



Alfalah Insurance

ANNUAL REPORT

2024

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About us

Alfalah Insurance Company Limited, is one of the latest ventures of Abu Dhabi Group in Pakistan. Alfalah Insurance started operations towards the end of 2006 and since then we have already established offices in major cities of Pakistan including:

Lahore | Karachi | Islamabad | Faisalabad |
Peshawar | Gujranwala | Sialkot | Multan |
Hyderabad | Raheem Yar Khan

More branches opening soon.

Paid up Capital of Alfalah Insurance Company Limited was Rs 230 million which was almost three times the minimum paid up capital requirement of Rs 80 million needed to establish a general insurance company in Pakistan.

During the past fifteen years, the company has posted profitable results and thus has been able to increase the paid up capital to Rs. 500 Million through issuance of bonus shares in different phases.

Backed with the state of the art IT Platform, the company offer first class security and service to the insuring public comparable to international standards.

We are pleased to advise that we have secured the support from some of the most renowned reinsurers and are in a position to offer tailor made insurance coverage for the most complex industrial, commercial or financial risks.

We are member of Insurance Association of Pakistan (IAP) & Lahore Chamber of Commerce and Industry (LCCI). We have been awarded First FPCCI Achievement Award by The Federation of Pakistan Chamber of Commerce & Industry (FPCCI) for outstanding performance in year 2012.

The Abu Dhabi Group

Abu Dhabi Group is one of the largest foreign investors in Pakistan. Bank Alfalah Limited was the first investment of The Abu Dhabi Group in Pakistan in 1997 and after the spectacular success of Bank Alfalah Limited, the Group has invested in different sectors of the Pakistani economy. Following are the Group's other ventures, presently operating successfully in the country:



TAAVUN LIMITED



ALFALAH SECURITIES (PVT) LTD.



BANK ALFALAH LIMITED



WATEEN TELECOM



ALFALAH GHP INVESTMENT MANAGEMENT LIMITED



Company Information

Chairman

H.H. Sheikh Nahayan Mubarak Al Nahayan

Board of Directors

H.H. Sheikh Nahayan Mubarak Al Nahayan
 H.E Sheikh Saif Bin Mohammed Bin Butti
 Mr. Khalid Mana Saeed Al Otaiba
 Mr. Atif Bajwa
 Mr. Khaled Jamal Abdul Rahman Khanfar
 Ms. Anjum Hai
 Mr. Khurram Hussain

Director
 Director
 Director
 Director
 Director
 Director
 Director

*Chief Executive & Managing Director

Mr. Khurram Hussain

Chief Financial Officer & Company Secretary

Mr. Adnan Waheed

Board Committees:

Board Advisory/Strategy Committee:

Mr. Atif Bajwa
 Mr. Khaled Jamal Abdul Rahman Khanfar
 Ms. Anjum Hai
 Mr. Khurram Hussain

Chairman
 Member
 Member
 Member

Audit Committee:

Mr. Atif Bajwa
 Mr. Khaled Jamal Abdul Rahman Khanfar
 Ms. Anjum Hai
 Mr. Faisal Shahzad

Chairman
 Member
 Member
 Secretary

Ethics, Human Resource and Remuneration Committee:

Mr. Atif Bajwa
 Mr. Khaled Jamal Abdul Rahman Khanfar
 Ms. Anjum Hai
 Mr. Khurram Hussain
 Mr. Adnan Waheed

Chairman
 Member
 Member
 Member
 Secretary

Investment Committee:

Mr. Atif Bajwa
 Mr. Khaled Jamal Abdul Rahman Khanfar
 Ms. Anjum Hai
 Mr. Khurram Hussain
 Mr. Adnan Waheed

Chairman
 Member
 Member
 Member
 Member & Secretary

Management Committees:

Underwriting Committee:

Mr. Khurram Hussain
 Mr. Raza Javaid
 Mr. Faisal Arshad
 Mr. Amer Sarfraz

Chairman
 Member
 Member
 Member & Secretary

Claims Settlement Committee:

Mr. Khurram Hussain
 Mr. Adnan Waheed
 Ch. Manzoor Hussain

Member
 Member
 Member & Secretary

Reinsurance, Re-takaful and Coinsurance Committee:

Mr. Khurram Hussain
 Mr. Faisal Arshad
 Mr. Shahzad Aamir

Chairman
 Member
 Member & Secretary

Risk Management & Compliance Committee:

Mr. Khurram Hussain
 Mr. Adnan Waheed
 Mr. Faisal Shahzad
 Mr. Naveed Akbar

Chairman
 Member
 Member
 Member & Secretary

Conventional Banks

Bank Alfalah Limited
 Khushhali Bank Ltd
 The Bank of Punjab
 Zarai Taraqati Bank Ltd
 Mobilink Microfinance Bank
 Silk Bank Limited
 NRSP Micro Finance Bank
 Habib Bank Limited
 Summit Bank Limited
 Finca Micro Finance Bank
 Soneri Bank Limited
 The Punjab Provincial Cooperative Bank Ltd
 Faysal Bank Limited

Takaful Banks

Bank Alfalah Limited
 Askari Bank Limited
 Meezan Bank Limited
 Dubai Islamic Bank

Auditors

M/s A. F. Fergusson & Co,
 Chartered Accountants

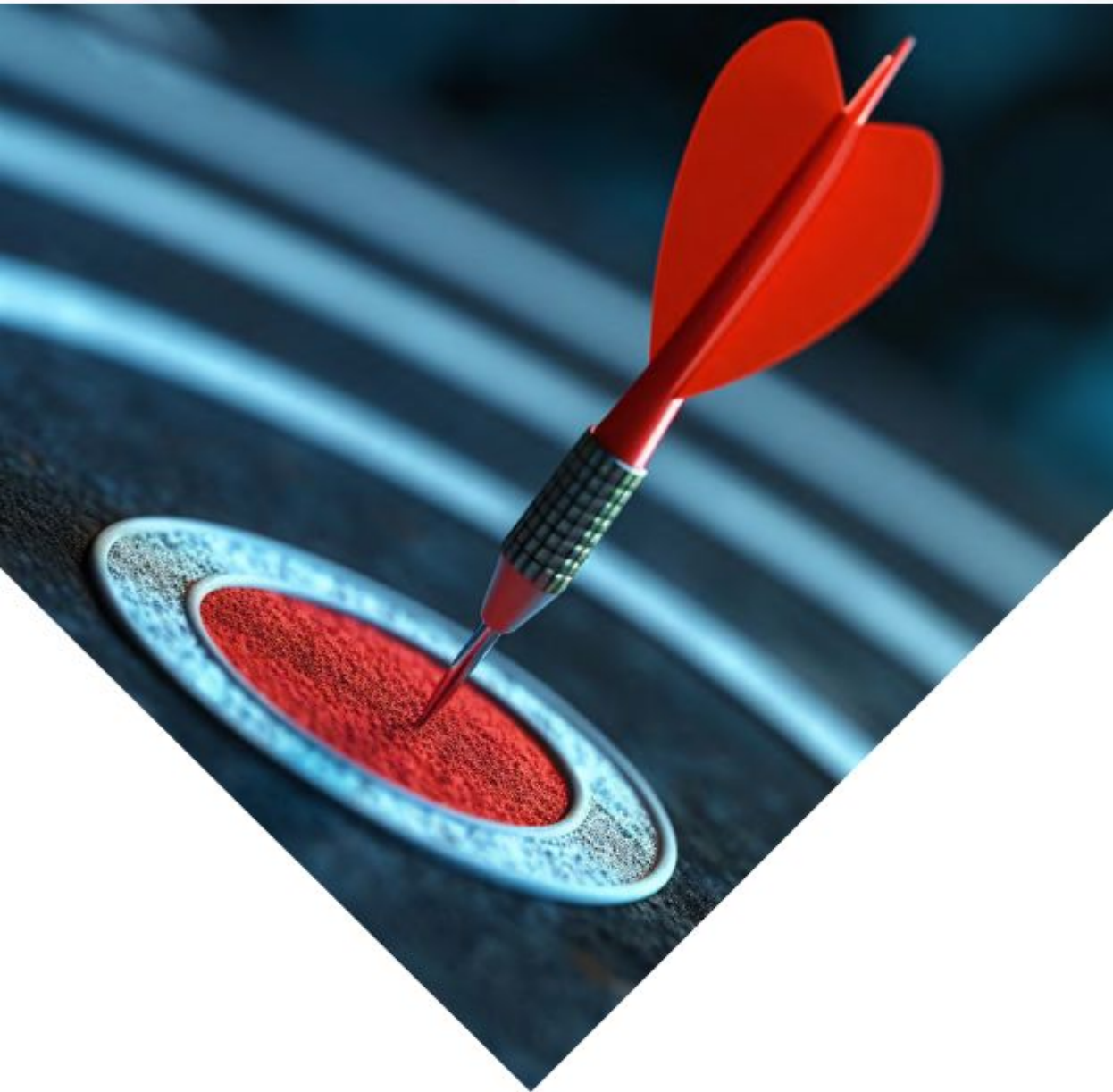
Legal Advisors

Mahmood & Partners

Head Office

5-Saint Mary Park,
 Gulberg III, Lahore
 UAN:111-786-234
 Fax:92-42-35774329
 Email:afi@alfalahinsurance.com
 Web:www.alfalahinsurance.com

*Mr. Abdul Haya resigned as CEO W.e.f 06th December 2024 | Mr.Khurram Hussain Joined the office as CEO w.e.f. 07th December 2024



● Vision & Mission

VISION

To be a leading insurer by providing the most comprehensive yet flexible cost effective risk management solutions to our clients backed with friendly and efficient claims service and enhance the Alfalah brand value for the benefit of all stakeholders.

MISSION

We undertake to provide world class service with unmatched security to our clients and help in increasing awareness about insurance in the country as well as enhancing public confidence in the insurance industry in Pakistan.

We will introduce new modern insurance products comparable with international standards and will emerge as an innovative insurer providing complete risk management solutions to the insuring public in Pakistan.

Board of Directors



H.H. Sheikh Nahayan Mubarak Al Nahayan
Chairman



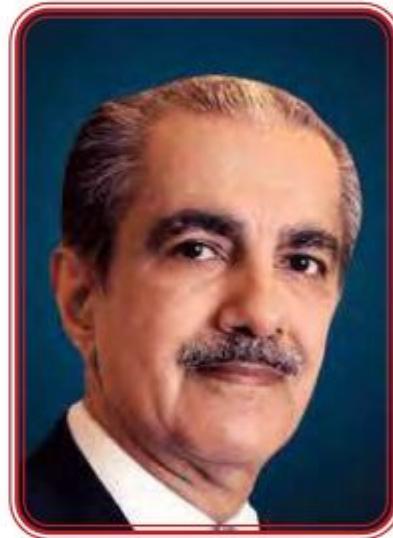
His Excellency Sheikh
Saif Bin Mohammed Bin Butti
Director



Mr. Khalid Mana Saeed Al Otaiba
Director



Mr. Khaled Khanfer
Director



Mr. Atif Bajwa
Director



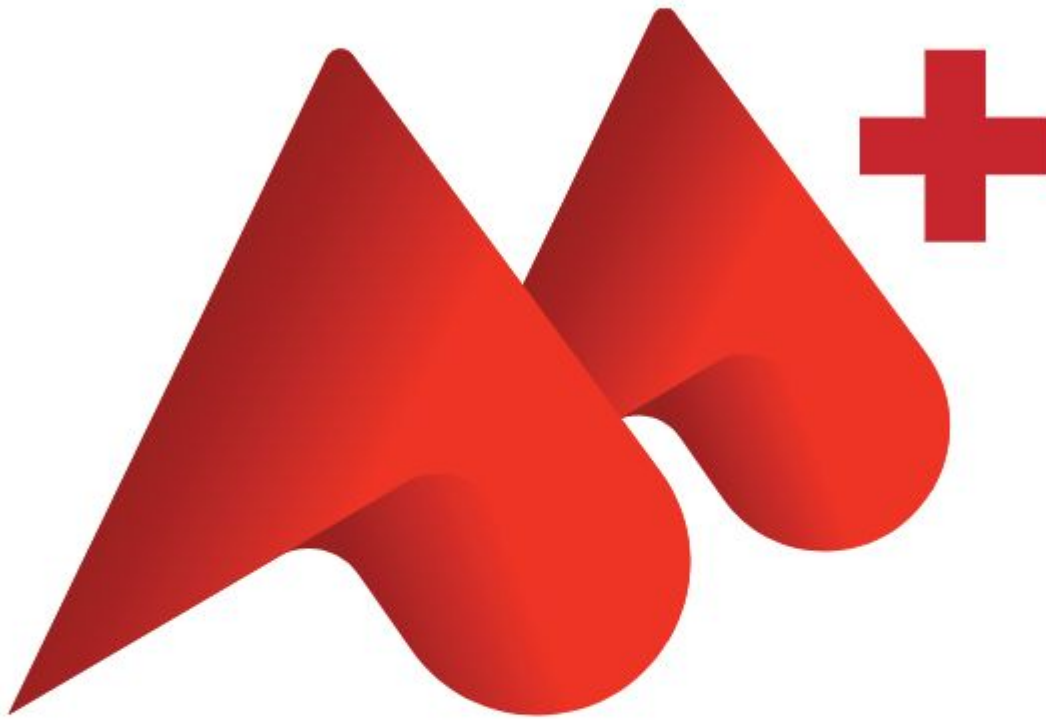
Ms. Anjum Hai
Director



Mr. Khurram Hussain
CEO

“A” IS IN OUR DNA

UPGRADED TO “AA+” BY PACRA



Alfalah Insurance takes pride in upholding Abu Dhabi Group's legacy of performance excellence by achieving an upgrade to **“AA+”** by **PACRA**.

We generously thank our esteemed customers, shareholders, employees, and the stakeholders for motivating us to achieve this milestone.



MOTOR



INDUSTRIAL



PROPERTY



CARGO



TEXTILE



TRAVEL



ENERGY



HEALTH



AGRICULTURE

Directors Report to the Share Holders

The Directors of Alfalah Insurance Company Limited are pleased to submit 19th Annual Report of your Company, together with audited financial statements for the year ended December 31, 2024.

ECONOMIC OVERVIEW

In 2024, Pakistan's economy experienced a remarkable recovery, driven by its timely entry into the IMF's Extended Fund Facility (EFF) program, which played a key role in stabilizing the economic landscape. Inflation, which had soared to 30% at the beginning of the year, plummeted to below 5%, allowing the State Bank of Pakistan to reduce the policy rate from a record-high 22% to 13%. This aggressive monetary easing, alongside a stable Pakistani Rupee (PKR), significantly improved the external account, with consistent monthly current account surpluses and foreign exchange reserves rising to cover more than 2.5 months of imports. The KSE100 index saw its best December performance in two decades, surging by 14%, bringing the year's total gains to 84%. Despite ongoing political uncertainties, equities were buoyed by favorable macroeconomic indicators, including falling inflation and declining fixed-income yields. The year

concluded on a strong note, with Pakistan's economic fundamentals significantly strengthened and investor confidence restored.

The Economic outlook for Pakistan in 2025 remains cautiously optimistic, contingent on the successful implementation of structural reforms and external factors. Political stability and coherent policymaking will be pivotal in ensuring progress, as consistent governance is essential for fostering investor confidence and implementing long-term economic strategies.

INSURANCE SECTOR

The insurance industry managed to grow by 12% on the basis of the nine months ended September 30, 2024 versus same period last period. This growth was mainly dominated by the fire & health segment. The anticipated



reduction in discount rates during the year presents a promising opportunity for the motor insurance, as lower borrowing costs are expected to increase automobile financing and, consequently, insurance demand.

The SECP played a pivotal role in developing and supervising the insurance sector during the year. The SECP guided the signing of a Memorandum of Understanding between insurance companies and the Central Depository Company which aims to establish Pakistan's first centralized auto insurance repository. The SECP also released comprehensive industry-wide statistics for 2023, which provided valuable insights for stakeholders, enabling them to make informed policy and strategic decisions. These statistics helped in identifying industry trends and areas of improvement. The SECP is also actively working on the implementation of IFRS-17, revising minimum paid up capital requirements of the insurance companies and introducing Risk Based Capital Regime. These initiatives collectively aim to strengthen the regulatory framework, enhance the financial soundness of insurers, and build stakeholder confidence, ultimately contributing to the sustainable growth and modernization of Pakistan's insurance sector.

ALFALAH INSURANCE PERFORMANCE

The year 2024 proved to be yet another strong year in the Company's history, as it achieved a notable profitability. Improvement in overall loss ratio coupled with exceptional investment income, propelled the Company into a strong financial position. The Company posted a profit before tax (PBT) of Rs. 1,110 million, representing a remarkable 28% increase compared to the previous year.

On a consolidated basis, the Company underwrote a gross premium/contribution of

Rs. 5,228 million, reflecting an 8% increase compared to the previous year. Net premium revenue grew by Rs. 211 million (13%), primarily driven by growth in the health segment. Net claims expense increased by Rs. 87 million (8%) over last year but the overall loss ratio improved from 68% of last year to 65% this year. This improvement was observed across all business lines. Net commission income saw a slight decline of Rs. 4 million (7%). The management and administrative expenses increased by Rs. 176 million (29%), largely due to annual increase in salaries and employee benefits coupled with inflationary pressures. Investment and other income increased substantially, growing by Rs. 280 million (42%) from the previous year. This growth was primarily attributed to elevated discount rates in the early quarters, strong stock market performance in the latter part of the year, and an expanded investment float. The Company's window takaful operations also reported a profit increase of Rs. 7 million (4%), driven by higher investment income. In total, the Company achieved a profit before tax (PBT) of Rs. 1,110 million, marking a remarkable 28% growth compared to the previous year. The return on equity (ROE) for the year stood at 23% in comparison to 24% of last year.

Segment Wise Profitability At Glance

	Net Premium Revenue	Net Claim	Net Commission	Segment Profitability 2024	Segment Profitability 2023	Variance	%
Fire	74,766	24,072	(7,981)	58,675	19,979	38,696	194%
Marine	27,311	842	(5,423)	31,892	19,979	11,913	60%
Motor	747,014	332,937	13,971	400,106	362,081	38,025	11%
Misc.	70,174	30,058	(61,005)	101,121	93,113	8,008	9%
Health	977,424	851,415	(1,281)	127,290	104,039	23,251	22%
Total	1,896,689	1,239,324	(61,719)	719,084	599,191	119,893	20%

Fire Segment contributed a profit of Rs. 59 million, a significant improvement compared to Rs. 20 million in the previous year. This growth was driven by an increase in premium revenue and an improved loss ratio. The previous year included one-off losses, which were substantially improved in the current year.

Marine Segment contributed additional profit of Rs12m i.e. 60%. This growth was primarily driven by a significant improvement in the loss ratio during the year.

Motor Segment contribution was increased by Rs38m i.e. 11%. This growth was primarily driven by a significant improvement in the loss ratio during the year.

Miscellaneous segment's contribution increased by Rs. 8 million, representing a 9% growth compared to the previous year. This growth was driven by higher premium revenue and enhanced commission income.

Health Segment contribution was increased by(Rs23m.)This growth was driven by higher premium revenue.

Reinsurance plays a vital role in the operations of any insurance company, and we are proud to have the support of leading reinsurers. Over the years, we have strengthened and enhanced these partnerships, creating mutually beneficial relationships for both the reinsurers and the Company.

The Company followed a policy of optimizing

retention of risk through a carefully designed program of insurance risk management. The Company has expanded its risk capacities, not only for traditional reinsurance arrangements but also for specialized lines, enabling us to better serve our clients and strengthen our market position.

Window Takaful Operations (WTO) was able to underwrite contribution of(Rs770m)i.e. 14% higher than last year. The Shareholder Fund (SHF) of the WTO also reported a profit increase of Rs. 7 million (4%), driven by higher investment income. Similarly, the surplus in the Participants Takaful Fund (PTF) was also improved by Rs. 11 million (15%) over last year, also reflecting enhanced investment returns.

EARNING PER SHARE

During the year after tax earnings per share was Rs.13.62 (2023: Rs.10.63). Detailed working has been reported in Note 34 to the financial statements.

AUDITORS

M/s A. F. Ferguson & Co., Chartered Accountants, being eligible for appointment, have shown their willingness to act as external and Shariah Compliance auditors of the Company for the year ending December 31, 2025. The Audit Committee and Board of

directors in their respective meetings have recommended M/s A. F. Ferguson & Co., Chartered Accountants as external and Shariah Compliance Auditors of the Company for the year ending December 31, 2025.

BOARD OF DIRECTORS MEETINGS

During the year 2024, four (4) meetings of the Board were held, with attendance as follows;

Name of Directors

H.H Sheikh Nahayan Mabarak Al Nahayan	4
H.E Sheikh Saif Bin Mohammad Bin Butti	-
Mr. Khalid Mana Saeed Al Otaiba	4
Mr. Atif Bajwa	4
Mr. Khaled Jamal Abdul Rahman Khanfar	4
Mr. Tanveer Hussain Awan	4
Ms. Anjum Hai	4
Mr. Abdul Haye	4
Leave of absence was granted to those Directors who could not attend the Board Meetings.	

INSURERS FINANCIAL RATING STRENGTH

PACRA, during its recent review conducted on 29th May 2024, has maintained the IFS rating of your Company at "AA+" (Double A Plus) with stable outlook. This rating denotes Very strong capacity to meet policy holders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.

AUDIT COMMITTEE

As required under the Code of Corporate Governance, the Board of Directors has established an Audit Committee comprising of the following non-executive directors:

- Mr. Atif Bajwa – Chairman
- Mr. Khaled Jamal Abdul Rahman Khanfar – Member
- Ms. Anjum Hai – Member

RELATED PARTY TRANSACTIONS

At each board meeting, the Board of Directors approved company's transactions made with related parties. All the transactions executed with related parties were on commercial terms and conditions.

STATEMENT OF ETHICS AND BUSINESS PRACTICES/CODE OF CONDUCT

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The provisions of the Code of Corporate Governance for insurance companies have been complied with during the year under review which was as follows:

The financial statements, together with the notes thereon have been drawn up in conformity with the Insurance Ordinance 2000 and rules thereunder and Companies Act, 2017.

These statements present fairly the company's state of affairs, results of its operations, cash flow and changes in equity.

Proper books of accounts have been maintained by the company.

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

The International Accounting Standards, International Financial Reporting Standards or any other regulation or law as applicable in

Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuous process and any weakness will be removed and its effective implementation shall be ensured.

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

There has been no material departure from the best practices of corporate governance.

Key operating and financial data is separately annexed with the report.

Outstanding taxes and duties are given in the financial statements.

The value of investments of provident and gratuity fund on the basis of un-audited accounts as on December 31, 2024 is as follows:

	Rs in '000'
• Provident Fund	132,142
• Gratuity Fund	152,936

The statement of pattern of shareholding in the Company as on December 31, 2024 is separately annexed with the report.

STATEMENT OF COMPLIANCE UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE 2000

The directors of Alfalah Insurance Company Limited hereby certify that in their opinion:

- the annual statutory accounts of the Company annexed here to have been drawn up in accordance with the Ordinance and any rules made thereunder;
- the Company has at all times in the period complied with the provisions of the Ordinance and the rules made thereunder relating to paid up capital, solvency and reinsurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the ordinance and the rules

made thereunder relating to paid up capital, solvency and reinsurance arrangements.

FUTURE OUTLOOK

With a shareholder's equity of Rs. 3.3 billion and AA+ IFS rating, Alfalah Insurance is well-positioned to increase its market share while upholding its prudent underwriting policies that have been the cornerstone of its resilience, even during challenging times in its early years. We view 2025 as a transformational year for the company, and while we are cognizant of the challenges ahead, we have set ambitious goals that we are confident to achieve, by leveraging the phenomenal strength of our shareholders.

We recognize that the overall financial sector is evolving by focusing on innovation including developing affordable products, expanding digital distribution channels, and adopting technologies to enhance the overall customer experience and operational efficiency. Alfalah Insurance is poised to capitalize on these opportunities by maintaining financial stability, expanding its product offerings, and prioritizing customercentric approach. With a clear vision, strong backing, and successful execution, we aim to not only strengthen our position in the market but also contribute to the sustainable growth of Pakistan's insurance sector.

Our commitment to transparency and regulatory compliance remains unwavering as we continue to engage closely with regulators to ensure that our operations align with industry standards. As a responsible corporate entity, our goal is not only to meet but to exceed the expectations of our shareholders, both in 2025 and beyond.

ACKNOWLEDGEMENT

We extend our heartfelt gratitude to our Chairman, H.H Sheikh Nahayan Mubarak Al Nahayan, and the Board of Directors for their wise guidance and unwavering support

throughout the year. We are equally thankful to our sponsor shareholders, valued clients, and reinsurers for their collective contributions to the Company's success. We would like to place on record our special thanks to the Securities & Exchange Commission of Pakistan for their invaluable guidance during the year, and to Pakistan Reinsurance Company for their continued

support.

Lastly, we express our deepest appreciation to our executives, officers, and staff for their hard work, dedication, and commitment to growth. Their relentless efforts have been instrumental in establishing the Company as a leading insurer in Pakistan.

On behalf of the Board,



Director



Chief Executive Officer

Historical financial Information of Last ten (10) Years

Description	For the Year Ended on December 31									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross Premium Written	4,458,154	4,166,123	4,374,858	3,499,285	2,810,203	2,666,478	2,338,699	2,082,006	1,924,316	1,545,612
Net Premium Revenue	1,896,689	1,685,318	2,218,696	1,934,765	1,726,381	1,583,734	1,302,298	1,043,222	916,586	780,180
Net Claim Expense	(1,239,324)	(1,152,221)	(1,198,482)	(988,076)	(742,441)	(658,573)	(617,966)	(470,630)	(493,076)	(429,297)
Management Expenses	(701,975)	(543,586)	(489,130)	(416,161)	(408,871)	(405,266)	(397,735)	(383,559)	(370,370)	(267,333)
Net Commission	61,719	66,094	(496,905)	(422,776)	(487,481)	(446,852)	(262,400)	(88,341)	33,028	96,608
Underwriting Profit	27,946	50,978	37,094	117,661	94,404	81,791	24,197	100,692	86,168	180,158
Investment/Other Income	950,443	670,851	318,771	212,727	261,240	165,694	72,675	78,888	119,407	77,137
Admin Expenses	(66,323)	(52,405)	(33,597)	(30,418)	(28,390)	(24,238)	(16,091)	(11,095)	(12,489)	(103,784)
Profit before tax	1,109,611	863,650	457,099	365,422	381,903	253,053	80,782	168,485	193,086	153,511
Profit from Window Takaful	127,506	112,967	142,528	75,361	61,467	38,554	14,407	8,410	1,890	-
Income tax	(428,797)	(331,966)	(153,747)	(99,582)	(108,175)	(93,709)	(29,421)	(53,855)	(65,602)	(38,297)
Profit after tax	680,814	531,684	303,352	265,840	273,730	159,344	65,768	123,040	129,374	115,214
Paid up Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Share deposit money	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381
General Reserve	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Fair value reserve	316,228	61,815	(34,945)	9,210	72,902	33,015	(50,777)	951	52,160	9,453
Un-appropriated Profit	2,327,781	1,800,129	1,377,462	1,172,911	907,299	627,989	466,262	402,085	281,644	153,935
	3,295,390	2,513,325	1,993,898	1,833,502	1,631,582	1,312,385	1,066,866	1,054,417	985,185	814,769
Earnings per Share	13.62	10.63	6.07	5.32	5.47	3.19	1.32	2.46	2.59	2.30
Breakup Value per Share- with fair value adjustment	60.90	50.27	39.88	36.67	32.54	26.25	21.34	21.09	19.70	16.30
Breakup Value per Share without fair value adjustment	59.58	49.03	40.58	36.48	31.17	25.59	22.38	21.07	18.66	16.11
Net Loss Ratio	-65%	-68%	-54%	-51%	-43%	-42%	-47%	-45%	-54%	-55%
Expense Ratio	-17%	-14%	-12%	-13%	-16%	-16%	-18%	-19%	-20%	-24%
Underwriting Profit to Net Premium	1%	3%	2%	6%	5%	5%	2%	10%	9%	23%
Return on Average Equity	23%	24%	16%	15%	19%	13%	6%	12%	14%	15%
Windows Takkaful Operations										
Gross contribution revenue	770,379	676,408	589,457	504,771	373,370	338,869	263,203	175,491	98,065	-
Net contribution revenue net of Wakala	369,983	349,730	277,613	225,562	186,648	176,244	131,516	93,134	20,997	-
Restakafal rebate earned	25,350	20,076	18,696	15,443	13,261	7,513	5,430	3,177	1,060	-
Net claims expenses	371,433	336,891	(282,062)	(200,802)	(164,628)	(147,832)	(105,898)	(78,271)	(17,913)	-
Direct expenses	(1,950)	(2,977)	(5,929)	(11,875)	(18,565)	(24,656)	(27,663)	(21,203)	(18,595)	-
Investment / other income	96,474	69,470	39,278	13,869	16,391	16,392	6,572	3,958	744	-
(Provision) / Reversal of doubtful	-	-	(8,373)	(1,185)	(723)	-	-	-	-	-
Surplus / (deficit) - before taxation	118,424	99,408	39,223	41,012	32,384	28,088	9,957	795	(13,707)	-
Surplus / (deficit) - PTF	80,799	69,958	25,754	24,638	32,384	28,088	9,957	795	(13,707)	-

Pattern of Share Holding As at December 31, 2024

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
-	1	100	-
2	101	500	1,000
-	501	1,000	-
4	1001	5,000	6,030
-	5,001	10,000	-
1	10,001	2,500,000	2,500,000
3	2,500,001	5,000,000	14,997,822
1	5,000,001	15,000,000	14,997,825
1	15,000,001	20,000,000	17,497,323
Total 12			50,000,000

Classification of Shares Categories As at December 31, 2024

Categories of Members	Number of Shareholders	Number of Shares Held	Percentage
Individuals having shareholding five percent or more	3	12,497,822	25.00%
H.H. Sheikh Hamdan Bin Mubarak Bin Mohammed Al Nahayan		2,500,000	5.00%
H.E. Sheikh Mohammed Bin Butti Hamid Al Hamid		4,998,911	10.00%
H.E. Dr. Mana Saeed Al Otaiba		4,998,911	10.00%
Associated Companies	1	14,997,825	30.00%
M/s Bank Alfalah Limited		14,997,825	30%
Directors and CEO	7	17,504,353	35.01%
H.H. Sheikh Nahayan Mabararak Al Nahayan		17,497,323	34.99%
H.E. Sheikh Saif Bin Mohammed Bin Butti		1,085	0.002%
Mr. Khalid Mana Saeed Al Otaiba		1,085	0.002%
Mr. Atif Aslam Bajwa		500	0.001%
Mr. Khaled Jamal Abdul Rahman Khankfar		500	0.001%
Ms. Anjum Hai		1,085	0.002%
Mr. Khurram Hussain		2,775	0.006%
Companies having shareholding five percent or more	1	5,000,000	10.00%
M/s Electromechanical Co. LLC		5,000,000	10.00%
Total	12	50,000,000	100.00%

حصص داروں کے نام ڈائریکٹرز کی رپورٹ

الفلاح انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز آپ کی کمپنی کی انیسویں سالانہ رپورٹ بخوشی پیش کر رہے ہیں۔ جس میں ۳۱ دسمبر ۲۰۲۳ء کو اختتام پذیر سال کے پڑتال شدہ مالیاتی گوشوارے بھی شامل کئے گئے ہیں۔

معاشی جائزہ

سال ۲۰۲۳ء میں پاکستانی معیشت، بین الاقوامی مالیاتی فنڈ^۱ کے توسیع شدہ فنڈ کے سہولتی پروگرام^۲ میں بروقت شمولیت کی وجہ سے ایک غیر معمولی بحالی کے عمل سے گزری، جس نے معاشی حالات کے استحکام میں ایک اہم کردار ادا کیا۔ افراط زر^۳، جو کہ سال کے آغاز میں ۳۰ فیصد تک بڑھ چکی تھی، ۵ فیصد سے بھی نیچے چلی گئی۔ جس نے بینک دولت پاکستان^۴ کو شرح سود^۵ ۲۲ فیصد کی بلند ترین سطح سے کم کر کے ۱۳ فیصد تک لانے میں مدد دی۔ جارحانہ انداز میں پیدا کی گئی اس مالیاتی آسانی کے ساتھ ساتھ ایک مستحکم پاکستانی روپے^۶ نے، بیرونی کھاتے^۷ میں نمایاں بہتری کے علاوہ جاری حسابات^۸ میں مسلسل بیشی اور زر مبادلہ کے ذخائر میں اڑھائی ماہ کی درآمدات کے برابر اضافہ کیا۔ کراچی سٹاک ایکسچینج^۹ ۱۰۰ انڈیکس^۹ نے دسمبر میں ۱۴ فیصد کی تیزی کے ساتھ دو دہائیوں کی بہترین کارکردگی دیکھی، جس نے سال کے مجموعی نفع کو ۸۴ فیصد تک پہنچا دیا۔ رواں غیر یقینی سیاسی صورتحال کے باوجود، مالکیت^{۱۰} میں موافق کلاں معاشی اشاریوں^{۱۱} کی وجہ سے بہتری آئی، جس میں افراط زر میں ہوتی ہوئی کمی اور گرتی ہوئی مقررہ آمدنی کی پیداوار^{۱۲} شامل ہیں۔ یہ سال ایک واضح پیغام پر منتج ہوا، جس میں پاکستان کی اقتصادی اساسیات میں نمایاں مضبوطی اور سرمایہ کار کے اعتماد کی بحالی شامل ہیں۔

¹ IMF

² Extended Fund Facility (EFF) program

³ Inflation

⁴ State Bank of Pakistan

⁵ Policy rate

⁶ PKR

⁷ External account

⁸ Current account

⁹ KSE100 index

¹⁰ Equities

¹¹ Macroeconomic indicators

¹² Fixed-income yields

پاکستان کے لیے ۲۰۲۵ء کا معاشی جائزہ ایک محتاط اندازے کے مطابق پر امید ہے، جو کہ تعمیری اصلاحات کے کامیاب نفاذ اور بیرونی عوامل پر منحصر ہے۔ سیاسی استحکام اور مربوط پالیسی سازی، ترقی کو یقینی بنانے میں بنیادی حیثیت رکھتے ہیں، کیونکہ سرمایہ کار کے اعتماد کے فروغ اور طویل مدت معاشی حکمت عملی پر عمل درآمد کے لیے انتظامی تسلسل ضروری ہے۔

بیمہ کاری کا شعبہ

بیمہ کاری کا شعبہ نومبر ۲۰۲۳ء تک، گزشتہ برس کے اسی دورانیے کے مقابلے میں ۱۲ فیصد کی نمو پانے میں کامیاب رہا۔ اس نمو میں بنیادی طور پر آتشزدگی اور صحت کے شعبے سب سے نمایاں رہے۔ دوران سال کل وقتی کی شرح میں متوقع کمی، موٹر کے بیمے کے لیے ایک پر امید موقع پیش کر رہی ہے، کیونکہ قرض لینے کے اخراجات میں کمی کی وجہ سے کار ماکاری^{۱۳} میں اضافہ متوقع ہے، جس کے سبب بیمہ کاری کی طلب بھی بڑھے گی۔

دوران سال سیکورٹی اینڈ ایچینج کمیشن آف پاکستان (ایس، ای، سی، پی) نے بیمے کے شعبے کی ترقی اور نگرانی میں اہم کردار ادا کیا۔ ایس، ای، سی، پی نے بیمہ کار کمپنیوں اور مرکزی تحویل دار کمپنی^{۱۵} کے درمیان مفاہمت کی یادداشت پر دستخط کروانے میں رہنمائی کی، جس کا مقصد پاکستان کا پہلا مرکزی کار بیمے کا مخزن قائم کرنا ہے۔ ایس، ای، سی، پی نے اس صنعتی حلقے سے متعلق ۲۰۲۳ء کی جامع شماریاتی تفصیل کا اجراء کیا، جس سے شراکت داروں کو پیش بہا آگاہی ملی اور وہ اس قابل ہوئے کہ پالیسی اور تدبیری فیصلوں سے باخبر رہ سکیں۔ ان شماریاتی تفصیل نے اس صنعت کے رجحانات اور بہتری کے دائرہ کار کی شناخت میں مدد دی۔ ایس، ای، سی، پی، بین الاقوامی مالیاتی رپورٹنگ کے معیار^{۱۶} کو نافذ کرنے کے لیے بھی فعال طور پر کام کر رہی ہے، یہاں کار کمپنیوں کے لیے کم از کم مکرر بیمے^{۱۷} کی ضروریات پر نظر ثانی کر رہی ہے اور رسک پر مبنی سرمائے کا نظام^{۱۸} متعارف کروا رہی ہے۔ ان اقدامات کا مقصد مجموعی طور پر نظم و نسق کے ڈھانچے کو مضبوط بنانا، بیمہ کاروں کی مالی حالت میں بہتری لانا، شراکت داروں کو اعتماد میں لینا ہے اور بالآخر پاکستان کے بیمے کے شعبے کی پائیدار ترقی اور جدت میں کردار ادا کرنا ہے۔

¹³ Automobile financing

¹⁴ SECP

¹⁵ Central Depository Company

¹⁶ IFRS-17

¹⁷ Paid up capital

¹⁸ Risk Based Capital Regime

الفلاح انشورنس کمپنی کی کارکردگی

سال ۲۰۲۳ء کمپنی کی تاریخ میں ایک اور اہم سال ثابت ہوا، کیونکہ اس سال کمپنی قابل ذکر منافع کے حصول میں کامیاب ہوئی۔ نقصان کی شرح میں اس مجموعی بہتری کے ساتھ ساتھ غیر معمولی سرمایہ کاری کی آمدن نے کمپنی کو ایک مضبوط مالی مقام تک پہنچا دیا۔ کمپنی نے ٹیکس کے بغیر ¹⁹ ۱،۱۱۰ ملین روپے کا منافع حاصل کیا، جو گزشتہ برس کے مقابلے میں ۲۸ فیصد کے غیر معمولی اضافے کو ظاہر کرتا ہے۔

مجموعی طور پر، کمپنی نے ۵،۲۲۸ ملین روپے کے خام بیسے ²⁰ / اعانت کی ذمہ نویسی ²¹ تحریر کی، جو گزشتہ برس کے مقابلے میں ۸ فیصد اضافے کو ظاہر کرتی ہے۔ خالص بیمہ کی آمدن ²² میں ۱۳ فیصد کے حساب سے ۲۱۱ ملین روپے کا اضافہ ہوا، جس کی بنیادی وجہ صحت کے شعبے کی بہتری ہے۔ کل دعووں کے اخراجات میں گزشتہ برس کی نسبت ۸ فیصد کے حساب سے ۸۷ ملین روپے کا اضافہ ہوا، لیکن نقصان کی شرح میں گزشتہ برس کے ۶۸ فیصد کی نسبت اس برس ۶۵ فیصد کے حساب سے بہتری آئی۔ تمام کاروباری شعبوں میں یہ بہتری دیکھنے میں آئی۔ خالص کمیشن کی آمدن میں ۷ فیصد کے حساب سے ۴ ملین روپے کی معمولی کمی دیکھنے میں آئی۔ انتظامی و نظم و نسق کے اخراجات میں ۲۹ فیصد کے حساب سے ۱۷۶ ملین روپے کا اضافہ ہوا، جس کی بڑی وجہ تنخواہوں اور ملازمین کی مراعات میں سالانہ اضافے کے ساتھ ساتھ افراط زر کا دباؤ تھا۔ سرمایہ کاری و دیگر آمدنی میں معقول اضافہ ہوا، جس میں گزشتہ برس کی نسبت ۴۲ فیصد کے حساب سے ۲۸۰ ملین کا اضافہ ہوا۔ یہ اضافہ بنیادی طور پر، ابتدائی سہ ماہیوں میں کنٹوتی کی شرح میں اضافے، سال کے اواخر میں بازار حصص کی زبردست کارکردگی اور رواں سرمایہ کاری ²³ کے بڑھنے سے منسوب کیا گیا۔ کمپنی کے ونڈو ہیکافل آپریشنز میں ۴ فیصد کے حساب سے ۷ ملین روپے کا منافع ریکارڈ کیا گیا، جس کے وجہ سرمایہ کاری کی آمدن میں اضافہ ہے۔ مجموعی طور پر، کمپنی نے ٹیکس کے بغیر ¹⁹ ۱،۱۱۰ ملین روپے کے منافع کا حصول ممکن بنایا، جو گزشتہ برس کے مقابلے میں ۲۸ فیصد کے غیر معمولی اضافے کو ظاہر کرتا ہے۔ سال بھر میں کمپنی کے حصص پر منافع، گزشتہ برس کے ۲۴ فیصد کے مقابلے میں ۲۳ فیصد رہا۔

¹⁹ Profit before tax (PBT)

²⁰ Gross premium

²¹ Underwritten

²² Net premium revenue

²³ Investment Float

شعبہ جات کے لحاظ سے منافع پر ایک نظر

شعبہ جات	خالص بیمہ کی آمدن	کل دعوے	خالص کمیشن	شعبہ جات کا منافع	شعبہ جات کا منافع	مقدار تغیر	%
	۲۰۲۳ء	۲۰۲۳ء	۲۰۲۳ء	۲۰۲۳ء	۲۰۲۳ء		
آتشزدگی	74,766	24,072	(7,981)	58,675	19,979	38,696	194%
بحری	27,311	842	(5,423)	31,892	19,979	11,913	60%
موٹر	747,014	332,937	13,971	400,106	362,081	38,025	11%
متفرق	70,174	30,058	(61,005)	101,121	93,113	8,008	9%
صحت	977,424	851,415	(1,281)	127,290	104,039	23,251	22%
کل	1,896,689	1,239,324	(61,719)	719,084	599,191	119,893	20%

آتشزدگی کے شعبے نے ۵۹ ملین روپے کے منافع کا حصہ ڈالا، جو گزشتہ برس کے ۲۰ ملین روپے کے مقابلے میں اہم پیشرفت ہے، اس نیشی کی وجہ بیمہ آمدنی میں اضافہ اور نقصان کی شرح میں بہتری ہے۔ گزشتہ برس یکبارگی نقصانات بھی ہوئے تھے، جن میں موجودہ برس معقول حد تک بہتری آئی ہے۔

بحری شعبے نے ۶۰ فیصد کے حساب سے ۱۲ ملین روپے کا اضافی منافع شامل کیا۔ یہ اضافہ بنیادی طور پر سال کے دوران نقصان کی شرح میں قابل ذکر بہتری کی وجہ سے ممکن ہوا۔

موٹر کے شعبے کے حصے میں ۱۱ فیصد کے حساب سے ۳۸ ملین روپے کا اضافہ ہوا۔ یہ اضافہ بنیادی طور پر سال کے دوران نقصان کی شرح میں قابل ذکر بہتری کی وجہ سے ممکن ہوا۔

متفرق شعبے کے حصے میں ۸ ملین روپے کا اضافہ ہوا، جو گزشتہ برس کے مقابلے میں ۹ فیصد کی بہتری کو ظاہر کر رہا ہے۔ یہ اضافہ نیسے کی آمدن میں بہتری اور اضافی کمیشن کی آمدن کی وجہ سے ہوا۔

صحت کے شعبے کے حصے میں ۲۳ ملین روپے کا اضافہ ہوا۔ یہ اضافہ نیسے کی آمدن میں بہتری کی وجہ سے ہوا۔

مکرر بیمہ کسی بھی بیمہ کمپنی کو چلانے میں اہم کردار ادا کرتا ہے اور ہمیں نمایاں مکرر بیمہ کاروں کی معاونت پر فخر ہے۔ سال ہا سال، ہم نے دونوں، مکرر بیمہ کاروں اور کمپنی کے منفعیت بخش باہمی مفاد کے پیش نظر ان شرائط کو تقویت اور وسعت دی ہے۔

کمپنی نے نہایت احتیاط سے ڈیزائن کردہ نیسے سے متعلق رسک کے انتظام کے پروگرام کے ذریعے ایک خاص حد تک رسک لینے کی پالیسی اختیار کر رکھی ہے۔ کمپنی نے نا صرف روایتی مکرر بیمہ کاری کی انتظامی صلاحیتوں میں اضافہ کیا ہے بلکہ اپنے تخصیصی شعبوں میں بھی صلاحیت بڑھائی ہے، جس سے ہم اپنے گاہکوں کی بہتر خدمت کرنے کا قابل ہو رہے ہیں اور منڈی میں اپنی حیثیت مضبوط کر رہے ہیں۔

ونڈو کافل آپریشنز ۷۷۰ ملین روپے کی اعانت تحریر کرنے کے قابل ہوا جو کہ گزشتہ برس سے ۱۴ فیصد زیادہ ہے۔ ونڈو کافل آپریشنز کے شرائط داروں کے فنڈ^{۲۴} کے منافع میں بھی ۴ فیصد کے حساب سے ۷ ملین کا اضافہ ہوا۔ جس کی وجہ سرمایہ کاری کی آمدن میں اضافہ ہے۔ اسی طرح، شرائط داروں کے کافل فنڈ^{۲۵} کی بیشی میں بھی گزشتہ سال کی نسبت ۱۵ فیصد کے حساب سے ۱۱ ملین روپے کی بہتری آئی، جو کہ سرمایہ کاری کے منافع میں بہتری کو بھی ظاہر کرتا ہے۔

فی حصص آمدنی

دوران سال ٹیکس کی ادائیگی کے بعد فی حصص آمدنی ۶۲-۱۳ روپے رہی جو ۲۰۲۳ء میں ۶۳-۱۰ روپے تھی۔ اس کی تفصیلی رپورٹ مالی گوشوارے کے نوٹ نمبر ۳۴ میں موجود ہے۔

²⁴ Shareholder Fund (SHF)

²⁵ PTF

پڑتال کنندگان

میسرز اے۔ ایف۔ فرگوسن اور کمپنی، جو کہ سند یافتہ محاسب اور تقرری کے اہل ہیں، نے ۳۱ دسمبر ۲۰۲۵ء کو اختتام پذیر سال کے لیے خارجی اور شریعہ تعمیلی پڑتال کنندگان کی ذمہ داری لینے کے لیے رضامندی کا اظہار کیا ہے۔ پڑتال کمیٹی اور ڈائریکٹرز کے بورڈ نے اپنے متعلقہ اجلاسوں میں ۳۱ دسمبر ۲۰۲۵ء کو اختتام پذیر سال کے لیے میسرز اے۔ ایف۔ فرگوسن اور کمپنی، سند یافتہ محاسب کی خارجی اور شریعہ تعمیلی پڑتال کنندہ گان کے طور پر سفارش کی ہے۔

ڈائریکٹرز کے بورڈ کے اجلاس

سال ۲۰۲۴ء کے دوران بورڈ کے چار (۴) اجلاس ہوئے، جن میں شرکت کی تفصیل مندرجہ ذیل ہے:-

اجلاس میں شرکت کی تعداد	ڈائریکٹرز کے نام
۴	- جناب عالی شیخ نہیان مبارک ال نہیان
-	- فضیلت مآب شیخ سیف بن محمد بن بطنی
۴	- جناب خالد مانع سعید العتیبہ
۴	- جناب عاطف باجوہ
۴	- جناب خالد جمال عبدالرحمن خنفر
۴	- محترمہ انجم حنی
۴	- جناب عبدالرحمن

غیر حاضری کی رخصت ان ڈائریکٹرز کو دی گئی جو بورڈ کے اجلاسوں میں شرکت نہ کر پائے۔

کمپنی کی مالیاتی طاقت کی درجہ بندی

پی۔ اے۔ سی۔ آر۔ اے^{۲۶} نے ۲۹ مئی ۲۰۲۳ء کے حالیہ جائزہ میں آپ کی کمپنی کی مالیاتی طاقت کے اعتبار سے درجہ بندی کو مستحکم تناظر میں دیکھتے ہوئے "ذیل اے پلس"^{۲۷} کے درجے پر برقرار رکھا ہے۔ یہ درجہ بندی، بیمہ پالیسی کے حامل افراد اور معاہدوں کی ذمہ داریوں کو پورا کرنے کی بھرپور صلاحیت کو ظاہر کرتی ہے۔ خطرے کی علامات کم ترین ہیں اور ناموافق اقتصادی و کاروباری اثرات سے متعلق خدشات ناہونے کے برابر ہیں۔

پڑتال کمیٹی

ڈائریکٹرز کے بورڈ نے پڑتال کمیٹی تشکیل دی ہے جو کہ کارپوریٹ نظم و نسق کی شرائط کے مطابق درج ذیل غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

- جناب عاطف باجوہ - (چیئرمین)

- جناب خالد جمال عبدالرحمن خنفر - (رکن)

- محترمہ عبدالحئی - (رکن)

متعلقہ گروہ سے لین دین

ڈائریکٹرز کے بورڈ نے بورڈ کے ہر اجلاس میں متعلقہ گروہوں کے ساتھ لین دین کی منظوری دی۔ متعلقہ گروہوں کے ساتھ تمام تر لین دین کاروباری قواعد و ضوابط کے تحت طے پایا۔

اخلاقی و کاروباری ضابطہ عمل کا گوشوارہ / ضابطہ اخلاق

بورڈ اخلاقی و کاروباری ضابطہ عمل کے گوشوارے پر عمل پیرا ہے۔ تمام ملازمین کو اس سے متعلق آگاہ کیا گیا ہے اور توقع رکھی گئی ہے کہ وہ ان رہنما قواعد کے مطابق، کاروباری اصولوں کو مد نظر رکھتے ہوئے اپنا طرز عمل اختیار کریں گے۔ اخلاقی و کاروباری ضابطہ عمل کا گوشوارہ دیانتداری، وقار، مسابقت کے ماحول اور موکلوں، ساتھیوں اور عام آدمیوں کے ساتھ اخلاقیات کے دائرے میں رہتے ہوئے معاملات طے کرنے کے بارے میں ہے۔

کارپوریٹ نظم و نسق کے ضابطہ کی پابندی

سال کے دوران بیمہ کمپنیوں کے لیے کارپوریٹ نظم و نسق کے ضابطہ کی دفعات پر عمل کیا گیا۔ جس کا جائزہ مندرجہ ذیل ہے:-

■ مالیاتی گوشوارے اور انکے ضمیمے انشورنس آرڈیننس ۲۰۰۰ء کے عین مطابق ہیں اور قواعد کمپنیز ایکٹ ۲۰۱۷ء کی شرائط کو ملحوظ رکھ کر بنائے گئے ہیں۔

■ ان گوشواروں میں کمپنی کے معاملات کی صورت حال، سرگرمیوں کے نتائج، پیسے کے بہاؤ اور اصل کاروباری حصے میں تبدیلی کو واضح طور پر بیان کیا گیا ہے۔

■ کمپنی نے گوشواروں کے کتابچوں کی خاص طور پر دیکھ بھال کی ہے۔

■ مالیاتی گوشواروں اور حساب داری کے تخمینے تیار کرنے کے لیے موزوں حساب داری سے متعلق حکمت عملی کا اطلاق تسلسل سے کیا گیا ہے اور یہ حکمت عملی مناسب اور معقول تفہیم کے بعد اختیار کی گئی ہے۔

■ مالیاتی گوشوارے تیار کرتے وقت حساب داری کے بین الاقوامی معیار، بین الاقوامی مالیاتی خبر گیری کے معیار یا کوئی اور ضابطہ یا قانون جو پاکستان میں بھی قابل عمل ہے، اختیار کیا گیا ہے۔ مزید برآں معیار میں کسی بھی قسم کی ترمیم کو مناسب انداز میں ظاہر کیا گیا ہے۔

■ اندرونی انضباطی نظام، ڈیزائن کے اعتبار سے مستحکم ہے اور مسلسل داخلی پڑتال کنندگان کے زیر نگرانی ہے۔ یہ نگرانی مسلسل جاری رہتی ہے اور کسی بھی کمی کو فوراً دور کیے جانے کے ساتھ ساتھ اس عمل کو یقینی بنایا جاتا ہے۔

- کاروبار کو جاری رکھنے کے حوالے سے کمپنی کی صلاحیت شکوک و شبہات سے بالاتر ہے۔
- کارپوریٹ نظم و نسق^{۲۸} کے بہترین طرز عمل کے حوالے سے کوئی میٹیریل ڈیپارچر^{۲۹} نہیں ہوا۔
- اہم اثاثوں اور مالیات سے متعلق اعداد و شمار، رپورٹ کے ساتھ ضمیمے میں شامل کر دیا گیا ہے۔
- واجب الادا ٹیکس اور محصولات^{۳۰} مالیاتی گوشواروں میں موجود ہیں۔
- ۳۱ دسمبر ۲۰۲۳ء تک غیر پڑتال شدہ کھاتوں کی بنیاد پر پراویڈنٹ اور گریجویٹ فنڈ سے ہونے والی سرمایہ کاری کی قیمت درج ذیل ہے:

روپے '۰۰۰۰'

۱۳۲،۱۴۲ ■ پراویڈنٹ فنڈ

۱۵۲،۹۳۶ ■ گریجویٹ فنڈ

- ۳۱ دسمبر ۲۰۲۳ء تک، کمپنی کے حصص داری کے طریقہ کار کا گوشوارہ رپورٹ کے ساتھ ضمیمے میں الگ سے شامل کر دیا گیا ہے۔

انشورنس آرڈیننس ۲۰۰۰ کے سیکشن (۶) ۴۶ کے تحت تعمیلی گوشوارہ

الفلاح انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز تصدیق کرتے ہیں کہ ان کی رائے میں:-

- الف) یہاں ظاہر کئے گئے کمپنی کے سالانہ قانونی گوشوارے^{۳۱}، آرڈیننس کے عین مطابق ہیں اور اس کے مطابق وضع کئے گئے قوانین کے موافق ہیں؛

²⁸ Corporate Governance

²⁹ Material Departure

³⁰ Outstanding Taxes and Duties

³¹ Statutory Accounts

ب) کمپنی نے اس تمام عرصہ کے دوران آرڈیننس کی شرائط کی تعمیل کی ہے اور اس کے مطابق وضع کئے گئے قوانین کی، جو کہ حصص کی مد میں حاصل کئے گئے سرمائے، ادائے قرض کی صلاحیت، اور مکرر بیسے کے انتظامات کے بارے میں ہیں؛ اور

ج) اس گوشوارے کی تاریخ تک کمپنی نے تسلسل کے ساتھ آرڈیننس کی شرائط کی تعمیل کی ہے اور اس کے مطابق وضع کیے گئے قوانین کی، جو کہ حصص کی مد میں حاصل کئے گئے سرمائے، ادائے قرض کی صلاحیت^{۳۲}، اور مکرر بیسے کے انتظامات کے بارے میں ہیں۔

مستقبل کے مواقع

حصص داروں کا ۳-۳ بلین روپے کا مالکیہ اور مالیاتی طاقت کے اعتبار سے درجہ بندی "ڈبل اے پلس" کے ساتھ الفلاح انشورنس، مارکیٹ میں اپنا کاروباری حصہ بڑھانے کے لیے بالکل تیار ہے، کمپنی اپنی محتاط ذمہ نویسی کی حکمت عملی برقرار رکھے ہوئے ہے، جو کہ کمپنی کے ابتدائی مشکل اوقات میں بھی اس کی پلٹنے کی صلاحیت کی بنیادی وجہ تھی۔ ہم ۲۰۲۵ء کو کمپنی کے لیے ایک تبدیلی کے سال کے طور پر دیکھتے ہیں، اور جبکہ ہم آنے والی مشکلات سے باخبر ہیں، ہم نے وہ حوصلہ مندانہ منزلیں منتخب کی ہیں جن کو ہم حصص داروں کی غیر معمولی طاقت کو بروئے کار لاتے ہوئے پانے کے لیے پر اعتماد ہیں۔

ہم جانتے ہیں کہ مجموعی طور پر معاشی شعبہ جدت پر توجہ مرکوز کر کے تبدیلی کے عمل سے گزر رہا ہے، جس میں سستی مصنوعات، ڈیجیٹل تقسیم ذرائع میں توسیع، گاہک کے مجموعی تجربے اور عمل کاری کی کارکردگی کو بہتر بنانے کے لیے ٹیکنالوجی کو اپنانا شامل ہے۔ الفلاح انشورنس ان مواقع سے فائدہ اٹھانے کے لیے، مالی استحکام برقرار رکھنے، اپنی پیش کردہ مصنوعات کو وسعت دینے اور گاہک کو مرکزی حیثیت دینے والے نقطہ نظر کو ترجیح دینے کے لیے بالکل تیار ہے۔ ایک واضح نقطہ نظر، بااثر حمایت اور کامیاب نفاذ کے ذریعے ہم ناصرف منڈی میں اپنی حیثیت مضبوط بنانے کا ارادہ رکھتے ہیں، بلکہ پاکستان کے بیسے کے شعبے کی پائیدار ترقی میں بھی اپنا کردار ادا کرنا چاہتے ہیں۔

³² Paid up capital, Solvency

شفافیت اور انضباطی تعمیل کا ہمارا عزم غیر متزلزل رہا، کیونکہ ہم اپنی عمل کاری کو شعبے کے معیارات کے ساتھ ہم آہنگ کرنے کے لیے انضباطی اداروں کے ساتھ مسلسل قریبی رابطے میں ہیں۔ ایک ذمہ دار کارپوریٹ حیثیت رکھتے ہوئے، ہمارا مقصد ۲۰۲۵ء اور اس کے بعد، نا صرف اپنے حصص داروں کی توقعات پر پورا اترنا ہے، بلکہ اس سے بڑھ کر دکھانا ہے۔

اعتراف

ہم اپنے چیئر مین جناب عالی شیخ نبیان مبارک ال نبیان اور اپنے بورڈ کے ڈائریکٹرز کے تہہ دل سے ممنون ہیں کہ انہوں نے سال بھر کمپنی کی دانشمندانہ رہنمائی اور غیر متزلزل مدد کی۔ ہم اپنے تعاون کرنے والے حصص داروں، قابل قدر موکلوں اور مکرر بیمہ کاروں کے، کمپنی کی کامیابی کے لیے اس اجتماعی شراکت داری کے لیے اتنے ہی شکر گزار ہیں۔ ہم ریکارڈ پر، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی پیش بہار رہنمائی پر اور پاکستان ری انشورنس کمپنی کا اس عرصہ کے دوران مدد کرنے پر خصوصی شکریہ ادا کرتے ہیں۔

آخر میں، ہم اپنے ایگزیکٹوز، افسروں اور سٹاف کو ان کی محنت، لگن اور آگے بڑھنے کے مضبوط ارادے کی وجہ سے خوب سراہتے ہیں۔ ان کی بے دریغ کوششیں کمپنی کو پاکستان کی ایک نمایاں بیمہ کار بنانے کی وجہ بنی۔

بورڈ کی جانب سے،



چیف ایگزیکٹو آفیسر



ڈائریکٹر

پچھلے دس (۱۰) سال کی تاریخی مالیاتی اعداد و شمار

۳۱ دسمبر کو ختم ہونے والے سال کے لئے

تفصیلات

۲۰۱۵	۲۰۱۶	۲۰۱۷	۲۰۱۸	۲۰۱۹	۲۰۲۰	۲۰۲۱	۲۰۲۲	۲۰۲۳	۲۰۲۴	
1,545,612	1,924,316	2,082,006	2,338,699	2,666,478	2,810,203	3,499,285	4,374,858	4,166,123	4,458,154	تعمیراتی اخراجات
780,180	916,586	1,043,222	1,302,298	1,583,734	1,726,381	1,934,765	2,218,696	1,685,318	1,896,689	غلامی آمدنی
(429,297)	(493,076)	(470,630)	(617,966)	(658,573)	(742,441)	(988,076)	(1,198,482)	(1,152,221)	(1,239,324)	غلامی دعووں کے اخراجات
(267,333)	(370,370)	(383,559)	(397,735)	(405,266)	(408,871)	(416,161)	(489,130)	(543,586)	(701,975)	حفاظتی اخراجات
96,608	33,028	(88,341)	(262,400)	(446,852)	(487,481)	(422,775)	(496,905)	66,094	61,719	غلامی منتقلی رقم
180,158	86,168	100,692	24,197	81,791	94,404	117,661	37,094	50,978	27,946	ادارتی اخراجات
77,137	119,407	78,888	72,675	166,694	261,240	212,727	318,771	670,851	950,443	سرکاری پوزی / دیگر آمدنی
(103,784)	(12,489)	(11,055)	(16,091)	(24,238)	(28,390)	(30,418)	(33,597)	(52,405)	(66,323)	تعمیراتی اخراجات
153,511	193,086	168,485	80,782	253,053	381,903	365,422	457,099	863,650	1,109,611	تعمیراتی اخراجات
-	1,890	8,410	14,407	38,554	61,467	75,361	142,528	112,967	127,506	دوسرے اخراجات سے اخراجات
(38,297)	(66,602)	(53,855)	(29,421)	(93,709)	(108,175)	(99,582)	(153,747)	(231,966)	(428,797)	آمدنی ٹیکس
115,214	129,374	123,040	65,768	159,344	273,730	265,840	303,352	531,684	680,814	غلامی اخراجات
500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	غلامی کی دوسری سال کی سرکاری
1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	1,381	غلامی کی دوسری سال کی رقم
150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	ہم گنواؤں
9,453	52,160	951	(50,777)	33,015	72,902	9,210	(34,945)	61,815	316,228	غلامی کی دوسری سال
153,935	281,644	402,085	466,262	627,989	907,299	1,172,911	1,377,462	1,800,129	2,327,781	غلامی اخراجات
814,769	985,185	1,054,417	1,066,865	1,312,385	1,631,582	1,833,502	1,993,898	2,513,325	3,295,390	غلامی اخراجات
2.30	2.59	2.46	1.32	3.19	5.47	5.32	6.07	10.63	13.62	غلامی آمدنی
16.30	19.70	21.09	21.34	26.25	32.54	36.67	39.88	50.27	60.90	غلامی کی دوسری سال کے حساب کتاب کے
										ماہ
16.11	18.66	21.07	22.38	25.59	31.17	36.48	40.58	49.03	59.58	غلامی کی دوسری سال کے حساب کتاب کے
										تعمیراتی
-55%	-54%	-45%	-47%	-42%	-43%	-51%	-54%	-68%	-65%	غلامی کے حساب کتاب
-24%	-20%	-19%	-18%	-16%	-16%	-13%	-12%	-14%	-17%	غلامی کے حساب کتاب
23%	9%	10%	2%	5%	5%	6%	2%	3%	1%	غلامی کے حساب کتاب
15%	14%	12%	6%	13%	19%	15%	16%	24%	23%	غلامی کے حساب کتاب
										غلامی کے حساب کتاب
-	98,088	179,491	268,203	358,569	373,370	904,771	989,487	676,408	770,379	تعمیراتی اخراجات
-	20,997	93,134	151,516	176,244	166,645	225,582	277,613	349,730	369,983	تعمیراتی اخراجات
-	1,080	3,177	5,430	7,513	13,261	15,445	18,696	20,078	25,350	تعمیراتی اخراجات
-	(17,915)	(78,271)	(105,898)	(147,832)	(184,828)	(200,602)	(282,062)	356,591	371,433	تعمیراتی اخراجات
-	(18,598)	(21,205)	(27,883)	(24,658)	(18,968)	(11,875)	(8,929)	(2,977)	(1,990)	تعمیراتی اخراجات
-	744	3,958	6,572	16,592	16,591	13,589	39,275	89,470	98,474	سرکاری پوزی / دیگر آمدنی
-	-	-	-	-	(723)	(1,185)	(6,373)	-	-	تعمیراتی اخراجات
-	(13,707)	795	9,957	28,085	32,384	41,012	59,223	99,408	118,424	سرکاری پوزی / دیگر آمدنی
-	(13,707)	795	9,957	28,085	32,384	41,012	59,223	99,408	118,424	سرکاری پوزی / دیگر آمدنی

حصص داری کا طریقہ کار
۳۱ دسمبر ۲۰۲۳ء تک

مجموعی لیے گئے حصص	حصص داری		حصص داروں کی تعداد
	تک	سے	
-	100	1	-
1,000	500	101	2
-	1,000	501	-
6,030	5,000	1,001	4
-	10,000	5,001	-
2,500,000	2,500,000	10,001	1
14,997,822	50,00,000	2,500,001	3
14,997,825	15,000,000	5,000,001	1
17,497,323	20,000,000	15,000,001	1
کلی			
50,000,000			12

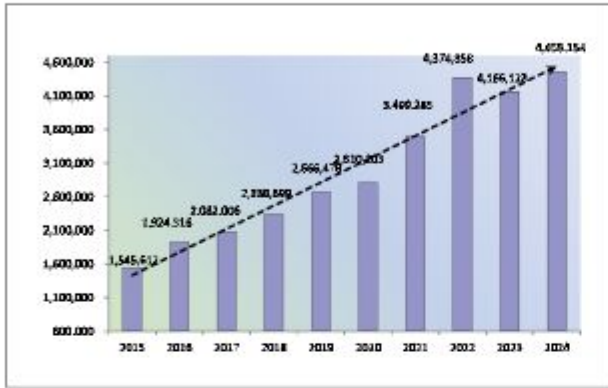
حصص کے زمروں کی درجہ بندی
۳۱ دسمبر ۲۰۲۳ء تک

فیصد	لیے گئے حصص کی تعداد	حصص داروں کی تعداد	ادگان کے ذمے
25.00%	12,497,822	3	افراد جن کے حصص 5 فیصد یا اس سے زیادہ ہیں
5.00%	2,500,000		جناب عالی شیخ عمران بن مبارک بن محمد الہیانی
10.00%	4,998,911		فضیلت آب شیخ محمد بن علی حامد الخالد
10.00%	4,998,911		فضیلت آب ڈاکٹر مانع سعید العسیر
30.00%	14,997,825	1	مختلفہ کمپنیاں
30%	14,997,825		بھرزیک القادح لٹڈ
35.00%	17,504,353	7	ڈائریکٹرز اور چیف ایگزیکٹو آفیسرز
34.99%	17,497,323		جناب عالی شیخ نبیان مبارک الہیانی
0.002%	1,085		فضیلت آب شیخ سیف بن محمد بن علی
0.002%	1,085		جناب خالد مانع سعید العسیر
0.001%	500		جناب عاطف اسلم بانوہ
0.001%	500		جناب خالد جمال عبدالرحمن خنفر
0.002%	1,085		محمد مداحم حنی
0.006%	2,775		جناب حرم حسین
10.00%	5,000,000	1	کمپنیاں جن کے حصص 5 فیصد یا اس سے زیادہ ہیں
10.00%	5,000,000		بھرزیکٹرو کمینٹیل کمپنی ایل ایل سی
100.00%	50,000,000	12	کلی

FINANCIAL SUMMARY

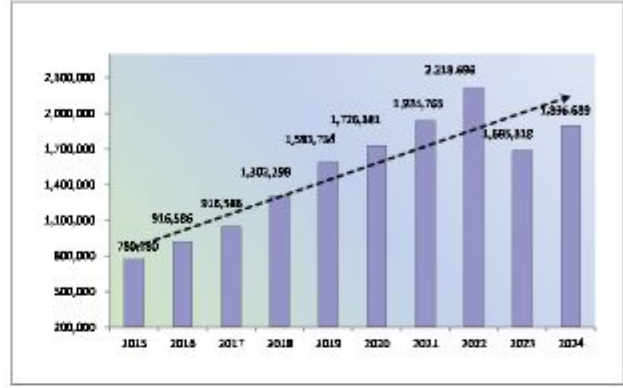
GROSS PREMIUM WRITTEN

(Rupees in Thousand)

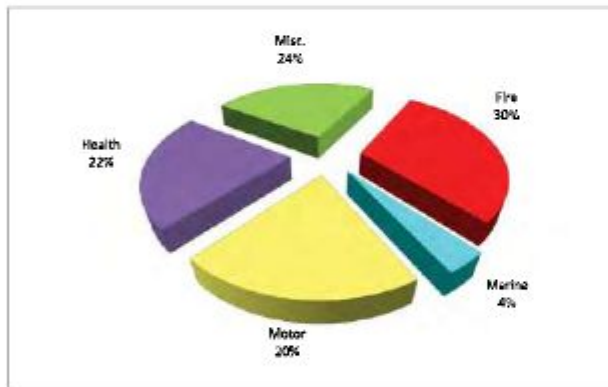


PREMIUM REVENUE

(Rupees in Thousand)

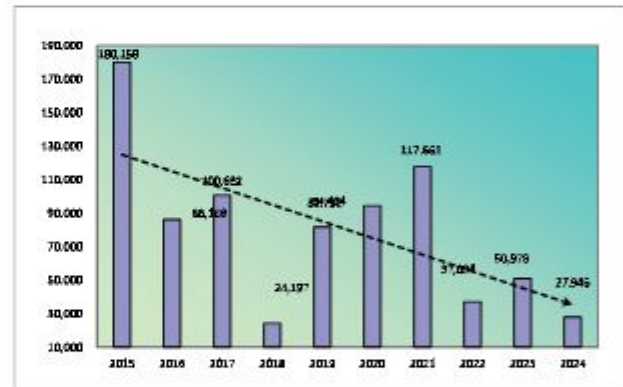


PRODUCT MIX ANALYSIS

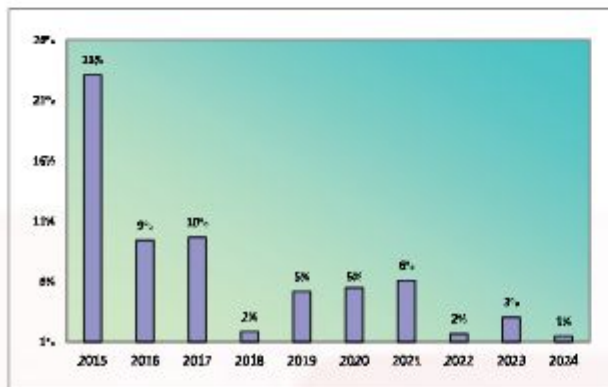


UNDERWRITING RESULTS

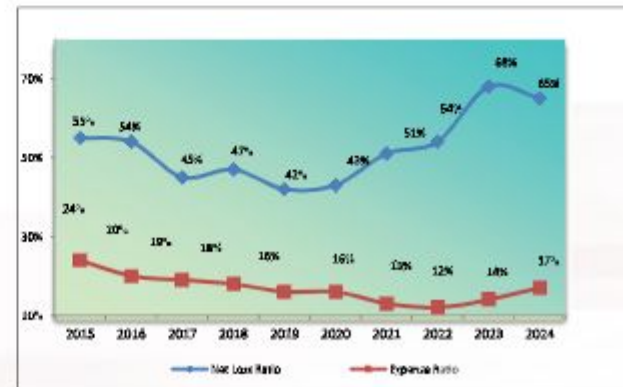
(Rupees in Thousand)



UNDERWRITING PROFIT MARGIN

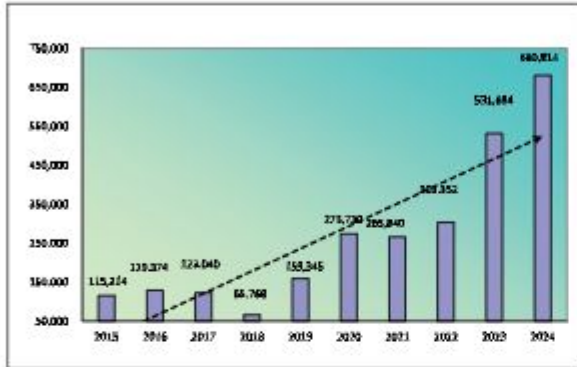


LOSS RATIO AND EXPENSE RATIO

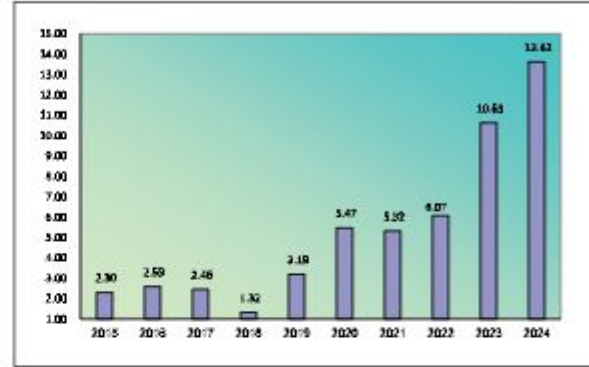


FINANCIAL SUMMARY

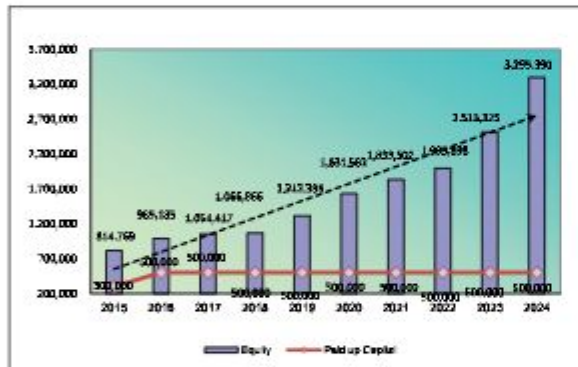
PROFIT AFTER TAX
(Rupees in Thousand)



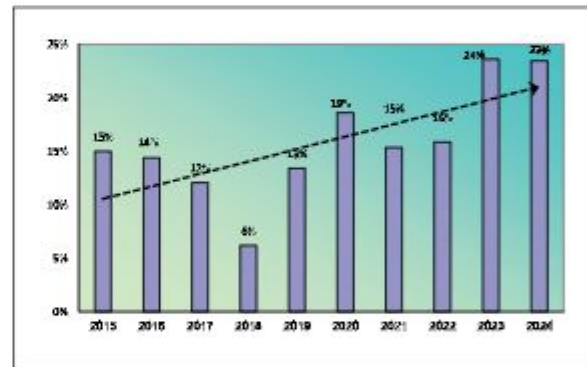
EARNING PER SHARE



SHAREHOLDER EQUITY
(Rupees in Thousand)



RETURN ON EQUITY



ALFALAH INSURANCE COMPANY LIMITED

CODE OF CONDUCT & PROFESSIONAL STANDARDS

Client Service

The interest of the policyholders is absolute. We shall provide the best possible services equivalent to international standard to our clients and shall make arrangements to serve them without any cause of complaint relating to claim settlement and otherwise. Our endeavor is to introduce new and innovative schemes of arrangements for the benefit of clients so that they will be able to get better services at very economical premium, and commission expenses along with heightened investment income. The company posted the highest ever profits of 86m that is 89% higher than last year

Compliance with the applicable laws

It is the basic principle of Alfalah Insurance Company Limited to obey the law of the land and comply with its legal system. Accordingly, every employee of the company shall obey the law. Any employee guilty of violation will be liable to disciplinary consequences because of the violation of his/her duties. Every manager and supervisor shall be responsible to see that there is no violation of laws within his/her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he/she delegated particular tasks.

Act with Honesty and Openness

The image and reputation of Alfalah Insurance Company Limited is determined by the way each and every one of us acts and conducts himself/herself at all times. Board members and staff of Alfalah Insurance Company Limited shall act with honesty and openness as representatives of the organization and in their interactions with one another. Alfalah Insurance Company Limited promotes a working environment that values respect, candor, and fairness.

Conflict of Interest

Employees must avoid conflicts of interest between their private financial activities and conduct of company business.

Integrity of financial information

All business transactions on behalf of Alfalah Insurance Company Limited must be reflected accordingly in the financial statements of the company.

Equal opportunity employer

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

**STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

1. The company ensures representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Non-Executive Director	H.H Sheikh Nahayan Mabarak Al Nahayan
Non-Executive Director	HE Sheikh Saif Bin Mohammed Bin Butti Al Hamid
Non-Executive Director	Mr. Khalid Mana Saeed Al Otaiba
Non-Executive Director	Mr. Atif Aslam Bajwa
Non-Executive Director	Mr. Khaled Jamal Abdul Rahman Khanfar
Female Director	Ms. Anjum Hai
Executive Director / Chief Executive Officer	Mr. Khurram Hussain

There is no independent Director on Board due to relaxation provided in the Code of Corporate Governance for Insurers, 2016. However, the Company shall ensure the effective representation of independent director at the time of its next election of directors.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this insurer.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NBFII or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. A casual vacancy occurring on the Board on 6th December 2024 due to the resignation of Mr. Abdul Haye Mughal was filled up by Mr. Khurram Hussain within 90 days thereof.
5. The Company has prepared a 'Statement of Ethics and Business Practices/Code of Conduct, which has been disseminated among all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on 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.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The Company has adopted and complied with all the necessary aspects of internal control given in the Code.
10. The Board arranged Orientation course for its directors during the current tenure to apprise them of their duties and responsibilities.
11. The Board has approved remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the applicable corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

Underwriting Committee:

Name	Category
Mr. Khurram Hussain	Chairman
Mr. Raza Javaid	Member
Mr. Shahzad Aamir	Member
Mr. Faisal Arshad	Member & Secretary

Claims Settlement Committee:

Name	Category
Mr. Khurram Hussain	Chairman
Mr. Adnan Waheed	Member
Mr. Faisal Shahzad	Member
Ch. Manzoor Hussain	Member & Secretary

Reinsurance, Re-takaful and Coinsurance Committee:

Name	Category
Mr. Khurram Hussain	Chairman
Mr. Faisal Arshad	Member
Mr. Shahzad Aamir	Member & Secretary

Risk Management & Compliance Committee:

Name	Category
Mr. Khurram Hussain	Chairman
Mr. Adnan Waheed	Member
Mr. Faisal Shahzad	Member
Mr. Imran Mughal	Member
Mr. Naveed Akbar	Member & Secretary

17. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee:

Name	Category
Mr. Atif Aslam Bajwa	Chairman
Mr. Khaled Jamal Abdul Rahman Khanfer	Member
Ms. Anjum Hai	Member
Mr. Khurram Hussain	Member
Mr. Adnan Waheed	Secretary

Terms of Reference of Nomination Committee as defined in the Code of Corporate Governance for Insurers, 2016 were discharged by the Ethics, Human Resource and Remuneration Committee.

Investment Committee:

Name	Category
Mr. Atif Aslam Bajwa	Chairman
Mr. Khaled Jamal Abdul Rahman Khanfer	Member
Ms. Anjum Hai	Member
Mr. Khurram Hussain	Member
Mr. Adnan Waheed	Member & Secretary

18. The Board has formed an Audit Committee. It comprises of three members, all of them are non-executive Directors including the Chairman of the committee. The composition of the Audit Committee is as follows:

Name of the Member	Category
Mr. Atif Aslam Bajwa	Chairman
Mr. Khaled Jamal Abdul Rahman Khanfer	Member
Ms. Anjum Hai	Member

19. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committees were as follows:

Name of the Committee	Frequency of meeting
Ethics, Human Resource & Remuneration Committee	Half yearly
Investment Committee	Quarterly
Audit Committee	Quarterly
Underwriting Committee	Quarterly
Claims Settlement Committee	Quarterly
Reinsurance, Re-takaful and Coinsurance Committee	Quarterly
Risk Management & Compliance Committee	Quarterly

20. The Board has set-up an effective Internal Audit function which comprises of suitably qualified and experienced staff for the purpose and is conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.
21. 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 of Corporate Governance for Insurers, 2016. 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. Khurram Hussain	Chief Executive Officer
Mr. Adnan Waheed	Chief Financial Officer & Company Secretary
Mr. Faisal Shahzad	Head of Internal Audit
Mr. Naveed Akbar	Compliance Officer
Mr. Faisal Arshad	Head of Underwriting
Mr. Manzoor Hussain	Head of Claims
Mr. Shahzad Aamir	Head of Reinsurance
Mr. Imran Mughal	Head of Risk Management
Mr. Hasnain Zawar	Head of Grievance Department

Mr. Khurram Hussain was appointed as Chief Executive Officer during the year in place of Mr. Abdul Haye Mughal.

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme 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 Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that investment policy of the Company has drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
25. The Board ensures that the risk management system of the Company is in place as per requirement of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function / department and the respective committee as a risk monitoring tool. The rating assigned by the said rating agency on June 14, 2024 is AA+ (ifs) with stable outlook.
28. The Company has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. The Company has not obtained any exemption from the Securities and Exchange of Commission of Pakistan in respect of the requirement of the Code of Corporate Governance for Insurers, 2016.
30. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 as applicable up to the reporting date have been complied by the Company.



Chief Executive Officer

**A.F. FERGUSON & CO.****INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF ALFALAH INSURANCE COMPANY LIMITED****REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016**

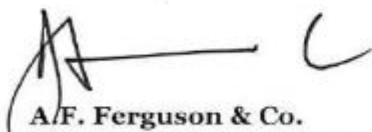
We have reviewed the enclosed Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of the Alfalah Insurance Company Limited (the Company) for the year ended December 31, 2024, to comply with the Code issued by the Securities and Exchange Commission of Pakistan.

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 requires 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 this 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 December 31, 2024,



A.F. Ferguson & Co.
Chartered Accountants

Lahore**Date:** April 08, 2025**UDIN:** CR202310071IT7hoXspa

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrāh-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 www.pwc.com/pk*

•KARACHI •LAHORE •ISLAMABAD

**A.F.FERGUSON & CO.****INDEPENDENT AUDITOR'S REPORT****To the members of Alfalah Insurance Company Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Alfalah Insurance Company Limited - Window Takaful Operations (the Operator), which comprise the statement of financial position of OPF and PTF as at December 31, 2024, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, participants' takaful fund, the cash flow Statement for the year then ended, and notes to the financial statements, including Information material accounting Policy 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 of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, participants' takaful fund and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2024, and of the profit, total comprehensive income, the changes in operator's fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

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

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

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 www.pwc.com/pk



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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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


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

Report on Other Legal and Regulatory Requirements

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

- 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 cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: April 08, 2025

UDIN: AR202310071a6nS7CrXc

ALFALAH INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 (Rupees in thousand)	2023
ASSETS			
Property and equipment	5	253,745	203,932
Right-of-use assets	6	174,627	77,779
Intangible assets	7	4,331	7,663
Investment property	8	1,588	1,588
Investments			
Equity securities	9	1,398,747	518,245
Debt securities	10	2,491,583	2,176,947
Term deposits	11	-	-
Loans and other receivables	12	150,369	280,237
Insurance / Reinsurance receivables	13	635,448	916,826
Reinsurance recoveries against outstanding claims	26	640,251	906,887
Salvage recoveries accrued		10,475	21,699
Deferred commission expense / acquisition cost	27	161,456	153,382
Deferred taxation	14	-	9,306
Prepayments	15	960,734	965,117
Cash and bank	16	422,823	474,829
		<u>7,306,177</u>	<u>6,714,437</u>
Total assets of Window Takaful Operations - Operator's Fund	17	316,314	690,482
TOTAL ASSETS		<u>7,622,491</u>	<u>7,404,919</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Authorized capital 50,000,000 (2023: 50,000,000) ordinary shares of Rs.10 each		<u>500,000</u>	<u>500,000</u>
Ordinary share capital	18	500,000	500,000
Reserves	19	467,609	213,196
Unappropriated profits		<u>2,327,781</u>	<u>1,800,129</u>
TOTAL EQUITY		<u>3,295,390</u>	<u>2,513,325</u>
LIABILITIES			
Underwriting provisions:			
Outstanding claims including IBNR	26	1,015,932	1,314,412
Unearned premium reserve	25	1,481,912	1,445,436
Premium deficiency reserve		-	10,837
Unearned reinsurance commission	27	167,863	177,838
Retirement benefits obligations	20	1,105	7,643
Deferred taxation	14	167,034	-
Premium received in advance		28,058	33,197
Insurance / Reinsurance payables	21	384,116	848,487
Lease liabilities	22	174,571	93,893
Unpaid dividend		-	59,497
Other creditors and accruals	23	771,990	601,789
Taxation - payment less provisions		18,715	5,814
		<u>4,211,296</u>	<u>4,598,843</u>
Total liabilities of Window Takaful Operations - Operator's Fund	17	115,805	292,751
		<u>4,327,101</u>	<u>4,891,594</u>
TOTAL EQUITY AND LIABILITIES		<u>7,622,491</u>	<u>7,404,919</u>
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 46 form an integral part of these financial statements.

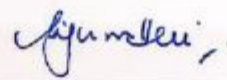
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Chairman



Director



Director



Chief Executive Officer


**ALFALAH INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024	2023
		(Rupees in thousand)	
Net insurance premium	25	1,896,689	1,685,318
Net insurance claims	26	(1,239,324)	(1,152,221)
Premium deficiency income / (expense)		10,837	(4,627)
Net commission and other acquisition income	27	61,719	66,094
Insurance claims and acquisition expenses		(1,166,768)	(1,090,754)
Management expenses	28	(701,975)	(543,586)
Underwriting results		27,946	50,978
Investment income	29	807,083	479,039
Other income	30	143,360	191,812
Other expenses	31	(66,323)	(52,405)
Results of operating activities		912,066	669,424
Finance cost	32	(11,481)	(7,508)
Profit from Window Takaful Operations - Operator's fund	17	209,026	201,734
Profit before tax		1,109,611	863,650
Income tax expense	33	(428,797)	(331,966)
Profit after tax		680,814	531,684
Earnings (after tax) per share - Rupees	34	13.62	10.63

The annexed notes 1 to 46 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

**ALFALAH INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024	2023
	(Rupees in thousand)	
Profit after tax	680,814	531,684
Items that may be reclassified to profit and loss account in subsequent periods (net of tax):		
Unrealized gain on available-for-sale investments	254,413	96,760
Items that will not be reclassified to profit and loss account in subsequent periods (net of tax):		
Remeasurement (loss) on retirement benefit obligations	(3,162)	(9,017)
Other comprehensive gain for the year	251,251	87,743
Total comprehensive income for the year	932,065	619,427

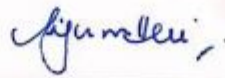
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Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity holders of the Company					Total
	Share capital Issued, subscribed and paid-up	Capital reserve Share deposit money	Fair Value Reserves	General reserve	Unappropriated profits	
Balance as at January 1, 2023	500,000	1,381	(34,945)	150,000	1,377,462	1,993,898
Profit for the year	-	-	-	-	531,684	531,684
Other comprehensive income for the year	-	-	96,760	-	(9,017)	87,743
Total comprehensive income for the year	-	-	96,760	-	522,667	619,427
Transactions with owners of the Company						
Final dividend for the year ended 31 December 2022 @ 20% (Rupee 2/- per share)	-	-	-	-	(100,000)	(100,000)
Balance as at December 31, 2023	500,000	1,381	61,815	150,000	1,800,129	2,513,325
Profit for the year	-	-	-	-	680,814	680,814
Other comprehensive income for the year	-	-	254,413	-	(3,162)	251,251
Total comprehensive income for the year	-	-	254,413	-	677,652	932,065
Transactions with owners of the Company						
Final dividend for the year ended 31 December 2023 @ 30% (Rupee 3/- per share)	-	-	-	-	(150,000)	(150,000)
Balance as at December 31, 2024	500,000	1,381	316,228	150,000	2,327,781	3,295,390

The annexed notes 1 to 46 form an integral part of these financial statements.

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Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	(Rupees in thousand)	
Operating cash flows		
a) Underwriting activities		
Insurance premium received	4,718,331	3,905,696
Reinsurance premium paid	(3,461,267)	(2,300,445)
Claims paid	(1,919,910)	(1,560,645)
Reinsurance and other recoveries received	915,370	418,833
Commission paid	(457,383)	(405,306)
Commission received	691,656	485,711
Management expenses paid	(40,524)	(407,439)
Net cash flow from underwriting activities	446,273	136,405
b) Other operating activities		
Income tax paid	(402,214)	(339,143)
Other received / (paid)	153,067	(15,032)
Loans disbursed	(27,004)	(18,786)
Loans repayments received	23,531	16,115
Net cash flow from other operating activities	(252,620)	(356,846)
Total cash generated / (used in) from all operating activities	193,653	(220,441)
Investment activities		
Profit / return received on bank deposits	224,120	383,514
Dividends received	58,254	34,867
Payments for investments	(4,841,096)	(8,945,166)
Proceeds from disposal of Investments	4,660,541	8,800,579
Fixed capital expenditure	(80,044)	(43,857)
Proceeds from disposal of operating fixed assets	217	684
Total cash generated from investing activities	21,992	230,621
Financing activities		
Payment of lease liability in respect of right-of-use assets	(58,165)	(33,309)
Dividend paid	(209,486)	(40,505)
Total cash flow from financing activities	(267,651)	(73,814)
Net cash flow from all activities	(52,006)	(63,634)
Cash and cash equivalents at beginning of the year	474,829	538,463
Cash and cash equivalents at end of the year	422,823	474,829

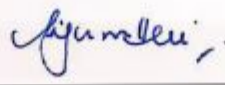
The annexed notes 1 to 46 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	(Rupees in thousand)	
Reconciliation to profit and loss account		
Operating cash flows	193,653	(220,441)
Depreciation expense	(58,894)	(40,982)
Finance cost	(13,465)	(8,727)
Amortization of intangibles	(3,332)	(3,619)
Gain on disposal of operating fixed assets	217	230
Gain on derecognition of lease	134	-
Profit on sale of investments	492,683	104,348
Impairment in value of available-for-sale investments	37,292	22,072
Dividend and other income	390,474	461,829
(Increase) / decrease in assets other than cash	(748,666)	844,868
Increase in liabilities other than borrowings	165,161	(846,640)
Un-realized gain in value of held for trading investments	16,531	17,012
Profit from Window Takaful Operations	209,026	201,734
Profit after taxation	680,814	531,684
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	5,346	5,535
Current and other accounts	417,477	469,294
Total cash and cash equivalents	422,823	474,829

The annexed notes 1 to 46 form an integral part of these financial statements.



 Chairman


 Director


 Director


 Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Alfalah Insurance Company Limited ('the Company') is a public limited company incorporated in Pakistan on 21 December 2005 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is engaged in general non-life insurance business. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg-III, Lahore.

The Company was granted authorization on 30 September 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on 13 January 2016.

1.1 The Company operates through the following locations in Pakistan:

Locations	Address
Head Office - Lahore	5-Saint Mary Park, Gulberg-III, Lahore
South Zone Karachi Office	1st Floor, Finlay House, I.I. Chundrigar Road, Karachi
Peshawar Office	Ays Centre, 2nd Floor, Arbab Road, Peshawar Cantt, Peshawar
Islamabad Office	2nd Floor, Bank Alfalah Building, Markaz I-8, Islamabad
Faisalabad Office	2nd Floor, Meezan Executive Tower, Liaqat Road, Faisalabad
Gujranwala Office	1st Floor, Al-Hameed Centre, Opp Govt. Iqbal High School, G.T. Road, Gujranwala
Sialkot Office	1st Floor, City Tower, Shahab Pura Road, Sialkot
Multan Office	10-A, 2nd Floor, Tehsil Chowk, Bosan Road, Multan
Hyderabad Branch	House No.49, 2nd Floor, Dr. Line Saddar Cantt, Hyderabad

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with 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; and
- Provisions of and directives issued under the Companies Act, 2017 and the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain new and amended standards, Interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been detailed in these financial statements.

2.5 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

		Effective date (annual reporting periods beginning on or after)
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 9	Financial Instruments (Amendments)	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Other than the aforementioned standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally in relation to the Company, by Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2024:

IFRS 1	First Time Adoption of International Financial Reporting Standards
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2.6 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) for annual reporting periods beginning on or after January 1, 2026, as allowed by the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 1715 (i) / 2023 dated November 21, 2023.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning on 1 January 2026 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

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

3 USE OF JUDGEMENT AND ESTIMATES

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

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

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

	<u>Note</u>
- Provision for doubtful receivables	4.1.16
- Provision for outstanding claims including claims incurred but not reported (IBNR)	4.1.12
- Premium deficiency reserve	4.1.13
- Defined benefit plans	4.2.3
- Provision for taxation including the amount relating to tax contingency	4.1.20
- Useful lives, pattern of economic benefits and impairments - Fixed assets	4.1.1 & 4.2.2
- Useful lives, pattern of economic benefits and impairments - Investment property	4.2.1

4 ACCOUNTING POLICY INFORMATION

4.1 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1.1 Property and equipment

Operating fixed assets:

Items of operating fixed assets, except freehold land, are stated at cost less accumulated depreciation and impairment loss if any. Freehold land is stated at cost less identified impairment loss, if any.

Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

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

Depreciation on operating fixed assets is charged to profit and loss account using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 5.1 after taking their residual value into account.

Depreciation methods, residual values and the useful life of the assets are reviewed at least at each financial year end and adjusted if appropriate.

An item of operating fixed assets is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of an asset is determined by comparing the proceeds from sale with the carrying amount and is recognized in profit and loss account.

Capital work in progress

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

4.1.2 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities is included in profit and loss account.

4.1.2.1 Non-derivative financial assets

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

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

The Company classifies non-derivative financial assets into the following categories namely: financial assets at fair value through profit and loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit and loss account

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

Held to maturity financial assets

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

Loans and receivables

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

Available for sale financial assets

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

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

4.1.2.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the Instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies financial liabilities recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities mainly includes other creditors and accruals.

4.1.2.3 Offsetting of financial assets and financial liabilities

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

4.1.3 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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

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

Non-financial assets

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

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.



4.1.4 Insurance Contracts

Insurance contracts are those contracts under which the Company, as insurer, has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

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

- Fire and property damage
- Marine, aviation and transport
- Motor
- Accident and health
- Others including miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of others including miscellaneous class. Normally all marine insurance contracts are of three months period. In others including miscellaneous class, some engineering insurance contracts are of more than one year period.

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

Fire and property damage insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Accident and health insurance provides protection against losses incurred as a result of medical illnesses, surgical operations, accidental injuries and accidental death.

Other various types of insurance are classified in others including miscellaneous category which includes terrorism, worker compensation, products of financial institutions, crop etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as co-insurance contracts and reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

Premiums and administrative surcharge

Premium is recognised on the basis of the 1/24th method.

Premiums and administrative surcharge received / receivable under a policy or cover note is recognized over the period of insurance from the date of attachment of risk to the policy on the following basis:

- a) For business other than marine cargo business, evenly over the period of the policy; and
- b) For marine cargo business, immediately after the commencement of voyage;

However, where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

Administrative surcharge represents documentation and other charges recovered by the Company from policy holders in respect of policies issued and is recognized in accordance with pattern. Administrative surcharge is recognized, at a rate of 5% of the premium restricted to a maximum of following limits:

Class	Rupees
Fire	3,000
Marine	3,000
Motor	3,000
Engineering	5,000
Health	5,000
Other including Miscellaneous	5,000

4.1.5 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company on the following basis:

- for marine cargo business, premium written is recognized as provision for unearned premium until the commencement of voyage
- for Fire, Motor, Miscellaneous and Health business, premium written is recognized as provision for unearned premium by applying the 1/24th method.

4.1.6 Receivables and Payables related to insurance contracts

Insurance / reinsurance receivable and payable including premium due but unpaid, relating to insurance contracts are recognized when due and carried at cost less provision for impairment (if any). The cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These amounts also include due to and from other insurance companies and brokers.

Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

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

4.1.7 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance contracts includes treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured. The risks undertaken by the Company under these contracts for each class of business are stated in the financial statements.

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

Reinsurance assets or liabilities are derecognized when the contractual rights or obligations are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not off set against income or expenses from related insurance assets.

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

The portion of reinsurance premium not recognized as an expense is shown as a prepayment. Prepayment (i.e. premium ceded to reinsurers) is recognized as follows:

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

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission and no claim bonus (if any), which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

4.1.8 Reinsurance expense

Premium ceded to reinsurers is recognized as an expense. For reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contracts.

Reinsurance premium shall be recognized as an expense. For proportional reinsurance business, evenly over the period of the underlying policies, for non-proportional reinsurance business, evenly over the period of indemnity.

The portion of reinsurance premium ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of premium ceded is recognized as an asset. Such asset is calculated by applying the 1/24th method, whereby the asset shall equal 1/24 of the premium ceded relating to reinsurance contract commencing in the first month of the insurer's financial year, 3/24 of the premiums ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

4.1.9 Commission expense / acquisition cost

Commission expense incurred in obtaining and recording insurance policies is charged to the profit and loss account based on the pattern of recognition of related premium revenue.

4.1.10 Deferred commission expense / acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of insurance contract and is recognized as an asset. It is calculated in accordance with the pattern of its related unearned premium income.

4.1.11 Claims Expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

4.1.12 Provision for outstanding claims incurred but not reported (IBNR)

The Company recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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



Claims incurred but not reported

Securities and Exchange Commission of Pakistan ("SECP"), through its circular 9 of 2016 dated 09 March 2016, issued "Guidelines for estimation of Incurred but not reported (IBNR) claims reserve 2016" ("Guidelines") for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

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

As required under the Guidelines, the Company uses CLM by involving an actuary for determination of provision against IBNR. Accordingly, the actuarial valuation as at 31 December 2024 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceding paragraph) that may include a margin for adverse deviation as required / allowed under the Guidelines. The method used, and the estimates made, are reviewed annually.

4.1.13 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency (also called unexpired risk reserve) on aggregation basis (except for health class) where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other claim handling expenses expected to be incurred after the statement of financial position date in respect of the unexpired policies as at the statement of financial position date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, premium deficiency reserve on aggregation basis and for health class is determined by independent actuary. The actuary determines the prospective loss ratio on aggregation basis and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency reserve is determined.

Based on recommendation of actuary, the unearned premium reserve, on aggregation basis, at the year end is adequate to meet the expected future liability after reinsurance claims and claim handling expenses, expected to be incurred after the statement of financial position date in respect of policies in force at the statement of financial position date. Therefore, no premium deficiency reserve has been accounted for in these financial statements.

4.1.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks and stamps in hand.

4.1.15 Creditors and accruals

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

4.1.16 Provisions and contingencies

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

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



4.1.17 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the note 4.1.3

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.1.18 Revenue recognition

Premium income and administrative surcharge

Premium income and administrative surcharge is recognised in line with note 4.1.4.

Commission income

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

The unearned portion of commission income is recognized as a liability. Such liability is calculated by applying the 1/24th method, whereby the liability shall equal 1/24 of the commission relating to policies commencing in the first month of the insurer's financial year, 3/24 of the commission relating to policies commencing in the second month of the insurer's financial years, and so on.

For facultative acceptance the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

Dividend Income

Dividend income including bonus shares are recognized when right to receive such dividend or bonus shares is established.

Interest income and other returns

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

Return on investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return/ interest.

Miscellaneous Income

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

Other revenues are recognized on accrual basis.

4.1.19 Management expenses

Management expenses are recognized in profit and loss account on accrual basis. Management expenses that are directly attributable to the distinguished operation of business (i.e. Conventional insurance business and Window Takaful Operations) are directly charged to the relevant business, whereas, common management expenses incurred for both conventional insurance business and Window Takaful Operations are proportionately charged on the basis of volume of respective business.

4.1.20 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.



4.1.21 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting framework provided to Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, health and others including miscellaneous. The nature and business activities of these segments are disclosed in note 4.1.4. Since the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The accounting policies of operating segment are the same as those described in the summary of the material accounting policy information.

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

4.1.22 Dividend distribution

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which it is approved.

4.1.23 Salvage recoveries

Salvage recoveries are recognized on estimated basis based on past experience and market patterns and are in line with the recognition of related claim expenses.

4.1.24 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended 31 December 2024.

4.2 SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

4.2.1 Investment Property

Property held for capital appreciation purpose is classified as investment property. The investment property of the Company comprises of land and is valued using the cost method less any identified impairment loss.

Fair value is disclosed and is determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee. Any gain or loss on disposal or retirement of investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the profit and loss account.

The useful lives, residual values, depreciation method and impairment losses are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, fair value determination for the purpose of impairment loss requires adjustments for any differences in nature, location and condition of the investment property, if any, which involves significant judgment.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit and loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated above up to the date of change in use.

4.2.2 Intangible assets

Intangible asset is stated at cost less accumulated amortization for finite intangible asset and identified impairment loss, if any. Finite intangible assets are amortized using straight line method over its estimated useful life at the rates mentioned in the note 7.

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

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

4.2.3 Employees benefit plans

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

Post employment benefits - Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees by establishing a separate Trust. Equal monthly contributions are made by the Company and employees to the fund at the rate of 8.33% (2023: 8.33%) of basic salary.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Post employment benefits - Defined benefit plan

The Company has established an approved gratuity fund for all permanent employees including Window Takaful Operations. Monthly contributions are made to the fund on the basis of actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The Company's net obligation in respect of defined benefit plans is calculated separately for plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 31 December 2024. When calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit and loss account. The main features of defined benefit schemes are mentioned in note 20.

5 PROPERTY AND EQUIPMENT

	Note	2024	2023
		Rupees in thousand	
Operating assets	5.1	238,748	203,932
Capital Work in Progress	5.2	14,997	-
		<u>253,745</u>	<u>203,932</u>

5.1 Operating assets

2024	Cost		Depreciation		Written down value		%
	As at 01 January 2024	Additions	Disposals	As at 31 December 2024	Charge for the year	On disposals	
	(Rupees in thousand)						
Land - freehold	121,671	-	-	121,671	-	-	121,671
Building on leasehold land	49,300	-	-	49,300	159	-	49,459
Furniture and fixtures	19,351	1,844	-	21,195	412	-	21,607
Office equipment	22,703	9,069	(327)	31,445	2,036	(327)	33,154
Computer equipment	70,199	10,525	(70)	80,654	9,142	(70)	89,726
Vehicles	92,854	43,609	-	136,563	18,482	-	155,045
	<u>376,178</u>	<u>65,047</u>	<u>(397)</u>	<u>440,828</u>	<u>30,231</u>	<u>(397)</u>	<u>202,080</u>

2023	Cost		Depreciation		Written down value		%
	As at 01 January 2023	Additions	Disposals	As at 31 December 2023	Charge for the year	On disposals	
	(Rupees in thousand)						
Land - freehold	121,671	-	-	121,671	-	-	121,671
Building on leasehold land	49,300	-	-	49,300	186	-	50,486
Furniture and fixtures	19,351	-	-	19,351	338	-	20,689
Office equipment	22,052	940	(289)	22,703	1,501	(289)	24,915
Computer equipment	53,052	17,147	-	70,199	4,875	-	75,074
Vehicles	71,668	23,105	(1,817)	92,956	11,223	(1,363)	102,816
	<u>337,092</u>	<u>41,192</u>	<u>(2,106)</u>	<u>376,178</u>	<u>18,123</u>	<u>(1,652)</u>	<u>203,932</u>

5.1.1 Immovable freehold land in the name of the Company comprise of land having an area of 2 Kanal situated at Tariq Block, Garden Town, Lahore.

5.1.2 These include operating assets amounting to Rs. 157.05 million (2023: Rs. 148.76 million) having nil book value as at year end.

5.1.3 Depreciation has been allocated as follows:

	Note	2024	2023
		Rupees in thousand	
Management expenses	28	25,777	15,591
Window Takaful Operations - Operator's Fund		4,454	2,532
		<u>30,231</u>	<u>18,123</u>

5.1.4 Disposal of property and equipment

2024							
Particulars	Particulars of buyer	Relationship with the Company	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
------(Rupees in thousand)-----							
Office Equipment							
Gree Split AC	IGI General Insurance Ltd	Third Party	68	-	27	27	Claim recovered against insurance
Various	Waheed Electronics	Third Party	259	-	155	155	Negotiation
Computer Equipment							
HP Probook 450 G5 Laptop	IGI General Insurance Ltd	Third Party	70	-	35	35	Claim recovered against insurance
2024			397	-	217	217	
2023			2,106	454	684	230	

5.2 Capital Work In Progress

	2024	2023
	Rupees in thousand	
Advances to suppliers	14,997	-
	Note	
	2024	2023
	Rupees in thousand	

6 RIGHT-OF-USE ASSETS

As at 01 January		77,779	62,084
Additions during the year		128,354	-
Derecognition during the year		(2,843)	-
Modification during the year		-	38,554
Less: Depreciation	6.1	(28,663)	(22,859)
As at 31 December		174,627	77,779

6.1 Depreciation has been allocated as follows:

Management expenses	28	24,440	19,666
Window Takaful Operations - Operator's Fund		4,223	3,193
		28,663	22,859

7 INTANGIBLE ASSETS

Intangible assets	7.1	4,331	7,663
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7.1 Intangible assets

	Computer Software	
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Cost

Cost as at 01 January		33,189	30,524
Additions during the year		-	2,665
Cost as at 31 December	7.1.1	33,189	33,189

Amortization

As at 01 January		25,526	21,907
Charged during the year	7.1.2	3,332	3,619
As at 31 December		28,858	25,526

Net book value as at 31 December		4,331	7,663
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Rate of amortization		25%	25%
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7.1.1 These include intangible assets amounting to Rs. 21.88 million (2023: Rs. 17.84 million) having nil book value as at year end.

	Note	2024	2023
Rupees in thousand			
7.1.2 Amortization has been allocated as follows:			
Management expenses	28	2,842	3,114
Window Takaful Operations - Operator's Fund		490	505
		<u>3,332</u>	<u>3,619</u>

8 INVESTMENT PROPERTY

This represents land situated at 64 B Block, Eden Valley Faisalabad having a fair value of Rs. 13.76 million (2023: Rs. 12.69 million) measuring 7 Marla 15 square feet kept for long term capital appreciation purpose and measured at cost model.

As at 31 December 2024 and 2023, the fair values of the land are based on valuations performed by ARCH-e-decon, an accredited independent valuer on panel of Pakistan Banks' Association. ARCH-e-decon is a specialist in valuing these types of investment properties. A valuation model recommended by the International Valuation Standards Committee has been applied to determine the value of property. Investment properties of the Company are valued every year. There is no income or expense related to these investment properties.

The valuation has been carried out considering the segment and location of the property, size, utilization and current trends in price of real estate in close proximity and current market rents for similar properties including assumptions that ready buyers are available in the current market and analyzed through detailed market surveys and, the properties that have recently been sold or purchased or offered/quoted for sale in the same vicinity to determine the better estimates of the fair value.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

9 INVESTMENTS IN EQUITY SECURITIES

	Note	2024			2023		
		Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
(Rupees in thousand)							
9.1 Available for sale - Quoted							
<u>Related parties</u>		-	-	-	-	-	-
<u>Others</u>							
Listed shares	9.2	993,138	(12,955)	980,183	476,011	(50,247)	425,764
		<u>993,138</u>	<u>(12,955)</u>	<u>980,183</u>	<u>476,011</u>	<u>(50,247)</u>	<u>425,764</u>
Unrealized gain on revaluation		-	-	418,564	-	-	92,481
		<u>993,138</u>	<u>(12,955)</u>	<u>1,398,747</u>	<u>476,011</u>	<u>(50,247)</u>	<u>518,245</u>

	Note	2024	2023
Rupees in thousand			
9.1.1 Movement of provision			
As at 01 January		50,247	72,319
Charged during the year	29	788	43,916
Transferred to profit and loss account on sale of investment		(38,080)	(65,988)
As at 31 December		<u>12,955</u>	<u>50,247</u>



9.2 Others - listed shares

Shares		Company	Face value per share	Cost		Market Value	
2024	2023			2024	2023	2024	2023
-----Number-----				----- (Rupees in thousand) -----			
Commercial Banks							
950,000	-	The Bank of Punjab	10	7,028	-	10,270	-
136,929	313,200	Habib Bank Limited	10	13,756	29,327	23,889	34,715
495,195	246,900	Bank AL Habib Limited	10	42,929	18,970	65,083	19,885
257,237	152,000	United Bank Limited	10	73,987	24,723	98,324	27,032
234,678	139,500	MCB Bank Limited*	10	51,460	23,424	66,015	24,071
684,360	-	Askari Bank Limited	10	16,558	-	26,190	-
249,819	-	National Bank of Pakistan	10	12,842	-	16,718	-
110,101	94,500	Meezan Bank Limited	10	18,934	14,916	26,641	15,249
Engineering							
-	44,500	Mughal Iron and Steels Industries	10	-	3,231	-	2,945
-	38,000	International Steels Limited	10	-	2,834	-	2,776
Cement							
786,215	560,000	Fauji Cement Company Limited	10	15,604	8,638	28,760	10,595
533,998	235,000	Maple Leaf Cement Factory Limited	10	20,596	9,179	24,532	9,146
128,034	71,000	D.G Khan Cement Limited	10	9,392	4,730	13,433	5,495
-	84,814	Pioneer Cement Limited	10	-	9,021	-	9,749
15,176	12,319	Kohat Cement Company Limited	10	3,406	2,213	5,878	2,885
48,579	14,600	Lucky Cement Limited	10	48,135	10,876	53,461	11,490
53,721	56,000	Cherat Cement Limited	10	9,672	8,531	14,703	9,127
-	100,000	Descon Oxychem Limited	10	-	2,445	-	2,260
Fertilizers							
51,717	54,000	Engro Corporation Limited	10	15,719	14,781	23,029	15,925
249,763	-	Fauji Fertilizer Bin Qasim Limited	10	10,422	-	22,214	-
336,492	135,933	Fauji Fertilizer Company**	10	72,050	14,522	123,263	15,386
392,971	194,700	Engro Fertilizer Limited	10	61,424	18,959	80,241	21,851
Pharmaceuticals							
-	366,500	Citi Pharma Limited	10	-	12,210	-	8,701
21,201	-	Abbott Laboratories (Pakistan)	10	20,003	-	26,244	-
77,000	-	Bf Biosciences Limited	10	8,943	-	18,083	-
Automobile Assembler							
-	6,500	Atlas Honda Limited	10	-	3,067	-	2,280
24,081	11,922	Millat Tractors Limited	10	13,601	5,013	14,961	6,930
-	15,300	Pak Suzuki Motor Company Limited	10	-	8,442	-	8,543
C/F				546,461	250,052	781,932	267,036

Shares		Company	Face value per share	Cost		Market Value	
2024	2023			2024	2023	2024	2023
-----Number-----				----- (Rupees in thousand) -----			
		B/F		546,461	250,052	781,932	267,036
		Power Generation and Distribution					
394,901	285,136	Hub Power Company Limited	10	45,925	27,576	51,689	33,387
-	2,240,000	K-Electric Limited	10	-	9,234	-	11,782
		Oil and Gas Exploration Companies					
320,710	332,164	Oil And Gas Development Company Limited	10	53,926	34,692	72,885	37,352
79,275	-	Pakistan Oil Fields Limited	10	40,385	-	50,072	-
71,476	16,498	Mari Petroleum Company Limited	10	39,749	28,198	51,435	34,585
310,670	292,596	Pakistan Petroleum Limited	10	44,526	26,935	63,237	33,657
90,036	162,898	Sui Northern Gas Pipeline	10	5,910	9,005	10,079	11,976
		Textile Composite					
-	145,840	Gul Ahmad Textile Mills Limited	10	-	4,857	-	3,150
-	55,000	Nishat Chunian Limited	10	-	1,675	-	1,538
-	129,876	Nishat Mills Limited	10	-	10,410	-	9,964
-	19,800	Towellers Limited	10	-	3,682	-	3,774
		Automobile Parts and Accessories					
29,172	15,000	Sazgar Engineering Works Limited	10	22,032	2,760	32,625	2,668
		Glass and Ceramics					
-	145,448	Tariq Glass Industries Limited	10	-	12,481	-	14,504
		C/F		798,914	421,557	1,113,954	465,373

Shares		Company	Face value per share	Cost		Market Value	
2024	2023			2024	2023	2024	2023
-----Number-----				----- (Rupees in thousand) -----			
		B/F		798,914	421,557	1,113,954	465,373
		Refinery					
-	898,000	Energy PK Limited	10	-	7,374	-	4,418
39,660	-	Attock Refinery Limited	10	16,001	-	28,209	-
		Technology					
43,351	11,000	Systems Limited	10	18,722	4,716	26,940	4,659
-	64,936	Avanceon Limited	10	-	4,196	-	3,723
		Oil and Gas Marketing Companies					
111,887	131,878	Pakistan State Oil Company Limited	10	30,647	21,136	49,307	23,304
		Transport					
51,164	30,500	Pakistan National Shipping Corporation	10	9,012	6,663	24,021	8,067
		Synthetic & Rayon					
-	150,000	Image Pakistan Limited	10	-	2,559	-	2,544
		Miscellaneous					
-	101,000	Siddiqsons Tin Plate Limited	10	-	1,247	-	739
258,138	-	Pakistan Aluminium Beverage Cans Limited	10	20,908	-	32,290	-
49,742	-	Haleon Pakistan Limited	10	27,126	-	40,175	-
83,870	-	Shifa International Hospitals	10	33,603	-	33,247	-
20,185	-	Thall Limited	10	8,636	-	8,306	-
171,409	-	AGP LIMITED	10	18,797	-	29,157	-
-	25,000	Macpac Films Limited	10	-	580	-	525
1,149,697	450,000	HBL Investment Fund - Class	10	10,772	1,469	13,141	1,553
-	250,190	Synthetic Products Enterprises Limited	10	-	4,514	-	3,340
		Value as at 31 December		993,138	476,011	1,398,747	518,245
		Grand Total		993,138	476,011	1,398,747	518,245

* 2024 136,000 (2023: 136,000) shares are pledged with National Clearing Company of Pakistan Limited (NCCPL) as exposure margin.

** 2024 120,035 (2023: Nil) shares are pledged with National Clearing Company of Pakistan Limited (NCCPL) as exposure margin.

10 INVESTMENTS IN DEBT SECURITIES	Note	2024	2023
(Rupees in thousand)			
Available for sale - Unquoted			
Term finance certificates	10.1	95,000	95,000
Pakistan Investment Bonds	10.2	2,160,403	816,383
		<u>2,255,403</u>	<u>911,383</u>
Unrealized gain on debt securities		99,836	8,849
		<u>2,355,239</u>	<u>920,232</u>
Held for trading			
Treasury Bills	10.3	119,813	1,214,713
Sukuk certificates	10.4	-	25,000
Unrealized gain on debt securities		16,531	17,002
		<u>2,491,583</u>	<u>2,176,947</u>
Total Investment in debt securities			

Description	Maturity	Profit Payment	Yield	2024	2023
(Rupees in thousand)					

10.1 Term finance certificates

Habib Bank Limited	Perpetual	Quarterly	3M KIBOR + 1.60%	20,000	20,000
Habib Bank Limited	Perpetual	Quarterly	3M KIBOR + 2%	75,000	75,000
				<u>95,000</u>	<u>95,000</u>

10.2 Pakistan Investment Bonds

Pakistan Investment Bond-Floater	9-Aug-28	Semi Annually	19.43%	110,000	110,000
Pakistan Investment Bond-Floater	18-Apr-29	Semi Annually	15.15%	242,156	-
Pakistan Investment Bond-Floater	14-Nov-29	Semi Annually	14.28%	96,743	-
Pakistan Investment Bond	4-Jul-26	Semi Annually	16.97%	421,199	-
Pakistan Investment Bond	25-Feb-27	Semi Annually	15.17%	97,855	-
Pakistan Investment Bond	15-Feb-27	Semi Annually	15.05%	147,151	-
Pakistan Investment Bond	17-Jan-29	Semi Annually	14.68%	146,937	-
Pakistan Investment Bond	17-Jan-29	Semi Annually	14.69%	97,929	-
Pakistan Investment Bond	20-Sep-26	Semi Annually	12.57%	40,549	-
Pakistan Investment Bond	20-Sep-26	Semi Annually	12.60%	40,524	-
Pakistan Investment Bond	20-Sep-26	Semi Annually	12.66%	40,487	-
Pakistan Investment Bond	20-Sep-26	Semi Annually	12.11%	122,549	-
Pakistan Investment Bond	4-Jul-26	Semi Annually	17.38%	46,552	44,705
Pakistan Investment Bond	4-Jul-26	Semi Annually	19.35%	272,234	257,695
Pakistan Investment Bond	5-Aug-24	Semi Annually	21.52%	-	184,424
Pakistan Investment Bond	4-Aug-25	Semi Annually	19.57%	47,411	43,686
Pakistan Investment Bond	4-Aug-25	Semi Annually	19.10%	190,127	175,873
				<u>16.02%</u>	<u>2,160,403</u>
					<u>816,383</u>

Average yield / total

10.2.1 Pakistan Investment Bonds having face value of Rs. 60 million (2023: Rs. 60 million) and market value of Rs. 59 million (2023: Rs. 59 million) respectively are held with State Bank of Pakistan as security deposit.

Description	Maturity	Profit Payment	Yield	2024	2023
(Rupees in thousand)					
10.3 Treasury Bills - Held for Trading					
Treasury Bills	17-Oct-24	On Maturity	22.07%	-	143,430
Treasury Bills	12-Dec-24	On Maturity	21.40%	-	527,437
Treasury Bills	12-Dec-24	On Maturity	21.41%	-	412,023
Treasury Bills	14-Nov-24	On Maturity	21.43%	-	131,823
Treasury Bills	29-May-25	On Maturity	19.98%	25,016	-
Treasury Bills	15-May-25	On Maturity	19.85%	94,797	-
Average yield / total			21.02%	119,813	1,214,713

10.4 Sukuk certificates

GIS-VRR	4-Dec-24	On Maturity	20.33%	-	25,000
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11 INVESTMENTS IN TERM DEPOSITS

Note	2024	2023
(Rupees in thousand)		
Term Deposit Receipt - maturing within 12 months	-	2,000
Impairment	-	(2,000)
	-	-

12 LOANS AND OTHER RECEIVABLES**Considered good**

Note	2024	2023
(Rupees in thousand)		
Accrued investment income	104,659	47,566
Security deposits	10,186	6,123
Loan to employees	12.1	12,334
Insurance claim receivable	146	-
Receivable from Shareholders' fund	12.2	6,377
Other advances	12.3	16,667
	150,369	280,237

12.1 This represents short term advance obtained by employees who have completed one year of service with the company. The advance is markup-free and is repayable within 12 months. As per policy, the maximum finance limit per employee is lower of two gross salaries or 80% of the respective employees' provident fund balance.

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

12.3 This includes advance amounting to Rs.13.92 million (2023: 14.1 million) paid to Axa Life and Health Reinsurance Solutions (Private) Limited on account of advance reinsurance float.

	Note	2024	2023
(Rupees in thousand)			
13 INSURANCE / REINSURANCE RECEIVABLES			
Unsecured and considered good			
Due from insurance contract holders		651,880	846,744
Less: Provision for impairment of receivables from insurance contract holders	13.1	(38,880)	(27,108)
		<u>613,000</u>	<u>819,636</u>
Due from other insurers / reinsurers	13.3	42,473	136,984
Less: Provision for impairment of due from other insurers / reinsurers	13.2	(20,025)	(39,794)
		<u>22,448</u>	<u>97,190</u>
		<u>635,448</u>	<u>916,826</u>
13.1 Provision for impairment for receivables from insurance contract holders			
Balance as at 01 January		27,108	16,417
Addition made during the year		11,772	10,691
Balance as at 31 December		<u>38,880</u>	<u>27,108</u>
13.2 Provision for impairment of due from other insurers / reinsurers			
Balance as at 01 January		39,794	50,485
(Reversal) / Addition made during the year		(19,769)	(10,691)
Balance as at 31 December		<u>20,025</u>	<u>39,794</u>
13.3			
The Company has co-insurance and reinsurance arrangements with various insurance and reinsurance companies. Under the above arrangements, the receivable and payable balances originate mainly due to premiums underwritten or claims settled by the lead insurer on behalf of other co-insurers, and in case of reinsurance, the premium ceded to and claims recoverable from the reinsurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance and reinsurance arrangements are done between respective insurance companies in normal course of business.			
The current balances of co-insurance and reinsurance reflected in the records of the Company are based on underlying contracts and transactions supported by appropriate evidence.			
In this regard, the Company exchanged balance information with various co-insurers and reinsurers based on significance of the balances. This information corroborates the balance position of the Company in all material respects.			
		2024	2023
(Rupees in thousand)			
14 DEFERRED TAXATION			
Credit / (debit) balances arising in respect of timing differences relating to:			
Deferred credits arising in respect of			
Accelerated tax depreciation allowance		-	1,419
Leases - net		-	6,285
Worker's welfare fund		36,986	28,155
Deferred debits arising due to			
Accelerated tax depreciation allowance		(428)	-
Investments - Held for trading		(6,447)	(6,632)
Leases - net		(22)	-
Investments - Available for sale		(197,123)	(19,921)
		<u>(167,034)</u>	<u>9,306</u>

	Note	2024	2023
		(Rupees in thousand)	
14.1 Reconciliation of deferred tax liabilities - net			
As at 01 January		9,306	58,856
Tax (loss) / income recognized in profit and loss account	33	(13,683)	7,182
Tax expense recognized in OCI	14.2	(162,657)	(56,732)
As at 31 December		<u>(167,034)</u>	<u>9,306</u>
14.2 This represents deferred tax expense recognized on unrealized gain on available-for-sale investments in other comprehensive income			

	Note	2024	2023
		(Rupees in thousand)	
15 PREPAYMENTS			
Prepaid reinsurance premium ceded	25	953,967	962,674
Prepaid miscellaneous expenses		6,767	2,443
		<u>960,734</u>	<u>965,117</u>

16 CASH AND BANK**Cash and cash equivalents**

Cash in hand		2,816	3,035
Revenue stamps		2,530	2,500
		<u>5,346</u>	<u>5,535</u>

Cash at bank

Current accounts			
- Local currency		81,776	101,327
- Foreign currency (USD 3,294.98) (2023: USD 3,294.98)		917	940
		<u>82,693</u>	<u>102,267</u>
Savings accounts	16.1	334,784	367,027
		<u>417,477</u>	<u>469,294</u>
		<u>422,823</u>	<u>474,829</u>

16.1 The balance in saving accounts carry mark-up at the rate of 13.50% to 20.50% per annum (2023: 14.85% to 20.60% per annum).

16.2 Cash at bank deposits includes an amount of Rs. 392.01 million (2023: Rs. 413.76 million) held with Bank Alfalah Limited, an associated undertaking.

	2024	2023
	(Rupees in thousand)	
17 WINDOW TAKAFUL OPERATIONS		
Operator's Fund		
Assets:		
Cash and bank deposits	7,769	139,302
Assets - Others	308,545	551,180
Total assets	<u>316,314</u>	<u>690,482</u>
Total Liabilities	<u>115,805</u>	<u>292,751</u>



	2024	2023
	(Rupees in thousand)	
17.1 Window Takaful Operations		
Profit and loss account		
Wakala fee	209,080	197,365
Commission expense	(28,519)	(26,337)
Management expense	(83,334)	(61,632)
Investment income - net	82,318	46,383
Modarib's share of PTF Investment Income	31,811	23,012
Other income	7,409	27,491
Finance cost	(1,984)	(1,219)
Direct expenses	(7,755)	(3,329)
Profit before tax from Window Takaful Operations	<u>209,026</u>	<u>201,734</u>
Taxation	(81,520)	(88,767)
Profit after tax from Window Takaful Operations	<u><u>127,506</u></u>	<u><u>112,967</u></u>

Details of assets, liabilities and segment disclosures of Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations.

18 SHARE CAPITAL

18.1 Authorized Capital

2024	2023		2024	2023
(Number of shares)			(Rupees in thousand)	
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each	<u>500,000</u>	<u>500,000</u>

18.2 Issued, subscribed and paid-up share capital

2024	2023		2024	2023
(Number of shares)				
30,000,000	30,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	300,000	300,000
20,000,000	20,000,000	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	200,000	200,000
<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000</u>	<u>500,000</u>

18.3 As at 31 December 2024, Bank Alfalah Limited and Sheikh Nahayan Mubarak Al Nahayan held 14,997,825 (2023: 14,997,825) and 17,497,323 (2023: 17,497,323) ordinary shares of Rs. 10 each fully paid, respectively.

19 RESERVES

	Note	2024	2023
		(Rupees in thousand)	
Capital reserves			
Share deposit money		1,381	1,381
Revenue reserves			
Fair value reserve	19.1	316,228	61,815
General reserve	19.2	150,000	150,000
		<u>467,609</u>	<u>213,196</u>

19.1 This reserve comprises the cumulative net change in the fair value of financial assets designated as available-for-sale.

19.2 This reserve has been maintained for general purposes.

20 RETIREMENT BENEFITS OBLIGATIONS

Staff gratuity liability	20.1	<u>1,105</u>	<u>7,643</u>
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Gratuity plan entitles an eligible employee to receive a lump sum amount equal to last drawn eligible salary multiplied by number of eligible years of service with the Company at the time of cessation of employment. An eligible employee means a permanent employee who has successfully completed minimum five years of service with the Company. Eligible salary means monthly basic salary of the eligible employee at the time of cessation of employment.

Gratuity plan is administered through separate fund that is legally separated from the Company. The Trust of the fund comprises of four employees, out of which one employee is the Chair. The Trustees of the funds are required by law to act in the best interests of the plan participants and are responsible for making all the investments and disbursements out of the funds.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

This defined benefit plan is fully funded by the Company. The funding requirements are evaluated by the management using the funds' actuarial measurement framework set out in the funding policies of the plan. An actuarial valuation is performed every year in accordance with the requirements of the revised International Accounting Standards 19 (IAS 19). Employees are not required to contribute to gratuity plan.

The Company is responsible to manage the deficit in the defined benefit obligation towards fair value of the plan assets. The Company performs regular maturity analysis of the defined benefit obligation and manages its contributions accordingly.

	2024	2023
	(Rupees in thousand)	
20.1 Statement of financial position reconciliation		
The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	154,041	121,553
Fair value of plan assets	(152,936)	(113,910)
Recognized liability	<u>1,105</u>	<u>7,643</u>
20.1.1 Movement in the defined benefit obligations		
Obligation as at 01 January	121,553	91,310
Current service cost	11,523	9,456
Interest cost	16,442	12,749
Actuarial gain	12,494	13,960
Benefits paid	(7,971)	(5,922)
Obligation as at 31 December	<u>154,041</u>	<u>121,553</u>
20.1.2 Movement in the fair value of plan assets		
Fair value as at 01 January	113,910	91,608
Expected return on plan assets	18,522	13,559
Actuarial gain	9,332	4,943
Employer contributions	19,143	9,722
Benefits paid	(7,971)	(5,922)
Fair value as at 31 December	<u>152,936</u>	<u>113,910</u>
20.1.3 Cost		
Current service cost	11,523	9,456
Interest cost	16,442	12,749
Expected return on plan assets	(18,522)	(13,559)
Expense	<u>9,443</u>	<u>8,646</u>
Actual return on plan assets	<u>27,854</u>	<u>18,502</u>
20.1.4 Principal actuarial assumptions used are as follows:		
Discount rate per annum - %	12.00%	15.50%
Expected return on plan assets per annum - %	12.00%	15.50%
Future salary increases - %	17.00%	20.00%
Net retirement age	60	60
Mortality rates	SLIC 2001-05	SLIC 2001-05
Withdrawal rate	Moderate	Moderate
Effective salary increase timing	1st January 2025	1st January 2024

	2024	2023	2022	2021	2020
20.1.5 Comparison for five years	(Rupees in thousand)				
As at 31 December					
Present value of defined benefit obligation	154,041	121,553	91,310	76,493	64,650
Fair value of plan assets	(152,936)	(113,910)	(91,608)	(77,320)	(70,551)
Deficit	1,105	7,643	(298)	(827)	(5,901)

20.1.6 Experience adjustments					
Gain / (loss) on plan assets - (as % age of plan assets)	6.10%	4.34%	-0.26%	-0.45%	-3.23%
Gain / (loss) on plan assets - (as % age of obligations)	6.06%	4.07%	-1.05%	0.74%	-4.95%

20.1.7 Plan assets comprise of the following:	2024		2023	
	Rupees in Thousand	%	Rupees in Thousand	%
Mutual funds - unquoted	9	0%	21,868	19%
Treasury bills - unquoted	117,984	77%	83,271	73%
Others including (cash and bank balances)	34,943	23%	8,771	8%
	152,936	100%	113,910	100%

21 INSURANCE / REINSURANCE PAYABLES	2024	2023
	(Rupees in thousand)	
Due to other insurers / reinsurers	384,116	848,487

22 LEASE LIABILITY

The effective interest rate used as the discounting factor (i.e. implicit in the lease) ranges from 7.95% to 21.71%. The amount of future payments and the period during which they will become due are:

	Note	2024	2023
		(Rupees in thousand)	
Year ending 31 December			
2024		-	34,754
2025		54,313	36,439
2026		54,627	36,886
2027		24,287	1,952
2028		24,077	6,170
2029 onwards		109,312	-
		266,616	116,201
Less: Future finance charges		(92,045)	(22,308)
	22.1	174,571	93,893

22.1 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024	2023
	(Rupees in thousand)	
As at 01 January	93,893	79,920
Additions during the year	128,354	38,554
Deletions during the year	(2,977)	-
Markup on lease liabilities	13,466	8,727
	232,736	127,201
Lease rentals paid	(58,165)	(33,308)
As at 31 December	174,571	93,893

23 OTHER CREDITORS AND ACCRUALS

Agent commission payable		91,010	138,452
Cash margin against performance bonds		260,632	99,257
Federal excise duty and sales tax		60,033	81,751
Federal insurance fee		2,401	3,251
Workers' welfare fund	23.1	94,836	72,191
Accrued expenses		221,554	161,544
Tax deducted at source		6,828	16,799
Others	23.2	34,696	28,544
		771,990	601,789

23.1 Workers' welfare fund

As at 01 January		72,191	47,239
Provision for the year	31	22,645	24,952
As at 31 December	23.1.1	94,836	72,191

23.1.1 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on insurance companies was not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the company, which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions are decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

23.2 Unclaimed insurance benefits

Others include unclaimed insurance benefits of Rs. 7.41 million (2023: Rs. 5.89 million), aging of which is given below:

	Age-wise breakup of unclaimed insurance benefits					Total
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	beyond 36 months	
	------(Rupees in thousand)-----					
Claims not encashed - 2024	-	903	1,944	925	3,636	7,408
Claims not encashed - 2023	35	1,151	1,113	420	3,170	5,889



24 CONTINGENCIES AND COMMITMENTS

24.1 Tax Contingencies

a) Income tax - Tax Year 2017

For tax year 2017, the tax department disputed Company's treatment on certain issues and raised the aggregate liability of Rs. 93.9 million, however, upon assailing the assessment order before the first appellate authority, additions only to the extent of Rs 5.9 million were confirmed in respect of unpaid liabilities (Rs 0.4 million) and unverified expenses (Rs 5.5 million). While the former will be claimed on payment basis, the Company has preferred an appeal before the Appellate Tribunal Inland Revenue. On 1 March 2023 Appellate Tribunal Inland revenue has passed an order and given relief by accepting all points of the Company and no demand has been raised. The department has filed an appeal in Lahore High Court against ATIR's order. As per Company's Tax advisor, the Company has strong case, accordingly, the appeal is likely to be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

b) Income tax - Tax Year 2019

The deemed assessment for the tax year 2019 was amended through order dated 07 July 2021 issued under section 122 (5A) of the Ordinance, whereby deduction amounting to Rs. 16.22 million, claimed on account of 'provision for bad and doubtful debts', was disallowed by the assessing officer. As per Company's Tax advisor, the Company has strong case and appeal against such amendment order is pending before the first appellate authority, accordingly, the appeal is likely to be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

c) Income tax - Tax Year 2021

The Company's appeal against order passed, raising a tax demand of Rs. 239.65 million under section 122(5A) of the Ordinance, was disposed of by Commissioner Inland Revenue (Appeals - I) [CIR(A)] through order dated 17 June 2022 for tax year 2021. While, a substantial amount of relief was allowed on issues decided in Company's favor by CIR(A) reducing the demand to Rs. 43.19 million, the Company, has preferred an appeal against CIR(A) order before the Appellate Tribunal Inland Revenue (the 'Tribunal'). As per Company's Tax advisor, the Company has strong case and expects a favorable outcome in this regard, therefore, no provision has been made in these financial statements.

There are no commitments as at 31 December 2024 (31 December 2023: Nil).

25 NET INSURANCE PREMIUM	Note	2023	
		2024	(Rupees in thousand)
Written gross premium		4,458,154	4,166,123
Unearned premium reserve as at 01 January		1,445,436	1,194,868
Unearned premium reserve as at 31 December		<u>(1,481,912)</u>	<u>(1,445,436)</u>
Premium earned		4,421,678	3,915,555
Reinsurance premium ceded		(2,516,282)	(2,517,954)
Prepaid reinsurance premium ceded as at 01 January		(962,674)	(674,957)
Prepaid reinsurance premium ceded as at 31 December	15	<u>953,967</u>	<u>962,674</u>
Reinsurance expense		<u>(2,524,989)</u>	<u>(2,230,237)</u>
		<u>1,896,689</u>	<u>1,685,318</u>

26 NET INSURANCE CLAIMS

	2024	2023
	(Rupees in thousand)	
Claims paid	1,857,049	1,590,752
Outstanding claims including IBNR as at 31 December	1,015,932	1,314,412
Outstanding claims including IBNR as at 01 January	<u>(1,314,412)</u>	<u>(1,104,316)</u>
Claims expense	1,558,569	1,800,848
Reinsurance and other recoveries received	(585,881)	(419,128)
Reinsurance and other recoveries in respect of outstanding claims net of impairment as at 31 December	(640,251)	(906,887)
Reinsurance and other recoveries in respect of outstanding claims net of impairment as at 01 January	906,887	677,388
Reinsurance and other recoveries revenue	(319,245)	(648,627)
	<u>1,239,324</u>	<u>1,152,221</u>

26.1 Claim Development

The following table shows the development of fire, marine and others including miscellaneous claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2024.

	Accident year					Total
	2020 and earlier	2021	2022	2023	2024	
Estimate of ultimate claims cost						
At the end of accident year with IBNR	595,999	502,418	1,028,515	800,768	538,695	3,466,395
One year later	561,335	456,131	970,328	735,846	-	2,723,640
Two years later	561,539	443,340	891,292	-	-	1,896,171
Three years later	563,526	426,145	-	-	-	989,671
Four years later	560,706	-	-	-	-	560,706
Five years and beyond	3,908,395	-	-	-	-	3,908,395
Current estimate of cumulative claims	4,469,101	426,145	891,292	735,846	538,695	7,061,079
Cumulative payments to date	(4,414,677)	(359,266)	(692,395)	(629,592)	(262,185)	(6,358,115)
Liability recognized in the statement of financial position	<u>54,424</u>	<u>66,879</u>	<u>198,897</u>	<u>106,254</u>	<u>276,510</u>	<u>702,964</u>

27 NET COMMISSION / ACQUISITION INCOME

	2024	2023
	(Rupees in thousand)	
Commission paid or payable	405,277	420,304
Deferred commission expense as at 01 January	153,382	128,117
Deferred commission expense as at 31 December	<u>(161,456)</u>	<u>(153,382)</u>
Net commission	397,203	395,039
Commission received or recoverable	(448,947)	(499,660)
Unearned reinsurance commission as at 01 January	(177,838)	(139,311)
Unearned reinsurance commission as at 31 December	167,863	177,838
Commission from reinsurance	(458,922)	(461,133)
	<u>(61,719)</u>	<u>(66,094)</u>

28 MANAGEMENT EXPENSES	Note	2024	2023
(Rupees in thousand)			
Employee benefit cost	28.1	446,658	350,086
Travelling expenses		28,120	14,049
Advertisement and sales promotion		4,117	1,823
Printing and stationery		13,558	10,557
Depreciation of operating assets	5.1.3	25,777	15,591
Depreciation of right-of-use assets	6.1	24,440	19,666
Amortization of intangibles	7.1.2	2,842	3,114
Rent, rates and taxes		1,373	1,775
Electricity, gas and water		12,428	13,824
Vehicle running expenses		36,142	32,707
Office repairs and maintenance		36,627	14,842
Bank charges		3,436	2,533
Postages, telegrams and telephone		12,749	10,353
Annual supervision fee to the SECP		3,821	6,666
Fee and subscription		7,055	9,916
Tracker expense		3,214	3,454
Training and development		3,200	173
Inspection fee		2,419	1,509
Miscellaneous expenses		33,999	30,948
		<u>701,975</u>	<u>543,586</u>
28.1 Employee benefit cost			
Salaries, allowances and other benefits		419,959	327,051
Charges for post employment benefits		26,699	23,035
		<u>446,658</u>	<u>350,086</u>

28.2 Management expenses amounting to Rs. 73.03 million (2023: Rs. 50.90 million) have been allocated to Window Takaful Operations Operators fund.

29 INVESTMENT INCOME	Note	2024	2023
(Rupees in thousand)			
Dividend income	29.1	58,254	34,867
Income from debt securities	29.2	222,896	305,679
Net realized gains on investments	29.3	492,683	104,348
Net unrealized gains on investments	29.4	16,531	17,012
Impairment on available-for-sale securities		(788)	(43,916)
Transferred to profit or loss on sale of investment	9.1.1	38,080	65,988
Investment related expenses		(20,573)	(4,939)
		<u>807,083</u>	<u>479,039</u>

	Note	2024	2023
(Rupees in thousand)			
29.1 Dividend income			
- Available for sale			
Dividend income		58,254	34,867
29.2 Income from debt securities			
- Available for sale			
Return on Pakistan Investment Bonds		198,667	280,371
Return on Sukuk Certificate		-	1,544
Return on Term Finance Certificate		20,731	21,964
- Held for trading			
Return on GIS-VRR		3,498	1,800
		222,896	305,679
29.3 Net realized gains on investments			
- Available for sale			
Realized gain on equity securities		225,507	10,017
Realized loss on debt securities		(216)	(19,495)
- Held for trading			
Realized gain on debt securities		267,392	113,826
		492,683	104,348
29.4 Net unrealized gains on investments			
- Held for trading			
Net un-realized gains on investments at fair value through profit and loss account		16,531	17,012
		790,364	461,906
- Impairment of available for sale securities			
Equity securities		(788)	(43,916)
- Gain on sale of investment		38,080	65,988
- Investment related expenses		(20,573)	(4,939)
Total investment income		807,083	479,039
30 OTHER INCOME			
Return on bank balances		109,324	121,283
Gain on disposal of property and equipment		217	230
Gain on derecognition of lease		134	-
Exchange gain		-	3,131
Liabilities written back		33,452	66,068
Others		233	1,100
		143,360	191,812
31 OTHER EXPENSES			
Insurance expenses		9,631	5,995
Legal and professional fee		13,158	7,563
Auditor's remuneration	31.2	17,409	11,702
Miscellaneous expenses		3,463	2,193
Workers' welfare fund	23.1	22,645	24,952
Exchange loss		17	-
		66,323	52,405
31.1	Other expenses amounting to Rs. 6.75 million (2023: Rs. 2.56 million) have been allocated to Window Takaful Operations Operators fund.		



	2024	2023
	(Rupees in thousand)	
31.2 Auditor's remuneration		
Statutory audit fee	2,402	1,285
Half yearly review	753	579
Statutory returns	951	732
Certification and sundry services	10,360	216
Taxation services	767	8,561
Out of pocket expenses	361	189
Sales tax	1,815	140
	17,409	11,702

32 FINANCE COST

Mark-up on lease liabilities	11,481	7,508
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32.1 Finance cost amounting to Rs. 1.98 million (2023: Rs. 1.22) has been allocated to Window Takaful Operations Operators fund.

	2024	2023
	(Rupees in thousand)	
33 TAXATION		
Current Tax:		
Current year	415,114	326,437
Prior years	-	12,711
	415,114	339,148
Deferred Tax	13,683	(7,182)
	428,797	331,966

33.1 Relationship between tax expense and accounting profit

A numerical reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate.

	2024	2023
	(Rupees in thousand)	
Accounting profit	1,109,611	863,650
Tax at the applicable rate of 39% (2023: 39%)	432,748	336,824
Tax effect of amounts that are:		
- Related to temporary differences		
- Current year	(3,951)	(7,098)
- Prior years	-	(2,900)
- Change in tax rate	-	(7,571)
- Prior year adjustment - Current tax	-	12,711
	(3,951)	(4,858)
Tax expense	428,797	331,966

34 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2024	2023
	(Rupees in thousand)	
Net profit after tax for the year	680,814	531,684
	Number of shares	
Weighted average number of shares of Rs. 10 each	50,000,000	50,000,000
	(Rupees)	
Basic earnings per share	13.62	10.63

34.1 There is no dilution in basic earnings per share as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

35 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND KEY MANAGEMENT PERSONNEL

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Directors, Chief Executive Officer and Key Management Personnel of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	(Rupees in thousand)					
Managerial remuneration	25,920	21,600	-	-	196,618	127,652
Leave fare assistance	648	540	-	-	5,063	3,243
Bonus	11,500	9,600	-	-	31,540	20,480
Charge for defined benefit plan	916	940	-	-	5,910	4,738
Contribution to defined contribution plan	1,296	1,080	-	-	9,831	6,383
Rent and house maintenance	3,407	3,407	-	-	3,407	-
Vehicle allowance	-	1,170	-	-	23,693	21,518
Other perquisites and allowances	447	175	-	-	2,287	840
	44,134	38,512	-	-	278,349	184,854
Number	2*	1	6	6	97	61

* During the year, the chief executive of the company was changed.

In addition, the Chief Executive Officer and certain other executives of the Company were also provided with Company maintained cars. Chief Executive Officer was also provided with certain household equipment and club membership. No fee was paid to directors for attending meetings.

36 PROVIDENT FUND TRUST

The Company operates funded contributory provident fund scheme for all its eligible employees. The following information is based on the unaudited financial statements of the provident fund for the year ended 31 December 2024:

	(Un-audited)	
	2024	2023
	(Rupees in thousand)	
Size of the fund	121,839	98,782
Cost of investments made	117,665	90,008
Percentage of investments made (based on fair value)	96.57%	91.12%
Fair value of investments	132,142	98,359
Break up of Investments		

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The break-up of investments is as follows:

	Percentage of Investments as a % size of fund		Fair Value	
	(Un-audited)		(Un-audited)	
	2024	2023	2024	2023
	(Rupees in thousand)			
Government Securities	92%	90%	120,919	88,199
Profit bearing bank accounts	8%	10%	11,223	10,160
			132,142	98,359

37 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The Company, in the normal course of business, carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors, chief executive and key management personnel is disclosed in note 35. Contributions and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as disclosed in note 20 and 36 of these financial statements, respectively.

	2024	2023
	(Rupees in thousand)	
i) <u>Associated undertakings and other related parties</u>		
Premium written	1,141,230	936,868
Premium received	1,263,660	1,023,456
Claims paid	861,459	673,816
Interest income	101,337	113,988
Dividend paid	132,506	70,004
License fees and connection charges	4,524	2,644
Rent paid	7,864	2,860
Commission paid	2,490	2,852
Expense charged in respect of retirement benefit plans	20,472	17,202
Investment advisory fee	18,000	1,905
Investments purchased	2,563,832	2,104,494
Investments sold	2,291,763	2,332,922
<u>Key management personnel</u>		
Premium written	350	159
Claims paid	848	553
Vehicle sold	-	429
Vehicle purchased	-	12,000
Loan paid	12,099	7,983
Loan recovered	9,133	5,699
ii) <u>Period end balances</u>		
<u>Associated undertakings and other related parties</u>		
Premium receivable from related parties	155,001	75,785
Provision for outstanding claims	325,885	324,871
Internet charges payable	9,587	8,026
<u>Key Management Personnel</u>		
Premium receivable	184	120
Provision for outstanding claims	40	360
Loan outstanding	6,530	3,564

37.1 Following are the particulars of the related parties of the Company at the reporting date:

Name of related party	Basis of relationship	Aggregate % of shareholding
Bank Alfalah Limited	Shareholding & Common Directorship	30%
Taavun (Private) Limited	Common Directorship	Nil
Alfalah Asset Management Limited	Common Directorship	Nil
Alfalah Currency Exchange (Pvt.) Limited	Group Company	Nil
Alfalah Securities (Private) Limited	Group Company	Nil
Wateen Telecom Limited	Common Directorship	Nil
Wateen WiMAX (Pvt.) Ltd	Common Directorship	Nil
Wateen Solutions (Pvt.) Ltd	Group Company	Nil
Sapphire Wind Power Company Limited	Group Company	Nil
Alfalah Insurance Company Limited Employees Gratuity Fund	Retirement Benefits Plan	Nil
Alfalah Insurance Company Limited Employees Provident Fund	Retirement Benefits Plan	Nil



38 SEGMENT REPORTING

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017:

	31 December 2024					Total
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	
	(Rupees in thousand)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	1,554,287	190,334	1,026,892	1,120,565	1,246,732	5,138,810
Federal Excise Duty	(204,807)	(21,810)	(140,131)	(117,208)	(152,114)	(636,070)
Federal Insurance Fee	(13,367)	(1,669)	(8,782)	(9,927)	(10,841)	(44,586)
Gross Written Premium (inclusive of Administrative Surcharge)	1,336,113	166,855	877,979	993,430	1,083,777	4,458,154
Gross direct premium	1,334,118	162,237	844,525	991,828	1,083,469	4,416,177
Administrative surcharge	1,995	4,618	33,454	1,602	308	41,977
	1,336,113	166,855	877,979	993,430	1,083,777	4,458,154
Insurance premium earned	1,274,031	166,682	812,316	1,023,873	1,144,776	4,421,678
Insurance premium ceded to reinsurers	(1,199,265)	(139,371)	(65,302)	(46,449)	(1,074,602)	(2,524,989)
Net insurance premium	74,766	27,311	747,014	977,424	70,174	1,896,689
Commission income	163,983	30,962	1,959	13,935	248,083	458,922
Net underwriting income	238,749	58,273	748,973	991,359	318,257	2,355,611
Insurance claims	(255,264)	1,396	(340,048)	(851,415)	(113,238)	(1,558,569)
Insurance claims recovered from reinsurers	231,192	(2,238)	7,111	-	83,180	319,245
Net claims	(24,072)	(842)	(332,937)	(851,415)	(30,058)	(1,239,324)
Commission expense	(156,002)	(25,539)	(15,930)	(12,654)	(187,078)	(397,203)
Management expense	(209,419)	(26,153)	(140,826)	(155,708)	(169,869)	(701,975)
Premium deficiency reserve	-	-	-	10,837	-	10,837
Net insurance claims and expenses	(389,493)	(52,534)	(489,693)	(1,008,940)	(387,005)	(2,327,665)
Underwriting results	(150,744)	5,739	259,280	(17,581)	(68,748)	27,946
Net investment income						807,083
Other income						143,360
Other expenses						(66,323)
Profit from Window Takaful Operations - Operator's Fund						209,026
Finance Cost						(11,481)
Profit before tax						1,109,611
Segment assets	1,429,986	82,351	71,777	155,344	652,023	2,391,481
Unallocated assets						5,231,010
						7,622,491
Segment liabilities	1,380,888	100,737	649,540	242,043	666,139	3,039,347
Unallocated liabilities						1,287,754
						4,327,101

	31 December 2023					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	(Rupees in thousand)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	1,395,072	167,212	903,020	875,109	1,363,527	4,703,940
Federal Excise Duty	(176,838)	(17,857)	(122,248)	(16,206)	(163,021)	(496,170)
Federal Insurance Fee	(12,062)	(1,470)	(7,738)	(8,504)	(11,873)	(41,647)
Gross Written Premium (inclusive of Administrative Surcharge)	1,206,172	147,885	773,034	850,399	1,188,633	4,166,123
Gross direct premium	1,204,386	142,136	741,681	850,034	1,185,206	4,123,443
Facultative inward premium	-	916	-	-	1,950	2,866
Administrative surcharge	1,786	4,833	31,353	365	1,477	39,814
	1,206,172	147,885	773,034	850,399	1,188,633	4,166,123
Insurance premium earned	1,035,215	147,821	792,915	826,560	1,113,044	3,915,555
Insurance premium ceded to reinsurers	(997,359)	(119,891)	(52,560)	(19,562)	(1,040,865)	(2,230,237)
Net insurance premium	37,856	27,930	740,355	806,998	72,179	1,685,318
Commission income	153,243	32,225	1,183	5,869	268,613	461,133
Net underwriting income	191,099	60,155	741,538	812,867	340,792	2,146,451
Insurance claims	(447,459)	(74,274)	(368,495)	(679,847)	(230,773)	(1,800,848)
Insurance claims recovered from reinsurers	401,722	60,023	3,276	(23,202)	206,808	648,627
Net claims	(45,737)	(14,251)	(365,219)	(703,049)	(23,965)	(1,152,221)
Commission expense	(125,383)	(25,925)	(14,238)	(5,779)	(223,714)	(395,039)
Management expense	(156,378)	(19,174)	(103,676)	(110,253)	(154,105)	(543,586)
Premium deficiency reserve	-	-	-	(4,627)	-	(4,627)
Net insurance claims and expenses	(327,498)	(59,350)	(483,133)	(823,708)	(401,784)	(2,095,473)
Underwriting results	(136,399)	805	258,405	(10,841)	(60,992)	50,978
Net investment income						479,039
Other income						191,812
Other expenses						(52,405)
Finance costs						(7,508)
Profit from Window Takaful Operations - Operator's Fund						201,734
Profit before tax						863,650
Segment assets	1,641,027	62,792	83,038	129,865	1,112,185	3,028,907
Unallocated assets						4,376,012
						7,404,919
Segment liabilities	1,589,148	143,211	576,078	282,483	1,160,579	3,751,499
Unallocated liabilities						1,140,095
						4,891,594

39 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through profit and loss account	Total
----- (Rupees in thousand) -----				
As at beginning of previous year	-	1,704,093	518,831	2,222,924
Additions	-	3,139,746	5,805,420	8,945,166
Disposals (sales and redemptions)	-	(3,598,180)	(5,084,421)	(8,682,601)
Fair value net gains (excluding net realized gains)	-	153,493	17,011	170,504
(Discount) on investment bonds	-	17,257	-	17,257
Impairment losses	-	22,068	(126)	21,942
At the beginning of the year	-	1,438,477	1,256,715	2,695,192
Additions	-	2,616,013	2,225,083	4,841,096
Disposals (sales and redemptions)	-	(800,144)	(3,361,987)	(4,162,131)
Fair value net gains (excluding net realized gains)	-	417,040	16,533	433,573
(Discount) on investment bonds	-	45,308	-	45,308
Impairment losses	-	37,292	-	37,292
At the end of current year	-	3,753,986	136,344	3,890,330

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40 RISK MANAGEMENT

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Company's risk management function is carried out by the Board of Directors (the Board), with its associated committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to the Chief Executive Officer and senior managers.

The Board of Directors meets regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board of Directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirement.

The risk faced by the Company and the way these risks are mitigated by management are summarized below :

- a) Financial risk, categorized into;
 - Credit risk - note 40.1.1
 - Liquidity risk - note 40.1.2
 - Market risk - note 40.1.3
- b) Capital adequacy risk - note 40.2
- c) Insurance risk - note 40.3

40.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Company's principal financial risk instruments are financial investments, receivables arising from insurance and reinsurance contracts, statutory deposits and cash and cash equivalents. The Company does not enter into any derivative transactions.

The Company's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

40.1.1 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring the following:

- a) Credit worthiness of counter party;
- b) Sector wise concentration of counter party; and
- c) Aging analysis of counter party.

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

Financial assets		2024	2023
		(Rupees in thousand)	
Bank balances	- note 40.1.1.1	417,477	469,294
Investments		3,890,330	2,695,192
Due from insurance contract holders	- note 40.1.1.2	613,000	819,636
Amount due from other insurers / reinsurers	- note 40.1.1.3	22,448	97,190
Accrued investment income		104,659	47,566
Reinsurance recoveries against outstanding claims	- note 40.1.1.3	640,251	906,887
Loans and other receivables		33,376	223,810
		<u>5,721,541</u>	<u>5,259,575</u>

40.1.1.1 The credit quality of company's bank balance can be assessed with reference to external credit as follows:

	Rating		Rating Agency	2024	2023
	Short-term	Long-term			
	(Rupees in thousand)				
Bank Alfalah Limited	A1+	AAA	PACRA	392,005	413,765
Habib Bank Limited	A1+	AAA	VIS	2	2
The Bank of Punjab	A1+	AA+	PACRA	110	110
Silk Bank Limited	A2	A-	VIS	8	7
Summit Bank Limited	Suspended	Suspended	VIS	2,007	1,479
Mobilink Microfinance Bank Limited	A1	A	PACRA	224	29,561
Zarai Tarakiati Bank Limited	A1+	AAA	VIS	612	611
NRSP Microfinance Bank Limited	A2	A-	VIS	112	100
Khushhali Microfinance Bank Limited	A2	A-	VIS	2,908	9,231
Finca Microfinance Bank Limited	A3	BBB+	PACRA	15,249	13,419
Faysal Bank Limited	A1+	AA	PACRA	429	395
Soneri Bank Limited	A1+	AA-	PACRA	3,708	512
The Punjab Provincial Cooperative Bank Limited	A2	BBB+	PACRA	103	103

40.1.1.2 The management monitors exposure to credit risk in premium receivable arising from insurance and reinsurance contracts, through regular review of credit exposure and prudent estimates of provision for doubtful receivables. The provision for doubtful receivables amounting to Rs. 38.88 million (2023: Rs. 27.11 million million) is shown in note 13.1. The figures shown below are exclusive of any provisions made during the year. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sector segments.

	2024	2023
	(Rupees in thousand)	
Sector wise analysis of due from insurance contract holders but unpaid is as follows:		
Financial institutions	128,547	53,653
Telecom sector	48,247	70,026
Construction	753	23,011
Manufacturing	252,866	583,421
Personal goods	5,208	3,395
Health & pharmaceutical	4,350	4,667
Textile & composite	137,787	47,302
Miscellaneous & others	74,122	61,269
	651,880	846,744
Provision for impairment of receivables from insurance contract holders	(38,880)	(27,108)
	613,000	819,636

The aging analysis of premium due but unpaid can be assessed with the following:

	2024			2023		
	Related parties	Others	Total	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	155,001	467,675	622,676	75,785	749,384	825,169
1-2 years	-	23,295	23,295	-	15,712	15,712
2-3 years	-	4,531	4,531	-	3,846	3,846
Over 3 years	-	1,378	1,378	-	2,017	2,017
	155,001	496,879	651,880	75,785	770,959	846,744

40.1.1.3 The credit quality of amount due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Reinsurance recoveries against outstanding claims		Total
	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	
	(Rupees in thousand)		
As at 31 December 2024			
BB+ or above (including PRCL)	42,473	640,251	682,724
As at 31 December 2023			
BB+ or above (including PRCL)	136,984	906,887	1,043,871

The credit risk of reinsurance recoveries against outstanding claims can be assessed with the following aging analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the reinsurance contracts:

	2024		2023	
	Reinsurance recoveries against outstanding claims	Provision for outstanding claims	Reinsurance recoveries against outstanding claims	Provision for outstanding claims
	(Rupees in thousand)			
Up to 1 year	267,981	545,619	480,197	813,396
1-2 years	104,812	161,027	241,966	289,017
2-3 years	120,329	144,735	110,742	121,046
Over 3 years	147,129	164,551	73,982	90,953
	640,251	1,015,932	906,887	1,314,412

40.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

On the statement of financial position date, the Company has cash and bank deposits and readily marketable securities with insignificant change in value of Rs. 422.82 million (2023: Rs. 474.83 million) and Rs. 3,890.33 million (2023: Rs. 2,695.19 million) respectively.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2024			
	Total	On demand	Maturity up to one year	Maturity after one year
	------(Rupees in thousand)-----			
Provision for outstanding claims	1,015,932	1,015,932	-	-
Amounts due to other Insurers / reinsurers	384,116	384,116	-	-
Other creditors and accruals	771,990	771,990	-	-
	2,172,038	2,172,038	-	-

	2023			
	Total	On demand	Maturity up to one year	Maturity after one year
	------(Rupees in thousand)-----			
Provision for outstanding claims	1,314,412	1,314,412	-	-
Amounts due to other Insurers / reinsurers	848,487	848,487	-	-
Other creditors and accruals	601,789	601,789	-	-
	2,764,688	2,764,688	-	-

		01 January	Cashflows	Other	31 December
40.1.2.1 Changes in liabilities arising from financing activities		------(Rupees in thousand)-----			
Lease liabilities	2024	93,893	(58,165)	138,843	174,571
Lease liabilities	2023	79,920	(33,309)	47,282	93,893

40.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company is exposed to market risk with respect to its bank balances deposits and investments.

The Company limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The company has formulated a liquidity-risk based investment policy approved by the Board of Directors which contains various guidelines for investment of surplus funds in money market and equity market.

40.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instrument exposes the Company to fair value interest risk.

Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2024 Effective Interest rate	Carrying amounts		Carrying amounts	
		Maturity up to one year		Maturity after one year	
		2024	2023	2024	2023
------(Rupees in thousand)-----					
Financial assets					
Bank balances	13.50% to 20.50%	334,784	367,027	-	-
Investments					
TFCs and Sukuk	18.15% to 23.94%	-	45,000	95,000	75,000
PIB's	12.47% to 21.52%	237,538	360,297	1,922,865	456,086
Treasury Bills	19.85% to 19.98%	119,813	1,214,713	-	-
		357,351	1,620,010	2,017,865	531,086

Sensitivity analysis

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

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

Impact on profit and loss account	Increase by 100 bps	Decrease by 100 bps
	(Rupees in thousand)	
As at 31 December 2024		
Cash flow sensitivity-variable rate financial assets	62,373	(62,373)
As at 31 December 2023		
Cash flow sensitivity-variable rate financial assets	86,957	(86,957)

40.1.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to price risk since it has investments amounting to Rs. 3,890.33 million (2023: Rs. 2,695.19 million) at the statement of financial position date. However, the Company has no significant concentration of price risk.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable.

Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2024 and 31 December 2023 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

The impact of hypothetical change on held for trading portfolio would be as follows:

		Fair value	Hypothetical price change	Estimated fair value after hypothetical changes in price	Hypothetical increase/ (decrease) in	
					Asset	Profit after tax
(Rupees in thousand)						
31 December 2024	Available for sale	1,398,747	10% increase	1,538,622	139,875	85,324
			10% decrease	1,258,872	(139,875)	(85,324)
31 December 2023	Available for sale	518,245	10% increase	570,070	51,825	36,795
			10% decrease	466,421	(51,825)	(36,795)

40.1.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company's exposure to exchange rate fluctuation risk is insignificant as it holds liabilities of US \$ Nil as at 31 December 2024 (2023: US \$ Nil).

40.1.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for certain debt instruments held. The fair values of financial instruments are disclosed in note 41 to these financial statements.

40.2 Capital adequacy risk

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company's current paid-up capital is in accordance with the limit prescribed by the Insurance Rules, 2017.

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

40.3 Insurance Risk

The Company's insurance activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Company is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Company's success. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The company is facing three kinds of risk in its insurance activities, namely;

- Premium Risk - note 40.3.1
- Claim Risk - note 40.3.2
- Reinsurance Risk - note 40.3.3

40.3.1 Premium Risk

The underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspections surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria. For example, the Company does not offer health insurance to walk-in individual customers. Health insurance is generally offered to corporate customers with a large population to be covered under the policy.

The Company manages the insurance risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical underwriting information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	Gross sum insured		Net sum insured	
	2024	2023	2024	2023
Fire	66%	65%	42%	28%
Marine	14%	16%	18%	25%
Motor	3%	2%	21%	22%
Accident and Health	3%	3%	17%	22%
Others including miscellaneous	14%	14%	2%	3%
	100%	100%	100%	100%

The following table demonstrates the class wise concentration of risk on the basis of premium :

	Gross premium written		Net premium written	
	2024	2023	2024	2023
Fire	30%	29%	4%	2%
Marine	4%	4%	1%	2%
Motor	20%	19%	42%	44%
Accident and Health	22%	20%	49%	49%
Others including miscellaneous	24%	28%	4%	3%
	100%	100%	100%	100%

40.3.2 Claim Risk

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies and can be characterized under a number of specific headings, such as;

- Uncertainty as to whether an event has occurred which would give rise to an insured loss.
- Uncertainty as to the extent of policy coverage and limits applicable.
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, the Company account for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Company has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the company and those that are not yet apparent to the insured. The Company's policy for accounting of its claims has been disclosed in note 4.1.12 to the financial statements.

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for Insurance claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term Insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on equity (net of reinsurance) due to 10% change in claim expense.

	Underwriting result		Shareholders' Equity	
	2024	2023	2024	2023
	----- (Rupees in thousand) -----			
Fire	2,407	4,574	1,468	2,790
Marine	84	1,425	51	869
Motor	33,294	36,522	20,309	22,278
Accident and Health	85,142	70,305	51,937	42,886
Others including Miscellaneous	3,006	2,397	1,834	1,462
	123,933	115,223	75,599	70,285

40.3.3 Reinsurance risk

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both proportional and non-proportional basis. The majority of proportional reinsurance is quota share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line. The Company also arranges the local and foreign facultative reinsurance as part of its risk management strategy.

41 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy and has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

Note	Available for sale	Fair value through profit and loss account				Carrying amount				Fair value			
		Receivables and other financial assets	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Level 1	Level 2	Level 3	Total			
(Rupees in thousand)													
31 December 2024													
Financial assets - measured at fair value													
9	1,398,747	-	-	-	-	1,398,747	-	-	-	1,398,747	-	-	1,398,747
10	2,355,239	-	-	-	-	2,355,239	-	-	-	2,355,239	-	-	2,355,239
10	-	136,344	-	-	-	-	-	-	-	136,344	-	-	136,344
	3,753,986	136,344	-	-	-	3,890,330	1,398,747	2,491,583	-	3,890,330	-	-	3,890,330
Financial assets - not measured at fair value													
12	-	-	-	150,369	-	-	-	-	-	150,369	-	-	-
13	-	-	-	635,448	-	-	-	-	-	635,448	-	-	-
26	-	-	-	640,251	-	-	-	-	-	640,251	-	-	-
16	-	-	-	-	422,823	-	-	-	-	422,823	-	-	-
17	-	-	-	-	316,314	-	-	-	-	316,314	-	-	-
	-	-	-	1,426,068	739,137	-	-	-	-	2,165,205	-	-	-
Financial liabilities - measured at fair value													
Financial liabilities - not measured at fair value													
Underwriting provision against													
26	-	-	-	-	-	-	-	-	-	1,015,932	-	-	-
21	-	-	-	-	-	-	-	-	-	384,116	-	-	-
23	-	-	-	-	-	-	-	-	-	771,990	-	-	-
	-	-	-	-	-	-	-	-	-	115,805	-	-	-
17	-	-	-	-	-	-	-	-	-	2,287,843	-	-	-

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

Note	Carrying amount					Fair value					
	Available for sale	Fair value through profit and loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2023											
Financial assets - measured at fair value											
9	518,245	-	-	-	-	-	518,245	518,245	-	-	518,245
10	920,232	-	-	-	-	-	920,232	-	920,232	-	920,232
10	-	1,256,715	-	-	-	-	1,256,715	-	1,256,715	-	1,256,715
	1,438,477	1,256,715	-	-	-	-	2,695,192	518,245	2,176,947	-	2,695,192
Financial assets - not measured at fair value											
12	-	-	-	280,237	-	-	280,237	-	-	-	-
13	-	-	-	916,826	-	-	916,826	-	-	-	-
26	-	-	-	906,887	-	-	906,887	-	-	-	-
16	-	-	-	-	474,829	-	474,829	-	-	-	-
17	-	-	-	-	690,482	-	690,482	-	-	-	-
	-	-	-	2,103,960	1,165,311	-	3,269,271	-	-	-	-
Financial liabilities - measured at fair value											
Financial liabilities - not measured at fair value											
26	-	-	-	-	-	1,314,412	1,314,412	-	-	-	-
21	-	-	-	-	-	848,487	848,487	-	-	-	-
23	-	-	-	-	-	601,789	601,789	-	-	-	-
17	-	-	-	-	-	292,751	292,751	-	-	-	-
	-	-	-	-	-	3,057,439	3,057,439	-	-	-	-

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

42 NUMBER OF EMPLOYEES

The number of employees of the Company are as follows:

	<u>2024</u>	<u>2023</u>
Average number of employees during the year	233	222
As at 31 December	237	228

43 SUBSEQUENT EVENTS

The Board of Directors at its meeting held on January 30, 2025 has proposed a final dividend @ Rs. 3 per share for the year ended 31 December 2024 (2023: Rs 3 / share) amounting to Rs. 150 million (2023:150 million) for approval of the members at the Annual General Meeting to be held on April 30, 2025. These financial statements do not reflect this dividend.

44 GENERAL

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

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on January 30, 2025.

46 CORRESPONDING FIGURES

Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangements have been made.




Chairman



Director



Director



Chief Executive Officer



**ALFALAH INSURANCE
COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS**



A.F. FERGUSON & CO.

INDEPENDENT ASSURANCE REPORT ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

TO THE BOARD OF DIRECTORS OF ALFALAH INSURANCE COMPANY LIMITED

We were engaged by the Board of Directors of Alfalah Insurance Company Limited (the Company) to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2024 with the Takaful Rules, 2012, in the form of an independent limited assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholars.

APPLICABLE CRITERIA

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

MANAGEMENT'S RESPONSIBILITY FOR SHARIAH COMPLIANCE

The management of the Company is responsible for preparation of the annexed statement that is free from material misstatement.

This responsibility includes 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.

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 Standards on Quality Control 1 "Quality Control For Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

OUR RESPONSIBILITY AND SUMMARY OF THE WORK PERFORMED

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements 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 limited assurance about whether the annexed statements reflect the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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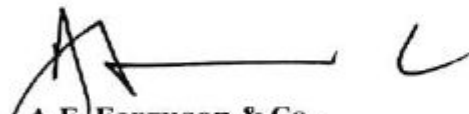
The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations' compliance with the Takaful Rules, 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. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

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

We believe that the evidence we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the annexed statement does not reflect the Company's status of compliance, in all material respects, with the Takaful Rules, 2012 for the year ended December 31, 2024.



A.F. Ferguson & Co.
Chartered Accountants

Lahore

Date: April 08, 2025



Shariah Advisory Report to the Board of Directors

For the period 1st Jan.2024 to 31st Dec.2024

ALHAMDULILLAH, the year 2024 was the Ninth year of Alfalah Insurance Company Ltd. (Window Takaful Operations), the launch of Window Takaful Operations (WTO) by Alfalah Insurance Company Ltd. (AICL) has been a positive contribution towards the development of a complete Islamic financial System in Pakistan. This initiative has successfully provided Takaful facilities to numerous individuals and companies seeking shariah compliant alternatives to insurance.

Progress of the year:

During this period, AICL (WTO) has achieved significant successes, details of which are mentioned below:

1. Under the guidance of the Shariah Advisor AICL (WTO) continued to offer a host of takaful products of Motor, Marine, Property, Health and Miscellaneous for its participants.
2. AICL (WTO) has implemented a dedicated Takaful administration system which manages all operational aspects of window Takaful operations.
3. All Bank Accounts of Takaful are separate from the conventional insurance business, and they are maintained in Islamic Banks.
4. Following the new legislation in Pakistan's Banking Sector, Alfalah Takaful has decided to further strengthen its Takaful system in view of the growing trend (Conversion) of Islamic banking.
5. For the investment of Takaful Funds, a Shariah Compliant investment policy has been approved by the shariah advisor, and all the investments of Takaful Funds are undertaken in accordance with the approved policy.
6. This year, Management has invested Takaful funds in secure and low risk shariah compliant avenues. As a result of secure investment Takaful fund has gain record profits from investments.
7. After many years of monitoring and good management, PTF has achieved its ever-best growth and strong financial stability, this financial stability of the Takaful Fund will form the basis for a strong surplus distribution in the future.

Shariah Certification:

As Shariah Advisor of AICL (WTO); I confirm that:

- I have carefully reviewed all the products of AICL (WTO) including Waqf Deed, PTF Policies, Takaful Policies and Re-Takaful Agreements etc. And Alhamdulillah I have found them in accordance with Shariah Principles. Further, I confirm that the Takaful Policies issued during the year under review are in accordance with the guidelines of Shariah.
- The management of AICL (WTO) continuously seeks advice and guidance regarding Shariah before launching any Takaful product. Furthermore, all the takaful products are developed through consultation with the Shariah Compliance Officer and in accordance to the guidelines provided by the Shariah Advisor.
- Segregation of Window Takaful Operations from the conventional insurance business is an essential part of valid takaful contracts. I am pleased to state that AICL (WTO) has made it a priority to separate all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues from its conventional insurance business, as per requirement of Shariah.
- For the fulfillment of the financial needs of window Takaful Operations, Shariah Compliant Funds were arranged and the expenses of Takaful including the seed money of Waqf were made with these compliant funds.
- Training and Development is imperative for understanding the principles of Takaful and its practical implementation. For this purpose, AICL (WTO) has fulfilled its responsibility and arranged Takaful training



for head office and branch staff, I hope that AICL (WTO) will continue to invest in its human capital to ensure complete compliance of shariah principles at business and operational levels.

- In the end; I pray to that may ALLAH Almighty accept our efforts and enable us to perform our duties in the best manner. May Allah Almighty grant us success and help us at every step, keep us away from every hindrance and difficulty, and grant financial success to Alfalah Insurance Company Ltd. (Window Takaful Operations).

Wassalam

A handwritten signature in black ink, appearing to be "Dr. Khalil Ahmed Aazami".

Dr. Khalil Ahmed Aazami

Shariah Advisor

Alfalah Insurance Company Ltd.

(Window Takaful Operations)



بورڈ آف ڈائریکٹرز کو پیش کردہ 31 دسمبر 2024 کو اختتام پزیر سال کی

شریعیہ ایڈوائزر کی رپورٹ

الحمد للہ، 2024ء کا سال الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کا نواں سال تھا۔ ونڈو تکافل آپریشنز کا افتتاح کرتے ہوئے الفلاح انشورنس کمپنی لمیٹڈ نے پاکستان میں ایک مکمل اسلامی معاشی نظام کی ترقی میں اپنا مثبت کردار ادا کیا ہے۔ یہ قدم پاکستان کے ان لوگوں اور کمپنیوں کو شریعیہ کیمپلائنس تکافل کی سہولیات پہنچانے کے لئے اٹھایا گیا ہے جو انشورنس کے شرعی متبادل شرعی نظام کی متلاشی ہیں۔

سال کی پیشرفت:

- اس عرصے کے دوران الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے قابل ذکر کامیابیاں حاصل کی ہیں، جن کی تفصیلات درج ذیل ہیں۔
- 1- شریعیہ ایڈوائزر کی رہنمائی میں الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے موٹر، میرین املاک، صحت اور متفرق تکافل مصنوعات کی خدمات اپنے صارفین / حصہ داروں کو پیش کیں۔
- 2- الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے خاص طور پر ایک مستقل (علیحدہ) تکافل ایڈمنسٹریشن سسٹم کا نفاذ کیا ہے۔ جو ونڈو تکافل آپریشنز کی تمام انتظامی ذمہ داریوں کو نبھاتا ہے۔
- 3- تکافل بزنس کے تمام بینک اکاؤنٹس کو روایتی انشورنس سے علیحدہ رکھنے کا اہتمام کیا گیا ہے اور یہ اکاؤنٹس اسلامی بینکوں کے ذریعے چلائے جاتے ہیں۔
- 4- پاکستان کے بینکنگ سیکٹر میں نئی قانون سازی کے بعد، الفلاح تکافل نے اسلامی بینکاری کے بڑھتے ہوئے رجحان کے پیش نظر اپنے تکافل نظام کو مزید مضبوط کرنے کا فیصلہ کیا ہے۔
- 5- تکافل فنڈز سے سرمایہ کاری کے لئے شریعیہ ایڈوائزر نے شریعیہ کیمپلائنس سرمایہ کاری پالیسی کی منظوری دی ہے۔ تکافل فنڈز کی سرمایہ کاری کے تمام امور اس پالیسی کے تحت طے پاتے ہیں۔
- 6- اس سال الفلاح تکافل کی انتظامیہ نے محفوظ اور کم خطرات کی حامل شریعیہ کیمپلائنس جگہوں میں سرمایہ کاری کی، اس محفوظ سرمایہ کاری کا نتیجہ یہ رہا کہ تکافل فنڈز نے سرمایہ کاری سے ریکارڈ منافع حاصل کیا۔
- 7- کئی سالوں کی نگرانی اور اچھے انتظام کے بعد، PTF نے اپنی اب تک کی بہترین ترقی اور مضبوط مالی استحکام حاصل کر لیا ہے، تکافل فنڈز کا یہ مالی استحکام مستقبل میں ایک مضبوط سرپلس ڈسٹری بیوشن کی بنیاد بنے گا۔

شریعیہ سرٹیفیکیشن:

الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کے شریعیہ ایڈوائزر ہونے کی حیثیت سے میں تصدیق کر رہوں کہ

• میں نے الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کی تمام دستاویزات بشمول وقف ڈیڈ، پی۔ پی۔ ٹی۔ ایف پالیسیوں، تکافل پالیسیوں اور ری تکافل معاہدات وغیرہ کا احتیاط سے جائزہ لیا ہے اور الحمد للہ میں نے ان کو شریعیہ اصولوں سے ہم آہنگ پایا ہے۔ مزید یہ کہ میں تصدیق کرتا ہوں کہ دوران سال جاری کی جانے والی تکافل پالیسیاں شریعیہ کی ہدایات کے مطابق جاری کی گئی ہیں۔



- الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کی انتظامیہ، تمام تر تکافل کی خدمات کے آغاز سے پہلے، مسلسل شرعی مشیر سے شرعی تناظر میں مشورہ اور رہنمائی لیتی رہتی ہے۔ مزید یہ کہ تمام تکافل پروڈکٹس شریعہ کیپلائنس آفیسر کے مشورے اور شریعہ ایڈوائزر کے ذریعہ فراہم کردہ ہدایات کے مطابق تیار کی گئیں ہیں۔
- ونڈو تکافل آپریشنز کی علیحدگی درست تکافل معاہدوں کا جزو لازم ہے۔ میں یہ بیان کرتے ہوئے خوشی محسوس کر رہا ہوں کہ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے اس بات کو ترجیحی بنیادوں پر ممکن بنایا ہے کہ اس کے تمام تکافل فنڈز، سرمایہ کاری، بنک اکاؤنٹس، سسٹمز اور دوسرے متعلقہ معاملات کو روایتی انشورنس کے کاروبار سے الگ رکھا جائے جیسا کہ شریعت کا تقاضا ہے۔
- ونڈو تکافل آپریشنز کی مالی ضروریات کو پورا کرنے کیلئے شریعت کے تقاضوں کے مطابق فنڈز فراہم کئے گئے ہیں۔ اور تکافل کے تمام اخراجات بشمول وقف کی گئی اصل رقم، اسی فنڈ سے پورے کئے گئے ہیں۔
- تکافل نظام کے اصولوں اور اس کی عملی صورت کو سمجھنے کے لئے علمی و نظریاتی ترقی کی کوشش اور تربیت از حد ضروری ہے۔ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) نے اس معاملے میں بھی اپنی ذمہ داری کو پورا کیا ہے اور ہیڈ آفس اور برانچز کے عملے کے لئے تکافل کے تربیتی پروگرام کا انتظام کیا ہے، مجھے یقین ہے کہ الفلاح انشورنس کمپنی (ونڈو تکافل آپریشن) کاروباری و انتظامی سطح پر شریعہ اصولوں کی مکمل پاسداری یقینی بنانے کے لئے اپنی افرادی قوت پر خرچ کرتا رہے گا۔
- اختتام پر میں اللہ تعالیٰ سے دعا گو ہوں، کہ اللہ تعالیٰ ہماری کوششوں کو قبول کرے اور ہمیں اس قابل بنائے کہ ہم اپنی ذمہ داریاں بہترین طریقے سے پوری کر سکیں۔ اللہ تعالیٰ ہمیں کامیابی عطا کرے اور ہر قدم پر ہماری مدد کرے، ہمیں ہر مشکل اور رکاوٹ سے دور رکھے اور الفلاح انشورنس کمپنی لمیٹڈ (ونڈو تکافل آپریشن) کو مالی کامیابی سے ہمکنار کرے۔ آمین

والسلام

ڈاکٹر خلیل احمد اعظمی

شریعہ مشیر

الفلاح انشورنس کمپنی لمیٹڈ

(ونڈو تکافل آپریشن)



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the members of Alfalah Insurance Company Limited – Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Alfalah Insurance Company Limited - Window Takaful Operations (the Operator), which comprise the statement of financial position of OPF and PTF as at December 31, 2024, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, the statement of changes in participants' takaful fund, 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 of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, the statement of changes in participants' takaful fund and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2024, and of the profit total comprehensive income, the changes in operator's fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion


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

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

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

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

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


A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahrāh-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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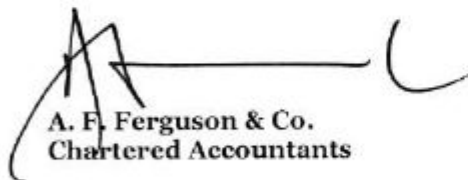
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund, the statement of changes in participants' takaful fund and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: April 08, 2025

UDIN: AR202310071a6nS7CrXc

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION OF OPF AND PTF
AS AT 31 DECEMBER 2024

	Note	OPF		PTF	
		2024	2023	2024	2023
(Rupees in thousand)					
ASSETS					
Property and equipment	5	-	-	-	-
Investments	6				
Equity securities		-	272,627	173,054	147,980
Debt Securities		165,847	149,940	236,925	399,920
Takaful / retakaful receivables	7	181	-	145,198	68,889
Salvage recoveries accrued		-	-	1,935	12,043
Deferred wakala fee	19	-	-	81,528	70,585
Receivable from PTF	8	127,586	116,226	-	-
Accrued investment income		991	3,246	-	4,391
Retakaful recoveries against outstanding claims		-	-	48,964	49,015
Deferred commission expense / acquisition cost	20	13,940	9,141	-	-
Prepayments	13	-	-	60,031	34,065
Cash and bank	9	7,769	139,302	206,801	36,632
TOTAL ASSETS		316,314	690,482	954,436	823,520
RESERVES AND LIABILITIES					
RESERVES ATTRIBUTABLE TO OPERATOR AND PARTICIPANTS					
Operator's Reserves:					
Statutory reserves	10	50,000	50,000	-	-
Unappropriated profits		150,509	347,731	-	-
Total operator's reserve		200,509	397,731	-	-
Participants' Takaful Fund (PTF)					
Seed money		-	-	500	500
Accumulated surplus		-	-	258,666	177,867
Balance of Participants' Takaful Fund		-	-	259,166	178,367
LIABILITIES					
PTF Underwriting Provisions:					
Outstanding claims including IBNR	15	-	-	219,531	184,664
Unearned contribution reserve	13	-	-	243,803	209,823
Unearned retakaful rebate	14	-	-	6,896	4,234
		-	-	470,230	398,721
Unearned wakala fee	19	81,528	70,585	-	-
Contribution received in advance		-	-	2,962	6,466
Takaful / retakaful payables		7,809	7,540	84,972	110,597
Other creditors and accruals	11	26,468	214,626	8,742	9,729
Taxation - provision less payments		-	-	778	3,414
Payable to OPF		-	-	127,586	116,226
TOTAL LIABILITIES		115,805	292,751	695,270	645,153
TOTAL FUND AND LIABILITIES		316,314	690,482	954,436	823,520
CONTINGENCIES AND COMMITMENTS					
	12				

The annexed notes from 1 to 32 form an integral part of these financial statements.

[Signature]

[Signature]

Chairman

[Signature]

Director

[Signature]

Director

[Signature]

Chief Executive Officer

**ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024	2023
		(Rupees in thousand)	
Participants' takaful fund			
Contributions earned		527,319	477,993
Less: Contributions ceded to retakaful		<u>(157,336)</u>	<u>(128,263)</u>
Net contributions revenue	13	369,983	349,730
Retakaful rebate earned	14	<u>25,350</u>	<u>20,076</u>
Net underwriting income		395,333	369,806
Net claims - reported / settled		<u>(368,391)</u>	<u>(336,290)</u>
- IBNR	15	<u>(3,042)</u>	<u>(601)</u>
		(371,433)	(336,891)
Other direct expenses	16	<u>(1,950)</u>	<u>(2,977)</u>
Surplus before investment income		21,950	29,938
Investment income	17	111,994	45,402
Other income	18	16,291	47,080
Less: Modarib's share of investment income		<u>(31,811)</u>	<u>(23,012)</u>
Surplus before taxation		118,424	99,408
Taxation	25	<u>(37,625)</u>	<u>(29,450)</u>
Surplus transferred to accumulated surplus		<u>80,799</u>	<u>69,958</u>
Operator's fund			
Wakala fee	19	209,080	197,365
Commission expense	20	(28,519)	(26,337)
General administrative and management expenses	21	<u>(83,334)</u>	<u>(61,632)</u>
		97,227	109,396
Investment income	17	82,318	46,383
Modarib's share of PTF investment income		31,811	23,012
Direct expenses	22	<u>(7,755)</u>	<u>(3,329)</u>
Finance cost		<u>(1,984)</u>	<u>(1,219)</u>
Other income	18	7,409	27,491
Profit before taxation		209,026	201,734
Taxation	25	<u>(81,520)</u>	<u>(88,767)</u>
Profit after taxation attributable to shareholders		<u>127,506</u>	<u>112,967</u>

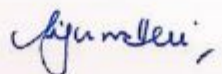
The annexed notes from 1 to 32 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

**ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024	2023
	(Rupees in thousand)	
Participants' takaful fund		
Surplus for the year	80,799	69,958
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>80,799</u>	<u>69,958</u>
Operator's fund		
Profit after tax	127,506	112,967
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>127,506</u>	<u>112,967</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

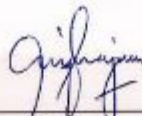
ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN OPERATOR'S FUND
FOR THE YEAR ENDED 31 DECEMBER 2024

	Statutory reserves	Unappropriated profits	Total
	(Rupees in thousand)		
Balance as at January 1, 2023	50,000	234,764	284,764
Profit for the year	-	112,967	112,967
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	112,967	112,967
Balance as at December 31, 2023	50,000	347,731	397,731
Profit for the year	-	127,506	127,506
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	127,506	127,506
Transfer of profit to the Operator	-	(324,728)	(324,728)
Balance as at December 31, 2024	50,000	150,509	200,509

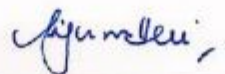
The annexed notes from 1 to 32 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN PARTICIPANTS' TAKAFUL FUND
FOR THE YEAR ENDED 31 DECEMBER 2024

	Seed money	Accumulated surplus	Total
	(Rupees in thousand)		
Balance as at January 1, 2023	500	107,909	108,409
Surplus for the year	-	69,958	69,958
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	69,958	69,958
Balance as at December 31, 2023	500	177,867	178,367
Surplus for the year	-	80,799	80,799
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	80,799	80,799
Balance as at December 31, 2024	500	258,666	259,166

The annexed notes from 1 to 32 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023	2024	2023
	OPF		PTF	
	----- (Rupees in thousand) -----			
Operating cash flows				
(a) Takaful activities				
Contributions received	-	-	655,988	719,442
Retakaful contribution paid	-	-	(176,327)	(83,164)
Retakaful rebate received	-	-	29,990	13,351
Claims paid	-	-	(386,976)	(366,941)
Commissions paid	(25,378)	(24,678)	-	-
Retakaful recoveries received	-	-	50,460	33,347
Wakala Fees received	203,946	174,732	-	-
Wakala Fees paid	-	-	(203,946)	(174,732)
Modarib share received	36,528	21,249	-	-
Modarib share paid	-	-	(36,528)	(21,249)
Net cash inflows from takaful activities	215,096	171,303	(67,339)	120,054
(b) Other operating activities				
Income tax paid	-	-	(40,261)	(38,905)
General and other expenses paid	(96,888)	(86,900)	(1,950)	4,467
Other operating (payments) / receipts	(273,715)	(14,610)	9,122	(8,953)
Loans disbursed	-	-	-	-
Loans repaid	-	-	-	-
Net cash outflows from other operating activities	(370,603)	(101,510)	(33,089)	(43,391)
Total cash inflows / (outflows) from operating activities	(155,507)	69,793	(100,428)	76,663
Investment activities				
Profit / return received	43,910	38,217	107,049	72,751
Payments for investments	(148,221)	(467,488)	(567,265)	(1,693,421)
Proceeds from disposal of investments	453,013	227,000	730,813	1,278,000
Total cash inflows / (outflows) from investing activities	348,702	(202,271)	270,597	(342,670)
Financing activities				
Profit paid to operator	(324,728)	-	-	-
Total cash outflow from financing activities	(324,728)	-	-	-
Net cash (outflow) / inflow during the year	(131,533)	(132,478)	170,169	(266,007)
Cash at the beginning of the year	139,302	271,780	36,632	302,639
Cash at the end of the year	7,769	139,302	206,801	36,632

The annexed notes from 1 to 32 form an integral part of these financial statements.

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Chairman

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Director

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Director

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Chief Executive Officer

ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023	2024	2023
	OPF		PTF	
	----- (Rupees in thousand) -----			
Reconciliation to profit and loss account				
Operating cash flows	(155,507)	69,793	(100,428)	76,663
Depreciation	-	(4)	-	-
Increase / (decrease) in assets other than cash	16,341	22,319	103,059	(47,342)
Decrease / (increase) in liabilities	176,945	(53,015)	(50,117)	(51,845)
Investment and other income	89,727	73,874	128,285	92,482
Net profit / surplus for the year	127,506	112,967	80,799	69,958
Operator's Takaful Fund	127,506	112,967	-	-
Participants' Takaful Fund	-	-	80,799	69,958
	127,506	112,967	80,799	69,958

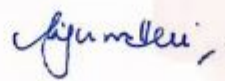
The annexed notes from 1 to 32 form an integral part of these financial statements.




Chairman



Director



Director



Chief Executive Officer

**ALFALAH INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1 LEGAL STATUS AND NATURE OF BUSINESS

Alfalah Insurance Company Limited ('the Operator') is a public limited company incorporated in Pakistan on 21 December 2005 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is engaged in general non-life insurance business. The registered office of the Company is situated at 5-Saint Mary Park, Gulberg-III, Lahore.

The Operator was granted authorization on 30 September 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan ('SECP').

For the purpose of carrying on the takaful business, the Operator formed a Waqf / Participant Takaful Fund (PTF) on 13 January 2016 under the Waqf deed. The Waqf deed governs the relationship of Operator and Participants for management of Takaful operations.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain financial instruments carried at fair value. All transactions reflected in these financial statements are on accrual basis except for those reflected in the cash flow statement.

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been detailed in these financial statements.

2.5 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

		Effective date (annual reporting periods beginning on or after)
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 9	Financial Instruments (Amendments)	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Other than the aforementioned standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally in relation to the Company, by Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2024:

IFRS 1	First Time Adoption of International Financial Reporting Standards
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2.6 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) for annual reporting periods beginning on or after January 1, 2026, as allowed by the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 1715 (i) / 2023 dated November 21, 2023.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before January 1, 2026 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

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

3 USE OF JUDGEMENT AND ESTIMATES

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

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

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

	Note
- Residual values and useful lives of property and equipment	4.2.1
- Provision for doubtful receivables	4.1.2
- Provision for outstanding claims including claims incurred but not reported (IBNR)	4.1.11
- Contribution deficiency reserve	4.1.12

4 ACCOUNTING POLICY INFORMATION

4.1 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1.1 Financial instruments

Financial assets and liabilities are recognized when the Operator becomes a party to contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de recognition of financial assets and liabilities are included in profit and loss account for the year.

4.1.1.1 Non-derivative financial assets

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

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

The Operator classifies non-derivative financial assets into the following categories namely: financial assets at fair value through profit and loss account, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit and loss account

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

Held to maturity financial assets

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



Loans and receivables

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

Available for sale financial assets

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

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

4.1.1.2 Non-derivative financial liabilities

The Operator initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Operator becomes a party to the contractual provisions of the instrument.

The Operator derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Operator classifies financial liabilities recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities mainly includes other creditors and accruals.

4.1.1.3 Offsetting of financial assets and financial liabilities

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

4.1.2 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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

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



Non-financial assets

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

The Operator's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

4.1.3 Takaful contracts

Takaful contracts are based on the principles of Wakala. The takaful contracts are inspired by the concept of tabarru (to donate for benefits of others) and mutual sharing of losses with the overall objective of eliminating the interest, gambling and uncertainty.

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

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

- Fire and property damage
- Marine, aviation and transport
- Motor
- Accident and health
- Others including miscellaneous

These contracts are normally one year takaful contracts except marine and some other contracts including miscellaneous class. Normally all marine takaful contracts are of three months period. In others including miscellaneous class, some engineering takaful contracts are of more than one year period.

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

Fire and property damage takaful contracts mainly compensate the Operator's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful properties in their business activities.

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

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

Accident and health takaful contracts provide protection against losses incurred as a result of medical illness, surgical operations and accidental injuries.



Other various types of takaful contracts are classified in others including miscellaneous category which includes mainly engineering, terrorism, worker compensation, products of financial institutions, crop etc.

The Operator also accepts takaful risk pertaining to takaful contracts of other takaful Operators as co-takaful and re-takaful inward. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful contracts. All retakaful inward contracts are facultative (specific risk) acceptance contracts.

4.1.4 Provision for unearned contribution

Provision for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage and is recognized as a liability by the Operator on the following basis:

- for other classes contribution written is recognized as provision for unearned contribution by applying the 1/24th method as specified in the General Takaful Accounting Regulations, 2019.
- for marine cargo business, contribution written is recognized as provision for unearned contribution until the commencement of voyage.

4.1.5 Receivables and Payables related to takaful contracts

Receivables related to takaful contracts are known as contribution due but unpaid. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contributions received in advance is recognized as liability till the time of issuance of takaful contract there against.

Provision for impairment and write-off is estimated on a systematic basis after analyzing the receivables as per their aging.

4.1.6 Retakaful contracts held

These are contracts entered into by the Operator with retakaful operators for compensation of losses suffered on takaful contracts issued. These retakaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The Operator recognizes the entitled benefits under contracts as various retakaful assets and liabilities.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Due from retakaful operators are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related takaful assets.

Retakaful liabilities represent balances due to retakaful operators. Due to retakaful operators are carried at cost which is the fair value of the consideration to be paid.

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

4.1.7 Retakaful expense

Contribution ceded to retakaful operators is recognized as an expense. For retakaful contracts operating on a proportional basis, on attachment of the underlying policies; and for retakaful contracts operating on a non-proportional basis, on inception of the retakaful contracts.

Retakaful contribution ceded shall be recognized as an expense. For proportional retakaful business, after taking into account the prepaid portion of retakaful contribution ceded and for non-proportional retakaful business, evenly over the period of indemnity.

The portion of retakaful contribution ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of contribution ceded is recognized as an asset. Such asset is calculated by applying the 1/24th method, whereby the asset shall equal 1/24 of the contribution ceded relating to retakaful contract commencing in the first month of the operator's financial year, 3/24 of the contributions ceded relating to policies commencing in the second month of the operator's financial year, and so on.



4.1.8 Commission expense/ acquisition cost

Commission expense incurred in obtaining and recording takaful policies is deferred and recognized as an asset on the attachment of the related risks. This expense is charged to the profit and loss account of the Operator's Fund based on the pattern of recognition of related contribution revenue.

4.1.9 Deferred commission expense/ acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of takaful contract and is recognized as an asset. It is calculated in accordance with the pattern of its related unearned contribution income.

4.1.10 Claims expense

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to the PTF profit and loss account.

4.1.11 Outstanding claims including incurred but not reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in any policy. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

Claims incurred but not reported

Securities and Exchange Commission of Pakistan ("SECP"), through its circular 9 of 2016 dated 09 March 2016, issued "Guidelines for estimation of incurred but not reported (IBNR) claims reserve, 2016" ("Guidelines") and required to comply with all provisions of these guidelines with effect from 01 July 2016.

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

As required under the Guidelines, the Operator uses CLM by involving an actuary for determination of provision against IBNR. Accordingly, the actuarial valuation as at 31 December 2024 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions (as explained in preceding paragraph) that may include a margin for adverse deviation as required/ allowed under the Guidelines. The method used, and the estimates made, are reviewed annually.

4.1.12 Contribution deficiency reserve

The Operator maintains a provision in respect of contribution deficiency (also called unexpired risk reserve) on aggregation basis where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other claim handling expenses expected to be incurred after the statement of financial position date in respect of the unexpired policies as at the statement of financial position date. The movement in the contribution deficiency reserve is recorded as an expense/ income in the profit and loss account for the year.



For this purpose, contribution deficiency reserve on aggregation basis is determined by independent actuary. The actuary determines the prospective loss ratio on aggregation basis and applies factors of unearned and earned contributions and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned contribution reserve (UCR) shows whether UCR is adequate to cover the unexpired risks. If these ratios are adverse, contribution deficiency reserve is determined.

Based on recommendation of actuary, the unearned contribution reserve, on aggregation basis, at the year end is adequate to meet the expected future liability after retakaful claims and claim handling expenses, expected to be incurred after the statement of financial position date in respect of policies in force at the statement of financial position date. Therefore, no contribution deficiency reserve has been accounted for in these financial statements.

4.1.13 Wakala fee and Modarib Share

The Operator manages the general takaful operations for the participants and charges the following percentages of gross contribution as Wakala Fee to meet the marketing and selling expenses (including commissions), administrative and management expenses:

- Fire and property damage	30%
- Marine	30%
- Motor	35%
- Accident and health	15%
- Others including miscellaneous	30%

The Takaful operator manages the investment of the Participant's Funds as Modarib and charge 25% of the investment income earned by the PTF as Modarib Share.

Wakala fee and Modarib share shall be recognized on the same basis on which related revenue shall be recognized. Unexpired portion of Wakala fee shall be disclosed as a liability for the Operator's Fund and an asset for the Participant's Fund.

4.1.14 Cash and Cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks and stamps in hand.

4.1.15 Employees benefit

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Operator and measured on an undiscounted basis.

Alfalah Insurance Company Limited has undertaken for employee benefit cost of the Operator.

4.1.16 Creditors and accruals

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Operator.

4.1.17 Provisions and contingencies

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

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

4.1.18 Revenue recognition

4.1.18.1 Participant's Takaful Fund

Contribution

Contribution income under a policy is recognized in line with note 4.1.4 of these financial statements.

Rebate from retakaful operators

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

The unearned portion of rebate income is recognized as a liability. Such liability is calculated by applying the 1/24th method, whereby the liability shall equal 1/24 of the rebate relating to policies commencing in the first month of the operator's financial year, 3/24 of the rebate relating to policies commencing in the second month of the operator's financial years, and so on.

For facultative acceptance the basis of recognizing commission and determining the unearned retakaful rebate is the same as for the direct policies.

Participants' Takaful Fund / Operator's Fund

Investment Income

Return on investments is accounted for on a time proportionate basis using the applicable rate of return/ interest.

Miscellaneous Income

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

4.1.19 Management Expenses

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution written. Expenses not allocable to the underwriting business are charged as other expenses.

4.1.20 Taxation

Income tax expense comprises current tax. Income tax expense is recognized in profit and loss account, except to the extent that relates to items recognized in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively.

4.1.21 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting framework provided to Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of insurance contracts issued, the Operator has five primary business segments for reporting purposes namely fire, marine, motor, health and others including miscellaneous. The nature and business activities of these segments are disclosed in note 4.1.3 of these financial statements. Since the operation of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.



The accounting policies of operating segment are the same as those described in the Material Accounting Policy Information.

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

4.1.22 Salvage recoveries

Salvage recoveries are recognized on estimated basis based on past experience and market patterns and are in line with the recognition of related claim expenses.

4.1.23 Takaful Surplus

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

4.1.24 Qard-e-Hasna

If there is a deficit of admissible assets over its liabilities in the PTF, the Operator from the Operators' fund may provide Qard-e-Hasna to the PTF so that the PTF may become solvent as per Takaful Rules, 2012.

4.2 SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

4.2.1 Operating fixed assets

Items of operating fixed assets are stated at cost less accumulated depreciation and any impairment loss.

Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which they are incurred.

Depreciation on operating fixed assets is charged to profit and loss account using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 5 after taking their residual value into account.

Depreciation methods, residual values and the useful life of the assets are reviewed at least at each financial year end and adjusted if appropriate.

An item of operating fixed assets is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of an asset is determined by comparing the proceeds from sale with the carrying amount and is recognized in profit and loss account.



	OPF		PTF	
	2024	2023	2024	2023
----- (Rupees in thousand) -----				
5 PROPERTY AND EQUIPMENT				
Computer Equipment				
Cost				
As at 01 January	188	188	-	-
Additions during the year	-	-	-	-
As at 31 December	188	188	-	-
Less: Depreciation				
As at 01 January	188	184	-	-
Charged during the year	-	4	-	-
As at 31 December	188	188	-	-
Net book value	-	-	-	-
Rate of depreciation	25%	25%		

6 INVESTMENTS

	2024			2023		
	Cost	Impairment provision	Carrying value	Cost	Impairment provision	Carrying value
----- (Rupees in thousand) -----						
Investment in equity securities - Held for trading						
Mutual fund - PTF	173,054	-	173,054	147,980	-	147,980
Mutual fund - OPF	-	-	-	272,627	-	272,627
Investment in term deposits - Held for trading						
Musharaka certificates - PTF	-	-	-	200,000	-	200,000
GIS FRR - PTF	236,925	-	236,925	-	-	-
GIS FRR - OPF	165,847	-	165,847	-	-	-
GIS VRR - PTF	-	-	-	199,920	-	199,920
GIS VRR - OPF	-	-	-	149,940	-	149,940

Note	OPF		PTF	
	2024	2023	2024	2023
----- (Rupees in thousand) -----				

7 TAKAFUL / RETAKAFUL RECEIVABLES - UNSECURED AND CONSIDERED GOOD

Contribution due from contract holders		-	143,406	32,519
Less: Provision for impairment of receivables from takaful contract holders	7.1	-	(13,814)	(5,099)
		-	129,592	27,420
Amount due from other takaful / retakaful operator	7.3	181	18,398	52,976
Less: Provision for impairment of due from other takaful / re-takaful operator	7.2	-	(2,792)	(11,507)
		181	15,606	41,469
		181	145,198	68,889

	OPF		PTF	
	2024	2023	2024	2023

------(Rupees in thousand)-----

7.1 Provision for impairment for receivables from takaful contract holders

Balance as at 01 January	-	-	5,099	4,081
Addition during the year	-	-	8,715	1,018
Balance as at 31 December	-	-	13,814	5,099

7.2 Provision for impairment of due from other takaful / retakaful operator

Balance as at 01 January	-	-	11,507	12,525
Reversal during the year	-	-	(8,715)	(1,018)
Balance as at 31 December	-	-	2,792	11,507

7.3 The Company has co-takaful and retakaful arrangements with various insurance and domestic retakaful operators. Under the above arrangements, the receivable and payable balances originate mainly due to contributions underwritten or claims settled by the lead insurer on behalf of other co-takaful, and in case of retakaful, the contribution ceded to and claims recoverable from the retakaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful and retakaful arrangements are done between respective insurance companies in normal course of business.

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

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

	OPF		PTF	
Note	2024	2023	2024	2023

8 RECEIVABLE FROM PTF

------(Rupees in thousand)-----

Wakala fee	127,554	111,477	-	-
Modaraba fee	32	4,749	-	-
	127,586	116,226	-	-

9 CASH AND BANK

Cash in hand		300	59	-	-
Cash at bank:					
Savings accounts	9.1	7,469	139,243	206,801	36,632
		7,769	139,302	206,801	36,632

9.1 The rate of profit on profit and loss sharing accounts from bank range from 11.85% to 13.65% (2023: 11.70% to 18.50%) per annum depending upon the size of average deposits.

9.2 Cash at bank deposits include Rs. 169.70 million (2023: Rs. 130.80 million) held with Bank Alfalah Limited (a related party).

10 STATUTORY RESERVES

Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No. 8 of 2014 read with Rule 11(1)(c) of Takaful Rules, 2012 issued by SECP.

	Note	OPF		PTF	
		2024	2023	2024	2023
----- (Rupees in thousand) -----					
Federal excise duty		-	-	2,716	4,268
Federal insurance fee		-	-	264	340
Payable to Alfalah Insurance Company Limited	11.1	6,377	200,632	-	402
Payable to PTF		-	192	-	-
Taxes payable		173	277	2,971	1,103
Agency commission payable		18,223	10,372	-	-
Accrued expenses	11.2	1,498	3,014	796	1,057
Others	11.3	197	139	1,995	2,559
		26,468	214,626	8,742	9,729

11.1 This represents payable in respect of common expenses incurred by Alfalah Insurance Company Limited on behalf of the Operator.

	OPF		PTF	
	2024	2023	2024	2023
----- (Rupees in thousand) -----				
Tracker expense payable	-	-	796	1,057
Bonus payable	80	80	-	-
Audit fee payable	1,126	890	-	-
Sundry expenses payable	292	2,044	-	-
	1,498	3,014	796	1,057

11.3 Unclaimed insurance benefits

Others include unclaimed insurance benefits of Rs. 1.24 million (2023: Rs. 1.36 million), aging of which is given below:

	OPF		PTF	
	2024	2023	2024	2023
----- (Rupees in thousand) -----				
Claims not encashed				
1 to 6 months	-	-	-	-
7 to 12 months	-	-	290	481
13 to 24 months	-	-	354	182
25 to 36 months	-	-	150	254
beyond 36 months	-	-	449	441
	-	-	1,243	1,358

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2024 (2023: Nil).

	2024	2023
	(Rupees in thousand)	
13 NET CONTRIBUTIONS REVENUE		
Written Gross Contribution	770,379	676,408
Less: Wakala Fee	<u>(209,080)</u>	<u>(197,365)</u>
Contribution Net of Wakala Fee	561,299	479,043
Add: Unearned contribution reserve opening	209,823	208,773
Less: Unearned contribution reserve closing	<u>(243,803)</u>	<u>(209,823)</u>
Contribution earned	527,319	477,993
Re-takaful ceded	183,302	138,160
Add: Prepaid retakaful contribution opening	34,065	24,168
Less: Prepaid retakaful contribution closing	<u>(60,031)</u>	<u>(34,065)</u>
Retakaful expense	157,336	128,263
Net Contribution	<u>369,983</u>	<u>349,730</u>
14 RETAKAFUL REBATE EARNED		
Rebate on retakaful received	28,012	21,461
Add: Rebate on retakaful opening	4,234	2,849
Less: Rebate on retakaful closing	<u>(6,896)</u>	<u>(4,234)</u>
	<u>25,350</u>	<u>20,076</u>
15 NET CLAIMS - REPORTED / SETTLED		
Benefits / Claims paid	386,976	366,941
Add: Outstanding benefits / claims including IBNR closing	219,531	184,664
Less: Outstanding benefits / claims including IBNR opening	<u>(184,664)</u>	<u>(196,776)</u>
Claims expense	421,843	354,829
Retakaful and other recoveries received	50,461	33,347
Add: Retakaful and other recoveries in respect of outstanding claims closing	48,964	49,015
Less: Retakaful and other recoveries in respect of outstanding claims opening	<u>(49,015)</u>	<u>(64,424)</u>
Re-takaful and other recoveries revenue	50,410	17,938
Net Claims Expense	<u>371,433</u>	<u>336,891</u>

15.1 Claim development

The following table shows the development of fire, marine and others including miscellaneous claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2024.

	Accident year					Total
	2020 and earlier	2021	2022	2023	2024	
	(Rupees in thousand)					
Estimate of ultimate claims cost						
At the end of accident year						
with IBNR	80,333	16,096	90,425	52,847	50,919	290,620
One year later	54,215	11,844	63,202	57,840	-	187,101
Two years later	52,335	11,739	57,919	-	-	121,993
Three years later	52,483	11,697	-	-	-	64,180
Four years later	52,477	-	-	-	-	52,477
Five years and beyond	32,232	-	-	-	-	32,232
Current estimate of cumulative claims	84,709	11,697	57,919	57,840	50,919	263,084
Cumulative payments to date	(79,638)	(13,298)	(51,452)	(46,230)	(12,959)	(203,577)
Liability recognized in the statement of financial position	5,071	(1,601)	6,467	11,610	37,960	59,507

16 OTHER DIRECT EXPENSES

	2024	2023
	(Rupees in thousand)	
Bank charges	100	8
Tracker expenses	1,850	2,969
	1,950	2,977

17 INVESTMENT INCOME

	OPF		PTF	
	2024	2023	2024	2023
	(Rupees in thousand)			
Profit on Musharakah Certificate	-	3,374	18,774	21,095
Income on Sukuk Bonds	47,021	777	64,419	1,273
Unrealised gain on Mutual Funds	-	499	3,173	499
Realised gain on Mutual Funds	5,144	-	4,219	-
Dividend income	30,153	41,733	21,409	22,535
	82,318	46,383	111,994	45,402

18 OTHER INCOME

	OPF		PTF	
	2024	2023	2024	2023
	(Rupees in thousand)			
Return on bank balances	5,949	27,491	15,251	46,648
Liabilities written back	1,460	-	1,040	432
	7,409	27,491	16,291	47,080



	2024	2023
19 WAKALA FEE	(Rupees in thousand)	
Gross wakala fee	220,023	196,625
Add: Deferred wakala fee opening	70,585	71,325
Less: Deferred wakala fee closing	<u>(81,528)</u>	<u>(70,585)</u>
Wakala expense	<u>209,080</u>	<u>197,365</u>

19.1 Wakala fee has been charged by OPF to PTF for managing the general takaful operations. Rates of Wakala fee for each class of business have been disclosed in note 4.1.13 to these financial statements.

	Note	2024	2023
20 COMMISSION EXPENSE		(Rupees in thousand)	
Commission paid or payable		33,318	25,000
Add: Deferred commission opening		9,141	10,478
Less: Deferred commission closing		<u>(13,940)</u>	<u>(9,141)</u>
		<u>28,519</u>	<u>26,337</u>

21 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

Employee benefit cost	21.1	37,645	28,981
Travelling expenses		5,236	2,380
Advertisement and sales promotion		711	296
Printing and stationery		3,319	1,970
Depreciation of operating assets		4,454	2,536
Depreciation of right-of-use assets		4,223	3,193
Amortization of intangibles		490	505
Rent, rates and taxes		237	289
Electricity, gas and water		2,147	2,244
Vehicle running expenses		6,246	5,774
Office repairs and maintenance		9,143	4,964
Postages, telegrams and telephone		2,203	1,715
Annual supervision fee		273	1,682
Training and development		658	87
Shariah advisory fee		2,368	1,672
Miscellaneous		3,981	3,344
		<u>83,334</u>	<u>61,632</u>

21.1 Employee benefit cost

Salaries allowances and other benefits	35,462	27,297
Charges for post employment benefits	2,183	1,684
	<u>37,645</u>	<u>28,981</u>

21.2 General administrative and management expenses include reverse charge from conventional business to the Operator of Rs. 73.03 million (2023: Rs. 50.90 million) under various heads.

22 Direct Expenses	Note	2024	2023
		(Rupees in thousand)	
Insurance expenses		1,664	973
Legal and professional fee		2,275	1,228
Auditor's remuneration	22.1	3,218	771
Miscellaneous		598	357
		<u>7,755</u>	<u>3,329</u>

22.1 Auditor's remuneration

Statutory audit fee	354	274
Half yearly review	212	163
Statutory returns	115	88
Certification and sundry services	1,789	-
Shariah Compliance report	212	163
Taxation services	133	-
Out of pocket expenses	80	49
Sales tax	323	34
	<u>3,218</u>	<u>771</u>

22.2 Direct expenses include reverse charge from conventional business of the Operator of Rs. 6.75 million (2023: Rs 2.56 million) under various heads.

23 REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS	2024	2023
	(Rupees in thousand)	
Managerial remuneration	-	1,408
Leave fare assistance	-	58
Bonus paid	-	346
Contribution to defined contribution plan	-	70
Vehicle allowance	-	31
	<u>-</u>	<u>1,913</u>
	----- (Number) -----	
	<u>-</u>	<u>1</u>

24 **TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of directors, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The Operator, in normal course of business, carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of head of Window Takaful Operations is disclosed in note 7 and note 23, respectively. Contributions and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan.

	OPF		PTF	
	2024	2023	2024	2023

Other transactions with related parties are summarized as follows:

i) **Associated undertakings and other related parties**

	2024	2023	2024	2023
Contribution written	-	-	222,843	179,605
Contribution received	-	-	254,633	215,200
Dividend received	5,161	7,746	6,387	5,588
Claims paid	-	-	150,974	115,405
Profit on bank deposits	5,531	636	12,385	6,861
Expense charged in respect of retirement benefit plans	1,674	1,379	-	-
Investment purchased	-	150,750	-	175,875
Investment sold	50,113	-	-	-

Key management personnel

Contribution written	-	-	17	44
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ii) **Year end balances**

Associated undertakings and other related parties

Contribution receivable from related parties	-	-	25,018	11,237
Provision for outstanding claims	-	-	46,582	32,033

Key management personnel

Contribution receivable from KMIPs	-	-	-	14
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24.1 Following are the particulars of the related parties of the Operator at the reporting date:

Name of related party	Basis of relationship	Aggregate % of shareholding
Bank Alfalah Limited	Shareholding & Common Directorship	30%
Taavun (Private) Limited	Common Directorship	Nil
Alfalah Asset Management Limited	Common Directorship	Nil
Alfalah Currency Exchange (Pvt.) Limited	Group Company	Nil
Alfalah Securities (Private) Limited	Group Company	Nil
Wateen Telecom Limited	Common Directorship	Nil
Wateen WiMAX (Pvt.) Ltd	Common Directorship	Nil
Wateen Solutions (Pvt.) Ltd	Group Company	Nil
Sapphire Wind Power Company Limited	Group Company	Nil
Alfalah Insurance Company Limited Employees Gratuity Fund	Retirement Benefits Plan	Nil
Alfalah Insurance Company Limited Employees Provident Fund	Retirement Benefits Plan	Nil

	OPF		PTF	
	2024	2023	2024	2023
	------(Rupees in thousand)-----			
	81,520	78,676	37,625	27,093
	-	10,091	-	2,357
	<u>81,520</u>	<u>88,767</u>	<u>37,625</u>	<u>29,450</u>

TAXATION	
Current Tax:	
Current year	
Prior years	

26 SEGMENT REPORTING - OPF

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019:

	31 December 2024					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	(Rupees in thousand)					
Wakala fee	19,497	8,140	133,011	30,844	17,588	209,080
Commission expense	(8,833)	(4,871)	(14,807)	(84)	76	(28,519)
Management expenses	(8,351)	(2,934)	(43,274)	(22,423)	(6,352)	(83,334)
	2,313	335	74,930	8,337	11,312	97,227
Investment income - net						82,318
Modarib's share of PTF						
Investment income						31,811
Other income						7,409
Direct expenses						(7,755)
Finance Cost						(1,984)
Profit before tax						209,026
Segment assets	23,244	4,459	110,588	1,537	1,784	141,612
Unallocated assets						174,702
						316,314
Segment liabilities	10,627	-	72,487	1,367	1,656	86,137
Unallocated liabilities						29,668
						115,805
	31 December 2023					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	(Rupees in thousand)					
Wakala fee	12,403	7,973	137,059	24,821	15,109	197,365
Commission expense	(5,322)	(4,669)	(16,632)	(100)	386	(26,337)
Management expenses	(4,531)	(2,422)	(34,568)	(15,348)	(4,763)	(61,632)
	2,550	882	85,859	9,373	10,732	109,396
Investment Income - net						46,383
Modarib's share of PTF						
Investment income						23,012
Other income						27,491
Direct expenses						(3,329)
Finance Cost						(1,219)
Profit before tax						201,734
Segment assets	17,587	4,255	62,347	38,282	2,896	125,367
Unallocated assets						565,115
						690,482
Segment liabilities	7,445	283	63,030	1,118	1,619	73,495
Unallocated liabilities						219,256
						292,751



27 SEGMENT REPORTING - PTF

Each class of business has been identified as reportable segment. The following is a schedule of class of business wise assets, liabilities, revenue and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019:

	31 December 2024					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	Total
	(Rupees in thousand)					
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	90,197	30,761	467,040	238,747	68,296	895,041
Federal Excise Duty	(12,225)	(3,361)	(63,004)	(29,385)	(8,990)	(116,965)
Federal Insurance Fee	(772)	(271)	(3,993)	(2,073)	(588)	(7,697)
Gross Written Contribution (inclusive of Administrative Surcharge)	77,200	27,129	400,043	207,289	58,718	770,379
Gross Direct Contribution	77,200	27,068	399,914	207,289	58,718	770,189
Facultative inward contribution	-	61	129	-	-	190
	77,200	27,129	400,043	207,289	58,718	770,379
Wakala fees	(19,497)	(8,140)	(133,011)	(30,844)	(17,588)	(209,080)
Contribution earned	64,987	27,131	380,032	205,626	58,623	736,399
Contribution ceded to retakaful	(62,702)	(20,440)	(30,240)	-	(43,954)	(157,336)
Net takaful contribution	(17,212)	(1,449)	216,781	174,782	(2,919)	369,983
Net rebate on re-takaful	10,260	4,690	463	-	9,937	25,350
Net underwriting income	(6,952)	3,241	217,244	174,782	7,018	395,333
Takaful claims	(25,185)	1,544	(195,742)	(173,401)	(29,059)	(421,843)
Takaful claims recovered from retakaful	23,418	(1,836)	7,171	-	21,657	50,410
Net claims	(1,767)	(292)	(188,571)	(173,401)	(7,402)	(371,433)
Other direct expenses	(10)	(4)	(1,901)	(8)	(27)	(1,950)
(Deficit)/Surplus before investment income	(8,729)	2,945	26,772	1,373	(411)	21,950
Investment income						111,994
Other income						16,291
Less: Modarib's share of investment income						(31,811)
Profit before tax						118,424
Segment assets	83,969	10,089	188,472	21,332	34,392	338,254
Unallocated assets						616,182
						954,436
Segment liabilities	85,490	22,666	488,762	37,941	48,017	682,876
Unallocated liabilities						12,394
						695,270

	31 December 2023					
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Total
	(Rupees in thousand)					
Contribution receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	57,634	29,747	441,497	171,162	60,778	760,818
Federal Excise Duty	(7,403)	(2,900)	(58,327)	(1,034)	(7,981)	(77,645)
Federal Insurance Fee	(500)	(266)	(3,792)	(1,684)	(523)	(6,765)
Gross Written Contribution (inclusive of Administrative Surcharge)	<u>49,731</u>	<u>26,581</u>	<u>379,378</u>	<u>168,444</u>	<u>52,274</u>	<u>676,408</u>
Gross Direct Contribution	49,731	26,581	379,194	168,444	52,274	676,224
Facultative inward contribution	-	-	184	-	-	184
	<u>49,731</u>	<u>26,581</u>	<u>379,378</u>	<u>168,444</u>	<u>52,274</u>	<u>676,408</u>
Wakala fees	(12,403)	(7,973)	(137,059)	(24,821)	(15,109)	(197,365)
Contribution earned	41,346	26,578	391,595	165,472	50,367	675,358
Contribution ceded to retakaful	(39,231)	(20,399)	(25,539)	-	(43,094)	(128,263)
Net takaful contribution	(10,288)	(1,794)	228,997	140,651	(7,836)	349,730
Net rebate on re-takaful	6,641	4,633	234	-	8,568	20,076
Net underwriting income	(3,647)	2,839	229,231	140,651	732	369,806
Takaful claims	(6,753)	(5,811)	(189,809)	(138,227)	(14,229)	(354,829)
Takaful claims recovered from retakaful	5,990	4,954	(3,465)	-	10,459	17,938
Net claims	(763)	(857)	(193,274)	(138,227)	(3,770)	(336,891)
Charge of contribution deficiency reserve	-	-	-	-	-	-
Other direct expenses	(1)	-	(2,973)	(1)	(2)	(2,977)
(Deficit)/Surplus before Investment Income	(4,411)	1,982	32,984	2,423	(3,040)	29,938
Investment income						45,402
Other income						47,080
Less: Modarib's share of investment income						(23,012)
(Provision) / Reversal for doubtful contributions (net of wakala fee)						-
Profit before tax						<u>99,408</u>
Segment assets	69,726	15,094	123,854	6,291	24,727	239,692
Unallocated assets						<u>583,828</u>
						<u>823,520</u>
Segment liabilities	89,588	26,277	393,337	69,044	47,832	626,078
Unallocated liabilities						<u>19,075</u>
						<u>645,153</u>

28 Risk Management

The primary objective of the Operator's risk and financial management framework is to protect the Operator's shareholder from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Board of Directors meets regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board of Directors defines the Operator's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

The risks faced by the Operator and the way these risks are mitigated by management are summarized below:

a) Financial risk, categorized into;

- Credit risk	- note 28.1.1
- Liquidity risk	- note 28.1.2
- Market risk	- note 28.1.3

b) Capital adequacy risk

- note 28.2

c) Takaful risk

- note 28.3

28.1 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Operator's principal financial risk instruments are financial investments, receivables arising from takaful and retakaful contracts, statutory deposits and cash and cash equivalents. The Operator does not enter into any derivative transactions.

The Operator's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

28.1.1 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Operator attempts to control credit risk by monitoring the following:

- Credit worthiness of counter party;
- Sector wise concentration of counter party; and
- Agling analysis of counter party.

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

Financial assets		2024	2023
		(Rupees in thousand)	
Bank balances	- note 28.1.1.1	214,270	175,875
Takaful / retakaful receivables	- note 28.1.1.3	145,379	68,889
Retakaful recoveries against outstanding claims	- note 28.1.1.3	48,964	49,015
		<u>408,613</u>	<u>293,779</u>

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

	Rating		Rating Agency	2024	2023
	Short-term	Long-term			
				(Rupees in thousand)	
Bank Alfalah Limited	A1+	AAA	PACRA	169,704	130,803
Askari Bank Limited	A1+	AA+	PACRA	23,927	622
Meezan Bank Limited	A1+	AAA	VIS	17,174	12,334
Dubai Islamic Bank	A1+	AA	VIS	3,465	32,116
				<u>214,270</u>	<u>175,875</u>

28.1.1.2 The management monitors exposure to credit risk in contribution receivable arising from takaful and retakaful contracts, through regular review of credit exposure and prudent estimates of provision for doubtful receivables.

	2024	2023
	(Rupees in thousand)	
Sector wise analysis of contributions due from policy holders is as follows:		
Financial institutions	80,489	18,528
Manufacturing	10,639	2,505
Personal Goods	158	63
Health & Pharmaceutical	1,392	375
Textile & Composite	37,587	1,848
Others including miscellaneous	13,141	9,200
Provision for impairment of receivables from takaful contract holders	(13,814)	(5,099)
	<u>129,592</u>	<u>27,420</u>

The Operator monitors exposure to credit risk in contribution due from policy holders and amount due from co-takaful operators and re-takaful operators through regular review of credit exposure. The amount due from co-takaful operators/companies and re-takaful operators/companies represents low credit risk as they have strong credit ratings and have sound financial stability.

The aging analysis of contributions due from policy holders can be assessed with the following:

	2024			2023		
	Related parties	Others	Total	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	25,018	103,128	128,146	11,237	15,939	27,176
1-2 years	-	13,199	13,199	-	4,434	4,434
2-3 years	-	2,018	2,018	-	399	399
Over 3 years	-	43	43	-	510	510
	<u>25,018</u>	<u>118,388</u>	<u>143,406</u>	<u>11,237</u>	<u>21,282</u>	<u>32,519</u>

28.1.1.3 The credit quality of amount due from other takaful / retakaful and retakaful recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Amount due from Takaful / Other retakaful Operators	Retakaful recoveries against outstanding claims	Total
	(Rupees in thousand)		
As at 31 December 2024			
BB+ or above	145,379	48,964	194,343
As at 31 December 2023			
BB+ or above	68,889	49,015	117,904

The credit risk of retakaful recoveries against outstanding claims can be assessed with the following aging analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the retakaful contracts:

	2024		2023	
	Retakaful recoveries against outstanding claims	Outstanding Claims including (IBNR)	Retakaful recoveries against outstanding claims	Outstanding Claims including (IBNR)
	----- (Rupees in thousand) -----			
Up to 1 year	35,739	173,948	34,421	160,159
1-2 years	4,040	27,316	13,476	18,933
2-3 years	8,397	13,084	765	3,386
Over 3 years	788	5,183	353	2,186
	48,964	219,531	49,015	184,664

28.1.2 Liquidity risk

Liquidity risk is the risk that the Operator will not be able to meet its financial obligations as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

On the balance sheet date, Operator has cash and bank deposits with insignificant change in value of Rs. 7.8 million and Rs. 206.8 million for Operator and Participants' Fund respectively.

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

	2024 OPF			
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year
	----- (Rupees in thousand) -----			
Re takaful / Co-takaful payables	7,809	7,809	7,809	-
Other creditors and accruals	26,468	26,468	26,468	-
	34,277	34,277	34,277	-
	----- (Rupees in thousand) -----			
	2024 PTF			
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year
	----- (Rupees in thousand) -----			
Outstanding claims including IBNR	219,531	219,531	219,531	-
Re takaful / Co-takaful payables	84,972	84,972	84,972	-
Other creditors and accruals	8,742	8,742	8,742	-
	313,245	313,245	313,245	-

	2023 OPF			
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year
	------(Rupees in thousand)-----			
Re takaful / Co-takaful payables	7,540	7,540	7,540	-
Other creditors and accruals	214,626	214,626	214,626	-
	<u>222,166</u>	<u>222,166</u>	<u>222,166</u>	<u>-</u>
	2023 PTF			
	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity after one year
	------(Rupees in thousand)-----			
Outstanding claims including IBNR	184,664	184,664	184,664	-
Re takaful / Co-takaful payables	110,597	110,597	110,597	-
Other creditors and accruals	9,729	9,729	9,729	-
	<u>304,990</u>	<u>304,990</u>	<u>304,990</u>	<u>-</u>

28.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Operator is exposed to market risk with respect to its bank balance deposits.

The Operator limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The Operator has formulated a liquidity-risk based investment policy approved by the Board of Directors which contains various guidelines for investment of surplus funds in money market and equity market.

28.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Operator to cash flow interest risk, whereas fixed interest rate instrument exposes the Operator to fair value interest risk.

Sensitivity to interest rate risk arises from mismatching of financial assets and liabilities that mature or re-price in a given period. The Operator manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the date of statement of financial position, the interest rate profile of the Operator's significant interest bearing financial instruments was as follows:

	Effective Interest rate	2024			
		Carrying amounts Maturity up to one year		Carrying amounts Maturity after one year	
		OPF	PTF	OPF	PTF
Financial assets					
Bank balances	11.85% to 13.65%	<u>7,469</u>	<u>206,801</u>	<u>-</u>	<u>-</u>

	Effective Interest rate	2023			
		Carrying amounts		Carrying amounts	
		Maturity up to one year		Maturity after one year	
		OPF	PTF	OPF	PTF
	%	----- (Rupees in thousand) -----			
Bank balances	11.70% to 18.50%	139,243	36,632	-	-
Term deposit receipt		-	-	-	-

28.1.3.2 Price risk

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

28.1.3.3 Foreign Currency risk

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

28.2 Capital adequacy risk

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

28.3 Takaful risk

The Operator's takaful activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Operator is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Operator's success. The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

The Operator is facing three kinds of risk in its takaful activities, namely;

- Contribution Risk - note 28.3.1
- Claim Risk - note 28.3.2
- Retakaful Risk - note 28.3.3

28.3.1 Contribution Risk

The takaful strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspection surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria. For example, the Operator does not offer health takaful to walk-in individual customers. Health takaful is generally offered to corporate customers with a large population to be covered under the policy.



The Operator manages the takaful risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical takaful information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For Marine risks, complete takaful details, besides sums insured and contributions, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	PTF			
	Gross sum insured		Net sum insured	
	2024	2023	2024	2023
Fire	40%	30%	9%	5%
Marine	33%	36%	23%	20%
Motor	16%	23%	45%	58%
Accident and Health	6%	6%	18%	15%
Others including miscellaneous	5%	5%	5%	2%
	100%	100%	100%	100%

The following table demonstrates the class wise concentration of risk on the basis of contribution :

	Gross contribution written		Net contribution written	
	2024	2023	2024	2023
Fire	10%	7%	1%	1%
Marine	4%	4%	1%	1%
Motor	52%	56%	60%	66%
Accident and Health	27%	25%	35%	31%
Others including miscellaneous	7%	8%	3%	1%
	100%	100%	100%	100%

28.3.2 Claim risk

One of the purposes of takaful is to enable policyholders to protect themselves against uncertain future events. Takaful companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in takaful is inevitably reflected in the financial statements of takaful companies and can be characterized under a number of specific headings, such as;

- Uncertainty as to whether an event has occurred which would give rise to an insured loss.
- Uncertainty as to the extent of policy coverage and limits applicable.
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Operator is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, Operator accounts for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Operator has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the operator and those that are not yet apparent to the insured. The Operator's policy for accounting of its claims has been disclosed in note 4.1.11 of these financial statements.

Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for takaful claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful.

	PTF			
	Underwriting result		Participants' surplus	
	2024	2023	2024	2023
	------(Rupees in thousand)-----			
Fire	1,767	763	18	8
Marine	292	857	3	9
Motor	188,571	193,274	1,886	1,933
Accident and Health	173,401	138,227	1,734	1,382
Others including Miscellaneous	7,402	3,770	74	38
	371,433	336,891	3,715	3,370

28.3.3 Retakaful risk

The Operator purchases retakaful as part of its risks mitigation program. Retakaful ceded is placed on both proportional and non-proportional basis. The majority of proportional retakaful is quota share reinsurance which is taken out to reduce the overall exposure of the Operator to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Operator's net exposure to catastrophe losses. Retention limits for the excess of loss retakaful vary by product line. The Operator also arranges the local and foreign facultative retakaful as part of its risk management strategy.

Although the Operator has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any retakaful is unable to meet its obligations assumed under such retakaful agreements. The Operator's placement of retakaful is diversified such that it is neither dependent on a single retakaful nor are the operations of the Operator substantially dependent upon any single retakaful contract. Operator's strategy is to seek retakaful with the best combination of financial strength, price and capacity. In compliance of the regulatory requirement, the retakaful agreements are duly submitted with SECP on an annual basis.

Note	Carrying amount				Fair value			
	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees							
31 December 2023								
Financial assets - measured at fair value								
Financial assets - not measured at fair value								
7	68,889	-	-	68,889	-	-	-	-
	49,015	-	-	49,015	-	-	-	-
9	-	175,934	-	175,934	-	-	-	-
	117,904	175,934	-	293,838	-	-	-	-
Financial liabilities - measured at fair value								
Financial liabilities - not measured at fair value								
Underwriting provisions								
15	-	-	184,664	184,664	-	-	-	-
	-	-	118,137	118,137	-	-	-	-
11	-	-	224,355	224,355	-	-	-	-
	-	-	527,156	527,156	-	-	-	-

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

30 NUMBER OF FULL TIME EMPLOYEES

The number of employees of the Operations are as follows:

	<u>2024</u>	<u>2023</u>
Average number of employees during the year	1	2
As at 31 December	1	1

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Operator on January 30, 2025.

32 CORRESPONDING FIGURES

Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangements have been made.



Chairman

Director

Director

Chief Executive Officer

NOTICE OF 19th ANNUAL GENERAL MEETING

Notice is hereby given that 19th Annual General Meeting of the Shareholders of Alfalah Insurance Company Limited (the "Company") will be held on Wednesday, April 30, 2025 at 11:00 a.m. at the registered office of the Company located at 5 – Saint Mary Park, Gulberg III, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the 16th Annual General Meeting held on April 30, 2024.
2. To receive, consider and adopt the financial statements of Conventional business and Window takaful operations for the year ended December 31, 2024 along with the Director's and Auditor's report thereon, Shariah Advisor's Report and Auditor's assurance report on Compliance with Shariah rules and principles.
3. To declare and approve, as recommended by the Directors, the payment of the final cash dividend of Rs.3 per share i.e. @ 30% for the year ended December 31, 2024
4. To appoint Statutory and Shariah Compliance Auditor of the Company for the year ending December 31, 2025 and to fix their remuneration.

M/s. A.F. Ferguson & Company, Chartered Accountants, (a member firm of PwC) being eligible for a appointment, have show their willingness to act as statutory auditor's of the Company for the year ending December 31, 2025. The Audit committee and Board of Directors in their respective meetings have suggested and recommended their appointment as external and Shariah Compliance auditor's of the company for the year ending December 31, 2025.
5. To Transact any other businesses with the permission of the Chair.

Date: April 8, 2025
Lahore

By order of the Board
Adnan Waheed
Company Secretary

NOTES

- 1) The Share Transfer Books of the Company will be closed from April 24, 2025 to April 30, 2025, both days inclusive.
- 2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him/her.
- 3) Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a company or corporation under the Common Seal of the company or corporation or the hand of its Attorney who may be the appointer.
- 4) The instrument of proxy to be effective must reach the company's registered address at 5-Saint Mary Park, Gulberg III, Lahore not less than 48 hours before the time for holding of the Meeting.
- 5) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- 6) The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.
- 7) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- 8) Shareholders are requested to notify change in their address, if any, to the Company Secretary.
- 9) SECP vide SRO No. 787(I)2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC or passport. Shareholders are also required to notify immediately of any change in email address in writing to the Company Secretary.

پراکسی فارم

کمپنی سیکرٹری

الفلاح انشورنس کمپنی لمیٹڈ

۵۔ سینٹ میری پارک، گلبرگ ۱۱۱ لاہور۔

”میں / ہم _____ ساکن _____ بحیثیت رکن الفلاح انشورنس کمپنی لمیٹڈ
 بزرگیہ ہڈا مسمی _____ ساکن _____ کو یا ان کی عدم دستیابی
 کی صورت میں مسمی _____ ساکن _____ کو میری / ہماری جانب سے پراکسی
 مقرر کر رہا ہوں تاکہ وہ الفلاح انشورنس کمپنی لمیٹڈ کے _____، 2025ء بوقت ۱۱:۰۰ بجے صبح کمپنی کے رجسٹرڈ آفس ۵۔ سینٹ میری پارک،
 گلبرگ ۱۱۱ لاہور میں منعقد ہونے والے سالانہ اجلاس عام یا اس کے التوائی اجلاس میں میری / ہماری طرف سے شرکت کر سکے یا ووٹ دے سکے۔“

دستخط: _____

نام: _____

حامل _____ عام حصص

دستخط بروز _____ بتاریخ _____ 2025ء

گواہان:

۱. دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی / پاسپورٹ نمبر: _____

۲. دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی / پاسپورٹ نمبر: _____

Alfalah Insurance Network

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