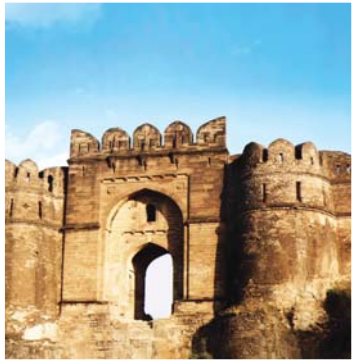
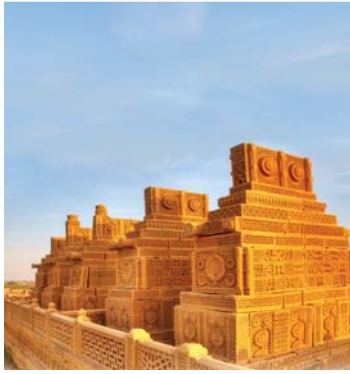
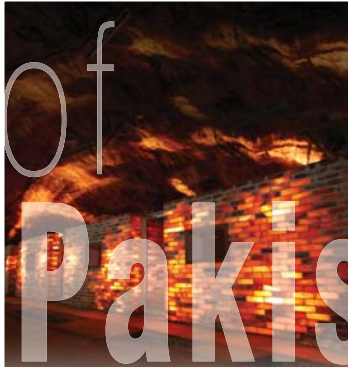



# Wonders of Pakistan



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Certified True Copy  
  
**Najam Ul Hassan Janjua**  
 Company Secretary

**VISION**

Enabling people to overcome uncertainty

**MISSION**

To provide solutions that protect the financial future of our Customers

**CORE VALUES**

Teamwork

Integrity

Excellence

Passion

---

## Code of Conduct

---

Our Integrity guides our conduct towards our policyholders, participants, colleagues, shareholders and the general public. This principle constitutes the foundation of our code of conduct and ethics as under:

- Compliance with law and the legal system is a fundamental principle for Jubilee. Every employee, agent and director shall obey the laws and regulations of the legal systems in letter and spirit within which he / she acts. Regardless of the sanctions foreseen by the law, any director, employee or an agent guilty of a violation will be liable to disciplinary consequences related to such violation.
- Respect for personal integrity, privacy and personal right of every individual is a fundamental principle. We work together with individuals of various backgrounds, ethnic types, different cultures, gender, religions, ages and disabilities.
- We compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.
- Jubilee does not make political contributions (donations to politicians, political parties or political organizations). As a responsible member of society and a good corporate citizen, Jubilee makes donations for education, health, and social and humanitarian projects.
- It is Jubilee's objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.
- It is the duty of Jubilee employees to make business decisions in the best interest of Jubilee Insurance and not based on their personal interest.
- Jubilee employees are obligated to protect all assets of the Company, including intangible assets and software products, and use these properly only for the benefit of the Company.
- Open and effective communication requires accurate and truthful reporting. Jubilee is required to maintain sound processes and controls so that transactions are executed within approved authorization. Confidentiality is maintained with regard to Jubilee's proprietary information that has not been made known to public.
- Protecting the health and safety of employees in the workplace is a high priority for Jubilee. Jubilee promotes sound environment friendly business practices.

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## Overall Corporate Strategy

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Jubilee Life Insurance Company is a growth oriented insurance company in Pakistan. Our strategic objective is to increase our market share to be the market leader without compromising the customer service level and profitability. We aim to achieve our objective by diversifying our distribution channels, development of innovative products, sustaining profitable growth through employees' training and enhancing customer satisfaction level.

## Company Information

### BOARD OF DIRECTORS

**Kamal A. Chinoy**  
Chairman

**Aly Noor Mahomed Rattansey**  
Director

**Rafiuddin Zakir Mahmood**  
Director

**Ayaz Ahmed**  
Director

**Javed Ahmed**  
Managing Director & Chief Executive Officer

**Sultan Ali Akbar Allana**  
Director

**John Joseph Metcalf**  
Director

### BOARD COMMITTEES

#### Audit

**Aly Noor Mahomed Rattansey** Chairman

**John Joseph Metcalf** Member

**Ayaz Ahmed** Member

**Adeel Ahmed Khan** Secretary

#### Human Resource & Remuneration

**Kamal A. Chinoy** Chairman

**John Joseph Metcalf** Member

**Rafiuddin Zakir Mahmood** Member

**Javed Ahmed** Member

**Muhammad Munawar Khalil** Secretary

#### Finance & Investment

**Ayaz Ahmed** Chairman

**Sultan Ali Akbar Allana** Member

**John Joseph Metcalf** Member

**Javed Ahmed** Member

**Nurallah Merchant** Member

**Manzoor Ahmed** Member/Secretary

#### Technical

**John Joseph Metcalf** Chairman

**Javed Ahmed** Member

**Nurallah Merchant** Member/  
Secretary

### MANAGEMENT

**Javed Ahmed**  
Managing Director & Chief Executive Officer

**Faisal Shahzad Abbasi**  
Group Head Customer Experience, Marketing & Products

**Muhammad Sohail Fakhra**  
Group Head Corporate Business & Micro Insurance

**Nurallah Merchant**  
Executive Director / Investment & Actuarial

**Manzoor Ahmed**  
Group Head Finance & Accounts

**Zahid Barki**  
Group Head Technology, Projects & Quality

### COMPANY SECRETARY

**Najam Ul Hassan Janjua**

### HEAD OF INTERNAL AUDIT

**Adeel Ahmed Khan**

### COMPLIANCE OFFICER

**Nurallah Merchant**

## MANAGEMENT COMMITTEES

### Claims

<b>Javed Ahmed</b>	Chairman
<b>Nurallah Merchant</b>	Member
<b>Muhammad Sohail Fakhar</b>	Member
<b>Zahid Barki</b>	Member
<b>Muhammad Junaid Ahmed</b>	Secretary

### Underwriting

<b>Javed Ahmed</b>	Chairman
<b>Nurallah Merchant</b>	Member
<b>Faisal Shahzad Abbasi</b>	Member
<b>Zahid Barki</b>	Member
<b>Muhammad Adnan Qadir</b>	Secretary

### Procurement & Disposal

<b>Nurallah Merchant</b>	Chairman
<b>Faisal</b>	Member
<b>Imranuddin Usmani</b>	Member
<b>Muhammad Munawar Khalil</b>	Member

### Reinsurance

<b>Javed Ahmed</b>	Chairman
<b>Nurallah Merchant</b>	Member
<b>Muhammad Sohail Fakhar</b>	Member
<b>Zahid Barki</b>	Member
<b>Shan Rabbani</b>	Member/ Secretary

### Compliance

<b>Javed Ahmed</b>	Chairman
<b>Nurallah Merchant</b>	Member
<b>Manzoor Ahmed</b>	Member
<b>Zahid Barki</b>	Member
<b>Adeel Ahmed Khan</b>	Member/ Secretary

## RATING OF THE COMPANY

Insurer financial strength (IFS) Rating  
Outlook  
Rating Agency

"AA" (Double A)  
"Positive"  
JCR-VIS

## APPOINTED ACTUARY

**Nauman Associates,**  
249-CCA- Sector FF, Phase IV, DHA, Lahore, Pakistan.  
Tel: (0092)(42)35741827-29

## AUDITORS

**KPMG Taseer Hadi & Co. Chartered Accountants**  
**Engagement Partner: Syed Iftikhar Anjum**  
Sheikh Sultan Trust Building No. 2  
Beaumont Road, Karachi-75530, Pakistan.  
Telephone : +92 (21) 35685847  
Fax: +92 (21) 35685095  
Internet: www.kpmg.com.pk

## REGISTERED OFFICE

26-D, 3rd Floor, Kashmir Plaza,  
Jinnah Avenue, Blue Area, Islamabad, Pakistan.  
Tel: (0092)(51) 2206930-6 Fax: (0092)(51) 2825372  
Web: www.jubileelife.com E-mail: info@jubileelife.com

## HEAD OFFICE

74/1-A, Lalazar, M. T. Khan Road, Karachi -74000  
Ph:(0092)(21) 35205095  
Web: www.jubileelife.com E-mail: info@jubileelife.com

## BANKERS

**Habib Bank Limited**  
**Standard Chartered Bank (Pakistan) Limited**

## REGISTRAR & SHARE TRANSFER OFFICE

**Central Depository Company of Pakistan Limited**  
CDC House, 99-B, Block-B, S.M.C.H.S. Main  
Shahra-e-Faisal Karachi-74400, Pakistan.  
Tel:(0092)(21)111-111-500

## LEGAL ADVISORS

**Kabraji & Talibuddin**  
Advocates & Legal Counsellors  
406-407, 4th Floor, The Plaza at  
Do Talwar, Block 9, Clifton, Karachi-75600  
Tel:(0092)(21) 35838871-6  
Fax:(0092)(21)35838879

## Directors' Report to the Shareholders

The Directors take pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2014.

### Achievements:

We have continued to pursue growth in business without losing sight of our profitability. 2014 has been yet another year of significant achievements by the Company. The highlights are as follows:

- Your Company is the largest private sector life insurer in the country in terms of gross written premiums, which grew 28% from Rs.17,077 million (2013) to Rs.21,823 million (2014).
- All significant areas of business grew over the previous year in gross premiums and surplus generation:
  - Individual Life Unit-Linked grew 29% from Rs.14,624 million to Rs.18,822 million and generated a surplus of Rs.1,993 million this year, an increase of 37%.
  - Accidental and Health Insurance grew 43% from Rs.1,132 million to Rs.1,621 million. A surplus of Rs.122 million was achieved this year, a 139% growth.
  - Conventional Business, which comprises mainly Group Life Insurance that is highly competitive, grew 5% from Rs.1,282 million to Rs.1,348 million. The surplus grew to Rs.130 million, a 55% increase.
  - Overseas Group Life and Group Health business which is a small captive business generated a premium of Rs.33 million which was a 13% reduction over the previous year. The surplus was Rs.16 million from this business compared to Rs.15 million in 2013.
- The overall surplus from all business lines increased from Rs.1,604 million to Rs.2,261 million, an increase of 41%. A surplus transfer of Rs.1,880 million (2013: Rs.1,273 million), an increase of 48%, was made from the Revenue Account to the P&L Account after ensuring that all funds have achieved Solvency Margins beyond the SECP regulatory requirements.
- Shareholders equity has increased 41% to Rs.3,160 million (2013: Rs.2,243 million).
- Your Company has been rated "AA" (Double A) by JCR-VIS. Based on very stable financial condition of the company, the outlook has been changed from "stable" to "positive" by JCR-VIS.
- The Company continues to look for opportunities of increasing its foot-print in insurance, both within Pakistan and overseas.
  - It has made an investment of Rs.44 million representing 19.50% shareholding in Jubilee Kyrgyzstan Insurance, a Closed Joint Stock Company.
  - In the second quarter of 2015, it has targeted to launch Window Family Takaful Operation in Pakistan after due regulatory approval.

### Investment Performance

The Company pursues a prudent investment policy. It offers four unit-linked funds to its Individual Life policyholders which have varying risk exposure that are chosen by them. The rates of return of these Funds for the calendar/fiscal year have been in the region of 11.4% to 31.8%. The Managed Fund which holds Rs.34,481 million of which 75% is in fixed income investments, is the largest fund at the year-end and has yielded 15.7%. The flow of funds for individual life policyholders continues to grow significantly from the plough-back of investment income and additional investment income from New Business and Renewal Business allocations; net of Claims and Surrenders. This year, the investment income grew from Rs.3,722 million to Rs.6,264 million, an increase of 68%, a large part of which is attributable to individual life policyholders. We are pleased with the trust of our policyholders that ensures a high persistency rate which is the best in our industry in Pakistan. This is a significant element contributing to the Company's overall profitability.



### **Profit & Loss Account**

The Profit & Loss Account of the Company shows a pre-tax profit of Rs. 2,001 million including a share in the profit of an associated company compared with Rs. 1,390 million in 2013, an increase of 44%. The after tax profit of the year is Rs. 1,361 million as compared to Rs. 941 million in 2013, an increase of 45%.

### **Earnings per Share**

The basic and diluted earnings per share for the year is Rs. 18.88 (2013: Rs. 13.05), an increase of 45%.

### **Dividend to Shareholders**

The Board of Directors has recommended a final cash dividend of Rs. 7.00 ( 70%) per share. The Company has already paid an interim cash dividend of Rs. 2.50 ( 25%) per share during the year, thereby making a total cash dividend of Rs. 9.50 per share ( 95%) for the full year 2014 ( 2013: Rs. 6.00 per share i.e. 60%).

### **Human Resource**

As a service company, Jubilee Life firmly believes that the employees are its strongest resource in achieving successes; hence investment in Human Resources is one of its highest priorities.

The Company creates a continuous learning environment within the organization to ensure that our employees build their knowledge of our business quickly. We also pursue opportunities for employee growth through focused self-managed and external training programmes. Sponsorship to overseas programs is through distance learning directed towards acquiring specialist knowledge in insurance by taking the examinations of the Society of Actuaries (USA), the Institute and Faculty of Actuaries (UK) and the Life Office Management Association (USA). Each of these organizations offers a Fellowship which is the highest recognition of these professional bodies.

We also sponsor attendance of overseas seminars for employees who have demonstrated high achievements. All of these contribute immensely towards helping the Company in drawing knowledge from international developments in the insurance industry and fast-tracking the learning process of all matters related to insurance sales and management.

### **Awards and Accolades**

The Company's achievements in various areas were recognized by independent bodies during the year. The Company received the following awards:

"2nd FPCCI Achievement Award" by Federation of Pakistan Chamber of Commerce and Industry (FPCCI) in appreciation of its outstanding services in the field of Micro Insurance.

"HR Leadership Award" for second consecutive year presented during Asian Leadership Awards ceremony hosted by Asian Confederation of Businesses.

"Certificate of Excellence" awarded during "4th Corporate Social Responsibility Summit" in recognition of the Social Impact made by the Company through its Micro Insurance initiatives.

### **Board of Directors**

The present directors after election and appointment to fill a casual vacancy for a period of three (3) years are:

- Mr. Kamal A. Chinoy
- Mr. Aly Noor Mahomed Rattansey
- Mr. John Joseph Metcalf
- Mr. Sultan Ali Akbar Allana
- Mr. Rafiuddin Zakir Mahmood
- Mr. Javed Ahmed
- Mr. Ayaz Ahmed

Seven (7) meetings of the Board of Directors were held in the year 2014. The attendance of each director was as follows:



S. No.	Director's Name	Meetings Attended
1	Mr. Kamal A. Chinoy*	5
2	Mr. Aly Noor Mahomed Rattansey	7
3	Mr. Sultan Ali Akbar Allana	4
4	Mr. Rafiuddin Zakir Mahmood*	3
5	Mr. Ayaz Ahmed**	4
6	Mr. John Joseph Metcalf	5
7	Mr. Javed Ahmed	7
8	Mr. Masood Noorani****	2
9	Mr. Towfiq H. Chinoy****	2
10	Mr. Shahid Mahmood Loan****	2
11	Mr. Shahid Ghaffar***	1

\* Elected on March 27, 2014.

\*\* Appointed on July 23, 2014 to fill casual vacancy.

\*\*\* Elected on March 27, 2014 but resigned on June 23, 2014.

\*\*\*\* Retired upon completion of 3-year term.

During the year 2014, four meetings of the Audit Committee and three meetings of the Human Resource & Remuneration Committee (HR&R) were held. The attendance of each director in these meetings is given in the matrix below:

Audit Committee			HR & Remuneration Committee		
S#	Director's Name	Meetings Attended	S#	Director's Name	Meetings Attended
1	Mr. Aly Noor Mahomed Rattansey, Chairman	4/4	1	Mr. Kamal A. Chinoy, Chairman*	1/3
2	Mr. John Joseph Metcalf	3/4	2	Mr. Rafiuddin Zakir Mahmood*	1/3
3	Mr. Ayaz Ahmed*	2/4	3	Mr. John Joseph Metcalf	3/3
4	Mr. Shahid Mahmood Loan*	1/4	4	Mr. Javed Ahmed	3/3
5	Mr. Shahid Ghaffar*	1/4	5	Mr. Towfiq Habib Chinoy*	2/3
			6	Mr. Masood Noorani*	2/3

\*were present in all the meetings when they were, or became Board Members.

The Committees' terms of reference has been determined by the Board in accordance with the guidelines provided in the Code of Corporate Governance.

### Internal Audit Function

With a view to further strengthen the internal audit function and introduce a full- fledged Risk Based Audit, the company has strengthened its existing in-house Internal Audit Department. The Department reports to the Board Audit Committee.

### Compliance with Listing Regulations

The Statement of Compliance with the best corporate practices is annexed on page 19 of this report.

The Directors are pleased to confirm the following:

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

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, Insurance Ordinance and Rules have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control are in place and is continuously reviewed by internal audit and weakness in controls, if any, are removed swiftly.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchange of Pakistan.
- Information regarding outstanding taxes is given in the notes to the audited financial statements.
- The pattern of shareholding and the information regarding trading in the shares of the company by Directors, CEO, CFO, Company Secretary, Appointed Actuary, Executives and their spouses and minor children is shown on page 90.

### **The Key Operating and Financial Information**

A summary of the Key operating and financial information of the last six years is shown on page 12 of this report.

### **Code of Conduct**

A Code of Conduct, Corporate Strategy, Vision, Mission and Core Values has been adopted by the Board and necessary steps have been taken to disseminate the same throughout the company including putting on Company's website.

### **Retirement Benefits**

The fair value of investments made by the staff retirement funds, operated by the Company, as per their respective financial statements as at 31 December, 2014 (audit in progress) are as follows:

Provident Fund	Rs. 198.4 million
Gratuity Fund	Rs. 181.6 million

### **Material Changes**

There have been no material changes since December 31, 2014 to the date of this report.

### **Statutory Auditors**

The present Auditors, KPMG Taseer Hadi & Co. Chartered Accountants, retire after completion of the present term.

In line with the requirement of the Code of Corporate Governance under Listing Regulation 35, the Audit Committee has recommended the appointment of KPMG Taseer Hadi & Co. Chartered Accountants as Auditors as well as Shariah Compliance Auditors of the Company for the year 2015 and the Board endorses this recommendation.

### **Holding Company**

The Company is a subsidiary of the Aga Khan Fund for Economic Development S.A. Switzerland, who holds 57.87% shares of the Company.

### Corporate Social Responsibility

The Company is committed to act responsibly for the long term in how it does business, to help meet its vision of "Enabling people to overcome uncertainty".

The Company's Corporate Social Responsibility initiatives cover a broad spectrum which includes: support of human rights and diversity; sponsorship of education; health and sports.

Jubilee Life has leveraged on its core business expertise to create sustainable micro-insurance solutions targeted at reducing the vulnerability of people living on low income by offering them life insurance and health insurance at highly economical cost. In this year, the Company provided insurance to over one and a half million persons under this category. The efforts of the Company have been recognized by independent bodies in the form of awards conferred upon Company.

The Company encourages its employees to participate directly by contributing their time and knowledge towards social causes. The Company organized a Blood Donation Camp in its Head Office in coordination with a very well reputed hospital.

### Future Outlook

The global and domestic economic outlook for 2015 is somewhat uncertain although some good progress has been made towards controlling terrorism and the law and order situation. The low penetration of life insurance in Pakistan and the expanding base of potential customers offer a unique opportunity for our business growth. Furthermore, the drop in overall inflation rate has increased individual disposable income which would enable them to allocate funds from their savings towards life insurance. Therefore, we are confident that we will continue to grow our business in the coming years at levels that are deemed high for most other business sectors in the country.

### Acknowledgements

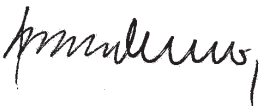
We thank our valued customers and business partners for their confidence and patronage and reaffirm our commitment to serve them in the best possible manner.

The significant growth and financial strength achieved by the Company since 2003 has been made possible with the dedication and hard work of its management team ably supported by their colleagues. We thank all of them for their contribution.

The Directors also wish to acknowledge the contribution of their colleagues who have served on the Committees: Audit; Finance & Investment; and Human Resources.

We would also like to record our appreciation of the positive regulatory role adopted by the Securities & Exchange Commission of Pakistan for their continuing efforts in promoting the growth and functioning of the Life Insurance business on a sound basis.

**On behalf of the Board of Directors**



**KAMAL A. CHINOY**  
(Chairman)



**JAVED AHMED**  
(Managing Director & CEO)

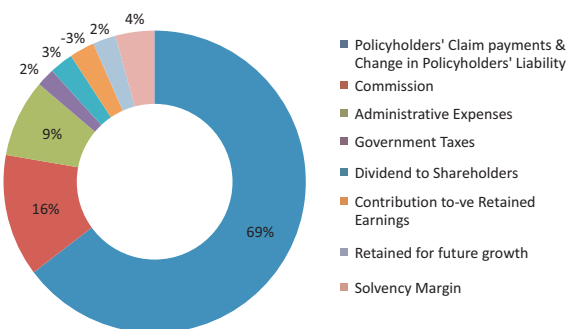
Karachi, February 24, 2015

# Statement of Value Additions

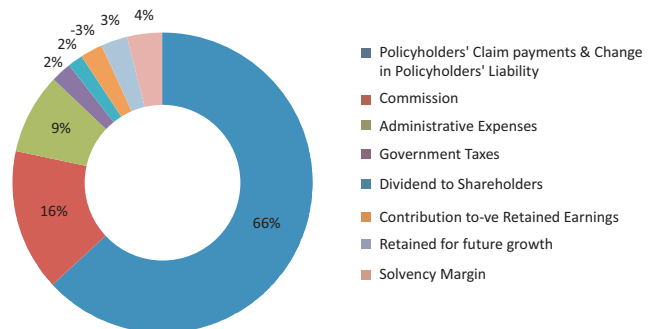
For The Year Ended December 31, 2014

Description	2014		2013	
	Amount (Rupees in '000)	%	Amount (Rupees in '000)	%
<b>WEALTH GENERATED</b>				
Net premiums	21,085,925	77.08	16,349,900	81.44
Investment income	6,253,133	22.86	3,718,753	18.52
Other income	16,066	0.06	8,094	0.04
Net Wealth	<u>27,355,124</u>	<u>100.00</u>	<u>20,076,747</u>	<u>100.00</u>
<b>DISTRIBUTION OF WEALTH</b>				
Claims and surrenders	5,082,604	18.58	3,646,764	18.16
Change in Policyholders liabilities	13,680,727	50.01	9,675,304	48.19
Commission expenses	3,796,127	13.88	3,209,568	15.99
Administrative expenses	2,413,577	8.82	1,824,396	9.09
Government Taxes	639,931	2.34	448,470	2.23
Dividend to Shareholders	685,129	2.50	376,272	1.87
Contribution to / (from) opening Retained Earnings	(847,241)	(3.10)	(516,467)	(2.57)
Retained for future growth	676,403	2.47	565,199	2.82
Solvency Margin	1,227,867	4.48	847,241	4.21
Total	<u>27,355,124</u>	<u>100.00</u>	<u>20,076,747</u>	<u>100.00</u>

Distribution of Wealth 2014



Distribution of Wealth 2013



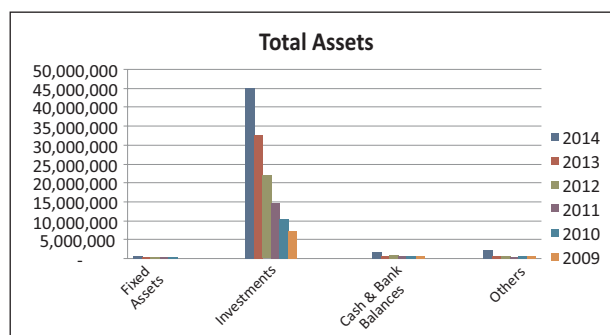
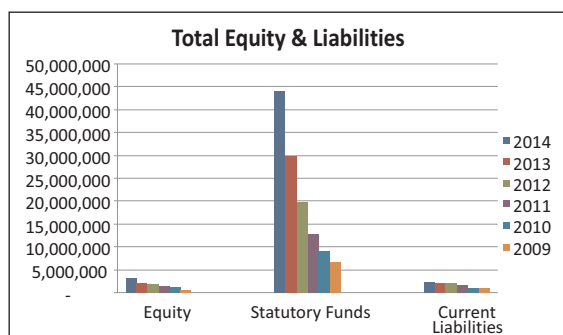
## Key Operating and Financial Data

Six Years Summary	(Rupees in '000)					
	2014	2013	2012	2011	2010	2009
Gross Premiums	<b>21,823,383</b>	17,076,588	12,080,180	8,215,262	5,802,439	4,363,155
<b>Revenue and P&amp;L Account</b>						
Premiums less reinsurances	<b>21,085,925</b>	16,349,900	11,501,196	7,756,624	5,451,804	4,054,739
Net Investment income	<b>6,053,374</b>	3,549,912	2,667,925	1,257,908	1,302,972	1,302,883
Total inflow	<b>27,139,299</b>	19,899,812	14,169,121	9,014,532	6,754,776	5,357,622
Total outflow	<b>24,878,673</b>	18,296,038	13,267,817	8,387,165	6,239,228	5,040,102
Surplus in Revenue Account	<b>2,260,626</b>	1,603,774	901,304	627,367	515,548	317,520
Surplus transfer from statutory funds	<b>1,880,000</b>	1,273,000	650,000	530,000	200,000	100,000
Profit before tax as per P&L Account	<b>2,001,463</b>	1,389,941	808,669	582,356	217,268	160,744
Income Tax expenses	<b>(639,931)</b>	(448,470)	(255,296)	(207,763)	(70,516)	(30,801)
Profit after tax as per P&L Account	<b>1,361,532</b>	941,471	553,373	374,593	146,752	129,943
<b>Balance Sheet</b>						
Investments including bank deposits	<b>45,308,749</b>	32,719,956	21,955,492	14,780,198	10,347,115	7,279,564
Other assets	<b>3,814,993</b>	1,193,739	1,271,761	799,823	840,598	926,301
Fixed assets	<b>489,761</b>	376,905	320,487	207,587	160,869	118,115
Total assets	<b>49,613,503</b>	34,290,600	23,547,740	15,787,608	11,348,582	8,323,980
Issued, subscribed and Paid up capital	<b>721,188</b>	627,120	627,120	627,120	627,120	627,120
Accumulated surplus /(deficit)	<b>2,438,677</b>	1,616,002	1,168,515	803,278	522,753	(80,615)
Statutory funds	<b>44,020,932</b>	29,914,579	19,853,501	12,844,091	9,144,236	6,788,311
Other liabilities	<b>2,432,706</b>	2,132,899	1,898,604	1,513,119	1,054,473	989,164
Total equity & liabilities	<b>49,613,503</b>	34,290,600	23,547,740	15,787,608	11,348,582	8,323,980

<b>Six Years Summary</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Financial Ratios</b>						
<b>Profitability</b>						
Profit before tax / Gross Premiums	<b>9%</b>	8%	7%	7%	4%	4%
Profit before tax / Net Premiums	<b>9%</b>	9%	7%	8%	4%	4%
Profit after tax / Gross Premiums	<b>6%</b>	6%	5%	5%	3%	3%
Profit after tax / Net Premiums	<b>6%</b>	6%	5%	5%	3%	3%
Net claims / Net premiums	<b>24%</b>	22%	20%	23%	30%	34%
Commission expenses / Net premiums	<b>18%</b>	20%	24%	25%	23%	25%
Administration expenses / Net premiums	<b>11%</b>	11%	14%	15%	14%	17%
Movement in PHL / Net Inflow	<b>65%</b>	49%	48%	40%	38%	36%
Net investment income / Net premiums	<b>29%</b>	22%	23%	16%	24%	32%
<b>Return to Shareholders</b>						
Return on equity	<b>43%</b>	42%	31%	26%	13%	24%
Earnings per share (pre-tax)	<b>27.75</b>	22.16	12.89	9.29	3.46	2.56
Earnings per share (after-tax)	<b>18.88</b>	15.01	8.82	5.97	2.34	2.07
Price Earning Ratio in times (price per share / EPS)	<b>23</b>	11	11	10	20	21
Net Assets per share	<b>43.81</b>	35.77	28.63	22.81	18.34	8.71
Return on assets	<b>3%</b>	3%	2%	2%	1%	2%
<b>Market Value</b>						
Face value per share (Rs.)	<b>10</b>	10	10	10	10	10
Break up value per share (Rs.)	<b>43.81</b>	35.77	28.63	22.81	18.34	8.71
Market price per share at the end of the year (Rs.)	<b>436.50</b>	164.90	92.95	62.39	46.09	44.21
Cash dividend per share	<b>9.50</b>	6.00	4.50	3.00	1.50	1.00
Cash dividend	<b>95%</b>	60%	45%	30%	15%	10%
Dividend yield	<b>2%</b>	4%	5%	5%	3%	2%
Dividend payout	<b>50%</b>	40%	51%	50%	64%	48%
Dividend cover - (times)	<b>1.99</b>	2.50	1.96	1.99	1.56	2.07
<b>Performance Liquidity</b>						
Current Ratio - (times)	<b>1.06</b>	1.06	1.07	1.09	1.10	1.06
Total Liabilities / Equity - (times)	<b>15</b>	14	12	10	9	14
Return on Capital employed	<b>63%</b>	62%	45%	41%	19%	29%
Paid up capital / Total Assets	<b>1%</b>	2%	3%	4%	6%	8%
Equity / Total Assets	<b>6%</b>	7%	8%	9%	10%	7%
<b>Cash Flows</b>						
Net cash flow from operating activities	<b>9,457,705</b>	7,390,766	5,092,687	3,304,453	1,829,289	1,150,556
Net cash flow from investing activities	<b>(9,535,174)</b>	(7,342,780)	(1,523,263)	(3,845,494)	(2,720,233)	(2,370,526)
Net cash flow from financing activities	<b>(396,847)</b>	(435,169)	(187,138)	(93,470)	(62,419)	-
Net change in cash and cash equivalent	<b>(474,316)</b>	(387,183)	3,382,286	(634,511)	(953,363)	(1,219,970)

## Vertical Analysis

	2014		2013	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Balance Sheet</b>				
Net equity	3,159,865	6.37	2,243,122	6.54
Statutory funds	44,020,932	88.73	29,914,579	87.24
Current liabilities	2,432,706	4.90	2,132,899	6.22
<b>Total equity and Liabilities</b>	<b>49,613,503</b>	<b>100.00</b>	<b>34,290,600</b>	<b>100.00</b>
Total non-current assets including deferred tax	505,780	1.02	385,350	1.12
Investments	45,308,749	91.32	32,719,956	95.42
Current assets	3,798,974	7.66	1,185,294	3.46
<b>Total assets</b>	<b>49,613,503</b>	<b>100.00</b>	<b>34,290,600</b>	<b>100.00</b>
<b>Revenue and Profit &amp; Loss Account</b>				
Net Income	27,355,124	100.00	20,076,747	100.00
Claims, Expenditures and PHL	(18,763,331)	(68.59)	(18,356,032)	(91.43)
Contribution to / (from) opening Retained Earnings	847,241	3.10	516,467	2.57
Solvency Margin	(1,227,867)	(4.49)	(847,241)	(4.22)
Profit before tax	2,001,463	7.32	1,389,941	6.92
Income tax expenses	(639,931)	(2.34)	(448,470)	(2.23)
Profit for the year	1,361,532	4.98	941,471	4.69

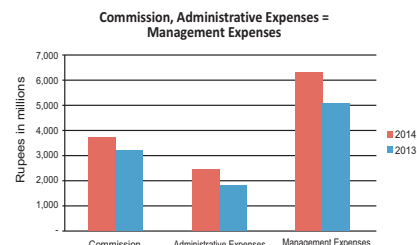
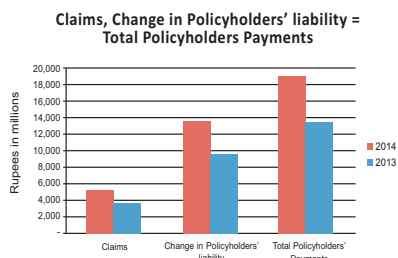
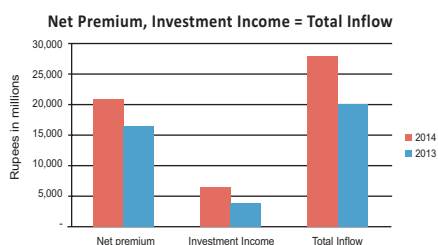




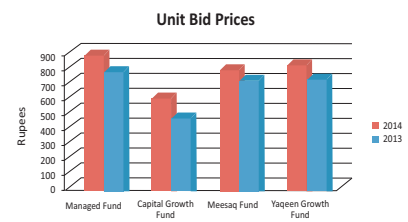
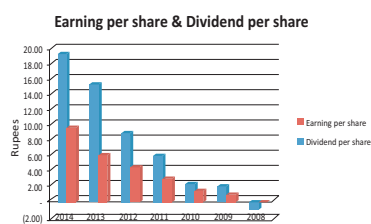
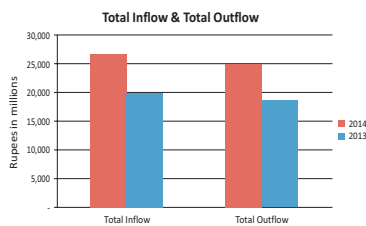
<b>2012</b>		<b>2011</b>		<b>2010</b>		<b>2009</b>	
<b>(Rupees in '000)</b>	<b>%</b>	<b>(Rupees in '000)</b>	<b>%</b>	<b>(Rupees in '000)</b>	<b>%</b>	<b>(Rupees in '000)</b>	<b>%</b>
1,795,635	7.63	1,430,398	9.06	1,149,873	10.13	546,505	6.57
19,853,501	84.31	12,844,091	81.36	9,144,236	80.58	6,788,311	81.55
1,898,604	8.06	1,513,119	9.58	1,054,473	9.29	989,164	11.88
<u>23,547,740</u>	<u>100.00</u>	<u>15,787,608</u>	<u>100.00</u>	<u>11,348,582</u>	<u>100.00</u>	<u>8,323,980</u>	<u>100.00</u>
321,993	1.37	209,996	1.33	165,151	1.46	125,435	1.51
21,955,492	93.24	14,780,198	93.62	10,347,115	91.17	7,279,564	87.45
1,270,255	5.39	797,414	5.05	836,316	7.37	918,981	11.04
<u>23,547,740</u>	<u>100.00</u>	<u>15,787,608</u>	<u>100.00</u>	<u>11,348,582</u>	<u>100.00</u>	<u>8,323,980</u>	<u>100.00</u>
14,357,686	100.00	9,098,044	100.00	6,798,566	100.00	5,437,735	100.00
(13,297,713)	(92.62)	(8,418,321)	(92.53)	(6,265,750)	(92.16)	(5,059,471)	(93.04)
265,163	1.85	167,796	1.84	(147,752)	(2.17)	(217,520)	(4.00)
(516,467)	(3.60)	(265,163)	(2.91)	(167,796)	(2.47)	-	-
808,669	5.63	582,356	6.40	217,268	3.20	160,744	2.96
(255,296)	(1.78)	(207,763)	(2.28)	(70,516)	(1.04)	(30,801)	(0.57)
553,373	3.85	374,593	4.12	146,752	2.16	129,943	2.39

## Horizontal Analysis

	2014 (Rupees in '000)	2013 (Rupees in '000)	2012 (Rupees in '000)	2011 (Rupees in '000)
<b>Balance Sheet</b>				
Net equity	3,159,865	2,243,122	1,795,635	1,430,398
Statutory funds	44,020,932	29,914,579	19,853,501	12,844,091
Current liabilities	2,432,706	2,132,899	1,898,604	1,513,119
<b>Total equity and Liabilities</b>	<b>49,613,503</b>	<b>34,290,600</b>	<b>23,547,740</b>	<b>15,787,608</b>
Total non-current assets	505,780	385,350	321,993	209,996
Investments	45,308,749	32,719,956	21,955,492	14,780,198
Current assets	3,798,974	1,185,294	1,270,255	797,414
Total assets	49,613,503	34,290,600	23,547,740	15,787,608
<b>Revenue and Profit &amp; Loss Account</b>				
Net Income	27,355,124	20,076,747	14,357,686	9,098,044
Claims, Expenditures and PHL	(18,763,331)	(18,356,032)	(13,297,713)	(8,418,321)
Contribution to / (from) opening Retained Earnings	847,241	516,467	265,163	167,796
Solvency Margin	(1,227,867)	(847,241)	(516,467)	(265,163)
Profit before tax	2,001,463	1,389,941	808,669	582,356
Income tax expenses	(639,931)	(448,470)	(255,296)	(207,763)
Profit for the year	1,361,532	941,471	553,373	374,593



2010 (Rupees in '000)	2009 (Rupees in '000)	<b>2014</b>	2013	2012	2011	2010	2009
<b>% increase / (decrease) over preceeding year</b>							
1,149,873	546,505	<b>40.87</b>	24.92	25.53	24.40	110.40	31.19
9,144,236	6,788,311	<b>47.16</b>	50.68	54.57	40.46	34.71	46.63
1,054,473	989,164	<b>14.06</b>	12.34	25.48	43.50	6.60	65.73
<u>11,348,582</u>	<u>8,323,980</u>	<b>44.69</b>	<u>45.62</u>	<u>49.15</u>	<u>39.12</u>	<u>36.34</u>	<u>47.51</u>
165,151	125,435	<b>31.25</b>	19.68	53.33	27.15	31.66	24.71
10,347,115	7,279,564	<b>38.47</b>	49.03	48.55	42.84	42.14	44.68
836,316	918,981	<b>220.51</b>	(6.69)	59.30	(4.65)	(9.00)	79.92
<u>11,348,582</u>	<u>8,323,980</u>	<b>44.69</b>	<u>45.62</u>	<u>49.15</u>	<u>39.12</u>	<u>36.34</u>	<u>47.51</u>
6,798,566	5,437,735	<b>36.25</b>	39.83	57.81	33.82	25.03	134.30
(6,265,750)	(5,059,471)	<b>2.22</b>	38.04	57.96	34.35	23.84	122.03
(147,752)	(217,520)	<b>64.05</b>	94.77	58.03	(213.57)	(32.07)	136.26
(167,796)	-	<b>44.93</b>	64.05	94.77	58.03	-	-
217,268	160,744	<b>44.00</b>	71.88	38.86	168.04	35.16	(421.67)
(70,516)	(30,801)	<b>42.69</b>	75.67	22.88	194.63	128.94	516.02
146,752	129,943	<b>44.62</b>	70.13	47.73	155.26	12.94	(336.38)





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## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of **Jubilee Life Insurance Company Limited** ("the Company") for the year ended December 31, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended December 31, 2014.

Date: February 24, 2015  
Karachi

*KPMG Taseer Hadi & Co.*

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

# Statement of Compliance with the Code of Corporate Governance

## For The Year Ended December 31, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of the Listing Regulations of Karachi Stock Exchange and Code of Corporate Governance applicable to listed insurance companies as issued by the SECP, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name
Independent Directors	Kamal A. Chinoy Aly Noor Mahomed Rattansey
Executive Director	Javed Ahmed
Non-Executive Directors	Sultan Ali Akbar Allana Rafiuddin Zakir Mahmood John Joseph Metcalf Ayaz Ahmed

2. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company.
3. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the directors or their spouses is engaged in business of stock brokerage.
4. A casual vacancy occurring on the Board on June 23, 2014 was filled up by the directors within 30 days.
5. The board has put in place a mechanism for annual evaluation of the board's own performance.
6. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
7. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the company. Policies on Investors' relations, Governance, Risk management and Compliance are in the process of preparation. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non- executive directors, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and the Board met at-least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. All Directors of the Company have attended orientation courses to acquaint them with this code, applicable laws and their duties and responsibilities.
11. The Board has approved appointment of CFO, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment.

12. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
14. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three (3) members; all of whom are non-executive Directors and the Chairman of the committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter, prior to the approval of the interim and final results of the company, as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom, three (3) are non-executive directors and the chairman of the committee is an independent director.
19. The board has set up an effective internal audit function in place.
20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to announcement of interim / final results, and business decisions, which may materially affect the market price of company's shares, was determined and intimated to directors, employees and Karachi Stock Exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through Karachi Stock Exchange.
24. The Company has established Underwriting Committee, Claims Settlement Committee and Reinsurance Committee in line with the Code of Corporate Governance for Insurance Companies.
25. The actuary appointed by the company has confirmed that neither he nor his spouse and minor children hold shares of the company.
26. The Board ensures that the appointed actuary complies with the requirements set for him in the Code for Insurance Companies.
27. We confirm that all other material principles enshrined in the CCG have been complied with.

**On behalf of the Board**



**KAMAL A. CHINOY**  
(Chairman)

Date: February 24, 2015



**JAVED AHMED**  
(Managing Director & CEO)



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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of changes in equity;
- (iv) cash flow statement;
- (v) revenue account;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of **Jubilee Life Insurance Company Limited** ("the Company") as at December 31, 2014 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2014, and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Company for the year ended December 31, 2013 were audited by another firm of Chartered Accountants, who, vide their report dated February 25, 2014, addressed to the members, had expressed an unmodified opinion thereon.

**Date: February 24, 2015**

**Karachi**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Syed Iftikhar Anjum**



# Balance Sheet

As at December 31, 2014

Note	Share holders' Fund	Statutory Funds				Aggregate		
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013	
← (Rupees in '000) →								
<b>Share capital and reserves</b>								
	Authorised share capital 200,000,000 ordinary shares of Rs. 10 each	2,000,000	-	-	-	-	2,000,000	1,000,000
	Issued, subscribed and paid-up share capital 72,118,800 (2013: 62,712,000) ordinary shares of Rs. 10 each	6 721,188	-	-	-	-	721,188	627,120
	Accumulated surplus	7 2,438,677	-	-	-	-	2,438,677	1,616,002
	<b>Net shareholders' equity</b>	<b>3,159,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,159,865</b>	<b>2,243,122</b>
	<b>Balance of statutory funds [including policyholders' liabilities Rs. 42.69 billion (2013: Rs. 29.01 billion)]</b>	8 -	<b>42,518,196</b>	<b>610,303</b>	<b>820,079</b>	<b>72,354</b>	<b>44,020,932</b>	29,914,579
	<b>Deferred Liabilities</b> Staff retirement benefits	10 -	-	-	-	-	-	36,466
	<b>Creditors and accruals</b>	11						
	Outstanding claims	-	124,208	354,086	215,484	15,528	709,306	670,477
	Premiums received in advance	-	191,256	24,512	16,338	148	232,254	240,760
	Amounts due to insurers / reinsurers	-	18,563	683	-	1,990	21,236	4,818
	Amounts due to agents	-	538,423	27,378	4,630	-	570,431	496,871
	Accrued expenses	72,631	490,214	24,109	10,419	67	597,440	435,647
	Taxation - provision less payments	148,899	-	-	-	-	148,899	50,959
	Other creditors and accruals	13 94,213	20,544	1,564	3,977	-	120,298	107,973
	Inter-fund payable	-	18,525	667	4,036	217	23,445	82,473
		<b>315,743</b>	<b>1,401,733</b>	<b>432,999</b>	<b>254,884</b>	<b>17,950</b>	<b>2,423,309</b>	<b>2,089,978</b>
	<b>Other liabilities</b> Unclaimed dividend	9,397	-	-	-	-	9,397	6,455
	<b>Total liabilities</b>	<b>325,140</b>	<b>43,919,929</b>	<b>1,043,302</b>	<b>1,074,963</b>	<b>90,304</b>	<b>46,453,638</b>	<b>32,047,478</b>
	<b>Contingency &amp; commitments</b>	14						
	<b>Total equity and liabilities</b>	<b>3,485,005</b>	<b>43,919,929</b>	<b>1,043,302</b>	<b>1,074,963</b>	<b>90,304</b>	<b>49,613,503</b>	<b>34,290,600</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattansej  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

# Balance Sheet

As at December 31, 2014

Note	Share holders' Fund	Statutory Funds			Aggregate			
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013	
← (Rupees in '000) →								
<b>Cash and bank deposits</b>	15							
Cash and others		1,435	30,569	105	347	-	32,456	31,033
Current and other accounts		615,265	970,740	43,751	8,697	31	1,638,484	522,223
Deposits maturing within 12 months		-	3,350,000	50,000	-	-	3,400,000	4,392,000
		<b>616,700</b>	<b>4,351,309</b>	<b>93,856</b>	<b>9,044</b>	<b>31</b>	<b>5,070,940</b>	<b>4,945,256</b>
<b>Unsecured advances to employees</b>		<b>6,199</b>	-	-	-	-	<b>6,199</b>	<b>8,971</b>
<b>Investments</b>	16							
Government securities		1,426,297	27,063,064	586,370	813,866	55,856	29,945,453	21,621,799
Other fixed income securities		-	325,961	-	-	-	325,961	483,834
Listed equities and closed-ended mutual funds		739,528	9,670,325	46,085	32,259	-	10,488,197	6,102,659
Investment in an associate		48,077	-	-	-	-	48,077	-
Open-ended mutual funds		-	1,101,061	-	-	-	1,101,061	119,664
		<b>2,213,902</b>	<b>38,160,411</b>	<b>632,455</b>	<b>846,125</b>	<b>55,856</b>	<b>41,908,749</b>	<b>28,327,956</b>
<b>Deferred taxation</b>	17	16,019	-	-	-	-	16,019	8,445
<b>Deferred Assets</b>								
Staff retirement benefits	10	2,969	3,873	727	633	-	8,202	-
<b>Other assets - current</b>								
Premiums due but unpaid	18	-	-	99,305	167,112	33,239	299,656	189,261
Investment income due but outstanding		-	7,052	-	-	-	7,052	544
Investment income accrued		70,240	1,281,580	29,484	41,847	895	1,424,046	65,523
Amounts due from insurers / reinsurers	19	-	6,901	180,137	1,960	283	189,281	187,390
Prepayments		23,672	71,227	-	1,571	-	96,470	45,104
Sundry receivables		22,098	37,576	7,338	6,671	-	73,683	52,772
Inter-fund receivable		23,445	-	-	-	-	23,445	82,473
		<b>139,455</b>	<b>1,404,336</b>	<b>316,264</b>	<b>219,161</b>	<b>34,417</b>	<b>2,113,633</b>	<b>623,067</b>
<b>Fixed assets</b>	20							
<b>Tangible assets</b>								
Capital work-in-progress		65,366	-	-	-	-	65,366	35,865
Furniture, fixtures, office equipment, computers and vehicles		360,288	-	-	-	-	360,288	326,217
<b>Intangible assets</b>								
Computer softwares		64,107	-	-	-	-	64,107	14,823
		<b>489,761</b>	-	-	-	-	<b>489,761</b>	<b>376,905</b>
<b>Total assets</b>		<b>3,485,005</b>	<b>43,919,929</b>	<b>1,043,302</b>	<b>1,074,963</b>	<b>90,304</b>	<b>49,613,503</b>	<b>34,290,600</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattansey  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

## Profit and Loss Account

For the year ended December 31, 2014

	Note	2014	2013
← (Rupees in '000) →			
<b>Investment income not attributable to statutory funds</b>			
Return on Government securities		132,078	84,729
Return on other fixed income securities and deposits		8,014	4,188
Amortisation of discount relative to par		3,003	6
Dividend income		61,850	49,879
		<u>204,945</u>	<u>138,802</u>
<b>Gain on disposal of investments</b>		<b>756</b>	1,642
<b>Reversal of impairment in value of investment</b>			
Government securities		774	2,166
Listed equities		119	29,795
		<u>893</u>	<u>31,961</u>
<b>Total investment income</b>		<b>206,594</b>	172,405
Investment related expenses		(193)	(75)
<b>Net investment income</b>		<b>206,401</b>	172,330
<b>Other revenues</b>			
Gain on disposal of fixed assets		4,860	3,743
Share in profit of an associate		4,200	-
Others		364	862
		<u>9,424</u>	<u>4,605</u>
<b>Total investment income and other revenues</b>		<b>215,825</b>	176,935
Expenses not attributable to statutory funds	21	(94,362)	(59,994)
Profit before appropriation of surplus to shareholders' fund		<u>121,463</u>	116,941
Surplus appropriated to shareholders' fund from ledger account D	8	1,880,000	1,273,000
<b>Profit before tax</b>		<b>2,001,463</b>	1,389,941
<b>Taxation</b>	22	<b>(639,931)</b>	(448,470)
<b>Net profit for the year</b>		<b>1,361,532</b>	941,471
<b>(Rupees)</b>			
Basic and diluted earnings per share	23	<u>18.88</u>	<u>13.05</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattanseey  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

## Statement of Changes In Equity

### For the year ended December 31, 2014

	Share Capital	Net accumulated surplus			Total
		Accumulated surplus	Capital contribution (to) / from statutory fund	Net accumulated Surplus	
← (Rupees in '000) →					
Balance as at January 1, 2013	627,120	1,168,515	-	1,168,515	1,795,635
Profit for the year ended December 31, 2013	-	941,471	-	941,471	941,471
<b>Transactions with the owners recorded directly in equity</b>					
Dividend for the year ended December 31, 2012 (Rs. 4.50 per share)	-	(282,204)	-	(282,204)	(282,204)
Interim dividend for the year ended December 31, 2013 @ 25% (Rs. 2.50 per share)	-	(156,780)	-	(156,780)	(156,780)
Capital contributed to statutory fund - note 8	-	-	(95,000)	(95,000)	(95,000)
Capital withdrawn from statutory fund - note 8	-	-	40,000	40,000	40,000
Balance as at December 31, 2013	627,120	1,671,002	(55,000)	1,616,002	2,243,122
Profit for the year ended December 31, 2014	-	1,361,532	-	1,361,532	1,361,532
<b>Transactions with the owners recorded directly in equity</b>					
Dividend for the year ended December 31, 2013 @ 35% (Rs. 3.50 per share)	-	(219,492)	-	(219,492)	(219,492)
Interim dividend for the year ended December 31, 2014 @ 25% (Rs. 2.50 per share)	-	(180,297)	-	(180,297)	(180,297)
Issue of bonus shares for the year ended December 31, 2013 @ 15%	94,068	(94,068)	-	(94,068)	-
Capital contributed to statutory fund - note 8	-	-	(95,000)	(95,000)	(95,000)
Capital withdrawn from statutory fund - note 8	-	-	50,000	50,000	50,000
<b>Balance as at December 31, 2014</b>	<b>721,188</b>	<b>2,538,677</b>	<b>(100,000)</b>	<b>2,438,677</b>	<b>3,159,865</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattansey  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

# Cash Flow Statement

For the year ended December 31, 2014

Note	Share holders' Fund	Statutory Funds				Aggregate	
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
← (Rupees in '000) →							
<b>Operating cash flows</b>							
<b>a) Underwriting activities</b>							
	-	18,805,010	1,327,797	1,570,157	176	<b>21,703,140</b>	16,990,803
Reinsurance premiums paid	-	(270,497)	(428,550)	(11,166)	(10,827)	<b>(721,040)</b>	(726,431)
Claims paid	-	(391,782)	(946,533)	(1,173,675)	(43,526)	<b>(2,555,516)</b>	(2,160,452)
Surrenders paid	-	(3,017,164)	-	-	-	<b>(3,017,164)</b>	(2,009,450)
Reinsurance and other recoveries received	-	141,436	365,389	5,228	14,961	<b>527,014</b>	515,884
Commissions paid	-	(3,513,945)	(181,977)	(46,184)	-	<b>(3,742,106)</b>	(3,209,096)
Commissions received	-	58,440	2,175	1,222	-	<b>61,837</b>	76,247
Net cash inflow from underwriting activities	-	11,811,498	138,301	345,582	(39,216)	<b>12,256,165</b>	9,477,505
<b>b) Other operating activities</b>							
Income tax paid	(549,564)	-	-	-	-	<b>(549,564)</b>	(404,573)
General management expenses paid	(111,661)	(1,883,453)	(117,720)	(135,119)	(2,129)	<b>(2,250,082)</b>	(1,791,621)
Other operating payments	(9,951)	(2,232)	(4,436)	(490)	-	<b>(17,109)</b>	(18,148)
Other operating receipts	17,502	(13,395)	-	10,027	1,389	<b>15,523</b>	129,768
Unsecured advances	2,772	-	-	-	-	<b>2,772</b>	(2,165)
Inter-fund transactions	197,593	(187,850)	9,915	(19,250)	(408)	<b>-</b>	-
Net cash outflow from other operating activities	(453,309)	(2,086,930)	(112,241)	(144,832)	(1,148)	<b>(2,798,460)</b>	(2,086,739)
<b>Total cash (outflow) / inflow from all operating activities</b>	<b>(453,309)</b>	<b>9,724,568</b>	<b>26,060</b>	<b>200,750</b>	<b>(40,364)</b>	<b>9,457,705</b>	<b>7,390,766</b>
<b>Investment activities</b>							
Profit / return received	70,260	1,637,308	58,714	42,352	3,469	<b>1,812,103</b>	2,001,121
Dividends received	62,009	503,051	6,013	4,209	-	<b>575,282</b>	502,185
Payments for investments	(3,634,765)	(56,733,739)	(1,601,862)	(1,556,176)	(76,046)	<b>(63,602,588)</b>	(67,068,312)
Proceeds from disposal of investments	3,331,789	45,551,122	1,701,018	1,296,322	47,725	<b>51,927,976</b>	57,402,473
Fixed capital expenditure	(266,113)	-	-	-	-	<b>(266,113)</b>	(199,243)
Proceeds from disposal of fixed assets	18,166	-	-	-	-	<b>18,166</b>	18,996
<b>Total cash (outflow) / inflow from investing activities</b>	<b>(418,654)</b>	<b>(9,042,258)</b>	<b>163,883</b>	<b>(213,293)</b>	<b>(24,852)</b>	<b>(9,535,174)</b>	<b>(7,342,780)</b>
<b>Financing activities</b>							
Final dividend paid	(396,847)	-	-	-	-	<b>(396,847)</b>	(435,169)
Capital contributed from shareholders' fund	(95,000)	-	-	45,000	50,000	<b>-</b>	-
Capital returned to shareholders' fund	50,000	-	-	(50,000)	-	<b>-</b>	-
Surplus appropriated to shareholders' fund	1,880,000	(1,775,000)	(100,000)	-	(5,000)	<b>-</b>	-
<b>Total cash inflow / (outflow) from financing activities</b>	<b>1,438,153</b>	<b>(1,775,000)</b>	<b>(100,000)</b>	<b>(5,000)</b>	<b>45,000</b>	<b>(396,847)</b>	<b>(435,169)</b>
<b>Net cash (outflow) / inflow from all activities</b>	<b>566,190</b>	<b>(1,092,690)</b>	<b>89,943</b>	<b>(17,543)</b>	<b>(20,216)</b>	<b>(474,316)</b>	<b>(387,183)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>50,510</b>	<b>3,343,999</b>	<b>3,913</b>	<b>26,587</b>	<b>20,247</b>	<b>3,445,256</b>	<b>3,832,439</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>24</b>	<b>616,700</b>	<b>2,251,309</b>	<b>93,856</b>	<b>9,044</b>	<b>31</b>	<b>2,970,940</b>
<b>Reconciliation to profit and loss account</b>							
Operating cash flows						<b>9,457,705</b>	7,390,766
Depreciation expense						<b>(130,263)</b>	(118,591)
Amortisation expense						<b>(9,690)</b>	(8,981)
Share of profit from associate						<b>(4,200)</b>	-
Profit on disposal of fixed assets						<b>4,860</b>	3,743
Increase / (decrease) in assets other than cash						<b>138,541</b>	168,062
(Increase) in liabilities						<b>(14,403,248)</b>	(10,291,558)
Profit / (loss) on sale of investments						<b>106,269</b>	22,541
Revaluation gain / (loss) on investments						<b>2,404,145</b>	1,182,084
Investment income						<b>3,752,413</b>	2,538,405
Capital contributed from shareholders' fund						<b>95,000</b>	55,000
Capital returned to shareholders' fund						<b>(50,000)</b>	-
<b>Profit after taxation</b>						<b>1,361,532</b>	941,471

The annexed notes 1 to 43 form an integral part of these financial statements.

  
**Kamal A. Chinoy**  
 Chairman

  
**Aly Noor Mahomed Rattansay**  
 Director

  
**John Joseph Metcalf**  
 Director

  
**Javed Ahmed**  
 Managing Director &  
 Chief Executive Officer

# Revenue Account

For the year ended December 31, 2014

Note	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
	← (Rupees in '000) →					
<b>Income</b>						
Premiums less reinsurances	18,536,297	919,477	1,609,551	20,600	<b>21,085,925</b>	16,349,900
Net investment income	5,844,180	105,416	97,876	5,902	<b>6,053,374</b>	3,549,912
<b>Total net income</b>	<b>24,380,477</b>	<b>1,024,893</b>	<b>1,707,427</b>	<b>26,502</b>	<b>27,139,299</b>	19,899,812
<b>Claims and expenditures</b>						
Claims net of reinsurance recoveries	3,297,328	550,640	1,226,838	7,798	<b>5,082,604</b>	3,646,764
Management expenses less recoveries	5,592,398	325,085	195,461	2,398	<b>6,115,342</b>	4,973,970
<b>Total claims and expenditures</b>	<b>8,889,726</b>	<b>875,725</b>	<b>1,422,299</b>	<b>10,196</b>	<b>11,197,946</b>	8,620,734
<b>Excess of income over claims and expenditures</b>	<b>15,490,751</b>	<b>149,168</b>	<b>285,128</b>	<b>16,306</b>	<b>15,941,353</b>	11,279,078
Add: Policyholders' liabilities at beginning of the year	28,414,260	300,153	297,925	-	<b>29,012,338</b>	19,337,034
Less: Policyholders' liabilities at end of the year 9	41,912,415	319,662	460,988	-	<b>42,693,065</b>	29,012,338
<b>Surplus</b>	<b>1,992,596</b>	<b>129,659</b>	<b>122,065</b>	<b>16,306</b>	<b>2,260,626</b>	1,603,774
<b>Movement in policyholders' liabilities</b>	<b>13,498,155</b>	<b>19,509</b>	<b>163,063</b>	<b>-</b>	<b>13,680,727</b>	9,675,304
<b>Transfers (to) / from shareholders' fund</b>						
- Surplus appropriated to shareholders' fund	(1,775,000)	(100,000)	-	(5,000)	<b>(1,880,000)</b>	(1,273,000)
- Capital contributed from shareholders' fund	-	-	45,000	50,000	<b>95,000</b>	95,000
- Capital returned to shareholders' fund	-	-	(50,000)	-	<b>(50,000)</b>	(40,000)
<b>Net transfer (to) / from shareholders' fund</b>	<b>(1,775,000)</b>	<b>(100,000)</b>	<b>(5,000)</b>	<b>45,000</b>	<b>(1,835,000)</b>	(1,218,000)
<b>Balance of statutory funds at beginning of the year</b>	<b>28,802,445</b>	<b>561,135</b>	<b>539,951</b>	<b>11,048</b>	<b>29,914,579</b>	19,853,501
<b>Balance of statutory funds at end of the year 8</b>	<b>42,518,196</b>	<b>610,303</b>	<b>820,079</b>	<b>72,354</b>	<b>44,020,932</b>	29,914,579
<b>Represented by: 8</b>						
Capital contributed by shareholders' fund	-	-	50,000	50,000	<b>100,000</b>	55,000
Policyholders' liabilities	41,912,415	319,662	460,988	-	<b>42,693,065</b>	29,012,338
Retained earnings on other than participating business	605,781	290,641	309,091	22,354	<b>1,227,867</b>	847,241
<b>Balance of statutory funds</b>	<b>42,518,196</b>	<b>610,303</b>	<b>820,079</b>	<b>72,354</b>	<b>44,020,932</b>	29,914,579

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattansej  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

# Statement of Premiums

For the year ended December 31, 2014

	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
	← (Rupees in '000) →					
<b>Gross premiums</b>						
Regular premium individual policies *						
- First year	6,239,697	101	54	-	<b>6,239,852</b>	5,339,742
- Second year renewal	4,338,840	206	-	-	<b>4,339,046</b>	3,490,710
- Subsequent years renewal	7,423,915	1,372	61	-	<b>7,425,348</b>	5,108,663
Single premium individual policies	819,273	-	-	-	<b>819,273</b>	687,426
Group policies without cash values	-	1,345,846	1,620,602	33,416	<b>2,999,864</b>	2,450,047
<b>Total gross premiums</b>	<b>18,821,725</b>	<b>1,347,525</b>	<b>1,620,717</b>	<b>33,416</b>	<b>21,823,383</b>	17,076,588
<b>Less: Reinsurance premiums ceded</b>						
On individual life first year business	(32,738)	(10)	-	-	<b>(32,748)</b>	(73,711)
On individual life second year business	(68,157)	(73)	8	-	<b>(68,222)</b>	(59,140)
On individual life subsequent renewal business	(184,533)	(462)	(30)	-	<b>(185,025)</b>	(133,149)
On single premium individual policies	-	(2)	-	-	<b>(2)</b>	-
On group policies	-	(427,501)	(11,144)	(12,816)	<b>(451,461)</b>	(460,688)
	(285,428)	(428,048)	(11,166)	(12,816)	<b>(737,458)</b>	(726,688)
<b>Net premiums</b>	<b>18,536,297</b>	<b>919,477</b>	<b>1,609,551</b>	<b>20,600</b>	<b>21,085,925</b>	16,349,900

\* Individual policies are those underwritten on an individual basis and include joint life policies underwritten as such.

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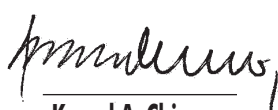


# Statement of Claims

For the year ended December 31, 2014

	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
(Rupees in '000)						
<b>Gross claims</b>						
Claims under individual policies						
by death	404,303	2,230	-	-	<b>406,533</b>	325,927
by insured event other than death	1,293	-	(25)	-	<b>1,268</b>	811
by maturity	4,548	-	-	-	<b>4,548</b>	1,717
by surrender	2,081,104	-	-	-	<b>2,081,104</b>	1,412,760
by partial withdrawal	936,060	-	-	-	<b>936,060</b>	596,690
<b>Total gross individual policy claims</b>	<b>3,427,308</b>	<b>2,230</b>	<b>(25)</b>	<b>-</b>	<b>3,429,513</b>	2,337,905
Claims under group policies						
by death	-	796,554	35	3,113	<b>799,702</b>	781,351
by insured event other than death	-	6,953	1,201,569	5,396	<b>1,213,918</b>	927,909
bonus in cash	-	2,662	-	-	<b>2,662</b>	3,592
experience refund	-	125,712	29,986	10,016	<b>165,714</b>	145,513
Total gross group policy claims	-	<b>931,881</b>	<b>1,231,590</b>	<b>18,525</b>	<b>2,181,996</b>	1,858,365
<b>Total gross claims</b>	<b>3,427,308</b>	<b>934,111</b>	<b>1,231,565</b>	<b>18,525</b>	<b>5,611,509</b>	4,196,270
<b>Less: reinsurance recoveries</b>						
On individual life first year business claims	(3,795)	-	-	-	<b>(3,795)</b>	(36,383)
On individual life second year business claims	(25,703)	-	-	-	<b>(25,703)</b>	(20,869)
On individual life renewal business claims	(89,810)	(1,680)	-	-	<b>(91,490)</b>	(70,741)
On group claims	-	(322,263)	(4,727)	(8,497)	<b>(335,487)</b>	(364,479)
On experience refund of premiums	(10,672)	(59,528)	-	(2,230)	<b>(72,430)</b>	(57,034)
	<b>(129,980)</b>	<b>(383,471)</b>	<b>(4,727)</b>	<b>(10,727)</b>	<b>(528,905)</b>	(549,506)
<b>Net claims</b>	<b>3,297,328</b>	<b>550,640</b>	<b>1,226,838</b>	<b>7,798</b>	<b>5,082,604</b>	3,646,764

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattansej  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

# Statement of Expenses

For the year ended December 31, 2014

Note	Statutory Funds				Aggregate		
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013	
(Rupees in '000)							
<b>Acquisition costs</b>							
Remuneration to insurance intermediaries on individual policies:							
	2,986,345	15	11	-	<b>2,986,371</b>	2,566,565	
- Commission on first year premiums							
- Commission on second year premiums	221,513	21	-	-	<b>221,534</b>	187,130	
- Commission on subsequent renewal premiums	138,304	69	12	-	<b>138,385</b>	99,048	
- Commission on single premiums	15,439	-	-	-	<b>15,439</b>	8,857	
	<u>3,361,601</u>	<u>105</u>	<u>23</u>	<u>-</u>	<b><u>3,361,729</u></b>	<u>2,861,600</u>	
Remuneration to insurance intermediaries on group policies:							
- Commission	-	192,235	47,014	-	<b>239,249</b>	199,207	
Branch overheads	25	1,129,728	50,054	33,203	-	<b>1,212,985</b>	1,010,392
Other acquisition costs:							
- Policy stamps	110,442	230	2,345	-	<b>113,017</b>	103,975	
	<u>4,601,771</u>	<u>242,624</u>	<u>82,585</u>	<u>-</u>	<b><u>4,926,980</u></b>	<u>4,175,174</u>	
<b>Administration expenses</b>							
26	386,910	42,561	57,789	1,280	<b>488,540</b>	344,119	
Salaries, allowances and other benefits	14,468	1,806	2,285	50	<b>18,609</b>	31,096	
Charge for defined benefit plan	13,385	1,674	2,080	48	<b>17,187</b>	13,035	
Contribution to defined contribution plan	19,545	748	3,399	37	<b>23,729</b>	25,294	
Travelling expenses	2,466	92	130	5	<b>2,693</b>	2,796	
Auditors' remuneration	5,186	2,200	718	45	<b>8,149</b>	7,434	
Actuary's fees	2,023	1,507	1,061	9	<b>4,600</b>	3,889	
Medical fees	236,504	523	362	-	<b>237,389</b>	89,532	
Advertisements	40,071	6,657	13,628	137	<b>60,493</b>	45,922	
Printing and stationery	68,360	5,532	8,205	205	<b>82,302</b>	57,742	
Depreciation	6,480	445	805	74	<b>7,804</b>	7,169	
Amortisation	43,478	6,971	6,498	105	<b>57,052</b>	49,672	
Rent expense	5,659	325	237	7	<b>6,228</b>	8,333	
Legal and professional charges	37,648	2,743	3,242	67	<b>43,700</b>	34,169	
Supervision fees	36,828	3,139	3,497	68	<b>43,532</b>	28,385	
Utilities	7,208	410	710	4	<b>8,332</b>	10,889	
Entertainment	7,645	1,068	1,888	54	<b>10,655</b>	9,243	
Vehicle running	30,915	2,230	2,553	74	<b>35,772</b>	27,571	
Repairs and maintenance	8,990	125	31	1	<b>9,147</b>	10,282	
Bank charges and brokerage	4,261	720	614	13	<b>5,608</b>	6,839	
Training expenses	42,068	1,278	3,854	61	<b>47,261</b>	44,337	
Postages, telegrams and telephone	6,895	920	881	17	<b>8,713</b>	8,248	
Staff welfare	1,798	633	871	35	<b>3,337</b>	4,786	
General insurance	19,539	76	(1,416)	-	<b>18,199</b>	3,475	
Doubtful debts	737	253	176	2	<b>1,168</b>	786	
Miscellaneous expenses	<u>1,049,067</u>	<u>84,636</u>	<u>114,098</u>	<u>2,398</u>	<b><u>1,250,199</u></b>	<u>875,043</u>	
<b>Gross management expenses</b>	<b>5,650,838</b>	<b>327,260</b>	<b>196,683</b>	<b>2,398</b>	<b>6,177,179</b>	5,050,217	
Commission from reinsurers	(58,440)	(2,175)	(1,222)	-	<b>(61,837)</b>	(76,247)	
<b>Net management expenses</b>	<b>5,592,398</b>	<b>325,085</b>	<b>195,461</b>	<b>2,398</b>	<b>6,115,342</b>	4,973,970	

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Kamal A. Chinoy  
Chairman

  
Aly Noor Mahomed Rattansej  
Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

# Statement of Investment Income

For the year ended December 31, 2014

	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
<b>Investment income</b>	← (Rupees in '000) →					
- Government securities	2,496,469	78,875	76,695	3,786	<b>2,655,825</b>	1,622,631
- Other fixed income securities and deposits	358,306	8,919	6,904	579	<b>374,708</b>	324,249
- Dividends	584,772	6,500	4,550	-	<b>595,822</b>	452,729
- Gain on sale of investments	101,167	2,854	1,474	18	<b>105,513</b>	20,899
- Amortisation of premium	91,483	2,144	2,781	91	<b>96,499</b>	3
- Unrealised gain on investments	2,287,956	-	-	-	<b>2,287,956</b>	1,140,072
- Other income	-	-	5,249	1,393	<b>6,642</b>	3,489
<b>Total</b>	<b>5,920,153</b>	<b>99,292</b>	<b>97,653</b>	<b>5,867</b>	<b>6,122,965</b>	<b>3,564,072</b>
<b>Reversal for impairment in value of investments</b>						
- Government securities	187	6,637	590	36	<b>7,450</b>	10,042
<b>Less: Investment related expenses</b>	<b>(1,105)</b>	<b>(26)</b>	<b>(26)</b>	<b>(1)</b>	<b>(1,158)</b>	<b>(700)</b>
<b>Less: Tax on dividend under FTR</b>	<b>(75,055)</b>	<b>(487)</b>	<b>(341)</b>	<b>-</b>	<b>(75,883)</b>	<b>(23,502)</b>
<b>Net investment income</b>	<b>5,844,180</b>	<b>105,416</b>	<b>97,876</b>	<b>5,902</b>	<b>6,053,374</b>	<b>3,549,912</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
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Director

  
John Joseph Metcalf  
Director

  
Javed Ahmed  
Managing Director &  
Chief Executive Officer

**1. STATUS AND NATURE OF BUSINESS**

- 1.1** Jubilee Life Insurance Company Limited (the Company) was incorporated in Pakistan on June 29, 1995 as a public limited Company under the Companies Ordinance, 1984. Its shares are quoted on the Karachi Stock Exchange. The Company started its business on June 20, 1996. The addresses of its registered and principal office are 26-D, 3rd floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad and Jubilee Life Insurance Building, 74/1-A, Lalazar, M.T Khan Road, Karachi, respectively.

The Company is engaged in life insurance, carrying on non-participating business. In accordance with the requirements of the Insurance Ordinance, 2000 the Company has established a shareholders' fund and following statutory funds in respect of each class of its life insurance business:

- Individual life unit linked
- Conventional business
- Accident & health
- Overseas group life and health business

- 1.2** The Company is a subsidiary of Aga Khan Fund For Economic Development, S.A, Switzerland.

- 1.3** The Board of Directors in their meeting held on October 28, 2014 approved the commencement of Window Family Takaful Operations by the company. The shareholders approved the board's decision in the EOGM held on November 27, 2014. The submission of application to the SECP is in process and upon completion of approval process, the Company intends to launch the Family Takaful business during second quarter 2015.

**2. BASIS OF PRESENTATION**

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 (1)/2002 dated December 12, 2002.

**3. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and [SEC (Insurance) Rules, 2002]. In case requirements differ, the provisions of or directives issued thereunder of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and [SEC (Insurance) Rules, 2002] shall prevail.

**3.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2015:

- Amendments to IAS 19 "Employee Benefits" Employee contributions a practical approach (effective for annual periods beginning on or after July 1, 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 1, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after January 1, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 1, 2016.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 1, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 1, 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 1, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, into one place. The adoption of this standard is likely to result in additional disclosures in the Company's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after January 1, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 1, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 1, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. These amendments are not likely to affect Company's financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Amendments 'to IFRS 10 and IAS 28] (effective for annual periods beginning on or after January 1, 2016). The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are not likely to affect Company's financial statements.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual periods beginning on or after July 1, 2014). The new cycle of improvements contain amendments to the following standards:
  - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
  - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
  - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
  - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
  - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
  - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 1, 2016). The new cycle of improvements contain amendments to the following standards:
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
  - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets, in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
  - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

#### **4. BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments.

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 40 to the financial statements.

##### **4.1 Functional and presentation currency**

These financial statements have been presented in Pak Rupee, which is the Company's functional and presentation currency. Amounts presented have been rounded off to the nearest thousand.

#### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **5.1 Types of Insurance contracts**

###### **a) Individual life unit linked**

Individual life contracts are mainly regular premium unit linked policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Family Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders' fund value, while others are conventional i.e. additional premium is charged thereagainst. Policies are sold to a wide cross-section of population with different income levels. The risk underwritten is mainly death and sometimes disability and/or critical illness. This business is written through two distribution channels, namely, the direct sales force and bancassurance.

Individual life single premium policies are also issued and their value is determined as per underlying assets' value of the fund.

###### **b) Conventional business**

###### **i) Individual life conventional business**

Individual life conventional contracts are mainly protection policies sold to a wide cross-section of population with different income levels. The risk underwritten is mainly death and sometimes critical illness. This business is written through direct sales force.



## ii) **Group life**

Group life contracts are mainly issued to employers to insure their commitments to their employees as required under The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The Company also writes business for consumer banking related schemes and micro-insurance schemes. The risk underwritten is mainly death and sometimes disability. This business is written through direct sales force and bancassurance.

## c) **Accident & health**

### i) **Individual accident & health business**

Individual accident and health contracts are mainly protection policies sold to a wide cross-section of population with different income levels. The risk underwritten is medical expenses related to out patient services and hospitalisation. This business is written through direct sales force.

### ii) **Group health**

Group health contracts are mainly issued to employers to insure their commitments to their employees. The Company also writes business for micro-insurance schemes. The risk underwritten is medical expenses related to out patient services and hospitalisation. This business is written through direct sales force.

### d) **Overseas group life and health business**

The Company has issued group life and health policies to a policyholder based in Afghanistan. The risk underwritten under life policy is mainly death and sometimes disability while the risk underwritten under health policy is medical expenses related to hospitalisation and out-patient.

## 5.2 **Revenue recognition**

First year, renewal and single premium are recognised once resulted policies are issued / renewed against receipt and realisation of premium except for Group life, Group health and Overseas group life and health business.

Premium for group life, group health and overseas group life and health business are recognised as and when due. The Company continue to provide the cover even if the premium is received after the grace period.

## 5.3 **Recognition of policyholders' liabilities**

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

## 5.4 **Claim expenses**

Claim expenses are recognised on the date the insured event is intimated except for individual life unit linked where claim expenses are recognised earlier of the date the policy cease to participate in the earnings of the fund and the date insured event is intimated.

Surrenders of individual life unit linked are recognised after these have been approved in accordance with the Company's policy.

Liability for outstanding claims is recognised in respect of all claims intimated up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

## 5.5 Experience refund of premium

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

## 5.6 Policyholders' liabilities

### a) Individual life unit linked

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-unit reserves of these linked contracts. Non-linked reserves constitute liability kept to account for risks such as death, disability, critical illness, etc. Incurred But Not Reported (IBNR) claims and non-linked riders (Accidental Death and Disability, Waiver of Premium, etc.).

Reserves for risks such as death, disability, etc. are kept on the basis of risk charges deducted for these risks.

#### - Incurred But Not Reported (IBNR) claims

For IBNR, the Company uses statistical methods to incorporate assumptions made in order to estimate the ultimate cost of claims. The claims experience for this line of business has not developed sufficiently to attach full credibility to the experience. Hence, IBNR reserves are being kept as a percentage of risk charges. A lag study has been conducted at various points of time to attach greater credibility to the experience in order to determine the amount of IBNR claims.

The method involves the analysis of historical claims and the lags are estimated based on this historical pattern. Actual IBNR claims experience at various points of time is compared to the IBNR reserves kept at these time periods, to determine the adequacy of IBNR reserves. This validates the factor that is applied to risk charges in order to arrive at IBNR reserves. Adequate margins are also built-in to compensate for any adverse deviations in claims experience. In view of grossly insufficient claims experience, IBNR reserves for non-linked riders have been held in proportion to the premium earned in the valuation year.

#### - Unearned premium and premium deficiency reserve

Unearned premium reserve is not applicable to main policies. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves. Liabilities for claims in course of payment for Family Income Benefit rider and Waiver of Premium rider are held in accordance with the advice of the appointed actuary.

The Premium Deficiency Reserve (PDR) is not applicable to these policies. For riders, there is no need to hold a PDR since these maintain very reasonable claim ratios.

### b) Conventional business

#### i) Individual life conventional

Policyholders' liabilities constitute the reserves for base plans, riders attached to the base plans and reserves for IBNR claims.

For base plans, policyholders' liabilities are determined as per the minimum criteria given in Insurance Rules, 2002. Discount rate used in this calculation is 3.75% and the mortality rates assumed are those according to EFU (61-66) table. For critical illness policies, the future incidence of critical illness is according to a percentage of reinsurer's risk premium rates for this coverage.

- Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

- Unearned premium and premium deficiency reserve

Unearned Premium Reserves (UPR) methodology is applied to rider premium to arrive at riders' reserves. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves.

Tests are conducted periodically on the basis of gross premium valuation to confirm the adequacy of reserves kept on modified net premium basis. For riders, there is no requirement to hold premium deficiency reserves since these maintain very reasonable claims ratios.

## ii) **Group life**

Policyholders' liabilities comprise of Unearned Premium Reserves (UPR), reserves for Incurred But Not Reported (IBNR) claims and pay-continuation reserves.

- Incurred But Not Reported (IBNR) claims

For purposes of estimation, the business has been split into two categories, namely, normal and other than normal schemes (including consumer banking schemes and micro-insurance). IBNR reserves is calculated on separate basis for these two categories. IBNR is based upon reported claims for normal schemes and on earned premium for other than normal schemes due to lack of fully credible experience. For IBNR reserves based on reported claims, the Company uses the chain-ladder method (a statistical technique) to estimate the ultimate cost of claims.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is gross deterioration in mortality, there is an occurrence of a catastrophic event, or there is a reduction in asset value on potential encashment of assets. No requirement for holding premium deficiency reserve was found since the Company has a good combined ratio and it is unlikely that there will be a sudden, significant worsening of mortality due to good dispersion of risk across various geographical and income stratas. Also, the Company holds a catastrophe reinsurance cover which reduces its exposure to large number of claims arising from any one incident.

Liabilities for claims in course of payment (pay continuation reserves) are held in accordance with the advice of the appointed actuary.

## c) **Accident & health**

Policy holder liability comprises of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- Incurred But Not Reported (IBNR) claims

For purposes of estimation, the business has been split into two categories, namely, non-micro non-outpatient and other (includes non-micro-insurance schemes' outpatient components and micro-insurance schemes). IBNR reserve is calculated on separate basis for these two categories. IBNR is based upon reported claims for the non-micro-insurance non-outpatient category and on earned premium for the other category due to lack of fully credible experience. For IBNR reserves based on reported claims, the Company uses the chain-ladder method (a statistical technique) to estimate the ultimate cost of claims.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is sudden worsening of morbidity or inflationary increase in claims. No requirement for holding premium deficiency reserve was found at present since the portfolio has a combined ratio of less than 100% and the average claims have been low in spite of overall inflation.

#### **d) Overseas group life and health fund**

Policy holder liability comprises of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- Incurred But Not Reported (IBNR) claims

This reserve has been set as Nil as at the valuation date in view of the reinsurance arrangements in place.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is gross deterioration in mortality, sudden worsening of morbidity, occurrence of a catastrophic event, reduction in asset value on potential encashment of assets or inflationary increase in claims. No requirement for holding premium deficiency reserve was found at present since the portfolio has a good combined ratio and the average claims have been low in spite of overall inflation.

### **5.7 Reinsurance contracts held**

#### **Reinsurance premiums**

Reinsurance premium is recognised at the same time when the premium income is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

#### **Claim recoveries**

Claim recoveries from reinsurers are recognised at the same time as the claims are intimated and recorded in the books of accounts of the Company.

#### **Experience refund of premium**

Experience refund receivable from reinsurers is included in the reinsurance recoveries of claims.

Individual life unit linked and conventional policies are reinsured under an individual life reinsurance agreement whereas group life policies are reinsured under a group life reinsurance agreement.

All receivables (reinsurer's share in claims, inward commission and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised net in the Company's financial statements, under the circumstances only that there is a clear legal right of off-set of the amounts. Furthermore, credit is taken on account of reinsurer's share in policyholders' liabilities as advised by the appointed actuary.

## 5.8 Receivables and payables related to insurance contracts

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

## 5.9 Staff retirement benefits

### Defined benefit plan

The Company operates an approved funded gratuity scheme for all permanent employees who have completed minimum qualifying eligible service of 5 years. Contribution to the fund is made and expense is recognised on the basis of actuarial valuation carried out as at each year end using the projected unit credit method.

The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / income are recognised immediately with a charge or credit to profit and loss and revenue account. The standard requires these to be recognised in other comprehensive income (OCI). However, the format of presentation and disclosure of financial statements notified by SECP does not require preparation of statement of comprehensive income, resultantly the charge / credit has been taken to profit and loss and revenue account.

### Defined contribution plan

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

## 5.10 Accumulated compensated absences

The Company makes provision in the financial statements for its liabilities towards vested and non vested compensated absences accumulated by its employees on the basis of anticipated utilisation of such leaves based on past trends.

## 5.11 Statutory funds

The Company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues and expenses of the Company are referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to the shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

## 5.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. Charge for the current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date and includes adjustments, where considered necessary, relating to prior years.

## Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

## 5.13 Investments

### Classification

The Company has classified its investment portfolio except for investment in associate into 'held-to-maturity' and 'available-for-sale' as follows:

- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold till maturity.
- Available-for-sale – These are investments that do not fall under the Held-for-trading or Held-to-maturity categories.

### Initial recognition

All investments classified as above are initially recognised at fair value including acquisition charges associated with the investments.

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Company commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

### Subsequent measurement

Investments classified as held-to-maturity are subsequently measured at amortised cost, taking into account any discount or premium on acquisition, using the effective interest rate method.

Investments classified as available-for-sale are subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 and the reduction is recognised as a provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognised in the profit and loss account or revenue account of the respective non-linked fund. However, investments classified as available-for-sale, which are linked to the units of the unit linked fund, are marked to their market values. Any gain or loss on such available-for-sale investments is recognised in revenue account of the respective linked fund.

### Investment in an associates - equity method

Associates are those entities in which the company has significant influence, but does not have control, over the financial and operating policies. These financial statements include the company's share of total recognized gains and losses of associates on the equity accounting basis, from the date significant influence commences until the date that significant influence ceases. When the company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the company has incurred legal or constructive obligation.

### **Fair / market value measurements**

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

## **5.14 Fixed assets**

### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost. Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged in the year of acquisition. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### **Subsequent cost**

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

### **Depreciation**

Depreciation is charged to profit and loss account using the straight line method at the rates specified in note 20.2 on all assets available for use at the end of each month. When parts of an item of asset have different useful lives, they are accounted for as separate fixed assets items.

Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged in the month of disposal.

The assets' residual value and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

### **Gains and losses on disposal**

An item of tangible assets is derecognised upon disposal or where no future economic benefits are expected to be realised from its use or disposal. Gains or losses on disposal of an item of tangible assets are recognised in the profit and loss account.

### **Intangible assets**

These represent assets with finite lives and are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged over the estimated useful life of the asset applying the straight line method at the rates specified in note 20.4 to the financial statements.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

### **Capital work in progress**

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

### 5.15 Other revenue recognition

#### Mark-up / Interest

- Mark-up / interest income on bank deposits and government securities is recognised on time proportion basis.
- Interest on fixed income securities is recognised on time proportion basis using effective interest rate method.

#### Dividends

Dividend income is recognised when Company's right to receive dividend is established.

### 5.16 Acquisition cost

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

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

### 5.17 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Foreign currency transactions are recorded using the rates of exchange prevailing at the date of transaction. Exchange gains and losses on translation are included in investment income currently.

### 5.18 Cash and cash equivalents

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

- Cash at bank in current and saving accounts
- Cash and stamps in hand
- Term deposits with original maturity upto three months

### 5.19 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account / revenue account, as appropriate.

### 5.20 Provisions

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



### 5.21 Segment reporting

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Company has four operating segments for reporting purposes namely; Individual life unit linked, Conventional business, Accident & health and Overseas group life and health business. The details of all operating segments are described in note 5.1 to these financial statements.

### 5.22 Off-setting

Assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### 5.23 Financial assets and liabilities

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair / market value or amortised cost as the case may be.

### 5.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance, 2000 are recognised in the year in which these are approved.

## 6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014	2013		2014	2013
<b>(Number of shares in '000)</b>			<b>(Rupees in '000)</b>	
<b>62,712</b>	62,712	Ordinary shares of Rs. 10 each	<b>627,120</b>	627,120
<b>9,407</b>	-	fully paid in cash	<b>94,068</b>	-
<b>72,119</b>	62,712	Issued as fully paid bonus shares	<b>721,188</b>	627,120

**6.1** As at December 31, 2014 and 2013 Aga Khan Fund for Economic Development S.A Switzerland and its nominees held 41,739,128 and 36,294,894 ordinary shares of Rs. 10 each respectively.

## 7. ANALYSIS OF ACCUMULATED SURPLUS AS SHOWN IN BALANCE SHEET

	2014	2013
	<b>(Rupees in '000)</b>	
Accumulated surplus in statement of changes in equity at beginning of the year	<b>1,616,002</b>	1,168,515
Add: Surplus in profit and loss account for the year	<b>1,361,532</b>	941,471
Less: Dividend	<b>(399,789)</b>	(438,984)
Less: Issue of bonus shares	<b>(94,068)</b>	-
Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at end of the year	<b>2,483,677</b>	1,671,002
Capital transfers to statutory fund	<b>(95,000)</b>	(55,000)
Capital withdrawn from statutory fund	<b>50,000</b>	-
Accumulated surplus	<b>2,438,677</b>	1,616,002

## 8. MOVEMENT IN EQUITY OF STATUTORY FUND

	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
	← (Rupees in '000) →					
<b>Policyholders' liabilities</b>						
Balance at beginning of the year	28,414,260	300,153	297,925	-	<b>29,012,338</b>	19,337,034
Increase during the year	13,498,155	19,509	163,063	-	<b>13,680,727</b>	9,675,304
Balance at end of the year - note 9	<u>41,912,415</u>	<u>319,662</u>	<u>460,988</u>	<u>-</u>	<b>42,693,065</b>	29,012,338
<b>Retained earnings on other than participating business</b>						
Balance at beginning of the year	388,185	260,982	187,026	11,048	<b>847,241</b>	516,467
Surplus for the year	1,992,596	129,659	122,065	16,306	<b>2,260,626</b>	1,603,774
Surplus appropriated to shareholders' fund	(1,775,000)	(100,000)	-	(5,000)	<b>(1,880,000)</b>	(1,273,000)
Balance at end of the year - note 8.1	<u>605,781</u>	<u>290,641</u>	<u>309,091</u>	<u>22,354</u>	<b>1,227,867</b>	847,241
<b>Capital contributed by shareholders' fund</b>						
Balance at beginning of the year	-	-	55,000	-	<b>55,000</b>	-
Capital contributed during the year	-	-	45,000	50,000	<b>95,000</b>	95,000
Capital withdrawn during the year	-	-	(50,000)	-	<b>(50,000)</b>	(40,000)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<b>100,000</b>	55,000
Balance of statutory fund at end of the year	<u>42,518,196</u>	<u>610,303</u>	<u>820,079</u>	<u>72,354</u>	<b>44,020,932</b>	29,914,579

8.1 Balances in retained earnings are principally maintained in accordance with the SEC Insurance rules, 2002 to meet solvency margins.

## 9. POLICYHOLDERS' LIABILITIES

	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
	← (Rupees in '000) →					
<b>Gross of reinsurance</b>						
Actuarial liability relating to future events	41,689,418	235,306	328,388	-	<b>42,253,112</b>	28,635,173
Provision for outstanding reported claims payable over a period exceeding twelve months	174,820	93,253	-	-	<b>268,073</b>	232,340
Provision for incurred but not reported claims	229,962	110,125	133,565	5	<b>473,657</b>	387,065
	<u>42,094,200</u>	<u>438,684</u>	<u>461,953</u>	<u>5</u>	<b>42,994,842</b>	29,254,578
<b>Net of reinsurance</b>						
Actuarial liability relating to future events	41,658,383	142,239	327,654	-	<b>42,128,276</b>	28,527,797
Provision for outstanding reported claims payable over a period exceeding twelve months	174,820	93,253	-	-	<b>268,073</b>	232,340
Provision for incurred but not reported claims	79,212	84,170	133,334	-	<b>296,716</b>	252,201
	<u>41,912,415</u>	<u>319,662</u>	<u>460,988</u>	<u>-</u>	<b>42,693,065</b>	29,012,338

**10. STAFF RETIREMENT BENEFITS****10.1 Defined benefit plan**

**10.1.1** As stated in note 5.9, the Company operates an approved funded gratuity scheme for all permanent employees who have completed minimum qualifying eligible service of 5 years.

**10.1.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882; the Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the trust deed of the plan. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

**10.1.3** The latest actuarial valuation of the Fund as at December 31, 2014 was carried out using the Projected Unit Credit Method. The results of actuarial valuation are as follows:

	<b>2014</b>	2013
	<b>(Rupees in '000)</b>	
<b>10.1.4 Balance sheet reconciliation</b>		
Present value of defined benefit obligation at December 31 - note 10.1.5	<b>194,035</b>	142,882
Fair value of plan assets at December 31 - note 10.1.6	<b>(202,237)</b>	(106,416)
(Surplus) / deficit	<b>(8,202)</b>	36,466
<b>10.1.5 Movement in present value of defined benefit obligation</b>		
Balance as at January 1	<b>142,882</b>	92,242
Benefits paid by the plan	<b>(3,668)</b>	(6,501)
Current service cost	<b>20,921</b>	17,380
Interest cost	<b>18,336</b>	10,147
Remeasurement loss on obligation	<b>15,564</b>	29,614
Closing balance	<b>194,035</b>	142,882
<b>10.1.6 Movement in fair value of plan assets</b>		
Balance at 1 January	<b>106,416</b>	89,704
Contributions paid into the plan	<b>76,839</b>	16,000
Benefits paid by the plan	<b>(3,668)</b>	(6,501)
Interest income	<b>18,694</b>	9,867
Remeasurement gain / (loss)	<b>3,956</b>	(2,654)
Balance at December 31	<b>202,237</b>	106,416
<b>10.1.7 Expense recognised in profit and loss account</b>		
Current service cost	<b>20,921</b>	17,380
Net interest cost	<b>(358)</b>	280
Experience losses	<b>11,608</b>	32,268
	<b>32,171</b>	49,928

	2014	2013
	(Rupees in '000)	
<b>10.1.8 Net recognised liability / (asset)</b>		
Net liability / (asset) at beginning of the year	<b>36,466</b>	2,538
Expense recognised in profit and loss account	<b>32,171</b>	49,928
Contribution made to the fund	<b>(76,839)</b>	(16,000)
	<b>(8,202)</b>	36,466

**10.1.9 Plan assets comprise of the following:**

	2014		2013	
	(Rupees in '000)	%	(Rupees in '000)	%
Government Securities	<b>171,767</b>	<b>84.9%</b>	101,418	95.3%
Mutual Funds	<b>9,817</b>	<b>4.9%</b>	-	0.0%
Cash and others	<b>20,653</b>	<b>10.2%</b>	4,998	4.7%
	<b>202,237</b>	<b>100%</b>	106,416	100%

<b>10.1.10 Actuarial assumptions</b>	2014 %	2013 %
Discount rate at December 31	<b>12.25</b>	13.00
Future salary increases	<b>12.25</b>	13.00

**10.1.11** Expected mortality was based on SLIC (2001 - 05) mortality table.

**10.1.12** In case of the funded plan, the Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of government securities. The Company believes that government securities offer the best returns over the long term with an acceptable level of risk.

**10.1.13** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contribution to the fund in 2015 is expected to amount to Rs. 23.75 million (2014: Rs. 32.17 million).

The actuary conducts valuations for calculating contribution rates and the Company contributes to the fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

#### 10.1.14 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		← (Rupees in '000) →	
Discount rate at December 31	1%	172,412	219,638
Future salary increases	1%	219,719	171,953

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

#### 10.1.15 Historical information

	2014	2013	2012	2011	2010
	← (Rupees in '000) →				
Defined benefit obligation	<b>194,035</b>	142,882	92,242	69,336	60,526
Fair value of plan assets	<b>(202,237)</b>	(106,416)	(89,704)	(72,862)	(59,858)
Surplus / (deficit)	<b>8,202</b>	(36,466)	(2,538)	3,526	(668)
<b>Experience adjustments</b>					
(Gain) / loss on obligation	<b>15,564</b>	29,614	5,651	(3,378)	169
Gain / (loss) on plan assets	<b>3,956</b>	(2,654)	1,735	776	1,217

10.1.16 The weighted average duration of the defined benefit obligation is 12 years.

10.1.17 Figures in note 10 are based on the latest actuarial valuation carried out as at December 31, 2014.

#### 10.2 Define Contribution Plan

The Company's contributions towards the provident fund for the year ended December 31, 2014 amounted to Rs. 30 million (2013: Rs. 23 million).

## 11. OUTSTANDING CLAIMS

	2014			2013		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	← (Rupees in '000) →					
<b>Individual life unit linked</b>						
<b>Notified claims at beginning of the year</b>	<b>105,846</b>	<b>(10,110)</b>	<b>95,736</b>	140,124	(6,006)	134,118
Cash paid for claims settled in the year	(3,408,946)	141,436	(3,267,510)	(2,374,234)	131,216	(2,243,018)
Increase / (decrease) in liabilities:						
Arising from current year claims	3,460,548	(149,306)	3,311,242	2,372,205	(147,313)	2,224,892
Arising from prior year claims	(33,240)	19,326	(13,914)	(32,249)	11,993	(20,256)
<b>Notified claims at end of the year</b>	<b>124,208</b>	<b>1,346</b>	<b>125,554</b>	<b>105,846</b>	<b>(10,110)</b>	<b>95,736</b>
<b>Conventional business</b>						
<b>Notified claims at beginning of the year</b>	<b>366,508</b>	<b>(207,469)</b>	<b>159,039</b>	361,635	(179,693)	181,942
Cash paid for claims settled in the year	(946,533)	365,389	(581,144)	(900,575)	369,929	(530,646)
Increase / (decrease) in liabilities:						
Arising from current year claims	939,614	(387,851)	551,763	916,833	(398,622)	518,211
Arising from prior year claims	(5,503)	4,380	(1,123)	(11,385)	917	(10,468)
<b>Notified claims at end of the year</b>	<b>354,086</b>	<b>(225,551)</b>	<b>128,535</b>	<b>366,508</b>	<b>(207,469)</b>	<b>159,039</b>
<b>Accident &amp; health</b>						
<b>Notified claims at beginning of the year</b>	<b>157,594</b>	<b>(16,110)</b>	<b>141,484</b>	121,640	(18,885)	102,755
Cash paid for claims settled in the year	(1,173,675)	18,877	(1,154,798)	(894,095)	6,079	(888,016)
Increase / (decrease) in liabilities:						
Arising from current year claims	1,256,178	(4,356)	1,251,822	949,707	(3,304)	946,403
Arising from prior year claims	(24,613)	(371)	(24,984)	(19,658)	-	(19,658)
<b>Notified claims at end of the year</b>	<b>215,484</b>	<b>(1,960)</b>	<b>213,524</b>	<b>157,594</b>	<b>(16,110)</b>	<b>141,484</b>
<b>Overseas group life and health Fund</b>						
<b>Notified claims at beginning of the year</b>	<b>40,529</b>	<b>(21,732)</b>	<b>18,797</b>	18,976	(8,555)	10,421
Cash paid for claims settled in the year	(43,526)	14,961	(28,565)	(998)	-	(998)
Increase / (decrease) in liabilities:						
Arising from current year claims	18,525	(10,727)	7,798	20,801	(13,177)	7,624
Arising from exchange difference	-	-	-	1,734	-	1,734
Arising from prior year claims	-	-	-	16	-	16
<b>Notified claims at end of the year</b>	<b>15,528</b>	<b>(17,498)</b>	<b>(1,970)</b>	<b>40,529</b>	<b>(21,732)</b>	<b>18,797</b>

11.1 As the Company settles its claim obligations within a year, the claim development table has not been presented.

### 11.2 UNCLAIMED INSURANCE BENEFIT

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

	Age-wise break up					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	← (Rupees in '000) →					
Unclaimed maturity benefits	2,443	1,902	103	438	-	-
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	5,943	-	4,398	693	756	96
Other unclaimed benefits	-	-	-	-	-	-
<b>Total</b>	<b>8,386</b>	<b>1,902</b>	<b>4,501</b>	<b>1,131</b>	<b>756</b>	<b>96</b>

### 12. STATUTORY DEPOSITS

The Company has deposited 20 years Pakistan Investment Bonds amounting to Rs. 86 million (2013: Rs. 86 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

### 13. OTHER CREDITORS AND ACCRUALS

	Share holders' fund	Statutory Funds			Aggregate		
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
	← (Rupees in '000) →						
Sundry creditors	28,051	8,811	819	3,012	-	40,693	31,672
Withholding tax payable	2,728	11,466	745	965	-	15,904	12,191
Payable to Workers' Welfare Fund	63,434	-	-	-	-	63,434	63,980
Zakat payable	-	267	-	-	-	267	130
	94,213	20,544	1,564	3,977	-	120,298	107,973

## 14. CONTINGENCY & COMMITMENTS

### 14.1 Contingency

While finalising the Company's income tax assessment for the accounting years ended December 31, 2012 (Tax Year 2013) and December 31, 2011 (Tax year 2012), the taxation officer raised additional tax demand of Rs. 8.27 million and Rs. 9.86 million on the Company on account of non-deduction of withholding tax under section 151(1)(d) of the Income Tax Ordinance, 2001 on the amount of surrenders paid during the respective years. The Company filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) contesting that the tax officer had misunderstood the contracts of life insurance. However, during the year, the CIRA passed an order rejecting the Company's plea. The Company has now filed an appeal with the Appellate Tribunal challenging the order passed by CIRA. The Company believes the matter would be settled in its favour and hence no provision has been made in respect of the aforementioned additional tax demand.

	Note	2014 (Rupees in '000)	2013
<b>14.2 Commitments in respect of capital expenditure - Leased assets</b>			
Not later than one year		<b>144,212</b>	138,665
<b>15. CASH AND BANK DEPOSITS</b>			
<b>Policy stamps in hand</b>		<b>32,456</b>	<b>31,033</b>
<b>Current and other accounts</b>			
Cash at bank - PLS saving accounts	15.1	<b>900,082</b>	24,559
Cash at Bank - Current accounts	15.2	<b>738,402</b>	497,664
		<b>1,638,484</b>	522,223
<b>Deposits maturing within 12 months</b>			
Term deposit receipts	15.3	<b>3,400,000</b>	4,392,000
		<b>5,070,940</b>	4,945,256

**15.1** These carry mark-up ranging from 6.8% to 8.3% (2013: 6.4% to 8%) per annum.

**15.2** During the year, the Federal Government, on application of State Bank of Pakistan placed KASB Bank Limited under moratorium for a period of six months with effect from close of business as of November 14, 2014. Accordingly, the payments to the depositors having account balance exceeding Rs. 0.3 million per depositor per account was frozen, resulting in frozen amount of Rs. 2.143 million.

**15.3** These have tenure of one to twelve months (2013: one to twelve months) and carry mark-up at 8.35% to 11.5% (2013: 8.35% to 11%) per annum.



## 16. INVESTMENTS

### 16.1 Government securities

	Share holders' fund	Statutory Funds			Aggregate		
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
← (Rupees in '000) →							
<b>Held-to-maturity</b>							
20 years Pakistan Investment Bonds	-	-	-	9,956	-	9,956	9,953
15 years Pakistan Investment Bonds	9,969	-	-	-	-	9,969	9,963
	9,969	-	-	9,956	-	19,925	19,916
<b>Available-for-sale</b>							
20 years Pakistan Investment Bonds	-	48,179	36,094	-	-	84,273	78,110
10 years Pakistan Investment Bonds	-	-	-	-	-	-	20,255
5 years Pakistan Investment Bonds	254,918	6,033,239	-	255,649	-	6,543,806	-
3 years Pakistan Investment Bonds	1,103,620	18,285,331	551,681	548,261	17,329	20,506,222	807,255
3 years Ijara Sukuk Bonds	-	651,010	-	-	-	651,010	285,000
8 years Wapda Sukuk Bonds	-	305,697	-	-	-	305,697	1,968,755
1 year Treasury Bills	-	629,377	-	-	-	629,377	498,112
6 months Treasury Bills	57,790	1,110,231	-	-	38,527	1,206,548	17,953,838
	1,416,328	27,063,064	587,775	803,910	55,856	29,926,933	21,611,325
	1,426,297	27,063,064	587,775	813,866	55,856	29,946,858	21,631,241
Provision for impairment in value of investments - note 16.1.1	-	-	(1,405)	-	-	(1,405)	(9,442)
<b>Balance at the end of the year</b>	<b>1,426,297</b>	<b>27,063,064</b>	<b>586,370</b>	<b>813,866</b>	<b>55,856</b>	<b>29,945,453</b>	<b>21,621,799</b>
<b>16.1.1 Reconciliation of provision</b>							
Balance at beginning of the year	773	-	8,042	591	36	9,442	21,650
(Reversal) / provision for impairment in value of investments	(773)	-	(6,637)	(591)	(36)	(8,037)	(12,208)
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>	<b>1,405</b>	<b>-</b>	<b>-</b>	<b>1,405</b>	<b>9,442</b>
<b>16.1.2 Particulars of government securities</b>							
Name of the investments	Maturity	Tenor (Years)	Principal payment	Coupon rate p.a. (%)	Coupon payment		
<b>Held-to-maturity</b>							
Pakistan Investment Bonds	January 2019 & January 2024	15 - 20 years	On maturity	9 - 10	Half-yearly		
<b>Available-for-sale</b>							
Ijara Sukuk Bonds	November 2015	3 years	On maturity	9.47 - 9.49	Half-yearly		
WAPDA Sukuk Bond	October 2021	8 years	Half-yearly	11.9	Half-yearly		
Pakistan Investment Bonds	July 2015 - June 2024	3 - 20 years	On maturity	10 - 11.5	Half-yearly		
Treasury Bills	December 2015	1 year	On maturity	9.41 - 9.47	On maturity		
Treasury Bills	April 2015 & April 2015	6 months	On maturity	8.4 - 9.91	On maturity		

## 16.2 Other fixed income securities

### 16.2.1 Available-for-sale - Term finance certificates

	Market value as at		Maturity year	Tenor (Years)	Current Rate of profit p.a. (%)	Profit payment
	December 31, 2014	December 31, 2013				
<b>Individual Life (Unit Linked)</b>	<b>(Rupees in '000)</b>					
Allied Bank Limited	-	25,055	2014	8 years	-	Half-yearly
Bank Al Habib Limited (Second Issue)	24,952	50,128	2015	8 years	12.11	Half-yearly
Bank Al Habib Limited (Fourth Issue)	48,666	26,896	2021	10 years	15.00	Half-yearly
Bank Al-Falah Limited	213,318	219,602	2021	8 years	11.43	Half-yearly
Engro Chemicals Pakistan Limited* (First Issue)	-	59,850	2015	8 years	-	Half-yearly
Faysal Bank Limited	-	12,531	2014	7 years	-	Half-yearly
Pakistan Mobile Communication (Private) Limited (Seventh Issue)	39,025	56,501	2016	4 years	12.83	Quarterly
United Bank Limited	-	33,271	2014	8 years	-	Half-yearly
	<b>325,961</b>	<b>483,834</b>				

\* During the year, Engro Chemical Pakistan Limited (ECPL) exercised its right conferred via Term Finance Certificate agreement and opted for early maturity. All of the principal due along with markup accrued and amount of penalty payable as per agreement was paid by ECPL on December 02, 2014.

The aggregate cost of the above investments as at December 31, 2014 was Rs. 326.60 million (2013: Rs. 478.39 million).

### 16.3 Listed equities and closed-ended mutual funds

	Share holders' fund	Statutory Funds				Aggregate	
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
(Rupees in '000)							
<b>Available-for-sale</b>							
Ordinary shares and units of closed-ended mutual funds - note 16.3.2	739,528	9,670,325	46,085	32,259	-	10,488,197	6,102,779
Less: Provision for impairment in value of investments - note 16.3.1	-	-	-	-	-	-	(120)
	<b>739,528</b>	<b>9,670,325</b>	<b>46,085</b>	<b>32,259</b>	<b>-</b>	<b>10,488,197</b>	<b>6,102,659</b>
<b>16.3.1 Reconciliation of provision</b>							
Balance at the beginning of the year	120	-	-	-	-	120	29,915
Provision / (reversal) for impairment in value of investments	(120)	-	-	-	-	(120)	(29,795)
	-	-	-	-	-	-	120

### 16.3.2 Particulars of listed equities and closed-ended mutual funds

The face value of ordinary shares are between Rs. 5 to Rs. 10 per share.

	December 31, 2014			December 31, 2013		
	Number of shares	Cost (Rupees in '000)	Market value	Number of shares	Cost (Rupees in '000)	Market value
<b>Shareholders' fund</b>						
Allied Bank Limited	154,376	7,141	17,534	140,342	7,141	12,631
Fauji Fertilizer Company Limited	575,000	44,254	67,338	575,000	44,253	64,377
Habib Bank Limited	2,685,950	388,574	580,864	1,223,873	162,499	203,934
Hub Power Company Limited	650,000	24,332	50,934	650,000	24,332	39,468
International Industries Limited	10,672	615	665	10,672	615	495
Jubilee General Insurance Company Limited	745,883	35,942	76,080	648,594	35,942	45,402
Kot Addu Power Company Limited	5,000,000	230,423	394,700	5,000,000	230,423	308,750
Pakistan State Oil Limited	15,840	3,053	5,669	14,400	3,054	4,784
United Bank Limited	81,441	5,194	14,391	81,441	5,195	10,795
		<u>739,528</u>	<u>1,208,175</u>		<u>513,454</u>	<u>690,636</u>
<b>Individual life unit linked</b>						
Akzo Nobel Pakistan Limited	16,730	971	5,981	16,730	971	2,086
Allied Bank Limited	920,438	95,240	104,543	232,762	14,923	20,949
Archroma Pakistan Limited	217,000	109,963	123,898	-	-	-
Attock Petroleum Limited	403,950	211,375	217,963	174,300	87,161	87,096
Bank Al-Habib Limited	11,209,099	401,255	544,202	3,832,363	85,921	159,235
Bank Alfalah Limited	7,796,000	197,524	271,924	2,250,000	37,921	60,840
Baifo industries Limited	113,300	21,932	21,004	-	-	-
Century Paper & Board Mills Limited	563,902	24,838	30,569	563,902	24,838	31,714
Cherat Cement Company Limited	36,500	2,724	5,915	-	-	-
D.G. Khan Cement Company Limited	1,071,240	87,425	118,404	246,240	14,215	21,110
Engro Corporation Limited	271,000	29,646	60,029	246,000	25,517	38,961
Engro Fertilizer Limited	424,600	26,748	33,161	-	-	-
Engro Powergen Qadirpur Limited	2,000,000	60,156	82,300	-	-	-
Fatima Fertilizer Company Limited	885,000	24,468	31,656	325,000	8,188	9,282
Fauji Cement Company Limited	16,593,500	256,006	428,776	7,025,000	65,718	112,049
Fauji Fertilizer Bin Qasim Limited	1,475,000	48,683	66,685	1,425,000	46,478	62,429
Fauji Fertilizer Company Limited	8,151,512	589,219	954,624	6,839,612	438,870	765,763
Faysal Bank Limited	695,368	11,149	12,656	695,368	11,149	7,920
First Habib Modaraba	2,143,315	16,443	19,611	2,002,815	15,155	17,384
Highnoon Laboratories Limited	50,200	11,694	11,067	-	-	-
Hub Power Company Limited	11,461,635	524,237	898,134	7,697,135	272,700	467,370
ICI Pakistan Limited	20,560	3,234	9,508	20,560	3,234	5,202
Indus Motor Company Limited	295,514	54,851	260,147	278,414	45,021	92,712
International Industries Limited	2,056,857	128,521	128,224	2,056,857	128,521	95,376
Kot Addu Power Company Limited	18,732,173	850,466	1,478,717	18,732,173	850,466	1,156,712
Kohinoor Energy Limited	16,500	703	814	-	-	-
Lotte Pakistan PTA Limited	600,000	8,330	4,116	600,000	8,330	4,404
Lucky Cement Company Limited	264,600	84,520	132,374	55,000	5,801	16,493
Meezan Bank Limited	2,456,296	48,340	115,446	2,456,296	48,340	96,729
Millat Tractors Limited	771,420	190,223	499,001	656,120	128,289	316,578
National Bank of Pakistan	4,124,700	177,679	286,502	4,499,700	193,833	261,253
Nishat Mills Limited	2,365,187	181,305	286,164	1,896,787	122,954	241,347
Nishat Chunian Power Limited	448,000	17,907	22,198	-	-	-
Nishat Power Limited	2,505,000	96,517	114,228	-	-	-
Oil and Gas Development Company Limited	826,387	204,741	170,128	68,987	5,995	19,065
Orix Leasing Company Limited	506,747	12,918	24,349	506,747	12,918	12,922
Packages Limited	-	-	-	30,601	3,464	8,343
Pakistan Oilfields Limited	1,130,900	474,813	429,018	779,650	262,164	388,040
Pakistan National Shipping Corporation	64,500	5,433	10,343	-	-	-
Pakistan Petroleum Limited	3,075,349	454,416	542,861	2,181,349	243,947	466,721
Pakistan State Oil Limited	879,392	300,469	314,743	311,266	63,821	103,409
Pakistan Telecommunication Company Limited	4,075,000	82,666	93,847	3,575,000	67,883	101,673
Pakistan Tobacco Company Limited	39,300	4,719	41,648	60,500	7,477	34,043
PICIC Growth Fund	284,000	10,288	7,001	284,000	10,288	7,123
PICIC Investment Fund	1,263,500	16,434	15,415	150,500	2,663	1,711
Standard Chartered Modaraba Limited	797,977	13,666	19,511	531,477	8,991	9,078
Searle Company Limited	116,620	15,759	28,203	-	-	-
Thal Limited	715,900	67,684	192,599	582,000	39,877	80,467
Tri-Pack Films Limited	168,689	32,056	43,982	168,689	32,056	33,335
United Bank Limited	2,749,777	332,932	485,913	1,176,437	77,744	155,937
		<u>6,623,286</u>	<u>9,800,103</u>		<u>3,523,802</u>	<u>5,572,861</u>
<b>Conventional business</b>						
Kot Addu Power Company Limited	1,000,000	46,085	78,940	1,000,000	46,085	61,750
		<u>46,085</u>	<u>78,940</u>		<u>46,085</u>	<u>61,750</u>
<b>Accident &amp; health</b>						
Kot Addu Power Company Limited	700,000	32,259	55,258	700,000	32,259	43,225
		<u>32,259</u>	<u>55,258</u>		<u>32,259</u>	<u>43,225</u>

## 16.4 Investment in an associate

### 16.4.1 Particulars of investment in an associate - unquoted

Number of shares		Face value per share (KGS)	Name of associate	2014		2013	
2014	2013			(Rupees in '000)			
10,106,691	-	1	Jubilee Kyrgyzstan Insurance Company - CJSC (Incorporated outside Pakistan)	48,077	-		

**16.4.2** During the year, the Company invested Rs. 43.88 million to acquire 19.5% holding in Jubilee Kyrgyzstan Insurance Company (JKIC), a Closed Joint Stock Company (CJSC), formerly Bishek Insurance Company, Kyrgyz Republic. Break-up value of investment as at December 31, 2014 is Rs. 4.12 per share. The Company has assessed the recoverable amount of investment in JKIC based on value in use calculation. This calculation has been made on the discounted cash flow methodology considering certain assumptions. Based on valuation, the recoverable amount exceeds the carrying amount and accordingly, no impairment has been recorded.

### 16.4.3 Movement of investment in associate

	2014	2013
	(Rupees in '000)	
Investment made during the year	43,877	-
Share in profit upto December 31, 2014	4,200	-
Closing balance	48,077	-

**16.4.4** Following information has been summarized based on financial statements of Jubilee Kyrgyzstan Insurance Company (JKIC) as at December 31, 2014 (2013: Decmber 31, 2013). The functional and presentation currency of JKIC is Kyrgyz Som. All assets and liabilities for each statement of financial position presented (i.e. including comperatives has been translated at the closing rate at the date of financial statements and all income and expenses for each statement presenting profit and loss (i.e. including comparatives have been translated at average rate).

	2014	2013
	(Rupees in '000)	
	Un-audited	Audited
Total assets	281,300	192,210
Total liabilities	81,887	112,048
Net assets	199,412	80,161
Share of net asset	38,885	-
Revenue	43,541	33,512
Profit after tax	40,955	(7,008)

## 16.5 Open-ended mutual funds

	Share holders' fund	Statutory Funds			Aggregate	
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014
(Rupees in '000)						
Available-for-sale						
Units of open-ended mutual funds - note 16.5.1	-	1,101,061	-	-	-	119,664
					1,101,061	

### 16.5.1 Individual life unit linked - note 16.5.1.1

	2014	2013
(Rupees in '000)		
JS Growth Fund	15,579	10,050
JS Large Capital Fund	27,357	19,512
Meezan Balanced Fund	16,798	14,200
Meezan Islamic Fund	408,517	51,333
Al Meezan Mutual Fund	57,307	-
Pakistan Strategic Allocation Fund	19,049	15,761
PICIC Energy Fund	9,616	8,808
NI(U)T Unit Fund	320,678	-
NAFA Stock Fund	65,863	-
Atlas Stock Market Fund	59,451	-
UBL Al-Ameen Islamic PP Fund III	100,846	-
	<b>1,101,061</b>	<b>119,664</b>

16.5.1.1 The aggregate cost of the above mutual funds as at December 31, 2014 was Rs. 850.68 million (2013: Rs. 72.80 million).

16.6 International Accounting Standard IAS-39 "Financial Instruments - Recognition and Measurement" was revised effective from January 1, 2005. In the revised IAS-39, the option of taking the revaluation gain / (loss) on the available-for-sale securities to income / revenue account has been deleted and all such gain / (loss) is to be taken directly into OCI. However, the Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the statutory funds have no equity accounts, resultantly, the changes in IAS-39 were not implemented.

### 16.7 Movement in investments

	Statutory funds										Total
	Shareholders' fund		Individual life unit linked		Conventional business		Accident & health		Overseas group life and Health Business		
	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	Held to maturity	Available for sale	
(Rupees in '000)											
As at January 01, 2013	9,957	1,187,043	-	15,960,375	-	634,463	9,950	376,598	-	29,106	18,207,492
Movement during the year:											
Additions	-	3,335,405	-	60,191,206	-	1,769,067	-	1,704,678	-	67,956	67,068,312
Disposals (sale and redemptions)	-	(2,662,298)	-	(52,244,652)	-	(1,642,170)	-	(1,511,258)	-	(69,554)	(58,129,932)
Amortisation of discount / (premium)	6	-	-	-	-	-	3	-	-	-	9
Impairment reversal / (losses)	-	31,961	-	-	-	8,616	-	1,453	-	(27)	42,003
Unrealised gain	-	-	-	1,140,072	-	-	-	-	-	-	1,140,072
As at December 31, 2013	9,963	1,892,111	-	25,047,001	-	769,976	9,953	571,471	-	27,481	28,327,956
Movement during the year:											
Additions	-	3,634,764	-	56,733,739	-	1,601,862	-	1,556,176	-	76,047	63,602,588
Disposals (sale and redemptions)	-	(3,326,832)	-	(45,996,455)	-	(1,748,164)	-	(1,294,847)	-	(47,798)	(52,414,096)
Amortisation of discount / (premium)	6	2,997	-	87,983	-	2,144	3	2,779	-	91	96,003
Impairment (losses) / reversal	-	893	-	187	-	6,637	-	590	-	35	8,342
Unrealised gain	-	-	-	2,287,956	-	-	-	-	-	-	2,287,956
As at December 31, 2014	<b>9,969</b>	<b>2,203,933</b>	<b>-</b>	<b>38,160,411</b>	<b>-</b>	<b>632,455</b>	<b>9,956</b>	<b>836,169</b>	<b>-</b>	<b>55,856</b>	<b>41,908,749</b>

**17. DEFERRED TAXATION****Deductible temporary difference on:**

Difference between accounting book value of operating fixed assets and tax base

**Taxable temporary difference on:**

Difference between accounting book value of investment in associate and tax base

2014	2013
(Rupees in '000)	
<b>16,439</b>	8,445
<b>(420)</b>	-
<b>16,019</b>	8,445

**18. PREMIUMS DUE BUT UNPAID**

	2014			2013	
	Conventional business	Accident & health	Overseas group life and health business	Total	
	(Rupees in '000)				
Considered good					
Due from related parties - associates	14,121	2,111	33,239	<b>49,471</b>	7,843
Due from others	85,184	165,002	-	<b>250,186</b>	181,418
Considered doubtful	1,473	3,934	-	<b>5,407</b>	6,749
	<u>100,778</u>	<u>171,047</u>	<u>33,239</u>	<b>305,064</b>	<u>196,010</u>
Provision for bad & doubtful receivables - note 18.1	<u>(1,473)</u>	<u>(3,935)</u>	<u>-</u>	<b>(5,408)</b>	<u>(6,749)</u>
Net premium due but unpaid	<u>99,305</u>	<u>167,112</u>	<u>33,239</u>	<b>299,656</b>	<u>189,261</u>

**18.1** There are no trade debts receivable from related party that are past due or impaired.

**18.2 Reconciliation of provision**

	2014			2013	
	Conventional business	Accident & health	Overseas group life and health business	Total	
	(Rupees in '000)				
Balance at the beginning of the year (Reversal) / provision for bad and doubtful receivables	1,397	5,352	-	<b>6,749</b>	8,232
Receivable written off during the year	76	(1,417)	-	<b>(1,341)</b>	1,206
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<b>-</b>	<u>(2,689)</u>
	<u>1,473</u>	<u>3,935</u>	<u>-</u>	<b>5,408</b>	<u>6,749</u>

**19. AMOUNTS DUE FROM INSURERS / REINSURERS**

	Statutory Funds			Aggregate		
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
	(Rupees in '000)					
Reinsurance recoveries against outstanding claims net of reinsurance premium payable	(3,771)	127,515	1,960	150	<b>125,854</b>	128,538
Other reinsurance assets	10,672	52,622	-	133	<b>63,427</b>	58,852
	<u>6,901</u>	<u>180,137</u>	<u>1,960</u>	<u>283</u>	<b>189,281</b>	<u>187,390</u>

	Note	2014 (Rupees in '000)	2013
<b>20. FIXED ASSETS</b>			
Capital work-in- progress	20.1	<b>65,366</b>	35,865
Tangible assets	20.2	<b>360,288</b>	326,217
Intangible assets	20.4	<b>64,107</b>	14,823
		<b>489,761</b>	<u>376,905</u>

### 20.1 Capital work-in-progress

Opening balance	<b>35,865</b>	46,881
Additions	<b>211,508</b>	116,840
Transfer to tangible operating assets	<b>(182,007)</b>	(127,856)
Closing balance	<b>65,366</b>	<u>35,865</u>

### 20.2 Tangible operating assets

	Leasehold Improve- ments	Furniture, fixture and fittings	Office equipments	Computers	Motor Vehicles	Total
	(Rupees in '000)					
<b>Net carrying value basis</b>						
<b>Year ended December 31, 2014</b>						
Opening net book value (NBV)	88,219	28,803	34,973	57,713	116,509	326,217
Additions	34,485	36,682	17,229	33,231	57,998	179,625
Disposals at NBV - note 20.3	(2,330)	(257)	(361)	(351)	(9,944)	(13,243)
Depreciation charge	(28,782)	(20,756)	(15,912)	(32,400)	(34,461)	(132,311)
Closing NBV	<u>91,592</u>	<u>44,472</u>	<u>35,929</u>	<u>58,193</u>	<u>130,102</u>	<u>360,288</u>
<b>Gross carrying value basis</b>						
At December 31, 2014						
Cost	166,549	152,166	113,263	159,796	215,018	806,792
Accumulated depreciation	(74,957)	(107,694)	(77,334)	(101,603)	(84,916)	(446,504)
NBV	<u>91,592</u>	<u>44,472</u>	<u>35,929</u>	<u>58,193</u>	<u>130,102</u>	<u>360,288</u>
Net carrying value basis						
<b>Year ended December 31, 2013</b>						
Opening net book value (NBV)	59,680	31,182	34,861	34,330	101,001	261,054
Additions	50,118	25,091	15,198	49,653	58,869	198,929
Disposals at NBV	(75)	(883)	(586)	(670)	(12,961)	(15,175)
Depreciation charge	(21,504)	(26,587)	(14,500)	(25,600)	(30,400)	(118,591)
Closing NBV	<u>88,219</u>	<u>28,803</u>	<u>34,973</u>	<u>57,713</u>	<u>116,509</u>	<u>326,217</u>
Gross carrying value basis						
At December 31, 2013						
Cost	136,402	117,310	97,317	128,877	194,155	674,061
Accumulated depreciation	(48,183)	(88,507)	(62,344)	(71,164)	(77,646)	(347,844)
NBV	<u>88,219</u>	<u>28,803</u>	<u>34,973</u>	<u>57,713</u>	<u>116,509</u>	<u>326,217</u>
Depreciation rate % per annum	<u>20</u>	<u>20</u>	<u>20-33</u>	<u>30</u>	<u>20</u>	

### 20.3 Details of disposals of fixed assets

Disposal of fixed assets during the year having net book value (NBV) of Rs. 50,000 and above are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	← (Rupees in '000) →					
<b>Motor vehicles</b>	<b>2,500</b>	<b>992</b>	<b>1,508</b>	<b>1,708</b>	Company Policy	Mr. Munawar Khalil - Employee H.No. 11-C, 7th Street, DHA Phase-I, Karachi
	<b>2,102</b>	<b>596</b>	<b>1,506</b>	<b>1,500</b>	Company Policy	Mr. Masood Noorani - Ex-Chairman Noorani Associates, Suite # 614, 6th Floor, Beaumont Plaza, Beaumont Road, Karachi
	<b>1,849</b>	<b>1,284</b>	<b>565</b>	<b>616</b>	Company Policy	Mr. Faisal Shahzad Abbasi - Employee Flat #. 707, FL-3 Clifton Kandominium, Block-2, Clifton, Karachi
	<b>1,750</b>	<b>1,458</b>	<b>292</b>	<b>554</b>	Company Policy	Mr. Muhammad Ali Ameen - Employee House # A-43, Gulshan-e-Iqbal, Block, 13-D, Karachi.
	<b>1,490</b>	<b>739</b>	<b>751</b>	<b>1,068</b>	Company Policy	Mr. Ali Sher Mehar - Employee House #. 516-D, Haiderly Chowk, Shamsabad, Sukkur."
	<b>1,400</b>	<b>1,190</b>	<b>210</b>	<b>210</b>	Company Policy	Mr. Atif Dildar Khan - Employee House #. 942, Gali No. 70, Sector G-10/4, Islamabad
	<b>1,384</b>	<b>1,000</b>	<b>384</b>	<b>761</b>	Company Policy	Mr. Wilson John Rehmat - Employee Plot # 1 C First Sunset Lane Apartment No. 3 A, 2nd Floor, DHA Phase-II EXT, Karachi
	<b>1,250</b>	<b>372</b>	<b>878</b>	<b>1,186</b>	Company Policy	Mr. Muhammad Shafique - Employee House #. 2, Street 2, Sector F-7, Hayatabad, Peshawar
	<b>1,200</b>	<b>1,020</b>	<b>180</b>	<b>180</b>	Company Policy	Mr. Munsab Wajih Kazmi - Employee House #. 432-A, Haiderly, Nazimabad, Karachi
	<b>1,200</b>	<b>1,020</b>	<b>180</b>	<b>180</b>	Company Policy	Mr. Raja Naveed Ashfaq - Employee House # . B-1/1041, Street # 3 Muslim Town, Rawalpindi.
	<b>1,200</b>	<b>1,020</b>	<b>180</b>	<b>180</b>	Company Policy	Mr. Malik Javed Masood - Employee A-114,Block-B, Model Colony, Kazimabad, Karachi
	<b>1,200</b>	<b>1,020</b>	<b>180</b>	<b>180</b>	Company Policy	Mr. Malik Muhammad Ayub - Employee House #. O-1040, Mohallah Hari Pura, Rawalpindi
	<b>1,200</b>	<b>969</b>	<b>231</b>	<b>240</b>	Company Policy	Mr. Ali Faizan - Employee House #. 329/Y, Scheme # 3, Fareed Town, Sahiwal
	<b>1,200</b>	<b>731</b>	<b>469</b>	<b>700</b>	Company Policy	Mr. Pir Bux Mahaar - Employee Mohallah Tando Tibai, Ghotki
	<b>1,081</b>	<b>919</b>	<b>162</b>	<b>162</b>	Company Policy	Mr. Syed Kashif Saeed - Employee House #. 48-AA, Aamirabad, Model Colony, Karachi
<b>Balance carried forward</b>	<b>22,006</b>	<b>14,330</b>	<b>7,676</b>	<b>9,425</b>		



	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
	← (Rupees in '000) →					
<b>Balance brought forward</b>	22,006	14,330	7,676	9,425		
<b>Motor vehicles</b>	1,081	919	162	162	Company Policy	Mr. Aamer Athar Mir- Employee 11-G, Askari Appartments, # 2, School Road, Cantt, Karachi
	916	519	397	629	Company Policy	Mr. Sarmad Shafi Siddiqui - Employee House #. L-88, Rafi Garden, Malir City, Karachi
	800	707	93	213	Company Policy	Mr. Jawwad Ali Qureshi - Employee House #. B-45, Central Govt. Society, Gulshan-e-Iqbal, Block 10-A, Karachi
	795	676	119	119	Company Policy	Mr. Muhammad Asif - Employee House #. 650, Block-3, Hussainabad, F.B. Area, Karachi
	795	676	119	119	Company Policy	Mr. Muhammad Anwer Memon - Employee House #. 02/100, HAD, Banglow Phase 2, Qasimabad, Hyderabad.
	792	673	119	119	Company Policy	Mr. Wakil Abbas - Employee H-71, Sadat Colony, Drigh Road, Shah Faisal Colony, Karachi
	683	34	649	649	Insurance Claim	Jubilee General Insurance Company Limited
	657	65	592	592	Insurance Claim	Jubilee General Insurance Company Limited
	28,525	18,599	9,926	12,027		
<b>Computer</b>	80	22	58	58	Insurance Claim	Jubilee General Insurance Company Limited
	80	18	62	62	Insurance Claim	Jubilee General Insurance Company Limited
	160	40	120	120		
<b>Furniture, fixtures &amp; fittings</b>	149	69	80	22	Sold to Landlord	Mr. Muhammad Ilyas Mian House # 51/1, Block - G, Model Town, Lahore
	149	69	80	22		
<b>Office Equipment</b>	73	22	51	10	Sold to employee	Manzoor Ahmend - Employee B-207, Block-3, Gulistane-Jauhar Karachi.
	73	22	51	10		
<b>Leasehold Improvements</b>	2,356	1,099	1,257	-	Discarded	Scrapped
	1,382	599	783	-	Discarded	Scrapped
	338	214	124	25	Sold to Landlord	Mr. Ali Hassan Noorani House # 82/1, 31st Street of Khayaban-e-Sehar, Phase VI,DHA, Karachi
	263	97	166	-	Discarded	Scrapped
	4,339	2,009	2,330	25		
<b>Net book value not exceeding Rs. 50,000 each</b>						
Motor vehicles	8,610	8,594	18	5,258		
Computers	2,152	1,921	231	246		
Furniture, fixtures & fittings	1,677	1,500	177	217		
Office equipment	1,210	900	310	177		
	13,649	12,915	736	5,898		

	2014	2013
	Rupees in '000	
<b>20.4 Intangible assets - computer software</b>		
<b>Net carrying value basis</b>		
<b>Year ended December 31, 2014</b>		
Opening net book value (NBV)	14,823	12,552
Additions	59,203	11,330
Amortisation charge	(9,857)	(8,981)
Disposals at NBV	(62)	(78)
Closing NBV	<u>64,107</u>	<u>14,823</u>
<b>Gross carrying value basis</b>		
<b>At December 31, 2014</b>		
Cost	113,975	55,604
Accumulated amortisation	(49,868)	(40,781)
Closing NBV	<u>64,107</u>	<u>14,823</u>
Amortisation rate per annum	30%	30%

**20.5** The depreciation and amortization charge for the year has been allocated as under:

	Share holders' fund	Statutory Funds			Aggregate		
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
(Rupees in '000)							
Administration expense	1,311	74,840	5,977	9,010	279	91,417	67,122
Branch overheads	-	43,090	4,400	1,046	-	48,536	58,006
Sharing with an associated company	-	-	-	2,215	-	2,215	2,444
	<u>1,311</u>	<u>117,930</u>	<u>10,377</u>	<u>12,271</u>	<u>279</u>	<u>142,168</u>	<u>127,572</u>

**20.6** The tangible assets (note 20.2) include items costing Rs. 193.66 million (2013: Rs. 168.16 million) which are fully depreciated as of December 31, 2014 but are still in active use.

	2014	2013
	Rupees in '000	
<b>21. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS</b>		
Salaries, allowances and other benefits	10,058	9,758
Travelling expenses	6,143	2,346
Legal and professional charges	12,033	3,057
Workers' Welfare Fund	41,432	31,162
Depreciation	1,034	2,111
Amortisation	277	100
Advertisement and publicity	12,002	3,681
Auditors' remuneration	257	538
Miscellaneous	11,126	7,241
	<u>94,362</u>	<u>59,994</u>

The above expenses represent allocation in accordance with the advice of appointed actuary as approved by the Board of Directors.

	2014	2013
	(Rupees in '000)	
<b>22. TAXATION</b>		
For the year		
Current	<b>647,505</b>	455,409
Deferred	<b>(7,574)</b>	(6,939)
	<b><u>639,931</u></b>	<u>448,470</u>

### 22.1 Relationship between tax expense and accounting profit

Profit before tax	<b>2,001,463</b>	1,389,941
Tax at the applicable rate of 33% (2013: 34%)	<b>660,483</b>	472,580
Tax effect of dividend income being taxable at lower rate and Final Tax Regime	<b>(20,008)</b>	(12,685)
Tax effect of capital gain being exempt	<b>(544)</b>	(11,425)
Tax expense for the year	<b><u>639,931</u></b>	<u>448,470</u>

### 23. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2014	2013
	(Rupees in '000)	
Profit after tax	<b>1,361,532</b>	941,471
	(Number of shares in '000)	
Weighted average number of ordinary shares outstanding as at year end	<b><u>72,119</u></b>	<u>72,119</u>
	(Rupees)	
Basic earnings per share	<b><u>18.88</u></b>	<u>13.05</u>

**23.1.** Earning per share for the year 2013 has been restated for the effect of bonus shares issued.

**24. CASH AND CASH EQUIVALENTS**

	Share holders' fund	Statutory Funds			Aggregate		
		Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
← (Rupees in '000) →							
Cash at banks							
- in current accounts	599,424	114,597	24,317	33	31	738,402	24,559
- in savings accounts	15,841	856,143	19,434	8,664	-	900,082	497,664
	615,265	970,740	43,751	8,697	31	1,638,484	522,223
Term deposits having maturity of three months	-	1,250,000	50,000	-	-	1,300,000	2,892,000
Cash and stamps in hand	1,435	30,569	105	347	-	32,456	31,033
	616,700	2,251,309	93,856	9,044	31	2,970,940	3,445,256

**25. BRANCH OVERHEADS**

	Statutory Funds				Aggregate	
	Individual life unit linked	Conventional business	Accident & health	Overseas group life and health business	2014	2013
← (Rupees in '000) →						
Salaries, allowances and other benefits	629,056	34,651	25,718	-	689,425	560,230
Charge for defined benefit plan	10,322	1,256	983	-	12,561	19,567
Contribution to defined contribution plan	9,738	1,167	890	-	11,795	9,285
Overriding commission	195,149	-	-	-	195,149	148,761
Travelling expenses	17,575	176	1,548	-	19,299	17,558
Advertisements	40,345	-	6	-	40,351	6,766
Printing and stationery	20,412	1,130	(2,444)	-	19,098	20,507
Depreciation	41,650	4,275	1,002	-	46,927	56,486
Amortization	1,440	125	44	-	1,609	1,520
Rent expense	47,570	1,876	1,153	-	50,599	50,227
Legal and professional charges	4,631	33	19	-	4,683	159
Utilities	22,636	114	78	-	22,828	18,004
Entertainment	6,615	160	241	-	7,016	7,202
Vehicle running	20,462	2,298	1,627	-	24,387	30,357
Repairs and maintenance	12,506	385	244	-	13,135	8,573
Training expenses	4,998	9	5	-	5,012	4,226
Postage, telegram and telephone	33,199	570	390	-	34,159	38,732
Staff welfare	4,500	53	91	-	4,644	4,398
Miscellaneous expenses	6,924	1,776	1,608	-	10,308	7,834
	1,129,728	50,054	33,203	-	1,212,985	1,010,392

**26. ADMINISTRATION EXPENSES**

Administration expenses in respect of Accident and Health fund are net off common costs amounting to Rs. 29.32 million (2013: Rs. 23.12 million) shared with Jubilee General Insurance Limited – an associated undertaking on account of joint operating activities.

	2014	2013
	(Rupees in '000)	
<b>27. AUDITORS' REMUNERATION</b>		
Audit fee	1,600	1,600
Fee for review of half yearly financial information and other reportings	800	850
Fee for review of application system	-	300
Taxation service	-	35
Out of pocket expenses	550	549
	<b>2,950</b>	<b>3,334</b>

## 28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

**28.1** The aggregate amount charged in the financial statements for remuneration including all benefits to the Chief Executive, Directors and Executives of the Company are as follows:

	2014		2013	
	Chief Executive	Executive	Chief Executive	Executive
	(Rupees in '000)			
Managerial remuneration	16,000	163,167	12,000	129,343
Performance bonus	6,500	58,635	5,000	40,057
Retirement benefits	3,746	36,800	3,864	39,593
House rent allowance	6,400	73,425	4,800	57,947
Utilities	1,600	16,317	1,200	12,935
Medical	23	6,028	26	5,670
Club membership	-	-	-	2,700
Leave passage	750	4,056	423	2,922
Commission	-	61,320	-	47,219
Others	-	10,288	-	6,226
	<b>35,019</b>	<b>430,036</b>	<b>27,313</b>	<b>344,612</b>
Number of persons	<b>1</b>	<b>110</b>	<b>1</b>	<b>93</b>

In addition to the above, fee paid to seven (2013: four) non-executive directors during the year amounted to Rs.3.4 million (2013: Rs. 1.8 million).

The Chief Executive is provided with Company maintained cars whereas the executives are provided with cars in accordance with Company policy.

## 29. INFORMATION ABOUT MAJOR CUSTOMERS

The Company considers its external customers to be individuals and group policyholders. However, premium against individual life unit linked policies from one of the bancassurance arrangements constitutes 65.6% (2013: 63%) of the Company's premium from such policies, premium against group life policies from the same bank amounts to 11.9% (2013: 20%). Moreover, premium from one of the customer of Accident and Health fund contributed 20% (2013: 26%) of the total premium of the fund and Company's overseas business, from two policies constitutes 100% of the Overseas group life and health business (2013: 100%).

## 30. TRANSACTIONS WITH RELATED PARTIES

The Company is controlled by Aga Khan Fund for Economic Development, S.A Switzerland, which owns 57.87% (2013: 57.87%) of the Company's shares. Associated undertakings comprise Habib Bank Limited and Jubilee Kyrgyzstan Insurance Company (CJSC) being under common control of the parent Company. Other associated undertakings are classified due to common directorship.

The related parties comprise related group companies, local associated companies, directors of the Company, companies where directors also hold directorship, key management employees, staff retirement funds and statutory funds.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

<b>Relationship with the Company</b>		<b>Nature of transaction</b>	<b>2014</b>	<b>2013</b>
			<b>(Rupees in '000)</b>	
i.	Parent	Cash Dividend	<b>231,364</b>	254,064
		Stock Dividend (number of shares - 5443859)	-	-
ii	Associated companies	Group insurance premium	<b>474,460</b>	364,604
		Incurred claims against insurance cover	<b>388,235</b>	284,575
		Rent of building	<b>30,258</b>	28,168
		Payment for premium against general insurance	<b>9,664</b>	10,697
		Claims lodged against general insurance	<b>1,021</b>	4,232
		Investment advisory services	<b>500</b>	3,000
		Sale proceeds of government securities	<b>28,689,158</b>	11,442,263
		Agency commission	<b>2,012,350</b>	1,641,960
		Interest income on term deposits	<b>168,033</b>	180,354
		Dividend received	<b>40,840</b>	21,864
		Cash Dividend	<b>100,598</b>	110,461
		Stock Dividend (number of shares - 2367016)	-	-
		Payment for rent of vehicle	<b>360</b>	300
		CDC charges	<b>1,181</b>	-
iii	Staff retirement funds	Expense charged for retirement benefit plans	<b>68,970</b>	75,539
		Payments to retirement benefit plans	<b>105,455</b>	39,006
iv	Key management personnel	Salaries and other short-term employee benefits	<b>153,456</b>	129,407
		Post-employment benefits	<b>16,958</b>	19,819
		Cash Dividend	<b>1,336</b>	591
		Stock Dividend (number of shares - 30588)	-	-
		Consideration received for vehicle sold	<b>3,850</b>	2,193
v	Directors	Individual Life Premium	<b>14,766</b>	14,836
		Director's Fee	<b>3,430</b>	1,800
		Cash Dividend	<b>1,974</b>	2,618
		Stock Dividend (number of shares - 82340)	-	-
<b>Relationship with the Company</b>		<b>Receivable / (Payable)</b>		
i	Associated companies	Bank account balance	<b>1,575,893</b>	539,349
		Short term deposits	<b>200,000</b>	3,800,000
		Investment in shares	<b>652,603</b>	302,656
		Interest accrued on term deposits	<b>5,865</b>	35,398
		Agency Commission	<b>(354,456)</b>	(305,002)
		Claims against general policy	<b>3,198</b>	3,038
		Receivable / (payable) against health insurance administration services	<b>1,496</b>	794
		Group premium	<b>49,472</b>	11,126
		Claims lodged & outstanding	<b>(74,240)</b>	(71,107)
		General insurance premium payable	-	(1,000)
		Prepaid rent	<b>12,988</b>	12,075
ii	Key management personnel	Advance against salary	<b>1,225</b>	5,036
		Temporary Security Deposit	<b>300</b>	-

These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

### 31. PROVIDENT FUNDS RELATED DISCLOSURE

The following information is based on un-audited financial statements of the fund as at December 31, 2014:

	2014	2013
	(Rupees in '000)	
Size of the fund-total assets	203,247	167,684
Fair value of investment	198,382	164,071
Percentage of investment made	97.61%	97.85%

The cost of above investments amounted to Rs. 187.11 million (2013: Rs. 161.49 million).

#### 31.1 The breakup of fair value of investments is as follows:

	2014	2013	2014	2013
	Percentage		(Rupees in '000)	
Government securities	100%	100%	198,382	164,071

#### 31.2 The investments out of provident fund have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2014	2013
	Numbers	
32. NUMBER OF EMPLOYEES		
Number of employees at December 31	1,674	2,078
Average number of employees at December 31	1,876	2,026

### 33. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

#### 33.1 Insurance Risk

##### 33.1.1 Individual life unit linked

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of underpricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one policyholder. The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of underpricing.

#### a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

#### Benefits assured per life

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	4,266,457	1.37%	4,228,245	2.04%
200,001 - 400,000	22,197,677	7.11%	21,705,292	10.49%
400,001 - 800,000	44,818,566	14.36%	41,336,821	19.97%
800,001 - 1,000,000	32,286,721	10.34%	26,966,522	13.03%
More than 1,000,000	208,621,996	66.82%	112,714,059	54.47%
<b>Total</b>	<b>312,191,417</b>	<b>100%</b>	<b>206,950,939</b>	<b>100%</b>



Rupees	Assured at the end of 2013			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	2,768,014	1.05%	2,571,528	1.63%
200,001 - 400,000	17,114,646	6.51%	15,800,747	10.02%
400,001 - 800,000	34,001,600	12.93%	30,089,353	19.08%
800,001 - 1,000,000	23,321,310	8.87%	17,979,330	11.40%
More than 1,000,000	185,731,472	70.64%	91,275,214	57.87%
Total	<u>262,937,042</u>	<u>100%</u>	<u>157,716,172</u>	<u>100%</u>

#### b) Source of uncertainty in the estimate of future benefits payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long – term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder’s behavior.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The Company assumes the expected mortality at 65% of LIC (94-96) since the current experience for this line of business is not credible.
- Persistency: The Company conducts a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

#### c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies.

Assumptions used for profit testing of the main policies are as follows:

- Mortality: The expected mortality is assumed at 65% of LIC (94-96) since the current experience for this line of business is not credible.
- Persistency: A periodic analysis of the Company’s recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Company’s current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of the fund.

#### d) Changes in assumptions

There has been no change in assumptions.

### e) Sensitivity analysis

The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable:

Variables	Trigger level	Change in variable	Increase in liability 2014	Increase in liability 2013
Rupees '000				
Worsening of mortality rates for risk policies	336%	+10% p.a.	52,500	36,400
Worsening of persistency rates for long term individual policies *	-	-	-	-
Increase in expense levels and inflation	183%	+10% p.a.	71,000	34,500
Decrease in investment returns *	-	-	-	-

\* Due to sufficient margins, liability adequacy test does not trigger at any value.

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; and change in lapses and future mortality.

### 33.1.2 Conventional business

#### 33.1.2.1 Individual life conventional business

The risk underwritten, i.e. the risk of death and critical illness will vary from region to region. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be as a result of anti-selection and fraudulent claims. The Company also faces a risk of under-pricing due to long-term nature of the contract.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals, while critical illness policies are rarely offered with effective screening of pre-existing conditions. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure adequacy of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure of any policyholder. The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification and conducts detailed investigation of all apparently doubtful claims.

### a) Frequency and severity of claims

The Company measures concentration of risk in terms of exposure by geographical area and by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss reinsurance cover which ensures that the Company's liability in respect of catastrophic events remains within reasonable limits.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

**Benefits assured per life**

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	13,621	5.07%	4,145	5.54%
200,001 - 400,000	56,719	21.11%	18,958	25.33%
400,001 - 800,000	73,957	27.53%	18,061	24.13%
800,001 - 1,000,000	18,744	6.98%	6,931	9.26%
More than 1,000,000	105,597	39.31%	26,762	35.74%
<b>Total</b>	<b>268,638</b>	<b>100%</b>	<b>74,857</b>	<b>100%</b>

Rupees	Assured at the end of 2013			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	9,913	4.03%	3,241	4.81%
200,001 - 400,000	48,912	19.90%	15,152	22.47%
400,001 - 800,000	68,789	27.99%	17,669	26.20%
800,001 - 1,000,000	16,797	6.83%	8,108	12.02%
More than 1,000,000	101,393	41.25%	23,263	34.50%
<b>Total</b>	<b>245,804</b>	<b>100%</b>	<b>67,433</b>	<b>100%</b>

**b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Uncertainty in the estimation of future benefit payments and premium receipts for long – term conventional insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and critical illness incidence rates.

Mortality rates are assumed as EFU (61-66). Critical Illness (CI) incidence rates are taken as a percentage of reinsurer's risk premium rate.

**c) Process used to decide on assumptions**

For long-term conventional insurance contracts, the Company determines assumptions on future mortality and morbidity. At regular intervals, tests are conducted on main policies. Assumptions used to profit test the main policies are as follows:

Mortality rates are assumed as EFU (61-66). Critical Illness (CI) incidence rates are taken as a percentage of reinsurer's risk premium rate.

**d) Changes in assumptions**

There has been no change in assumptions.

**e) Sensitivity analysis**

The overall liability for this business stands at less than 2% of the total policyholder liability held in the fund. Due to its immateriality, sensitivity analysis has not been conducted.

### 33.1.2.2 Group life

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of underpricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure of any life. The Company also has a catastrophe excess of loss cover with respect to group life. The intent of the cover is to limit the liability of the Company in a single happening that results in multiple claims. At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business have a short duration, thus mitigating the risk of asset value deterioration.

#### a) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss reinsurance cover which ensures that the Company's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Company.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

#### Benefits assured per life

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	140,120,354	21.15%	96,891,008	27.56%
200,001 - 400,000	70,701,953	10.67%	36,347,921	10.34%
400,001 - 800,000	111,725,129	16.87%	82,651,691	23.51%
800,001 - 1,000,000	53,747,185	8.11%	26,954,434	7.67%
More than 1,000,000	286,123,828	43.20%	108,781,666	30.94%
<b>Total</b>	<b>662,418,449</b>	<b>100%</b>	<b>351,626,720</b>	<b>100%</b>

Rupees	Assured at the end of 2013			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	123,494,495	22.56%	83,250,959	32.38%
200,001 - 400,000	45,482,317	8.31%	24,642,719	9.59%
400,001 - 800,000	56,231,798	10.27%	29,594,934	11.51%
800,001 - 1,000,000	43,096,187	7.87%	21,899,496	8.52%
More than 1,000,000	279,065,980	50.99%	97,671,177	38.00%
Total	<u>547,370,777</u>	<u>100%</u>	<u>257,059,285</u>	<u>100%</u>

**b) Sources of uncertainty in the estimation of future benefits payments and premium receipts**

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

**c) Process used to decide on assumptions**

An investigation into group's experience over the last ten years was performed, and statistical methods are used to adjust the rates to a best estimate of mortality. For this purpose, the crude rates were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96). Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

**d) Changes in assumptions**

The valuation as at December 31, 2014, contains a change in reserving basis for the reserves maintained for one of the categories of group life schemes' Incurred but Not Reported (IBNR) claims.

Claims experience available with the Company in respect of Group Life line of business was analyzed and found to be marginally over-adequate as at December 31, 2014. The earned premium based IBNR basis for Depositor / Micro-finance schemes were adjusted to reflect changing claim lags.

The above change in valuation bases has resulted in a decrease in policyholder's liability by Rs. 7.4 million with corresponding impact on revenue account of the respective statutory fund.

**e) Sensitivity analysis**

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in variable	Increase in liability 2014 Rupees '000	Increase in liability 2013
Worsening of mortality rates for risk policies	+10% p.a.	1,717	1,700
Increase in reporting lag	+10% p.a.	1,717	1,700

### 33.1.3 Accident & Health

The main risk written by the Company is morbidity. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical area (Micro-Insurance in Northern Areas), medical expense inflation, fraudulent claims and catastrophic event. The Company potentially faces the risk of lack of adequate claims control (such as for very large groups). The Company also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with potentially high health related risk exposure such as Government Schemes. Any pre-existing conditions are screened at this stage. Pricing is done as per actual experience of the Company's portfolio. The premium charged takes into account the actual experience of the client and an MIS is maintained to track the adequacy of the premium charged. The Company has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

#### a) Frequency and severity of claims

Company measures risk accumulation in terms of potentially high exposure concentration in a particular geographical area (such as micro insurance policy in northern areas).

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

#### Benefits assured per life

Rupees	Assured at the end of 2014			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	15,033,649	17.60%	15,033,649	17.67%
200,001 - 400,000	33,703,717	39.46%	33,703,717	39.61%
400,001 - 800,000	31,217,235	36.55%	30,879,476	36.29%
800,001 - 1,000,000	1,952,363	2.29%	1,952,363	2.29%
More than 1,000,000	3,512,828	4.10%	3,512,828	4.14%
<b>Total</b>	<b>85,419,792</b>	<b>100%</b>	<b>85,082,033</b>	<b>100%</b>

Rupees	Assured at the end of 2013			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	10,660,508	17.20%	10,660,508	17.25%
200,001 - 400,000	27,707,031	44.72%	27,707,031	44.84%
400,001 - 800,000	21,471,286	34.65%	21,305,236	34.47%
800,001 - 1,000,000	707,597	1.14%	707,597	1.15%
More than 1,000,000	1,416,108	2.29%	1,416,108	2.29%
Total	<u>61,962,530</u>	<u>100%</u>	<u>61,796,480</u>	<u>100%</u>

**b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate morbidity for future years because of the short duration of the contracts.

**c) Process used to decide on assumptions**

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. For this purpose, the experience is adjusted as per the international experience studies such as HIPE. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

**d) Changes in assumptions**

The valuation as at December 31, 2014, contains a change in reserving basis for the reserves maintained for Group Health Incurred But Not Reported (IBNR) claims.

The revised IBNR reserving methodology for non-micro insurance schemes' non-outpatient benefit was revised to take into account the change in the lag pattern in view of the growth in the size of the business. Under the revised methodology, in order to determine the claim lag factors at each year-end the last two year's claims data was used, categorized by claimant types. The claim lag factors so determined were then applied to determine the IBNR's at the year-end and will be used for the subsequent three quarter-ends. In order to cater for risk of a potential increase in reporting lag due to rapid growth of business and change in claim reporting patterns, an appropriate margin has been built in the IBNR.

For micro-insurance schemes, the IBNR basis at December 31, 2013 has been changed so as to have a "percentage of 12-month earned premium as IBNR. This is currently set as 40% for Northern areas policies" and 30% for all other policies.

The IBNR reserving methodology for non-micro-insurance schemes' outpatient benefit has been changed as at December 31, 2014 so as to target an ultimate claims ratio of 70% on the earned premium of last 12 months.

The above change in valuation bases has resulted in decrease in policyholder's liability by Rs. 10.8 million with corresponding impact on revenue account of the respective statutory fund.

**e) Sensitivity analysis**

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in variable	Increase in liability 2014	Increase in liability 2013
Rupees in '000			
Worsening of morbidity rates for risk policies	+10% p.a.	13,300	11,300
Increase in reporting lag	+10% p.a.	13,300	11,300
Increase in average claim amount	+10% p.a.	13,300	11,300

### 33.1.4 Overseas group life and health business

The risk underwritten by the Company is mainly mortality and morbidity. The Company may be exposed to the risk of unexpected claim severity and/or frequency. With regards to mortality, the risk can be a result of writing business with higher than expected mortality (such as terrorism in the region), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. As for the morbidity, the risk may stem from higher than assumed medical expenses, fraudulent claims, inadequate claims control or catastrophic events (including terrorism). The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. As part of its risk management the Company has in place reinsurance arrangement to fully cover the mortality and morbidity risks underwritten. At the same time, the Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the premium charged. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

As part of the risk management process, the Company has fully reinsured the underwritten risks and hence the primary risk to which the Company may be exposed to is that of reinsurer defaulting on its obligations. Presently as per the requirements of the State Bank of Pakistan, the Company is required to settle all claims under this business from its reinsurance recoveries.

#### a) Frequency and severity of claims

The Company measures concentration of risk in terms of its exposure to catastrophic events. As the portfolio for this line of business is relatively small, concentration of risk arising from geographical area is a source of concern. To mitigate this risk Company maintains reinsurance which ensures that the Company's liability in respect of concentration of risk remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross of the reinsurance contracts described above. Since the Company maintains a 100% reinsurance, benefits insured net of the reinsurance contracts are practically Nil.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.



**Benefits assured per life****Assured at the end of 2014****Rupees**

0 - 200,000  
 200,001 - 400,000  
 400,001 - 800,000  
 800,001 - 1,000,000  
 More than 1,000,000  
**Total**

**Total benefits assured**

	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	-	-	-	-
200,001 - 400,000	-	-	-	-
400,001 - 800,000	<b>237,988</b>	<b>11.10%</b>	-	-
800,001 - 1,000,000	<b>113,935</b>	<b>5.31%</b>	-	-
More than 1,000,000	<b>1,792,438</b>	<b>83.59%</b>	-	-
<b>Total</b>	<b>2,144,361</b>	<b>100%</b>	-	-

**Assured at the end of 2013****Rupees**

0 - 200,000  
 200,001 - 400,000  
 400,001 - 800,000  
 800,001 - 1,000,000  
 More than 1,000,000  
**Total**

**Total benefits assured**

	Before reinsurance		After reinsurance	
	Rupees in '000	%	Rupees in '000	%
0 - 200,000	31,626	1.40%	-	-
200,001 - 400,000	-	-	-	-
400,001 - 800,000	253,741	11.26%	-	-
800,001 - 1,000,000	123,538	5.48%	-	-
More than 1,000,000	1,844,638	81.86%	-	-
<b>Total</b>	<b>2,253,543</b>	<b>100%</b>	-	-

**b) Sources of uncertainty in the estimation of future benefit payments and premium receipts**

There is no need to estimate mortality and morbidity for future years because of the short duration of the contracts.

**c) Process used to decide on assumptions**

An investigation into group's experience is performed periodically and statistical methods are used to adjust the rates to a best estimate of mortality and morbidity. For this purpose, the crude rates for morality were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96) while for morbidity, international experience studies such as HIPE are used. Reinsurance rates provided by the reinsurer are also kept under consideration.

**d) Changes in assumptions**

There has been no change in assumptions.

**e) Sensitivity analysis**

The Company has fully reinsured its underwritten risks and therefore a sensitivity analysis has not been conducted.

## 33.2 Financial risk

### Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.

### Interest rate risk

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated. The Company's interest rate sensitivity and liquidity positions based on maturities is given in note 33.2.1.

#### 33.2.1 Mismatch of interest rate sensitive assets and liabilities / yield / interest rate risk

Effective Yield/ Interest rate %	Total	2014								Non-interest bearing financial instruments	
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years		Over ten years
(Rupees in '000)											
<b>On-balance sheet financial instruments</b>											
<b>Financial assets</b>											
Cash and others	32,456	-	-	-	-	-	-	-	-	-	32,456
Current and other accounts	6.8-8.3 1,638,484	900,082	-	-	-	-	-	-	-	-	738,402
Deposits maturing within 12 months	8.35-11.5 3,400,000	200,000	1,100,000	1,150,000	950,000	-	-	-	-	-	-
Unsecured advances to employees	6,199	-	-	-	-	-	-	-	-	-	6,199
Investments - net of provision	41,908,749	11,637,336	24,952	1,206,548	3,430,401	17,513,586	881,647	6,553,775	660,504	-	-
Premiums due but unpaid	299,656	-	-	-	-	-	-	-	-	-	299,656
Investment income due but outstanding	9.31-15 7,052	-	-	-	-	-	-	-	-	-	7,052
Investment income accrued	1,424,046	-	-	-	-	-	-	-	-	-	1,424,046
Amounts due from other insurers / reinsurers	189,281	-	-	-	-	-	-	-	-	-	189,281
Inter-fund receivable	23,445	-	-	-	-	-	-	-	-	-	23,445
Sundry receivable	73,683	-	-	-	-	-	-	-	-	-	73,683
	<b>49,003,051</b>	<b>12,737,418</b>	<b>1,124,952</b>	<b>2,356,548</b>	<b>4,380,401</b>	<b>17,513,586</b>	<b>881,647</b>	<b>6,553,775</b>	<b>660,504</b>	<b>-</b>	<b>2,794,220</b>
<b>Financial liabilities</b>											
Outstanding claims	709,306	-	-	-	-	-	-	-	-	-	709,306
Amounts due to other insurers / reinsurers	21,236	-	-	-	-	-	-	-	-	-	21,236
Amounts due to agents	570,431	-	-	-	-	-	-	-	-	-	570,431
Accrued expenses	597,440	-	-	-	-	-	-	-	-	-	597,440
Other creditors and accruals	120,298	-	-	-	-	-	-	-	-	-	120,298
Unclaimed dividend	9,397	-	-	-	-	-	-	-	-	-	9,397
Inter-fund payable	23,445	-	-	-	-	-	-	-	-	-	23,445
	<b>2,051,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,051,553</b>
<b>On-balance sheet gap</b>	<b>46,951,498</b>	<b>12,737,418</b>	<b>1,124,952</b>	<b>2,356,548</b>	<b>4,380,401</b>	<b>17,513,586</b>	<b>881,647</b>	<b>6,553,775</b>	<b>660,504</b>	<b>-</b>	<b>742,667</b>
<b>Off-balance sheet financial instruments</b>											
Commitments	(144,212)	-	-	-	-	-	-	-	-	-	(144,212)
<b>Off-balance sheet gap</b>	<b>(144,212)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(144,212)</b>
<b>Total yield / interest rate risk sensitivity gap</b>		<b>12,737,418</b>	<b>1,124,952</b>	<b>2,356,548</b>	<b>4,380,401</b>	<b>17,513,586</b>	<b>881,647</b>	<b>6,553,775</b>	<b>660,504</b>	<b>-</b>	<b>598,455</b>
<b>Cumulative yield / interest rate risk sensitivity gap</b>		<b>12,737,418</b>	<b>13,862,370</b>	<b>16,218,918</b>	<b>20,599,319</b>	<b>38,112,905</b>	<b>38,994,552</b>	<b>45,548,327</b>	<b>46,208,831</b>	<b>46,208,831</b>	<b>598,455</b>

2013												
Effective Yield/ Interest rate %	Total	Exposed to Yield/ Interest rate risk								Non-interest bearing financial instruments		
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years		Over ten years	
← (Rupees in '000) →												
<b>On-balance sheet financial instruments</b>												
<b>Financial assets</b>												
Cash and others		31,033	-	-	-	-	-	-	-	-	-	31,033
Current and other accounts	6.4%-8%	522,223	497,664	-	-	-	-	-	-	-	-	24,559
Deposits maturing within 12 months	8.6-10.25	4,392,000	2,492,000	400,000	500,000	1,000,000	-	-	-	-	-	-
Unsecured advances to employees		8,971	-	-	-	-	-	-	-	-	-	8,971
Investments - net of provision	8-13.68	28,327,956	13,376,575	5,073,379	2,138,285	575,607	261,673	56,501	-	541,461	82,152	6,222,323
Premiums due but unpaid		189,261	-	-	-	-	-	-	-	-	-	189,261
Investment income due but outstanding		544	-	-	-	-	-	-	-	-	-	544
Investment income accrued		65,523	-	-	-	-	-	-	-	-	-	65,523
Amounts due from other insurers / reinsurers		187,390	-	-	-	-	-	-	-	-	-	187,390
Inter-fund receivable		82,473	-	-	-	-	-	-	-	-	-	82,473
Sundry receivable		52,772	-	-	-	-	-	-	-	-	-	52,772
		<u>33,860,146</u>	<u>16,366,239</u>	<u>5,473,379</u>	<u>2,638,285</u>	<u>1,575,607</u>	<u>261,673</u>	<u>56,501</u>	<u>-</u>	<u>541,461</u>	<u>82,152</u>	<u>6,864,849</u>
<b>Financial liabilities</b>												
Outstanding claims		670,477	-	-	-	-	-	-	-	-	-	670,477
Amounts due to other insurers / reinsurers		4,818	-	-	-	-	-	-	-	-	-	4,818
Amounts due to agents		496,871	-	-	-	-	-	-	-	-	-	496,871
Accrued expenses		435,647	-	-	-	-	-	-	-	-	-	435,647
Other creditors and accruals		107,973	-	-	-	-	-	-	-	-	-	107,973
Unclaimed dividend		6,455	-	-	-	-	-	-	-	-	-	6,455
Inter-fund payable		82,473	-	-	-	-	-	-	-	-	-	82,473
		<u>1,804,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,804,714</u>
<b>On-balance sheet gap</b>		<u>32,055,432</u>	<u>16,366,239</u>	<u>5,473,379</u>	<u>2,638,285</u>	<u>1,575,607</u>	<u>261,673</u>	<u>56,501</u>	<u>-</u>	<u>541,461</u>	<u>82,152</u>	<u>5,060,135</u>
<b>Off-balance sheet financial instruments</b>												
Commitments		(138,665)	-	-	-	-	-	-	-	-	-	(138,665)
<b>Off-balance sheet gap</b>		<u>(138,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138,665)</u>
<b>Total yield / interest rate risk sensitivity gap</b>			<u>16,366,239</u>	<u>5,473,379</u>	<u>2,638,285</u>	<u>1,575,607</u>	<u>261,673</u>	<u>56,501</u>	<u>-</u>	<u>541,461</u>	<u>82,152</u>	<u>4,921,470</u>
<b>Cumulative yield / interest rate risk sensitivity gap</b>			<u>16,366,239</u>	<u>21,839,618</u>	<u>24,477,903</u>	<u>26,053,510</u>	<u>26,315,183</u>	<u>26,371,684</u>	<u>26,371,684</u>	<u>26,913,145</u>	<u>26,995,297</u>	<u>4,921,470</u>

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

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

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

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

An increase in 100 basis points in interest yields would result in a loss of Rs. 500.117 million (2013: Rs. 36.92 million). The portion of this loss that would be recognised directly in profit and loss account is Rs. 21.48 million (2013: Rs. 0.59 million).

A decrease in 100 basis points in interest yields would result in a gain of Rs. 516.637 million (2013: Rs. 15.95 million). The portion of this gain that would be recognised directly in profit and loss account is Rs. 22.06 million (2013: Rs. 0.58 million).

**b) Sensitivity analysis - currency risk**

Except for business underwritten in Overseas group life and health fund, the Company primarily underwrites insurance contracts in Pak Rupees and invests in assets denominated in the same currency, which eliminates the foreign currency exchange rate risk for these operations.

**34. FOREIGN CURRENCY RISK**

As at balance sheet date, there are no material financial instruments denominated in foreign currency. Therefore, the Company is not materially exposed to risk from foreign currency exchange rate fluctuation.

**35. MARKET RISK**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity, open-end and closed-end mutual funds and term finance certificates markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

**36. CREDIT RISK AND CONCENTRATION OF CREDIT RISK**

Credit risk is the risk, which 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.

Concentration of credit risk arises when a number of counterparties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner.

Major credit risk is in premiums receivable, reinsurance receivables, bank balances and investments. The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	Not rated	Total
	(Rupees in '000)										
<b>December 31, 2014</b>											
Debt securities	-	-	73,618	252,342	-	-	-	-	-	29,945,453	30,271,413
Open-end mutual funds	-	-	1,091,445	-	-	9,616	-	-	-	-	1,101,061
Investment in associate	-	-	-	-	-	-	-	-	-	48,077	48,077
Loans and receivables	-	9,560	5,751	60,663	116,606	8,476	17,298	4,189	10,125	434,626	667,294
Cash and cash equivalents	1,505,961	609,718	532,595	253,706	-	4,405	32,099	-	-	32,456	2,970,940
	<b>1,505,961</b>	<b>619,278</b>	<b>1,703,409</b>	<b>566,711</b>	<b>116,606</b>	<b>22,497</b>	<b>49,397</b>	<b>4,189</b>	<b>10,125</b>	<b>30,460,612</b>	<b>35,058,786</b>
<b>December 31, 2013</b>											
Debt securities	-	-	135,351	288,634	-	59,850	-	-	-	21,621,798	22,105,633
Open-end mutual funds	-	-	110,856	-	-	-	-	-	-	8,808	119,664
Loans and receivables	-	-	-	30,145	31,639	2,859	-	8,406	-	401,478	474,527
Cash and cash equivalents	3,355,559	16,824	27,345	7,545	-	2,112	3,589	-	1,249	31,033	3,445,256
	<b>3,355,559</b>	<b>16,824</b>	<b>273,552</b>	<b>326,324</b>	<b>31,639</b>	<b>64,821</b>	<b>3,589</b>	<b>8,406</b>	<b>1,249</b>	<b>22,063,117</b>	<b>26,145,080</b>

Due to the nature of its business the Company is not exposed to concentration of credit risk.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2014	2013
	(Rupees in '000)	
Cash and bank deposits	<b>5,070,940</b>	4,945,256
Unsecured advances to employees	<b>6,199</b>	8,971
Premium due but unpaid	<b>228,627</b>	141,287
Investment income due but outstanding	<b>7,052</b>	544
Investment income accrued	<b>1,424,046</b>	65,523
Sundry receivable	<b>73,683</b>	52,772

The carrying values of financial assets which are past due but not impaired are as under:

	2014	2013
	(Rupees in '000)	
Premium due but unpaid	<b>58,952</b>	34,613

The carrying values of financial assets which are past due and impaired are as under:

	2014	2013
	(Rupees in '000)	
Premium due but unpaid	<b>12,077</b>	13,361

### 37. REINSURANCE RISK

In order to minimise the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other reinsurers.

Reinsurance ceded does not relieve the Company from its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

In order to manage this risk, the Company obtains reinsurance cover only from companies with sound financial health.

### 38. CAPITAL MANAGEMENT

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

- to comply with the minimum paid-up capital requirements as prescribed by 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';
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- 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.

As prescribed by SECP, Company is required to maintain the minimum capital and to comply with the solvency requirements both for shareholders' and statutory funds in accordance with the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as amended by S.R.O. 16 (1)/2012 dated January 9, 2012, with which the Company is in compliance.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 values estimates.

As at December 31, 2014, the carrying value of all financial instruments is estimated to approximate their fair value, except for investments referable to non-linked funds, the market value of which exceeded the cost by Rs. 733.105 million (2013: Rs. 204.78 million) on an aggregate portfolio basis.

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

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

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

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

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

	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
<b>Financial assets at fair value through profit or loss</b>								
Pakistan Investment Bonds	-	19,925	-	19,925	-	19,916	-	19,916
<b>Available-for-sale investments</b>								
Pakistan Investment Bonds	-	27,132,896	-	27,132,896	-	898,720	-	898,720
Market Treasury Bills	-	1,835,925	-	1,835,925	-	18,449,408	-	18,449,408
Government Ijara Sukuk	-	956,707	-	956,707	-	2,253,755	-	2,253,755
Term Finance Certificates	-	325,961	-	325,961	-	483,834	-	483,834
Listed equity securities and closed ended mutual fund units	10,488,197	-	-	10,488,197	6,102,659	-	-	6,102,659
Open ended mutual funds units	-	1,101,061	-	1,101,061	-	119,664	-	119,664
Unlisted securities	-	-	48,077	48,077	-	-	-	-
	<b>10,488,197</b>	<b>31,372,475</b>	<b>48,077</b>	<b>41,908,749</b>	<b>6,102,659</b>	<b>22,225,297</b>	<b>-</b>	<b>28,327,956</b>

#### 40. ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates relating to insurance contracts are based on the advice of the appointed actuary. Some of the critical accounting estimates and judgments are as follows:

##### 40.1 Policyholders' liabilities

###### 40.1.1 Valuation discount rate

The valuation of policyholders' liabilities has been based on a discount rate of 3.75%, which is in line with the requirements under the repealed Insurance Act, 1938 and is considerably lower than the actual investment return the Company is managing on its conventional portfolio. The difference each year between the above and the actual investment return is intended to be available to the Company for meeting administration expense and provide margins for adverse deviation.

#### **40.1.2 Mortality assumption**

For the purpose of valuing the insurance contracts, the mortality assumption used is based on EFU (61-66) table. This table is constructed on the basis of EFU (61-66) table, adjusted to reflect the mortality expectation in Pakistan. In the opinion of appointed actuary the adjusted table gives the closest match to the underlying mortality of the covered population. SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC (2001 - 05) Individual Life Ultimate Mortality Table published by Pakistan Society of Actuaries (PSOA) be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. However, existing valuation basis is considered to be more prudent than the minimum

#### **40.1.3 Claims provision**

The calculation of Incurred But Not Reported Claims Reserve for both Group Life under Conventional Business and Accident and Health lines has been based on the assumption that the claims lag pattern would follow the trend experienced over the past 3 years.

The reserving basis has been formulated on the recent claims lag pattern and experience of the Company for each line of business separately. Appropriate margins have been added to ensure that the reserve set aside is resilient to changes in the experience.

#### **40.1.4 Surrenders**

For the purpose of valuation of conventional business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

#### **40.2 Income taxes**

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on disputed issues in the past. However, the Company has made adequate provision in this respect except for the matter disclosed in note 14.1.

#### **40.3 Impairment in respect of listed securities**

The Company determines that listed available-for-sale securities are impaired when there has been a significant or prolonged decline in fair value below its cost. In making this judgment, the Company evaluates, among other factors, volatility in the share prices in normal course. In addition, impairment may be appropriate when there is evidence of deterioration in financial health of the investee, industry or sector performance.



**41. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on February 24, 2015 proposed a final cash dividend of Rs. 7 per share (2013: Rs. 3.50 per share) for the year ended December 31, 2014 amounting to Rs. 504.832 million (2013: Rs. 219.49 million).

Interim dividend declared and already paid in respect of half year ended June 30, 2014 was Rs. 2.50 per share amounting to Rs. 180.297 million.

These financial statements do not recognise the proposed final dividend which will be accounted for in the financial statements for the year ending December 31, 2015.

**42. CORRESPONDING FIGURES**

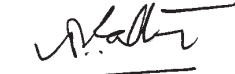
Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison. However, there were no significant reclassifications in these financial statements.

**43. DATE OF AUTHORISATION FOR ISSUE**

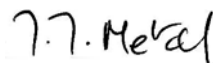
These financial statements were authorised for issue on February 24, 2015 by the Board of Directors of the Company.



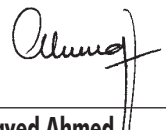
**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

## STATEMENT OF DIRECTORS

(As per the requirement of section 46(6) and section 52(2)(c) of the Insurance Ordinance, 2000)

### Section 46(6)

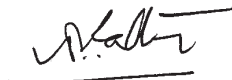
- a) In our opinion, the annual statutory accounts of the Jubilee Life Insurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;
- b) Jubilee Life Insurance Company Limited has at all the times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- c) As at December 31, 2014, Jubilee Life Insurance Company Limited continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

### Section 52(2)(c)

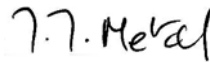
- d) In our opinion, each statutory fund of Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2002.



**Kamal A. Chinoy**  
Chairman



**Aly Noor Mahomed Rattansey**  
Director



**John Joseph Metcalf**  
Director



**Javed Ahmed**  
Managing Director &  
Chief Executive Officer

## Statement of Appointed Actuary

As per the requirement of section 52(2)(a) and (b) of the Insurance Ordinance, 2000

### In my opinion:

- a) The policyholders' liabilities in the balance sheet of Jubilee Life Insurance Company Limited as at December 31, 2014 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- b) Each statutory fund of the Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000.



**Nauman A. Cheema**  
Appointed Actuary of the Company  
Fellow of Society of Actuaries (USA)  
Fellow of Pakistan Society of Actuaries

## Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of Jubilee Life Insurance Company Limited will be held as per below mentioned schedule:

Date and time: March 31, 2015 (Tuesday) at 11.00 a.m.  
Venue Auditorium, Habib Bank Tower, Jinnah Avenue, Islamabad

### Agenda

#### Ordinary Business

1. To consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2014 and the Directors and Auditors Reports thereon.
2. To consider and approve the payment of final cash dividend of 70% (Rs. 7/- per ordinary share of Rs. 10 each) for the year ended December 31, 2014 as recommended by the Directors of the Company in addition to the interim dividend of Rs. 2.50 per share i.e. 25% already paid to shareholders, thus making a total of Rs. 9.50 per share i.e. 95% for the year ended December 31, 2014.
3. To appoint and fix remuneration of External Auditors and Shariah Compliance Auditors for the year 2015. The retiring auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible offer themselves for re-appointment as External Auditors as well as Shariah Compliance Auditors.
4. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

#### Special Business

5. To Consider and approve the following Resolution as recommended by the Board of Directors of Company.

"Resolved that approval be and is hereby granted for providing 1800 cc fully company mentained vehicle for use of the Chairman."

February 24, 2015  
Karachi

By order of the Board



**Najam Ul Hasan Janjua**  
Company Secretary

**Notes:**

1. The Share transfer books of the Company shall remain closed from March 25, 2015 to March 31, 2015 (both days inclusive). Transfers received in order by our registrar, M/s Central Depository Company of Pakistan, CDC Share Registrar Service, CDC House, 99-B, Block-B, SMCHS, Main Shara-e-Faisal, Karachi-74400, at the close of business on March 24, 2015 will be treated in time for the purpose of attending the meeting.
2. A Member of the company entitled to attend and vote at this Meeting shall be entitled to appoint another member, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member.
3. A Member shall not be entitled to appoint more than one proxy to attend any one meeting. If any Member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid.
4. Proxies, in order to be effective, must be received by / lodged with the Company at its Registered Office 26-D, 3rd floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad not less than 48 hours before the Meeting.
5. Members are requested to immediately notify any change in their addresses.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
7. In pursuance with the Securities & Exchange Commission of Pakistan (SECP) notification No. SRO 779(1)/2011 dated August 18, 2011 and SRO. 831 (1)/2012 dated July 05, 2012, the shareholders possessing physical shares are requested to immediately send a copy of their Computerized National Identity Card (CNIC) to our Registrar Office, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, SMCHS, Main Shara-e-Faisal, Karachi for printing / insertion of CNIC number on respective Dividend Warrant. In case of non-receipt of the copy of valid CNIC and non-compliance of the above requirement, the Company will be constrained to withhold dispatch of Dividend Warrants to such shareholders. Corporate entities are also requested to submit their NTN at the address of our Registrar as given above.
8. Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2014 withholding tax on dividend income will be deducted for "Filer" and "Non-Filer" shareholders @ 10% and 15% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as Joint Holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder (s) in respect of shares held by them to our Share Registrar Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, SMCHS, Main Shara-e-Faisal, Karachi-74400, in writing as follows:

Folio/ CDS Account No.	Total Shares	Name and CNIC	Shareholding proportions (No. of shares)	Name and CNIC	Shareholding proportions (No. of shares)

Note: The required information must reach to our Share Registrar by March 24, 2015, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

**A). FOR ATTENDING THE MEETING:**

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii) 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 meeting.

**B). FOR APPOINTMENT OF PROXIES:**

- i) In case of individual, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity being a Member, the Board of Directors' resolution/power of attorney with specimen signature of the nominee/attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

## Pattern of Shareholding

As at 31 December 2014

Number of Shareholders	Shareholding' Slab		Total Shares held
	From	To	
158	1	to 100	5,117
183	101	to 500	54,498
484	501	to 1000	316,880
330	1001	to 5000	787,020
97	5001	to 10000	662,278
27	10001	to 15000	332,581
12	15001	to 20000	210,218
13	20001	to 25000	289,274
10	25001	to 30000	267,603
3	30001	to 35000	96,518
5	35001	to 40000	185,882
2	40001	to 45000	85,200
1	45001	to 50000	48,300
3	50001	to 55000	157,590
1	55001	to 60000	56,000
2	60001	to 65000	121,325
2	70001	to 75000	145,225
2	75001	to 80000	155,430
1	80001	to 85000	80,650
1	85001	to 90000	86,250
2	90001	to 95000	183,075
1	100001	to 105000	101,850
1	110001	to 115000	115,000
2	115001	to 120000	236,395
1	120001	to 125000	124,298
1	130001	to 135000	131,300
1	140001	to 145000	143,750
1	155001	to 160000	157,125
1	170001	to 175000	172,500
1	285001	to 290000	289,000
1	300001	to 305000	304,125
1	350001	to 355000	353,050
1	565001	to 570000	566,191
1	640001	to 645000	643,015
1	650001	to 655000	651,845
1	710001	to 715000	712,150
1	720001	to 725000	724,500
1	865001	to 870000	866,755
1	1060001	to 1065000	1,063,709
1	1115001	to 1120000	1,119,870
1	4635001	to 4640000	4,637,680
1	12940001	to 12945000	12,943,250
1	41730001	to 41735000	41,734,528
<b>1,362</b>			<b>72,118,800</b>

## Pattern of Shareholding

As at 31 December 2014

Categories of Shareholders	Number of Shareholders	Shares held	Percentage
<b>1. Directors, Chief Executive Officer, their spouse and minor children:</b>	<b>8</b>	<b>118,197</b>	<b>0.16%</b>
Kamal A. Chinoy		36,750	
Hina Javed		76,825	
Javed Ahmed		897	
Sultan Ali Akbar Allana		575	
Rafiuddin Zakir Mahmood		500	
Ayaz Ahmed		1,000	
John Joseph Metcalf		575	
Aly Noor Mahomed Rattansey		1,075	
<b>2. Associated Companies, Undertakings &amp; related parties:</b>	<b>4</b>	<b>59,883,374</b>	<b>83.03%</b>
*Aga Khan Fund for Economic Development S.A. Switzerland		41,736,253	
Habib Bank Limited - Treasury Division		12,943,250	
Jubilee General Insurance Company Limited		4,637,680	
The Aga Khan University Foundation		566,191	
<b>3. NIT and ICP</b>	<b>1</b>	<b>575</b>	
Investment Corporation of Pakistan		575	
<b>4. Public sector Companies &amp; Corporations</b>		-	
<b>5. Banks, Development Financial Institutions &amp; Non Banking Financial Institutions</b>	<b>1</b>	<b>18,400</b>	<b>0.03%</b>
MCB Bank Limited		18,400	
<b>6. Insurance Companies</b>	<b>2</b>	<b>1,064,284</b>	<b>1.48%</b>
EFU General Insurance Limited		1,063,709	
The Premier Insurance Company of Pakistan		575	
<b>7. Modarbas and Mutual Funds</b>	<b>1</b>	<b>3,450</b>	<b>0.00%</b>
First Equity Modarba		3,450	
<b>8. Others</b>	<b>31</b>	<b>1,013,618</b>	<b>1.41%</b>
<b>9. Executives</b>	<b>8</b>	<b>188,284</b>	<b>0.26%</b>
Muhammad Sohail Fakhar		54,000	
Muhammad Munawar Khalil		40,350	
Manzoor Ahmed		30,124	
Shan RAbbani		22,875	
Zahid Barki		19,435	
Faisal Shahzad Abbasi		20,425	
Faisal		575	
Adeel Ahmad Khan		500	
<b>10. General Public - Local</b>	<b>1299</b>	<b>6,755,518</b>	<b>9.37%</b>
<b>Foreign</b>	<b>7</b>	<b>3,073,100</b>	<b>4.26%</b>
ACACIA Partners LP		1,119,870	
ACACIA Institutional Partners LP		724,500	
ACACIA II Partners LP		353,050	
ACACIA Conservation Fund-Offshore Ltd.		866,755	
Habib Bank AG Zurich, Zurich Switzerland		5,750	
Mohammad Ishaq		2,875	
Farooq Lakhani		300	
<b>TOTAL</b>	<b>1,362</b>	<b>72,118,800</b>	<b>100.00%</b>
* Excluding 2,500 shares held by Nominee Directors			

	Designation	Transaction	No. of Shares
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**11. Trading in shares by the Directors, CEO & Spouse and Executives during the year 2014**

Kamal A. Chinoy	Director	Purchased	33,000
Ayaz Ahmed	Director	Purchased	1,000
Rafiuddin Zakir Mahmood	Director	Purchased	500
Aly Noor Mahomed Rattansey	Director	Purchased	500
Hina Javed (spouse of the CEO)	Director	Purchased	26,800
Manzoor Ahmed	Group Head	Purchased	8,400
Zahid Barki	Group Head	Purchased	14,900
Muhammad Sohail Fakhar	Group Head	Purchased	12,500
Faisal Shahzad Abbasi	Group Head	Purchased	18,100
Muhammad Munawar Khalil	Department Head	Purchased	13,200
Shan Rabbani	Department Head	Purchased	4,600
Adeel Ahmad Khan	Department Head	Purchased	500

	No. of Shareholders	Shares Held	Percentage
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**12. Categories of Shareholders as at December 31, 2014**

Individuals	1,317	7,065,174	9.80%
Insurance Companies	3	5,701,964	7.91%
Joint Stock Companies	31	1,013,618	1.41%
Financial Institutions	4	54,698,478	75.84%
Modarbas & Mutual Funds	1	3,450	0.00%
Non Residential Shareholders	5	3,069,925	4.26%
Others	1	566,191	0.78%
<b>TOTAL</b>	<b>1,362</b>	<b>72,118,800</b>	<b>100.00%</b>

**13. Shareholders holding 5% or more voting interest**

Aga Khan Fund for Economic Development S.A. Switzerland	41,736,253	57.87%
Habib Bank Limited Treasury Division	12,943,250	17.95%
Jubilee General Insurance Company Limited	4,637,680	6.43%



# Jubilee Life Insurance Company Limited

**Head Office: 74/1-A, Lalazar, M.T. Khan Road, Karachi-74000,  
Tel: (021) 35205094-5, Fax:(021) 35610959**

## SOUTH REGION

### GHOTKI

#### Ghotki City Branch

Green Hotel Building, Main Chowk,  
Station Road, Ghotki.  
Tel : (0723) 680472

### HYDERABAD

#### Thandi Sarak Branch

1st Floor, Block - CC 1, Civic Center,  
Thandi Sarak, Hyderabad.  
Tel : (022) 2786191

#### Khipro Branch

Opposite Forest Office Sanghar Road,  
Khipro. Tel : (0235) 879969

### KARACHI

#### Crescent

Office 302 & 303 3rd floor Arab business Centre  
Plot #5 block # 3, Cooperative Housing Society  
Main Bahadurabad Chowrangi Alamgeer Road,  
Karachi. Tel : (021) 34123264

#### Alpha Branch

1st Floor, Office No. 105-A,106  
Asia Pacific Trade Center, Opp. Drive in cinema,  
Main Rashid Minhas Road, Karachi.  
Tel : (021) 34663421

#### Ayesha Manzil Branch

B-1 & B-2, Anar Kali Apartment,  
F.B. Area, Block - 7, Karachi.  
Tel : (021) 36320613

#### Civic Centre Branch

Flat # 09, 3rd Floor, Afzal Apartment,  
KDA Scheme # 1-A, Stadium Road,  
Karachi. Tel : (021) 4947252

#### Platinum Branch

G-5, Adenwalla Apartment,  
GRE 325/2, Garden East, Karachi.  
Tel : (021) 32259560

#### Karachi Central Branch

1st Floor, Office No. 105 & 106, Asia Pacific  
Trade Center, Opp. Millennium Mall Shopping  
Center, Main Rashid Minhas Rd., Karachi.  
Tel : (021) 34663421

#### Liberty Branch

1st Floor, Office No.109  
Asia Pacific Trade Center  
Main Rashid Minhas Road, Karachi.  
Tel : 021-34017412

#### Gulshan-e-Iqbal Branch, Karachi

Plot No. 6/FL-6, 2nd Floor  
Block-06, KDA Scheme 24,  
Gulshan-e-Iqbal, Karachi.  
Tel : (021) 34834216

#### Royal Branch

1st Floor, Office No. 105-A & 106,  
Asia Pacific Trade Centre, Opp. Drive-In-Cinema,  
Main Rashid Minhas Road, Karachi.  
Tel : (021) 34663421

#### Shaheen - 1, Branch

Office No. 601, 6th Floor,  
Block-06, P.E.C.H.S  
Progressive Centre, Shahrah-e-Faisal,  
Karachi. Tel : (021) 34322170

### Zamzama Branch

1st Floor, 20-C, Lane -12, Off: Khayaban-e-  
Ittehad, Phase 2 Extension, DHA, Karachi.  
Tel : (021) 35391586-8

### Nobel Branch

Alif Residency, Mezzanine floor,  
SB-8, Block # 2, Gulshan-e-Iqbal, Karachi.  
Tel : (021) 34992207

### LARKANA

#### Larkana City Branch

Nji life Building, Lal Eye Medical Center Near  
City Bakers, Station Road Branch, Larkana  
Tel : (074) 4057498

#### Larkana Royal Branch

Nji life Building, Lal Eye Medical Center Near  
City Bakers, Station Road Branch, Larkana  
Tel : (074) 4057486-7

#### Station Road larkana Branch

Nji life Building, Lal Eye Medical Center Near  
City Bakers, Station Road Branch, Larkana  
Tel : (074) 4057482

#### Mehar City Branch

Near UBL Building Mehar City, District Dadu  
Tel : (025) 4730402

#### Daharki Branch

Near First Micro Finance Bank, G.T Road,  
Daharki. Tel : 0723 -644318

### MIRPURKHAS

Mirpurkhas City Branch  
Umar Kot Road, Near Ali Med Center,  
Mirpurkhas. Tel : (0233) 873106

### NAUSHEROZERO

Nausherozero City Branch  
Near HBL limited, Main Road,  
Nausherozero.  
Tel : (0242) 481221

#### Panu Aqil Branch

Opposite Caltex Petrol Pump,  
Bajji Chowk, Panu Aqil.  
Tel : (071) 5691720

### SUKKUR

Sukkur City Branch  
1st Floor, Lala Azam Plaza, Opp. Excise Office,  
Station Road, Sukkur.  
Tel : (071) 5613375

#### Khairpur City Branch

Opposite Session Court, Katchery Road, Khairpur  
Tel : (024) 3714873

## NORTH REGION

### ISLAMABAD

#### Karakoram, Gilgit Branch

Njilife Opposite FCNA, Near Heli Chowk,  
Jutail Gilgit.  
Tel : (05811) 450091

#### KOTLI

Pindi Road Kotli Branch  
2nd Floor, Gulistan Plaza, Pindi Road, Kotli.  
Tel : (05826) 444475

### MIRPUR AZAD KASHMIR

#### Mirpur Branch

Plot No.629, 1st Floor, Sector B-1,  
Bank Square, Allama Iqbal Road,  
Mirpur AJK.  
Tel : (05827) 45803 / 445804

#### Muzaffarabad (Sub Office)

JLI - Bilal Shopping Plaza, Iind Floor  
Upper Adda Muzaffarabad - Azad Kashmir  
Tel : (05822) 445041 / 443315

### PESHAWAR

#### Cantt. Branch- 1

UG-Office # 422, 424, 426, 440, 442,  
Main Lobby Deans Trade Centre, Peshawar  
Cantt. Tel : (091) 5253262

#### Cantt. Branch- 2

UG-Office # 422, 424, 426, 440, 442,  
Main Lobby Deans Trade Centre, Peshawar  
Cantt.  
Tel : (091) 5850520-5

#### Chitral (Sub Office)

Ground Floor, Terichmir View Hotel,  
Shahi Qilla Road, Main Bazar, Chitral.  
Tel : (0943) 412207

#### University Road Branch

2nd Floor, Samad Plaza,  
Tehkal, Main University Road,Peshawar.  
Tel : (091) 5850520 / 5842449

### RAWALPINDI

#### Blue Area Branch

26-D, 3rd Floor, Kashmir Plaza,  
Jinnah Avenue Blue Area,  
Islamabad.  
Tel : 051-2206934

#### Twin City Branch

D-BB-83, 1st Floor,  
Minhas Shopping Plaza Shamsabad,  
Murree Road, Rawalpindi.  
UAN: (051) 111-11-6554  
Tel : (051) 4575211  
Fax: (051) 4575209

#### Karakoram Branch

2nd Floor, ZS-Plaza, in front of Radio Pakistan,  
Main Sharah-e-Quaid-e-Azam, Jutail, Gilgit.  
Tel : (05811) 457061

#### Hunza Branch

Njilife Opposite FCNA, Near Heli Chowk,  
Jutail Gilgit.  
Tel : (05811) 450091

#### Ghizer Branch

1st Floor Shehbaz Market Raja Bazar Near DHQ  
Hospital, Gahkuch Ghizer  
Tel : (05814) 451511

#### Margalla Hills Branch

JLI, 1st Floor, Plot no 21 INT Centre Sector  
G/6, near NBP Abpara Islamabad  
Tel : (051) 2206934

#### LAKKI MARWAT

Main Larri Adda Kargal Chowk  
main Mianwali Road Lakkimarwat  
Tel : (0969) 512006

## CORPORATE DISTRIBUTION

Karachi : 2nd Floor, PNSC Building, Lalazar, M.T. Khan Road, Karachi-74000 Tel: (021) 35657885-6, Fax: (021) 35612314  
Lahore : 56-A, 3rd Floor, TUfai Plaza, Commercial Market, Shadman, Lahore. Tel: 042-37529600.  
Faisalabad : Saleemi Tower, 2nd Floor, D-Ground, Faisalabad Tel: 041-8559845-9  
Rawalpindi : North DD-79, Asad Plaza, Main Muree Road, Shamsabad, Rawalpindi. Tel: 051-4602900  
Sialkot : Right Wing, 2nd Floor, Moon Tower Paris Road, Sialkot Tel: (052) 4264687  
Multan : 10- A, 1st Floor, Twin Towers, Tehsil Chowk, Gulgasht Colony, Bosan Road, Multan Tel: (061) 6212051-7  
Peshwar : 2nd Floor Samad Plaza, Opposite Gap CNG, Tehkal, University Road, Peshawar. Tel: 091-5842175

# Jubilee Life Insurance Company Limited

Head Office: 74/1-A, Lalazar, M.T. Khan Road, Karachi-74000,  
Tel: (021) 35205094-5, Fax:(021) 35610959

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## CENTRAL REGION

### G.T. Road Branch

1st Floor, Chughtai Centre,  
Main Shaheen-Abad, G.T. Road, Gujranwala.  
Tel : (055) 3824733

### Paris Road Branch

2nd Floor, Al Ameen Centre,  
Opposite Sialkot Chamber of Commerce and  
Industry, B Paris Road, Sialkot.  
Tel : (052) 4264687-8 / 4265115

### Ravi Branch

2nd Floor, Plot # 79, Officers Housing Scheme,  
Cavalry Ground, Lahore.  
Tel : (042) 35941897

### Lahore Pioneer Branch

1st Floor, 41 Civic Centre Barkat Market,  
New Garden Town, Lahore  
Tel : (042) 3597189

### Model Town Branch

Plot # 217-218 BP GESH Lahore,  
1st Floor on Punjab Bank,  
Model Town, Link Road, Lahore.  
Tel : (042) 35970133-4

### New Cavalry Branch

1st, 2nd & 3rd Floor Plot # 79  
Commercial Area officers Housing Scheme  
Cavalry Ground Lahore  
Tel : (042) 35941897

### Faisalabad City Branch

577-B, 2nd Floor, Peoples Colony,  
Main Satiana Road, Near Saleemi Chowk,  
Faisalabad.  
Tel : (041) 8554686

### Satiana Road, FSD

577-B, 2nd Floor, Peoples Colony,  
Main Satiana Road, Near Saleemi Chowk,  
Faisalabad.  
Tel : (041) 8554686

### Chenab Branch

1st Floor Iqbal Centre, Prince Chowk,  
Khawajagan Road, Gujrat  
Tel : (053) 3525115

### Jhelum Buraq Branch

1st & 2nd Floor, Sarang Plaza, Near MCB Bank,  
GT Road, Jhelum.  
Tel : (0544) 720843 / 720841-42

### Hafizabad Branch

Post Office Road, Upper Floor Agha Khan Labs.  
Hafizabad  
Tel : (0547) 524879

### Club Road Sargodha Branch

405-A, Club Road,  
Opp. Contonment board, Sargodha.  
Tel : (048) 3725467

### Okara Central Branch

2nd Floor, Nasir Plaza,  
Depalpur Chowk, Okara.  
Tel : (044) 2520477

## MULTAN REGION

### Rahim Yar Khan

24-Model Town, First Floor,  
Sindh Bank City Chowk, Near M.C.B Model  
Town, Rahimyar Khan  
Tel : (068) 5883181

### Bahawalpur Branch

1st Floor, Adil Complex,  
Opp: Circuit House, Ahmed Pur Road,  
Bahawalpur.  
Tel : (062) 2877845

### Dera Ghazi Khan Branch

Al-Ajwa Plaza, 1st Floor, Bank Road, Block-1,  
Dera Ghazi Khan.  
Tel : (064) 2470892

### Abdali Road Branch

63-A NIPCO House,  
(Nawai-e-Waqt Building), Abdali Road, Multan.  
Tel : (061) 4573397

### Multan Royal Branch

63-A NIPCO House,  
(Nawai-e-Waqt Building), Abdali Road, Multan.  
Tel : (061) 4543391

### Sahiwal Branch

First Floor, Habib Bank, High Street,  
Alpha Tower, Sahiwal.  
Tel : (040) 4220503

### Quetta City

Institute of Engineering Zargon Road Quetta  
Room # 11 & 12.  
Tel : (081)-2823913

## BANCASSURANCE

### Retail Business Centre

Banglow # 245/6/2/0 Block-6 PECHS, Karachi  
Tel # 021-34315970

### Lahore Banca

56-A, Tufail Plaza, 2nd & 3rd Floor, Shadman  
Market, Lahore  
Tel # 042-37529623-24

### Islamabad / Pindi Banca

Plot No. 21, 1st Floor  
I & T Centre, Sector G-6, Aabpara  
Tel # 051-4602900

### Hyderabad Banca

Building # 97, Mazinin Floor,  
Opp. Bank Al-Habib, Doctor Line, Saddar Bazar.

Tel # 0222-786084

### Sukkur Banca

1st Floor, Bilal Plaza,  
G.T Road Sukkur  
Tel # 071-5631169

### Multan Banca

10-A, Ist. Floor, Twin Towers, Tehsil Chowk, .  
Gulgasht Colony, Near Silk Bank,  
Bosan Road, Multan.  
Tel #061-6212051-55

### Bahawalpur Banca

Shop # 108, 109 & 110, 1st Floor, Awan Plaza,  
Andron-e-Ahmed Puri Gate, Bahawalpur.  
Tel # 062-2882237-9

## Faisalabad Banca

3rd Floor, Office # 09, Legacy Tower,  
Main Boulevard, Kohinoor City Faisalabad.  
Tel # 041-8555061-63

## Sahiwal Banca

1st Floor, Naveed Plaza, Summit Bank  
Tanki Chowk, High Street, Sahiwal.  
Tel #040-4224422

## Sialkot Banca

Moon Tower, 2nd Floor  
Opp. Mission Hospital, Paris Road, Sialkot.  
Tel # 0524603161

## Gujranwala Banca

3rd Floor Zaheer Plaza, Near General Bus Stand,  
Gujranwala.  
Tel # 055-3736611-13

## Sargodha Banca

Office No. 55, 2nd Floor Rehman Plaza  
University Road, Sargodha  
Tel # 048-3768646-7

## Gujrat Banca

Ground Floor, Al-Sadiq Center,  
Rehman Plaza, Gujrat  
Tel # 053-3533020-2

## Peshawar Banca

No. 501-502 B, 5th Floor, City Towers,  
University Road, Peshawar.  
Tel #091- 5842175-7 & 9

## Jhelum Banca

Main GT Road, Jada Stop Behind Caltex Police  
Petrol Pump, Near Chaman Ice Cream, Jhelum  
Tel # 0544-720681-83

## Muzaffarabad Banca

D-141, Street # 17, Upper Chittar Housing  
Scheme, Muzaffarabad, Azad Kashmir.  
Tel # 058-22432195-6

## B.O.C 1

Office # 201 & 213, 2nd Floor, Business Avenue,  
Shar e Faisal, Karachi.  
Tel (021) 34374310-9

## Quetta Banca

Suit No. 11 & 12, Second Floor, Institute of  
Engineering, Zarghoon Road, Quetta Cantt.  
Tel # 081-2829822 / 2822439

## Regional Offices

### HeadOffice Collection

74/1-A Lalazar M.T.Khan Road Karachi.  
Tel : (021) 35205095

### REGIONAL OFFICE, LAHORE

56-A Tufail Plaza Commercial Market  
Shadman Colony, Lahore  
Tel : 042-37421798

### REGIONAL OFFICE, Rawalpindi

DD-79 1st Floor, Asad Plaza, Shamsabad,  
Muree Road, Rawalpindi  
Tel : 051-4602900

### REGIONAL OFFICE, Multan

10-A Twin Tower, Upper Floor Silk Bank,  
Tehsail Chowk, Main Boson Roan Road, Multan  
Tel : 061-6212059 / 6212051-7

### REGIONAL OFFICE, Gilgit

Z.S Plaza 2nd Floor Main Shahra-e-Quid-e-  
Azam, opposite Radio Pakistan Jutial Gilgit.  
Tel : 05811-457064

## CORPORATE DISTRIBUTION

Karachi : 2nd Floor, PNSC Building, Lalazar, M.T. Khan Road, Karachi-74000 Tel: (021) 35657885-6, Fax: (021) 35612314  
Lahore : 56-A, 3rd Floor , Tufail Plaza, Commercial Market , Shadman , Lahore. Tel: 042-37529600.  
Faisalabad : Saleemi Tower, 2nd Floor, D-Ground , Faisalabad Tel: 041-8559845-9  
Rawalpindi : North DD-79, Asad Plaza, Main Muree Road , Shamsabad, Rawalpindi. Tel: 051-4602900  
Sialkot : Right Wing, 2nd Floor, Moon Tower Paris Road, Sialkot Tel: (052) 4264687  
Multan : 10- A, 1st Floor, Twin Towers, Tehsil Chowk, Gulgasht Colony, Bosan Road, Multan Tel: (061) 6212051-7  
Peshwar : 2nd Floor Samad Plaza , Opposite Gap CNG , Tehkal ,University Road , Peshawar. Tel: 091-5842175



# PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ (full address)

being member(s) of Jubilee Life Insurance Company Limited and holder of \_\_\_\_\_

ordinary shares as per shares register folio No. \_\_\_\_\_ CDC Participant ID \_\_\_\_\_

CDC Account No. \_\_\_\_\_ hereby appoint Mr./Mrs./Miss \_\_\_\_\_

of \_\_\_\_\_ (full address)

or failing him/her \_\_\_\_\_ of \_\_\_\_\_ or failing him / her \_\_\_\_\_

of \_\_\_\_\_ as my proxy to attend, speak and vote for me and on my behalf at the

Annual General Meeting of the Company to be held on March 31, 2015 (Tuesday) at 11.00 a.m. at Auditorium, Habib Bank Tower, Jinnah Avenue Islamabad and at any adjournment thereof.

In witness whereof, I have placed my/our hand(s) this \_\_\_\_\_ day of March 2015.

Signed by \_\_\_\_\_

In presence of \_\_\_\_\_

\_\_\_\_\_  
Signature  
Name: \_\_\_\_\_  
Addressee: \_\_\_\_\_  
Passport / NIC No. \_\_\_\_\_

Please affix  
Revenue Stamp  
  
\_\_\_\_\_  
Signature of Member(s)

A member entitled to attend and vote at the Annual General Meeting may appoint another member as proxy to attend, speak and vote instead of him.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.

The instrument appointing a proxy, together with the power of attorney if any under which it is signed or a notarial certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the meeting.



AFFIX  
CORRECT  
POSTAGE

**Jubilee**

LIFE INSURANCE

If undelivered please return to:  
Jubilee Life Insurance Company Limited

74/1-A, Lalazar, M. T. Khan Road, Karachi-74000  
Phone : (0092) (21) 35205095  
Fax : (0092) (21) 35610959

Fold : Here

Fold : Here

Fold : Here

Fold : Here

JUBILEELIFE.COM

**Jubilee Life Insurance Company Limited**

74/1-A, Lalazar, M.T. Khan Road,  
Karachi - 74000, Pakistan.

Phone: (021) 35205094-5

Fax: (021) 35610262

UAN: 111 111 554

SMS: JLI to 8282

E-mail: [info@jubileelife.com](mailto:info@jubileelife.com)

Website: [www.jubileelife.com](http://www.jubileelife.com)