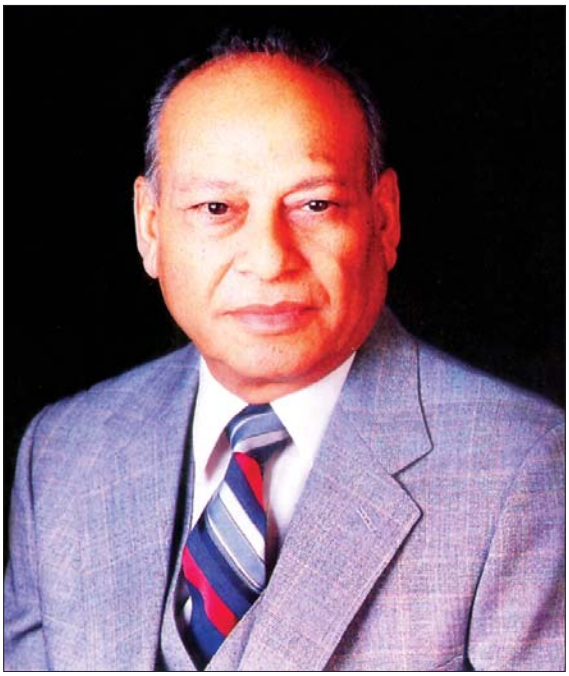


LATE MR. UNUS KHAN
Founder Chairman, East West Insurance Company Ltd.

Our founder Chairman, late Mr. Unus Khan, was born on December 27, 1927 in a respectable and cultured family. He received his basic education in Quetta and after graduation in Aeronautics and Meteorology in Great Britain, he adopted the field of Civil Aviation as his profession and remained associated with it for over 20 years. Subsequently, he took up the field of commerce/business in 1965 and a few years thereafter proceeded to the United States of America along with his family.

In the 70s, besides other ventures, he was also associated with the field of insurance in the Middle East. He returned to Pakistan in 1982 and founded East West Insurance Company Ltd, in 1983. Throughout the remaining years of his life, he remained dedicated to the development of this Company. He organized and strengthened the Company on modern lines and at the same time, encouraged the executives, field and office personnel of the company to face the challenges of the market with courage, sincerity and hard work. It was for his determined leadership, untiring efforts, honesty and sincerity of purpose that the Almighty Allah gifted him with such an outstanding success that the Company not only became one of the largest Insurance Companies of Pakistan during his life time but even thereafter a befitting tribute to the memorable accomplishment of its founder the Company continued making tremendous strides, always surpassing the achievements of the preceeding year. Today, by the Grace of Allah, East West Insurance Company Limited has become a symbol of security for its thousands of insured and of livelihood for its hundreds of hard-working personnel.

Mr. Unus Khan was endowed with piety, simplicity, sincerity, diligence and affection. He will always be remembered for his selfless devotion to cause of combining the profound cultural values of the EAST with the modern technological developments of the WEST. In order to give perpeturity to our late Chairman, all of us have pledged to adopt his practices as guidelines for the future. Our beloved Chairman left us to join his heavenly abode on July 27, 1988. May Allah rest his soul in eternal peace. **Aameen!**

CONTENTS

39 years of EAST WEST INSURANCE CO., LTD.

East West Insurance Company Limited appeared on the horizon of Insurance Industry in Pakistan in 1983, founded by late Mr. Unus Khan who was its first Chairman. Over the years the Company, with the help of its adroit management and diligent staff, has successfully accomplished the essential task of gaining the good will and confidence of its policyholders as one of the leading insurance Companies with a vast network of branches all over the country.

Besides transacting traditional Insurance business like Fire, Marine & Motor, East West Insurance underwrites specialized portfolios for which it has created specialized divisions within the company namely, Engineering, Crops, Livestock Divisions, and Group Hospitalization. The Company business is thus well diversified and provides coverage to a wide range of agricultural, industrial and commercial business activities.

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[Quality services, innovative solutions and comprehensive risk cover]

OUR VISION

To be amongst most trusted insurance security of the country by providing protection to our insureds in a most effective manner ensuring prosperity for its stakeholders and growth with human resource.

[Long term commitment to our valued clients]

OUR MISSION

- *To ensure most effective management for sustained growth of the company.*

- *To provide reliable & secure protection for the policyholders.*

- *To retain sound position of the company in the industry while working with dedication & innovation.*

- *To maintain continuous pursuit for cost effectiveness, enhanced productivity for ensuring financial health of the organization, to take care of shareholder's aspiration continuously.*

- *To inculcate value added system all across the organization for ensuring trustworthy relationship with its clients as well as shareholders.*

[Our team professionals ensure that quality is never compromised]

OUR PEOPLE

BOARD OF DIRECTORS

Chairman :
Chief Justice (R) Mian Mahboob Ahmad

Chief Executive Officer :
Naved Yunus

Directors
Javed Yunus
Pervez Yunus
Saad Yunus
Urooj Y. Ansari
Umeed Ansari
Ahsan Mehmood Alvi, FCA (England & Wales)
Mazhar Zubair Abbasi

Company Secretary
Shabbir Ali Kanchwala

Chief Financial Officer
Tanveer Iqbal

Legal Advisor
Khalid Law Associates

Auditors
Crowe Hussain Chaudhury & Company (Chartered Accountants)

Tax Advisor
Afnan Tax Consultants

Shares Registrar
THK Associates (Pvt.) Ltd.
Plot No. 32-C, Jami Commercial Street 2,
DHA, Phase VIII,
Karachi.

Registered Office :
27, Regal Plaza, Jinnah Road, Quetta.

Head Office :
401-404, Block 'B', 4th Floor,
Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.

Window Takaful Operations :
401, 4th Floor, Business Centre,
Mumtaz Hasan Road,
Karachi.

IFS Rating : AA- (AA Minus) Stable Outlook

Website : www.ewi.com.pk

Bankers :
Allied Bank Limited
Askari Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
JS Bank Limited
National Bank of Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited
The Bank of Punjab Limited
United Bank Limited
The Karakuram Co-operative Bank Limited

COMMITTEES

BOARD COMMITTEES

Audit Committee:

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
SAAD YUNUS	Member
UMEED ANSARI	Member
MAZHAR ZUBAIR ABBASI	Member
JOHRY LAL, FCCA & ACA	Secretary

Ethics, Human Resource & Remuneration Committee:

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
UMEED ANSARI	Member
MRS. UROOJ YUNUS ANSARI	Member
BRENDAN D' LIMA	Member / Secretary

Investment Committee:

AHSAN MEHMOOD ALVI, FCA (England & Wales)	Chairman
NAVED YUNUS	Member
UMEED ANSARI	Member
SAAD YUNUS	Member
SHABBIR ALI KANCHWALA	Member
TANVEER IQBAL	Member
SAEED AHMED	Member / Secretary

Nomination Committee:

MRS. UROOJ YUNUS ANSARI	Chairperson
MAZHAR ZUBAIR ANSARI	Member
AHSAN MEHMOOD ALVI, FCA (England & Wales)	Member
IMRAN ALI DODANI	Member / Secretary

MANAGEMENT COMMITTEES

Underwriting Committee:

PERVEZ YUNUS	Chairman
UMEED ANSARI	Member
BRENDAN D' LIMA	Member
IMRAN ALI DODANI	Member
MUHAMMAD SHAREEF	Member / Secretary

Claims Committee:

JAVED YUNUS	Chairman
SAAD YUNUS	Member
SHABBIR ALI KANCHWALA	Member
IMRAN ALI DODANI	Member
SANA HASHMI	Member / Secretary

Reinsurance & Coinsurance Committee:

NAVED YUNUS	Chairman
UMEED ANSARI	Member
SAAD YUNUS	Member
BRENDAN D' LIMA	Member
SYED ARSHAD ALI	Member / Secretary

Risk Management & Compliance Committee:

BRENDAN D'LIMA	Chairman
SHABBIR ALI KANCHWALA	Member
MAZHAR ZUBAIR ABBASI	Member
JOHRY LAL, FCCA & ACA	Member
MUZZAMMIL USMAN KARIM	Member / Secretary

BOARD OF MANAGEMENT

Chief Executive Officer:
NAVED YUNUS

Chief Operating Officer:
SAAD YUNUS

Executive Director :
JAVED YUNUS
PERVEZ YUNUS
BRENDAN THOMAS D'LIMA

Director Finance:
SHABBIR ALI KANCHWALA

Chief Financial Officer (CFO):
TANVEER IQBAL

Directors :
IFTIKHAR HUSSAIN
JAN MUHAMMAD
IMRAN ALI DODANI
RAJA IQBAL AHMED

Assistant Director:
M. YASIN SAJID
CH. M. JAWAD SADIQ ALI

Chief General Manager:
FAWAD AHMED KHOKHAR

General Managers:
IBRAR ELLAHI QURESHI
AQEEL ANSARI
WAHEED-UL-HAQ SIDDIQUI
MUHAMMAD ARIF ALI
MRS. ROBINA SHAHEEN
TASAWAR ELLAHI AWAN
SYED SAJID ALI NAQVI
KHALID ZAHEER
MUHAMMAD AZEEM

Head of Takaful :
SOHAIL NAZEER SHEIKH

Shariah Advisor
MUFTI SAJJAD ASHRAF USMANI

Deputy General Managers:
TARIQ MAHMOOD BUTT
AWAIS IFTIKHAR
MUNIR AHMED SHAKIR
IRFAN ELAHI

Assistant General Managers:
SHAHZAD AQEEL
ABDUL QAHIR
SYEDA MARIA NAQVI
FARHAN UL HAQ SIDDIQUE

Chief Managers:
SYED AZHAR AMIN HASHMI
KHURRAM SHAHZAD
SYED ARSHAD ALI
IMRAN AHMED
ARSHAD MEHMOOD

Regional Managers:
MUHAMMAD SHARIF
MUHAMMAD SALEEM

Senior Managers:
NAIM S. SHAZIB
ANEES AHMED
SANA UL HAQ HASHMI
ZAHID ALI BHATTI
KASHIF FAROOQ BUTT
MUHMMAD WAQAR
AHMED FARAZ

Manager & Zonal Managers:
MAQBOOL-UR-REHMAN
MUHAMMAD RIAZ
MS. NASREEN AKHTAR
SYED BABAR HUSSAIN
SALMAN TASADDAQ

Senior Vice President:
AZHAR MAHMOOD
ZEESHAN FAISAL

Assistant Vice President:
RANA NAVEED-UR-REHMAN

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of East West Insurance Company Limited will be held on Thursday, April 28, 2022, at 11:30 A.M at the Registered Office of the Company located at 27, Regal Plaza, Jinnah Road, Quetta, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on November 20, 2021.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2021

3. To consider the appointment of Auditors for the year ending December 31, 2022 and fix their remuneration.

4. To approve the interim bonus issue as final distribution for the year ended December 31, 2021 announced on November 23, 2021 and already issued to the shareholders in the proportion of three ordinary shares for every twenty ordinary shares held i.e., 15%.

SPECIAL BUSINESS:

5. The Board of Directors has to decide to increase the Authorized Capital of the company to facilitate the further issue of capital. To consider and if thought fit to pass following Resolution.

   RESOLVED that the Authorized Capital of the Company be increased from Rs.1,500,000,000 (Rupees One thousand Five hundred Million) to Rs.2,000,000,000 (Rupees Two thousand Million) and divided in 200,000,0000 ordinary shares of Rs. 10/- each. That respective clause of Memorandum and Articles of Association of the company be amended to the extent of increased Authorized Capital and division thereof to becomes effective immediately.

6. Investment in Askari Life Assurance Company Ltd

   To consider and if thought fit to pass the following resolutions with or without any modification as Special Resolution:

   "RESOLVED that consent of the members of East West Insurance Co., Ltd., be and is hereby accorded in terms of section 199 and other applicable provisions of Companies Act, 2017 and the Company be and is hereby authorized to further invest/dis-invest up to Rs. 40,000,000/- (Rupees Forty Million) from time to time in Askari Life Assurance Company Limited, an associated company for purchase/sale of ordinary shares of face value of Rs. 10 each at the price ruling in stock exchange at the date of purchase/sale as per terms and conditions disclosed to the members and the resolution shall be valid for a period of one year from the date of passing of special resolution."

   "Further Resolved that Chief Executive Officer or Company Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investment."

7. To consider other business with the permission of the chair.

   Attached to this notice of meeting being to the members is a statement under section 134(3) (b) Companies Act, 2017.

By the order of the board

Shabbir Ali Kanchwala
Company Secretary
Karachi: 25th March, 2022.

Notes:

1. PARTICIPATION IN AGM THROUGH ELECTRONIC MEANS:

In view of the prevailing situation of Pandemic Covid-19, particularly in the wake of its fifth wave and concerning the well-being of the participants of the AGM, this General Meeting being conducted as per guidelines circulated by SECP vide its Circular No. 4 of 2021 dated 15th February 2021 and Circular No. 6 of 2021 dated 3rd March 2021. Accordingly, the following arrangements have been made by the Company to facilitate the participation of the shareholders in the AGM through online video conference, either in-person or through appointed proxies.

The shareholders are requested to please provide below information to our Company Secretary at e-mail address: shabbir.a.kanchwala@ewi.com.pk, at least 24 hours before the time of AGM i.e., latest by 11.30 am on April 27, 2022.

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

Upon receipt of the above information from shareholders the Company will send login details to their email address, which will enable them to join the said AGM through video conference on Thursday April 28, 2022 at 11:30 AM.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.

3. CDC Account holders are advised to follow the following guidelines of the Securities & Exchange Commission of Pakistan.

A. For attending the meeting

a. In case of individuals, the account holder and / or sub- account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

b. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies

a. In case of individuals, the account holder / and or sub- account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

b. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the meeting.

e. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. The Share Transfer Books of the company will be closed from April 22,2022 to April 28, 2022, (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi, by the close of business on April 21, 2022 will be considered in time to attend and vote at the meeting.

5. Members are requested to notify / submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:

a. Change in their address;

b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities.

6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES

As per SRO 787(1) 2014 dated September 08, 2014, the Securities & Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annal general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is responsibility of member(s) to timely update the share registrar of any change in his (her /its / their) registered email address at the address of Company's Registrar.

7. ELECTRONIC DIVIDEND MANADATE

Under Section 242 of Companies Act, 2017, it is mandatory for all listed company to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company, website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi in case of physical shares

In case shares are held CDC, electronic, dividend mandate form must be directly submitted shareholder's brokers / participant / CDC account services as the case may be.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

8. SUBMISSION OF VALID CNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi without any further delay.

9. ZAKAT DECLARATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat and Usher Laws and will be deposited within the prescribed period with the relevant authority. In case you want to claim exemption, please submit Zakat declaration under Zakat and Usher Ordinance, 1980 and Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50Form with our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi or in case of book entry securities in CDC to respective CDC participants. The shareholders while sending the Zakat Declaration must quote company name and their respective CDS A/C # or Folio No.

10. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND

Pursuant to SECP directive vide Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. We hereby advise shareholders as under;

The Government of Pakistan through Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under;

a.	For filers of income tax returns:	15%.
b.	For non-filer of income tax returns:	30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are files, are advised to make sure that their names are entered into ATL before the date for payment of cash dividend otherwise tax on their cash dividend will be deducted @ 30% instead @15%.

11. CONSENT FOR VIDEO CONFERENCING FACILITY

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

I / We / Messrs. _____ of_____, being a member of East West Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered Folio / CDC Account no. _____ hereby opt for video-link facility.

12. UNCLAIMED DIVIDEND

As per the provision of Section 244 of the Companies Act, 2017 any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders, in

case, no claim is lodged with the company in the given time, the Company will deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

13. DEMAND POLL

Members can exercise their right to demand a poll subject to meeting requirements of Sections 143 and 144 of the Companies Act, 2017 and applicable clause of the Companies (Postal Ballot) Regulation 2018.

14. TRANSMISSION OF THE ANNUAL AUDITED FINANCIAL STATEMENTSTHROUGH CD/ DVD

The company has circulated financial statements to its members through CD at their registered address, printed copy of above referred statements can be provided to members upon request.

15. AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON COMPANY'S WEBSITE

The audited financial statement of the Company for the year ended December 31, 2021 have been available on the Company's website www.eastwestinsurance.com.pk

16. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry from in a manner as may be specified from the date notified by the Commission within a period not exceeding four years from the commencement of companies Act, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading or physical shares in not permitted as per existing regulation of Pakistan Stock Exchange.

STATEMENT UNDER SECTION 134 (3) OF THE COPMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 28, 2022.

Item. No.5

The Authorized Share Capital of East West Insurance Company Limited at present is Rs. 1,500,000,000 In order to take care of expansion, it is considered necessary to increase the Authorized Share Capital from 1,500,000,000 to Rs.2,000,000,000.

Item. No.6

The details and information to be furnished regarding item No. 6 investment in associated company under section 199 of the Companies Act, 2017.

Information to be disclosed to members.- (1) The company shall disclose following information in the statement annexed to the notice, pursant to section 134(3) of the Act, of a general meeting called for considering investment decision under section 199 of the Act.

Regulation No. 3(1)(a) - Disclosures for all types of investment,-

(A) Regarding associated company or associated undertaking:

S. No.	Description	information Required
(i)	Name of associated company	Askari Life Assurance Co., Ltd (formerly East West Life Assurance Co., Ltd.:)
(ii)	Basis of relationship	Common directorship
(iii)	Earnings per share for the last three years	September. 30, 2021 PKR (0.92) December. 31, 2020 PKR (2.09) December 31, 2019 PKR (2.39)
(iv)	Break-up value per share, based on latest audited fianancial statements	Rs. 2.08 on the basis of financial statements for the period September 30, 2021

S. No.	Description	information Required
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	As on September 30, 2021 Total asset base of Askari Life Assurance Co., Ltd is Rs.999 Million. It's After tax loss for the period September 30, 2021 was Rs. 138 Million and Paid -up Capital was Rs. 1,502 Million
(vi)	In case of investment in relation to a project of an associated company or associated undertaking that has not commenced operations, following further information, namely.- (i) description of the project and its history since conceptulization; (ii) starting and expected dated of completion of work; (iii) time by which such project shall become commercially opetational; and (iv) expected time by which the project shall. start paying return on investment; (v) funds invested or to be invested by promoters. sponsors, associated compamy or asscociated undertaking distingusihing between cash and non-cash amounts.	Not applicable
Regulation No. 3(1)(a) (B) - General disclosures,-		
(i)	Maximum amount of investment	Upto PKR 40 Million
(ii)	Purpose, benefit and likely to accrue to the investing company and its members from such investment and period of investment	Long term strategic investment for return and capital appreciation which will enhance the profitability of the Company and add to the value of the members.
(iii)	Source of funds to be utilized for investment and where the investment in intended to be made i. justification for investment through borrowings; ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds, and iii. Cost benefit analysis	The investment will be made from Company's own funds. Hence, there is no need to provide justifications.
(iv)	Salient features of the agreement(s) if any, with associated company or associated undertaking with regards to the proposed investment.	Not applicable as shares will be purchased from time to time on an arms length transaction agreed between buyer and seller or at the prevailing stock exchange price.

S. No.	Description	information Required
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives if any, in the associated company or associated undertakingor the transaction under consideration;	No Director or their relatives has any interest in the proposed investment, except, in their individual capacities as " Director" and/or as shareholders of the company
(vi)	In case any investment in associated company or associated undertaking has already been made the performance review of such investment including complete information/justification for any impairment or write offs, and	Askari Life Assurance Co., Ltd, is an associated company of the Company with 19% shares at a book value of Rs.286 million as at December 31, 2019. The market value of the associate is Rs.217Million.
(vii)	any othe important details necessary for the members to understand the transaction;	None
Regulation No. 3(b) - In case of equity investment following disclosure in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-		
(i)	Maximum price at which securities to be acquired.	Not more than the price quoted on the Pakistan Stock Exchange
(ii)	In case the purchse price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	The intended purchase of shares will be on an arms length transactionnot more than the market value.
(iii)	Maximum number of securities to be acquired	The maximum number of securities will be at the optimum extent, we get the approval.
(iv)	Number of securities and percentage there of held before and after the proposed investment.	28,490,824 shares (19%) held to date i.e. before proposed investment. Number of Shares and percentage after proposed investment will depend on the prevailing prices at the time of actual purchase.
(v)	Current and preceding twelve week's weighted average market price where investmentis proposed to be made in listed securities; and	Current market value per share as of March 25, 2022 Rs. 6/-and weighted average value of twelve weeks is Rs.7/-.
(vi)	fair value determined in terms of sub-regulation 5 for investment in unlisted securities;	Not Applicable

Regulation No. 4(1) - Other information to be disclosed to the members. - (1) If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the infromation about interest of the associated company or assciated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursant to section 199 of the Act.

No Director or Chief Executive has any interest in the investing Company except in their individual capacities as "Director/Chief Executive" and/or as shareholders of the investing Company.The shareholding of Directors is Mr. Javed Yunus 2,500 and Mr. Naved Yunus 1,662,091.

Status of approval for investment in Associated undertakings:

associated companies and assciated undertakings) Regulations, 2017 the status of approval is as follows:

i. **Total investment approved;**

Rs.60 million, Rs. 60 million, Rs.99 million, Rs. 90 million and 75 million in Askari Life Assurance Co., Ltd were approved by the shareholders at Annual general meeting and Extraordinary general meeting of the company held on May 28,2020, January 25, 2019, April 24, 2018, February 04,2017 and September 10, 2016 respectively

ii. **amount of investment made to date;**

Rs. 286 million

iii. **reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and**

The investment was made to date was within the approved limit. However, we had excess approval which was not made due to the price on which shares were available from secondary market were higher than the approval limit and also on the floor the required shares were not offered to sale.

iv. **material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.**

There is no material change occurred since the date of approval. However, we expect that Askari Life Insurance will be profitable when the group companies insurance will be underwritten.

FINANCIAL HIGHLIGHTS

(Rupees in million)

	2021	2020	2019	2018	2017	2016
Gross Premium Written (inclusive of Takaful Operation)	4,215.81	3,675.02	3,442.85	3,124.51	2,531.43	2,066.83
Net Premium Written (inclusive of Takaful Operation)	2,155.69	1,876.12	1,534.15	1,459.23	1,054.71	981.29
Investment & Deposits	1,872.20	1,461.81	1,239.10	1,109.08	1,198.46	1,087.01
Investement Income/(Loss)	91.50	84.03	23.25	(9.22)	(47.44)	187.51
Total Assets Book Value	4,533.80	3,961.28	3,640.21	2,958.08	2,689.37	2,339.34
Paid Up Capital	1,360.86	1,183.36	1,029.01	762.23	609.78	508.15
Share holder's equity	1,960.94	1,648.77	1,425.30	1,123.83	1,050.28	981.70
Underwriting Profit (inclusive of Takaful Operation)	392.72	336.41	299.61	270.80	228.39	181.26
Profit before tax	357.51	297.40	235.02	146.12	88.80	297.01
Profit for the year	312.47	231.37	183.85	132.39	66.19	282.15
Break up value per share	14.41	13.93	13.85	14.74	17.22	19.32
Earning per share reported - basic and diluted	2.30	1.96	1.55	1.30	0.87	5.55
Dividend paid						56.46
Bonus Shares Issued	177.50	154.35	152.45	152.45	101.63	56.46

CHAIRMAN'S REVIEW

Honorable shareholders,

Assalamalaikum

It is indeed my great pleasure to welcome all of you to the 39th Annual General Meeting of the company.

At the very beginning, I would like to express my deepest appreciation to you all for reposing confidence in providing continued support and goodwill to your company. Kindly allow me to present to you the Directors' Report along with the Audited Financial Statements for the year ended December 31st, 2021 for concurrence and approval of this august house.

ECONOMIC OUTLOOK

The year 2021 was another difficult one as the world continued to face the challenges of the ongoing pandemic. The hope inspired by the introduction of the COVID-19 vaccines at the beginning of the year was tempered by disparities in vaccine access between the more developed and developing countries, as well as the emergence of new highly-contagious variants - delta and omicron. As a result of these factors, we saw further localized lockdowns in many nations throughout the year as cases surged and even complete lockdowns in places such as Australia and New Zealand. Thankfully, at the time of writing, much of the world is seeing a downward trend in infections following the latest waves fuelled by the omicron variant. Coupled with increasing global vaccination rates over time, we may finally be past the biggest challenges of this pandemic.

In April 2021, the global economic growth forecast by the IMF was 6.0 percent signaling a significant economic recovery owing to the vaccine rollout. By October 2021, the forecast was revised to 5.9 percent considering the spread of variants and challenges in global vaccine distribution. Elevated levels of inflation were highlighted in economies across the globe but were expected to normalize in 2022. The report also noted the potential for further impact to growth in advanced economies due to ongoing supply chain disruptions caused by the pandemic.

Despite the continuing challenges of the pandemic, Pakistan's economy managed a strong rebound in 2022. According to estimates by the Asian Development Bank, Pakistan's GDP growth recovered from negative 0.5 percent in 2020 to 3.9 percent in 2021. The government's concerted efforts for vaccine rollout, with the recent milestone achieved of 100 million fully vaccinated individuals, coupled with economic stimulus and increased business activity provide optimism for a continued strong recovery. However, recent escalation in political conflict between the government and opposition parties combined with continuing record levels of inflation may prove significant detriments in this regard.

INSURANCE INDUSTRY

The insurance industry globally was no exception to the challenges presented by the second year of the pandemic. Continuing work-from-home policies and sporadic lockdowns had a significant impact on insurance companies' productivity in 2022. Climate change also remained a predominant risk as insurers faced another year of huge losses due to severe climate events such as the deep freeze in Texas and Hurricane Ida on the east coast of the United States, Cyclone Seroja in Indonesia, and massive wildfires in Southern Europe and Turkey. The increase in frequency and severity of such events globally lends credence to the warnings of the past many years from the scientific community with respect to climate change. It is certainly an issue the world must unite to tackle.

Cyber risk is a relatively new type of risk that has gained significant attention and importance in recent years. This was accelerated by the pandemic which pushed more and more companies and organizations towards the adoption of digital technologies and platforms. Simultaneously, the past year saw a marked rise in cyberattacks, including a number of high profile cases in the United States as large companies' IT systems were compromised and held for ransom. As such, cyber insurance premiums saw some of the largest increases in the industry. Notably, pricing in the United States increased 96% on average year-over-year in the third quarter of 2021.

Pakistan's insurance industry also faced another year of challenges due to the COVID-19 pandemic. However, the effects were relatively limited compared to many other countries as the government's vaccination efforts and smart lockdown strategy was largely successful in mitigating the impact on commercial activities as compared to the preceding year. Unfortunately, our insurance industry's biggest challenge of extremely low insurance penetration rates continues as Pakistan lags behind regional peers in this aspect. It is imperative for all insurance companies, the regulator, and all other stakeholders to unite to tackle this issue not only for maximization of commercial potential, but more importantly for the economic security and prosperity of our citizens.

OUR PERFORMANCE

During the year under review, your company earned gross written premium of PKR 4.22 billion, an increase of PKR 540 million compared to the year 2020 resulting in growth of 14.7% percent. Our net premium income stood at PKR 2.16 billion, and the underwriting profit grew 16.7 percent to PKR 56.3 million.

You will be pleased to know that in the year 2021, we have offered 15% bonus shares to our shareholders which enhanced our paid up capital to PKR 1.36 billion. While the regulator requires general insurers to maintain MCR (minimum capital requirement) of PKR 500 million, continuing enhancement of the company's capital base signals management's commitment to bolstering the financial strength and future growth of the company.

I am also pleased to share that despite another difficult year of dealing with the challenges of the pandemic, your company has maintained a strong rating of Double A Minus (AA-) with stable outlook by Pakistan Credit Rating Agency "PACRA" which signifies high confidence in our strong financial strength. The rating reflects our sound financial stability and in turn our claims paying ability in today's dynamic operating environment. This reinforces our strategy which is designed with the aim of achieving sustainable and profitable growth for our stakeholders. In order to accomplish our fundamental goals we must develop a deep understanding of our customers' needs and provide them comprehensive insurance services to their entire satisfaction. We believe that by attending to this vital goal for our success the benefit will also trickle down to both our stakeholders and our valued customers.

A summarized position of your company's operations in the year 2021 will be presented in the Directors' Report for your kind perusal to appreciate the performance of your company.

In the end I express my sincere gratitude to all our stakeholders and reiterate my deep appreciation for the continuous guidance and support extended to us by our employees and business partners in building our operations to deliver value to our customers.

I also extend my sincere gratitude to the Chief Executive and to all the employees of the company for their tireless dedication, devotion and efforts made to continually improve the performance of the company.

I also take the opportunity to express my appreciation to our discerning customers, business associates and stakeholders for their support and inspiration. I sincerely thank my fellow members of the Board of Directors for their wisdom and guidance.

Thank you to everyone who has been a part of our development and for your steadfast support and trust which has strengthened the company to its present glory.

With this in mind, I anticipate that Inshallah the company will successfully face the challenges ahead bringing prospective improvement in overall business results in the year 2022.

May Allah bestow upon us all the choicest blessings (Aamin).



Chief Justice (Retd.)
Mian Mahboob Ahmad
Chairman

Karachi Dated: 25th March, 2022

DIRECTORS' REPORT

All praises to Almighty Allah the most gracious and merciful.

On behalf of the Directors of your company we have the pleasure of presenting the 39th Annual Report and audited financial statements for the year ending December 31st, 2021.

Honorable shareholders, respected members of the Board of Directors and our dependable colleagues:

Assalam Alaikum.

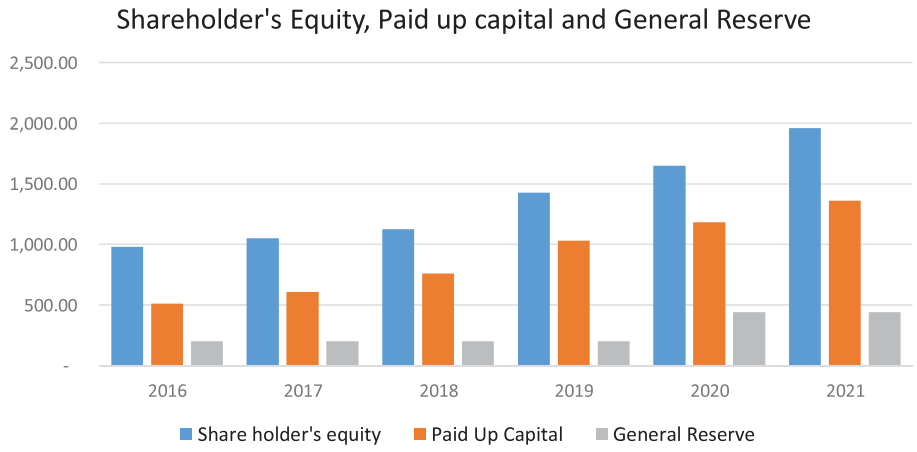
We welcome you all to the 39th Annual General Meeting of the company and express our humble gratitude to Almighty Allah for helping us in successfully closing the annual accounts for the year 2021 despite the challenging situation prevailing worldwide on account of this pandemic. By the grace of Almighty Allah giving us the wisdom and strength to successfully steer the affairs of the company in completing 39 years since its establishment. The success of the company is attributed to the invaluable guidance of our chairman, members of the Board of Directors, shareholders, valued clients and distinguished patrons. We thank them all and look forward to their continued support in future.

In our normal practice the Board of Directors approves the working strategy at the beginning of the year for the management to adopt and disseminate to operational and marketing staff in underwriting and selling the products of the company for our valued clients. The prudent management follows the strategy in true letter and spirit to strengthen our premium base and position in the industry. Simultaneously, management continues to invest in profitable ventures to augment return on equity for the benefit of our shareholders.

YEARLY PERFORMANCE

The company's gross written premium grew to PKR 4.22 billion showing an increase of 14.7% in comparison to the previous year. The net earned premium in the year 2021 was PKR 2.16 billion as against PKR 1.88 billion in the previous year thus showing a growth of 15%. The combined operating ratio (COR) for 2020 was 62%. With the increase in retained premium for 2021, the COR for 2021 is 60%. This, however, has not impacted profitability as shown below: -

Particular	2021 (Rs/billion)	2020 (Rs/billion)	% Increase (Decrease)
Gross Premium	4.22	3.68	14.7%
Net Premium	2.16	1.88	15.0%
Claims Paid	1.55	1.20	28.7%
U/W Profit	0.39	0.34	15.5%
Paid-up-Capital	1.36	1.18	15.0%



FIRE/PROPERTY INSURANCE

The company has underwritten gross premium of PKR 1.40 billion under fire/property portfolio showing an increase of 22% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 156 million.

MARINE INSURANCE

Gross premium underwritten in our Marine Portfolio including Marine Hull was PKR 494 million. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 71 million.

MOTOR INSURANCE

The company wrote a premium of PKR 616 million against motor insurance including third party liability insurance. The growth over 2020 in this line of business is 7% with a profitability of PKR 73.4 million.

ENGINEERING

Insurance companies are providing protection against accidental losses during execution of development projects. Our company is duly registered with Pakistan Engineering Council and various other government authorities for providing insurance cover to ongoing development projects. In this regard we have extremely cordial relations with contractors of national and international repute who normally approach us for seeking insurance on their projects. During 2021 we have underwritten a total Engineering gross premium of PKR 1.133 billion through direct and facultative insurance in this portfolio.

BOND INSURANCE

We provide Professional Indemnity insurance to reputed consultants for their design, planning and construction supervision of proposed projects. During the year 2021, the company underwritten gross premium of PKR 71.16 million.

MISCELLANEOUS ACCIDENT

This line of business includes Personal Accident, Household Insurance, Burglary Insurance, Public liability, Cash in Safe and Transit Insurance. In addition, Workmen Compensation also covered under this portfolio.

TRAVEL AND HEALTH INSURANCE

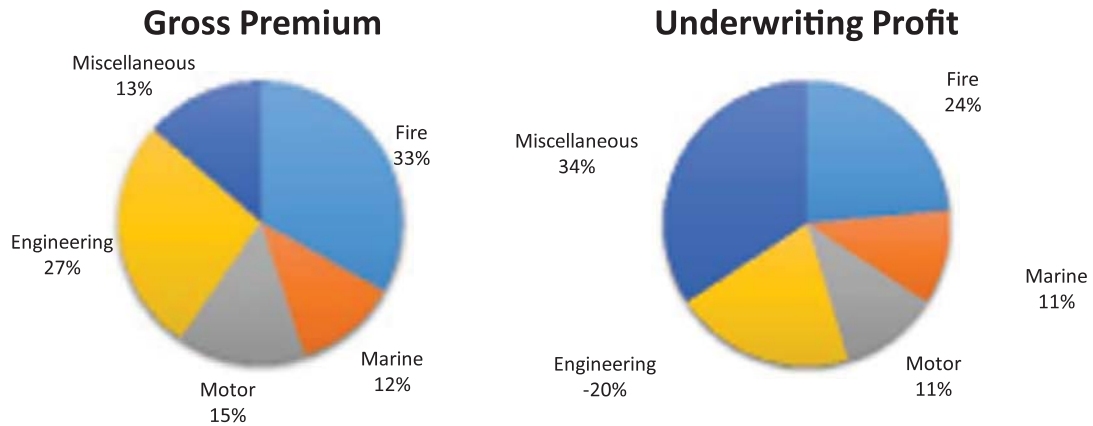
East West Insurance Company is also underwriting Travel and Health insurance through its corporate offices in Islamabad and Regional Office (South) Karachi. This portfolio is robustly growing through our countrywide network of branches. In addition, we are also supporting various travelers who require travel insurance for processing visas by foreign missions in Pakistan. We are enlisted on the panel of various embassies/consulates who accept our insurance policies to process visas for travelers.

CROP AND LIVESTOCK

Your company participates in the Crop and Livestock insurance program promulgated by the State Bank of Pakistan. In the year 2021 the company enhanced its premium of crop and livestock insurance utilizing maximum benefits available through private and commercial banks. We will continue this aggressive pursuit in 2022 to generate additional premium through this portfolio.

MISCELLANEOUS PORTFOLIO

Miscellaneous Portfolio consists of Miscellaneous Accident, Bonds & Guarantee, Travel & Health and Crop & Livestock Insurance.



WINDOW TAKAFUL OPERATION

The company wrote total takaful contribution of PKR 326.55 million as against PKR 206.48 million in the previous year. The growth over 2020 in this line of business is 58% with a profit of PKR 15.5 million. Individual contribution of businesses is also appended in business heads as disclosed above.

CREDIT RATING

We are pleased to inform our stakeholders that on November 26, 2021 Pakistan Credit Rating Agency (PACRA) maintained our IFS Rating to 'AA' Minus (AA-) with stable outlook in their latest annual review. This decision reflects the rating agency's confidence in our stability, reliability, and growth potential. We are confident that enhancement of our rating will continue to bring a positive impact on our performance and in addition to substantial growth in our premium income, and your management is making continuing efforts in this regard.

REINSURANCE ARRANGEMENTS

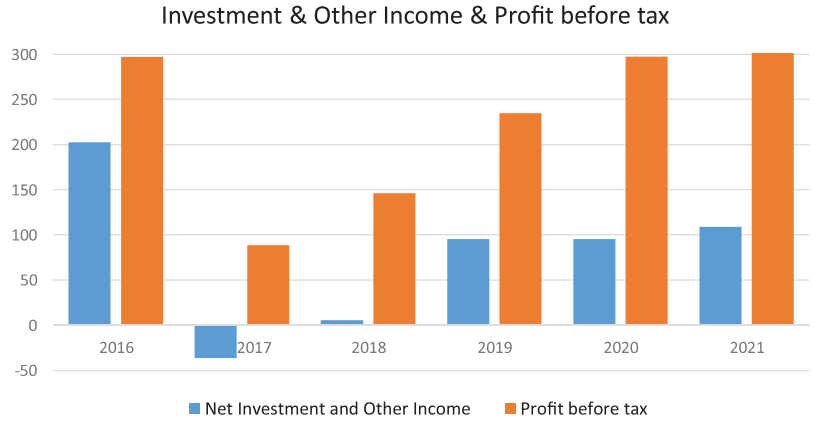
In keeping with global insurance industry standards, we have maintained adequate reinsurance coverage from both local and world-renowned reinsurers. This practice has significantly bolstered our operations, giving us the financial strength to underwrite a sizable share in policies for even the largest corporate clients. Consequently, our partner reinsurers have also expressed their complete satisfaction and consented to renew our treaties for the coming year 2022.

CAPITAL, SOLVENCY, AND SHAREHOLDERS' FUND

Your company is proud to report that while the regulator's minimum capital requirement for general insurers is 500 million, we continue to enhance our paid-up capital even after crossing the milestone of PKR one billion paid-up capital as of 2019. Despite the challenges faced this year, we have further raised our total paid-up capital through issuing 15% bonus shares which now stands at Rs. 1.360 billion as of December 31st, 2021.

INVESTMENT INCOME

Although the Stock Market continued high levels of volatility during this past year, the total investment income for the year improved to PKR 91.502 million as against Rs. 84.025 million last year. The Primary component of this year's investment income consists of dividend income which also improved to PKR 69 million as against PKR 44 million in 2020.



EARNINGS PER SHARE

Profit after tax as compared to last year has significantly increased to Rs. 312.47 million. This resulted in improved EPS of PKR 2.30 as compared to last year's reported EPS of PKR 1.96.

BOARD COMMITTEES

Your Company maintains following Board committees:

AUDIT COMMITTEE

The Board is responsible for effective implementation of sound internal control systems including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations

by providing independent and objective assurance. The principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in the application of policies and procedures, and compliance with laws and regulations.

INVESTMENT COMMITTEE

The investment portfolio of your company is actively monitored under the supervision of qualified staff. Keeping in view the duration of liabilities, your company's investment philosophy is based on strong cash generation, backed by prudent investment of surplus funds with due consideration of timely payment of claims as they arise. The Company has a Board-level investment committee that meets on a monthly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company.

ETHICS, HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board has formed the Ethics, Human Resource and Remuneration Committee, which is responsible for recommending introductions and changes to the human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company.

MANAGEMENT COMMITTEES

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

UNDERWRITING COMMITTEE

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to accumulation of risk on the basis of region & business sectors and other relevant factors.

CLAIMS SETTLEMENT COMMITTEE

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events which give rise to a series of claims. The claims settlement committee determines the circumstances under which disputed claims are to be brought to its attention and decides how to deal with such disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Functions of the Company.

REINSURANCE AND COINSURANCE COMMITTEE

This committee ensures that adequate reinsurance arrangements are made for the company's underwriting activities. It assesses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in light of market developments. It also assesses the effectiveness of the reinsurance program for future reference.

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The risk management and compliance committee shall oversee the activities of the risk management function of the Company and makes appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

Managing Various Types of Risks

Your company perceives risk management as a means of value optimization and recognizes the importance of internal control and risk management in sustaining our business which is exposed to multi-natured risks arising from internal and external sources.

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The principle risks faced by the company are as follows:

Economic and Political Risk

Economic and political stability is very important for successful business activities. However, volatility in the economic, political and financial market in our country makes it very difficult to achieve business targets. Your company always strives for strong underwriting to deal with such risk.

Insurance Risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties via reinsurance.

Credit Risk

Credit risk is where the company fails to recover from its debtors. The company manages this risk by careful underwriting, knowing the customer and their financial strength and also through vigilantly monitoring its credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it maintains a predetermined level of cash and cash equivalents to ensure sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk by critically and regularly monitoring change in interest rates where it has exposure.

Analysis of Performance Against Prior Forecasts

By the grace of Almighty Allah your company achieved the financial targets for 2021 maintaining its position in the industry. The Company believes that its strength lies in customer trust and satisfaction. We have been in the industry for the last 39 years and we believe that our existence is based on the quality of service, customer satisfaction and employees' motivation being the key areas where management has always taken necessary measures for improvement. Throughout the years we have provided training to our employees both in-house and through institutions including Pakistan Insurance Institute programs to enhance and improve relevant skills. We believe this leads to greater customer satisfaction and increased trust.

Prospects in 2022

Our performance indicates strong performance against the management objectives of maximizing customer satisfaction, improving underwriting results, and controlling overhead expenses to increase the profitability and shareholder's equity.

Management has devised the strategy for the year 2022 to deliver sustainable and profitable growth under the dynamic and competitive environment. We have earned gross premium of over four billion rupees in 2021 and we are confident in our ability to maintain a similar growth pattern in 2022.

The company aims to enhance Information Technology resources to get the best possible support from the systems and processes to further improve our services to customers.

Corporate Responsibility

While the insurance industry may not be able to prevent nature's potential threats, we are in a good position to educate and support clients in managing and adapting to climate risks.

Insurers' risk management skills will be crucial in helping society cope with the increasing frequency and severity of extreme events. Emerging climate risks also offer insurers an opportunity to teach policyholders about loss control and prevention.

As a trusted voice on risk issues, we are able to speak with authority to policymakers and provide an opportunity to develop creative products and services to minimize the causes and effects of climate change. Our sustainability vision is to focus on advocating for climate change adaptation and mitigation, and working with our clients to deal with emerging risks.

Energy Conservation and Environmental Impact

Every year, we perform an in-house Energy Conservation Audit which is benchmarked by monthly reports. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. All air conditioning units are inverters and lighting systems are based on LED bulbs which are switched off during Lunch break. Employees are encouraged to communicate through emails instead of physical letters in order to reduce paper consumption through printing and reuse paper where possible in order to reduce the environmental impact.

Relationships with Stakeholders

We strive to maintain a very positive and practical approach towards relations with various stakeholders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers, and The Insurance Association of Pakistan (IAP).

The Company Secretary is responsible for implementing and adhering to all the applicable laws, regulations and conventions in order to keep the organization at its highest professional standards.

Know Your Customers (KYC)

We maintain in our database the detailed information of our customers according to the requirements of the regulator and the State Bank of Pakistan. The database includes information provided by the FATCA in order to do vigilant underwriting. By keeping the record of our customers, we update ourselves with the reputation of our clients and their goodwill in the market.

Employment of Special Persons

The Company is an equal opportunity employer, irrespective of gender and physical disabilities.

Occupational Safety and Health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has first-aid medical facilities in the Head Office & branches. Health insurance covering hospitalization is provided to employees by the company with coverage through reputed hospitals in the country.

Sports Activities

The Company encourages employees to participate in sports and arrange matches of cricket, football and hockey. Besides sports the company also allows employees to arrange picnics at various places in Karachi and other parts of the country.

Business Ethics and Anti-Corruption Measures

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

Relationship with other Stakeholders

Your Company continues to maintain good relationship with

- Its employees by providing good working environment;
- Its clients through building trust and providing quality service;
- Its competitors in fair market practices;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.

PKR in

APPROPRIATIONS

Profit before tax from General Insurance Operation	324,439
Profit from Window Takaful Operaion	33,073
Profit before tax	357,512
Income tax Expenses	(45,046)
Profit after tax	312,466
Other comprehensive losses	(288.79)
Total comprehensive income	**312,177**
Unappropriated profit at beginning of the year	96,988
Profit for the year	312,466
Issuance of bonus shares	(177,504)
Unappropriated profit at the end of the year	**231,950**

RELATED PARTY TRANSACTIONS

At each board meeting the Board of Directors approves the Company's transactions with associated companies or related parties. All the transactions executed with related parties are on arm's length basis.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

STATEMENT OF DIRECTORS RESPONSIBILITIES

In compliance with the Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

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

b) Proper books of accounts have been maintained by the Company.

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

d) International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Accounting standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019. Any departure therefrom has been adequately disclosed;

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

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There is no material departure from the best practices of corporate governance, as detailed in the listing regulations; and

h) There are adequate Internal Financial Controls in place in the Company.

i) The key operating and financial data for the last six years is annexed.

i) The value of investments of provident fund based on their un-audited accounts as of December 31, 2021 was approximately PKR 56.902 million.

j) The statement of the pattern of shareholding of the Company as at 31 December, 2021 is included in the Report.

k) The total number of directors in the Board are eight (8) among which one is female director. Out of eight directors three are independent directors, two Non-executive directors and three Executive directors.

l) Non-executive directors and Independent directors are paid meeting fee approved by the Board in accordance with the provisions of the articles. All other features of directors' remuneration are approved by the Board and set in the Directors' Remuneration Policy.

m) The names of persons who were also directors of the company disclosed in the Statement of Compliance is annexed .

Other Information Under Section 227 of the Companies Act 2017 & Code of Corporate Governance for Insurers, 2016

The other information required under section 227 of the Companies Act, 2017 is disclosed under Pattern of Shareholding (including trading in the shares of the Company by its Directors and Executives), Internal Controls Framework, Financial Position and Performance, Risk and Opportunities and Sustainability sections of this Report.

Board / Sub-Committee Members / Secretary	Board Meetings	Audit Committee	Ethics, H.R. & Remmuneration Committee	Investment Committee
No of Meeting held	05	04	01	12
	COMMITTEES ATTENDANCE			
Chief Justice (R) Mian Mahboob Ahmad	02	–	–	–
Mr. Naved Yunus	05	–	–	12
Mr. Javed Yunus	05	–	–	–
Mr. Pervez Yunus	05	–	–	–
Mr. Umeed Ansari	05	03	01	12
Mr. Ahsan Mehmood Alvi	05	04	01	12
Mr. Saad Yunus	05	04	–	12
Mazhar Zubair Abbasi	05	03	–	–
Urooj Yunus Ansari	05	–	-	–
Mr. Shabbir Ali Kanchwala	05	04	01	12
Mr. Johry Lal	–	04	–	–
Mr. Tanveer Iqbal	–	04	–	12
Zeeshan K Munshi	–	–	–	06
Mr. M. Saeed Ahmed	–	–	–	06
Mr. Brendan Thomas Dilima	–	–	01	–

Leave of absence granted to directors and members who could not attend the meeting.

Insurance Ordinance, 2000

As required under the Insurance Ordinance, 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief of the annual statutory accounts of the Company set out in the form attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- The Company has at all times in the year complied with the provisions of the Ordinance and rules made there under relating to the 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 rules framed there under as mentioned above.

AUDITORS

To appoint Auditors for the Financial Year 2022 retiring Auditors M/s Crowe Hussain Chaudhury & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under the Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors recommended the appointment of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants to be the statutory auditor for the financial year 2022 at a fee to be mutually agreed.

APPRECIATION AND ACKNOWLEDGEMENT

We thank our valued clients and shareholders for their continued confidence which enabled us to progressively increase our market penetration in order to generate sizable premium revenue. We also thank our reinsurers and brokers for the valuable support in performing our responsibilities.

We would also like to record our appreciation for the cooperation and professional support by the Insurance Division of the Securities & Exchange Commission of Pakistan. Finally, we also acknowledge the hard work and dedication of our marketing teams, officers, and staff members for achieving the desired goals and objectives of the company and look forward to their continued support in the year 2022.

For and on behalf of the Board of Directors.

Director

Chief Executive Officer

Karachi Dated: March 25, 2022

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE
FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2021

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

The Company, being an insurer, has applied the principles contained in the Code and the regulations in the following manner:

1. The total number of directors are 8 as per the following:
   Male : 7
   Female : 1

2. The Company encourages the representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes:

Category	Names
Independent Directors	Chief Justice (R) Mian Mahboob Ahmad ,Mr. Ahsan Mahmood Alvi and Mr. Umeed Ansari
Non-Executive Directors	Mr. Mazhar Zubair Abbasi amd Mrs. Urooj Yunus Ansari
Executive Directors	Mr. Saad Yunus, Mr. Javed Yunus, Mr. Pervez Yunus

   The independent director meets the criteria of independence as laid down under the Code and COCG, 2019.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies including this company excluding the listed subsidiaries of the listed holding.

4. 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

5. No casual vacancy occurred on the Board during the year.

6. The company has prepared a "Statement of Ethics and Business Practice" as Code of Conduct and ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. The Board has ensured that the complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.

8. All the powers of the Board have been duly exercised, decisions on material transactions and decisions on relevant matter, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, as empowered by the relevant provisions of the Companies Act, 2017 and COCG 2019 have been taken by the Board;

9. 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. The board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;

10. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;

11. 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;

12. Board of directors comprised of eight directors out of which two directors have obtained "Orientation Course" organized by ACCA Pakistan, Institute of Corporate Governance and six other directors are experienced and educated enough that exempted them from certification course;

    Directors obtained Orientation Course

Name of the Member	**Category**
Mr. Javed Yunus	Executive Directors (Marketing)
Mr. Pervez Yunus	Executive Directors (Operation)

13. There was no change in the position of Company Secretary and Head of Internal Audit and Chief Financial Officer (CFO) in 2021. The Board had, however, approved the increase in remuneration of CFO & Company Secretary and Head of Internal Audit;

14. The directors' report for this year has been prepared in compliance with the requirements of the Code and COCG 2019 and fully describes the salient matters required to be disclosed;

15. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;

16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding;

17. The Company has complied with all the corporate and financial reporting requirements of the Code and COCG 2019;

18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Pervez Yunus	Chairman
Mr.Umeed Ansari	Member
Mr Brandan D' Lima	Member
Mr. Imran Ali Dodani	Member
Mr. Muhammad Sahreef	Member/ Secretary

Claim Settlement Committee:

Name of the Member	Category
Mr. Javed Yunus	Chairman
Mr. Saad Yunus	Member
Mr. Shabbir Ali Kanchwala	Member
Mr. Imran Ali Dodani	Member
Mr. Sana Hashmi	Member / Secretary

Reinsurance & Co-insurance Committee:

Name of the Member	Category
Mr. Naved Yunus	Chairman
Mr. Umeed Ansari	Member
Mr Saad Yunus	Member
Mr Brandan D' Lima	Member
Mr. Syed Arshad Ali	Member / Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr Brandan D' Lima	Chairman
Mr. Shabbir Ali Kanchwala	Member
Mr Mazhar Zubair Abbasi	Member
Mr Johry Lal	Member
Mr. Muzammil Usman Karim	Member / Secretary

19. The Board has formed an Audit Committee. It comprises of four members, of whom one is non-executive directors. one is executive director and other two are independent directors including chairman of the audit committee. The composition of the Audit Committee is as follows.

Audit Committee:

Name of the Member	Category
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Saad Yunus	Member- Executive Director
Mr.Umeed Ansari	Member- Independent Director
Mr Mazhar Zubair Abbasi	Member-Non Executive Director
Mr. Johry Lal	Secretary - Head of Internal Audit

20. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Umeed Ansari	Member - Non-Executive Director
Mrs. Urooj Yunus Ansari	Member- Non-Executive Director
Mr Brandan D' Lima	Member / Secretary- Executive Director

Investment Committee:

Name of the Member	Category
Mr. Ahsan Mahmood Alvi	Chairman- Independent Director
Mr. Naved Yunus	Member-Chief Executive officer
Mr. Umeed Ansari	Member- Independent Director
Mr. Saad Yunus	Member-Executive Director
Mr. Shabbir Ali Kanchwala	Member-Director Finance
Mr. Tanveer Iqbal	Member-CFO
Mr. Saeed Ahmed	Member / Secretary

Nomination Committee:

Name of the Member	Category
Mrs. Urooj Yunus Ansari	Chairperson- Non-Executive Director
Mr. Mazhar Zubair Abbasi	Member- Non-Executive Director
Mr. Ahsan Mahmood Alvi	Member- Independent Director
Mr. Imran Ali Dodani	Member / Secretary - Director Legal

21. The meetings of Committees were held at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The terms of reference of the Committees have been formed, documented and advised to the committees for compliance.

22. The Board has set up an effective internal audit function which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.

23. The Chief Executive officer, Chief Financial Officer & Company Secretary, Compliance officer and the Head of Internal Audit posses such qualification and experience as required under the Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance function posses 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 Persons	Designation	Qualifications	Experience
Mr. Naved Yunus	Chief Executive Officer	MSc & BSC (Accounting)	Working in EWI since 1983
Mr. Shabbir Ali Kanchwala	Company Secretary	MBA Finance	Working in EWI since 1983
Mr. Tanveer Iqbal	Chief Financail Officer	MBA Finance	Worked in/for various Insurance Cos. Since 1999.
Mr. Brendin D'Lima	Head of Risk Management	Graduate	Worked in/for various Insurance Cos. Since 1985
Mr. Johry Lal	Director Audit	FCCA & ACA (England & Wales)	Worked in/for various companies including CA Firm since 2001.Working in EWI since 2006
Mr, Imran Ali Dodani	Head Of Grievance Function	MBA, LLB	Worked in/for various Insurance Cos. Since 1986
Syed Arshad Ali	Head of Reinsurance	M.A (Economics	Working in EWI since 1985
Mr. Sana Hashmi	Head of Claims	MBA Finance	Working in/for various Insurance Cos. Since 1988
Mr. Muzammil Usman Karim	Compliance Officer	MBA Finance	Working in EWI since 2015
Mr. Muhammad Shareef	Head of Underwriting	Graduate	Working in EWI since 1986

24. 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 Accountant of Pakistan and registered with Audit Oversight Board 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.;

26. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the code;

27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code;

28. The Company has set up a Risk Management function, which carries out its tasks as covered under the Code;

29. The Company has been rated by PACRA the rating agency on November 26, 2021 is AA- (AA Minus) with stable Outlook;

30. The Board has set up Grievance function in Compliance with the requirements Code;

31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code;

32. We confirm that all other material principles contained in the Code and COCG 2019 i.e. 3, 6, 7, 8 27,32,33 and 36 have been complied.with except;

The Company has three executive Directors out of eight elected directors, which exceeds the allowable proportion of executive directors on the Board of Directors as required by the Code 8 of COCG 2019 and the Code. The company is making reasonable progress to comply with the requirement and in the next election of the Board in pursuance to the Companies Act 2017 the compliance of the regulation will be made.

Director

Chief Executive Officer

Dated: March 25, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF EAST WEST INSURANCE COMPANY LIMITED REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

We have reviewed the enclosed Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations') and the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of East West Insurance Company Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of Regulation 36 of the Regulations and provision Ixxvi of the Code.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm length transaction and transactions which are not executed at arm lengths price and recording proper justification for using such alternative pricing mechanism and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of audit committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Regulations and the Code as applicable to the Company for the year ended December 31, 2021.

Further we highlighted below instances of non-compliance with the requirement of the Code and Regulations as reflected in the paragraphs 32 and 33 of the statement of compliance:

Code of Corporate Governance for the Insurers, 2016 and Code of Corporate Governance Regulation for Listed Companies, 2019		
S.No.	Reference	Description
1	iii(b) of Code and section 8 of Regulations	The Company has three executive directors out of eight elected directors, which exceed the allowable proportion (one third of elected directors) of executive directors on the Board of Directors as required by the Code.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi Dated: 25th March, 2022

STATEMENT OF COMPLIANCE

with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of the respective Stock Exchange.



NAVED YUNUS
Chief Executive Officer

Karachi Dated: 25th March, 2022

[We offer a wide range of general insurance cover to clients all over Pakistan]

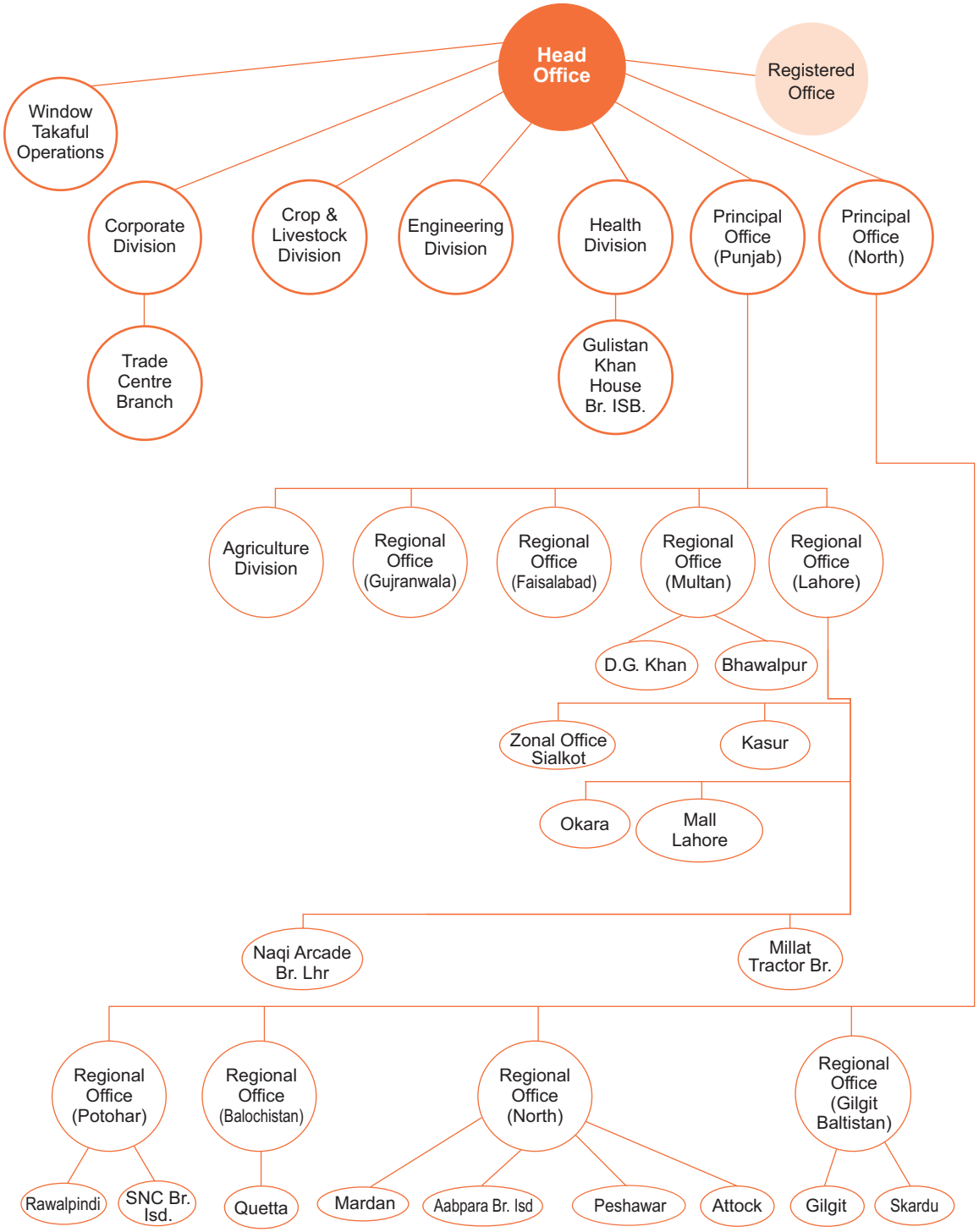
OUR SERVICES

ORGANIZATIONAL SET-UP

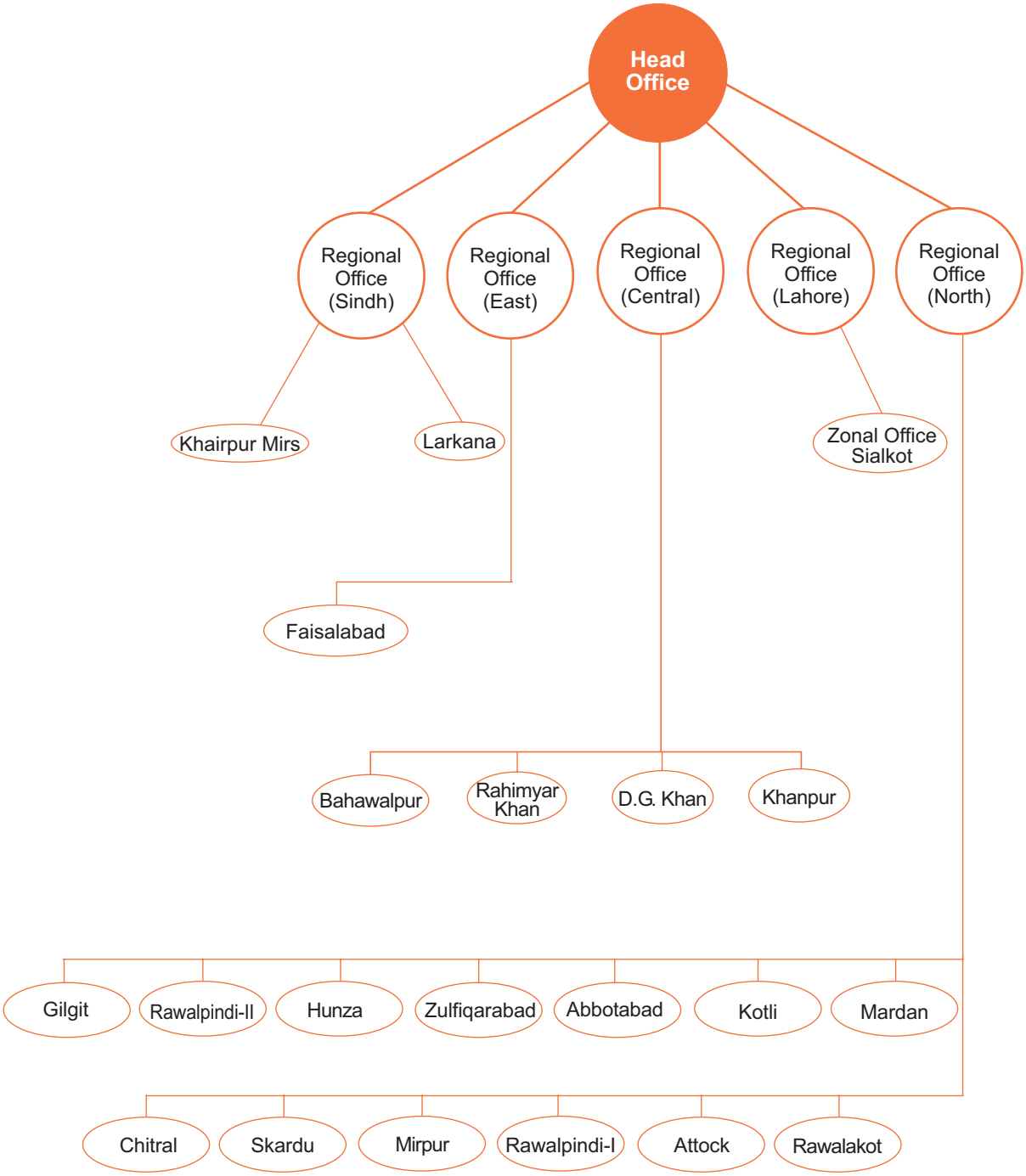
A. Company Offices & Branch Network

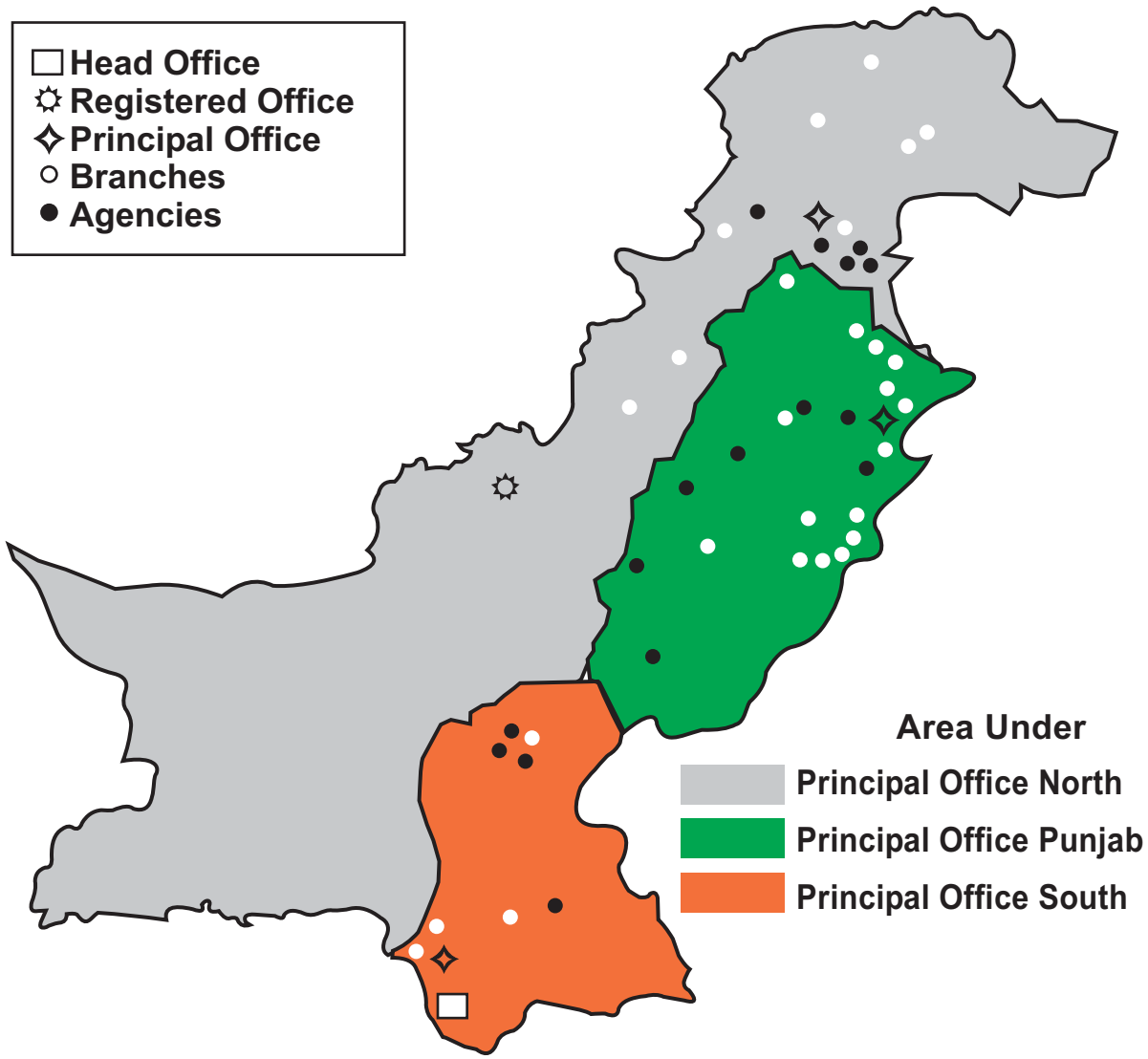
B. Agencies Network

COMPANY OFFICES & BRANCH NETWORK



AGENCIES NETWORK




Head Office
Registered Office
Principal Office
Branches
Agencies
Area Under
Principal Office North
Principal Office Punjab
Principal Office South

COMPANY OFFICES & BRANCHES

REGISTERED OFFICE
27, Regal Plaza, Jinnah Road, Quetta.
Tel : (081) 2822913, 2821397
Telefax : (081) 2821460

HEAD OFFICE
401-404, Block 'B', 4th Floor,
Lakson Square Building No.3,
Sarwar Shaheed Road, Karachi.
Tele : (021) 35630400-11
Fax : (021) 35630413, 35630415
Website : **www.ewi.com.pk**
E Mail : ewire@cyber.net.pk
E Mail : **info@ewi.com.pk**

PRINCIPAL OFFICES

NORTH
Al-Asghar Plaza, 20, Blue Area, F-6, Islamabad.
Tel : (051) 2276663-5
Telefax : (051) 2822207
E Mail : eastwestins.north@yahoo.com

PUNJAB
1st Floor, Naqi Arcade,
71-Shahrah-e-Quaid-e-Azam, Lahore.
Tel : (042) 36306573, 36306589, 36370703, 36375553
Telefax : (042) 36361479, 36368841
E Mail : ewipop@eastwestinsurance.com.pk

SPECIALIZED DIVISIONS UNDER HEAD OFFICE

TRADE CENTRE BRANCH	Office # 401, 4th Floor, Trade Centre I.I. Chundrigar Road, Karachi	Karachi City
WINDOW TAKAFUL OPERATIONS	401, 4th Floor, Bussiness Centre, Mumtaz Hasan Road, Karachi. Tel : (021) 32426352, 32426349 Email : windowtakaful@ewi.com.pk	Karachi City
CROP DIVISION	401, Block 'B', 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi. Tel : (021) 35630400-11 Fax : (021) 35630415	
ENGINEERING DIVISION	401-404, Block 'B', 4th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi. Tel : (021) 35630417 Fax : (021) 35630413	

HEALTH DIVISION

GULISTAN KHAN HOUSE BRANCH	Office # 303,3rd Floor, Gulistan Khan House, Fazal-e-Haq Road, Blue Area, Islamabad. Tel : (051) 2802491-4 Fax : (051) 2802490	Islamabad Rawalpindi

BRANCH OFFICES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

PRINCIPAL OFFICE (NORTH)	Al-Asghar Plaza, 20, Blue Area, F-6 Islamabad Tel : (051) 2276663-5 Fax : (051) 2822207	Gilgit Baltistan Frontier Baluchistan Region
ISLAMABAD SNC BRANCH	12-D, SNC Center, 4th Floor, Office No 2, Fazal-e-Haq Road, Blue Area, Islamabad Tel : (051) 2201696 Fax : (051) 2201231	Islamabad Rawalpindi
REGIONAL OFFICE (GILGIT - BALTISTAN)	Shahrah-e-Quaid-e-Azam Zulfiqar Abad Jutial Gilgit. Tel : (05811) 455279 Fax : (05811) 455232	Gilgit, Diamer, Skardu, Hunza, Ghizer, Nagar, Astore, Shiger, Kharmang, Khaptu
REGIONAL OFFICE KHYBER - PAKHTOON KHAWAH	8th Floor, State Life Building 35,The Mall, Peshawar Cantt. Tel : (091) 5276439, 5273933, 5276439 Telefax: (091) 5273513	Khyber Pakhtoon Khwah
REGIONAL OFFICE (BALUCHISTAN)	27-28 Regal Plaza, M.A.Jinnah Road Quetta . Tel : (081) 2822913, 2821397 Telefax : (081) 2821460	Baluchistan Except Coastal Belt Quetta Chaman Ziarat, Khuzdar
ISLAMABAD AABPARA BRANCH	Flat No. 4, Block No. 2, Pervez Market, Sector G-6/1-1, New Aabpara, Islamabad. Tel : (051) 2602889 Fax : (051) 2602889	Islamabad Rawalpindi

BRANCH OFFICES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

PRINCIPAL OFFICE (PUNJAB)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 89, 36375553, 36370703 Fax : (042) 36361479, 36368841 E-mail : ewipop@eastwestinsurance.com.pk	Punjab
AGRI DIVISION	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36306573, 89, 36375553, 36370703 Fax : (042) 36361479 E-mail : ewipop@eastwestinsurance.com.pk	Punjab
REGIONAL OFFICE (LAHORE)	1st Floor, Naqi Arcade, 71- Shahrah-e-Quaid-e-Azam, Lahore Tel : (042) 36370703 Fax : (042) 36361479, 36368841 Mobile : 0321-4684047 E-mail : ewipop@eastwestinsurance.com.pk	Lahore City
MILLAT TRACTOR BRANCH	Millat Tractor Limited, Sheikhupura Road, Lahore. Tel : (042) 37910319 Mobile : 0321-4680436 UAN : 111-200-786 Ext. 446 E-mail : ewipop@eastwestinsurance.com.pk	Lahore
SQA BRANCH (LHR)	1st Floor, Naqi Arcade, 71-Shahrah-e-Qaid-e-Azam, Lahore. Tel : 042-36306589 Fax : 042-36361479 Mobile : 0323-4451055 E-mail : ewipop@eastwestinsurance.com.pk	Lahore
MALL BRANCH (LHR)	1st Floor, Naqi Arcade, 71-Shahrah-e-Qaid-e-Azam, Lahore. Tel : 042-3637553 Fax : 042-36361479, 36368841 Mobile : 0321-4781111 E-mail : ewipop@eastwestinsurance.com.pk	Lahore

KASUR	Opp. Jamia Masjid Noor, Railway Road, Kasur Tel : (0492) 770732 Mobile : (0300) 6599688	Kasur Chunain Bhai Pheru Pattoki Raiwand Kahra
OKARA	M.A. Jinnah Road, Okara. Tel : (0442) 522398 Mobile : 0321-6950324	Okara Depalpur Basirpur Renala Khurd
REGIONAL OFFICE: GUJRANWALA	Trust Plaza Block "C", G.T. Road, Gujranwala. Tel : (055) 3946106 Fax : (055) 3946107 E-mail : 0321-7466866	Gujranwala Wazirabad Gujrat Lalamusa Kamoke
SIALKOT	Al-Khalil Centre, Kashmir Road, Sialkot. Tel : (052) 3240270 Mobile : 0301-8624101	Sialkot Daska Narowal Shakar Garh
REGIONAL OFFICE FAISALABAD	3rd Floor, Sona Bazar Plaza, Inside Circular Road, Faisalabad. Tel : (041) 2413043, 2628471 Mobile : 0300-7624798	Faisalabad Jaranwala Samundri Gojra Jhang
REGIONAL OFFICE MULTAN	Upper Story LCS Express Centre, Opp. Hajveri Arcade, Kutchery Road, Multan Tel : (061) 4512502, 4500854 Mobile : 0301-8448149	Southern Punjab Multan Khanewal Muzaffargarh Layyah
BAHAWALPUR	02-Rainbow Shopping Centre, Chowk Sraiki, Bahalwalpur. Tel : (062) 2875183 Mobile : (0300) 6825874	Bahalpur Ahmedpur East Yazman Lodhran Duniyapur

AGENCIES UNDER PRINCIPAL OFFICE (SOUTH), KARACHI

KHAIRPUR MIRS	524, Mohallah Tappali Street Khairpur Mirs. Tel : (0243) 552275	Khairpur Mirs, Gambat Ranipur, Kotdigi Pacca Chang, Nara Thari Mirwah Mehrabpur
LARKANA	VIP Road, Larkana. Mob : 0300-3411750	Larkana, Jacobabad, Shahdad Kot, Kandh Kot, Kamber, Warrah, Thul, Miro Khan, Naukot, Naudero

AGENCIES UNDER PRINCIPAL OFFICE (NORTH), ISLAMABAD

ISLAMABAD	Flat No. T/6, 3rd Floor, Arshad Shareef Plaza, G-II Markaz, Islamabad. Tel : (051) 2361125 Fax : (051) 2361126	Islamabad Capital Territory
ABBOTTABAD	Dr. Sher Afzal Plaza The Mall, Abbottabad. Cell : 0301-8704094	Abbottabad Mansehra Kohistan
ATTOCK	F-37, Sheikh Zafar Plaza, Madni Chowk, Attock City. Tel : (057) 2611726	Attock, Fateh Jang Pindi Gheb.
CHITRAL	Branch Office, Mir Market, Mir Governor Cottage Road, PIA Chowk, Chitral. Tel: (0943) 414600 Cell : 0345-3357618	Chitral
GILGIT	Zulfiqarabad Jutial Gilgit	Gilgit Diamer Skardu.
HUNZA	Aliabad, Main Bazar, Hunza.	Hunza
KOTLI (A.K)	H.No.157/C, Lane No.5D, Lalazar, Kotli (A.K)	Kotli (A.K)
MARDAN	Bank Road, Mardan. Tel : (0937) 867639	Mardan
MIRPUR (A.K)	92-G-I, Part Hall Road, Mirpur (A.K)	Mirpur (A.K)
MUZAFFARABAD	Village Kamar Bandi, Muzafarbad (A.K.)	Muzafarbad.

RAWALPINDI-I	Plaza No.98, 2nd Floor, Near Bank Al-Falah, Civic Centre, Bahria Town, Rawalpindi. Cell : 0331-5565484	Islamabad Rawalpindi
RAWALPINDI-II	55/A, Malik Plaza, Room # 8, 2nd Floor, Bank Road, Rawalpindi Cantt. Tel : (051) 5564173 Cell : 0333-5583342	Islamabad Rawalpindi
RAWALAKOT (AZAD JAMMU & KASHMIR)	C/o. Manager, SME Bank Limited Near G.P.O. CMH Road, Rawalakot (A.J.K.) Tel : (058710) 43681	RAWALAKOT BAGH POONCH
SKARDU-I	Near Yadhar Chowk, Skardu.	Skardu
SKARDU - II	Jawad Glass House New Bazar, Skardu	Skardu.
ZULFIQARABAD	Goner Farm, Teh. Challas Distt. Diamir, Gilgit.	Zulfiqarabad

AGENCIES UNDER PRINCIPAL OFFICE (PUNJAB), LAHORE.

BAHAWALPUR	02-Rainbow Shopping Centre, Chowk Sraiki, Bahalwalpur. Tel : (062) 2875183 Mobile : (0300) 6825874	Bahawalpur Ahmedpur East Yazman Lodhran Duniyapur
D.G.KHAN	House No. 399-C, Khyaban-e-Sarwar. Dera Ghazi Khan Tel : (0642) 470671 Mobile : (0333) 6477885	D. G. Khan Taunsa Sharif, Alipur, Jampur, Rajanpur, Kot Mithan
KHANPUR	366-Model Town-B, Khanpur. Mobile : 0301-8671713	Khanpur Liaquatpur Sadiqabad, R.Y. Khan
RAHIM YAR KHAN	Upper Story, Micro Finance Bank, 20-Model Town, Rahim Yar Khan.	Rahim Yar Khan
ZONAL OFFICE SIALKOT	Al-Khalil Centre, Kashmir Road, Sialkot. Tel : (052) 3240271-3 Fax : (052) 3240270 Mobile : (0301) 8624101	Sialkot

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of EAST WEST INSURANCE COMPANY LIMITED, (the Company), which comprise of the statement of financial position as at December 31, 2021 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition	
	Refer note 5.2 and 24 to the annexed financial statements The Company revenue primarily based on premiums from insurance policies which comprises 95 % of total income. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and	Our audit procedures included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums in line with requirements

S. No.	Key audit matters	How the matter was addressed in our audit
	because of the potential risk that revenue transactions may not be recognized in the appropriate period.	of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • Recalculated the unearned portion of the premium income and ensured that amount has been recorded as provision for unearned premium in liabilities. • Consider the adequacy of disclosures as per 'Insurance Rules 2017'.
2.	Valuation of claim liabilities	
	Refer note 5.3.1 and 25 to the annexed financial statements The Company's claim liabilities represent 31% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of estimation.	Our audit procedures included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations

S. No.	Key audit matters	How the matter was addressed in our audit
		on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
3.	Valuation of Investments	
	Refer note 5.8, 9, 10 and 11 to the financial statements As at December 31, 2021, the Company has investments classified as 'At amortized cost' 'Available for sale' and "At fair value through profit or loss' amounting to Rs 1,872 million which in aggregate represent 43% of the total assets of the Company. We identified the valuation of investments as a key audit matter because their significance in relation to the total assets of the Company and judgement involved in valuation.	Our audit procedures include the following: • Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments. • Checking on a sample basis, the valuation of investments to support documents, externally quoted market prices and break-up values, and • Evaluating the management's assessment related to classification of investments and performed independent assessment on those classification. • Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2021 and reconciled it with the books and record of the Company.

Information Other than Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matters

The Financial statements of the Company for the year ended December 31, 2020 were audited by another firm of Chartered accountants who expressed unmodified opinion dated April 05, 2021.

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi Dated: March 25, 2022

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

(Rupees in '000)

	Note	2021	2020
ASSETS			
Property and equipment	6	115,337	128,694
Intangible assets	7	946	1,049
Investment properties	8	45,231	47,612
Investments			
Equity securities	9	1,306,177	816,976
Debt securities	10	402,638	259,786
Term deposit receipts	11	163,383	385,045
		1,872,198	1,461,807
Loans and other receivables	12	100,417	127,512
Insurance / reinsurance receivables	13	799,711	732,305
Re-insurance recoveries against outstanding claims	25	535,855	455,666
Deferred commission expense	26	329,201	290,582
Prepayments	14	535,262	566,324
Cash and bank	15	27,915	26,722
		4,362,073	3,838,273
Total assets of takaful operations		171,732	123,004
TOTAL ASSETS		4,533,805	3,961,277

(Rupees in '000)

	Note	2021	2020
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	16	1,360,862	1,183,358
Reserves		368,130	368,419
Unappropriated profit		231,952	96,989
TOTAL EQUITY		1,960,944	1,648,766
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	25	798,276	652,587
Unearned premium reserves	24	1,335,761	1,223,128
Unearned reinsurance commission	26	120,510	125,919
		2,254,547	2,001,634
Retirement benefit obligations		2,679	3,698
Premium received in advance	17	45,610	62,543
Insurance / reinsurance payables	18	3,665	17,122
Other creditors and accruals	19	137,163	109,169
Lease liabilities	20	-	5,375
Deferred taxation	21	255	5,717
Taxation - net	22	69,763	65,252
TOTAL LIABILITIES		2,513,682	2,270,510
Total liabilities of takaful operations		59,179	42,001
TOTAL EQUITY AND LIABILITIES		4,533,805	3,961,277
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Note	2021	2020
Net insurance premium	24	2,117,507	1,852,506
Net insurance claims	25	(887,393)	(817,827)
Net commission	26	(477,997)	(364,478)
Insurance claims and acquisition expenses		(1,365,390)	(1,182,305)
Management expenses	27	(374,890)	(339,425)
Underwriting results		377,227	330,776
Investment income	28	91,503	84,025
Rental income	29	-	56
Other income	30	14,267	12,483
Other expenses	31	(158,010)	(141,434)
Results of operating activities		324,987	285,906
Finance cost	32	(547)	(1,645)
Profit before taxation from window takaful operations - Operator's Fund		33,073	13,138
Profit before taxation		357,513	297,399
Income tax expense	33	(45,046)	(66,024)
Profit after taxation		312,467	231,375
Earnings per share - basic and diluted (Restated)	34	2.30	1.70

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	(Rupees in '000)	
	2021	2020
Profit after taxation	312,467	231,375
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss account		
Unrealized (loss) on available for sale investments - net of deferred tax	(3,116)	(10,527)
Reclassification of loss included in profit and loss account	2,827	2,616
	(289)	(7,911)
Total comprehensive income for the year	312,178	223,464

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Share capital	Reserves				
	Issued, subscribed and paid-up	General reserve	Unrealized loss on revaluation of available for sale investments	Total reserves	Unappropriated profit	Total
Balance as at January 01, 2020	1,029,007	200,000	(63,670)	136,330	259,965	1,425,302
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	231,375	231,375
Other comprehensive income	-	-	(7,911)	(7,911)	-	(7,911)
	-	-	(7,911)	(7,911)	231,375	223,464
Transfer to general reserve	-	240,000	-	240,000	(240,000)	-
Issue of bonus shares						
(20 bonus shares for every 100 shares held)	154,351	-	-	-	(154,351)	-
Balance as at December 31, 2020	1,183,358	440,000	(71,581)	368,419	96,989	1,648,766
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	312,467	312,467
Other comprehensive loss	-	-	(289)	(289)	-	(289)
	-	-	(289)	(289)	312,467	312,178
Transfer to general reserve	-	-	-	-	-	-
Issue of bonus shares						
(20 bonus shares for every 100 shares held)	177,504	-	-	-	(177,504)	-
Balance as at December 31, 2021	1,360,862	440,000	(71,870)	368,130	231,952	1,960,944

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

CASH FLOWS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Note	2021	2020
OPERATING CASH FLOWS			
a) Underwriting activities			
Premium received		4,034,535	3,267,512
Reinsurance premium ceded		(1,871,387)	(1,589,126)
Claims paid		(1,384,094)	(1,081,697)
Reinsurance and other recoveries received		562,201	330,189
Commission paid		(861,002)	(700,405)
Commission received		363,961	384,454
Underwriting payments		(388,238)	(331,272)
Net cash flow from underwriting activities		455,976	279,655
b) Other operating activities			
Income tax paid		(44,724)	(33,513)
Management and administrative expenses paid		(78,432)	(93,205)
Other operating (payments) / receipts		(3,548)	6,175
Net cash flow used in other operating activities		(126,704)	(120,543)
Total cash flow generated from operating activities		329,272	159,112
INVESTING ACTIVITIES			
Investment income received		30,076	42,136
Dividend received		69,369	44,412
Other income received		3,460	5,518
Payments for investments		(760,980)	(772,591)
Proceeds from disposal of investment		119,503	586,915
Fixed capital expenditures		(3,463)	(2,881)
Purchase of investment property		-	(1,500)
Proceeds from disposal of fixed assets		678	3,940
Total cash flow used in investing activities		(541,358)	(94,049)
FINANCING ACTIVITIES			
Loan received from director		16,068	24,020
Loan repaid to director		(18,895)	(37,575)
Payment of financial charges		(5,556)	(9,844)
Total cash flow used in from financing activities		(8,383)	(23,399)
Net cash increase in cash and cash equivalents		(220,469)	41,664
Cash and cash equivalents at beginning of the year		411,767	370,103
Cash and cash equivalents at end of the year		191,298	411,767

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

	Note	(Rupees in '000) 2021	2020
Reconciliation to profit and loss account			
Operating cash flows		329,272	159,112
Depreciation expense		(19,155)	(22,096)
Amortization expense		(103)	(148)
Profit on disposal of fixed assets		634	3,261
Investment income		32,063	33,641
Dividend income		69,369	44,412
Loss on investment securities		(8,590)	(1,580)
Other income		3,827	5,871
Profit on takaful operations		33,073	13,138
Increase in assets other than cash		(176,783)	(118,580)
Increase in operating liabilities		48,862	114,344
Profit after taxation		312,467	231,375
CASH AND CASH EQUIVALENTS			
Cash for the purpose of statement of cash flows consist of:	14	14	
Cash and other equivalents		27,901	26,708
Saving accounts		163,383	385,045
Deposits maturing within 12 months		191,298	411,767

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

East West Insurance Company Limited (the Company) was incorporated as a public limited company in the year 1983 under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The Company is engaged in the general insurance business comprising of fire and property, marine, aviation and transport, motor and miscellaneous etc. The company commenced Window Takaful Operations (WTO) from May 08, 2018 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi. The Company operates through 3 (2020: 3) principal offices and 25 (2020: 24) branches in Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are 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, 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 and the Insurance Accounting Regulations, 2017.

In case requirements of IFRS differ from the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

In accordance with the requirement of Circular 25 of 2015, total assets, total liabilities and profit of Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements. A separate set of financial statements of General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Functional and presentation currency

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Company

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for annual accounting period which began on January 01, 2021.

However, the application of such standards do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim unconsolidated financial statements.

3.2 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS-8	The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.	January 01, 2023
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2022
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022

		Effective date (annual periods beginning on or after)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 12	Deferred Tax - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023

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

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

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

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

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

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

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

(b) all other financial assets

(Rupees in '000)

	December 31, 2021			
	Fail the SPPI test		Pass the SPPI test	
	Fair Value	Changes in unrealised gain	Fair Value	Changes in unrealised gain
Financial assets				
Investments				
Equity securities *.	1,306,177	(13,154)	-	-
Debt securities *	-	-	402,638	-
Term deposit receipts *	-	-	163,383	-
Loans and other receivable *	-	-	28,159	-
Reinsurance recoveries against outstanding claims	-	-	535,855	-
Insurance / reinsurance receivables *	-	-	799,711	-
Cash at bank *	14	-	27,901	-
Window takaful operations- Operator's fund	-	-	103,638	-
	1,306,191	(13,154)	2,061,285	-

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

Particulars	December 31, 2021									
	Gross carrying amount of financial assets that pass SPPI test									
	AAA	AA+	AA-	AA	A-1+	A-1	A+	A	Suspended	Not rated
Cash at bank	2,943	58	16,610	3,032	-	-	7	3	2,605	2,643
Investments										
Debt securities	382,638	-	20,000	-	-	-	-	-	-	-
Term deposit receipts	1,150	-	10,000	-	-	-	-	-	118,750	26,800
Loans and other receivable	-	-	-	-	-	-	-	-	-	28,159
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	-	535,855
Window takaful operations-Operator's fund	12	-	6	-	-	-	1	-	12,001	102,419
	386,743	58	46,616	3,032	-	-	8	3	122,555	695,876

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

		Effective date (annual periods beginning on or after)
Annual improvements to IFRSs (2018 – 2020) Cycle:		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

3.3 Standards or interpretations not yet effective

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

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

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

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at their fair values.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

4.1 Use of judgments and estimates

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

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

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for unearned premiums	5.2.2
- Premium due but unpaid - net	5.2.3
- Provision for outstanding claims (including IBNR)	5.3.1
- Prepaid reinsurance premium ceded	5.4.2
- Reinsurance recoveries against outstanding claims	5.5
- Premium deficiency reserve	5.7
- Deferred commission expense	5.6.1
- Commission income unearned	5.6.2
- Classification of insurance contracts	5.1
- Property and Equipment	5.10
- Investment property life, residual value and depreciation method	5.11
- Segment reporting	5.13
- Taxation (current and deferred)	5.17
- Impairment of asset	5.21

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 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 expire.

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

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

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The Company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

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

Fire and property damage

Fire and property 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 (business interruption cover).

Marine, aviation and transport

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

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.

Miscellaneous

Other various types of insurance are classified in miscellaneous which mainly includes engineering, bond, hospitalization, accident and health insurance and travel insurances etc.

5.2 Premium

5.2.1 Premium income earned

Premium written (direct or facultative) under a policy is recognized as income over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

(a) for direct business, evenly over the period of the policy;

(b) for proportional reinsurance business, evenly over the period of underlying reinsurance policies; and

(c) for non-proportional reinsurance business, on inception of the reinsurance contract in accordance with the pattern of reinsurance service.

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 incidence of risk.

Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognized as income at the inception of the policy and a related asset is set up in respect of the premium receivable, notwithstanding the fact that some installments may not, by agreement between the insurer and the insured, be payable until later.

5.2.2 Provision for unearned premiums

Provision for unearned premiums represents the portion of premium written relating to the unexpired period of coverage, and is recognized as a liability. The liability is calculated as follows:

a) in the case of marine, aviation and transport business, as a ratio of unexpired period to the total period of the policy applied on the gross premium written.

b) for the other classes / line of business, by applying the twenty-fourth method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year.

5.2.3 Premiums due but unpaid - net

Premiums due but unpaid is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

5.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts.

5.3.1 Provision for outstanding claims (including IBNR)

The Company recognizes liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims.

5.4 Reinsurance contracts

Contracts (treaty and facultative) entered by the Company under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

5.4.1 Reinsurance expense

Reinsurance premium ceded (treaty and facultative) is recognised as an expense over the period of reinsurance from inception to which it relates to its expiry as follows:

a) for proportional reinsurance business, evenly over the period of the underlying policies.

b) for non-proportional reinsurance business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, reinsurance premium is recognized as expense in accordance with the pattern of incidence of risk.

5.4.2 Prepaid reinsurance premium ceded

The portion of reinsurance premium ceded not recognised as an expense as at year end is recognised as prepaid reinsurance premium ceded. Unrecognised portion is determined in the same manner as for provision for unearned premiums.

5.5 Reinsurance recoveries against outstanding claims

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

5.6 Commission

5.6.1 Commission expense

Commission expense incurred in obtaining and recording policies is deferred and is recognized in the profit and loss account as an expense in accordance with the pattern of recognition of premium revenue.

5.6.2 Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

5.7 Premium deficiency reserve - (liability adequacy test)

At each reporting date, liability adequacy test is performed to ensure the adequacy of unearned premium. Where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance from claims and other supplementary expenses, including reinsurance expenses, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2021	2020
Fire and property damage	13%	13%
Marine, aviation and transport	40%	45%
Motor	14%	8%
Engineering	19%	16%
Miscellaneous	38%	22%

Based on analysis of combined operating ratio for the expired period of each reportable segment, management is of opinion that there is no need to carry premium deficiency reserve in these financial statements.

5.8 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading, in which case transaction costs are charged to profit and loss account. Subsequently, these are recognized and classified into the following categories:

5.8.1 Held-to-Maturity

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

5.8.2 Available-for-sale

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealized gains / (losses) are taken to other comprehensive income.

5.8.3 Held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account, for the period in which it arises. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices.

a) Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c) Impairment

Available-for-sale

The Company considers that available-for-sale investments is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

5.9 Employee benefits

Defined contribution plan

The Company operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10% of basic salary of the employees.

5.10 Property and equipment

5.10.1 Owned assets

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account.

Depreciation is calculated on reducing balance method at the rates specified in note 7 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying value exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of. There are taken to profit and loss account.

5.10.2 Right-of-use-asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

5.10.3 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of fixed assets or intangibles as and when the assets start operation.

5.11 Investment properties

Property held for the purpose of rental income and long-term capital appreciation is classified as investment property.

5.11.1 Initial recognition

Investment property is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

5.11.2 Measurement subsequent to initial recognition

Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any.

5.11.3 Depreciation

Depreciation is charged to profit and loss account in the same manner as owned fixed assets. Refer note 5.10.1.

5.12 Investment and other income

5.12.1 Dividend income and bonus shares

Dividend income is recognized when the right to receive the same is established.

Entitlement of bonus shares is recognized when the right to receive the same is established.

5.12.2 Interest income

Interest income is recognized on time proportion basis that takes into account effective yield on the assets.

5.12.3 Rental income

Rental income on investment properties is recognized as income on accrual basis.

5.12.4 Administrative surcharge

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

5.13 Segment reporting

The Company's operating business is organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

The Company has four major segments namely fire and property damage, marine, aviation and transport, motor and miscellaneous, as disclosed in note 6.1.

The Company accounts for segment reporting are prepared in the format prescribed under the Insurance Ordinance 2000 and the Insurance Rules, 2017 and provide required information at appropriate level of detail.

5.14 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

5.15 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

5.16 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

5.17 Taxation

5.17.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to be applied to the profit for the year, if entered. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessment finalized during the current year for such years.

5.17.2 Deferred

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

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

5.18 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

5.19 Management expenses

Management expenses are allocated to all classes of business in proportion to the net premium income of the year. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at reporting date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to Other expenses.

5.20 Creditors, accruals and provisions

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

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

5.21 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment loss impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account. Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

5.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

5.24 Dividend and bonus shares

Dividend to shareholders is recognised as liability in the year in which it is approved Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

5.25 Fair value

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.

5.26 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

6 PROPERTY AND EQUIPMENT

2021 (Rupees in '000)

Particulars	Cost					Depreciation					Written down value as at December 31, 2021	Depreciation rate (% per annum)
	As at January 1, 2021	Additions	Transfer in / (out)	Disposals	As at December 31, 2021	As at January 1, 2021	Depreciation for the year	Transfer in / (out)	Disposals	As at December 31, 2021		
Owned												
Office premises	62,083	-	-	-	62,083	15,507	2,329	-	-	17,836	44,247	5%
Furniture and fixtures	32,467	33	-	-	32,500	21,742	1,074	-	-	22,816	9,684	10%
Electric fittings and equipments	28,469	1,270	-	-	29,739	17,743	1,133	-	-	18,876	10,863	10%
Office equipments	9,180	-	-	-	9,180	6,936	224	-	-	7,160	2,020	10%
Motor vehicles	131,570	2,039	27,441	(1,087)	159,963	90,130	11,735	11,254	(1,043)	112,076	47,887	20%
Computers equipments	17,807	121	-	-	17,928	17,011	281	-	-	17,292	636	33%
Right of use assets												
Motor vehicles	27,441	-	(27,441)	-	-	11,254	-	(11,254)		-	-	20%
	309,017	3,463	-	(1,087)	311,393	180,323	16,776	-	(1,043)	196,056	115,337	

(Rupees in '000)

2020

Particulars	Cost					Depreciation					Written down value as at December 31, 2020	Depreciation rate (% per annum)
	As at January 1, 2020	Additions	Transfer in / (out)	Disposals	As at December 31, 2020	As at January 1, 2020	Depreciation for the year	Transfer in / (out)	Disposals	As at December 31, 2020		
Owned												
Office premises	62,083	-	-	-	62,083	13,056	2,451	-	-	15,507	46,576	5%
Furniture and fixtures	32,467	-	-	-	32,467	20,550	1,192	-	-	21,742	10,725	10%
Electric fittings and equipments	28,332	137	-	-	28,469	16,558	1,185	-	-	17,743	10,726	10%
Office equipments	9,091	89	-	-	9,180	6,694	242	-	-	6,936	2,244	10%
Motor vehicles	136,900	2,540	-	(7,870)	131,570	87,523	9,798	-	(7,191)	90,130	41,440	20%
Computers equipments	17,692	115	-	-	17,807	16,629	382	-	-	17,011	796	33%
Right of use assets												
Motor vehicles	27,441	-	-	-	27,441	6,860	4,394	-	-	11,254	16,187	20%
	314,006	2,881	-	(7,870)	309,017	167,870	19,644	-	(7,191)	180,323	128,694	

6.1 Detail of disposal of fixed assets

(Rupees in '000)

Particular of asset	Cost	Accumulated depreciation	Book value	Sale proceed	Profit / (Loss) on disposal	Mode of disposal	Particular of purchaser
Motor Vehicles							
Toyota Corrola	1,028	985	43	650	607	Negotiations	Mr.Umer Iqbal
Honda 125	60	58	2	28	26	Negotiations	Mr.Ayan Shah
Total - 2021	1,088	1,043	45	678	633		
Total - 2020	7,870	7,191	679	3,940	3,261		

	Note	2021	2020
7 INTANGIBLE ASSETS			
Computer software	7.1	241	344
Capital work in progress	7.2	705	705
		946	1,049
7.1 Net carrying value basis			
Opening net book value		344	492
Amortization charge		(103)	(148)
Closing net book value		241	344
Gross carrying value basis			
Cost		1,737	1,737
Accumulated amortization		(1,496)	(1,393)
Net book value		241	344
Amortization rate % per annum		30	30
7.2 Capital work in progress			
Balance as at December 31	7.2.1	705	705

7.2.1 This represents amount paid to the vendor for the development of computer software.

8. INVESTMENT PROPERTIES

(Rupees in '000)

2021

Particulars	Cost				Depreciation				Written down value as at December 31, 2021	Depreciation rate (% per annum)
	As at January 1, 2021	Additions / Transfer in	Deletion / transfer out	As at December 31, 2021	As at January 1, 2021	Depreciation for the year / transfer in	on disposal	As at December 31, 2021		
Office premises	72,519	-	-	72,519	24,907	2,381	-	27,288	45,231	5%
	72,519	-	-	72,519	24,907	2,381	-	27,288	45,231	

2020

Particulars	Cost				Depreciation				Written down value as at December 31, 2020	Depreciation rate (% per annum)
	As at January 1, 2020	Additions / Transfer in	Deletion / transfer out	As at December 31, 2020	As at January 1, 2020	Depreciation for the year / transfer in	on disposal	As at December 31, 2020		
Office premises	71,019	1,500	-	72,519	22,454	2,453	-	24,907	47,612	5%
	71,019	1,500	-	72,519	22,454	2,453	-	24,907	47,612	

8.1 Revaluation was carried out by the Company in the month of September 2021. The valuation exercise was carried out by independent valuers M/S. Al-Shahbaz Surveyors (Private) Limited and M/S. Salam Associates (Private) Limited and revalued market value is estimated at Rs. 172.5 million (2020 Rs. 172.5 million).

8.2 Rental income from investment property amounting to Rs. Nil (2020: Rs. 0.059 million) has been recorded net of depreciation in profit or loss account i.e. Rs. Nil (2020: Rs.0.057 million).

9 INVESTMENTS IN EQUITY SECURITIES

9.1 Investments - Held for Trading

	2021			2020		
	Cost	Impair-ment / Provision	Carrying Value	Cost	Impair-ment / Provision	Carrying Value
Listed securities						
Oil and Gas Development Company Limited	36,550	(5,923)	30,627	46,110	(10,797)	35,313
Kot Addu Power Company Limited	14	2	16	16	(2)	14
Fauji Fertilizer Company Limited	7,053	(536)	6,517	6,435	618	7,053
Silk Bank Limited	2,268	777	3,045	1,974	294	2,268
Fauji Cement Company Limited	18	(2)	16	13	5	18
Pakistan Stock Exchange Limited	5,289	(382)	4,907	4,454	835	5,289
Habib Bank Limited	6,945	(822)	6,123	6,785	159	6,944
Bank Alfalah Limited	1,060	(22)	1,038	1,371	(311)	1,060
Pakistan State Oil Company	3,229	(501)	2,728	2,430	799	3,229
The Hub Power Limited	3,173	(320)	2,853	3,734	(560)	3,174
United Bank Limited	3,776	322	4,098	3,831	(55)	3,776
Pakistan Oilfied limited	12,599	(1,155)	11,444	10,218	1,644	11,862
Pakistan Petroleum Limited	7,057	(734)	6,323	6,472	(148)	6,324
MCB	4,632	(798)	3,834	4,049	583	4,632
Bata Pakistan Limited	306	128	434	270	36	306
	93,969	(9,966)	84,003	98,162	(6,900)	91,262
Mutual funds						
MCB Cash Management Optimizer Fund	150,356	273	150,629	50,320	36	50,356
HBL Cash Fund (formerly PICIC Cash fund)	-	-	-	10,226	24	10,250
Habib Cash Fund	-	-	-	20,067	149	20,216
ABL Cash Fund	150,399	414	150,813	50,234	165	50,399
Faysal Money Market Fund	-	-	-	10,089	6	10,095
UBL Liquidity Plus Fund	150,118	497	150,615	50,001	117	50,118
HBL Cash Fund	150,731	1,054	151,785	40,479	45	40,524
NIT Money Market (Saddar br,)	150,923	(606)	150,317	137,421	(1,498)	135,923
NIT Money Market (Clifton br,)	149,880	(575)	149,305	116,448	(1,569)	114,879
NBP Money Market Fund	100,035	144	100,179	20,000	35	20,035
	1,002,442	1,201	1,003,643	505,285	(2,490)	502,795
	1,096,411	(8,765)	1,087,646	603,447	(9,390)	594,057

9.2 Investments - Available for Sale

(Rupees in '000)

	2021			2020		
	Cost	Impair-ment / Provision	Carrying Value	Cost	Impair-ment / Provision	Carrying Value
Related party						
Listed Securities						
Askari Life Assurance Company Limited (note 9.3)	290,306	(3,989)	286,317	290,306	3,350	293,656
Others						
Listed Securities						
Agritech Limited	10,593	(399)	10,194	10,593	266	10,859
	300,899	(4,388)	296,511	300,899	3,616	304,515
Deficit on revaluation	-	-	(77,980)	-	-	(81,596)
	300,899	(4,388)	218,531	300,899	3,616	222,919
Total equity securities	1,397,310	(13,153)	1,306,177	904,346	(5,774)	816,976

9.3 This represents investment in associated undertaking.

10 INVESTMENTS IN DEBT SECURITIES

	2021				2020			
	Cost / Book Value	Impair-ment / Provision	Surplus on revaluation	Carrying Value	Cost / Book Value	Impair-ment / Provision	Surplus on revaluation	Carrying Value
Held to maturity (note 10.1)								
Government securities								
Pakistan Investment Bonds	282,088	-	-	282,088	188,066	-	-	188,066
Treasury Bills	100,550	-	-	100,550	51,720	-	-	51,720
	382,638	-	-	382,638	239,786	-	-	239,786
Available for sale (note 10.1)								
Others								
Term Finance Certificate	10,000	-	-	10,000	15,730	(5,730)	-	10,000
Corporate Sukuk	10,000	-	-	10,000	15,600	(5,600)	-	10,000
	20,000	-	-	20,000	31,330	(11,330)	-	20,000
	402,638	-	-	402,638	271,116	(11,330)	-	259,786

(Rupees in '000)

10.1 Investments in debt securities - held to maturity and available for sale

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2021
Related party					
Held to maturity					
Government securities:					
Pakistan Investment Bonds (Note 10.2)					
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000	4,992
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	17,457
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	17,463
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,556
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,556
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,556
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000	14,171
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000	9,551
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	30,000	29,951
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,869
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,869
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,869
10 Years Pakistan Investment Bond	2026	8.75%	Half yearly	30,000	29,937
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	20,000	18,790
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	25,000	23,782
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	10,000	9,534
3 Years Pakistan Investment Bond	2023	7.00%	Half yearly	15,000	14,160
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	10,000	8,810
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	15,000	13,215
					282,088
Treasury Bills					
3 Months Treasury Bill	2022	10.20%	On maturity	100,000	98,107
3 Months Treasury Bill	2022	10.25%	On maturity	2,500	2,443
					100,550
					382,638
- Available for sale					
Corporate Sukuks (Note 10.3)					
Dubai Islamic Bank	Perpetuity	(KIBOR+1.75%)	Monthly	10,000	10,000
- Others (Note 10.3)					
Term Finance Certificates					
JS Bank Limited	Perpetuity	(KIBOR+2.25%)	Half yearly	10,000	10,000
					20,000
					402,638

(Rupees in '000)

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2020
Related party					
Held to maturity					
Government securities					
Pakistan Investment Bonds (Note 10.2)					
3 Years Pakistan Investment Bond	2021	7.25%	Half yearly	22,000	21,512
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	4,000	3,995
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000	4,978
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,979
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	1,000	999
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000	16,984
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,328
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,328
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000	8,328
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000	13,881
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000	9,361
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	30,000	29,868
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,842
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,842
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000	14,842
					188,065
Treasury Bills					
3 Months Treasury Bill	2021	7.05%	On maturity	52,000	51,720
					239,785
Available for sale					
Corporate Sukuks (Note 10.3)					
Dubai Islamic Bank	Perpetuity	(KIBOR+1.75%)	Monthly	10,000	10,000
Others (Note 10.3)					
Term Finance Certificates					
JS Bank Limited	Perpetuity	(KIBOR+2.25%)	Half yearly	10,000	10,000
					20,000
					259,785

10.2 These include PIB's amounting to Rs. 150 million (2020: PIB's amounting to Rs. 119.91 million), which are pledged with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

10.3 Term Finance Certificate and Corporate Sukuk

	No. of certificates		Face value	Value of Certificate	
	2021	2020		2021	2020
JS Bank Limited	100	100	100	10,000	10,000
Dubai Islamic Bank	2000	2000	5	10,000	10,000
	2,100	2,100		20,000	20,000

(Rupees in '000)

	Note	2021	2020
11 INVESTMENTS IN TERM DEPOSITS RECEIPTS			
Deposits maturing within 12 months - local currency	11.1	163,383	385,045

11.1 These represents Term Deposit Receipts (TDRs) with commercial banks carrying markup ranging from 7.20% to 13.90% (2020: 7.50% to 13.90%).

12 LOANS AND OTHER RECEIVABLES			
Unsecured - considered good			
Accrued investment income		6,179	5,530
Advances	12.1	72,257	103,781
Deposits		13,910	15,564
Other receivables		8,071	2,637
		100,417	127,512

12.1 This represents advances in the normal course of business which do not carry any interest / mark-up.

13 INSURANCE / REINSURANCE RECEIVABLES			
(Unsecured - considered good)			
Due from insurance contract holders		313,075	479,067
Provision for impairment of receivables from insurance contract holders	13.1	-	(2,414)
Premium written off		(2,049)	(3,426)
		311,026	473,227
Due from other insurers / reinsurers		488,685	259,078
		799,711	732,305

13.1 Movement of provision for doubtful debts			
Opening balance		2,414	5,765
Charge during the year		7,393	-
Reversal during the year	30	(9,807)	(3,351)
		-	2,414

14 PREPAYMENTS			
Prepaid reinsurance premium ceded	24	534,873	565,678
Prepaid rent		163	415
Others		226	231
		535,262	566,324

15 CASH AND BANK			
Cash and cash equivalents			
Cash in hand		3	12
Policy stamps		11	2
		14	14
Cash at bank			
Current account		8,449	20,753
Saving account	15.1	19,452	5,955
		27,901	26,708
		27,915	26,722

15.1 This represents interest bearing accounts carrying interest rates ranging from 4.10% to 8.20% (2020: 4.10% to 8.20%) per annum.

(Rupees in '000)

16 ORDINARY SHARE CAPITAL

16.1 Authorized share capital

2021	2020		2021	2020
-----No. of shares -----				
150,000,000	120,000,000	Ordinary shares of Rs. 10 each	1,500,000	1,200,000

16.1.1 Authorized share capital has been increased to meet the minimum paid-up capital requirement as required under section 28 of Insurance Ordinance 2000.

16.2 Issued, subscribed and paid-up share capital

2021	2020		2021	2020
-----No. of shares -----				
17,788,310	17,788,310	Ordinary shares of Rupees 10 each fully paid in cash	177,883	177,883
118,297,871	100,547,500	Ordinary shares of Rs.10 each, issued as fully paid bonus shares	1,182,979	1,005,475
136,086,181	118,335,810		1,360,862	1,183,358

17 PREMIUM RECEIVED IN ADVANCE

Premium received in advance		45,610	62,543

17.1 This includes cash margin (bond) received from policy holders amounting to Rs. 45.298 million (2020: Rs. 61.979 million).

18 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers		3,665	17,122

19 OTHER CREDITORS AND ACCRUALS

Sundry creditors		15,921	18,485
Commission payable		61,348	30,957
Federal excise duty		2,022	4,858
Federal insurance fee		1,288	3,235
Workers' Welfare Fund		44,056	36,057
Withholding tax		2,082	6,888
Unclaimed dividend		31	31
Due to directors	19.1	10,415	8,657
		137,163	109,169

19.1 This represents unsecured and interest free loan obtained from directors of the Company.

20 LEASE LIABILITIES

Lease liabilities recongnized as on January 1	5,375	13,983
Interest accrued	181	1,237
Less: Repayment of lease liabilities	(5,556)	(9,845)
	-	5,375

20.1 Break up of lease liabilities

Current portion	-	5,375
	-	5,375

(Rupees in '000)

Maturity analysis - contractual undiscounted cash flows:

Description	2021			2020		
	Minimum lease payment	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Not later than one year	-	-	-	5,553	178	5,375
Later than one year and not later than five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
	-	-	-	5,553	178	5,375

20.2 When measuring lease liabilities, the Company discounted lease payments using 3 months KIBOR plus 1.5% ranging from 8.22% to 15.06% (2020: 8.22% to 15.06%) per annum.

		Note	2021	2020
21	DEFERRED TAXATION			
	Deferred tax liability / (asset) arising in respect of:			
	Provision for doubtful debts		-	(700)
	Accelerated tax depreciation		26,911	28,850
	Amortization		(227)	(231)
	Lease liabilities		-	3,135
	Unrealised gain on available for sale investments		(26,429)	(25,337)
			255	5,717
21.1	Balance at beginning of the year		5,717	3,939
	Reversal during the year in respect of temporary differences arising during the year		(5,462)	1,778
	Balance at the end of the year		255	5,717
22	TAXATION - NET			
	Provision for income tax		93,440	80,626
	Less: Advance tax		(23,677)	(15,374)
			69,763	65,252

23 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at statement of financial position date (2020: Nil).

24 NET INSURANCE PREMIUM

Written gross premium		3,889,267	3,468,545
Unearned premium reserve - opening		1,223,128	1,252,194
Unearned premium reserve - closing		(1,335,761)	(1,223,128)
Premium earned		3,776,634	3,497,611
Less: Reinsurance premium ceded		1,628,322	1,633,642
Prepaid reinsurance premium ceded - opening		565,678	577,141
Prepaid reinsurance premium ceded - closing		(534,873)	(565,678)
Reinsurance expense		1,659,127	1,645,105
		2,117,507	1,852,506

(Rupees in '000)

	Note	2021	2020
25 NET INSURANCE CLAIMS EXPENSE			
Claim paid		1,384,094	1,081,697
Outstanding claims including IBNR - opening		(652,587)	(596,061)
Outstanding claims including IBNR - closing	25.1	798,276	652,587
Claim expense		1,529,783	1,138,223
Less: Reinsurance and other recoveries received		562,201	330,190
Reinsurance and other recoveries in respect of outstanding claims - opening		(455,666)	(465,460)
Reinsurance and other recoveries in respect of outstanding claims - closing		535,855	455,666
Reinsurance and other recoveries revenue		642,390	320,396
		887,393	817,827
25.1 Outstanding claims		703,032	604,227
Incurred but not reported claims		95,244	48,360
		798,276	652,587

25.2 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance:

Accident Year	2016 & Prior Year	2017	2018	2019	2020	2021	Total
Estimate of ultimate claims cost:							
At the end of accident year	533,832	432,042	91,124	108,698	197,058	391,483	1,754,237
One year later	418,202	366,282	89,899	107,090	224,798	-	1,206,271
Two years later	413,796	368,422	78,321	108,515	-	-	969,054
Three years later	413,622	356,638	78,321	-	-	-	848,581
Four years later	364,107	353,431	-	-	-	-	717,538
Current estimate of cumulative claims	364,107	353,431	78,321	108,515	224,798	391,483	1,520,655
Cumulative payment to date	(252,709)	(188,808)	(68,240)	(96,904)	(115,718)	-	(722,379)
Liability recognized in statement of financial position	111,398	164,623	10,081	11,611	109,080	391,483	798,276

	Note	2021	2020
26 NET COMMISSION EXPENSE			
Commission paid or payable		891,394	715,410
Deferred commission expense - opening		290,582	328,921
Deferred commission expense - closing		(329,201)	(290,582)
Net commission		852,775	753,749
Less: Commission received or recoverable		369,369	384,454
Unearned reinsurance commission - opening		125,919	130,736
Unearned reinsurance commission - closing		(120,510)	(125,919)
Commission from reinsurers		374,778	389,271
		477,997	364,478

(Rupees in '000)

	Note	2021	2020
27 MANAGEMENT EXPENSES			
Employee benefits cost	27.1	157,620	141,280
Office repairs and maintenance		10,176	7,643
Vehicle running expense		89,055	83,107
Travelling expense		58,919	58,281
Electricity, gas and water		9,197	8,619
Printing and stationery		7,761	8,389
Office rent		6,081	5,841
Entertainment		22,683	18,746
Postage, telegrams and telephones		4,581	5,203
Advertisement and publicity		171	356
Rent, rates and taxes		297	272
Miscellaneous		8,349	1,688
		374,890	339,425
27.1 Employee benefits cost			
Salaries, allowance and other benefits		154,595	138,212
Charges for post employment benefits		3,025	3,068
		157,620	141,280
28 INVESTMENT INCOME			
Income from equity securities			
Held for trading			
Dividend income		69,369	44,412
Gain / (loss) on disposal of securities		175	7,810
		69,544	52,222
Income from debt securities:			
Held to Maturity			
Return on debt securities			
Pakistan Investment Bonds	28.1	23,440	15,450
GoP Ijara Sukuk		-	-
Treasury Bills		73	87
		23,513	15,537
Available for sale			
Term Finance Certificates		977	1,258
Corporate Sukuk		928	1,177
		1,905	2,435
Return on term deposits		6,644	25,058
Net unrealized (losses) / gains on investments at fair value through profit or loss (held for trading)		(8,765)	(9,390)
		92,841	85,862
Investment related expenses		(1,338)	(1,837)
		91,503	84,025
28.1 Pakistan Investment Bonds			
Return on Pakistan Investment Bonds		26,267	18,066
Amortization of unrealized loss due to reclassification from available for sale to held to maturity		(2,287)	(2,616)
		23,440	15,450
29 RENTAL INCOME			
Rental income		-	59
Less : Depreciation		-	(3)
		-	56

(Rupees in '000)

		Note	2021	2020
30	OTHER INCOME			
	Return on bank balances		1,580	2,305
	Profit on disposal of fixed assets		633	3,261
	Reversal of bad debts		9,807	3,351
	Others		2,247	3,566
			14,267	12,483
31	OTHER EXPENSES			
	Employee benefits cost	31.1	59,267	55,058
	Office repairs and maintenance		11,187	11,634
	Vehicle running expense		15,471	11,666
	Auditors' remuneration	31.3	2,095	1,744
	Remuneration of directors and executives	35	15,695	14,355
	Legal and professional charges		2,745	1,890
	Depreciation	6	19,155	22,094
	Amortisation	7	103	148
	Subscription and membership		8,504	7,074
	Annual supervision fee		2,986	3,698
	Bad debt expense	13	9,442	3,426
	Provision for doubtful debt	13.1	-	-
	Rent, rates and taxes		1,428	468
	Electricity, gas and water		507	476
	Postage, telegram and telephone		1,244	1,347
	Workers Welfare Fund		7,998	6,069
	Others		183	287
			158,010	141,434
31.1	Employee benefits cost			
	Salaries, allowance and other benefits		57,312	49,923
	Charges for post employment benefits		1,955	5,135
			59,267	55,058

		Unaudited	Audited
31.2	Employees' provident fund		
	Size of the fund	93,724	82,165
	Number of members	128	120
	Cost of investment made	56,903	45,718
	Percentage of investment made	61%	56%
	Fair value of investment	58,470	49,391

31.2.1 The Company has contributory provident fund scheme of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees. The investments by the fund have been made in accordance with the conditions specified in section 218 of the Companies Act 2017 and rules specified thereunder.

31.3	Auditors' remuneration		
	Audit fee	896	1,102
	Half yearly review fee	215	297
	Other services	308	81
	Out-of-pocket expenses	676	264
		2,095	1,744
32	FINANCE COST		
	Bank charges	366	408
	Lease finance charges	181	1,237
		547	1,645

(Rupees in '000)

	Note	2021	2020
33 INCOME TAX EXPENSE			
For the year			
Current		93,440	80,626
Prior	33.1	(44,204)	(13,567)
Deferred		(4,190)	(1,035)
		45,046	66,024

33.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2021 have been submitted to the authorities. Amount of Rs. 44.203 million (2020: Rs. 13.566 million) represents excess liability recorded in the books of the Company as compared to tax return.

33.2 Relationship between accounting profit and tax expense is as follows:

Accounting profit before tax	357,512	297,399
Tax @ 29%	103,679	86,246
Effect of prior year reversal	(44,204)	(13,567)
Effect of dividend income	(9,712)	(6,218)
Effect of deductions not allowed	8,921	(11,693)
Effect of deferred tax	(4,190)	(1,035)
Others	(9,448)	12,291
Provision for taxation	45,046	66,024

34 EARNINGS PER SHARE -			
Profit after tax for the year		312,467	231,375
Weighted average number of ordinary shares outstanding (Numbers)		136,086,181	136,086,181
Basic and diluted earnings per share (Rupees)	34.1	2.30	1.70

34.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share. The corresponding earnings per share has been adjusted on account of issuance of bonus and right shares.

35 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
Managerial remuneration	3,312	3,312	6,895	6,095	13,470	14,524
Rent and house maintenance	-	-	-	-	1,965	2,156
Utilities	1,488	1,488	3,045	3,045	13,470	13,796
Meeting fee	-	-	755	580	-	-
	4,800	4,800	11,400	9,720	28,905	30,476
Number of persons	1	1	8	9	6	7

35.1 In addition to the above, the Chief Executive, Directors and Executives of the Company are provided with Company maintained cars and medical reimbursement at actual up to a maximum of one basic salary, where applicable.

36 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices. Transactions with related parties including remuneration to key management personnel are as follows:

Nature of Transaction	Nature of Relationship with the Company	(Rupees in '000) 2021	2020
Loan received from directors			
Javed Yunus	Director	16,068	5,620
Naveed Yunus	Director	-	18,400
Loan repaid to directors			
Javed Yunus	Director	13,885	3,920
Naveed Yunus	Director	5,010	33,655
Purchase of shares			
Askari Life Assurance Co. Ltd.	Associated undertaking	-	4,475
Issue of bonus shares and right shares at market value			
Chief Justice (R) Mian Mahboob Ahmad	Director	51	49
Naved Yunus	Director	96,565	93,689
Ambreen Naved Yunus	Other related party	109,366	106,109
Javed Yunus	Director	60,658	58,852
Rubina Javed Yunus	Other related party	111,474	108,154
Pervez Yunus	Director	106,777	103,596
Samina Pervez Yunus	Other related party	63,875	61,973
Umeed Ansari	Director	19	18
Ahsan Mahmood Alvi	Director	17	17
Saad Yunus	Director	65,400	63,453
Urooj Yunus Ansari	Director	42,537	41,270
Mazhar Zubair Abbasi	Director	6	6
East West Holding Co., Ltd.	Associated undertaking	117,751	114,244
Askari Life Assurance Co., Ltd.	Associated undertaking	76	74
Remuneration Paid			
Naveed Yunus	Director	4,800	4,800
Javed Yunus	Director	3,600	3,600
Pervez Yunus	Director	3,600	3,600
Chief Justice (R) Mian Mahboob Ahmad	Director	145	145
Umeed Ansari	Director	175	175
Ahsan Mahmood Alvi	Director	180	180
Saad Yunus	Director	3,180	1,770
Mazhar Zubair Abbasi	Director	145	50
Urooj Yunus Ansari	Director	125	25
Kazim Raza	Director	-	85
Tanveer Iqbal	Chief Financial Officer	1,080	933
Shabbir Ali Kanchwala	Company Secretary	3,360	3,180

36.1 Year end balances

Payable to related parties	10,415	8,658

(Rupees in '000)

37 SEGMENT REPORTING

Following are the segment assets, liabilities, revenue and expenses of the Company:

2021

Segment current year	Fire and Property Damage	Marine Aviation and Transport	Motor	Engineering	Miscellaneous	Total
Premium receivable (inclusive of gross direct premium, faculative inward premum and administrative surcharge)	1,272,799	436,558	538,882	1,075,531	565,497	3,889,267
Gross direct premium	323,991	264,595	189,713	865,773	424,940	2,069,012
Facultative inward premium	933,694	163,171	341,158	184,728	123,738	1,746,489
Administrative surcharge	15,114	8,792	8,012	25,029	16,819	73,766
	1,272,799	436,558	538,882	1,075,531	565,497	3,889,267
Written gross premium	1,272,799	436,558	538,882	1,075,531	565,497	3,889,267
Unearned premium reserves - opening	361,270	71,683	222,249	402,466	165,460	1,223,128
Unearned premium reserves - closing	(441,988)	(68,236)	(247,575)	(388,697)	(189,265)	(1,335,761)
Premium earned	1,192,081	440,005	513,556	1,089,300	541,692	3,776,634
Reinsurance premium ceded	(574,190)	(185,397)	(98,789)	(660,963)	(108,984)	(1,628,322)
Prepaid reinsurance premium ceded - opening	(171,486)	(27,890)	(37,021)	(288,530)	(40,750)	(565,678)
Prepaid reinsurance premium ceded - closing	219,156	19,686	40,187	198,165	57,678	534,873
Reinsurance expense	(526,519)	(193,601)	(95,624)	(751,327)	(92,056)	(1,659,127)
Net insurance premium	665,562	246,404	417,932	337,973	449,636	2,117,507
Commission income	155,862	49,057	20,093	125,175	24,591	374,778
Net underwriting income	821,424	295,461	438,025	463,148	474,227	2,492,285
Insurance claims paid	(407,438)	(154,864)	(210,090)	(378,598)	(233,104)	(1,384,094)
Outstanding claims (including IBNR) - opening	104,633	38,286	27,233	421,316	61,119	652,587
Outstanding claims (including IBNR) - closing	(154,487)	(35,136)	(45,250)	(465,107)	(98,296)	(798,276)
Insurance claims expenses	(457,292)	(151,713)	(228,107)	(422,389)	(270,281)	(1,529,783)
Reinsurance and other recoveries received	196,539	57,430	31,726	265,530	10,976	562,201
Reinsurance and other recoveries in respect of outstanding claims - opening	(58,984)	(6,271)	(9,364)	(355,506)	(25,541)	(455,666)
Reinsurance and other recoveries in respect of outstanding claims - closing	97,786	7,859	10,627	392,322	27,261	535,855
Insurance claims recovered from reinsures	235,340	59,018	32,989	302,346	12,695	642,390
Net claims	(221,951)	(92,696)	(195,118)	(120,043)	(257,585)	(887,393)
Commission expense	(325,319)	(86,665)	(109,055)	(226,391)	(105,345)	(852,775)
Management expense	(117,833)	(43,624)	(73,992)	(59,836)	(79,605)	(374,890)
Insurance claims and expenses	(665,103)	(222,985)	(378,165)	(406,270)	(442,535)	(2,115,058)
Underwriting result	156,321	72,476	59,860	56,878	31,692	377,227
Net investment income						91,503
Rental income						-
Other income						14,267
Other expenses						(158,010)
Finance costs						(547)
Profit from Window Takaful Operation						33,073
Profit before tax						357,513
Segment assets	771,486	297,809	367,474	773,381	277,505	2,487,655
Un-allocated assets						2,046,150
Total assets						4,533,805
Segment liabilities	732,828	282,886	349,060	734,627	263,600	2,363,001
Un-allocated liabilities						209,860
Total liabilities						2,572,861

(Rupees in '000)

2020

Segment prior year	Fire and Property Damage	Marine Aviation and Transport	Motor	Engineering	Miscellaneous	Total
Premium receivable (inclusive of gross direct premium, faculative inward premum and administrative surcharge)	1,075,685	415,237	512,370	1,078,327	386,926	3,468,545
Gross direct premium	228,733	188,275	205,798	957,999	343,750	1,924,556
Facultative inward premium	836,592	218,864	300,788	109,744	39,379	1,505,367
Administrative surcharge	10,360	8,097	5,784	10,583	3,798	38,623
	1,075,685	415,237	512,370	1,078,327	386,926	3,468,546
Written gross premium	1,075,685	415,237	512,370	1,078,327	386,926	3,468,545
Unearned premium reserves - opening	362,733	54,466	197,528	439,393	198,074	1,252,194
Unearned premium reserves - closing	(361,270)	(71,683)	(222,249)	(402,466)	(165,460)	(1,223,128)
Premium earned	1,077,148	398,020	487,649	1,115,254	419,540	3,497,611
Reinsurance premium ceded	(522,608)	(189,483)	(89,949)	(720,335)	(111,267)	(1,633,642)
Prepaid reinsurance premium ceded - opening	(129,520)	(9,616)	(43,295)	(359,901)	(34,809)	(577,141)
Prepaid reinsurance premium ceded - closing	171,486	27,890	37,022	288,530	40,750	565,678
Reinsurance expense	(480,642)	(171,209)	(96,222)	(791,706)	(105,327)	(1,645,105)
Net insurance premium	596,506	226,811	391,427	323,549	314,212	1,852,506
Commission income	139,900	41,739	21,227	160,233	26,172	389,271
Net underwriting income	736,406	268,550	412,654	483,782	340,386	2,241,778
Insurance claims paid	(285,090)	(99,838)	(202,867)	(314,660)	(179,242)	(1,081,697)
Outstanding claims (including IBNR) - opening	103,892	16,741	36,921	387,420	51,087	596,061
Outstanding claims (including IBNR) - closing	(104,633)	(38,286)	(27,233)	(421,316)	(61,119)	(652,587)
Insurance claims expenses	(285,831)	(121,383)	(193,179)	(348,556)	(189,274)	(1,138,223)
Reinsurance and other recoveries received	120,891	48,188	27,284	133,827	-	330,190
Reinsurance and other recoveries in respect of outstanding claims - opening	(54,542)	(4,381)	(10,432)	(367,227)	(28,878)	(465,460)
Reinsurance and other recoveries in respect of outstanding claims - closing	58,984	6,271	9,364	355,506	25,541	455,666
Insurance claims recovered from reinsures	125,333	50,078	26,216	122,106	(3,337)	320,396
Net claims	(160,498)	(71,305)	(166,963)	(226,450)	(192,611)	(817,827)
Commission expense	(327,890)	(85,136)	(124,604)	(137,556)	(78,563)	(753,749)
Management expense	(109,295)	(41,557)	(71,719)	(59,282)	(57,572)	(339,425)
Net insurance claims and expenses	(597,683)	(197,998)	(363,286)	(423,288)	(328,745)	(1,911,005)
Underwriting result	138,723	70,552	49,368	60,494	11,641	330,776
Net investment income						84,025
Rental income						56
Other income						12,483
Other expenses						(141,434)
Finance costs						(1,645)
Profit from Window Takaful Operation						13,138
Profit before tax						297,399
Segment assets	712,352	274,982	339,307	714,101	256,235	2,296,977
Un-allocated assets						1,664,300
Total assets						3,961,277
Segment liabilities	658,490	254,191	313,652	660,107	236,861	2,123,300
Un-allocated liabilities						189,211
Total liabilities						2,312,511

(Rupees in '000)

38 MOVEMENT IN INVESTMENTS

	Available for sale	Held to Maturity	Fair value through profit and loss	Total
As at January 01, 2020	219,303	182,586	468,649	870,538
Additions	3,616	96,232	671,882	771,730
Disposals (sale and redemptions)	-	(42,021)	(537,084)	(579,105)
Fair value net gains (excluding net realised gains)	-	-	(9,390)	(9,390)
Maturity of investment	-	-	-	-
Effect of amortization	-	2,989	-	2,989
	3,616	57,200	125,408	179,369
As at December 31, 2020	222,919	239,786	594,057	1,056,762
Additions	-	218,066	542,916	760,982
Disposals (sale and redemptions)	-	(78,767)	(40,561)	(119,328)
Fair value net gains (excluding net realised gains)	(4,388)	-	(8,766)	(13,154)
Maturity of investment	-	(3,554)	-	3,554
	(4,388)	142,853	493,589	632,054
As at December 31, 2021	218,531	382,639	1,087,646	1,688,816

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

39.1 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim i.e. frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts, since a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Company principally issues the general insurance cover. Risks under these policies usually cover a twelve month duration. For general insurance contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting, where necessary, with appropriate measures that are translated without delay into underwriting guidelines if required.

The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties through reinsurance. The reinsurance business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

(Rupees in '000)

39.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business as at the reporting date:

Class of business	2021				2020			
	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability
	%	%	%	%	%	%	%	%
Fire and property damage	20%	22%	33%	28%	16%	23%	30%	29%
Marine, aviation and transport	4%	10%	5%	6%	6%	16%	6%	7%
Motor	6%	13%	19%	26%	4%	9%	18%	28%
Engineering	58%	28%	29%	24%	65%	33%	33%	17%
Miscellaneous	12%	27%	14%	16%	9%	19%	13%	19%
Total	100%	100%	100%	100%	100%	100%	100%	100%

39.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows):

Class	Gross sum insured	Reinsurance	Net exposure of risk 2021	Net exposure of risk 2020
Fire and property damage	954,790,279	450,499,360	504,290,920	432,184,206
Marine, aviation and transport	355,230,703	178,524,360	176,706,343	495,752,691
Motor	42,280,409	6,563,710	35,717,699	896,315,000
Engineering	976,621,928	476,752,854	499,869,074	-
Miscellaneous	195,493,936	161,336,675	34,157,261	40,100,000
	2,524,417,255	1,273,676,959	1,250,740,297	1,864,351,897

39.1.3 Source of uncertainty in estimation of future claim payments

The key source of estimation of uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs.

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors, involving varying and significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

(Rupees in '000)

39.1.4 Key assumptions

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

39.1.5 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect itself against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine, general average adjustments take longer for the final amounts to be determined which exceed one year. Claims of last five years are disclosed in note 26.2. All amounts are presented in gross numbers before reinsurance.

39.1.6 Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact on the before tax and shareholders's equity of the changes in the claim liabilities net of reinsurance is analyzed below, the sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all the other assumptions constant.

	Pre-tax profit		Shareholders' equity	
	2021	2020	2021	2020
10% increase in loss				
Fire and property damage	(22,195)	(16,050)	(15,759)	(11,395)
Marine, aviation and transport	(9,270)	(7,130)	(6,581)	(5,063)
Motor	(19,512)	(16,696)	(13,853)	(11,854)
Engineering	(22,639)	(13,756)	(16,074)	(9,766)
Miscellaneous	(25,759)	(19,261)	(18,289)	(13,675)
	(99,375)	(72,893)	(70,556)	(51,753)

	Pre-tax profit		Shareholders' equity	
	2021	2020	2021	2020
10% decrease in loss				
Fire and property damage	22,195	16,050	15,759	11,395
Marine, aviation and transport	9,270	7,130	6,581	5,063
Motor	19,512	16,696	13,853	11,854
Engineering	22,639	13,756	16,074	9,766
Miscellaneous	25,759	19,261	18,289	13,675
	99,375	72,893	70,556	51,753

39.2 Financial risk

39.2.1 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, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

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

(Rupees in '000)

	2021			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
Non-derivative Financial liabilities				
Outstanding claims including IBNR	798,276	798,276	296,239	502,037
Insurance / reinsurance payables	3,665	3,665	3,665	-
Other creditors and accruals	43,660	43,660	43,660	-
Lease liability	-	-	-	-
	845,601	845,601	343,564	502,037

	2020			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
Non-derivative Financial liabilities				
Outstanding claims including IBNR	652,587	652,587	197,058	455,529
Insurance / reinsurance payables	17,123	17,123	17,123	-
Other creditors and accruals	58,131	58,131	58,131	-
Lease liability	5,375	5,375	5,375	-
	733,216	733,216	277,687	455,529

39.2.2 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

a) Interest / mark-up rate risk

Interest / mark-up 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 / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given year. The Company manages this mismatchment through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

		2021						
	Effective yield / interest rate	Interest / mark-up bearing			Non-interest bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
Financial assets								
Investments								
Equity securities		-	-	-	-	1,306,177	1,306,177	1,306,177
Debt securities	7.25% to 15.73%	34,942	267,146	302,088	100,550	-	100,550	402,638
Term deposits	7.20% to 13.90%	163,383	-	163,383	-	-	-	163,383
		198,325	267,146	465,471	100,550	1,306,177	1,406,727	1,872,198
Loan and other receivables		-	-	-	28,159	-	28,159	28,159
Insurance / reinsurance receivables		-	-	-	799,711	-	799,711	799,711
Reinsurance recoveries against outstanding claims		-	-	-	535,855	-	535,855	535,855
Cash and bank	4.10% to 8.20%	19,452	-	19,452	14	-	14	19,467
		217,777	267,146	484,923	1,464,289	1,306,177	2,770,466	3,255,390

(Rupees in '000)

	Effective yield / interest rate	2021						
		Interest / mark-up bearing			Non-interest bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
Financial liabilities								
Outstanding claims including IBNR	-	-	-	-	798,276	-	798,276	798,276
Insurance / reinsurance payables	-	-	-	-	3,665	-	3,665	3,665
Other creditors and accruals	-	-	-	-	43,660	-	43,660	43,660
Lease liability	8.22% to 15.06%	-	-	-	-	-	-	-
		-	-	-	845,601	-	845,601	845,601
On balance sheet gap (a)		217,777	267,146	484,923	618,688	1,306,177	1,924,865	2,409,788
Off balance sheet financial instrument		-	-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		217,777	267,146	484,923				
Cumulative interest rate sensitivity gap		217,777	267,146					

	Effective yield / interest rate	2020						
		Interest / mark-up bearing			Non-interest bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
Financial assets								
Investments								
Equity securities		-	-	-	-	816,976	816,976	816,976
Debt securities	7.25% to 15.70%	26,506	181,560	208,066	51,720	-	51,720	259,786
Term deposits	7.50% to 13.90%	385,045	-	385,045	-	-	-	385,045
		411,551	181,560	593,111	51,720	816,976	868,696	1,461,807
Loan and other receivables		-	-	-	23,731	-	23,731	23,731
Insurance / reinsurance receivables		-	-	-	732,305	-	732,305	732,305
Reinsurance recoveries against outstanding claims		-	-	-	455,666	-	455,666	455,666
Cash and bank	5% to 10%	5,955	-	5,955	14	-	14	5,969
		417,506	181,560	599,066	1,263,436	816,976	2,080,412	2,679,478
Financial liabilities								
Outstanding claims including IBNR	-	-	-	-	652,587	-	652,587	652,587
Insurance / reinsurance payables	-	-	-	-	17,122	-	17,122	17,122
Other creditors and accruals	-	-	-	-	58,130	-	58,130	58,130
Lease liability	8.22% to 15.06%	5,375	-	5,375	-	-	-	5,375
		5,375	-	5,375	727,839	-	727,839	733,214
On balance sheet gap (a)		412,131	181,560	593,691	535,597	816,976	1,352,573	1,946,265
Off balance sheet financial instrument		-	-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		412,131	181,560	593,691				
Cumulative interest rate sensitivity gap		412,131	181,560					

(Rupees in '000)

The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

	Carrying amount	
	2021	2020
Fixed rate instruments		
Financial assets	445,471	573,111
Variable rate instruments		
Financial assets	39,452	25,955

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at held to maturity. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

Sensitivity analysis of variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss account by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

	Profit before tax		Total Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2021				
Sensitivity	395	(395)	280	(280)
As at December 31, 2020				
Sensitivity	260	(260)	184	(184)

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

b) 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 factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market.

Primarily, the Company's equity investments are exposed to the price risk. Price risk is limited by the Company through diversification of its portfolio and active monitoring of capital markets.

The table below summarizes the Company's equity price risk as of December 31, 2020 and 2019 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 results could be worse in Company's equity investment portfolio because of the nature of equity markets.

(Rupees in '000)

	Fair value	Hypothetcal price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
December 31, 2021	1,306,177	10% increase	1,436,795	92,739	130,618
		10% decrease	1,175,559	(92,739)	(130,618)
December 31, 2020	816,976	10% increase	898,674	58,005	81,698
		10% decrease	735,278	(58,005)	(81,698)

c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as the Company has no financial assets and financial liabilities in foreign currencies.

39.2.3 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2020 is the carrying amount of the financial assets as set out below:

	2021	2020
Nature of financial assets		
Investments		
Equity securities	1,306,177	816,976
Debt securities	402,638	259,786
Term deposits	163,383	385,045
	1,872,198	1,461,807
Loans and other receivables	28,159	23,731
Insurance / reinsurance receivables	799,711	732,305
Reinsurance recoveries against outstanding claims	535,855	455,666
Bank balances	27,901	26,708
	3,263,824	2,700,218

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

The age analysis of due from insurance contract holders from other than related parties is as follows:

Upto 3 months	231,670	423,673
3 to 6 months	79,356	47,140
6 to 12 months	-	4,828
Above 12 months	2,049	3,426
	313,075	479,067

Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Company's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default. The credit quality of the banks with which Company has balances including TDR's can be assessed with reference to external credit ratings as follows:

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

(Rupees in '000)

Name of banks	Rating Long term	Short term	Rating agency	2021	2020
Cash at bank					
Allied Bank Limited	AAA	A-1+	PACRA	20	1,150
Askari Bank Limited	AA+	A-1+	PACRA	46	11
AlBaraka Bank (Pakistan) Limited	A	A1	PACRA	3	3
Bank Alfalah Limited	AA+	A-1+	PACRA	4	4
BankIslami Pakistan Limited	A+	A1	PACRA	6	2
The Bank of Punjab	AA+	A-1+	PACRA	42	65
Dubai Islamic Bank	AA-	A-1+	JCR-VIS	15,008	6
Faysal Bank Limited	AA	A-1+	JCR-VIS	2,990	3,423
Habib Metropolitan Bank	AA+	A-1+	PACRA	12	23
Habib Bank Limited	AAA	A-1+	JCR-VIS	6	14
MCB Bank Limited	AAA	A-1+	PACRA	1,762	2,950
National Bank of Pakistan	AAA	A1+	PACRA	172	10
Soneri Bank Limited	AA-	A-1+	PACRA	1,514	496
Summit Bank Limited	Suspended		JCR-VIS	2,605	3,070
Sindh Bank Limited	A+	A-1	JCR-VIS	1	761
United Bank Limited	AAA	A-1+	JCR-VIS	98	2,954
The Punjab Provincial Bank	Not available			119	778
JS Bank Limited	AA-	A-1+	PACRA	88	1,883
MCB Bank Limited (Formerly NIB Bank Limited)	AAA	A-1+	PACRA	8	8
The Karakoram Cooperative Bank	Not available			2,524	3,327
Zarai Taraqiati Bank Limited	AAA	A-1+	JCR-VIS	873	5,770
				27,901	26,708
Term deposit certificates					
JS Bank Limited	AA-	A-1+	PACRA	-	250,000
Summit Bank Limited	Suspended		JCR-VIS	118,750	79,965
Dubai Islamic Bank	AA-	A-1+	JCR-VIS	10,000	20,000
MCB Bank Limited	AAA	A-1+	PACRA	1,150	80
Allied Bank Limited	AAA	A-1+	PACRA	-	5,000
The Karakoram Cooperative Bank	Not available			16,800	10,000
Bank Islami Limited	A+	A-1+	PACRA	10,000	20,000
Soneri Bank Limited	AA-	A-1+	PACRA	2,500	-
The Bank of Punjab	AA+	A-1+	PACRA	150	-
The Punjab Provincial Bank	Not available			783	-
United Bank Limited	AAA	A-1+	JCR-VIS	3,250	-
				163,383	385,045

40 CAPITAL RISK MANAGEMENT

The Company's goals and objectives when managing capital are:

To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. The minimum paid-up capital requirement for non-life insurers is Rs. 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

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 the other stakeholders;

(Rupees in '000)

To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

To maintain strong ratings and to protect the Company against unexpected events / losses; and

To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as an exit price. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

2021

	Carrying amount							Fair value			
	Held-to-maturity	Available for sale	Held for Trading	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Investments											
Equity securities	-	218,531	1,087,646	-	-	-	1,306,177	1,306,177	-	-	1,306,177
Debt securities	-	20,000	-	-	-	-	20,000	-	20,000	-	20,000
Financial assets not measured at fair value											
Investments											
Debt securities*	382,638	-	-	-	-	-	382,638	-	-	-	-
Term deposits*	-	-	-	-	163,383	-	163,383	-	-	-	-
Loans and other receivable*	-	-	-	100,416	-	-	100,417	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	799,711	-	-	799,711	-	-	-	-
Re-insurance recoveries against outstanding claims*	-	-	-	535,855	-	-	535,855	-	-	-	-
Cash and bank balance*	-	-	-	-	27,915	-	27,915	-	-	-	-
	382,638	238,531	1,087,646	1,435,982	191,298	-	3,336,096	1,306,177	20,000	-	1,326,177
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(798,276)	(798,276)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(3,665)	(3,665)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(43,660)	(43,660)	-	-	-	-
	382,638	238,531	1,087,646	1,435,982	191,298	(845,601)	2,490,499	1,306,177	20,000	-	1,326,177

(Rupees in '000)

	2020										
	Carrying amount							Fair value			
	Held-to-maturity	Available for sale	Held for Trading	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Investments											
Equity securities	-	222,920	594,056	-	-	-	816,976	816,976	-	-	816,976
Debt securities	-	20,000	-	-	-	-	20,000	-	20,000	-	20,000
Financial assets not measured at fair value											
Investments											
Debt securities	239,786	-	-	-	-	-	239,786	-	-	-	-
Term deposits	-	-	-	-	385,045	-	385,045	-	-	-	-
Loans and other receivable*	-	-	-	127,512	-	-	127,512	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	732,305	-	-	732,305	-	-	-	-
Re-insurance recoveries against outstanding claims*	-	-	-	455,666	-	-	455,666	-	-	-	-
Cash and bank balance*	-	-	-	-	26,722	-	26,722	-	-	-	-
	239,786	242,920	594,056	1,315,483	411,767	-	2,804,013	816,976	20,000	-	836,976
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(652,587)	(652,587)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(17,122)	(17,122)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(58,130)	(58,130)	-	-	-	-
Lease liability	-	-	-	-	-	(5,375)	(5,375)	-	-	-	-
	239,786	242,920	594,056	1,315,483	411,767	(733,214)	2,070,798	816,976	20,000	-	836,976

* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.

42 FAIR VALUE OF NON FINANCIAL ASSET

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

Fair value measurement of investment property is based on the valuation carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

Valuation techniques used to derive level 2 fair values

Fair value of freehold land and investment property was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes, such as location and size of the land. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

2021
Rupees in '000

43 STATEMENT OF SOLVENCY

ASSETS	
Property and equipment	
Office premises	44,247
Furniture and fixtures	9,684
Electric fittings and equipments	10,863
Office equipments	2,020
Motor vehicles	47,887
Computers equipments	636
	115,337
Intangible assets	946
Investment Properties	45,231
Investments	
Equity securities	1,306,177
Debt securities	402,638
Term deposit receipts	163,383
	1,872,198
Loans and other receivables	100,417
Current assets - others	
Insurance / reinsurance receivables	799,711
Re-insurance recoveries against outstanding claims	535,855
Deferred commission expense	329,201
Prepayments	535,262
Cash and bank	27,915
	2,227,944
Total assets	4,362,073
Total assets of takaful operations	171,732
Total assets	4,533,805
Inadmissible Assets	
Marketable securities	123,794
Premium due but unpaid	79,356
Furniture and fixtures	9,684
Electric fittings and equipments	10,863
Computers	636
Office equipment	2,020
Vehicles	47,887
Vehicles - Operators' Fund	1,300
Qard-e-Hasna	18,150
Receivable from PTF	83,454
Computer software	241
Capital working progress	705
Total inadmissible assets	378,090
Total admissible assets	4,155,715
LIABILITIES	
Underwriting Provisions	
Outstanding claims including IBNR	798,276
Unearned premium reserves	1,335,761
Unearned reinsurance commission	120,510
	2,254,547
Retirement benefit obligations	2,679
Premium received in advance	45,610
Insurance / reinsurance payables	3,665
Other creditors and accruals	137,163
Deferred taxation	255

	2021 Rupees in '000
Taxation - net	69,763
Total Liabilities	2,513,682
Total liabilities of takaful operations	59,179
Total Liabilities	2,572,861
Total net admissible assets	1,582,854
Minimum Solvency Requirement (higher offollowing)	
Metho d A - u/s 36(3)(a)	150,000
Metho d B - u/s 36(3)(b)	423,501
Metho d C - u/s 36(3)(c)	249,771
	423,501
Excess in Net Admissible Assets over Minimum Requirements	1,159,353

44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

45 NUMBER OF EMPLOYEES

	2021	2020
Number of employees at the end of the year	153	151
Average number of employees	152	153

46 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25th March, 2022 by the Board of Directors of the Company.

48 GENERAL

Figures have been rounded off to the nearest Pakistan rupee unless otherwise stated.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

PATTERN OF SHARE HOLDINGS

HELD BY THE SHAREHOLDERS OF
EAST WEST INSURANCE COMPANY LIMITED
AS AT DECEMBER 31, 2021

No. of Shareholders	Shareholding Range		Shareholdings	Percentage
28	1	200	3,522	0.0026
177	201	500	49,716	0.0365
7	501	1,000	4,020	0.0030
6	1,001	5,000	16,725	0.0123
4	5,001	10,000	26,162	0.0192
9	10,001	25,000	203,558	0.1496
7	25,001	30,000	191,526	0.1407
6	30,001	35,000	200,418	0.1473
6	35,001	50,000	260,340	0.1913
9	50,001	70,000	531,565	0.3906
3	70,001	1,000,000	287,905	0.2116
1	1,000,001	2,000,000	1,964,832	1.4438
1	2,000,001	3,000,000	2,472,033	1.8165
2	3,000,001	5,000,000	8,856,327	6.5079
4	5,000,001	6,000,000	22,328,886	16.4079
2	6,000,001	7,000,000	12,388,882	9.1037
2	7,000,001	9,000,000	14,934,438	10.9743
2	9,000,001	10,000,000	18,515,165	13.6055
4	10,000,001	11,000,000	41,565,724	30.5437
1	11,000,001	12,000,000	11,284,437	8.2921
281			136,086,181	100.0000

Categories of Shareholders	Number	Share Held	Percentage
CEO,Directors and their spouses and minor children	12	62,938,066	46.2487
Joint Stock Companies, Insurance Companies, Investment Companies & Modaraba	2	11,291,722	8.2975
Individual	267	61,856,393	45.4538
Total	281	136,086,181	100.0000

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Share Held	Percentage
Associated Company			
M/s. Askari Life Assurance Co., Ltd.	1	7,285	0.0054
M/s. East West Holding Company Ltd.	1	11,284,437	8.2921
CEO, Directors, their Spouses and Minor Children			
Chief Justice (R) Mian Mahboob Ahmed	1	4,889	0.0036
Javed Yunus	1	5,813,067	4.2716
Pervez Yunus	1	10,232,763	7.5193
Naved Yunus	1	9,254,133	6.8002
Saad Yunus	1	6,267,538	4.6056
Urooj Yunus Ansari	1	4,076,490	2.9955
Umeed Ansari	1	1,819	0.0013
Ahsan Mahmood Alvi	1	1,652	0.0012
Mazhar Zubair Abbasi	1	575	0.0004
Ambreen N. Yunus	1	10,480,896	7.7017
Rubina J. Yunus	1	10,682,900	7.8501
Samina P. Yunus	1	6,121,344	4.4981
Individual	267	61,856,393	45.4538
Total	281	136,086,181	100.0000

Windows Takaful Operations

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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SHARIAH ADVISOR REPORT

to the Board of Directors

FOR THE YEAR ENDED DECEMBER 31, 2021

الحمدالله رب العلمين والصلاة والسلام على سيدالانبيا ء والمرسلين محمد النبى الامى وعلى اله وصحبه اجمعين وبعد۔

We have reviewed the accompanying financial statements of East West Insurance Company Limited Window Takaful Operation (hereafter referred as "The Operator") for the year ended 31 December 2021.

We acknowledge that as a Shariah Advisor of the Operator, it is Shariah Department's responsibility to ensure that the financial arrangements, contracts and transactions under taken by the Operator with its participants and stakeholders are compliant with the requirements of Shariah rules and principles.

As per the charter of the Operator it is mandatory on the management and employees to ensure application of Shariah guidelines issued by the Shariah Advisor and to ensure Shariah compliance in all actives of the Company. The prime responsibility for ensuring Shariah compliance of the Operator's operations thus lies with the managements.

To form our opinion as expressed in this report, we have reviewed all types of business transactions of the Operator during the year 2021. Based on above, we are of the view that under Takaful Rule 2012.

I. The financial arrangements products and transactions entered into by the Operator and the Waqf, as the case may be for the year ended December 31, 2021 are incompliance with the requirements of the Shariah rules and guidelines as prescribed by the Shariah Advisor.

II. The Operator strived to identify new investment avenues and opted different available options that delivered excellent results. During the year management continuously consulted with the Shariah advisor on the matters and market practices relating to investment activities. The investment avenues and locations selected by the investment manager were periodically reviewed by the Shariah Department and are found Shariah compliant and in conformity with the Shariah guidelines issued by the Shariah Advisor.

III. The Shariah Department has provided Basic Takaful training to the staff of the window Takaful operations. Meanwhile, the mandatory training on Takaful Concept and practices was also organized for executive level & sales staff as well.

IV. The Operator should more focus towards enhancing the skills and knowledge for the all staff of Window Takaful related to the Shariah structure of the company and on Takaful Concept and practices. The Operator should organize the more sessions for executive level & sales staff as well around the country.

V. Consequently, we have found that the company is in accordance with the Shariah principals with respect to all transactions

May Allah bless us with the best Tawfeeq to achieve this precious tasks and bestow us with success in this world and in the world hereafter and forgive us for our mistakes . A'ameen.



Mufti Sajjad Ashraf Usmani
Shariah Advisor

East West Insurance Company Ltd.
Window Takaful Operations

MANAGEMENTS STATEMENTS OF COMPLIANCE

with Shariah Rules and Principles

The financial arrangements, contracts and transactions, entered into by the Window Takaful Operation of the East West Insurance Company ("the Company") for the year ended 31 December 2021 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

1. The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/Shariah Advisor and the Board of Directors have been implemented.

2. The Company has ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff and management:

3. All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operation are in accordance with the policies approved by Shariah Advisor:

4. The assets and liabilities of Window Takaful Operations (Participant's Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules. 2012: and

5. Rule 10 (1) (k) of Takaful Rule 2012 which states that an operator shall ensure that in case of general takaful each Participant Takaful Fund, at all times, has admissible assets in excess of its liabilities. During the year there was no need of transfer of funds as Qard-e-Hasna because PTF has admissible assets in excess of its liabilities. Therefore there was not any change in balance of Qard-e-Hasna.

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



NAVED YUNUS
Chief Executive Officer

Karachi Dated: March 25, 2022

INDEPENDENT REASONABLE ASSURANCE REPORT

to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles

Introduction

We were engaged by the Board of Directors of East West 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, 2021, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012.

Responsibilities of the Management

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

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations in compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence & 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, due care, confidentiality and professional behaviour. The firm applies International Standards on Quality Control (ISQC) 1 "Quality Control for the Firm's that Perform Audits & Reviews of Historical 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 Responsibilities

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

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

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

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;

- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;

- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and

- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2021 with the Takaful Rules, 2012.

Conclusion

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

In our opinion, the annexed statement, for the year ended December 31, 2021, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Crowe Hussain Chaudhury & Co
Chartered Accountants
Engagement partner: Imran Shaikh

Karachi Dated: 25th March, 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of East West Insurance Company Limited - Window Takaful Operations (the Operator), which comprise of the statement of financial position as at December 31, 2021 and the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cashflows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position as at December 31, 2021 and the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cashflows 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, 2021 and of the profit and total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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.

Key Audit Matters

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

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition	
	Refer note 20 and 22 to the annexed financial statements The revenue of Participants' Takaful Fund of the Operator based on contribution earned and re-takaful rebate from takaful policies which comprises almost 99.98 % of total income. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Operator and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of income; • Assessed the appropriateness of the Operator's accounting policy for recording takaful contributions in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where contributions were recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period;

S. No.	Key audit matters	How the matter was addressed in our audit
		• Recalculated the unearned portion of the contribution and re-takaful rebate and ensured that appropriate amount has been recorded as provision for unearned contribution reserve and re-takaful rebate. • Considered the adequacy of disclosure as per 'General Takaful Accounting Regulation 2019'.

Information Other than Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cashflows statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI 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.

Other Matters

The financial statements of the Operator for the year ended December 31, 2020 were audited by another firm of chartered accountants who expressed unmodified opinion dated April 05, 2021.

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi Dated: March 25, 2022

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

(Rupees in '000)

	Note	Operator's Fund		Participant's Takaful Fund	
		2021	2020	2021	2020
ASSETS					
Property and equipment	7	10,251	11,047	-	-
Investment property - at cost	8	33,483	35,245	-	-
Investment					
Term deposits		1,000	-	-	-
Accrued investment income	9	4	1	2	14
Qard-e-Hasna to PTF	10	18,150	18,150	-	-
Takaful / re-takaful receivables	11	-	-	150,448	82,028
Receivable from PTF	12	83,455	41,212	-	-
Taxation - payment less provision	13	23	17	8	6
Deferred wakala fee expense		-	-	41,587	31,668
Deferred commission expense	23	24,337	17,075	-	-
Prepayments	14	809	226	61,241	45,758
Cash and bank	15	220	31	783	20,879
TOTAL ASSETS		171,732	123,004	254,069	180,353
FUND AND LIABILITIES					
Operators' Fund					
Statutory Fund		50,000	50,000	-	-
Accumulated profit		57,301	24,228	-	-
Total Operaters Fund		107,301	74,228	-	-
Participants' Takaful Fund					
Ceded money		-	-	500	500
Accumulated surplus		-	-	30,620	15,105
Balance of Participant Takaful Fund		-	-	31,120	15,605
Qard-e-Hasna from Operator's Fund	10	-	-	18,150	18,150
LIABILITIES					
Underwriting provisions					
Unearned contribution reserves		-	-	110,072	86,087
Unearned Re-takaful rebate		-	-	9,412	6,805
		-	-	119,484	92,892
Takaful / Re-takaful payable	16	-	-	817	10,131
Unearned wakala fee		41,587	31,668	-	-
Contribution received in advance		-	-	134	1,955
Payable to OPF	12	-	-	82,955	40,712
Other creditors and accruals	17	17,592	10,333	1,409	908
Payable to East West Insurance Company Limited	18	5,252	6,775	-	-
TOTAL LIABILITIES		64,431	48,776	204,799	146,598
TOTAL FUND AND LIABILITIES		171,732	123,004	254,069	180,353
CONTINGENCIES AND COMMITMENTS	19				

The annexed notes from 1 to 35 form an integral part of this financial information.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Note	December 31, 2021	December 31, 2020
PARTICIPANTS' TAKAFUL FUND			
Contributions earned	20	188,933	129,431
Less: Contributions ceded to retakaful	20	(150,751)	(105,818)
Net contributions revenue		38,182	23,613
Retakaful rebate	22	21,718	14,945
Net underwriting income		59,900	38,558
Net claims - reported / settled	21	(44,396)	(32,921)
Other direct expenses		(9)	-
Surplus before investment income		15,495	5,637
Investment income	26	41	55
Less: Modarib share of investment income	26	(21)	(28)
Surplus transferred to accumulated surplus		15,515	5,664
Operator's Fund			
Wakala fee	24	113,629	77,383
Commission expense	23	(66,890)	(46,793)
Management expenses	25	(16,132)	(18,822)
		30,607	11,768
Modarib's share of PTF investment income		21	28
Investment income	26	49	12
Rental income		3,074	2,322
Other expenses	27	(678)	(992)
Profit for the period		33,073	13,138

The annexed notes from 1 to 35 form an integral part of this financial information.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Note	December 31, 2021	December 31, 2020
PARTICIPANTS' TAKAFUL FUND			
Surplus for the year		15,515	5,664
Other comprehensive income		-	-
Total comprehensive surplus for the year		15,515	5,664
OPERATOR'S FUND			
Profit for the year		33,073	13,138
Other comprehensive income		-	-
Total comprehensive income for the year		33,073	13,138

The annexed notes from 1 to 35 form an integral part of this financial information.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Operator's Fund		
	Statutory Fund	Accumulated Profit	Total
Balance as at January 1, 2020	50,000	11,090	61,090
Total comprehensive income for the period			
Profit for the period	-	13,138	13,138
Balance as at December 31, 2020	50,000	24,228	74,228
Balance as at January 1, 2021	50,000	24,228	74,228
Total comprehensive income for the period			
Profit for the period	-	33,073	33,073
Balance as at December 31, 2021	50,000	57,301	107,301

	Participant's Fund		
	Statutory Fund	Accumulated Surplus	Total
Balance as at January 1, 2020	500	9,441	9,941
Total comprehensive income for the period			
Surplus for the period	-	5,664	5,664
Balance as at December 31, 2020	500	15,105	15,605
Balance as at January 1, 2021	500	15,105	15,605
Total comprehensive income for the period			
Surplus for the period	-	15,515	15,515
Balance as at December 31, 2021	500	30,620	31,120

The annexed notes from 1 to 35 form an integral part of this financial information.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

CASH FLOWS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(Rupees in '000)

	Operator's Fund		Participant's Takaful Fund	
	2021	2020	2021	2020
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	-	246,992	197,358
Retakaful contribution paid	-	-	(166,234)	(107,121)
Claims paid	-	-	(162,352)	(120,550)
Retakaful and recoveries received	-	-	117,956	87,629
Commission paid	(65,854)	(42,158)	-	-
Retakaful rebate received	-	-	24,325	14,431
Wakala fee received	123,548	77,350	-	-
Wakala fee paid	-	-	(123,548)	(77,350)
Modarib share received	21	28		
Modarib share paid	-	-	(21)	(28)
Net cash flow tactful activities	57,715	35,220	(62,882)	(5,631)
(b) Other operating activities				
Income tax paid	(6)	369	(2)	9
Direct expenses paid	-	-	(9)	-
Other operating payments	(678)	1,765	-	-
Management expenses paid	(13,128)	(17,540)	-	-
Other operating receipts	(43,766)	(22,132)	42,744	25,643
Net cash flow from other operating activities	(57,578)	(37,538)	42,733	25,652
Total cash used in all operating activities	137	(2,318)	(20,149)	20,021
INVESTMENT ACTIVITIES				
Profit received on investment income	45	11	53	46
Rental income	1,007	2,322	-	-
Addition to investment	(1,000)	-	-	-
Total cash flow generated from / (used in) investing activities	52	2,333	53	46
Net cash flow from all activities	189	15	(20,096)	20,067
Cash and cash equivalents at beginning of the period	31	16	20,879	812
Cash and cash equivalents at end of the period	220	31	783	20,879

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

(Rupees in '000)

	Operator's Fund		Participant's Takaful Fund	
	2021	2020	2021	2020
Reconciliation to profit and loss account:				
Operating cash flows	137	(2,318)	(20,149)	20,021
Depreciation	(2,558)	(2,757)	-	-
Investment income	45	11	53	46
Rental income	1,007	2,322	-	-
Increase / (decrease) in assets other than cash	50,097	21,903	93,812	4,825
Increase / (decrease) in liabilities	(15,655)	(6,023)	(58,201)	(19,228)
Profit / surplus for the period	33,073	13,138	15,515	5,664

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

East West Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 08, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the Takaful business, the Operator has formed a Participants' Takaful Fund (PTF) on April 06, 2018 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

The registered office of the Operator is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan, as are notified under the Companies Act 2017, provision of and directives issued under the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations 2019. In case requirements differ, the provision or directives of the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations 2019 shall prevail. These financial statements reflect the financial position and results of operations of both the company and PTF in a manner that the assets, liabilities, income and expenses of the company and PTF remain separately identifiable.

2.1 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Operator's functional currency. All financial statements presented in Pak Rupees have been rounded to nearest Rupees, unless otherwise stated.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 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 Operator's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

3.2 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, ammedments or interpretations	Effective date (periods beginning on or after)
- IFRS 16 - 'Leases' (amendments)	April 1, 2021
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at lower of cost and market value.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

4.1 Use of judgments and estimates

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

Estimates

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Unearned contribution reserve	6.5.2
- Contribution due but unpaid - net	6.5.3
- Provision for outstanding claims (including IBNR)	6.7
- Taxation (current and deferred)	6.20
- Unearned retakaful rebate	6.11
- Retakaful recoveries against outstanding claims	6.9
- Prepaid Retakaful contribution ceded	6.8.2
- Deferred commission expense	6.10.1

Judgments

In the process of applying the Operator's accounting policies, management has made following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Classification of investments

As the Operator's objective is to maintain an investment portfolio that can generate a constant return in terms of dividend and capital appreciation and not for the purpose of making short term profit from market volatility, all other debt, investment funds, and equity investment securities are classified as available-for-sale.

The Operator treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires considerable judgment. ‘Significant’ is to be evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. In addition, the Operator evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

5 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak “Public Health Emergency of International Concern”. Many countries including Pakistan have enacted protection measures against COVID-19, with a signi?cant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these ?nancial statements, there has been no speci?cally material quanti?able impact of COVID-19 on the Company's ?nancial condition or results of operations.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

6.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in the note 6 to the financial statements.

In respect of addition and disposal during the period, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

6.2 Investment property

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the Statement of profit or loss in the year of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to Statement of profit or loss using the straight-line method over their estimated useful lives at the rates disclosed in note 8 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to Statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

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

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

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

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

The fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Operator is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

6.4 Takaful contracts

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

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

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.

The Operator underwrites non-life takaful contracts that can be categorised into:

- Fire and property damage

- Marine, aviation and transport

- Motor

- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another takaful operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and property damage

Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and against liabilities to third parties and passengers arising from their use.

Motor

Motor takaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Miscellaneous

All other takaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

6.5 Contribution

6.5.1 Contribution income earned

Contribution written under a policy is recognized as income over the period of takaful from the date of issue of the policy to which it relates to its expiry as follows:

a) for takaful business, evenly over the period of the policy;

b) for proportional retakaful business, evenly over the period of underlying retakaful policies; and

c) for non-proportional retakaful business, on inception of the retakaful contract in accordance with the pattern of retakaful service.

Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of incidence of risk.

Where contribution for a policy is payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and a related asset is set up in respect of the contribution receivable at a later date. Contribution is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

6.5.2 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contribution has been calculated by applying 1/24th method and proportionate method for policies covering a period of one year and other policies respectively as specified in the Insurance Rules, 2017.

6.5.3 Contribution due but unpaid - net

Contribution due but unpaid under takaful contracts is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss in profit and loss account.

6.6 Claims expense

Takaful claims are charged to PTF and include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the takaful contracts.

6.7 Provision for outstanding claims (including IBNR)

The PTF recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a Takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date, in accordance with SECP circular no. 9 of 2016. Since no historical data is available, provision for IBNR claims has not been recorded. However, any claim reported before finalization of accounts will be considered as IBNR claim.

6.8 Retakaful contracts

6.8.1 Retakaful expense

Contribution ceded is recognized as an expense over the period of retakaful from inception to which it relates to its expiry as follows:

a) for proportional retakaful business, evenly over the period of the underlying policies;

b) for non-proportional retakaful business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, retakaful contribution is recognized as expense in accordance with the pattern of incidence of risk.

6.8.2 Prepaid retakaful contribution ceded

The portion of retakaful contribution ceded not recognized as an expense as at year end is recognized as prepaid retakaful contribution ceded. Unrecognized portion is determined in the same manner as for unearned contribution reserve.

6.9 Retakaful recoveries against outstanding claims

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

6.10 Commission

6.10.1 Commission expense

Commission expense incurred in obtaining and recording policies is deferred and is recognized in the profit and loss account as an expense in accordance with the pattern of recognition of takaful contribution revenue.

6.11 Rebate from retakaful operators

Rebate income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of retakaful contribution.

6.12 Wakala and Mudarib fee

The Operator manages the general takaful operations for the participants and charges 40% for fire and property, 40% for marine, aviation and transport, 35% for motor, 35% for miscellaneous and 20% for health, on gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognised on the same basis as the related revenue is recognised. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

The Operator also manages the Participants' investment as Mudarib and charges 50% of the investment / deposit income earned by the PTF as Mudarib's share.

6.13 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 year.

6.14 Qard-e-Hasna

Qard-e-Hasna is provided by Operators' Fund to PTF in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to PTF less impairment, if any. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.

6.15 Revenue recognition

6.15.1 Participants' takaful fund

6.15.1.1 Contribution

The revenue recognition policy for contributions is given under note 6.5.1.

6.15.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from Re-takaful operators is given under note 6.11.

6.15.2 Operator's fund

The revenue recognition policy for wakala fee is given under note 6.12.

6.15.3 Participants' takaful fund / Operator's fund

6.15.3.1 Investment income

Profit on investments, return on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

6.16 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely; fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 6.3.

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

6.17 Financial instruments

Financial assets and financial liabilities are recognized when the Operator becomes a party to the contractual provisions of the instrument and derecognized when the Operator loses control of contractual rights that comprise the financial assets and, in the case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the balance-sheet include investments, accrued investment income, takaful / retakaful receivables, receivable from PTF, cash and bank deposits, payable to OPF, other creditors and accruals and payable to East West Insurance Company Limited.

6.18 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Operator intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

6.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Operator to do so.

6.20 Taxation

The profit of the Operator is taxed as part of total profit of the East West Insurance Company Limited as the Operator is not separately registered for tax purposes.

6.21 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

6.22 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

6.23 Creditors, accruals and provisions

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

Provisions are recognised when the Operator / PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions will be reviewed at each balance sheet date and will be adjusted to reflect the current estimate.

7 PROPERTY AND EQUIPMENT

2021 (Rupees in '000)

Particulars	Cost			Accumulated Depreciation			Written down value	Depreciation rate %
	As at January 1, 2021	Additions during the year	As at December 31, 2021	As at January 1, 2021	Depreciation for the year	As at December 31, 2021		
Office Premises	10,000	-	10,000	579	471	1,050	8,950	5%
Vehicles	2,300	-	2,300	674	325	999	1,301	20%
	12,300	-	12,300	1,253	796	2,049	10,251	
December 31, 2020 - audited	12,300	-	12,300	351	902	1,253	11,047	

8 INVESTMENT PROPERTY

2021 (Rupees in '000)

Particulars	Cost			Accumulated Depreciation			Written down value	Depreciation rate %
	As at January 1, 2021	Additions during the year	As at December 31, 2021	As at January 1, 2021	Depreciation for the year	As at December 31, 2021		
Office permises	38,000	-	38,000	2,755	1,762	4,517	33,483	5%
	38,000	-	38,000	2,755	1,762	4,517	33,483	
December 31, 2020 - audited	38,000	-	38,000	900	1,855	2,755	35,245	

Revaluation was carried out by the Company in the month of July 2021. The valuation exercise was carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited and revalued market value is estimated at Rs. 38.7 million (2020: Rs. 38 million).

Rental income from investment property is Rs. 3.076 million (2020: Rs. 2.322 million).

Depreciation on this property is calculated using reducing balance method @5% calculated on written down value (WDV) of the property.

	Note	Operator's Fund		Participant's Takaful Fund	
		2021	2020	2021	2020
9 ACCRUED INVESTMENT INCOME					
Income accrued on savings account		4	1	2	14
		4	1	2	14
10 QARD-E-HASNA TO PARTICIPANT'S TAKAFUL FUND (PTF)					
Opening as at January 1st				18,150	18,150
Closing as at December 31st				18,150	18,150
11 TAKAFUL / RE-TAKAFUL RECEIVABLES (PTF)					
Participants' Takaful Fund					
Due from takaful participant holders				80,273	24,752
Due from other takaful / re-takaful operators				70,175	57,276
				150,448	82,028

(Rupees in '000)

	Note	Operator's Fund 2021	Operator's Fund 2020	Participant's Takaful Fund 2021	Participant's Takaful Fund 2020
12 RECEIVABLE FROM PTF / PAYABLE TO OPF					
Other receivable / payable		83,455	41,212	(82,955)	(40,712)
		83,455	41,212	(82,955)	(40,712)
13 TAXATION - PAYMENT LESS PROVISION					
Tax deducted at source		23	17	8	6
14 PREPAYMENTS					
Prepaid retakaful contribution ceded		-	-	61,241	45,758
Other prepayments		809	226	-	-
		809	226	61,241	45,758

	Note	Operator's Fund 2021 (Unaudited)	Operator's Fund 2020 (Audited)	Participant's Takaful Fund 2021 (Unaudited)	Participant's Takaful Fund 2020 (Audited)
15 CASH AND BANK					
Cash at bank					
Current accounts		1	1	-	-
Savings accounts	15.1	219	30	783	20,879
		220	31	783	20,879

15.1 These represent profit and loss sharing accounts carrying profit rates ranging from 5% to 10% (2019: 7% to 10%) per annum.

	Note	Participant's Takaful Fund 2021	Participant's Takaful Fund 2020
16 TAKAFUL / RETAKAFUL PAYABLE (PTF)			
Participants' Takaful Fund			
Due to other takaful / re-takaful			
Local		817	10,131
		817	10,131

	Note	Operator's Fund 2021	Operator's Fund 2020	Participant's Takaful Fund 2021	Participant's Takaful Fund 2020
17 OTHER CREDITORS AND ACCRUALS					
Salaries payable		787	926	-	-
Staff provident fund		467	397	-	-
Commission payable		15,028	6,730	-	-
Withholding tax payable		23	83	-	-
Accrued expenses		1,287	2,197	1,409	908
		17,592	10,333	1,409	908

(Rupees in '000)

18 PAYABLE TO EAST WEST INSURANCE COMPANY LIMITED (OPF)

This represents the amount payable in respect of expenses incurred by East West Insurance Company Limited on behalf of the Operator.

19 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2021 (December 31, 2020: Nil).

	Note	Participant's Takaful Fund 2021	Participant's Takaful Fund 2020
20 NET TAKAFUL CONTRIBUTION			
Participants' Takaful Fund			
Written gross contribution		326,547	206,477
Wakala fee	24	(113,629)	(77,383)
Contribution net of wakala		212,918	129,094
Unearned contribution reserve -Opening		86,087	86,424
Unearned contribution reserve -Closing		(110,072)	(86,087)
Contribution earned		188,933	129,431
Less:			
Re-takaful contribution ceded		166,234	107,121
Prepaid retakaful contribution ceded-Opening		45,758	44,455
Prepaid retakaful contribution ceded -Closing		(61,241)	(45,758)
Retakaful expense		150,751	105,818
		38,182	23,613
21 NET TAKAFUL CLAIMS			
Claim expense / paid		162,352	120,550
Retakaful and other recoveries received		(117,956)	(87,629)
		44,396	32,921
22 RETAKAFUL REBATE			
Retakaful rebate received		24,325	14,431
Unearned retakaful rebate - opening		6,805	7,319
Unearned retakaful rebate - closing		(9,412)	(6,805)
Rebate from takaful operator		21,718	14,945

	Note	Operator's Fund 2021	Operator's Fund 2020
23 COMMISSION EXPENSE			
Commission paid		74,152	44,297
Deferred commission expense - opening		17,075	19,571
Deferred commission expense - closing		(24,337)	(17,075)
		66,890	46,793

	Note	Participant's Takaful Fund 2021	Participant's Takaful Fund 2020
24 WAKALA EXPENSE			
Gross wakala fee		123,548	77,350
Deferred wakala expense - opening		31,668	31,701
Deferred wakala expense - closing		(41,587)	(31,668)
Deferred wakala expense		113,629	77,383

(Rupees in '000)

24.1 The operator manages the general takaful operations for the participants' and charges 40% for fire, 35% for motor, 40% for marine and 35% for miscellaneous classes, of gross contribution including adminstrative surcharges as wakala fee against the services.

	Note	Operator's Fund 2021	Operator's Fund 2020
25 MANAGEMENT EXPENSES			
Salaries, allowances and employee benefit		10,118	12,351
Staff welfare expenses		61	35
Depreciation expenses		2,558	2,757
Office rent and maintenance		1,881	1,996
Motor vehicle running expense		41	188
Printing and stationary		4	5
Postage and telegram		1	3
Utility expenses		263	260
Repair and maintenance		-	23
Computer Expenses		-	3
Newspaper and periodicals		1	1
Shariah registrar fees		1,200	1,200
Bank charges		4	-
		16,132	18,822
26 INVESTMENT INCOME			
Return on bank balances			
- Return on saving Accounts		49	12
Total investment income		49	12

	Note	Participant's Takaful Fund 2021	Participant's Takaful Fund 2020
Return on bank balances			
- Return on saving Accounts		41	55
Less: Investment related expenses		(21)	(28)
		20	27

	Note	Operator's Fund 2021	Operator's Fund 2020
27 OTHER EXPENSES			
Auditor's remuneration		678	992
		678	992

28 RELATED PARTY TRANSACTIONS

The Operator has related parties comprise of the associates, directors, key management personnel and staff retirement funds. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Detail of related parties transactions with balances are as follows:

(Rupees in '000)

Nature of Transaction	Relationship with the Company	Basis of Relationship	2021	2020
Loan received from East West Insurance Company Limited	Window Takaful Operator	Management Company	(1,524)	2,635
Loan paid from East West Insurance Company Limited			-	-
Remuneration paid				
Sohail Nazeer	Head of Window Takaful Operation	Key Management Personal	200	-
Sajjad Usmani	Shariah Advisor	Key Management Personal	1,200	1,200
Mushtaq Hussain	Ex-Head of Window Takaful Operation	Key Management Personal	532	-
Abdul Hakeem Siddiqui	Ex-Head of Window Takaful Operation	Key Management Personal	-	957
Year end balances				
Payable to related parties				
East West Insurance Company Limited			5,252	6,775
Key management personal			300	307
			5,552	7,082

29 SEGMENT REPORTING

2021

Operator's Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Engineering	Miscellaneous	Total
Wakala fee earned	42,945	18,937	30,789	18,888	2,070	113,629
Commission expense	(26,386)	(12,549)	(17,836)	(8,889)	(1,230)	(66,890)
Management expenses	(6,096)	(2,689)	(4,371)	(2,682)	(294)	(16,132)
Underwriting results	10,463	3,699	8,582	7,317	546	30,607
Mudarib's share of PTF investment income						21
Direct expenses						(678)
Investment income						49
Rental income						3,074
Profit before taxation for the year						33,073
Corporate segment assets	11,061	3,899	5,615	3,170	592	24,337
Corporate unallocated assets						147,395
Total assets						171,732
Corporate segment liabilities	19,005	5,488	8,803	7,301	990	41,587
Corporate unallocated liabilities						22,844
Total liabilities						64,431

(Rupees in '000)

2020

Operator's Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Engineering	Miscellaneous	Total
Wakala fee earned	30,719	12,244	20,608	12,938	874	77,383
Commission expense	(18,760)	(8,010)	(12,185)	(7,402)	(436)	(46,793)
Management expenses	(7,471)	(2,978)	(5,013)	(3,147)	(213)	(18,822)
Underwriting results	4,488	1,256	3,410	2,389	225	11,768
Mudarib's share of PTF investment income						28
Direct expenses						(992)
Investment income						12
Rental income						2,322
Profit before taxation for the year						13,138
Corporate segment assets	6,427	1,259	6,555	2,612	222	17,075
Corporate unallocated assets						105,929
Total assets						123,004
Corporate segment liabilities	10,707	1,618	12,569	6,198	576	31,668
Corporate unallocated liabilities						17,108
Total liabilities						48,776

30.2 Participants' Takaful Fund

2021

Participant's Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Engineering	Miscellaneous	Total
Written gross contribution including administrative surcharge	128,103	57,017	77,209	57,119	7,099	326,547
Gross direct contribution	39,121	16,292	10,047	33,745	2,380	101,585
Facultative inward contribution	87,060	39,949	66,663	22,134	4,614	220,420
Administrative surcharge	1,924	776	499	1,240	105	4,544
Wakala Fee	(42,945)	(18,937)	(30,789)	(18,888)	(2,070)	(113,629)
Contribution earned	64,420	28,406	57,179	35,077	3,851	188,933
Retakaful expense	(67,812)	(27,426)	(22,981)	(29,272)	(3,260)	(150,751)
Net takaful contribution	(3,392)	980	34,198	5,805	591	38,182
Retakaful rebate earned	10,208	4,125	3,950	2,946	489	21,718
Net underwriting income	6,816	5,105	38,148	8,751	1,080	59,900
Takaful claims	(59,167)	(29,230)	(37,846)	(32,966)	(3,143)	(162,352)
Takaful claims recovered from retakaful	52,612	22,537	13,195	26,807	2,805	117,956
Net claims	(6,555)	(6,693)	(24,651)	(6,159)	(338)	(44,396)
Direct expenses	(9)	-	-	-	-	(9)
Surplus/(Deficit) before investment income	252	(1,588)	13,497	2,592	742	15,495
Investment income						41
Modarib's share of investment income						(21)
Surplus transferred to accumulated surplus						15,515
Corporate segment assets	86,359	38,080	76,652	47,023	5,162	253,276
Corporate unallocated assets						793
Total assets						254,069
Segment Liabilities	41,064	18,107	36,449	22,360	2,455	120,435
Unallocated Liabilities						84,364
						204,799

(Rupees in '000)

2020

Participant's Fund	Fire and Property Damage	Marine Aviation and Transport	Motor	Engineering	Miscellaneous	Total
Written gross contribution including administrative surcharge	73,212	28,456	64,261	37,972	2,576	206,477
Gross direct contribution	9,711	7,744	18,508	20,499	106	56,568
Facultative inward contribution	63,075	20,338	44,836	16,776	2,470	147,495
Administrative surcharge	426	374	917	697	-	2,414
Wakala Fee	(30,719)	(12,244)	(20,608)	(12,938)	(874)	(77,383)
Contribution earned	46,075	18,365	38,272	24,027	2,692	129,431
Retakaful expense	(36,569)	(22,057)	(19,494)	(25,914)	(1,784)	(105,818)
Net takaful contribution	9,506	(3,692)	18,778	(1,887)	908	23,613
Retakaful rebate earned	5,450	3,308	2,731	3,188	268	14,945
Net underwriting income	14,956	(384)	21,509	1,301	1,176	38,558
Takaful claims	(48,858)	(21,341)	(20,492)	(25,253)	(4,606)	(120,550)
Takaful claims recovered from retakaful	38,353	16,313	9,027	21,655	2,281	87,629
Net claims	(10,505)	(5,028)	(11,465)	(3,598)	(2,325)	(32,921)
Direct expenses	-	-	-	-	-	-
Surplus/(Deficit) before investment income	4,451	(5,412)	10,044	(2,297)	(1,149)	5,637
Investment income						55
Modarib's share of investment income						(28)
Surplus transferred to accumulated surplus						5,664
Corporate segment assets	56,763	22,625	47,150	29,600	3,316	159,454
Corporate unallocated assets						20,899
Total assets						180,353
Segment Liabilities	37,370	14,895	31,041	19,488	2,183	104,978
Unallocated Liabilities						41,620
						146,598

30 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The risks involved with financial instruments and the Operator's approach to managing such risks are discussed below.

30.1 Takaful risk

The risk under a takaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable. The principal risk faced under such contracts is that the occurrence of the covered events and the severity of reported claims. The Operator's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Operator principally issues the general takaful cover. Risks under these policies usually cover a twelve month duration. For general takaful contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding takaful and retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

The primary risk control measure in respect of the Takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Frequency and severity of claims

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

The Operator class wise major risk exposure is as follows:

Fire and property damage

Marine, aviation and transport

Motor

Miscellaneous

The primary risk control measure in respect of the takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Retakaful is used to manage takaful risk. Although the Operator has retakaful arrangements, it does not, however, discharge the Operator's liability and thus a credit risk exposure remains with respect to retakaful ceded to the extent that any retakaful operator may be unable to meet its obligations under such retakaful arrangements. The Operator minimizes such credit risk by entering into retakaful arrangements with retakaful operators having good credit ratings, which are reviewed on a regular basis. The creditworthiness of retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

Uncertainty in the estimation of future claims payment

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

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

Claims development

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims that are past due for more than 6 months.

30.1.1 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant. Sensitivity analysis is not presented as there is no claim payable by the Operator as at the reporting date.

30.2 Retakaful risk

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fail to meet the obligation under the retakaful agreements.

	2021		
Rating	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding claims	Other Retakaful assets
A or above (including PRCL)	70,175	-	61,241

	2020		
Rating	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding claims	Other Retakaful assets
A or above (including PRCL)	57,276	-	45,758

30.3 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge an obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

30.3.1 Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2020 is the carrying amount of the financial assets as set out below:

	2021		
	Operator's Fund	Participant's Fund	Aggregate
Accrued investment income	4	2	6
Takaful / retakaful receivables	-	150,448	150,448
Receivable from PTF	83,455	-	83,455
Cash and bank	220	783	1,003
	83,679	151,233	234,912

	2020		
	Operator's Fund	Participant's Fund	Aggregate
Accrued investment income	1	14	15
Takaful / retakaful receivables	-	82,028	82,028
Receivable from PTF	41,212	-	41,212
Cash and bank	31	20,879	20,910
	41,244	102,921	144,165

30.3.2 Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Operator's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Operator's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other takaful / retakaful operators for whom there is no history of default. The credit quality of the banks with which Operator has balances can be assessed with reference to external credit ratings.

30.4 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, receivables of Rs. Nil were provided for or impaired.

30.5 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities on an undiscounted cashflow basis:

(Rupees in '000)

December 31, 2021

Operator's Fund	Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Other creditors and accruals	17,569	17,569	17,569	-
Payable to				
East West Insurance Company Limited	5,252	5,252	5,252	-
	22,821	22,821	22,821	-

(Rupees in '000)

December 31, 2020

Operator's Fund	Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Other creditors and accruals	10,250	10,250	10,250	-
Payable to				
East West Insurance Company Limited	6,775	6,775	6,775	-
	17,025	17,025	17,025	-

(Rupees in '000)

December 31, 2021

Participant's Fund	Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Payable to OPF	82,955	82,955	82,955	-
Other creditors and accruals	1,409	1,409	1,409	-
	84,364	84,364	84,364	-

(Rupees in '000)

December 31, 2020

Participant's Fund	Carrying amount	Contractual cash flows	Upto one year	Over one year
Financial liabilities				
Payable to OPF	40,712	40,712	40,712	-
Other creditors and accruals	908	908	908	-
	41,620	41,620	41,620	-

30.6 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

30.6.1 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. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

30.6.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from Term Deposits. The information about the exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2021		
	Operator's Fund	Participant's Fund	Aggregate
Variable rate instruments			
Financial assets	220	783	1,003
	220	783	1,003

	2020		
	Operator's Fund	Participant's Fund	Aggregate
Variable rate instruments			
Financial assets	31	20,879	20,910
	31	20,879	20,910

Sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in profit rates at reporting date would not affect profit and loss account.

Sensitivity analysis for variable rate instruments

Presently, the Operator does not hold any variable rate instrument and is not exposed to profit rate risk except for balances in certain profit and loss sharing accounts , the profit rate on which range between 4.1% to 8.2% (2019: 5.5% to 9.6%) per annum.

An increase of 100 basis points in profit rates would have increased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

(Rupees in '000)

	Profit (Loss) for the Year /period		Total Equity	
Operator's Fund	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2021				
Sensitivity	2	(2)	2	(2)
As at December 31, 2020				
Sensitivity	300	(300)	300	(300)

(Rupees in '000)

Participants' Fund	Surplus (Deficit) for the year/period		Total Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2021				
Sensitivity	8	(8)	8	(8)
As at December 31, 2020				
Sensitivity	209	(209)	209	(209)

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Operator monitors the profit rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Operator's policy requires the management to manage this risk by measuring the mismatch of the profit rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed profit securities.

The average effective duration of the Operator's portfolio is a measure of the sensitivity of the fair value of the Operator's fixed profit securities to changes in market profit rates.

The Operator's policy refrains from holding profit bearing instruments that induce the average effective duration of the fixed profit portfolio to pass the benchmark of the average duration.

30.6.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operator is not exposed to any such risk.

31 CAPITAL MANAGEMENT

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

	Note	Participant's Takaful Fund	
		December 31, 2021	December 31, 2020
32 STATEMENT OF SOLVENCY - PTF			
ASSETS			
Accrued Investment Income		2	14
Takaful/ retakful receivable		150,448	82,028
Taxation deducted at source		8	6
Deferred Wakala expense		41,587	31,668
Prepayments	32.1	61,241	45,758
Bank balances		783	20,879
Total Assets (A)		254,069	180,353

(Rupees in '000)

	Note	Participant's Takaful Fund December 31, 2021	December 31, 2020
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000			
Takaful/ retakful receivable		37,976	24,503
Total In-admissible Assets (B)		37,976	24,503
Total Admissible Assets (C=A-B)		216,093	155,850
LIABILITIES			
PTF Underwriting provisions			
Unearned contribution reserve		110,072	86,087
Unearned retakaful rebate		9,412	6,804
Contribution received in advance		134	1,955
Payable to OPT		82,954	40,712
Takaful / retakaful payable		817	10,131
Other creditors and accruals		1,410	909
Total Liabilities (D)		204,799	146,598
Total Net Admissible Assets (E=C-D)		11,294	9,252

32.1 In the absence of any specific guidance, "prepaid re-takaful contribution ceded" has been treated as admissible asset for the purposes of this statement.

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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. Consequently, differences may arise between the carrying values and the fair values estimates.

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

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

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Operator.

35 GENERAL

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

Chairman | Chief Executive Officer | Director | Director | Chief Financial Officer

Karachi Dated : 25th March, 2022

FORM OF PROXY

39th Annual General Meeting

I/We_____

of_____

in the district of

being a member of EAST WEST INSURANCE COMPANY LIMITED, hereby appoint:

_____

another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Thirty Nine Annual General Meeting of the Company to be held on Thursday April 28, 2022 at 11:30 a.m. at the Registered Office of the Company at 27, Regal Plaza, Jinnah Road, Quetta and at any adjournment thereof.

Witness:

1. Signature _____
   Name _____
   Address _____
   _____
   CNIC or passport No. _____

Please affix rupee five revenue stamp

2. Signature _____
   Name _____
   Address _____
   _____
   CNIC or passport No. _____

Signature of Member

Please quote folio number

IMPORTANT : This instrument appointing a proxy, duly completed, must received at the Company's Share Registrar, THK Associates (Pvt) Limited, Plot No. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi, not later than 48 hours before the time of holding the meeting.

پراکسی فارم

۳۹واں سالانہ عام اجلاس

میں/ہم _____

ساکن _____

_____

بحیثیت ممبر ایسٹ ویسٹ انشورنس کمپنی لمیٹڈ بذریعہ ہذا مسمی: _____

ساکن _____

کو یا ان کی عدم دستیابی کی صورت میں مسمی: _____

ساکن _____

_____

کو اپنی ہماری جانب سے پراکسی مقرر کر رہا/رہی ہوں تاکہ وہ 20/اپریل 2022ء بوقت 11:30 بجے منعقد ہونے والے ۳۹واں سالانہ اجلاس عام یا اس کے کسی بھی التواء میں میری ہماری جگہ شرکت کرے اور ووٹ ڈالے۔ کمپنی رجسٹرڈ آفس 28، ریگل پلازہ، جناح روڈ، کوئٹہ۔

ا۔گواہ: _____

دستخط _____

نام: _____

پتہ: _____

ریونیو اسٹیپ

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

ا۔گواہ: _____

دستخط _____

نام: _____

پتہ: _____

ریونیو اسٹیپ

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

برائے مہربانی فولیو نمبر کا حوالہ

اراکین کے دستخط

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع ایسوسی ایٹ (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-22، جامی کمرشل سیکٹر 2، ڈی ایچ اے فیز 7، کراچی میں اجلاس کے طے شدہ وقت سے کم از کم 28 گھنٹے قبل جمع کرا دیا جائے۔

جیسا کہ انشورنس آرڈیننس 2000ء اور اس کے تحت بنائے گئے قواعد کے تحت ضرورت ہے، ڈائریکٹرز تصدیق کرتے ہیں کہ:۔

☆ ان کی رائے میں اور ان کے بہترین عقیدے کے مطابق اس اسٹیٹمنٹ کے ساتھ منسلک فارم میں کمپنی کے سالانہ قانونی اکاؤنٹس انشورنس آرڈیننس اور اس کے تحت بنائے گئے قوانین کے مطابق تیار کئے گئے ہیں۔

☆ کمپنی نے سال میں ہر وقت ادا شدہ سرمائے، سالوینسی اور ری بیمہ کے انتظامات سے متعلق آرڈیننس اور اس کے تحت بنائے گئے قوانین کی دفعات کی تعمیل کی ہے۔اور

☆ جیسا کہ بیان کی تاریخ تک، کمپنی آرڈیننس کی دفعات اور وہاں بنائے گئے قواعد کی تعمیل کرتی رہتی ہے جیسا کہ پہلے ذکر کیا گیا ہے۔

آڈیٹرز

مالی سال 2022ء کے لئے آڈیٹرز کی تقرری کے لئے ریٹائر ہونے والے آڈیٹرز میسرز کروحسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہیں، نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔کوالٹی کنٹرول ریویو پروگرام کے تحت ضرورت کے مطابق انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستا (ICAP) کی طرف سے بیرونی آڈیٹرز کو تسلی بخش درجہ بندی حاصل ہے۔جیسا کہ آڈٹ کمیٹی نے تجویز کیا، بورڈ آف ڈائریکٹرز نے میسرز کروحسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مالی سال 2022ء کے لئے قانونی آڈیٹر مقرر کرنے کی سفارش کی جس کی فیس باہمی رضامندی سے ہوگی۔

تعریف اور اعتراف

ہم اپنے قابل قدر کلائنٹس اور شیئر ہولڈرز کے مسلسل اعتماد کے لئے ان کا شکریہ ادا کرتے ہیں جس نے ہمیں قابل قدر پریمیم ریونیو پیدا کرنے کے لئے اپنی مارکیٹ کی رسائی کو بتدریج بڑھانے کے قابل بنایا۔ہم اپنے ری بیمہ کنندگان اور بروکرز کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے ہمیں اپنی ذمہ داریوں کو انجام دینے میں قابل قدر تعاون کیا۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے انشورنس ڈویژن کے تعاون اور پیشہ ورانہ تعاون کے لئے اپنی تعریف بھی ریکارڈ کرنا چاہیں گے۔آخر میں ہم کمپنی کے مطلوبہ اہداف اور مقاصد کے حصول کے لئے اپنی مارکیٹنگ ٹیموں، افسران اور عملے کے اراکین کی محنت اور لگن کو بھی تسلیم کرتے ہیں اور سال 2022ء میں ان کے مسلسل تعاون کے منتظر ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی جانب سے

ڈائریکٹر

کراچی مورخہ: 5 اپریل 2021

چیف ایگزیکٹیو آفیسر

کمپنیز ایکٹ 2017ء کے سیکشن 227 کے تحت درکار دیگر معلومات شیئر ہولڈنگ کے پیٹرن کے تحت ظاہر کی گئی ہین (بشمول اس کے دائریکٹرز اور ایگزیکٹوز کے ذریعے کمپنی کے حصص کی تجارت)، اندرونی کنٹرول کا فریم ورک، مالیاتی پوزیشن اور کارکردگی، رسک اور مواقع اور پائیداری کے سیکشنز اس رپورٹ میں کیا گیا۔

بورڈ/سب کمیٹی ممبران/سیکریٹری	بورڈ کے اجلاس	آڈٹ کمیٹی	اخلاقیات، ہیومن ریسورس اور ریمیونریشن کمیٹی	انویسٹمنٹ کمیٹی
اجلاسوں کی تعداد	05	01	04	12
		کمیٹیوں کی حاضری		
چیف جسٹس (ریٹائرڈ) میاں محبوب احمد	02	–	–	–
جناب نوید یونس	05	–	–	12
جناب جاوید یونس	05	–	–	–
جناب پرویز یونس	05	–	–	–
جناب عمید انصاری	05	03	01	12
جناب احسن محمود علوی	05	04	01	12
جناب سعد یونس	05	04	–	12
جناب مظہر زبیر عباسی	05	03	–	–
عروج یونس انصاری	05	–	-	–
جناب شبیر علی کانچ والا	05	04	01	12
جناب جوہری لال	–	04	–	–
جناب تنویر اقبال	–	04	–	12
جناب ذیشان کے منشی	–	–	–	06
جناب ایم سعید احمد	–	–	–	06
جناب عادل حسین	–	–	01	–

ڈائریکٹرز کی ذمہ داریوں کا بیان

کوڈ آف کارپوریٹ گورننس کے مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہیں:

a) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں اس کی حالت، اس کے کاموں کے نتائج، نقد اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کیا گیا ہے۔

b) اکاؤنٹس کی مناسب کتابوں کو کمپنی نے برقرار رکھا ہے۔

c) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d) مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے۔ اکاؤنٹنگ کے معیارات اور اس طرح کے بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ کے ذریعہ جاری کئے گئے ہیں جیسا کہ کمپنیز ایکٹ 2017ء کے تحت مطلع کیا گیا ہے کمپنیز ایکٹ 2017ء، انشورنس آرڈیننس، 2000 SEC (انشورنس) کے تحت جاری کردہ دفعات اور ہدایات رولز 2017ء، تکافل رولز 2012ء اور جنرل تکافل اکاؤنٹنگ ریگولیشنز 2019ء وہاں سے کسی بھی روانگی کا مناسب طور پر انکشاف کیا گیا ہے۔

e) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

f) ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

g) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔ اور

h) کمپنی میں داخلی اور اندرونی مالیاتی کنٹرول موجود ہیں۔

i) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

j) 31 دسمبر 2021ء تک پرووِیڈنٹ فنڈ کی ان کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر سرمایہ کاری کی مالیت تقریباً 56.902 ملین روپے تھی۔

k) 31 دسمبر 2021ء تک کمپنی کے شیئر ہولڈنگ کے پیٹرن کا بیان رپورٹ میں شامل ہے۔

l) بورڈ میں ڈائریکٹرز کی کل تعداد آٹھ (8) ہے جن میں سے ایک خاتون ڈائریکٹر ہے۔ آٹھ ڈائریکٹرز میں سے تین آزاد ڈائریکٹر، دو نان ایگزیکٹو ڈائریکٹر اور تین ایگزیکٹو ڈائریکٹر ہیں۔

m) نان ایگزیکٹو ڈائریکٹرز اور انڈی پینڈنٹ ڈائریکٹرز کو میٹنگ فیس ادا کی جاتی ہے جسے بورڈ نے آرٹیکلز کی دفعات کے مطابق منظور کیا تھا۔ ڈائریکٹرز کے معاوضے کی دیگر تمام خصوصیات بورڈ کے ذریعہ منظور شدہ ہیں اور ڈائریکٹر کے معاوضے کی پالیسی میں مرتب کی گئی ہیں۔

کمپنیز ایکٹ 2017ء کے سیکشن 227 اور بیمہ کنندگان کے لئے کوڈ آف کارپوریٹ گورننس 2016ء کے تحت دیگر معلومات

مخصصات:

	PKR in'000'
جنرل انشورنس آپریشن سے ٹیکس سے پہلے منافع	324,439
ونڈو تکافل آپریشن سے منافع	33,073
سال کے آخر میں غیر مناسب منافع	357,512
انکم ٹیکس کے اخراجات	-45,046
ٹیکس کے بعد منافع	312,466
دیگر جامع آمدنی/(نقصان)	-0.29
کل جامع آمدنی	312,466
سال کے آخر میں غیر مناسب منافع	96,988
سال کے لئے منافع	312,466
بونس شیرز کا اجراء	-177,504
سال کے آخر میں غیر مناسب منافع	231,950

متعلقہ پارٹی لین دین

ہر بورڈ میٹنگ میں بورڈ آف ڈائریکٹرز متعلقہ کمپنیوں یا متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دیتا ہے۔ متعلقہ فریقوں کے ساتھ کئے گئے تمام لین دین بازو کی لمبائی کی بنیاد پر ہوتے ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

ضابطہ کارپوریٹ گورننس کے ضابطوں کی جو ریگولیٹری اتھارٹیز کی طرف سے متعین کی گئی ہے ان کی مناسب تعمیل کی گئی ہے۔ اس سلسلے مین ایک بیان رپورٹ کے ساتھ منسلک ہے۔

خصوصی افراد کی ملازمت

کمپنی جنس اور جسمانی معذوری سے قطع نظر، مساوی مواقع فراہم کرنے والا آجر ہے۔

پیشہ ورانہ حفاظت اور صحت

کام کرنے والے احاطے کے اندر مختلف مقامات پر آگ بجھانے والے آلات نصب کئے گئے ہیں۔ مزید برآں کمپنی کے ہیڈ آفس اور برانچوں میں ابتدائی طبی امداد کی سہولیات موجود ہیں۔ ہسپتال میں داخل ہونے کا احاطہ کرنے والی ہیلتھ انشورنس کمپنی کی طرف سے ملازمین کو ملک کے نامور ہسپتالوں کے ذریعے فراہم کی جاتی ہے۔

کھیلوں کی سرگرمیاں

کمپنی ملازمین کو کھیلوں میں حصہ لینے اور کرکٹ، فٹ بال اور ہاکی کے میچوں کا اہتمام کرنے کی ترغیب دیتی ہے۔ کھیلوں کے علاوہ کمپنی ملازمین کو کراچی اور ملک کے دیگر حصوں میں مختلف مقامات پر پکنک کا انتظام کرنے کی بھی اجازت دیتی ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات اور کاروباری طرز عمل کے بیان کو اپنایا ہے۔ تمام ملازمین کو مطلع کیا جاتا ہے اور ان سے ضروری ہے کہ وہ کاروبار اور ضوابط کے سلسلے میں قواعد وضوابط کی پابندی کریں۔ اخلاقیات اور کاروباری طرز عمل کا ہمارا بیان سالمیت، وقار، فضیلت کی ثقافت اور کلائنٹس، ساتھیوں اور عوام کے ساتھ اخلاقی برتاؤ پر مبنی ہے۔

دوسرے اسٹیک ہولڈرز کے ساتھ تعلقات

آپ کی کمپنی ایسے اچھے تعلقات کو برقرار رکھتی ہے:

- ☆ اس کے ملازمین کو کام کا اچھا ماحول فراہم کر کے۔
- ☆ اس کے گاہک اعتماد پیدا کرنے اور معیاری خدمات فراہم کرنے کے ذریعے۔
- ☆ منصفانہ مارکیٹ کے طریقوں میں اس کے حریف۔
- ☆ حکومت مسابقتی مارکیٹ کے نظام کے ساتھ آزاد کاروبار کو فروغ دینے اور قابل اطلاق قوانین کی تعمیل کے ذریعے اور
- ☆ عام طور پر معاشرہ محفوظ اور صحت مند کام کی جگہ فراہم کر کے اور ملازمین کو اپنی صلاحیتوں کو بہتر بنانے کا موقع فراہم کر کے۔

توانائی کا تحفظ اور ماحولیاتی اثرات

ہر سال ہم اندرون خانہ توانائی کے تحفظ کا آڈٹ کرتے ہیں جسے ماہانہ رپورٹس کے ذریعے بینچ مارک کیا جاتا ہے۔اس طرح ہم اپنی توانائی کے تحفظ پر گہری نظر رکھتے ہیں۔ ہمارے دفاتر میں استعمال ہونے والی تمام برقی اشیاء توانائی کے لئے موزوں ہیں۔تمام ایئر کنڈیشنگ یونٹ انورٹر ہیں اور لائٹنگ سسٹم LED بلب پر مبنی ہیں جو دوپہر کے کھانے کے وقفے کے دوران بند ہو جاتے ہیں۔ ملازمین کی حوصلہ افزائی کی جاتی ہے کہ وہ جسمانی خطوط کے بجائے ای میلز کے ذریعے بات چیت کریں تاکہ پرنٹنگ کے ذریعے کاغذ کی کھپت کو کم کیا جاسکے اور جہاں ممکن ہو کاغذ کا دوبارہ استعمال کریں تاکہ ماحولیاتی اثرات کو کم کیا جاسکے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

ہم مختلف اسٹیک ہولڈرز بالخصوص ریگولیٹری اتھارٹیز یعنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، فیڈرل بورڈ آف ریونیو (FBR)، اسٹیٹ بینک آف پاکستان (SBP)، دیگر انشورنس کمپنیوں کے ساتھ تعلقات کے حوالے سے انتہائی مثبت اور عملی نقطہ نظر کو برقرار رکھنے کی کوشش کرتے ہیں۔(ری بیمہ کنندگان اور انشورنس ایسوسی ایشن آف پاکستان "IAP")۔

کمپنی سکریٹری ادارے کو اس کے اعلیٰ ترین پیشہ ورانہ معیارات پر رکھنے کے لئے تمام قابل اطلاق قوانین، ضوابط اور کنونشنز کو نافذ کرنے اور ان پر عمل کرنے کا ذمہ دار ہے۔

اپنے صارفین کو جانیں (KYC)

ہم اپنے ڈیٹا بیس میں ریگولیٹر اور اسٹیٹ بینک آف پاکستان کی ضروریات کے مطابق اپنے صارفین کی تفصیلی معلومات کو برقرار رکھتے ہیں۔ ڈیٹا بیس مین FATCA کی طرف سے فراہم کردہ معلومات شامل ہیں تاکہ چوکس انڈر رائٹنگ کی جاسکے۔ اپنے صارفین کا ریکارڈ رکھ کر ہم اپنے گاہکوں کی ساکھ اور مارکیٹ میں ان کی خیر سگالی کے ساتھ خود کو اپ ڈیٹ کرتے ہیں۔

انتظامیہ نے متحرک اور مسابقتی ماحول کے تحت پائیدار اور منافع بخش ترقی کی فراہمی کے لئے سال 2022ء کے لئے حکمت عملی وضع کی ہے۔ ہم نے 2021ء میں چار ارب روپے سے زیادہ کا مجموعی پریمیم حاصل کیا ہے اور ہمیں 2022ء میں اسی طرح کی ترقی کے انداز کو برقرار رکھنے کی اپنی صلاحیت پر یقین ہے۔

کمپنی کا مقصد انفارمیشن ٹیکنالوجی کے وسائل کو بڑھانا ہے تاکہ صارفین کے لئے ہماری خدمات کو مزید بہتر بنانے کے لئے سسٹم اور عمل سے بہترین ممکنہ تعاون حاصل کیا جاسکے۔

کارپوریٹ ذمہ داری

اگرچہ انشورنس انڈسٹری فطرت کے ممکنہ خطرات کو روکنے کے قابل نہیں ہوسکتی ہے، لیکن ہم موسمیاتی خطرات کو سنبھالنے اور ان کے مطابق ڈھالنے میں گاہکوں کو تعلیم دینے اور ان کی مدد کرنے کے لئے اچھی پوزیشن میں ہیں۔

بیمہ کنندگان کی رسک مینجمنٹ کی مہارتیں معاشرے کو انتہائی واقعات کی بڑھتی ہوئی تعداد اور شدت سے نمٹنے میں مدد دینے میں اہم ثابت ہوں گی۔ ابھرتے ہوئے آب و ہوا کے خطرات بھی بیمہ کنندگان کو نقصان پر قابو پانے اور روک تھام کے بارے میں پالیسی ہولڈرز کو سکھانے کا موقع فراہم کرتے ہیں۔

خطرے کے مسائل پر ایک قابل اعتماد آواز کے طور پر، ہم پالیسی سازوں سے اتھارٹی کے ساتھ بات کرنے اور موسمیاتی تبدیلی کے اسباب اور اثرات کو کم کرنے کے لئے تخلیقی مصنوعات اور خدمات تیار کرنے کا موقع فراہم کرنے کے قابل ہیں۔ ہمارا پائیداری کا وژن موسمیاتی تبدیلیوں کے موافقت اور تخفیف کی وکالت پر توجہ مرکوز کرنا اور ابھرتے ہوئے خطرات سے نمٹنے کے لئے اپنے کلائنٹس کے ساتھ مل کر کام کرنا ہے۔

لیکویڈیٹی رسک

لیکویڈیٹی رسک وہ خطرہ ہے جس کی وجہ سے کمپنی کو اپنی مالی ذمہ داریوں کو پورا کرنے میں دشواری کا سامنا کرنا پڑے گا۔ لیکویڈیٹی کے انتظام کے لئے کمپنی کا نقطہ نظر اس بات کو یقینی بنانا ہے کہ وہ اپنی واجبات کو پورا کرنے کے لئے کافی لیکویڈیٹی کو یقینی بنانے کے لئے پہلے سے متعین کیش اور نقدی کے مساوی سطح کو برقرار رکھے، عام اور تناؤ دونوں حالات میں، نا قابل قبول نقصان اٹھائے یا کمپنی کی ساکھ کو نقصان پہنچانے کا خطرہ لاحق ہو۔

سود کی شرح کا خطرہ

سود کی شرح کا خطرہ وہ خطرہ ہے جس کی وجہ سے مارکیٹ کی شرح سود میں تبدیلی کی وجہ سے کسی مالیاتی آلے کی منصفانہ قیمت یا مستقبل میں کیش فلو میں اُتار چڑھاؤ آئے گا۔ کمپنی سود کی شرحوں میں تبدیلی کی تنقیدی اور باقاعدگی سے نگرانی کر کے اس خطرے کا انتظام کرتی ہے جہاں اس کی نمائش ہوتی ہے۔

پیشگی پیش گوئیوں کے خلاف کارکردگی کا تجزیہ

اللہ تعالیٰ کے فضل وکرم سے آپ کی کمپنی نے صنعت میں اپنی پوزیشن برقرار رکھتے ہوئے 2021ء کے مالی اہداف حاصل کر لئے۔ کمپنی کا خیال ہے کہ اس کی طاقت صارفین کے اعتماد اور اطمینان میں مضمر ہے۔ ہم گزشتہ 39 سالوں سے انڈسٹری میں ہیں اور ہمیں یقین ہے کہ ہمارا وجود سروس کے معیار، صارفین کی اطمینان اور ملازمین کی حوصلہ افزائی پر مبنی ہے وہ کلیدی شعبے ہیں جہاں انتظامیہ نے ہمیشہ بہتری کے لئے ضروری اقدامات کئے ہیں۔ سالوں کے دوران ہم نے اپنے ملازمین کو اندرون ملک اور اداروں کے ذریعے تربیت فراہم کی ہے جس میں پاکستان انشورنس انسٹی ٹیوٹ پروگرامز شامل ہیں تا کہ متعلقہ مہارتوں کو بہتر بنایا جا سکے۔ ہمیں یقین ہے کہ اس سے صارفین کی زیادہ اطمینان اور اعتماد میں اضافہ ہوتا ہے۔

2022ء کے امکانات

ہماری کارکردگی صارفین کی اطمینان کو زیادہ سے زیادہ کرنے، انڈر رائٹنگ کے نتائج کو بہتر بنانے اور منافع اور شیئر ہولڈر کی ایکویٹی کو بڑھانے کے لئے اوور ہیڈ اخراجات کو کنٹرول کرنے کے انتظامی مقاصد کے خلاف مضبوط کارکردگی کی نشاندہی کرتی ہے۔

مختلف قسم کے خطرات کا انتظام

آپ کی کمپنی رسک مینجمنٹ کو ویلیو آپٹیمائزیشن کا ایک ذریعہ سمجھتی ہے اور ہمارے کاروبار کو برقرار رکھنے میں اندرونی کنٹرول اور رسک مینجمنٹ کی اہمیت کو تسلیم کرتی ہے جو اندرونی اور بیرونی ذرائع سے پیدا ہونے والے کثیر نوعیت کے خطرات سے دوچار ہے۔

کمپنی کی طرف سے خطرے کی شناخت اور انتظام کو شیئر ہولڈر کی قدر پیدا کرنے اور اسے برقرار رکھنے کے مقاصد اور کمپنی کی حکمت عملیوں کے کامیاب نفاذ کے لئے لازمی سمجھا جاتا ہے۔ کمپنی کو درپیش اصولی خطرات درج ذیل ہیں:

اقتصادی اور سیاسی خطرہ

کامیاب کاروباری سرگرمیوں کے لئے معاشی اور سیاسی استحکام بہت ضروری ہے۔ تاہم ہمارے ملک میں اقتصادی، سیاسی اور مالیاتی منڈی میں اُتار چڑھاؤ کاروباری اہداف کو حاصل کرنا بہت مشکل بنا دیتا ہے۔ آپ کی کمپنی ہمیشہ ایسے خطرے سے نمٹنے کے لئے مضبوط انڈر رائٹنگ کے لئے کوشش کرتی ہے۔

انشورنس رسک

بیمہ کے معاہدے کے تحت خطرہ یہ امکان ہے کہ بیمہ شدہ واقعہ پیش آئے اور نتیجے میں دعوے کی رقم کی غیر یقینی صورتحال۔ بیمہ کے خطرے کے سلسلے میں بنیادی رسک کنٹرول پیمانہ ری بیمہ کے ذریعے تیسرے فریق کو خطرات کی منتقلی ہے۔

قرض کا خطرہ

کریڈٹ رسک وہ جگہ ہے جہاں کمپنی اپنے قرض دہندگان سے وصولی میں ناکام رہتی ہے۔ کمپنی محتاط انڈر رائٹنگ، گاہک اور ان کی مالی طاقت کو جان کر اور اس کے کریڈٹ ایکسپوژر کی چوکسی سے نگرانی کر کے اس خطرے کا انتظام کرتی ہے۔

انڈر رائٹنگ کمیٹی

انڈر رائیٹنگ کمیٹی آپ کی کمپنی کی انڈر رائٹنگ پالیسی تیار کرتی ہے۔ یہ مختلف قسم کے بیمہ کے خطرات کا اندازہ لگانے کے لئے معیارات مرتب کرتا ہے اور مختلف بیمہ کوروں کی پریمیم پالیسی کا تعین کرتا ہے۔ کمیٹی خطے اور کاروباری شعبوں اور دیگر متعلقہ عوامل کی بنیاد پر خطرے کے جمع ہونے کے حوالے سے کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا باقاعدگی سے جائزہ لیتی ہے۔

کلیمز سیٹلمنٹ کمیٹی

یہ کمیٹی کمپنی کے دعوؤں کے تصفیہ کی پالیسی وضع کرتی ہے۔ یہ کمپنی کے دعوؤں کی پوزیشن کی نگرانی کرتا ہے اور اس کو یقینی بناتا ہے کہ دعوؤں کے مناسب ذخائر کو برقرار رکھا جائے۔ خاص طور پر اہم دعوؤں کے مقدمات یا واقعات پر توجہ دی جاتی ہے جو دعوؤں کی ایک سیریز کو جنم دیتے ہیں۔ کلیمز سیٹلمنٹ کمیٹی ان حالات کا تعین کرتی ہے جن کے تحت متنازعہ دعوؤں کو اس کی توجہ میں لایا جانا ہے اور فیصلہ کرتی ہے کہ ایسے تنازعات سے کیسے نمٹا جائے۔ یہ دھوکہ دہی کے دعوؤں کے مقدمات سے نمٹنے کے لئے اقدامات کے نفاذ کی بھی نگرانی کرتا ہے۔ کمیٹی کمپنی کے نئے قائم کردہ شکایات کے کاموں کی بھی نگرانی کرتی ہے۔

ری بیمہ اور کوانشورنس کمیٹی

یہ کمیٹی اس بات کو یقینی بناتی ہے کہ کمپنی کی انڈر رائٹنگ سرگرمیوں کے لئے ری بیمہ کے مناسب انتظامات کئے جائیں۔ یہ ری بیمہ کے مجوزہ انتظامات کا ان کے نفاذ سے پہلے جائزہ لیتا ہے، وقتاً فوقتاً انتظامات کا جائزہ لیتا ہے اور حصہ لینے والے ری بیمہ کنندگان کی رضامندی سے مشروط ہوتا ہے۔ مارکیٹ کی پیش رفت کی روشنی میں ان انتظامات میں مناسب ایڈجسٹمنٹ کرتا ہے۔ یہ مستقبل کے حوالے کے لئے ری بیمہ پروگرام کی تاثیر کا بھی جائزہ لیتا ہے۔

رسک مینجمنٹ اور کمپلائنس کمیٹی

رسک مینجمنٹ اور کمپلائنس کمیٹی کمپنی کے رسک مینجمنٹ فنکشن کی سرگرمیوں کی نگرانی کرے گی اور رسک مینجمنٹ فنکشن کے دائرہ کار میں آنے والے ممکنہ خطرات کو کم کرنے کے لئے بورڈ کو مناسب سفارشات پیش کرے گی۔

حساب کتاب کا گروہ یا لوگ

بورڈ کنٹرول کے طریقہ کار کی تعمیل سمیت اندرونی کنٹرول کے درست نظام کے موثر نفاذ کا ذمہ دار ہے۔ آڈٹ کمیٹی کو اندرونی آڈیٹر کی طرف سے آپریشنل کنٹرولز کی مناسبیت کا جائزہ لینے اور خطرات کی نگرانی اور انتظام کرنے میں مدد کی جاتی ہے تاکہ یہ معقول یقین دہانی کرائی جاسکے کہ ایسا نظام کمپنی میں تسلی بخش اور مؤثر طریقے سے کام کرتا رہتا ہے اور قدر میں اضافہ اور کمپنی کے آپریشنز کو بہتر بنانے کے لئے آزاد اور معروضی یقین دہانی فراہم کرنا۔ اندرونی آڈیٹرز کی بنیادی ذمہ داری آپریشنل کنٹرول میں مناسبیت، پالیسیوں اور طریقہ کار کے اطلاق میں مستقل مزاجی اور قوانین وضوابط کی تعمیل کو یقینی بنانے کے لئے وقتاً فوقتاً آڈٹ کرنا ہے۔

سرمایہ کاری کمیٹی

آپ کی کمپنی کے انویسٹمنٹ پورٹ فولیو کو اہل عملے کی نگرانی میں فعال طور پر مانیٹر کیا جاتا ہے۔ واجبات کی مدت کو مدنظر رکھتے ہوئے، آپ کی کمپنی کا سرمایہ کاری کا فلسفہ مضبوط نقد رقم پر مبنی ہے، جس کی حمایت فاضل فنڈز کی دانشمندانہ سرمایہ کاری سے ہوتی ہے جس میں دعوؤں کی بروقت ادائیگی پر غور کیا جاتا ہے۔ کمپنی کے پاس بورڈ کی سطح کی سرمایہ کاری کمیٹی ہے جو سرمایہ کاری کے پورٹ فولیو کا جائزہ لینے کے لئے ماہانہ بنیادوں پر اجلاس کرتی ہے۔ کمیٹی کمپنی کے لئے سرمایہ کاری کی پالیسی تیا کرنے کی بھی ذمہ دار ہے۔

اخلاقیات، انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹی تشکیل دی ہے جو کمپنی کی انسانی وسائل کے انتظام کی پالیسیوں کے تعارف اور تبدیلیوں کے ساتھ ساتھ کمپنی کے اہم افسران کے انتخاب، تشخیص اور معاوضے کی سفارش کرنے کی ذمہ دار ہے۔

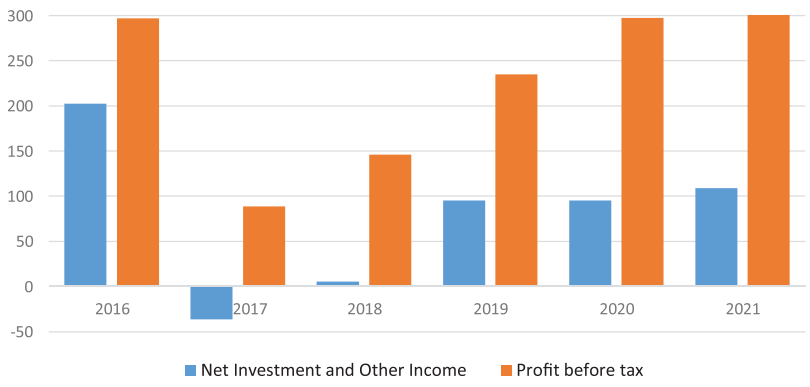
انتظامی کمیٹیاں

کارپوریٹ گورننس کے حصے کے طور پر، آپ کی کمپنی مندرجہ ذیل چار انتظامی کمیٹیوں کو برقرار رکھتی ہے جو ہر سہ ماہی میں کم از کم ایک بار میٹنگ کرتی ہیں۔

سرمایہ کاری کی آمدنی

اگرچہ اسٹاک مارکیٹ نے پچھلے سال کے دوران اُتار چڑھاؤ کی بلند سطح کو جاری رکھا، سال کے لئے سرمایہ کاری کی کل آمدنی PKR 91.502 ملین روپے کے مقابلے میں بہتر ہوگئی۔ گزشتہ سال 84.025 ملین اس سال کی سرمایہ کاری کی آمدنی کا بنیادی حصہ ڈیویڈنڈ آمدنی پر مشتمل ہے جو کہ 2020ء میں PKR 44 ملین کے مقابلے میں PKR 69 ملین روپے تک بہتر ہوگیا۔

ٹیکس سے قبل انویسٹمنٹ اور دیگر آمدنی اور منافع



فی شیئر آمدنی

گزشتہ سال کے مقابلے میں ٹیکس کے بعد منافع میں نمایاں اضافہ ہوا ہے۔ PKR 312.47 ملین اس کے نتیجے میں PKR 2.30 کی EPS میں بہتری آئی ہے جو کہ گزشتہ سال PKR 1.81 کی رپورٹ کردہ EPS کے مقابلے میں ہے۔

بورڈ کمیٹیاں

آپ کی کمپنی درج ذیل بورڈ کمیٹیوں کو برقرار رکھتی ہے:

ونڈو تکافل آپریشن

کمپنی نے گزشتہ سال PKR 206.48 ملین کے مقابلے PKR 326.55 ملین کا کل تکافل پریمیم لکھا۔ کاروبار کی اس لائن مین 2020 کے دوران نمو 58% ہے جس کا منافع PKR 15.5 ملین ہے۔ جیسا کہ اوپر ظاہر کیا گیا ہے کاروباری سروں میں کاروبار کا انفرادی حصہ بھی شامل کیا جاتا ہے۔

کریڈٹ ریٹنگ

ہم اپنے اسٹیک ہولڈرز کو یہ بتاتے ہوئے خوشی محسوس کر رہے ہیں کہ 26 نومبر 2021ء کو پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے اپنے تازہ ترین سالانہ جائزے میں مستحکم آؤٹ لک کے ساتھ ہماری IFS ریٹنگ کو "A A" مائنس (-AA) پر برقرار رکھا۔ یہ فیصلہ ریٹنگ ایجنسی کے ہمارے استحکام، نمو اور ترقی کی صلاحیت پر اعتماد کی عکاسی کرتا ہے۔ ہمیں یقین ہے کہ ہماری درجہ بندی میں اضافہ ہماری کارکردگی پر مثبت اثر ڈالتا رہے گا اور ہماری پریمیم آمدنی میں خاطر خواہ اضافہ کے علاوہ، اور آپ کی انتظامیہ اس سلسلے میں مسلسل کوششیں کر رہی ہے۔

ری بیمہ کے انتظامات

عالمی بیمہ صنعت کے معیارات کو مدنظر رکھتے ہوئے، ہم نے مقامی اور عالمی شہرت یافتہ ری بیمہ کنندگان دونوں سے مناسب ری بیمہ کوریج کو برقرار رکھا ہے۔ اس پریکٹس نے ہمارے کاموں کو نمایاں طور پر تقویت بخشی ہے، جس سے ہمیں مالی طاقت ملی ہے کہ ہم سب سے بڑے کارپوریٹ کلائنٹس کے لئے بھی پالیسیوں میں بڑا حصہ لے سکیں۔ نتیجتاً ہمارے پارٹنر ری بیمہ کنندگان نے بھی اپنے مکمل اطمینان کا اظہار کیا ہے اور آنے والے سال 2022ء کے لئے ہمارے معاہدوں کی تجدید پر رضامندی ظاہر کی ہے۔

کیپٹل، سولوینسی اور شیئر ہولڈرز فنڈ

آپ کی کمپنی کو یہ بتاتے ہوئے فخر ہے کہ اگرچہ ریگولیٹر کی عامہ بیمہ کنندگان کے لئے کم از کم سرمائے کی ضرورت 500 ملین ہے، ہم 2019ء تک PKR ایک ارب ادا شدہ سرمائے کا سنگ میل عبور کرنے کے بعد بھی اپنے ادا شدہ سرمائے میں اضافہ جاری رکھے ہوئے ہیں۔ درپیش چیلنجوں کے باوجود اس سال ہم نے 15% بونس حصص جاری کر کے اپنے کل ادا شدہ سرمائے میں مزید اضافہ کیا ہے جو کہ اب روپے 31 دسمبر 2021ء تک PKR 1.360 بلین ہو گیا ہے۔

سفراور ہیلتھ انشورنس

ایسٹ ویسٹ انشورنس کمپنی اسلام آباد میں اپنے کارپوریٹ دفاتر اور ریجنل آفس کے ذریعے ٹریول اور ہیلتھ انشورنس بھی انڈر رائٹنگ کر رہی ہے۔ یہ پورٹ فولیو ہماری شاخوں کے ملک گیر نیٹ ورک کے ذریعے فروغ پا رہا ہے۔ اس کے علاوہ ہم مختلف مسافروں کی بھی مدد کر رہے ہیں جن کی ضرورت ہوتی ہے۔

پاکستان میں غیر ملکی مشنوں کے ذریعے ویزوں کی پروسیسنگ کے لئے سفری انشورنس۔ ہم مختلف سفارت خانوں/قونصلیوں کے پینل میں شامل ہیں جو مسافروں کے ویزا پر کارروائی کرنے کے لئے ہماری انشورنس پالیسیوں کو قبول کرتے ہیں۔

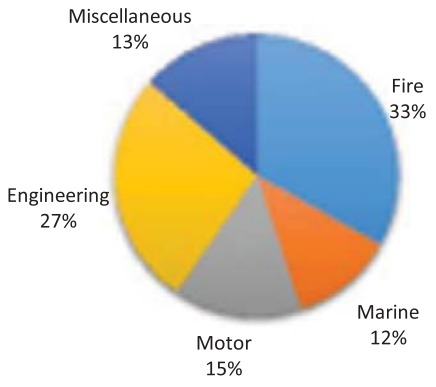
فصل اور لائیوسٹاک

آپ کی کمپنی اسٹیٹ بینک آف پاکستان کے ذریعے جاری کردہ فصل اور لائیواسٹاک انشورنس پروگرام میں حصہ لیتی ہے۔ سال **2021** میں کمپنی نے پرائیویٹ اور کمرشل بینکوں کے ذریعے دستیاب زیادہ سے زیادہ فوائد کو بروئے کار لاتے ہوئے فصلوں اور مویشیوں کے انشورنس کے اپنے پریمیم میں اضافہ کیا۔ ہم اس پورٹ فولیو کے ذریعے اضافی پریمیم حاصل کرنے کے لئے **2022** میں اس جارحانہ کوشش کو جاری رکھیں گے۔

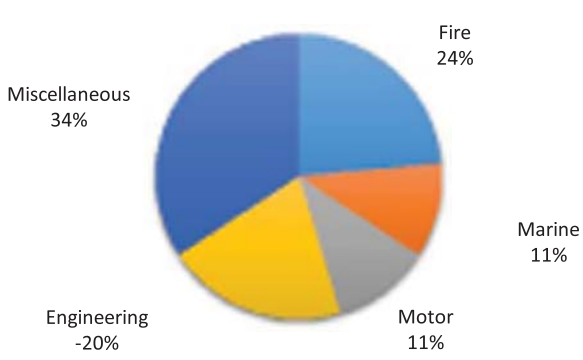
متفرق پورٹ فولیو

متفرق پورٹ فولیو متفرق حادثات، بانڈز اور گارنٹی، سفر اور صحت اور فصل اور لائیوسٹاک انشورنس پر مشتمل ہے۔

انڈر رائٹنگ منافع



مجموعی پریمیم



میرین انشورنس

ہمارے میرین پورٹ فولیو میں میرین بل سمیت مجموعی پریمیم PKR 494 ملین تھا۔ری انشورنس، کلیمز اور انتظامی اخراجات کی فراہمی کے بعد، کمپنی نے PKR71 ملین کا انڈر رائٹنگ منافع کمایا ہے۔

موٹر انشورنس

کمپنی نے موٹر انشورنس کے بشمول PKR616 ملین کا پریمیم لکھا جس میں تھرڈ پارٹی لائبلٹی انشورنس بھی شامل ہے۔کاروبار کی اس لائن میں 2020 کے دوران نمو 7% ہے جس کا منافع PKR 73.4 ملین ہے۔

انجینئرنگ

انشورنس کمپنیاں ترقیاتی منصوبوں کی تکمیل کے دوران حادثاتی نقصانات سے تحفظ فراہم کر رہی ہیں۔ ہماری کمپنی پاکستان انجینئرنگ کونسل اور مختلف دیگر سرکاری حکام کے ساتھ رجسٹرڈ ہے تاکہ جاری ترقیاتی منصوبوں کو انشورنس کور فراہم کیا جاسکے۔اس سلسلے مین ہمارے قومی اور بین الاقوامی شہرت کے ٹھیکداروں کے ساتھ انتہائی خوشگوار تعلقات ہیں جو عام طور پر اپنے پراجیکٹس پر انشورنس حاصل کرنے کے لئے ہم سے رابطہ کرتے ہیں۔ 2021 کے دوران ہم نے اس پورٹ فولیو میں براہ راست اور فیکلٹیو انشورنس کے ذریعے PKR 1.133 بلین کا کل انجینئرنگ گروس پریمیم تحریر کیا ہے۔

بانڈ انشورنس

ہم معروف کنسلٹنٹس کو ان کے ڈیزائن، منصوبہ بندی اور مجوزہ منصوبوں کی تعمیراتی نگرانی کے لئے پیشہ ورانہ معاوضہ انشورنس فراہم کرتے ہیں۔سال 2021ء کے دوران، کمپنی نے PKR 71.16 ملین کا مجموعی پریمیم انڈر رائٹ کیا۔

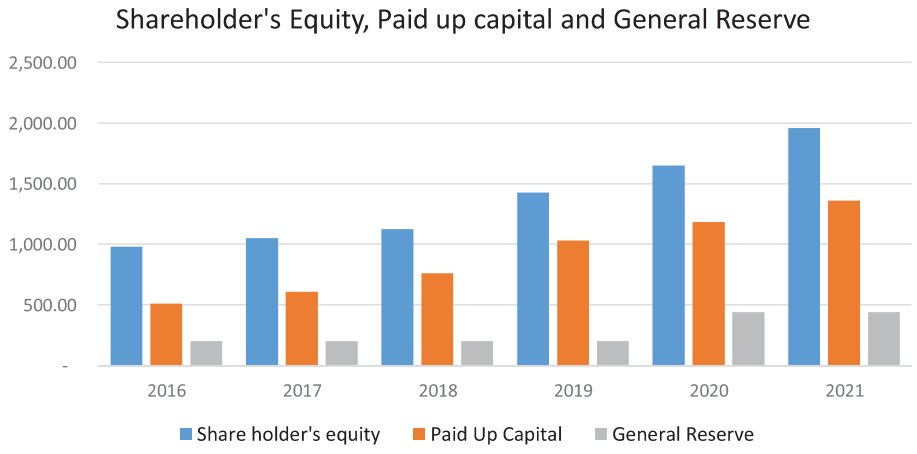
متفرق حادثہ

کاروبار کی اس لائن میں ذاتی حادثہ، گھریلو انشورنس چوری کی بیمہ، عوامی ذمہ داری، کیش ان سیف اور ٹرانزٹ انشورنس شامل ہیں۔اس کے علاوہ ورک مین کمپلیکیشن بھی اس پورٹ فولیو کے تحت آتا ہے۔

تفصیلات 2021ء(روپے/ارب) 2020ء (روپے/ارب)%اضافہ(کمی)

تفصیلات	2021 (روپے/ارب)	2020 (روپے/ارب)	%(بڑھنا گھٹنا)
مجموعی پریمیم	4.22	3.68	14.70%
نیٹ پریمیم	2.16	1.88	15%
دعوؤں کی ادائیگی	1.55	1.2	28.70%
U/W منافع	0.39	0.34	15.50%
اداشدہ سرمایہ	1.36	1.18	15.00%

شیئر ہولڈرز کی ایکوئٹی، پیڈ اپ کیپیٹل اور عام ذخائر



آگ/پراپرٹی انشورنس

کمپنی نے فائر/ پراپرٹی پورٹ فولیو کے تحت PKR 1.40 بلین کا مجموعی پریمیم تحریر کیا ہے جس میں گزشتہ سال کے مقابلے مین 22% کا اضافہ دکھایا گیا ہے۔ری انشورنس، کلیمز اور انتظامی اخراجات کی فراہمی کے بعد کمپنی نے PKR 156 ملین کا انڈر رائیٹنگ منافع کمایا۔

ڈائریکٹر کی رپورٹ

تمام تعریفیں اللہ کے لئے ہیں جو نہایت مہربان اور رحم کرنے والا ہے۔

آپ کی کمپنی کے ڈائریکٹرز کی جانب سے ہمیں دسمبر 2021ء کو ختم ہونے والے سال کے لئے 39 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشواروں کو پیش کرنے کی خوشی ہے۔

معزز شیئر ہولڈرز، بورڈ آف ڈائریکٹرز کے معزز ممبران اور ہمارے قابل اعتماد ساتھی:

السلام علیکم!

ہم آپ سب کو کمپنی 39 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور اس وبائی بیماری کی وجہ سے دنیا بھر میں موجود درپیش مشکلات کی صورتحال کے باوجود سال 2021ء کے سالانہ اکاؤنٹس کو کامیابی کے ساتھ بند کرنے میں ہماری مدد کرنے کے لئے اللہ تعالیٰ کا عاجزانہ شکریہ ادا کرتے ہیں۔ اللہ تعالیٰ کے فضل و کرم سے کمپنی کے قیام کے 39 سال مکمل ہونے پر ہمیں اس کے معاملات کو کامیابی کے ساتھ چلانے کی حکمت اور طاقت عطا کی ہے۔ کمپنی کی کامیابی کا سہرا ہمارے چیئرمین، بورڈ آف ڈائریکٹرز کے ممبران، شیئر ہولڈرز، قابل قدر گاہکوں اور معزز سرپرستوں کی انمول رہنمائی سے منسوب ہے۔ ہم ان سب کا شکریہ ادا کرتے ہین اور مستقبل میں ان کی مسلسل حمایت کے منتظر ہیں۔

ہمارے عام طرز عمل میں بورڈ آف ڈائریکٹرز سال کے آغاز میں انتظامیہ کے لئے کام کرنے کی حکومت عملی کو منظور کرتا ہے تاکہ وہ اپنے قابل قدر کلائنٹس کے لئے کمپنی کی مصنوعات کو انڈر رائیٹنگ اور فروخت کرنے کے لئے آپریشنل اور مارکیٹنگ کے عملے تک پہنچائے۔ سمجھدار انتظامیہ صنعت میں اپنے پریمیم بنیاد اور پوزیشن کو مضبوط کرنے کے لئے صحیح خطوط اور روح کے ساتھ حکمت عملی پر عمل پیرا ہے۔ اس ک ساتھ ہی انتظامیہ ہمارے شیئر ہولڈرز کے فائدہ کے لئے ایکویٹی پر منافع کو بڑھانے کے لئے منافع بخش منصوبوں میں سرمایہ کاری جاری رکھے ہوئے ہے۔

سالانہ کارکردگی

کمپنی کا مجموعی تحریری پریمیم PKR 4.22 بلین تک بڑھ گیا جو پچھلے سال کے مقابلے میں 14.7 فیصد کا اضافہ ظاہر کرتا ہے۔ سال 2021ء میں خالص کمایا ہوا پریمیم PKR 2.16 بلین تھا جو پچھلے سال PKR 1.88 بلین تھا اس طرح 15% کی نمو ظاہر ہوتی ہے۔ مشترکہ آپریشن 2020ء کے لئے تناسب 62%(COR) تھا۔ 2021ء کے لئے برقرار رکھے گئے پریمیم میں اضافے کے ساتھ 2021ء کے لئے COR 60% ہے۔ تاہم اس نے منافع کو متاثر نہیں کیا جیسا کہ ذیل میں دکھایا گیا ہے۔

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