

Habib Insurance Company Limited

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Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Abbas D. Habib Mansoor G. Habib Muhammad Hyder Habib Qumail R. Habib Aun Mohammad A. Habib Shahid Ghaffar Ali Fadoo Maleeha Humayun Bangash
Chief Executive	:	Shabbir Gulamali
Chief Financial Officer	:	Murtaza Hussain
Company Secretary	:	Muhammad Maaz Akbar
Auditors	:	KPMG Taseer Hadi & Co. Chartered Accountants
Share Registrar	:	M/s. CDC Share Registrar Services Limited CDC House, 99-B, Block-B SMCHS, Main Shahrah-e-Faisal Karachi-74400
Registered Office	:	1st Floor, State Life Bldg. No. 6 Habib Square, M. A. Jinnah Road P.O. Box 5217, Karachi-74000 Pakistan Tel : (92-21) 32424030/38/39 Fax : (92-21) 32421600 UAN : (92-21) 111 03 03 03 Website : www.habibinsurance.net

Habib Insurance Company Limited

DIRECTORS' REVIEW

The Shareholders,

The Directors are pleased to present the unaudited accounts of the Company for the quarter ended March 31, 2021.

By the Grace of Allah, the first three month's performance of the Company has shown considerable improvement. Net profit after tax increased to Rs. 52.7 million (earning per share of Rs. 0.43) this quarter as compared to Rs. 6.7 million during the corresponding quarter last year.

The written gross premium for the quarter was Rs. 385.5 million as compared to Rs. 318.6 in the same quarter last year, reflecting a 21% growth. Net insurance premium during the period was Rs. 180.7 million as compared to Rs. 199.1 million for the first quarter in 2020. The underwriting results for the first quarter of 2021 has recorded a profit of Rs. 41.4 million compared to Rs. 19.8 million of first quarter last year.

The Investment Income for the period under review was Rs. 68.7 million as against Rs. 14.9 million of last year, primarily due to increase in capital gains.

The first quarter of the year has been encouraging and we pray to Allah for continued progress for remaining part of the year.

On behalf of the Board of Directors

Karachi: April 29, 2021

RAFIQ M. HABIB
Chairman

SHABBIR GULAMALI
Chief Executive

Habib Insurance Company Limited

حبیب انشورنس کمپنی لمیٹڈ

ڈائریکٹرز کا جائزہ

ڈائریکٹرز ۳۱ مارچ ۲۰۲۱ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اللہ تعالیٰ کے فضل و کرم سے پہلی سہ ماہی کے دوران کمپنی کی کارکردگی نے نمایاں حد تک بہتری کا مظاہرہ کیا۔ خالص منافع بعد از ٹیکس بڑھ کر اس سہ ماہی میں 52.7 ملین روپے (آمدنی فی ٹیکس 0.43 روپے) ہو گیا جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 6.7 ملین روپے تھا۔

اس سہ ماہی کیلئے انڈر رائٹنگ مجموعی پریئم 385.5 ملین روپے ہو گیا جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 318.6 ملین روپے تھا جو 21 فیصد گروتھ کی عکاسی کرتا ہے۔ اس مدت کے دوران خالص انشورنس پریئم 180.7 ملین روپے رہا جبکہ اس کے مقابلے میں 2020 کی پہلی سہ ماہی میں 199.1 ملین روپے تھا۔ 2021 کی پہلی سہ ماہی کیلئے انڈر رائٹنگ نتائج نے 41.4 ملین روپے کا منافع ریکارڈ کیا جبکہ گزشتہ سال کی پہلی سہ ماہی میں 19.8 ملین روپے تھا۔

زیر جائزہ مدت کیلئے سرمایہ کاری کی آمدنی 68.7 ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال 14.9 ملین روپے تھی جس کی بنیادی وجہ کمپنیل منافع جات میں اضافہ ہے۔

سال کی پہلی سہ ماہی حوصلہ افزا رہی اور ہم اللہ تعالیٰ سے سال کے باقی ماندہ حصے کے لئے بھی مستقل ترقی کیلئے دعا گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

شیر غلام علی
چیف ایگزیکٹو

رفیق ایم۔ حبیب
چیرمین

کراچی:
۱۲۹ اپریل ۲۰۲۱ء

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position as at March 31, 2021 (Unaudited)

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
Assets			
Property and equipment	5	201,079	185,179
Intangible assets		1,790	2,191
Investments			
Equity securities	6	1,212,450	985,611
Government securities	7	91,857	329,937
Loans and other receivables	8	143,124	132,031
Insurance/ reinsurance receivables	9	838,829	983,879
Reinsurance recoveries against outstanding claims	16	579,027	595,673
Salvage recoveries accrued		15,483	9,205
Deferred commission expense	17	86,256	98,200
Prepayments	10	404,897	445,798
Taxation - provision less payment		6,863	-
Cash and bank	11	39,067	179,541
		<u>3,620,722</u>	<u>3,947,245</u>
Total Assets of Window Takaful Operations - Operator's Fund		<u>65,384</u>	<u>70,631</u>
Total Assets		<u>3,686,106</u>	<u>4,017,876</u>
EQUITIES AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		619,374	619,374
Reserve		497,232	588,984
Unappropriated profit		144,573	91,890
Total Equity		<u>1,261,179</u>	<u>1,300,248</u>
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	16	768,217	819,119
Unearned premium reserves	15	726,760	818,033
Premium deficiency reserves		6,151	6,151
Unearned reinsurance commission	17	115,746	127,746
Retirement benefit obligations		124,496	119,302
Deferred taxation		86,651	124,128
Finance lease liability		146,205	137,642
Premium received in advance		689	13,852
Insurance/ reinsurance payables	12	240,836	317,459
Other creditors and accruals	13	185,301	208,040
Taxation - provision less payment		-	2,246
		<u>2,401,052</u>	<u>2,693,718</u>
Total Liabilities of Window Takaful Operations - Operator's Fund		<u>23,875</u>	<u>23,910</u>
Total Liabilities		<u>2,424,927</u>	<u>2,717,628</u>
Total Equity and Liabilities		<u>3,686,106</u>	<u>4,017,876</u>
Contingencies and commitments	14		

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

RAFIQ M. HABIB MANSOOR G. HABIB AUN MOHAMMAD A. HABIB SHABBIR GULAMALI MURTAZA HUSSAIN
Chairman Director Director Chief Executive Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income for the quarter ended March 31, 2021 (Unaudited)

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Unaudited) March 31, 2020
Net insurance premium	15	180,668	199,125
Net Insurance claims	16	(75,385)	(113,880)
Net commission income and other acquisition cost	17	24,769	13,484
Insurance claims and acquisition expense		(50,616)	(100,396)
Management expenses		(88,691)	(78,978)
Underwriting results		41,361	19,751
Investment income	18	68,766	14,907
Other income		6,653	2,368
Other expenses		(31,673)	(31,437)
Results of operating activities		43,746	(14,162)
Finance cost		(3,740)	(2,618)
(Loss)/ profit before tax from Window Takaful Operations - Operator's Fund		(5,423)	6,597
Profit before tax for the period		75,944	9,568
Income tax expense		(23,261)	(2,893)
Profit after tax for the period		52,683	6,675
Other comprehensive income:			
Unrealised loss on available-for-sale investments during the year		(155,847)	(210,831)
Less: Net gain / (loss) transferred to profit and loss on disposal/ redemption/ impairment of investments		26,024	(24,559)
		(129,823)	(235,390)
Related tax impact		37,649	68,263
		(92,174)	(167,127)
Other comprehensive income from Window Takaful Operations - Operator's Fund - net of tax		211	-
Other comprehensive loss for the period		(91,963)	(167,127)
Total comprehensive loss for the period		(39,280)	(160,452)
Earning (after tax) per share - rupees	9	0.43	0.05

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

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the quarter ended March 31, 2021 (Unaudited)

	Attributable to equity holders of the Company					Total
	Capital Reserves		Revenue Reserves			
	Share capital	Reserve for exceptional losses	General reserve	Available-for-sale reserves (Rupees in '000)	Unappropriated profit	
Balance as at January 01, 2020	619,374	9,122	255,000	274,278	91,407	1,249,181
Net profit after tax for the quarter	-	-	-	-	6,675	6,675
Other comprehensive income for the period	-	-	-	(167,127)	-	(167,127)
Total comprehensive income for the period	-	-	-	(167,127)	6,675	(160,452)
Balance as at March 31, 2020	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>107,151</u>	<u>98,082</u>	<u>1,088,729</u>
Balance as at January 01, 2021	619,374	9,122	255,000	324,862	91,890	1,300,248
Net profit after tax for the quarter	-	-	-	-	52,683	52,683
Other comprehensive income for the period	-	-	-	(91,963)	-	(91,963)
Other comprehensive income for the year from Window Takaful Operations	-	-	-	211	-	211
Total comprehensive income for the period	-	-	-	(91,752)	52,683	(39,069)
Balance as at March 31, 2021	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>233,110</u>	<u>144,573</u>	<u>1,261,179</u>

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

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flow for the quarter ended March 31, 2021 (Unaudited)

	(Unaudited) March 31 2021	(Unaudited) March 31 2020
	(Rupees in '000)	
Operating cash flow		
(a) Underwriting activities		
Insurance premium received	474,573	340,907
Reinsurance premium paid	(290,870)	(221,674)
Claims paid	(227,416)	(287,965)
Reinsurance and other recoveries received	111,497	144,156
Commission paid	(41,398)	(37,971)
Commission received	59,963	20,958
Net cash flows from underwriting activities	86,349	(41,589)
(b) Other operating activities		
Income tax paid	(18,472)	(7,538)
Other operating payments	(152,731)	(140,839)
Other operating receipts	26,214	29,049
Loans advanced	(2,430)	(1,618)
Loan repayment received	2,936	3,892
Net cash flows from other operating activities	(144,483)	(117,054)
Total cash flows from all operating activities	(58,134)	(158,643)
Investment activities		
Profit/ return received	20,313	17,842
Dividend received	24,256	13,397
Payment for investments	(555,076)	(210,612)
Proceeds from investments	442,013	215,631
Fixed capital expenditure	(12,788)	(1,124)
Proceeds from sale of property, plant and equipment	5,941	20
Total cash flows from investing activities	(75,341)	35,154
Financing activities		
Rentals paid	(6,983)	(4,640)
Loan received	-	95,537
Loan paid	-	(80,941)
Dividends paid	(16)	(23)
Total cash flows from financing activities	(6,999)	9,933
Net cash flows from all activities	(140,474)	(113,556)
Cash and cash equivalents at beginning of year	179,541	121,116
Cash and cash equivalents at end of the period	39,067	7,560
Reconciliation to profit and loss account		
Operating cash flows	(58,134)	(158,643)
Depreciation and amortisation expense	(9,300)	(6,246)
Income tax paid	18,472	7,538
Provision for gratuity	(5,551)	(4,989)
Gratuity paid	356	50
Profit/ return received	20,313	17,842
Dividends received	24,256	13,397
Capital gain	26,024	(24,559)
Profit/ (loss) on disposal of property, plant and equipment	2,923	(40)
Provision for taxation	(23,261)	(2,893)
(Loss)/ profit from window Takaful Operations - Operator's Fund	(5,423)	6,597
Decrease in assets other than cash	197,170	68,023
Increase in liabilities other than borrowings	(135,162)	90,598
Profit after taxation	52,683	6,675

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

RAFIQ M. HABIB Chairman	MANSOOR G. HABIB Director	AUN MOHAMMAD A. HABIB Director	SHABBIR GULAMALI Chief Executive	MURTAZA HUSSAIN Chief Financial Officer
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Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the quarter ended March 31, 2021 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is engaged in general insurance business. The registered office of the Company is situated at Habib Square, M.A. Jinnah Road, Karachi and the shares of the Company are quoted on the Pakistan Stock Exchange Limited. The Company is engaged in general insurance business comprising of Fire and property, Marine and transport, Motor, Group hospitalization and other classes.

1.2 The Company operates through the following locations in Pakistan;

Locations	Address
Head Office Karachi Branch	State Life Building No. 6, Habib Square, M.A. Jinnah Road, Karachi. Head Office: State Life Building No. 6A Habib Square, M.A. Jinnah Road, Karachi.
Rawalpindi Branch	1st Floor, Majeed Plaza, Bank Road, Rawalpindi Cantt.
Dera Ghazi Khan Branch	Block No. 17, Jampur Road, Dera Ghazi Khan.
Faisalabad Branch	Fatima Tower, 2nd Floor, Kohinoor Plaza, Faisalabad. P-6161, West Canal Road,
Multan Branch	Fiesta Gardens, OPP Income, Tax Office, L.M.Q. Road, Multan.
Lahore Branches	320-G3, Main Boulevard, Johar Town, Lahore.

2. BASIS OF PREPARATION

These condensed interim financial information has been prepared in accordance with the format prescribed by Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017, vide SRO 89 (I) / 2017 dated February 09, 2017.

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of: International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. Where the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and Insurance Accounting Regulations, 2017, and Takaful Rules, 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, and Insurance Accounting Regulations, 2017, and Takaful Rules, 2012 have been followed.

In terms of the requirements of the Takaful Rules, 2012, read with SECP circular 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Company have been presented as a single line item in the statement of financial position and profit and loss account of the Company respectively.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan vide SRO 89(I)/2017 and International Accounting Standard (IAS) 34, "Interim Financial Reporting" and do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

2.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investments which are carried at fair value and obligations under certain employment benefits which are measured at present value.

2.2 Functional and presentation currency

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

Habib Insurance Company Limited

3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The significant accounting policies and method of computation adopted in preparation of these condensed interim financial statements are consistent with those followed in preparation of the annual financial statements of the Company for the year ended December 31, 2020.

4. ESTIMATES AND JUDGEMENTS

The preparation of the financial statements for the quarter requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended December 31, 2020.

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
5. Property and equipment			
Operating assets	5.1	43,232	33,323
Right-of-use assets	5.2	157,847	151,856
		<u>201,079</u>	<u>185,179</u>
5.1 Operating Assets			
Opening written down value		33,323	31,426
Additions during the period / year	5.1.1	12,789	13,541
Disposals during period / year	5.1.2	(16)	(3,364)
Depreciation for the period / year		(2,864)	(8,280)
Closing written down value		<u>43,232</u>	<u>33,323</u>
5.1.1 The following additions were made to tangible-property and equipment during the period/ year			
Furniture and fixtures		31	349
Computer equipment		667	2,980
Office equipment		8,386	1,622
Motor Vehicles - owned		3,705	8,590
		<u>12,789</u>	<u>13,541</u>
5.1.2 The following disposals of tangible - operating assets were made during the period / year			
Furniture and fixtures		5	-
Computer equipment		7	56
Office equipment		4	128
Motor Vehicles - owned		-	3,180
		<u>16</u>	<u>3,364</u>
5.2 Right-of-use assets			
Opening written down value		151,856	133,399
Additions during the period / year		14,954	64,940
Disposals during the period / year		(3,002)	(21,130)
Depreciation charge for the period / year		(5,961)	(25,353)
Closing written down value		<u>157,847</u>	<u>151,856</u>

Habib Insurance Company Limited

6. INVESTMENT IN EQUITY SECURITIES

	March 31, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cost	Impairment / provision (Rupees in '000)	Revaluation surplus	Carrying value	Cost	Impairment / provision (Rupees in '000)	Revaluation surplus	Carrying value
Available-for-sale								
Related Parties								
Listed shares	306,458	-	133,119	439,577	279,282	-	193,775	473,057
Others								
Listed shares	540,206	(410)	181,854	721,650	264,236	(556)	222,736	486,416
Mutual funds	28,041	-	2,379	30,420	2,393	-	1,887	4,280
Modaraba certificate	15,014	-	5,789	20,803	15,014	-	6,844	21,858
	583,261	(410)	190,022	772,873	281,643	(556)	231,467	512,554
	889,719	(410)	323,141	1,212,450	560,925	(556)	425,242	985,611

7. INVESTMENT IN GOVERNMENT SECURITIES

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
Government securities	7.1	91,857	329,937
		<u>91,857</u>	<u>329,937</u>

- 7.1 This represents Pakistan Investment Bonds having face value of Rs. 90.0 million (market value of Rs. 91.857 million) [December 31, 2019: face value Rs.340.0 million (market value of Rs.329.937 million)]. These carry mark-up ranging from 9.5% to 12% (December 31, 2019: 7% to 12%) per annum and will mature between July 19, 2022 to September 19, 2024. PIBs having face value of Rs. 90.0 million have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance, 2000 and circular no. 15 of 2008 dated July 07, 2008 issued by the SECP.

	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
8. LOANS AND OTHER RECEIVABLES - Considered good		
Accrued investment income	13,369	13,884
Security Deposits	35,337	33,829
Advances	7,007	7,822
Agents Commission receivable	7,176	5,817
Loan to employees	57,412	57,240
Receivable against sale of investments	10,517	1,132
Receivable from Window Takaful Operations	3,817	3,009
Other receivables	8,489	9,298
	<u>143,124</u>	<u>132,031</u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2021	(Audited) December 31, 2020
Note	(Rupees in '000)	
9. INSURANCE / REINSURANCE RECEIVABLES		
- Unsecured and considered good		
Due from insurance contract holders	396,133	511,132
Considered good	17,018	17,018
Considered doubtful	(17,018)	(17,018)
Less: Provision for impairment of receivables from insurance contract holders	396,133	511,132
Due from other insurers / reinsurers	442,696	472,747
Considered good	6,500	6,500
Considered doubtful	(6,500)	(6,500)
Less: provision for impairment of due from other insurers / reinsurers	442,696	472,747
	838,829	983,879
10. PREPAYMENTS		
Prepaid reinsurance premium ceded	395,628	434,673
Prepaid insurance on leased vehicles	1,903	2,046
Others	7,366	9,079
	404,897	445,798
11. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	275	249
Policy Stamps	2,882	309
	3,157	558
Cash at bank		
Current accounts	11,996	7,307
Savings accounts	23,914	171,676
	35,910	178,983
	39,067	179,541
12. INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers	12.1 240,836	317,459
12.1 Due to other insurers / reinsurers		
Foreign reinsurers	106,400	195,669
Local reinsurers	34,713	37,820
Co insurers payable	99,723	83,970
	240,836	317,459
13. OTHER CREDITORS AND ACCRUALS		
Agents commission payable	48,481	53,270
Federal excise duty	18,594	34,374
Federal insurance fee	1,303	2,484
Accrued expenses	23,232	23,129
Withholding tax payable	544	1,673
Unclaimed dividend	61,558	61,574
Sundry creditors	29,681	30,180
Others	1,908	1,356
	185,301	208,040

Habib Insurance Company Limited

14. CONTINGENCIES & COMMITMENTS

14.1 Contingencies

There is no contingency as at March 31, 2021 other than those disclosed in the financial statement as at December 31, 2020.

14.2 Commitments

There is no commitment as at March 31, 2021 (December 31, 2020: Nil).

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in '000)	
15. NET INSURANCE PREMIUM		
Written gross premium	342,687	283,915
Add: Unearned premium reserve opening	818,033	778,636
Less: Unearned premium reserve closing	(726,760)	(663,391)
Premium earned	<u>433,960</u>	<u>399,160</u>
Less: Reinsurance premium ceded	214,247	154,406
Add: Prepaid reinsurance premium opening	434,673	366,576
Less: Prepaid reinsurance premium closing	(395,628)	(320,947)
Reinsurance expense	<u>253,292</u>	<u>200,035</u>
Net insurance premium	<u><u>180,668</u></u>	<u><u>199,125</u></u>
16. NET INSURANCE CLAIMS		
Claims paid	227,416	287,965
Add: Outstanding claims including IBNR closing	768,217	668,721
Less: Outstanding claims including IBNR opening	(819,119)	(594,636)
Claims expense	<u>176,514</u>	<u>362,050</u>
Reinsurance and other recoveries received	111,497	144,156
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	594,510	468,219
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(604,878)	(364,205)
Reinsurance and other recoveries revenue	<u>101,129</u>	<u>248,170</u>
Net insurance claims	<u><u>75,385</u></u>	<u><u>113,880</u></u>
17. NET COMMISSION INCOME		
Commissions paid or payable	36,609	32,305
Add: Deferred commission - opening	98,200	74,039
Less: Deferred commission - closing	(86,256)	(65,488)
Commission expense	<u>48,553</u>	<u>40,856</u>
Less: Commission from reinsurers		
Commission received or receivable	61,322	36,035
Add: Unearned reinsurance commission - opening	127,746	105,979
Less: Unearned reinsurance commission - closing	(115,746)	(87,674)
Commission from reinsurers	<u>73,322</u>	<u>54,340</u>
Net commission income	<u><u>24,769</u></u>	<u><u>13,484</u></u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2021 (Rupees in '000)	(Unaudited) March 31, 2020
18. INVESTMENT INCOME		
Income from equity securities and mutual fund units - 'available-for-sale'		
- Dividend income	36,446	29,600
Income from debt securities - 'held-to-maturity'		
- Return on government securities - PIB's	6,329	10,106
Net realised gain / (loss) on investments		
- Equity securities	4,837	(24,559)
- Government securities	21,187	-
Total investment income	<u>68,799</u>	<u>15,147</u>
Less: Investment related expenses	(33)	(240)
	<u><u>68,766</u></u>	<u><u>14,907</u></u>
19. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the period	<u>52,683</u>	<u>6,675</u>
	(Number of Shares)	
Weighted average number of ordinary shares of Rs.5 each	<u>123,874,755</u>	<u>123,874,755</u>
	(Rupees)	
Basic earnings per share	<u>0.43</u>	<u>0.05</u>

19.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

20. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with related parties at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

The balances with / due from and transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

Habib Insurance Company Limited

	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in '000)	
Transactions and balances with associated companies		
Transactions during the year with associated companies		
Premium written	<u>65,607</u>	<u>49,559</u>
Claims paid	<u>70,126</u>	<u>100,672</u>
Dividend received	<u>21,070</u>	<u>15,109</u>
Investment made	<u>27,177</u>	<u>18,308</u>
Interest received on bank accounts	<u>1,346</u>	<u>1,173</u>
Bank charges	<u>127</u>	<u>178</u>
Lease rental paid	<u>6,983</u>	<u>4,640</u>
Security deposit paid	<u>2,870</u>	<u>631</u>
Interest expense	<u>1,936</u>	<u>1,771</u>
Remuneration of key management personnel	<u>39,077</u>	<u>27,015</u>
	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Balances with associated companies		
Premium due but unpaid	<u>91,745</u>	<u>114,831</u>
Claims outstanding	<u>138,493</u>	<u>126,698</u>
Bank balances	<u>39,067</u>	<u>178,058</u>
Investment held	<u>439,577</u>	<u>473,058</u>
Security deposit	<u>27,901</u>	<u>25,031</u>
Finance lease liability	<u>83,791</u>	<u>76,440</u>
	(Unaudited) March 31, 2021	(Unaudited) March 31, 2020
	(Rupees in '000)	
Transactions during the year with other related parties including key management personnel		
Repayment of loans to employees (secured)	<u>764</u>	<u>1,855</u>
Brokerage expenses paid	<u>33</u>	<u>240</u>
Contribution to the provident fund	<u>2,536</u>	<u>2,182</u>
	(Unaudited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Balance with other related parties including key management personnel		
Loans to employees (secured)	<u>21,299</u>	<u>21,792</u>

Habib Insurance Company Limited

21. SEGMENT REPORTING

	March 31, 2021 (Unaudited)					
	Fire and property	Marine and transport	Motor	Group hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	116,393	84,024	162,746	512	29,304	392,979
Less: Federal Excise Duty	13,526	9,360	20,497	58	3,541	46,982
Federal Insurance Fee	909	738	1,405	4	254	3,310
Gross written premium (inclusive of Administrative surcharge)	<u>101,958</u>	<u>73,926</u>	<u>140,844</u>	<u>450</u>	<u>25,509</u>	<u>342,687</u>
Gross direct premium	89,867	70,972	134,367	449	25,008	320,663
Facultative inward premium	11,066	93	350	-	83	11,592
Administrative surcharge	1,025	2,861	6,128	-	418	10,432
	<u>101,958</u>	<u>73,926</u>	<u>140,845</u>	<u>449</u>	<u>25,509</u>	<u>342,687</u>
Insurance premium earned	165,109	81,845	145,963	3,440	37,603	433,960
Insurance premium ceded to reinsurers	<u>(136,189)</u>	<u>(47,696)</u>	<u>(49,293)</u>	<u>-</u>	<u>(20,114)</u>	<u>(253,292)</u>
Net insurance premium	<u>28,920</u>	<u>34,149</u>	<u>96,670</u>	<u>3,440</u>	<u>17,489</u>	<u>180,668</u>
Commission income	34,688	17,955	17,666	-	3,013	73,322
Net underwriting income	<u>63,608</u>	<u>52,104</u>	<u>114,336</u>	<u>3,440</u>	<u>20,502</u>	<u>253,990</u>
Insurance claims	70,488	16,874	70,116	3,698	15,338	176,514
Insurance claims recovered from reinsurers	<u>(61,267)</u>	<u>(12,340)</u>	<u>(22,133)</u>	<u>-</u>	<u>(5,389)</u>	<u>(101,129)</u>
Net Claims	9,221	4,534	47,983	3,698	9,949	75,385
Commission expense	(26,782)	(9,212)	(7,189)	(4)	(5,366)	(48,553)
Management expenses	(26,388)	(19,133)	(36,452)	(116)	(6,602)	(88,691)
Net insurance claims and expenses	<u>(53,170)</u>	<u>(28,345)</u>	<u>(43,641)</u>	<u>(120)</u>	<u>(11,968)</u>	<u>(137,244)</u>
Underwriting result	<u>1,217</u>	<u>19,225</u>	<u>22,712</u>	<u>(378)</u>	<u>(1,415)</u>	<u>41,361</u>
Investment income						68,766
Other income						6,653
Other expenses						<u>(31,673)</u>
Results of operating activities						85,107
Profit from Window Takaful Operations - Operator's Fund						<u>(5,423)</u>
Profit before tax						<u>79,684</u>
Segment assets	805,872	399,473	712,423	16,790	183,534	2,118,092
Unallocated assets						1,495,767
Unallocated assets of General Takaful Operations - Operator's Fund						65,384
						<u>3,679,243</u>
Segment liabilities	707,066	350,495	625,075	14,732	161,032	1,858,400
Unallocated liabilities						542,652
Unallocated assets of General Takaful Operations - Operator's Fund						23,875
						<u>2,424,927</u>

Habib Insurance Company Limited

21. SEGMENT REPORTING

	March 31, 2020 (Unaudited)					
	Fire and property	Marine and transport	Motor	Group hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	105,410	60,954	139,694	2,924	16,879	325,861
Less: Federal Excise Duty	12,755	6,835	16,836	324	2,406	39,156
Federal Insurance Fee	862	531	1,211	26	160	2,790
Gross written premium (inclusive of Administrative surcharge)	91,793	53,588	121,647	2,574	14,313	283,915
Gross direct premium	85,609	51,193	116,148	2,568	14,101	269,619
Facultative inward premium	5,543	430	757	-	-	6,730
Administrative surcharge	641	1,965	4,742	7	211	7,566
	91,793	53,588	121,647	2,575	14,312	283,915
Insurance premium earned	155,533	58,446	141,219	2,161	41,800	399,159
Insurance premium ceded to reinsurers	(124,208)	(22,905)	(30,631)	-	(22,290)	(200,034)
Net insurance premium	31,325	35,541	110,588	2,161	19,510	199,125
Commission income	31,476	7,214	9,873	-	5,777	54,340
Net underwriting income	62,801	42,755	120,461	2,161	25,287	253,465
Insurance claims	246,881	45,457	56,480	2,852	10,380	362,050
Insurance claims recovered from reinsurers	(223,900)	(21,383)	(7,036)	-	4,149	(248,170)
Net Claims	22,981	24,074	49,444	2,852	14,529	113,880
Commission expense	(20,911)	(7,970)	(5,803)	25	(6,197)	(40,856)
Management expenses	(25,537)	(14,905)	(33,839)	(716)	(3,981)	(78,978)
Net insurance claims and expenses	(46,448)	(22,875)	(39,642)	(691)	(10,178)	(119,834)
Underwriting result	(6,628)	(4,194)	31,375	(1,382)	(580)	19,751
Investment income						14,907
Other income						2,368
Other expenses						(34,055)
Results of operating activities						2,971
Profit from Window Takaful Operations - Operator's Fund						6,597
Profit before tax						9,568
Segment assets	801,039	301,013	727,318	11,130	215,282	2,055,782
Unallocated assets						1,211,016
Unallocated assets of General Takaful Operations - Operator's Fund						77,957
						3,344,755
Segment liabilities	656,504	246,700	596,084	9,122	176,437	1,684,847
Unallocated liabilities						548,774
Unallocated assets of General Takaful Operations - Operator's Fund						22,405
						2,256,026

Habib Insurance Company Limited

22. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 29, 2021 by the Board of Directors of the Company.

RAFIQ M. HABIB	MANSOOR G. HABIB	AUN MOHAMMAD A. HABIB	SHABBIR GULAMALI	MURTAZA HUSSAIN
<i>Chairman</i>	<i>Director</i>	<i>Director</i>	<i>Chief Executive</i>	<i>Chief Financial Officer</i>

Habib Insurance Company Limited

Financial Statements

Window Takaful Operations

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position as at March 31, 2021 (Unaudited)

	Operator's Fund		Participant's Fund	
	(Unaudited) March 31, 2021	(Audited) December 31, 2020	(Unaudited) March 31, 2021	(Audited) December 31, 2020
Note	(Rupees in '000)		(Rupees in '000)	
ASSETS				
Investments				
Equity	5	37,305	36,448	–
Loans and other receivables	6	10,209	10,209	448
Takaful / retakaful receivable		–	82,907	75,486
Retakaful recoveries against outstanding claims	12	–	42,369	39,731
Deferred Wakala expense	15	–	7,640	3,754
Deferred commission expense	13	7,880	8,028	–
Receivable from OTF / PTF		–	793	5,011
Taxation - payments less provision		587	462	–
Prepayments		1,603	750	32,671
Cash and bank	8	7,800	14,734	65,465
Total assets		<u>65,384</u>	<u>70,631</u>	<u>222,566</u>
EQUITIES AND LIABILITIES				
CAPITAL RESERVES ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS				
Share capital		50,000	50,000	–
Retained earnings		(9,243)	(3,820)	–
Reserves		752	541	–
Total Shareholders Equity		41,509	46,721	–
PARTICIPANT'S TAKAFUL FUND (PTF)				
Ceded money		–	–	500
Accumulated surplus		–	–	36,403
Reserve		–	–	(342)
Balance of Participants' Takaful Fund		–	–	36,561
Qard-e-Hasna		–	–	10,209
LIABILITIES				
PTF underwriting provisions				
Outstanding claims including IBNR	12	–	–	59,561
Unearned contribution reserve	11	–	–	76,398
Reserve for unearned retakaful rebate	13	–	–	5,263
		–	–	141,222
Unearned Wakala Fee	15	7,640	3,754	–
Contribution received in advance		–	–	3,483
Takaful / retakaful payable	10	–	–	55,922
Payable to PTF / OTF		793	5,011	–
Deferred taxation		111	25	–
Other creditors and accrual	9	15,331	15,120	3,823
Total liabilities		<u>23,875</u>	<u>23,910</u>	<u>63,228</u>
Total Equity and Liabilities		<u>65,384</u>	<u>70,631</u>	<u>222,566</u>
Contingencies and commitments	16			

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income (Unaudited) for the quarter ended March 31, 2021 (Unaudited)

		(Unaudited) Quarter ended March 31,	(Unaudited) Quarter ended March 31,
	Note	2021	2020
(Rupees in '000)			
Participants' Takaful Fund			
Contribution earned	11	41,116	15,695
Less: Contribution ceded to retakaful	11	<u>(19,788)</u>	<u>(14,467)</u>
Net contribution revenue		21,328	1,228
Retakaful rebate	14	<u>3,886</u>	<u>2,424</u>
Net underwriting income		25,214	3,652
Net claims - reported/ settled	12	<u>(4,311)</u>	<u>(9,766)</u>
-IBNR		<u>(2,421)</u>	<u>(1,932)</u>
		<u>(6,732)</u>	<u>(11,698)</u>
Surplus/ (deficit) before investment income		18,482	(8,046)
Profit on bank balances		<u>1,046</u>	<u>326</u>
Surplus/ (deficit)/ transferred to accumulated surplus		19,528	(7,720)
Other Comprehensive income			
Unrealised gain on available for sale investments during the period		<u>—</u>	<u>624</u>
Net gain transferred to profit and loss on disposal/ redemption/ impairment of investments		<u>—</u>	<u>—</u>
		<u>—</u>	<u>624</u>
Related tax impact		<u>—</u>	<u>(181)</u>
Other comprehensive income for the period		<u>—</u>	<u>443</u>
Total comprehensive income/ (loss) for the period		<u><u>19,528</u></u>	<u><u>(7,277)</u></u>
Operator's Fund			
Wakala fee	15	333	9,666
Commission expense	13	(4,540)	(2,670)
General administrative and management expenses		<u>(1,047)</u>	<u>(854)</u>
		<u>(5,254)</u>	<u>6,142</u>
Investment income		659	1,047
Profit on bank balances		173	54
Other expense		<u>(1,001)</u>	<u>(646)</u>
(Loss)/ profit before taxation		<u>(5,423)</u>	<u>6,597</u>
Income tax expense		<u>—</u>	<u>(1,913)</u>
(Loss)/ profit after tax for the period		<u>(5,423)</u>	<u>4,684</u>
Other comprehensive income			
Unrealised gain on available for sale investments during the period		<u>297</u>	<u>329</u>
Net gain transferred to profit and loss on disposal/ redemption/ impairment of investments		<u>—</u>	<u>—</u>
		<u>297</u>	<u>329</u>
Related tax impact		<u>(86)</u>	<u>(95)</u>
Other comprehensive income for the period		<u>211</u>	<u>234</u>
Total comprehensive (loss)/ income for the period		<u><u>(5,212)</u></u>	<u><u>4,918</u></u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Fund for the Quarter ended March 31, 2021 (Unaudited)

	Operator's Fund			Total
	Statutory Fund	Available-for sale reserve	Accumulated (deficit)/surplus	
	(Rupees in '000)			
Balance as at January 01, 2020	50,000	607	(416)	50,191
Profite for the period	–	–	4,684	4,684
Unrealized gain on revaluations of - available-for-sale investments	–	329	–	329
Related tax impact	–	(95)	–	(95)
Balance as at March 31, 2020	<u>50,000</u>	<u>841</u>	<u>4,268</u>	<u>55,109</u>
Balance as at January 1, 2021	<u>50,000</u>	<u>541</u>	<u>(3,820)</u>	<u>46,721</u>
Loss for the period	–	–	(5,423)	(5,423)
Unrealized gain on revaluations of - available-for-sale investments	–	297	–	297
Related tax impact	–	(86)	–	(86)
Balance as at March 31, 2021	<u>50,000</u>	<u>752</u>	<u>(9,243)</u>	<u>41,509</u>
	Participants' Takaful Fund			
	Ceded money	Available-for sale reserve	Accumulated (deficit)/surplus	Total
	(Rupees in '000)			
Balance as at January 01, 2020	500	–	(4,510)	(4,010)
Deficit for the period	–	–	(7,720)	(7,720)
Unrealized gain on revaluations of - available-for-sale investments	–	624	–	624
Related tax impact	–	(181)	–	(181)
Balance as at March 31, 2020	<u>500</u>	<u>443</u>	<u>(12,230)</u>	<u>(11,287)</u>
Balance as at January 1, 2020	<u>500</u>	<u>(342)</u>	<u>16,875</u>	<u>17,033</u>
Surplus for the period	–	–	19,528	19,528
Balance as at March 31, 2020	<u>500</u>	<u>(342)</u>	<u>36,403</u>	<u>36,561</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB MANSOOR G. HABIB AUN MOHAMMAD A. HABIB SHABBIR GULAMALI MURTAZA HUSSAIN
Chairman *Director* *Director* *Chief Executive* *Chief Financial Officer*

Habib Insurance Company Limited

Condensed Interim Cash flow Statement for the Quarter ended March 31, 2021 (Unaudited)

	OPF (Unaudited)		PTF (Unaudited)	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Operating activities				
(a) Takaful activities				
Contribution received	-	-	34,612	18,668
Retakaful contribution paid	-	-	(3,349)	(22,260)
Claims paid	-	-	(11,532)	(5,792)
Retakaful and other recoveries received	-	-	1,940	3,258
Commission paid	(4,840)	(2,352)	-	-
Commission received	-	2,684	2,909	-
Net cash inflows from takaful activities	(4,840)	332	24,580	(6,126)
(b) Other operating activities				
Other operating payments	(2,366)	19,680	(2,977)	(10,949)
Other operating receipts	-	-	-	-
Net cash flow from other operating activities	(2,366)	19,680	(2,977)	(10,949)
Total cash flow from operating activities	(7,206)	20,012	21,603	(17,075)
Investment activities				
Profit / return received	173	63	1,046	470
Dividend received	659	1,047	-	-
Proceeds from investments	-	-	-	-
Payments for investments	(560)	(20,890)	-	-
Total cash flow from investing activities	272	(19,780)	1,046	470
Financing activities				
Satutory capital injected	-	-	-	-
Ceded money received	-	-	-	-
Total cash flows from financing activities	-	-	-	-
Net cash flow from all activities	(6,934)	232	22,649	(16,605)
Cash and cash equivalents at beginning of year	14,734	193	65,465	21,133
Cash and cash equivalents at end of period	<u>7,800</u>	<u>425</u>	<u>88,114</u>	<u>4,528</u>
Reconciliation to profit and loss account				
Operating cash flows	(7,206)	20,012	21,603	(17,075)
Profit / return received	173	63	1,046	470
Dividends received	659	1,047	-	-
(Increase)/ decrease in assets other than cash	(3,232)	(23,239)	14,120	19,230
(Decrease)/ Increase in liabilities	4,183	6,801	(17,241)	(10,345)
(Loss)/ profit after taxation	<u>(5,423)</u>	<u>4,684</u>	<u>19,528</u>	<u>(7,720)</u>
Attributed to:				
Operator's Fund	(5,423)	4,684	-	-
Participants' Takaful Fund	-	-	19,528	(7,720)
	<u>(5,423)</u>	<u>4,684</u>	<u>19,528</u>	<u>(7,720)</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB MANSOOR G. HABIB AUN MOHAMMAD A. HABIB SHABBIR GULAMALI MURTAZA HUSSAIN
Chairman Director Director Chief Executive Chief Financial Officer

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the quarter ended March 31, 2021 (Unaudited)

1 STATUS AND NATURE OF BUSINESS

- 1.1 Habib Insurance Company Limited (the Operator) was incorporated in Pakistan in 1942 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) to carry on general insurance business. The Operator was allowed to work as Window Takaful Operator on July 18, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations (WTO) in Pakistan. The Operator is listed at Pakistan Stock Exchange Limited. The registered office of the Operator is situated at Habib Square, M.A. Jinnah Road, Karachi.
- 1.2 The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Window Takaful Operations as per the requirement of circular 8 of 2014. The Operator has formed a Waqf for Participants' Fund by executing the Waqf deed dated June 12, 2018 and deposited a cede money of Rs. 0.5 million. The cede money is required to be invested in Shari'ah compliant remunerative instrument which may be used to acquire immovable Waqf property if Shari'ah and law so warrants. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shari'ah advisor of the Operator.

2 BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the SECP through Insurance Rules, 2017, and SECP Circular No. 25 of 2015 dated July 09, 2015.

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

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements for the quarter ended March 31, 2021 are unaudited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 and SECP Takaful Rules, 2012.
- In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012, shall prevail.
- 2.1.2 This condensed interim financial statements reflect the financial statements reflect the financial position and results of operations of both the Operator's Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator and Participants' Takaful Fund remain separately identifiable.
- 2.1.3 In terms of the requirements of the Takaful Rules 2012, read with SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss and other comprehensive income of the Operator's Fund have been presented as a single line item in the balance sheet and statement of comprehensive income of the Operator respectively.
- 2.1.4 This condensed interim financial statements does not include all the information and disclosures required in the annual financial statements. Accordingly these condensed interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2020.

Habib Insurance Company Limited

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for available for sale investments that have been measured at fair value.

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The significant accounting policies and method of computation adopted in preparation of these condensed interim financial statements are consistent with those followed in preparation of the annual financial statements of the Operator for the year ended December 31, 2020.

4 ESTIMATE AND JUDGEMENTS

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Operations' accounting policies and the key source of estimation uncertainty were the same as those that were applied to the annual financial statements as at and for the year ended December 31, 2020.

Habib Insurance Company Limited

5. INVESTMENT IN EQUITY SECURITIES

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)				
	Cost	Impairment / Provision	Revaluation surplus	Carrying Value (Rupees in '000)	Cost	Impairment / Provision	Revaluation surplus	Carrying Value
Available-for-sale								
Mutual funds OPF								
First Habib Islamic Income Fund	36,923	–	382	37,305	36,363	–	85	36,448

6. LOANS AND OTHER RECEIVABLES

	Note	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
		OPF	PTF	Total	OPF	PTF	Total
		(Rupees in '000)			(Rupees in '000)		
Qard e Hasna	6.1	10,209	–	10,209	10,209	–	10,209
Profit receivable on bank accounts		–	–	–	–	–	–
Other receivables		–	1,793	1,793	–	448	448
		<u>10,209</u>	<u>1,793</u>	<u>12,002</u>	<u>10,209</u>	<u>448</u>	<u>10,657</u>

6.1 In accordance with the Takaful Rules, 2012, if at any point in time, assets in participant takaful fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

Habib Insurance Company Limited

	Note	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)				
7. TAKAFUL/ RETAKAFUL RECEIVABLE							
Due from Takaful contract holders							
Considered good		39,670	33,184				
Considered doubtful		1,564	1,564				
Less: Provision for impairment of receivables from takaful contract holders		(1,564)	(1,564)				
		39,670	33,184				
Due from other takaful/ retakaful operators - Considered good		43,237	42,302				
		<u>82,907</u>	<u>75,486</u>				
8. CASH AND BANK							
		March 31, 2021 (Unaudited)		December 31, 2020 (Audited)			
		OPF	PTF	Total	OPF	PTF	Total
		(Rupees in '000)			(Rupees in '000)		
Cash and cash equivalent							
- Policy stamps		-	-	-	-	2	2
Cash at bank							
Profit and loss sharing (PLS) accounts		7,800	88,114	95,914	14,734	65,463	80,197
		<u>7,800</u>	<u>88,114</u>	<u>95,914</u>	<u>14,734</u>	<u>65,465</u>	<u>80,199</u>
9. OTHER CREDITORS AND ACCRUALS							
Federal insurance fee		-	128	128	-	167	167
Federal Excise Duty		-	2,265	2,265	-	2,719	2,719
Commission payable		10,083	-	10,083	10,680	-	10,680
Taxes and duties payable		-	1,430	1,430	-	847	847
Provision for leave encashment		380	-	380	380	-	380
Payable to Habib Insurance		3,817	-	3,817	3,009	-	3,009
Auditor's remuneration		1,051	-	1,051	1,051	-	1,051
		<u>15,331</u>	<u>3,823</u>	<u>19,154</u>	<u>15,120</u>	<u>3,733</u>	<u>18,853</u>
10. TAKAFUL/ RETAKAFUL PAYABLE							
Due to other takaful/ retakaful					<u>55,922</u>		<u>44,684</u>
Due to other takaful/ retakaful							
Foreign retakaful					26,369		21,235
Local retakaful					20,760		17,124
Co-takaful					8,793		6,325
					<u>55,922</u>		<u>44,684</u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2021 (Rupees in '000)	(Unaudited) March 31, 2020
11. NET CONTRIBUTION		
Written gross contribution	42,773	34,506
Less: Wakala Fee	(333)	(9,666)
Contribution Net of Wakala Fee	<u>42,440</u>	<u>24,840</u>
Add: Unearned contribution reserve opening	75,074	42,069
Less: Unearned contribution reserve - closing	(76,398)	(51,214)
Contribution earned	<u>41,116</u>	<u>15,695</u>
Reinsurance contribution ceded	14,587	15,015
Add: Prepaid retakaful contribution opening	32,671	20,810
Less: Prepaid retakaful contribution closing	(27,470)	(21,358)
Retakaful expense	19,788	14,467
Net contribution	<u>21,328</u>	<u>1,228</u>
12. TAKAFUL CLAIMS EXPENSE		
Claims paid	11,532	5,792
Add: Outstanding claims including IBNR closing	59,561	23,760
Less: Outstanding claims including IBNR opening	(59,783)	(17,825)
Claims expense	11,310	11,727
Retakaful and other recoveries received	1,940	3,258
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing	42,369	7,292
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening	(39,731)	(10,521)
Retakaful and other recoveries revenue	4,578	29
Net claim expense	<u>6,732</u>	<u>11,698</u>
13. COMMISSION EXPENSE		
Commission paid or payable	4,392	3,834
Add: Deferred commission - opening	8,028	4,122
Less: Deferred commission - closing	(7,880)	(5,286)
Commission expense	4,540	2,670
14. RETAKAFUL REBATE		
Retakaful rebate received	2,909	2,684
Add: Unearned retakaful - opening	6,240	3,535
Less: Unearned retakaful - closing	(5,263)	(3,795)
Retakaful rebate	3,886	2,424
15. WAKALA FEE		
Gross Wakala Fee	4,219	1,710
Add: Deferred wakala fee - opening	3,754	10,517
Less: Deferred wakala fee - closing	(7,640)	(2,561)
Net wakala fee	<u>333</u>	<u>9,666</u>

Habib Insurance Company Limited

16 CONTINGENCIES & COMMITMENTS

16.1 Contingencies

There is no contingency outstanding as at March 31, 2021 (December 31, 2020: Nil).

16.1 Commitments

There is no commitment as at March 31, 2021 (December 31, 2020: Nil).

17 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, major share holders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions. The transactions and balances with related parties are as follows:

	(Unaudited) March 31, 2021 (Rupees in '000)	(Unaudited) March 31, 2020
17.1 Operator's Fund		
Transaction		
Wakala fee charged during the period	<u>333</u>	<u>9,666</u>
	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
Balance		
Bank balance	<u>7,800</u>	<u>14,734</u>
	(Unaudited) March 31, 2021 (Rupees in '000)	(Unaudited) March 31, 2020
17.2 Participants' Takaful Fund		
Transactions		
Associated companies		
- Contribution written	<u>615</u>	<u>2,465</u>
- Claim paid	<u>1,285</u>	<u>755</u>
- Profit on bank accounts	<u>1,046</u>	<u>326</u>
	(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020
Balances		
<i>Associated companies</i>		
- Contribution due but unpaid	<u>2,354</u>	<u>7,011</u>
- Claim outstanding	<u>5,282</u>	<u>5,024</u>
- Bank balance	<u>88,114</u>	<u>64,086</u>

Habib Insurance Company Limited

18 SEGMENT INFORMATION

	For the quarter ended March 31, 2021 (Unaudited)				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
18.1 Participants' Takaful Fund					
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	11,626	7,994	29,145	353	49,118
Less: Federal Excise Duty	(1,435)	(929)	(3,513)	(42)	(5,919)
Federal Insurance Fee	(101)	(69)	(253)	(3)	(426)
Gross written contribution (inclusive of administrative surcharge)	10,090	6,996	25,379	308	42,773
Wakala fees	(25)	(20)	(283)	(5)	(333)
Takaful contribution earned	13,256	7,959	18,541	1,693	41,449
Takaful contribution ceded to retakaful operators	(11,638)	(6,663)	(136)	(1,351)	(19,788)
Net takaful contribution	1,593	1,276	18,122	337	21,328
Retakaful rebate	2,179	1,427	14	266	3,886
Net underwriting income	3,772	2,703	18,136	603	25,214
Takaful claims	(2,881)	(591)	(7,521)	(317)	(11,310)
Takaful claims recovered from retakaful	2,469	586	1,281	242	4,578
Net claims	(412)	(5)	(6,240)	(75)	(6,732)
Underwriting result	3,360	2,698	11,896	528	18,482
Profit on bank balances					1,046
Surplus transferred to balance of PTF					19,528
Segment assets	48,945	29,660	52,325	2,778	133,708
Unallocated assets					117,512
Total assets					251,220
Segment liabilities	21,746	13,178	23,247	1,234	59,405
Unallocated liabilities					3,823
Total liabilities					63,228
18.2 Operator's Fund					
Wakala fee	106	64	149	14	333
Commission expense	(1,992)	(1,104)	(1,271)	(173)	(4,540)
Management expenses	(247)	(170)	(622)	(8)	(1,047)
Underwriting result	(2,133)	(1,210)	(1,744)	(167)	(5,254)
Investment income					659
Profit on bank balances					173
Other expenses					(1,001)
Loss before taxation					(5,423)
Income tax expense					-
Profit after tax for the period					(5,423)
Segment assets	2,885	1,748	3,084	164	7,881
Unallocated assets					57,503
Total assets					65,384
Segment liabilities	3,087	1,871	3,300	175	8,433
Unallocated liabilities					15,442
Total liabilities					23,875

Habib Insurance Company Limited

SEGMENT INFORMATION

	For the quarter ended March 31, 2020 (Unaudited)				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
Participants' Takaful Fund					
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	10,738	5,953	20,426	2,019	39,136
Less: Federal Excise Duty	(1,265)	(711)	(2,260)	(79)	(4,315)
Federal Insurance Fee	(90)	(51)	(169)	(5)	(315)
Gross written contribution (inclusive of administrative surcharge)	<u>9,383</u>	<u>5,191</u>	<u>17,997</u>	<u>1,935</u>	<u>34,506</u>
Wakala fees	(1,438)	(865)	(7,284)	(79)	(9,666)
Takaful contribution earned	<u>9,284</u>	<u>5,626</u>	<u>9,925</u>	<u>527</u>	<u>25,362</u>
Takaful contribution ceded to retakaful operators	<u>(7,663)</u>	<u>(4,651)</u>	<u>(1,716)</u>	<u>(438)</u>	<u>(14,468)</u>
Net takaful contribution	183	110	925	10	1,228
Retakaful rebate	<u>1,279</u>	<u>1,016</u>	<u>32</u>	<u>97</u>	<u>2,424</u>
Net underwriting income	<u>1,462</u>	<u>1,126</u>	<u>957</u>	<u>107</u>	<u>3,652</u>
Takaful claims	118	185	(11,974)	(56)	(11,727)
Takaful claims recovered from retakaful	159	(29)	(144)	43	29
Net claims	<u>277</u>	<u>156</u>	<u>(12,118)</u>	<u>(13)</u>	<u>(11,698)</u>
Underwriting result	<u>1,739</u>	<u>1,282</u>	<u>(11,161)</u>	<u>94</u>	<u>(8,046)</u>
Profit on bank balances					326
Deficit transferred to balance of PTF					<u>(7,720)</u>
Segment assets	25,179	15,258	26,918	1,429	68,784
Unallocated assets					47,461
Total assets					<u>116,245</u>
Segment liabilities	41,206	24,970	44,050	2,339	112,565
Unallocated liabilities					15,410
Total liabilities					<u>127,975</u>
Operator's Fund					
Wakala fee	3,538	2,144	3,783	201	9,666
Commission expense	(1,416)	(826)	(501)	73	(2,670)
Management expenses	(232)	(128)	(446)	(48)	(854)
Underwriting result	<u>1,890</u>	<u>1,190</u>	<u>2,836</u>	<u>226</u>	<u>6,142</u>
Investment income					1,047
Profit on bank balances					54
Other expenses					(646)
Income tax expenses					(1,913)
Profit after tax for the period					<u>4,684</u>
Segment assets	1,935	1,173	2,069	110	5,287
Unallocated assets					72,670
Total assets					<u>77,957</u>
Segment liabilities	938	568	1,002	53	2,561
Unallocated liabilities					19,844
Total liabilities					<u>22,405</u>

Habib Insurance Company Limited

19 GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

20 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 29, 2021 by the Board of Directors of the Company.

RAFIQ M. HABIB <i>Chairman</i>	MANSOOR G. HABIB <i>Director</i>	AUN MOHAMMAD A. HABIB <i>Director</i>	SHABBIR GULAMALI <i>Chief Executive</i>	MURTAZA HUSSAIN <i>Chief Financial Officer</i>
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