
----- (Rupees in '000) -----							
2025-2034	8.37 - 20.24	852,620	839,000	<b>852,620</b>	533,234	537,000	533,234
2029	18.71	187,076	170,000	<b>187,076</b>	190,033	170,000	190,033
2030	13.54	452,198	450,000	<b>452,198</b>	452,381	450,000	452,381
		<b>1,491,894</b>	<b>1,459,000</b>	<b>1,491,894</b>	1,175,648	1,157,000	1,175,648

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

Government Ijara  
Pakistan Energy Sukuk I  
Pakistan Energy Sukuk II

Maturity Year	Effective Yield %	31 December 2024			31 December 2023		
		Amortised Cost	Principal Repayment	Carrying Value	Amortised Cost	Principal Repayment	Carrying Value
----- (Rupees in '000) -----							
2025-2029	11.40 - 21.63	21,286,598	21,424,400	<b>21,678,194</b>	14,951,577	14,953,900	14,875,960
2029	19%	586,951	530,000	<b>586,951</b>	596,836	530,000	596,835
2030	21%	50,244	50,000	<b>50,244</b>	50,265	50,000	50,265
		<b>21,923,793</b>	<b>22,004,400</b>	<b>22,315,389</b>	15,598,678	15,533,900	15,523,060



	Note	31 December 2024	31 December 2023
----- (Rupees in '000) -----			
<b>11. TAKAFUL LIABILITIES</b>			
Reported outstanding claims	11.1	653,284	530,744
Incurred but not reported claims	11.2	290,106	170,037
Investment component of unit-linked and account value policies	11.3	31,652,436	22,872,690
Liabilities under individual conventional insurance contracts	11.4	209,513	135,303
Liabilities under group insurance contracts (other than investment linked)	11.5	152,919	66,432
Other liabilities		76,163	59,256
Participant takaful fund balance	11.6	826,381	647,198
		<b>33,860,802</b>	<b>24,481,660</b>
<b>11.1 Reported Outstanding Claims</b>			
<b>Gross of Retakaful</b>			
Payable within one year		617,382	503,311
Payable over a period of time exceeding one year		76,973	59,936
		<b>694,355</b>	<b>563,247</b>
<b>Recoverable from Retakaful</b>			
Receivable over a period of time exceeding one year		(41,071)	(32,503)
		<b>(41,071)</b>	<b>(32,503)</b>
Net reported outstanding claims		<b>653,284</b>	<b>530,744</b>
<b>11.2 Incurred But Not Reported Claims</b>			
Gross of retakaful		519,734	317,346
Retakaful recoveries		(229,628)	(147,309)
Net of retakaful		<b>290,106</b>	<b>170,037</b>
<b>11.3 Investment Component of Unit Linked and Account Value Policies</b>			
Investment component of unit linked policies		31,652,436	22,872,690
Investment component of account value policies		-	-
		<b>31,652,436</b>	<b>22,872,690</b>
<b>11.4 Liabilities under Individual Conventional takaful Contracts</b>			
Gross of Retakaful		277,163	208,239
Retakaful Credit		(67,650)	(72,936)
Net of retakaful		<b>209,513</b>	<b>135,303</b>
<b>11.5 Liabilities under Group Insurance Contracts (other than investment linked)</b>			
Gross of Reinsurance		254,395	94,571
Reinsurance Credit		(101,476)	(28,139)
Net of retakaful		<b>152,919</b>	<b>66,432</b>
<b>11.6 Participant Takaful Fund Balance</b>	10.6.1	<b>826,381</b>	<b>647,198</b>
<b>10.6.1</b>	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.		

## 12. CONTINGENCIES AND COMMITMENTS

The contingencies and commitments reported in the main financials of the Company also includes impacts of Window Takaful Operations as at December 31, 2023. Out of the reported amount thereon, an amount of Rs.368.6 million pertains to Window Takaful Operations. There were no other material contingencies and commitments as at December 31, 2024.

With respect to health business, the amount of Sindh sales tax is 60.99 million and the amount of Punjab sales tax is Rs: 36.72 million.

	<b>Aggregate</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	----- (Rupees in '000) -----	
<b>13. NET CONTRIBUTION REVENUE</b>		
<b>Gross contribution</b>		
Regular contribution individual policies		
First year	1,826,511	1,873,955
Second year renewal	1,362,798	1,628,609
Subsequent year renewal	4,705,338	4,108,768
Single contribution individual policies	155,479	121,863
Group policies with cash values	-	625
Group policies without cash values	1,483,275	815,698
<b>Total gross contribution</b>	<b>9,533,401</b>	<b>8,549,518</b>
<b>Less: Retakaful contribution ceded</b>		
On individual life first year business	21,401	24,611
On individual life second year business	16,169	21,267
On individual life renewal business	62,358	61,153
On group policies	498,662	300,618
Less: Experience refund from reinsurers	(12,880)	(11,070)
<b>Total reinsurance premium / retakaful contribution ceded</b>	<b>585,710</b>	<b>396,579</b>
<b>Net premium / contribution</b>	<b>8,947,691</b>	<b>8,152,939</b>
<b>14. INVESTMENT INCOME</b>		
<b>Income from equity securities</b>		
<b>At fair value through profit and loss (Designated upon initial recognition)</b>		
Dividend income	295,372	151,001
<b>Available for Sale</b>		
Dividend income	-	-
<b>Income from debt securities</b>		
<b>At fair value through profit and loss (Designated upon initial recognition)</b>		
Return on debt securities	746,296	492,760
On government securities	683,987	684,327
<b>Held to maturity</b>		
On government securities	2,952,083	2,003,911
<b>Income from term deposits</b>		
Return on term deposits	339,150	390,757
	<b>5,016,888</b>	<b>3,722,756</b>

	<u>Aggregate</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
	<u>----- (Rupees in '000) -----</u>	
<b>15. NET REALISED FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS</b>		
Available for sale		
Realised gains on:		
- Equity securities	312,164	14,038
- Government securities	-	-
Realised losses on:		
- Equity securities	(165,428)	(216,331)
	<u>146,736</u>	<u>(202,293)</u>
<b>16. NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - UNREALISED</b>		
Net unrealised (losses) / gains on investments at fair value through profit or loss (designated upon initial recognition)- Equity Securities	2,087,864	569,537
Net unrealised gains on investments at fair value through profit or loss (designated upon initial recognition)- Government Securities	463,815	140,104
	<u>2,551,679</u>	<u>709,641</u>
<b>17. NET TAKAFUL BENEFITS</b>		
<b>Gross claims</b>		
Claims under individual policies		
by death	123,201	123,083
by insured event other than death	-	-
by maturity	-	-
by surrender	3,972,931	2,442,039
<b>Total gross individual policy claims</b>	<u>4,096,132</u>	<u>2,565,122</u>
Claims under group policies		
by death	431,349	456,339
by insured event other than death	253,657	28,052
by maturity	-	-
by surrender	-	-
<b>Total gross group claims</b>	<u>685,006</u>	<u>484,391</u>
<b>Total gross claims</b>	<b>4,781,138</b>	<b>3,049,513</b>
<b>Less: Retakaful recoveries</b>		
On individual life claims	29,049	31,101
On group life claims	220,015	247,158
<b>Total retakaful recoveries</b>	<u>249,064</u>	<u>278,259</u>
<b>Net takaful benefit expense</b>	<u>4,532,074</u>	<u>2,771,254</u>

18 ACQUISITION EXPENSES	Aggregate	
	31 December	31 December
	2024	2023
	----- (Rupees in '000) -----	
Remuneration to takaful intermediaries on individual policies:		
- Commission to agent on first year contributions	637,963	700,704
- Commission to agent on second year contributions	148,255	153,508
- Commission to agent on subsequent renewal contributions	152,987	122,066
- Commission to agent on single contributions	4,373	3,601
- Override commission to supervisors	115,717	138,388
- Other benefits to takaful intermediaries Salaries, allowances and other benefits	443,534	522,762
Remuneration to takaful intermediaries on group policies:		
- Commission	184,068	78,659
- Other benefits to takaful intermediaries	43,312	21,259
Other acquisition costs		
- Traveling expenses	168,062	109,376
- Printing and stationery	3,910	9,000
- Depreciation	70,648	80,560
- Rent, rates and taxes	2,914	2,916
- Electricity, gas and water	29,363	31,232
- Entertainment	10,061	11,583
- Vehicle running expenses	871	1,534
- Office repairs & maintenance	11,201	8,758
- Postages, telegrams and telephone	6,130	7,347
- Finance Cost	13,230	18,766
- Others	104,708	15,217
- Medical fees	3,901	3,797
- Policy stamps	33,353	27,545
	<u>2,188,561</u>	<u>2,068,578</u>
<b>19. MARKETING AND ADMINISTRATION EXPENSES</b>		
Employee benefit cost	384,406	307,570
Traveling expenses	54,177	19,629
Advertisements and sales promotion	45,545	16,926
Printing and stationery	22,354	24,828
Depreciation	96,222	57,974
Amortisation	7,741	756
Rent, rates and taxes	3,109	2,608
Legal and Professional charges	15,782	11,946
Electricity, gas and water	18,688	21,501
Entertainment	13,186	14,041
Vehicle running expenses	2,818	1,924
Office repair and maintenance	53,603	106,738
Appointed actuary fees	4,888	4,717
Bank charges	9,163	5,306
Postage, internet and telephone	27,229	29,808
Fees and subscription	60,364	25,302
Annual supervision fee SECP	16,114	16,567
Miscellaneous	47,706	43,881
	<u>883,095</u>	<u>712,022</u>

20. TAX FOR THE YEAR

	Aggregate	
	Year ended	
	31 December	
	2024	2023
Current	6,253	41,582
Deferred	-	-
	<u>6,253</u>	<u>41,582</u>

21. 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:

	31 December 2024	31 December 2023
	----- (Rupees in '000) -----	
<b>Transactions</b>		
<b>Holding Company</b>		
Premium written	156	-
Premium paid	-	-
Clams Paid	29	-
<b>Associated companies/ Related Party</b>		
Premium written	64,199	1,554
Premium paid	658	5,340
Claims paid	3,002	6,992
Commission Paid	40,920	12,563
Interest / Profit received	285,819	349,837
Placement of TDR	7,141,000	8,090,000
TDR matured	8,944,000	8,090,000
<b>Employees' funds</b>		
Contribution to provident fund	1,400	2,445
Contribution to pension fund	767	1,185
<b>Key Management Personnel Transactions</b>		
Premium written	1,206	339
	31 December 2024	31 December 2023
	----- (Rupees in '000) -----	
<b>Balances</b>		
Bank balances	1,059,714	728,345
Bank deposits	130,000	1,290,000
Premium payable	-	108
Premium receivable	5,271	8
Investment in Related Party	140,315	140,315
Investments Income Receivable	2,336	-
Claim outstanding -Related Parties	-	2,833

22. SEGMENTAL INFORMATION

22.1 Revenue Account by Statutory Fund

	Family Takaful Investment Linked Business	Family Takaful Protection Business	Family Takaful Accidental and Health	Aggregate Year ended 31 December 2024
----- (Rupees in '000) -----				
<b>Income</b>				
Contribution less retakaful	7,928,856	800,964	194,581	8,924,401
Policy transfer from other statutory funds	23,291	-	-	23,291
Bonus units transfer to statutory fund	56	-	38	94
Net investment income / wakala income	8,736,285	432,492	16,587	9,185,364
<b>Total net income</b>	<b>16,688,488</b>	<b>1,233,456</b>	<b>211,206</b>	<b>18,133,150</b>
<b>Takaful Benefits and Expenditures</b>				
Claims net of retakaful recoveries	4,065,672	285,831	183,247	4,534,750
Policy transfer from other statutory funds	-	-	-	-
Provision for doubtful debts	-	1,142	-	1,142
Other Expenses	-	-	202	202
Management expenses less recoveries	3,711,245	789,871	41,928	4,543,044
<b>Total takaful Benefits and Expenditures</b>	<b>7,776,917</b>	<b>1,076,844</b>	<b>225,377</b>	<b>9,079,138</b>
<b>Excess of income over takaful Benefits and Expenditures</b>	<b>8,911,571</b>	<b>156,612</b>	<b>(14,171)</b>	<b>9,054,012</b>
<b>Net Change in takaful Liabilities (Other than outstanding Claims)</b>	<b>(8,848,729)</b>	<b>(86,414)</b>	<b>(18,658)</b>	<b>(8,953,801)</b>
<b>Surplus before tax</b>	<b>62,842</b>	<b>70,198</b>	<b>(32,829)</b>	<b>100,211</b>
<b>Movement in takaful liabilities</b>	<b>8,848,729</b>	<b>86,414</b>	<b>18,658</b>	<b>8,953,801</b>
<b>Transfer to and from Shareholder's Fund</b>				
Transfer of (surplus) / deficit to shareholders' fund	-	-	(26,995)	(26,995)
Capital contribution to / from share holders' fund	97,253	45,486	48,000	190,739
Net Transfer to / from shareholders' fund	97,253	45,486	21,005	163,744
<b>Balance of statutory funds at beginning of the period</b>	<b>23,787,877</b>	<b>377,136</b>	<b>128,061</b>	<b>24,293,074</b>
<b>Balance of statutory funds at end of the period</b>	<b>32,796,701</b>	<b>579,234</b>	<b>134,895</b>	<b>33,510,830</b>

	Family Takaful Investment Linked Business	Family Takaful Protection Business	Family Takaful Accidental and Health	Aggregate Year ended 31 December 2023
----- (Rupees in '000) -----				
<b>Income</b>				
Contribution less retakaful	7,627,261	515,080	-	8,142,341
Policy transfer from other statutory funds	10,597	-	-	10,597
Special reinstatement fee	35	-	-	35
Net investment income	5,111,576	220,124	-	5,331,700
<b>Total net income</b>	<b>12,749,469</b>	<b>735,204</b>		<b>13,484,673</b>
<b>Takaful Benefits and Expenditures</b>				
Claims net of retakaful recoveries	2,536,390	237,233	-	2,773,623
Policy transfer from other statutory funds	-	-	-	-
Provision for doubtful debts	-	1,819	-	1,819
Management expenses less recoveries	3,586,216	298,523	-	3,884,739
<b>Total Insurance Benefits and Expenditures</b>	<b>6,122,606</b>	<b>537,575</b>		<b>6,660,181</b>
<b>Excess of income over Takaful Benefits and Expenditures</b>	<b>6,626,863</b>	<b>197,629</b>		<b>6,824,492</b>
<b>Net Change in Takaful Liabilities (Other than outstanding Claims)</b>	<b>(6,706,216)</b>	<b>(81,091)</b>		<b>(6,787,307)</b>
<b>Surplus before tax</b>	<b>(79,353)</b>	<b>116,538</b>		<b>37,185</b>
<b>Movement in takaful liabilities</b>	<b>6,706,216</b>	<b>81,091</b>		<b>6,787,307</b>
<b>Transfer to and from Shareholder's Fund</b>				
Transfer of (surplus) / deficit to shareholders' fund	-	(49,975)	-	(49,975)
Capital contribution from share holders' fund	245,354	-	-	245,354
Net Transfer to/from shareholders' fund	245,354	(49,975)	-	195,379
<b>Balance of statutory funds at beginning of the period</b>	<b>16,915,660</b>	<b>229,482</b>		<b>17,145,142</b>
<b>Balance of statutory funds at end of the period</b>	<b>23,787,877</b>	<b>377,136</b>		<b>24,165,013</b>

**21.2 Segmental results by Line of Business**

	Statutory Funds		
	Individual Life Direct Sales Force	Individual Life Bancassurance	Total 2024
<b>Income</b>			
Gross premium			
- First year individual regular premium	562,925	1,256,011	1,818,936
- Individual renewal premium	1,819,726	4,248,411	6,068,137
- Individual single premium	110,144	45,335	155,479
- Group premium	-	-	-
<b>Total gross premium</b>	<b>2,492,795</b>	<b>5,549,757</b>	<b>8,042,552</b>
Reinsurance premium			
- Individual	53,216	37,188	90,404
- Group	-	-	-
<b>Total reinsurance premium</b>	<b>53,216</b>	<b>37,188</b>	<b>90,404</b>
<b>Net premium revenues</b>	<b>2,439,579</b>	<b>5,512,569</b>	<b>7,952,148</b>
Policy transfers to other statutory funds	23,291	-	23,091
Net investment income	2,932,990	5,837,887	8,770,877
	2,932,990	5,837,887	8,770,877
<b>Total net income</b>	<b>5,395,860</b>	<b>11,350,456</b>	<b>16,746,116</b>
<b>Insurance benefits and expenditures</b>			
Insurance benefits, including bonuses, net of reinsurance	1,437,301	2,687,097	4,124,398
Policy transfers to other statutory funds	-	-	-
Management expenses less recoveries	1,147,714	2,555,178	3,702,892
<b>Total insurance benefits and expenditures</b>	<b>2,585,015</b>	<b>5,242,275</b>	<b>7,827,290</b>
<b>Excess of income over insurance benefits and expenditure</b>	<b>2,810,845</b>	<b>6,108,181</b>	<b>8,918,826</b>
Add: Policyholder liabilities at beginning of the year	7,072,087	16,000,401	23,072,488
Less: Policyholder liabilities at end of the year	9,880,706	22,040,510	31,921,216
<b>Surplus before tax</b>	<b>2,226</b>	<b>68,072</b>	<b>70,098</b>

## 23 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 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	31 December 2024										
	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)											
<b>Financial assets measured at fair value</b>											
- Investments											
Government Securities (T-bills + PIBs + Sukuks)	22,315,389	-	-	-	-	-	22,315,389	-	22,315,389	-	22,315,389
Sukuk Bonds (other than government)	510,203	-	-	-	-	-	510,203	-	510,203	-	510,203
Listed equity securities	5,763,874	-	-	-	-	-	5,763,874	5,763,874	-	-	5,763,874
Unlisted equity securities	-	-	-	-	-	-	-	-	-	-	-
Units of mutual funds	-	-	-	-	-	-	-	-	-	-	-
Debt securities (Listed TFCs)	1,268,200	-	-	-	-	-	1,268,200	1,268,200	-	-	1,268,200
<b>Financial assets not measured at fair value</b>											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	1,491,894	-	-	-	1,491,894	-	-	-	-
- Balances with banks *	2,209,983	-	-	-	-	-	2,209,983	-	-	-	-
- Certificate of Investment	-	-	-	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-	-	-	-
- Investment income accrued	-	-	-	-	896,232	-	896,232	-	-	-	-
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	4,278,678	-	4,278,678	-	-	-	-
	<b>32,067,649</b>	-	<b>1,491,894</b>	-	<b>5,174,910</b>	-	<b>38,734,453</b>				
<b>Financial liabilities not measured at fair value</b>											
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Premium received in advance	-	-	-	-	-	313,421	313,421	-	-	-	-
Insurance / reinsurance payables	-	-	-	-	-	166,619	166,619	-	-	-	-
Other creditors and accruals	-	-	-	-	-	3,721,107	3,721,107	-	-	-	-
	-	-	-	-	-	<b>4,201,147</b>	<b>4,201,147</b>				
	<b>32,067,649</b>	-	<b>1,491,894</b>	-	<b>5,174,910</b>	<b>(4,201,147)</b>	<b>34,533,306</b>				

On balance sheet financial instruments

31 December 2023

	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)											
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T-bills + PIBs + Sukuks)	15,523,060	-	-	-	-	-	15,523,060	-	15,523,060	-	15,523,060
Sukuk Bonds (other than government)	523,441	-	-	-	-	-	523,441	-	523,441	-	523,441
Listed equity securities	2,481,285	-	-	-	-	-	2,481,285	2,481,285	-	-	2,481,285
Unlisted equity securities	-	-	-	-	-	-	-	-	-	-	-
Units of mutual funds	-	-	-	-	-	-	-	-	-	-	-
Debt securities (Listed TFCs)	1,259,200	-	-	-	-	-	1,259,200	1,259,200	-	-	1,259,200
<b>Financial assets not measured at fair value</b>											
- Government Securities (T-bills + PIBs + Sukuks)	-	-	1,175,648	-	-	-	1,175,648	-	-	-	-
- Balances with banks *	3,528,652	-	-	-	-	-	3,528,652	-	-	-	-
- Certificate of Investment	-	-	-	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-	-	-	-
- Investment income accrued	-	-	-	-	916,484	-	916,484	-	-	-	-
- Other loans and receivables (excluding markup accrued)*	-	-	-	-	2,384,415	-	2,384,415	-	-	-	-
	23,315,638	-	1,175,648	-	3,300,899	-	27,792,185	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-
Premium received in advance	-	-	-	-	-	292,278	292,278	-	-	-	-
Insurance / reinsurance payables	-	-	-	-	-	136,449	136,449	-	-	-	-
Other creditors and accruals	-	-	-	-	-	1,724,895	1,724,895	-	-	-	-
	-	-	-	-	-	2,153,622	2,153,622	-	-	-	-
	23,315,638	-	1,175,648	-	3,300,899	(2,153,622)	25,638,563	-	-	-	-

\*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.

24 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.

24.1 DATE OF AUTHORIZATION FOR ISSUE

These financial statement were authorized for issue by the Board of Directors of the Company in their meeting held on 25th February 2025.

  
 \_\_\_\_\_  
 Managing Director &  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Chief Financial  
 Officer

  
 \_\_\_\_\_  
 Director

\_\_\_\_\_  
 Vice-Chairman

  
 \_\_\_\_\_  
 Chairman



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 37131900, Fax +92 (21) 35685095

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of EFU Life Assurance Limited

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

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (both herein referred to as "the Code") prepared by the Board of Directors of **EFU Life Assurance Limited** ("the Company") for the year ended 31 December 2024 in accordance with the requirements of Regulation 36 of the Listed Companies Code of Corporate Governance Regulations, 2019 and provision lxxvi of the Code of Corporate Governance for Insurers, 2016.

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

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


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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2024.

**Date: 3 March 2025**

**Karachi**

**UDIN: CR202410106spEbfDITM**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

**EFU Life Assurance Limited**  
**Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 &**  
**Listed Companies (Code of Corporate Governance) Regulations, 2019,**  
**For the year ended 31 December 2024**

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

The Company, being an insurer, has applied the principles contained in the said Codes in the following manner:

1. The total number of directors are Eleven as per the following, -
  - a. Male: Ten
  - b. Female: One
  
2. The insurer ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Female Director	Mrs. Rukhsana Shah
Independent Director	Mr. Ruhail Muhammad
Independent Director	Mr. Ahsen Ahmed
Non-Executive Director	Mr. Taher G. Sachak
Non-Executive Director	Mr. Rafique R. Bhimjee
Non-Executive Director	Mr. Saifuddin N. Zoomkawala
Non-Executive Director	Mr. Hasanali Abdullah
Non-Executive Director	Mr. Syed Saad Salman
Non-Executive Director	Mr. Daanish Bhimjee
Non-Executive Director	Mr. Asad Nasir*
Executive Director	Mr. Mohammed Ali Ahmed

\*Mr. Ali Raza Siddiqui has resigned from the Board of Directors of the EFU Life Assurance Ltd with effect from December 27, 2024. Mr. Asad Nasir is appointed in his place with effect from February 01, 2025. (Subject to the approval from SECP)

The independent directors meet the criteria of independence under the Code.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies including this company.
  
4. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking

company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

5. A casual vacancy occurred during the year due to the resignation of Mr. Ali Raza Siddiqui from the Board of Directors of EFU Life Assurance Ltd, effective December 27, 2024. The vacancy was filled by the appointment of Mr. Asad Nasir in his place, effective February 1, 2025. (Subject to the approval from SECP)
6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and CCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman by the Board for this purpose. The Board met at least once in every quarter. The Board has complied with the requirement of the Act and CCG 2019 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
11. The management of the Company has arranged an orientation course for all its directors in the form of booklet which was submitted to the Board of Directors during the year to apprise them of their duties and responsibilities and also about changes in laws and regulations.
12. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
13. There was no change of Chief Financial Officer, Head of Internal Audit. The Board has approved the remuneration of CFO, Company Secretary and the Head of Internal Audit Department.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Listed Companies (CCG) Regulations, 2019 and fully describes the salient matters required to be disclosed.

15. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and Listed Companies (CCG) Regulations, 2019.
18. The Board has formed the following Management Committees under the Code:

Underwriting Committee:

Name of the Member	Category
Mr. Mohammed Ali Ahmed	Chairman (Chief Executive Officer)
Dr. Tajuddin A. Manji	Member
Mr. Muhammad Hasan Sheikh	Member
Dr. Asadul Hadi Siddiqui	Member

Claim Settlement Committee:

Name of the Member	Category
Mr. Mohammed Ali Ahmed	Chairman (Chief Executive Officer)
Mr. Azeem Iqbal Pirani	Member
Mr. Arshad Iqbal	Member
Dr. Ammara Moazzum	Member
Mr. Sajjad Hussain	Member

Reinsurance & Co-insurance Committee:

Name of the Member	Category
Mr. Mohammed Ali Ahmed	Chairman (Chief Executive Officer)
Mr. Raza Hasan	Member
Mrs. Zahny Amlany	Member

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Mohammed Ali Ahmed	Chairman (Chief Executive Officer)
Mr. Syed Shahid Abbas	Member
Mr. Azeem Iqbal Pirani	Member
Mr. Arshad Iqbal	Member
Mrs. Zahny Amlany	Member
Mr. Hasan Jivani	Member
Mr. Adnan Athar	Member

19. The Board has formed the following Board Committees.

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mrs. Rukhsana Shah	Chairperson (Independent Director)
Mr. Rafique R. Bhimjee	Member (Non-Executive Director)
Mr. Saifuddin N. Zoomkawala	Member (Non-Executive Director)
Mr. Taher G. Sachak	Member (Non-Executive Director)
Mr. Mohammed Ali Ahmed	Member (Chief Executive Officer)

Investment Committee:

Name of the Member	Category
Mr. Rafique R. Bhimjee	Chairman (Non-Executive Director)
Mr. Saifuddin N. Zoomkawala	Member (Non-Executive Director)
Mr. Taher G. Sachak	Member (Non-Executive Director)
Mr. Hasanali Abdullah	Member (Non-Executive Director)
Mr. Daanish Bhimjee	Member (Non-Executive Director)
Mr. Mohammed Ali Ahmed	Member (Executive Director)
Mr. Omer Morshed	Member (Appointed Actuary)
Mr. Syed Shahid Abbas	Member (Chief Financial Officer)

20. The Board has formed an Audit Committee. It comprises of six members, of whom two are independent directors and four are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. Ruhail Muhammad	Chairman (Independent Director)
Mrs. Rukhsana Shah	Member (Independent Director)
Mr. Hasanali Abdullah	Member (Non-Executive Director)
Mr. Taher G. Sachak	Member (Non-Executive Director)
Mr. Daanish Bhimjee	Member (Non-Executive Director)
Mr. Ali Raza Siddiqui*	Member (Non-Executive Director)

\*Ali Raza Siddiqui has resigned from the Board of Directors of the EFU Life Assurance Ltd with effect from December 27, 2024.

21. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance. The frequency of meeting of the committees were as follows:

	Name of Committee	Frequency
A	Ethics, Human Resource & Remuneration Committee	Twice a year
B	Investment Committee	Quarterly
C	Audit Committee	Quarterly
D	Underwriting Committee	Quarterly
E	Claim Settlement Committee	Quarterly
F	Reinsurance & Co-insurance Committee	Quarterly
G	Risk Management & Compliance Committee	Quarterly

22. The Quarterly meetings of audit Committee were held prior to approval of interim and final results of the Company and as required by the Code.
23. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.
24. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Mr. Mohammed Ali Ahmed	CEO & Managing Director
Mr. Syed Shahid Abbas	Chief Financial Officer
Mr. Hasan Jivani	Company Secretary & Compliance Officer
Mrs. Zahny Amlany	Actuary
Mr. Mohammad Abbas	Head of Internal Audit
Mr. Muhammad Hasan Sheikh	Head of Underwriting
Dr. Ammara Moazzum	Head of Claims
Mr. Raza Hasan	Head of Reinsurance
Mr. Adnan Ather	Head of Risk Management
Mrs. Nadia Bakhtiar	Head of Grievance Dept.

25. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.
26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
28. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code.
29. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
30. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code.
31. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
32. The Board ensures that as part of the risk management system, the Company gets rated from VIS credit rating agency which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency for the year is AA++ with stable outlook.
33. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
34. All directors of the company have acquired certification under the Director's training program.

35. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code.
36. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.
37. We confirm that all requirements no. 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (CCG) Regulations, 2019 have been complied with.

Regulation 6:

The independent directors are appointed in terms of Section 166 (3) of the Companies Act, 2017 (the "Act") through the process of election prescribed under Section 159 of the Act.

The Board has fixed the number of directors to be elected as ten (10) which included three (3) as independent directors which were duly elected by the shareholders in their extraordinary general meeting held on July 7, 2023. The Board of Directors have appointed a chief executive officer who is a deemed director in terms of Section 188 of the Act.

The fraction has not been rounded up to one as the Board believes and understands that three (3) independent directors are sufficient and have requisite competencies, skills, knowledge, and experience to fulfill their obligations as per requirements of the applicable law and regulations. Not warrant the appointment of a forth independent Director.

 _____ Managing Director & Chief Executive	 _____ Director	 _____ Vice-Chairman	 _____ Chairman
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Date: 25 February 2025

**MUFTI**  
**MUHAMMAD IBRAHIM ESSA**  
Shariah Advisor

**بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ**  
**ANNUAL SHARIAH REVIEW REPORT**  
**FOR THE YEAR ENDED 2024**

الحمد لله رب العالمين والعاقبة للمتقين والصلوة والسلام على اشرف الانبياء والمرسلين اما بعد

EFU Life Assurance Ltd started its Window Takaful Operations on 6<sup>th</sup> February 2015. By the grace of Allah, the year under review was the ten successful year of Family Takaful in EFU Life. In this year too, the Management, Distribution Channels and Board of Directors demonstrated their sincere efforts for the promotion of Takaful and underwritten good numbers in Takaful.

**Progress of the Year 2024:**

During the year under review; EFU Life Window Takaful Operations (EFU Life-WTO) has achieved significant successes, details of which are as follow:

1. Under the guidance of the undersigned EFU Life-WTO developed different Takaful Products especially in term Takaful to get the Takaful membership easily available for mass market focusing on the need of protection and investment.
2. All the distribution channels of EFU Life-WTO including Banca Takaful, Individual and Group Family Takaful segments performed very well and underwritten good figures in Takaful.

**Shariah Compliance:**

As Shari'ah Advisor of EFU Life-WTO and based on my review; I confirm that:

- I have carefully reviewed all the product documents of EFU Life-WTO including Takaful Policies, Brochures, Marketing materials, Agreements of Banca Takaful and Group Takaful etc. and Alhamdulillah I have found them in accordance with Shariah Principles.

**MUFTI**  
**MUHAMMAD IBRAHIM ESSA**  
Shariah Advisor

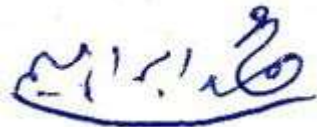
- Before launching of any Takaful Product, EFU Life-WTO took guidance and advice of Shari'ah from the undersigned and developed the Takaful Products in accordance with the guidelines provided by me as Shariah Advisor.
- Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that EFU Life has realized criticalities of this issue and from the day one, Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues are kept separate from its conventional insurance business, as per requirement of Shariah.
- Conducting Training and Development is an imperative for understanding the principles of Takaful and its practical outline. For this purpose EFU Life-WTO arranged both onsite and online classroom training sessions for its Distribution Channels working in their respective fields. I personally felt that participants gained significantly from these training sessions. I hope EFU Life-WTO will continue this practice in the future.

Generally, the Board of Directors and Management of EFU Life-WTO have shown their sincerity to comply with Shariah Rulings, therefore, I am of the view, that overall operations of Takaful in EFU Life are Shariah Compliant up to the best of my knowledge.

In the end; I pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to EFU Life Window Takaful Operations.

والسلام عليكم ورحمة الله وبركاته

MUFTI MUHAMMAD IBRAHIM ESSA  
Shariah Advisor- EFU LIFE  
Dated: 07 February, 2025





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
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## **INDEPENDENT REASONABLE ASSURANCE REPORT**

### **TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

We were engaged by the Board of Directors of **EFU Life Assurance Limited** ("the Company") to report on the management's assessment of compliance of with the Shariah Principles of Window Takaful Operations (Takaful Operations) of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2024, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status for the year ended 31 December 2024 of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

#### **Applicable Criteria**

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012 issued by the Securities and Exchange Commission of Pakistan

#### **Responsibilities of the Management**

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities.

The management is also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

#### **Our Independence and Quality Control**

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

The firm applies International Standard on Quality Management 1 "*Quality Control for Firms that perform Audits and Reviews of Financial Statements or Other Assurance and Related Services Engagements*" which requires the firm to design, implement and operate a system of quality control including policies and procedures regarding compliance with ethical requirements,



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professional standards and applicable legal and regulatory requirements.

### **Our responsibilities**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures, and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;
- Testing transactions relating to Takaful operations, on a sample basis, to assess compliance of tested transactions carried out in compliance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Reviewing the statement of management's assessment of compliance of the Takaful transactions during the year ended 31 December 2024 with the Takaful Rules, 2012.



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### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2024, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

**Date: 3 March 2025**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



## **STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

The financial arrangements, contracts and transactions, entered into by EFU Life Assurance Limited-Window Takaful Operations ('the Company') for the period from 1 January 2024 to 31 December 2024 are in compliance with the takaful rules, 2012.

Further we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with takaful rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such ruling and takaful rules, 2012 in their overall operations with zero tolerance. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Company has imparted training / orientations and ensured availability of all manuals / arrangements approved by Shariah advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and polices have been approved by the shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window takaful Operations are in accordance with the policies approved by Shariah Advisor.
- The assets and liabilities of window takaful Operations (Participants takaful fund and Operator's Sub fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the takaful rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Company.

Dated: 25 February, 2025

  
Managing Director &  
Chief Executive Officer