



Habib Insurance Company Ltd.
82nd Annual Report 2024

Habib Insurance Company Limited

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Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Mansoor G. Habib Muhammad Hyder Habib Qumail R. Habib Aun Mohammad A. Habib Shahid Ghaffar Ali Fadoo Shabbir Gulamali
Chief Executive	:	Syed Ather Abbas
Chief Financial Officer	:	Murtaza Hussain
Company Secretary	:	Muhammad Asif
Auditors	:	M/s. Grant Thornton Anjum Rahman Chartered Accountants
Share Registrar	:	M/s. CDC Share Registrar Services Limited CDC House, 99-B, Block-B SMCHS, Main Shahrah-e-Faisal Karachi-74400
Shariah Advisory Board	:	Mufti Imtiaz Alam Mufti Muhammad Ashraf Alam Taj Muhammad
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

Review Report by the Chairman on the Overall Performance of the Board

Alhamdulillah, I am pleased to present a report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

As required under the Code of Corporate Governance, an annual evaluation of the Board of the Company is carried out. The purpose of this evaluation is to ensure the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Accordingly, performance evaluation of the Board was conducted in 2024 as per mechanism approved by the Board. It was concluded that the overall performance of the Board, including effectiveness of the role played by the Board in achieving the Company's objectives, was found to be generally satisfactory.

Overall objective of performance evaluation of the Board is to ensure sustainable growth and development of the Company, with focus on the following areas:

- (a) Creating an Effective Board
- (b) Running an Effective Board
- (c) Understanding the Business including Risk
- (d) Performance Evaluation
- (e) Ethical & Values Driven
- (f) Strategic Objectives
- (g) Ideas for Improvement

Lastly, I wish to acknowledge the commitment and diligence of my fellow Directors, the executive team and all the employees of the Company for their hard work and contribution towards the growth of the Company.

Karachi: March 27, 2025

RAFIQ M. HABIB
Chairman

Habib Insurance Company Limited

Eighty Second Report of the Directors to the Shareholders for the year ended December 31, 2024

The Shareholders,

The Board of Directors have pleasure in presenting the Eighty Second Annual Report, along with the audited accounts of the Company for the year ended December 31, 2024.

	Rupees in '000
Profit after tax for the year 2024	236,852
Amount available after appropriations for the year 2023	3,055
	<u>239,907</u>
The Board of Directors now propose:	
Payment of dividend at Rs. 1.00 per share of Rs. 5/- each i.e. @ 20%	123,875
Transfer to Reserves	115,000
Unappropriated profit carried forward	1,032
	<u>239,907</u>
Basic earnings per share	1.91

The Directors are pleased to recommend a payout of 20% to shareholders as mentioned above.

By the Grace of Allah, the profit after tax for the year under review grew from Rs. 112.78 million to Rs. 236.85 million. The written gross premium also grew by 9% to Rs. 4 billion from Rs. 3.65 billion. However, there was an underwriting loss of Rs. 226.7 million.

The investment and other income for the year was Rs. 581.3 million as against 353.3 million, due to capital gains realised during the year and increase of 39% in dividend income which rose from Rs. 138.6 million to Rs. 192.7 million.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A++ Insurer Financial Strength (IFS) rating to the Company. This denotes a strong capacity to meet policy holders and contract obligations.

In FY 2024, Pakistan's economy showed resilience with GDP growth of 2.5%, rebounding from a 0.2% contraction in FY 2023. The improvement came mainly from the manufacturing sector, which recorded a growth of 3.1% compared with a decline of 5.3% in the year before. Fiscal position improved with decline in fiscal deficit by one percentage point to 6.8% of GDP. During the fiscal year, current account deficit almost halved to USD 1.7 billion, total foreign exchange reserves rose by over 50% to USD 14.0 billion, and the Rupee was stabilized against USD. Inflation came down sharply from 29.4% in June 2023 to 12.6% in June 2024 and 4.1% in December 2024. SBP's Policy Rate was reduced from 22.0% in June 2023 to 20.50% by June 2024 and 13.0% by December 2024. PSX-100 Index rose by over 80% in CY 2024 from 62,451 to 115,126, making PSX one of the best-performing stock markets of the world.

Looking ahead for the year 2025, the Company will continue its effort to strive for progress to Inshallah attain better underwriting results through focusing on expansion of business, without compromising on its cautious underwriting, along with sustained investment income.

As always, we are indeed thankful to all our clients and customers who have placed confidence in our Company. A special mention is made for all the support and guidance we have received from our Reinsurers. The Board of Directors would like to express their appreciation to all Habib Insurance team members of the Company for their dedication and hard work throughout the year.

We pray to Allah for Peace and Prosperity for our Nation, Ameen!

Habib Insurance Company Limited

Composition of Board

The Company currently has Eight (08) elected Directors due to the resignation of Ms. Maleeha Humayun Bangash being female independent Director on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required

Category	Names
Independent Directors - Male	Mr. Shahid Ghaffar Mr. Ali Fadoo
Non-Executive Directors	Mr. Rafiq M. Habib Mr. Mansoor G. Habib Mr. Muhammad Hyder Habib Mr. Qumail R. Habib
Executive Directors	Mr. Aun Mohammad A. Habib Mr. Shabbir Gulamali

Corporate Social Responsibility (CSR) & Diversity, Equity and Inclusion (DE&I)

The Company is fully committed to the concept of Corporate Social Responsibility and fulfills this responsibility by engaging in a wide range of activities which include:

- Corporate philanthropy amounting to Rs. 3.2 million by way of donations during the year for social and educational development and welfare of lesser privileged sections of society.
- Providing a safe and healthy work environment, energy conservation, environmental protection, and occupational safety and health by restricting unnecessary lighting, implementing tobacco control law and “No Smoking Zone”.
- Business ethics, requiring all members to comply with the Company’s “Code of Conduct”, and to ensure the highest levels of business and personal ethics.
- Amicable staff relations, recognition of merit and performance, and on-going opportunities for learning and growth of staff, both on-the-job and through formal training programmes;
- Equal opportunity employment through a transparent procedure, without discrimination on the basis of religion, caste, language, etc.; and
- Contribution to the national exchequer by the Company by way of direct taxes of Rs. 138.7 million during the year; furthermore, an additional amount of over Rs. 720.79 million was deducted/ collected by the Company on account of withholding taxes, sales tax on services and federal excise duties on behalf of and disbursed to the Government of Pakistan / Provincial Governments.

Risk Management Framework

The Company has had a Risk Management Framework commensurate with its size nature of business. This framework has developed over the years and continues to be refined and improved, and the process is overseen by the Risk Management Committee. The Company aims to take business risks in a prudent manner, guided by a conservative outlook. Business risks and mitigation factors are described in detail in Notes 37 & 38 of the Conventional Financial Statements and Notes 28, 29 & 31 of Window Takaful Operations Financial Statements.

Board Committees

Audit Committee

The Audit Committee of the Company comprises of three members with representation of an Independent Director as Chairman who is also financially literate and two Non-Executive Directors. The Audit Committee met four times during the year. Attendance of meetings is as follows:

		No. of Meetings attended
Mr. Shahid Ghaffar	Chairman	2
Mr. Mansoor G. Habib	Member	4
Mr. Qumail R. Habib	Member	3

Habib Insurance Company Limited

Ethics, Nomination, Human Resource & Remuneration Committee

The Ethics, Nomination, Human Resource & Remuneration Committee comprises of four members with representation of an Independent Director as Chairman, one Non-Executive Director, an Executive Director & Chief Executive.

Mr. Ali Fadoo	Chairman
Mr. Rafiq M. Habib	Member
Mr. Aun Mohammad A. Habib	Member
Syed Ather Abbas	Member

The committee met once during the year. At the time of the meeting the Committee comprised of the following members and their attendance in the meetings was as follows:

		No. of Meetings attended
Mr. Ali Fadoo	Chairman	1
Mr. Rafiq M. Habib	Member	-
Mr. Aun Mohammad A. Habib	Member	1
Syed Ather Abbas	Member	1

Investment Committee

The Investment Committee comprises of seven members with the representation of two Independent Directors, two Non-Executive Directors, an Executive Director, Chief Executive & Chief Financial Officer. The Investment Committee met four times during the year. Attendance of meetings is as follows:

		No. of Meetings attended
Mr. Shahid Ghaffar	Chairman	3
Mr. Mansoor G. Habib	Member	4
Mr. Qumail R. Habib	Member	3
Mr. Aun Mohammad A. Habib	Member	3
Ms. Maleeha Humayun Bangash	Member	3
Mr. Murtaza Hussain	Member	4
Syed Ather Abbas	Member	4

Ms. Maleeha Humayun Bangash resigned from the Board on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required

Leave of absence was granted to all the directors who could not attend the meeting.

Directors Training Programme

Directors have either attended the required training in prior years or stand exempted, as per criteria mentioned in the Code.

Directors' Remuneration Policy

The Board of Directors has approved a 'Policy and Procedure for Fixing Remuneration of Directors', which states that:

- No director shall determine own remuneration. Remuneration shall be subject to approval of the Board of Directors.
- Remuneration shall be appropriate and commensurate with the level of responsibility and expertise, to attract and retain directors needed to govern the Company successfully and to encourage value addition. However, it shall not be at a level that could be perceived to compromise their independence.

The details of the remuneration of Directors are disclosed in Note 33.

Auditors

The present auditors, M/s. Grant Thornton Anjum Rahman & Co. Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2025, at a fee to be mutually agreed.

Habib Insurance Company Limited

Statement on Corporate and Financial Reporting Framework

1. The financial statements prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. The proper book of accounts of the Company has been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements, changes if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and Islamic Financial Accounting Standards as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom, if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. Going concern assumption is appropriate. There is no identifiable material uncertainty that raises doubt about the ability of the Company to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is annexed.
9. Information about the taxes and levies is given in the notes to the financial statements.
10. Value of investments and balance in deposit accounts of Provident Fund as at December 31, 2024 is Rs. 130.7 million.
11. During the year four Board meetings were held and the attendance of the Directors is as follows:

Date of Meeting	Attended by
May 28, 2024	Mr. Rafiq M. Habib Mr. Mansoor G. Habib Mr. Muhammad Hyder Habib Mr. Qumail R. Habib Mr. Aun Mohammad A. Habib Mr. Ali Fadoo Mr. Shahid Ghaffar Ms. Maleeha Humayun Bangash Mr. Shabbir Gulamali Syed Ather Abbas Chief Executive
April 25, 2024	Mr. Rafiq M. Habib Mr. Mansoor G. Habib Mr. Muhammad Hyder Habib Mr. Aun Mohammad A. Habib Mr. Ali Fadoo Ms. Maleeha Humayun Bangash Mr. Shabbir Gulamali Syed Ather Abbas Chief Executive
August 29, 2024	Mr. Rafiq M. Habib Mr. Mansoor G. Habib Mr. Muhammad Hyder Habib Mr. Qumail R. Habib Mr. Aun Mohammad A. Habib Mr. Shahid Ghaffar Mr. Ali Fadoo Mr. Shabbir Gulamali Syed Ather Abbas Chief Executive

Habib Insurance Company Limited

October 26, 2023

Mr. Rafiq M. Habib
Mr. Mansoor G. Habib
Mr. Muhammad Hyder Habib
Mr. Qumail R. Habib
Mr. Aun Mohammad A. Habib
Mr. Shahid Ghaffar
Mr. Shabbir Gulamali
Syed Ather Abbas

Chief Executive

Leave of absence was granted to all the directors who could not attend the meeting.

12. The pattern of shareholding and additional information regarding pattern of shareholding is annexed.
13. The Board has approved a formal process for its performance evaluation. The Company has adopted In-House Approach and Quantitative Technique with scored questionnaires for Board evaluation. Scope of Board evaluation covers evaluation of the full Board, Individual Directors, Board Committees, the Chairman, and the Chief Executive.
14. No trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

On behalf of the Board of Directors

AUN MOHAMMAD A. HABIB
Director

SYED ATHER ABBAS
Chief Executive

Karachi: March 27, 2025

Habib Insurance Company Limited

GENDER PAY GAP STATEMENT

In accordance with the requirements of SECP Circular No. 10 of 2024, dated April 17, 2024, Habib Insurance Company Limited has calculated and disclosed its Gender Pay Gap for the year ended December 31, 2024, based on the methodology prescribed in the Circular.

Mean Gender Pay Gap: **46%**

Median Gender Pay Gap: **49%**

Habib Insurance Company Limited

Six Years' Review at a Glance

Years	2024	2023	2022	2021	2020	2019
	(Rupees in '000)					
Gross Written Premium/ Contribution	4,003,823	3,657,200	3,022,231	2,295,087	1,804,618	1,705,935
Net Insurance Premium/ Contribution	1,770,781	1,803,532	1,414,026	911,418	792,021	774,736
Investment Income	459,050	305,198	124,572	141,031	94,145	94,810
Net Insurance/ Takaful Claims	1,111,999	1,164,557	749,397	431,983	385,467	432,933
Profit after Tax	236,852	112,781	111,091	107,024	61,663	70,087
Paid-up Capital	619,374	619,374	619,374	619,374	619,374	619,374
Reserves & Retained Earnings	1,436,046	884,079	548,928	635,700	680,874	629,807
Total Assets	6,484,713	5,494,060	4,543,639	4,193,752	4,017,876	3,640,667
Cash Dividend - %	20	12.5	12.5	12.5	10	10

Habib Insurance Company Limited

Statement of Compliance with Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ending December 31, 2024

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

The Company has complied with the requirements of the Code and the Regulations in the following manner:

1. The total number of directors are eight as per the following:

- Male 8
- Female 0

Ms. Maleeha Humayun Bangash resigned from the Board on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required

2. The Insurer encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors - Male	Mr. Shahid Ghaffar Mr. Ali Fadoo
Non-Executive Directors	Mr. Rafiq M. Habib Mr. Mansoor G. Habib Mr. Muhammad Hyder Habib Mr. Qumail R. Habib
Executive Director	Mr. Aun Mohammad A. Habib Mr. Shabbir Gulamali

The Company currently has Eight (08) elected Directors and a Chief Executive due to the resignation of Ms. Maleeha Humayun Bangash being female independent Director on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required. The current requirement for Independent Directors' on the Board based on the revised structure is 2.66 and the Company currently has 02 independent Directors.

Syed Ather Abbas is the Chief Executive of the Company. Being the Chief Executive of the Company, he is deemed to be a Director.

The independent Directors meets the criteria of independence as laid down under the Code and the Regulations.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
5. A casual vacancy occurred on the Board on December 30, 2024 which will be filled by the Board of Directors within the period as required.
6. The Company has prepared a "Statement of Ethics & Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provision of the Act and these Regulations. The decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, Executive Directors and the key officers have been taken by the Board.

Habib Insurance Company Limited

9. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of Board. Written notices of Board meetings along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
11. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
12. The Company is compliant with the requirement of the Directors' Training Program provided in the Code. Directors have either attended the required training in prior years or stand exempted, as per criteria mentioned in the Code.
13. There was no new appointment of CFO, Company Secretary and Head of Internal Audit (Coordinator) during the year. The Board has approved the remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit (Coordinator) and complied with relevant requirements of the Regulations.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. Chief Financial Officer and Chief Executive duly endorsed the financial statements before approval of the Board.
16. The Directors, Chief Executive and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
18. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-insurance Committee:

Name of Members	Category
Mr. Ali Fadoo	Chairman
Mr. Aun Mohammad A. Habib	Member
Syed Ather Abbas	Member
Mr. Shabbir Gulamali	Member
Mr. Fawwad A. Razzak	Member
Mr. Farrukh Khan	Member
Mr. Ayaz Munir	Secretary

Claims Settlement Committee:

Name of Members	Category
Mr. Mansoor G. Habib	Chairman
Syed Ather Abbas	Member
Mr. Murtaza Hussain	Member
Mr. Murtuza Barristor	Secretary

Risk Management & Compliance Committee:

Name of Members	Category
Mr. Muhammad Hyder Habib	Chairman
Mr. Aun Mohammad A. Habib	Member
Mr. Shabbir Gulamali	Member
Syed Ather Abbas	Member
Mr. Murtaza Hussain	Member
Mr. Farrukh Khan	Secretary

Habib Insurance Company Limited

19. The Board has formed the following Board Committees:

Investment Committee:

Name of Members	Category
Mr. Shahid Ghaffar	Chairman – Independent Director
Mr. Mansoor G. Habib	Member – Non-Executive Director
Mr. Qumail R. Habib	Member – Non-Executive Director
Mr. Aun Mohammad A. Habib	Member – Executive Director
Syed Ather Abbas	Member – Chief Executive
Mr. Murtaza Hussain	Member – Chief Financial Officer

Ms. Maleeha Humayun Bangash resigned from the Board on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required

Ethics, Nomination, Human Resource & Remuneration Committee:

Name of Members	Category
Mr. Ali Fadoo	Chairman – Independent Director
Mr. Rafiq M. Habib	Member – Non-Executive Director
Mr. Aun Mohammad A. Habib	Member – Executive Director
Syed Ather Abbas	Member – Chief Executive

Ms. Maleeha Humayun Bangash was appointed as Member of Ethics, Nomination, Human Resource & Remuneration Committee on October 29, 2024 to comply with the requirements of SRO 920(I)/2024, however, she subsequently resigned from the Board on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required

20. The Board has formed an Audit Committee. It comprises of three members of whom one is an Independent Director, two Non-Executive Directors. The Chairman of the Committee is an Independent Director. The composition of the Audit Committee is as follows:

Name of Members	Category
Mr. Shahid Ghaffar	Chairman – Independent Director
Mr. Mansoor G. Habib	Member – Non-Executive Director
Mr. Qumail R. Habib	Member – Non-Executive Director

21. The meetings of the Committees except Ethics, Nomination, Human Resource & Remuneration Committee, were held at least once every quarter. The quarterly Meetings of Audit Committee were held prior to approval of interim and final results of the Company and as required by the Code. The meeting of Ethics Nomination, Human Resource & Remuneration Committee was held once during the year.
22. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance.
23. The Board has outsourced the internal audit function to M/s. BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced and are conversant with the policies and procedures of the Company and they (or their representative) are involved in the internal audit function on a regular basis.
24. The Chief Executive, Chief Financial Officer, Company Secretary & Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code. Moreover, the persons heading the Underwriting, Claim, Reinsurance, Risk Management and Grievance Function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

Name of the Person	Designation
Syed Ather Abbas	Chief Executive
Mr. Murtaza Hussain	Chief Financial Officer and Head of Grievance
Mr. Muhammad Asif	Company Secretary and Chief Compliance Officer
Mr. Shahrukh Khan	Head of Internal Audit, Coordinator
Mr. Ayaz Munir	Head of Reinsurance
Mr. Fawwad A. Razzak	Head of Underwriting
Mr. Farrukh Khan	Head of Risk Management
Mr. Murtuza Barristor	Head of Claims

Habib Insurance Company Limited

25. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in term of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.
26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act or the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the Code.
28. The Board ensures that the Risk Management System of the Company is in place as per the requirements of the Code.
29. The Company has set up a Risk Management function which carries out its tasks as covered under the Code.
30. The Board ensures that as part of the Risk Management System, the Company gets itself rated from the Pakistan Credit Rating Agency which is being used by Risk Management Function and Risk Management & Compliance Committee as a risk monitoring tool. The rating assigned by the said rating agency on November 15, 2024 is A++ with stable outlook.
31. The Board has arranged Orientation course for its directors during the year to apprise them of their duties and responsibilities.
32. The Board has set up a Grievance Function which fully complies with the requirements of the Code.
33. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code.
34. We confirm that all requirements of regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations and all material principles contained in the Code have been complied with except for regulation 7 as Ms. Maleeha Humayun Bangash, female independent director resigned from the Board on December 30, 2024. The casual vacancy arising from this resignation will be filled by the Board of Directors within the period as required.

On behalf of the Board of Directors

AUN MOHAMMAD A. HABIB
Director

SYED ATHER ABBAS
Chief Executive

Karachi: March 27, 2025

Habib Insurance Company Limited

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Habib Insurance Company Limited

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

We have reviewed the enclosed Statement of Compliance with the Code of Corporate of Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (combined called 'the Code') prepared by the Board of Directors of Habib Insurance Company Limited (the Company) for the year ended December 31, 2024 in accordance with the requirements of Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulation, 2019 and Provision (Ixxvi) of Code of Corporate Governance Insurers, 2016.

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

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

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

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

Chartered Accountants

Karachi

Date: April 07, 2025

UDIN: CR202410154WTKwvc2qZ

Habib Insurance Company Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HABIB INSURANCE COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Habib Insurance Company Limited ("the Company"), which comprise the statement of financial position as at December 31, 2024, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to and forming part of the financial statements, including a material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matters

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

Habib Insurance Company Limited

S.No.	Key audit matter	How the matter was addressed in our audit
1	<p>Insurance Liabilities</p> <p>The Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 1,044.32 million, which represent 23.57% of the Company's total liabilities.</p> <p>Valuation of these claim liabilities involves Company's judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation methodology involves estimates and the use of actuarial assumptions.</p> <p>Due to the significant judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p> <p>Refer to note 3.20 and 23 to financial statements relating to outstanding claims including (IBNR).</p>	<p>Our procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of relevant controls over the process of capturing, processing and recording of information related to the claims. • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; • Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities; • Obtained an understanding of the work performed by the management expert (actuary) for determining provision for claims Incurred But Not Reported and tested underlying data used; • Used an external actuarial specialist to assist us in evaluation of methodology, actuarial assumptions and basis adopted for actuarial valuations in respect of IBNR provisions; and • Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.

Habib Insurance Company Limited

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Habib Insurance Company Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditures incurred and guarantees extended during the year were for the purpose of the Company's business; and;
- d) 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 engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.

Chartered Accountants

Karachi

Date: April 07, 2025

UDIN: AR202410154jCmVeK9uX

Habib Insurance Company Limited

Statement of Financial Position as at December 31, 2024

	Note	2024 (Rupees in '000)	2023
Assets			
Property and equipment	5	99,414	114,021
Intangible assets	6	13,358	235
Investments			
Equity securities	7	2,009,403	1,252,546
Debt securities	8	526,085	314,674
Loans, deposits and other receivables	9	85,406	92,469
Insurance/ reinsurance receivables	10	1,528,029	1,352,698
Reinsurance recoveries against outstanding claims	23	580,330	670,203
Salvage recoveries accrued		110,252	46,402
Deferred commission expense	25	212,519	184,408
Taxation - provision less payment		43,950	71,881
Prepayments	13	705,083	681,913
Cash and bank	14	250,601	471,369
		6,164,430	5,252,819
Total Assets of Window Takaful Operations - Operator's Fund	15	320,283	241,241
Total Assets		<u>6,484,713</u>	<u>5,494,060</u>
Equities and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	16	619,374	619,374
Reserves	17	1,150,819	749,067
Unappropriated profits		285,227	135,012
Total Equity		2,055,420	1,503,453
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	23	1,044,318	1,055,320
Unearned premium reserves	22	1,517,647	1,390,472
Premium deficiency reserves		7,769	3,346
Unearned reinsurance commission	25	191,175	149,584
Retirement benefit obligations	11	82,704	93,716
Deferred taxation	12	296,886	142,074
Lease liability against right of use assets	18	25,762	40,766
Premium received in advance		101,647	41,463
Insurance/ reinsurance payables	19	563,811	553,586
Other creditors and accruals	20	403,935	366,669
		4,235,654	3,836,996
Total Liabilities of Window Takaful Operations - Operator's Fund	15	193,639	153,611
Total Liabilities		<u>4,429,293</u>	<u>3,990,607</u>
Total Equity and Liabilities		<u>6,484,713</u>	<u>5,494,060</u>
Contingencies and commitments	21		

The annexed notes from 1 to 44 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Statement of Comprehensive Income for the year ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
Net insurance premium	22	1,492,356	1,505,708
Net Insurance claims	23	(934,289)	(951,898)
Premium deficiency		(4,423)	2,842
Net commission and other acquisition cost	25	(5,648)	(32,532)
Insurance claims and acquisition expense		(944,360)	(981,588)
Management expenses	26	(774,663)	(764,801)
Underwriting results		(226,667)	(240,681)
Investment income	27	459,050	305,198
Other income	28	122,211	48,117
Other expenses	29	(12,837)	(13,682)
Results of operating activities		341,757	98,952
Finance cost	30	(8,081)	(9,116)
Profit before tax from Window Takaful Operations - Operator's Fund	15	41,873	69,908
Profit before tax		375,549	159,744
Income tax expense	31	(138,697)	(46,963)
Profit after tax		236,852	112,781
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss account</i>			
Unrealised gain on available-for-sale investments		714,706	396,996
Less: Net (loss) / gain transferred to profit and loss on disposal / redemption / impairment of investment		(198,154)	(922)
		516,552	396,074
Related tax impact		(149,800)	(111,968)
		366,752	284,106
<i>Items not to be reclassified to profit and loss account in the subsequent year</i>			
Actuarial gain on defined benefit plan	11.5	17,402	19,186
Related tax impact		(901)	(3,493)
		16,501	15,693
Other comprehensive income / (loss) from Window Takaful Operations - Operator's Fund - net of tax		9,284	(7)
Other comprehensive income / (loss)		392,537	299,792
Total comprehensive income		629,389	412,573
		(Rupees)	
Earning per share - rupee	32	1.91	0.91

The annexed notes from 1 to 44 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Statement of Changes in Equity for the year ended December 31, 2024

	Attributable to equity holders of the Company					Total Equity
	Share capital	Capital reserves Reserve for exceptional losses	General reserves	Revenue Reserves Unrealized gain on revaluation of Available-for-sale investment (Rupees in '000)	Unappropriated profit	
Balance as at January 01, 2023	619,374	9,122	305,000	100,839	133,967	1,168,302
Total comprehensive loss for the year ended December 31, 2023						
Profit after tax	-	-	-	-	112,781	112,781
Other comprehensive loss - net of tax	-	-	-	284,106	15,686	299,792
Total comprehensive loss for the year	-	-	-	284,106	128,467	412,573
Transaction with owner directly recorded with equity						
Final dividend for the year ended December 31, 2022 of Rs. 0.625 per share	-	-	-	-	(77,422)	(77,422)
Transfer to general reserve	-	-	50,000	-	(50,000)	-
Balance as at December 31, 2023	<u>619,374</u>	<u>9,122</u>	<u>355,000</u>	<u>384,945</u>	<u>135,012</u>	<u>1,503,453</u>
Balance as at January 01, 2024	619,374	9,122	355,000	384,945	135,012	1,503,453
Total comprehensive income for the year ended December 31, 2024						
Profit after tax	-	-	-	-	236,852	236,852
Other comprehensive loss - net of tax	-	-	-	366,752	25,785	392,537
Total comprehensive income for the year	-	-	-	366,752	262,637	629,389
Transaction with owner directly recorded with equity						
Final dividend for the year ended December 31, 2023 of Rs. 0.625 per share	-	-	-	-	(77,422)	(77,422)
Transfer to general reserve	-	-	35,000	-	(35,000)	-
Balance as at December 31, 2024	<u>619,374</u>	<u>9,122</u>	<u>390,000</u>	<u>751,697</u>	<u>285,227</u>	<u>2,055,420</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Cash Flow Statement for the year ended December 31, 2024

	2024 (Rupees in '000)	2023
Operating cash flow		
(a) Underwriting activities		
Insurance premium received	3,194,195	2,609,032
Reinsurance premium paid	(1,728,054)	(1,594,894)
Claims paid	(1,886,382)	(1,782,558)
Reinsurance and other recoveries received	967,114	886,284
Commission paid	(413,543)	(372,103)
Commission received	464,332	347,113
Net cash inflows from underwriting activities	597,662	92,874
(b) Other operating activities		
Income tax paid	(92,710)	(38,869)
Other operating payments	(731,992)	(648,776)
Other operating receipts	5,877	5,863
Loans advanced	(2,066)	(9,190)
Loan repayment received	29,258	22,033
Net cash outflow from other operating activities	(791,633)	(668,939)
Total cash outflow from all operating activities	(193,971)	(576,065)
Investment activities		
Profit/ return received	158,752	168,613
Dividend received	192,693	139,150
Payment for investments	(664,833)	(473,880)
Proceeds from investments	410,500	1,063,233
Fixed capital expenditure	(33,699)	(59,571)
Proceeds from sale of property and equipment	1,453	809
Total cash inflows from investing activities	64,866	838,354
Financing activities		
Payments against leased liabilities	(16,318)	(21,127)
Dividends paid	(75,345)	(76,034)
Total cash outflows from financing activities	(91,663)	(97,161)
Net cash flows from all activities	(220,768)	165,128
Cash and cash equivalents at beginning of year	471,369	306,241
Cash and cash equivalents at end of year	250,601	471,369
Reconciliation to profit and loss account		
Operating cash flows	(193,971)	(576,065)
Depreciation and amortisation expense	(31,871)	(26,856)
Financial charges expense	(8,130)	(9,116)
Profit on disposal of property and equipment	804	161
Profit/ return received	158,752	168,613
Capital gain	198,154	656
Dividends income	192,693	139,150
Provision for gratuity	(23,649)	(29,644)
Reversal / (provision) for impairment	(2,582)	37,697
Gratuity paid	3,560	36,597
Income tax paid	92,710	38,869
Provision of taxation	(138,697)	(46,963)
Increase in assets other than cash	181,020	701,271
Decrease in liabilities other than borrowings	(233,814)	(391,497)
Profit after tax from conventional insurance operations	194,979	42,873
Profit from Window Takaful Operations - Operator's Fund	41,873	69,908
Profit after taxation	236,852	112,781

The annexed notes from 1 to 44 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Notes to and Forming Part of the Financial Statements for the year ended December 31, 2024

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 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.

The Company, as an 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 registered office of the Operator is situated at Habib Square, M.A. Jinnah Road, Karachi.

1.2 The Company operates through the following locations in Pakistan;

Locations	Address
Head Office	State Life Building No. 6, Habib Square, M.A. Jinnah Road, Karachi.
Karachi Region	P&O Plaza, Survey No. 3/2, Sheet No. R.4.5, Railway Quarter, I.I. Chundrigar 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, adjacent to Toyota Faisalabad Motors & behind HBL Canal Road Branch, Faisalabad.
Multan Branch	Room No. 401, 403, Plot No. 74, United Mall, Abdali Road, Multan.
Lahore Branches	Plot No. 320, Block No. G/3, M.A. Johar Town, Lahore.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

International Financial Reporting Standards (IFRS) 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, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that has been measured at fair value and the Company's liability under defined benefit plan that is determined based on present value of defined benefit obligation less fair value of plan assets. Further lease liabilities and their related right-of-use assets measured at their present values at initial recognition, and the company's liability under defined benefit plan is determined based on present value of defined benefit obligation less fair value of plan assets.

Habib Insurance Company Limited

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.

2.3 Standards, interpretations and amendments effective during the current year

The Company has adopted following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

**Effective date (annual
periods beginning on or after)**

Amendments

Classification of liabilities as current or non-current (Amendments to IAS-01)	01-January-2024
Non-current Liabilities with covenants (Amendment to IAS-01)	01-January-2024
Lease liability in a sale and leaseback (Amendment to IFRS-16)	01-January-2024
Supplier Finance arrangements (amendment to IAS 7 and IFRS 7)	01-January-2024

These amendments had no or material impact on the Company's financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2025:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.

Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures:

- Financial assets with ESG-linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial asset with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

Habib Insurance Company Limited

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of financial assets / liabilities by electronic payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e. when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Company to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction;
- the settlement risk associated with the electronic payment system is insignificant.
- Other related amendments:

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

- Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted

Annual improvements to IFRS Accounting Standards – Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows

The amendments to IFRS 9 address:

A conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables: Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy.

Habib Insurance Company Limited

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

2.4.1 SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from 1 January 2026.

- IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023, however it is yet to be notified by the Securities and Exchange Commission of Pakistan. In addition, the Company has opted for the temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to the temporary exemption from the application of IFRS 9 are given in the notes below.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.

2.4.2 - Temporary Exemption from the Application of IFRS 9 (Financial Instruments)

As an insurance company, the management has opted for the temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are as follows:

Financial assets with contractual cash flows that meet the SPPI criteria	As at December 31,	
	2024	2023
	(Rupees in '000)	
Debt securities - Available for sale		
Opening fair value	314,674	815,841
Additions / (disposals during the year)	(496,899)	(496,899)
Adjustment in the fair value	7,509	(4,268)
Closing fair value	<u>(174,716)</u>	<u>314,674</u>
Financial assets with contractual cash flows that do not meet the SPPI criteria		
Equity securities - Available for sale		
Opening fair value	1,252,546	821,124
Disposals / additions during the year	65	65
Impairment	(2,582)	37,697
Adjustment in the fair value	504,775	393,660
Closing fair value	<u>1,754,804</u>	<u>1,252,546</u>

Other details of financial assets which pass the SPPI test are as follows:

Gross carrying amounts and fair values of financial instruments that pass the SPPI test:

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Rating	December 31, 2024					
	AAA	AA+	AA-	Others*	Sovereign Bonds	Unrated / Unavailable
	(Rupees in '000)					
Cash and bank	250,394	50	-	-	-	-
Investment in debt securities available for sale	-	-	250,000	-	276,085	-
Insurance / reinsurance receivable	-	-	-	-	-	1,528,029
Loans, deposits and other receivables	-	-	-	-	-	62,544
Reinsurance recoveries against outstanding claims	-	75,984	-	113,283	-	391,148
Salvage recoveries accrued	-	-	-	-	-	110,252
	<u>250,384</u>	<u>76,034</u>	<u>250,000</u>	<u>113,283</u>	<u>276,085</u>	<u>2,091,973</u>
Rating	A	AA++	A++	A+	AA	Total
*Reinsurance recoveries against outstanding claims	<u>1,557</u>	<u>57,137</u>	<u>6,474</u>	<u>48,115</u>	<u>-</u>	<u>113,283</u>

Rating	December 31, 2023					
	AAA	AA+	AA-	Others*	Sovereign Bonds	Unrated / Unavailable
	(Rupees in '000)					
Cash and bank	470,972	50	-	-	-	-
Investment in debt securities available for sale	-	-	250,000	-	64,674	-
Insurance / reinsurance receivable	-	-	-	-	-	1,352,698
Loans, deposits and other receivables	-	-	-	-	-	60,878
Reinsurance recoveries against outstanding claims	-	323,779	-	346,167	-	257
Salvage recoveries accrued	-	-	-	-	-	46,402
	<u>470,972</u>	<u>323,829</u>	<u>250,000</u>	<u>346,167</u>	<u>64,674</u>	<u>1,460,235</u>
Rating	A	AA++	A++	A+	AA	Total
*Reinsurance recoveries against outstanding claims	<u>176,672</u>	<u>59,514</u>	<u>4,945</u>	<u>97,135</u>	<u>7,901</u>	<u>346,167</u>

Habib Insurance Company Limited

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are consistent to all the years presented. Details of these accounting policies are as follows:

3.1 Property and Equipment

3.1.1 Tangible assets - owned

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation on tangible fixed assets except vehicles is charged to income applying the straight line method at the rates specified in note 5.1 to the financial statements after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed and adjusted if appropriate, at each reporting date. Depreciation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying value exceeds the estimated recoverable amounts the assets are written down to their recoverable amounts.

Capital work-in-progress is stated at cost less any impairment in value. It includes advances to the suppliers for the tangible assets.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired. Gain or loss on disposal of fixed asset is included in income currently.

3.1.2 Intangible assets

These are stated at cost less accumulated amortization and any provision for impairment loss. Amortization of intangible fixed assets is charged to income applying the straight line method at the rates specified in note 6 to the financial statements after taking into account residual value, if any.

Full month's amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed, and adjusted if appropriate, at each reporting date.

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

3.1.3 Leases - Right-of-use assets and related liabilities

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

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3.2 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. These contracts are entered with group companies, corporate clients, and individuals residing or located in Pakistan.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts are classified into following main categories:

3.2.1 Fire and property

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation, impact and other coverage.

3.2.2 Marine and transport

Marine and transport insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

3.2.3 Motor

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

3.2.4 Health

Group hospitalization insurance provides cover to compensate personal accident, hospitalization and outpatient medical coverage to the insured.

3.2.5 Other classes

Other classes includes mainly bankers blanket bond, liability, engineering, etc.

3.3 Commission

Deferred commission expense

Commission expense incurred in obtaining and recording policies is deferred and recognized in the Statement of Comprehensive Income as an expense in accordance with the pattern of recognition of premium revenue.

Commission income

Commission income from reinsurers is recognized on the date of commencement of the underlying insurance policy. These are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

Profit commission and sliding sales commission, if any, under the terms of reinsurance arrangements, is recognized when due.

3.4 Unearned premium reserve

The unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. It is recognized as a liability. Such liability is calculated as a ratio of the unexpired period of the policy and the total policy period, both measured to the nearest day except:

- for marine cargo, as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.

Policy for recognition of premium revenue is disclosed in detail in note 3.11.1 to these financial statements.

3.5 Premium deficiency reserve

The Company is required as per section 34(2)(d) of the Insurance Ordinance, 2000, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the statement of comprehensive income and the same are recognized as a liability.

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The Company determines adequacy of liability of premium deficiency by carrying out an analysis of expired periods. For this purpose actuarial valuation has been carried out to determine the amount of premium deficiency reserve as required by under Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan on January 09, 2012.

Provision has been made for Health business as the unearned premium reserve for the class of business as at the year end is not adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date.

3.6 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in the same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contract as reinsurance assets. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

The deferred portion of reinsurance premium ceded is recognized as a prepayment which is calculated in accordance with the pattern of recognition of revenue.

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

3.7 Receivables and payables

3.7.1 Receivables related to Insurance contract

Receivables related to insurance contracts are recognized and due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is an objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivables and recognizes that impairment loss in the statement of comprehensive income.

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

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

3.7.2 Creditors, accruals and provisions

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

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

Provisions are reviewed at each financial statement date and adjusted to reflect the current estimate.

3.8 Reinsurance recoveries against outstanding claims

Claims recoveries against outstanding claims from the reinsurer and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

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3.9 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors who assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

The Company has four primary business segments for reporting purposes, namely fire and property, marine and transport, motor and other classes. The nature and business activities of these segments are disclosed in note no. 3.2. Income and expenses directly attribute to a particular segment is so allocated. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as other expenses.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the financial statement at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and current and saving accounts with bank.

3.11 Revenue recognition

3.11.1 Premiums

Premiums including administrative surcharge under an insurance contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note. Where premium for a policy is payable in installments, full premium for the duration of the policy is recognized as written, where the first such installment has been duly received by the Company, at the inception of the policy and related asset is recognized as premium receivable.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognized as a liability as explained in note 3.4.

Reinsurance premium is recognized as expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The prepaid portion of premium is recognized as a prepayment as explained in note 3.4.

3.11.2 Commission income

Commission income from other insurers / reinsurers is deferred and recognized as liability and recognized in the profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premiums.

3.11.3 Dividend income

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

3.11.4 Gain / loss on sale / redemption of investments

Unrealized gain/loss on remeasurements of investments is taken to profit and loss account in case of held-for-trading investment and other comprehensive income in case of available for sale investments.

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3.11.5 Income on debt securities and bank balances

Income from debt securities investments and bank balances is recognized on a time proportionate basis taking account the effective yield on the investment / bank balance.

3.12 Investments

These comprises of the following:

- In equity securities
- In debt securities

3.12.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. These are recognized and classified as follows:

- Held for trading
- Available-for-sale
- Held to maturity

3.12.2 Measurement

3.12.2.1 Held for trading

At the time of acquisition, quoted investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of portfolio for which there is a recent actual pattern of short term profit taking are classified as held for trading.

Subsequent to initial recognition these are remeasured at fair value by reference to quoted market prices (as explained below) with the resulting gain or loss being included in net profit or loss for the period in which it arises.

3.12.2.2 Available-for-sale

Available-for-Sale investments are those non-derivative instruments / contracts that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, the available-for-sale investments are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income.

Fair value of the listed equity shares are determined with reference to the rates quoted on the stock exchange, while the fair value of the mutual funds units and of term finance certificates are determined with reference to the rates quoted on the MUFAP website. The fair value of the Government securities are determined with reference the rates quoted on the PKRV page.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the Statement of Comprehensive Income.

3.12.2.3 Held-to-maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition by using the effective yield method.

The difference between the redemption value and the purchase price of the held-to-maturity investments is amortized and taken to the profit and loss account over the term of the investment.

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These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the Statement of Comprehensive Income.

3.13 Off setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Taxation

3.14.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the tax rates enacted on substantially enacted as at the year end. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

3.14.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

3.15 Staff retirement benefits

3.15.1 Defined contribution plan

The Company operates a recognized Provident Fund scheme for its employees. Equal contributions are made by the Company and the employees at the applicable rate.

3.15.2 Defined benefit plan

The Company operates an unfunded approved gratuity scheme for all of its eligible permanent employees . Gratuity is based on employees' last drawn basic salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to the Statement of Comprehensive Income. The most recent valuation was carried out as of December 31, 2024 using the "Projected Unit Credit Method".

Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then net defined benefit liability (asset), taking into account any change in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments. Net interest expense and other expense related to defined benefit plans are recognized in the Statement of Comprehensive Income.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in Statement of Comprehensive Income. The Company recognizes gain and loss on the settlement of a defined benefit plan when the settlement occurs.

3.15.3 Employees' compensated absences

The Company accounts for its liability towards accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences. An actuarial valuation has been carried out using Projected Unit Credit method to determine the amount of charge and liability to be recognized at the financial statement date. Charge for these benefits are immediately recognized in the Statement of Comprehensive Income.

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3.16 Impairment of assets

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is an objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If a decline in fair value is significant or prolonged, than there is an objective evidence, of impairment regardless of how long management intends to hold the investment.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exist, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use an its fair value less cost of sell. An impairment loss is recognized the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognized in the Statement of Comprehensive Income. Provision of impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Change in the provisions are recognized as an income or expense.

3.17 Dividend distribution

Dividend declaration and reserve appropriations are recognized when approved.

3.18 Foreign currency translations

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the financial statement date. Exchange differences are taken to the profit and loss account.

3.19 Salvage recoveries accrued

Salvage recoveries are recognized as an asset and measured at the amount expected to be received.

3.20 Claims

Insurance claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims.

3.20.1 Provision for outstanding claims

The Company recognizes liability in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual estimates (comprising of reports by the surveyors).

3.20.2 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular No. 9 of 2016, the Company takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.21 Financial instruments

Financial assets and financial liabilities within the scope of IAS-39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the Statement of Comprehensive Income. Fair value of long term financial assets at discounted interest rates are determined initially and the difference carried forward as a prepayment (staff bonus), which then is expensed out over the period in which the services are rendered.

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3.22 Expenses of management

All expenses of management have been allocated between business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis. Expenses that are not directly attributable to the underwriting business are charged under other expenses.

3.23 Earnings per share

The company presents basic and diluted earning per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is not calculated separately, as the Company does not have any convertible instruments in issue.

3.24 Share Capital

Ordinary shares are classified as equity and recognised at their face value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Note
Property and equipment	3.1
Premium deficiency	3.5
Insurance / reinsurance receivable - impairment	3.7.1
Provision for outstanding claims including IBNR	3.20.1
Taxation	3.14
Staff retirement benefits	3.15
Impairment of assets	3.16

5. PROPERTY AND EQUIPMENT

	Note	2024 (Rupees in '000)	2023
Property and Equipment	5.1	79,206	76,970
Right of use assets	5.2	20,208	37,051
		<u>99,414</u>	<u>114,021</u>

5.1 Property and Equipment

	December 31, 2024									
	Cost			Accumulated Depreciation				Written Down Value	Depreciation Rate %	
	As at January 01, 2024	Additions	Disposals	As at December 31, 2024	As at January 01, 2024	Charge for the year	Disposals	As at December 31, 2024	As at December 31, 2024	
	(Rupees in '000)									
Computer equipment	21,418	3,712	417	24,713	17,853	3,104	369	20,588	4,125	33
Furniture and fixtures	74,533	349	2,736	72,146	20,829	6,860	2,121	25,568	46,578	10
Office equipment	28,915	4,013	2,394	30,534	14,194	4,451	1,689	16,956	13,578	20
Motor vehicles - Owned	17,062	11,363	122	28,303	12,082	1,315	19	13,378	14,925	10*
	<u>141,928</u>	<u>19,437</u>	<u>5,669</u>	<u>155,696</u>	<u>64,958</u>	<u>15,730</u>	<u>4,198</u>	<u>76,490</u>	<u>79,206</u>	

* being depreciated on the basis of remaining useful lives ranging between 3 years to 10 years.

	December 31, 2023									
	Cost			Accumulated Depreciation				Written Down Value	Depreciation Rate %	
	As at January 01, 2023	Additions	Disposals	As at December 31, 2023	As at January 01, 2023	Charge for the year	Disposals	As at December 31, 2023	As at December 31, 2023	
	(Rupees in '000)									
Computer equipment	19,775	1,852	209	21,418	15,313	2,747	207	17,853	3,565	33
Furniture and fixtures	30,810	43,723	-	74,533	16,173	4,656	-	20,829	53,704	10
Office equipment	17,499	12,171	755	28,915	11,363	3,352	521	14,194	14,721	20
Motor vehicles - Owned	15,923	1,825	686	17,062	10,839	1,516	273	12,082	4,980	10*
	<u>84,007</u>	<u>59,571</u>	<u>1,650</u>	<u>141,928</u>	<u>53,688</u>	<u>12,271</u>	<u>1,001</u>	<u>64,958</u>	<u>76,970</u>	

* being depreciated on the basis of remaining useful lives ranging between 3 years to 10 years.

5.1.1 Details of tangible assets having book value not exceeding Rs. 500,000 individually disposed off during the year are as follows:

Category of assets	Cost	Accumulated Depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposals	Sold to
	(Rupees in '000)						
Motor vehicles - owned	686	273	413	155	(258)	Claim	IGI General Insurance Limited
Office Equipment	755	521	234	883	649	Negotiation	Various
Furniture & Fixtures	-	-	-	190	190	Negotiation	Rafeeq
Office Renovation	-	-	-	-	-	Negotiation	Rafeeq
Computer equipment	209	207	2	225	223	Negotiation	Tour Khan Kabari
2024	1,650	1,001	649	1,453	804		
2023	1,650	1,001	649	810	161		

5.1.2 Cost of above assets include cost of tangible operating assets amounting to Rs. 32.101 million having net book value equal to NIL at the reporting date and are still in use. (December 31, 2023 Rs. 29.801 million).

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5.2 Right of use assets

	December 31, 2024									
	Cost			Accumulated Depreciation				Written Down Value	Depreciation Rate %	
	As at January 01, 2024	Additions	Deletions / Adjustments	As at December 31, 2024	As at January 01, 2024	Charge for the year	Deletions / Adjustments	As at December 31, 2024	As at December 31, 2024	
Leasehold property	71,420	-	4,108	67,312	34,369	15,002	2,267	47,104	20,208	Various over the contract period
	71,420	-	4,108	67,312	34,369	15,002	2,267	47,104	20,208	

	December 31, 2023									
	Cost				Accumulated Depreciation				Written Down Value	Depreciation Rate %
	As at January 01, 2023	Additions	Deletions / Adjustments	As at December 31, 2023	As at January 01, 2023	Charge for the year	Deletions / Adjustments	As at December 31, 2023	As at December 31, 2023	
	(Rupees in '000)									
Leasehold property	47,162	25,215	957	71,420	21,379	14,371	1,381	34,369	37,051	Various over the contract period
	<u>47,162</u>	<u>25,215</u>	<u>957</u>	<u>71,420</u>	<u>21,379</u>	<u>14,371</u>	<u>1,381</u>	<u>34,369</u>	<u>37,051</u>	

6. INTANGIBLE ASSETS

	December 31, 2024										
	Cost				Accumulated Amortisation				Written Down Value	Amortisation Rate %	
	As at January 01, 2024	Additions	Write off	As at December 31, 2024	As at January 01, 2024	Charge for the year	Write off	As at December 31, 2024	As at December 31, 2024		
	(Rupees in '000)										
Owned											
Computer Software	<u>13,694</u>	<u>14,262</u>	<u>-</u>	<u>27,956</u>	<u>13,459</u>	<u>1,139</u>	<u>-</u>	<u>14,598</u>	<u>13,358</u>	20	

	December 31, 2023										
	Cost				Accumulated Amortisation				Written Down Value	Amortisation Rate %	
	As at January 01, 2023	Additions	Write off	As at December 31, 2023	As at January 01, 2023	Charge for the year	Write off	As at December 31, 2023	As at December 31, 2023		
	(Rupees in '000)										
Owned											
Computer Software	<u>13,694</u>	<u>-</u>	<u>-</u>	<u>13,694</u>	<u>13,245</u>	<u>214</u>	<u>-</u>	<u>13,459</u>	<u>235</u>	20	

6.1 Cost of above assets include cost of intangible operating assets amounting to Rs.12.970 million having net book value equal to NIL at the reporting date and are still in use. (December 31, 2023: Rs. 12.644 million).

7. INVESTMENT IN EQUITY SECURITIES

Note	2024				2023				
	Cost	Impairment / Provision	Revaluation surplus / (deficit)	Carrying Value	Cost	Impairment Provision	Revaluation surplus / (deficit)	Carrying Value	
	(Rupees in '000)								
Available-for-sale									
Related parties - Listed ordinary shares									
Bank AL Habib Limited	7.4	42,050	–	89,380	131,430	84,100	–	76,980	161,080
Habib Metropolitan Bank Limited	7.4	148,786	–	199,214	348,000	249,082	–	121,890	370,972
Indus Motor Company Limited	7.4	17,453	–	33,689	51,142	17,453	–	11,363	28,816
		208,289	–	322,283	530,572	350,635	–	210,233	560,868
Others									
Listed ordinary shares	7.1	719,546	(3,345)	715,736	1,431,937	322,694	(763)	329,100	651,031
Listed preference shares	7.3	19,331	–	1,756	21,087	19,331	–	2,876	22,207
Mutual funds		763	–	3,885	4,648	605	–	2,100	2,705
Modaraba certificates - listed									
Orix Modaraba	7.2	1,319	–	446	1,765	1,319	–	9	1,328
First Habib Modaraba		13,695	–	5,699	19,394	13,695	–	712	14,407
		15,014	–	6,145	21,159	15,014	–	721	15,735
		962,943	(3,345)	1,049,805	2,009,403	708,279	(763)	545,030	1,252,546

7.1 Impairment in investment securities

	2024			2023		
	Cost	Impairment	Carrying Value	Cost	Impairment	Carrying Value
	(Rupees in '000)					
Engro Polymers & Chemicals Limited	8,359	(2,799)	5,560	1,111	(763)	348
International Industries Limited	1,527	(546)	981	–	–	–
	9,886	(3,345)	6,541	1,111	(763)	348

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7.2	Modaraba certificates			Number of certificates
	Company Name	Chief Executive Officer	Nominal value	
	Orix Modaraba	Mr. Raheel Qamar Ahmed	Rs.10	108,750
	First Habib Modaraba	Mr. Muhammad Shoaib Ibrahim	Rs.5	1,007,500

7.3	Preference shares			Number of shares
	Company Name	Chief Executive Officer	Nominal value	
	Engro Polymers & Chemical Ltd - Preference Shares	Mr. Jahangir Paracha	Rs.10	1,866,114

Preference shares of Engro Polymer & Chemicals Limited were issued on December 18, 2020 and are perpetual. The dividends are cumulative in nature and will be calculated at 6 Months KIBOR + 3.50% on the issue date and then repriced at the end of June 30 and December 31, each year. The company has the option to purchase the entire portfolio from investor through 30 days notice after the expiry of 12 months from issue Date. The conversion Option can be exercised by the investor after the expiry of 80 months from the issue date into 1:1 (One preference shares equals to one ordinary share).

7.4 The company has not accounted for investment in related parties as associates, under IAS 28 "Investments in Associates and Joint Ventures" as the management has concluded that the Company does not have significant influence in these companies

Note	2024	2023
	(Rupees in '000)	

8. INVESTMENT IN DEBT SECURITIES

Government Securities - Available for sale	8.1	276,085	64,674
Term Finance Certificates - Unsecured (Available For Sale)	8.2	250,000	250,000
		<u>526,085</u>	<u>314,674</u>

8.1 PIBs have face value of Rs. 270.0 million (market value of Rs. 276.08 million) [December 31, 2023: Rs. 70 million (market value of Rs. 64.67 million)]. These carry mark-up ranging from 13.1% to 13.75% (December 31, 2023: 10.45% to 13.46%) per annum and will mature on July 04, 2026 and November 10, 2033. The 10 years PIB having face value Rs. 70.0 million has 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. These investments can be replaced with alternate eligible securities.

8.2 Term Finance Certificates - Unsecured (available for sale)

Name of Company	Name of Chief Executive	Term/ Profit Payment	No. of Certificates	Cost	2024	2023
					Carrying value (Rupees in '000)	
Bank Alfalah Limited	Mr. Atif Bajwa	Perpetual and 6 Monthly Non-cumulative KIBOR + 2%	20,000	100,000	100,000	100,000
Bank AL Habib Limited	Mr. Mansoor Ali Khan	Perpetual and 6 Monthly KIBOR + 1.65%	30,000	150,000	150,000	150,000

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	Note	2024 (Rupees in '000)	2023
9. LOANS DEPOSITS AND OTHER RECEIVABLES - Considered good			
Accrued investment income		14,526	9,164
Security deposits		13,699	17,777
Advances		14,365	5,639
Advance to commission agents		1,567	10,014
Loans to employees	9.1	27,502	33,652
Receivable from Window Takaful operations (for expenses incurred on their behalf)		2,412	249
Receivable from employees - Parents insurance policy		2,172	2,160
Input sales tax		9,163	13,814
		<u>85,406</u>	<u>92,469</u>

9.1 The loans are secured against provident fund balances or deposits of the title documents. These loans are recoverable in monthly installments over the loan periods and includes Rs. 8.739 million (2023: Rs. 10.475 million) receivable in 2024 representing the current portion of loans to employees. The loans carry mark-up rate ranging from 5.5% to 25.0% (2023: 8.33% to 22.22%) per annum.

	Note	2024 (Rupees in '000)	2023
10. INSURANCE / REINSURANCE RECEIVABLES Unsecured and considered good			
Due from insurance contract holders Considered good		680,240	611,586
Considered doubtful		20,488	20,488
Less: Provision for impairment of receivables from Insurance contract holders		(20,488)	(20,488)
		680,240	611,586
Due from other insurers/ reinsurers (note 19.2) Considered good		847,789	741,112
Considered doubtful		30,165	30,165
Less: Provision for impairment of due from other insurers/ reinsurers		(30,165)	(30,165)
		<u>847,789</u>	<u>741,112</u>
10.1 Movement of the balances due from other insurer / reinsurer contract doubtful		<u>1,528,029</u>	<u>1,352,698</u>
Opening balance		30,165	16,894
Provision for impairment of balances due from the insurer / reinsurer		-	13,271
Closing balance		<u>30,165</u>	<u>30,165</u>

11 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit obligation - unfunded gratuity scheme

The Company is operating an unfunded gratuity scheme for its permanent employees who become eligible for gratuity after five years of service. Gratuity entitlement is based on the last drawn basic salaries. The obligation under this scheme is determined under an actuarial valuation carried out by a qualified actuary using the Projected Unit Credit Method. The latest valuation was carried out as of December 31, 2024.

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		2024	2023
		Number of Employees	
The number of employees covered under the defined benefit scheme are:		<u>166</u>	<u>167</u>
11.1	The following principal actuarial assumptions were used for the valuation of above mentioned scheme:		
		2024	2023
Financial assumptions			
- Discount rate (per annum compounded)		15.50%	15.50%
- Salary increase per annum		12.25%	15.50%
Demographic assumptions			
- Expected service length of the employees		15 years	15 years
- Normal retirement		60 years	60 years
- Rate of employee turnover		Moderate	Moderate
- Mortality rate		SLIC (2001-05) - 1 (SLIC 2001-05) - 1	
	Note	2024	2023
		(Rupees in '000)	
11.2 Liability in financial statement			
Present value of defined benefit obligations	11.3	<u>82,703</u>	<u>93,716</u>
11.3 Reconciliation of defined benefit obligations			
Present value of defined benefit obligations as at January 01,		93,716	130,311
Current service cost	11.4	8,747	10,634
Interest cost	11.4	14,902	19,009
Benefits paid		(3,560)	(36,597)
Net provisions with respect to transferees		(13,700)	(10,378)
Gratuity adjustment for ex-employees		-	(77)
Actuarial gain on obligation	11.5	<u>(17,402)</u>	<u>(19,186)</u>
Present value of defined benefit obligations as at December 31,		<u>82,703</u>	<u>93,716</u>
11.4 Charge for the defined benefit plan			
Cost recognised in profit and loss			
Current service cost		8,747	10,634
Interest cost		14,902	19,009
		<u>23,649</u>	<u>29,643</u>
11.5 Actuarial gain on defined benefit obligation recognised in other comprehensive income			
Loss due to change in financial assumptions		-	509
Gain due to change in demographic assumptions		-	(1,533)
Gain due to change in experience adjustments		<u>(17,402)</u>	<u>(18,162)</u>
		<u>(17,402)</u>	<u>(19,186)</u>
11.6 Sensitivity analysis			
Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:			

Habib Insurance Company Limited

	2024	2023			
	(Rupees in '000)				
Increase in discount rate by 1%	(76,168)	(89,154)			
Decrease in discount rate by 1%	90,226	97,639			
Increase in expected future increment in salary by 1%	90,554	97,830			
Decrease in expected future increment in salary by 1%	(75,774)	(88,945)			
11.7 Comparison for Five Years As at December 31,	2024	2023	2022	2021	2020
	(Rupees in '000)				
Defined benefit obligation	<u>82,703</u>	<u>93,716</u>	<u>130,311</u>	<u>130,859</u>	<u>119,302</u>
Experience adjustment loss on obligation (as percentage of plan obligations)	<u>-21.04%</u>	<u>-19.38%</u>	<u>-7.18%</u>	<u>-6.45%</u>	<u>-1.93%</u>
11.8 Others			2024	2023	
			(Rupees in '000)		
Expected contributions to the fund in the following year (as per the actuarial advise) - (Rupees in '000)			<u>18,348</u>	<u>18,348</u>	
Expected benefit payments to retirees in the following year (Rupees in '000)			<u>4,944</u>	<u>4,944</u>	
Weighted average duration of the defined benefit obligation (year)			<u>8.5</u>	<u>9.08</u>	
11.9 These defined benefit plans expose the Company to actuarial risks such as investment risk and salary risk. The main features of the gratuity schemes are these:					
All confirmed employees are eligible to the scheme and the normal retirement age for all employees is 60 years. A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.					
			2024	2023	
			(Rupees in '000)		
12. DEFERRED TAXATION					
Deductible differences in respect of					
Provisions for:					
- doubtful debts (insurance / reinsurance receivable)			(14,689)	(15,702)	
- compensated absences			(3,928)	(6,229)	
- impairment on available-for-sale investments			(970)	(237)	
			<u>(19,587)</u>	<u>(22,168)</u>	
Lease liability - net			<u>(1,611)</u>	<u>(1,151)</u>	
			<u>(21,198)</u>	<u>(23,319)</u>	
Taxable temporary differences in respect of:					
Accelerated depreciation			6,416	2,624	
Actuarial gain on defined benefit plan			5,047	5,948	
Unrealized gain on available-for-sale investments			306,621	156,821	
			<u>318,084</u>	<u>165,393</u>	
Deferred tax Liability			<u>296,886</u>	<u>142,074</u>	

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Note 2024 2023
(Rupees in '000)

12.1 Reconciliation of deferred tax

Opening balance	142,074	17,290
Directly recognised in other comprehensive income due to actuarial gain on staff retirement benefit	(901)	3,493
Directly recognised in other comprehensive income due to unrealised gain on available-for-sale investments	149,800	111,968
Directly recognized in the Statement of Comprehensive Income (profit or loss)	5,913	9,323
Closing balance	<u>296,886</u>	<u>142,074</u>

13. PREPAYMENTS

Prepaid reinsurance premium ceded	676,990	654,680
Prepaid insurance on leased vehicles	53	–
Prepaid employees group/health insurance	11,659	9,498
Others	13.1 16,381	17,735
	<u>705,083</u>	<u>681,913</u>

13.1 This includes the prepaid discount effect of Rs. 7.558 million (2023: Rs. 8.381 million) relating to staff loans.

14. CASH AND BANK

Cash and cash equivalent

- Cash in hand	59	271
- Policy stamps	108	76
	167	347

Cash at bank

- Current accounts	15,029	19,165
- Saving accounts	14.1 235,405	451,857
	250,434	471,022
	<u>250,601</u>	<u>471,369</u>

14.1 These balances are held with a related party and carries mark-up rates ranging between 10.0% and 20.80% (2023: 14.75% to 20.80%) per annum.

Habib Insurance Company Limited

2024 2023
(Rupees in '000)

15. Window Takaful Operations - Operator's Fund

Assets

Loans and other receivables	1,537	25
Deferred commission expense	38,404	32,661
Receivable from PTF	55,550	18,063
Prepayments	354	–
Cash and bank balances	224,438	190,492

Total Assets	320,283	241,241
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Total Liabilities	193,639	153,611
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Wakala fee	177,564	141,204
Commission expense	(79,605)	(58,901)
Management expenses	(102,375)	(39,616)
Investment income	48,153	29,315
Other expenses	(1,864)	(2,094)
Profit before taxation	41,873	69,908

16. SHARE CAPITAL

Authorised capital

2024 (Number of Shares)	2023		2024 (Rupees in '000)	2023
<u>130,000,000</u>	<u>130,000,000</u>	Ordinary shares of Rs. 5/- each	<u>650,000</u>	<u>650,000</u>

16.1 Issued, subscribed and paid-up share capital

<u>123,874,755</u>	<u>123,874,755</u>	Ordinary shares of Rs. 5/- each at the beginning and end of the year	<u>619,374</u>	<u>619,374</u>
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16.2 At December 31, 2024 Habib Insurance Company Limited's associated undertaking held 5.735 million (4.63%) [2023: 5.735 million (4.63%)] number of ordinary shares of Rs.5 each.

	Note	2024 (Rupees in '000)	2023
17. RESERVES			
Capital Reserves			
Reserve for exceptional losses	17.1	9,122	9,122
Revenue Reserves			
General reserves		390,000	355,000
Unrealized gain on revaluation of available-for-sale investments		751,697	384,945
		<u>1,141,697</u>	<u>739,945</u>
		<u>1,150,819</u>	<u>749,067</u>

17.1 Under the Income Tax Act, 1922 applicable to insurance companies, the Company had set aside in prior years amounts up to ten percent of premium earnings, net of reinsurances of the year as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect from the accounting year ended December 31, 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserves created up to December 31, 1978.

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	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
18. LEASE LIABILITY - against right-of-use assets (leasehold property)			
Lease liability	18.1	25,762	40,766
Current portion		16,382	19,362
Non-current portion		9,380	21,404
		25,762	40,766

18.1 Lease Liability

The amount of future lease payments and the period in which these become due are as follows:

	2024			2023		
	Minimum Lease Payments	Financial Charges	Present value minimum lease payments (Rupees in '000)	Minimum Lease Payments	Financial Charges	Present value minimum lease payments
Not later than one year	19,108	2,726	16,382	22,871	3,509	19,362
Later than one year but not later than five years	11,431	2,051	9,380	28,666	7,262	21,404
	30,539	4,777	25,762	51,537	10,771	40,766

Above lease liability has been discounted at rates ranging between 9.69% to 25.28% per annum.

	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
19. INSURANCE/ REINSURANCE PAYABLES			
Due to other insurers/ reinsurers	19.1	563,811	553,586
19.1 Due to other insurers/ reinsurers			
- Foreign reinsurers		124,739	155,411
- Local reinsurers		256,977	182,054
- Co-insurers		182,095	216,121
		563,811	553,586

19.2 The Company has co-insurance and re-insurance arrangements with various insurance and a domestic re-insurance company. Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by the lead insurer on behalf of other co-insurers, and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements are done between the respective insurance companies in normal course of business. The current balances of co-insurers and re-insurer reflected in the records of the Company are based on the underlying contracts and transactions. The reconciliation process of these balances with the respective insurance companies is carried out on an ongoing basis. However, as advised by the SECP, this process will be formalized as per the guidelines suggested by the Insurance Associates of Pakistan for the insurance industry.

	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
20. OTHER CREDITORS AND ACCRUALS			
Agents commission payable		202,747	168,237
Federal excise duty		70,538	59,160
Federal insurance fee		5,205	4,054
Accrued expenses	20.1	45,291	25,614
Withholding income tax payable		1,130	2,942
Unclaimed dividends		68,523	66,446
Sundry creditors	20.2	2,714	29,584
Others		7,787	10,632
		403,935	366,669

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20.1 This includes provision for staff compensated absences amounting to Rs. 18.633 million (2023: Rs. 20.095 million) The liability is determined through an actuarial valuation carried out under the projected unit credit (PUC) actuarial cost method (by an actuary). An amount reversal of of Rs 5.331 million (2023: of Rs. 4.54 million) has been charged to profit and loss account in the current year based on the actuarial advice.

20.2 This includes outstanding claims in respect of which cheques aggregating to Rs. 2.884 million (2023: Rs. 21.698 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimants.

The following is the ageing as required by SECP Circular No. 11 of 2014 dated May 19, 2014

Claims not encashed	Age-wise break-up					Total
	1 to 6 months	7 to 12 months	13 to 24 months (Rupees in '000)	25 to 36 months	Beyond 36 months	
2024	159	475	361	844	875	2,714
2023	203	228	2,143	1,092	18,032	21,698

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

There are no contingencies as at December 31, 2024 except as those reflected in note 31.2 (December 31, 2023: Nil).

21.2 Commitments

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

22. NET INSURANCE PREMIUM

	2024 (Rupees in '000)	2023 (Rupees in '000)
Written gross premium	3,369,526	3,075,350
Add: Unearned premium reserve opening	1,390,472	1,202,472
Less: Unearned premium reserve closing	(1,517,647)	(1,390,472)
Premium earned	3,242,351	2,887,350
Less: Reinsurance premium ceded	1,772,305	1,535,050
Add: Prepaid reinsurance premium opening	654,680	501,272
Less: Prepaid reinsurance premium closing	(676,990)	(654,680)
Reinsurance expense	1,749,995	1,381,642
Net insurance premium	1,492,356	1,505,708

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	2024	2023
	(Rupees in '000)	
23. NET INSURANCE CLAIMS		
Claims paid	1,886,382	1,782,558
Add: Outstanding claims including IBNR closing	1,044,318	1,055,320
Less: Outstanding claims including IBNR opening	(1,055,320)	(959,567)
Claims expense	1,875,380	1,878,311
Less: Reinsurance and other recoveries received	967,114	886,284
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	690,582	716,605
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(716,605)	(676,476)
Reinsurance and other recoveries revenue	941,091	926,413
Net insurance claims	<u>934,289</u>	<u>951,898</u>

24. CLAIM DEVELOPMENT

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year:

Accident year	2020 & Prior	2021	2022	2023	2024
	(Rupees in '000)				
Estimate of ultimate claims costs:					
At end of accident year	4,668,483	1,170,279	1,396,022	1,828,578	1,852,511
One year later	2,840,411	1,241,781	1,666,174	1,880,930	
Two year later	2,679,265	1,008,721	1,674,323	-	-
Three year later	2,697,404	1,000,123	-	-	-
Four year later	2,637,241	-	-	-	-
Current estimate of ultimate claims cost	2,637,241	1,000,123	1,674,323	1,880,930	1,852,511
Cumulative payments to date	(2,407,198)	(943,654)	(1,591,841)	(1,752,745)	(1,305,372)
Liability for outstanding claims	<u>230,043</u>	<u>56,469</u>	<u>82,482</u>	<u>128,185</u>	<u>547,139</u>

	2024	2023
	(Rupees in '000)	
25. NET COMMISSION INCOME		
Commissions paid or payable	448,053	421,889
Add: Deferred commission - opening	184,408	146,080
Less: Deferred commission - closing	(212,519)	(184,408)
Commission expense	419,942	383,561
Less: Commission from reinsurers		
Commission received or receivable	455,885	343,976
Add: Unearned reinsurance commission - opening	149,584	156,637
Less: Unearned reinsurance commission - closing	(191,175)	(149,584)
Commission from reinsurers	414,294	351,029
Net commission expense	<u>(5,648)</u>	<u>(32,532)</u>

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	Note	2024 (Rupees in '000)	2023
26. MANAGEMENT EXPENSES			
Employee benefit cost	26.1	539,096	553,338
Traveling expenses		66,722	59,759
Advertisement and sales promotion		2,175	3,936
Printing and stationary		6,016	11,060
Depreciation	5	30,732	26,642
Amortisation	6	1,139	214
Rent, rates and taxes		8,463	8,248
Legal and professional charges		16,334	9,305
Electricity, gas and water		20,395	16,233
Entertainment		14,202	8,426
Office repairs and maintenance		12,523	13,433
Bank charges		616	897
Postages, telegrams and telephone		14,061	12,344
Annual supervision fee of SECP		4,219	3,264
Bad and doubtful debts		–	13,270
Miscellaneous		37,970	24,432
		<u>774,663</u>	<u>764,801</u>
26.1 Employee benefit cost			
Salaries, allowances and other benefits		542,940	522,758
Charge for post employment benefits			
- Provident		11,217	11,391
- Gratuity		9,949	19,188
		<u>564,106</u>	<u>553,337</u>

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	2024	2023	
	(Rupees in '000)		
27. INVESTMENT INCOME			
Income from equity securities - available-for-sale			
- Dividend income	192,693	138,581	
Income from debt securities - available-for-sale			
- Pakistan Investment Bonds	15,674	7,643	
- Treasury Bills	-	84,218	
- Term Finance Certificates	55,656	36,709	
	71,330	128,570	
Net realised gain on investments - available-for-sale			
- Equity securities	198,154	-	
- Mutual funds units	-	922	
	198,154	922	
Net realised loss on investments available-for-sale			
- Debt securities	-	(268)	
Total investment income	462,177	267,805	
Less: (Impairment)/ reversal in value of investments - available-for-sale			
- Equity securities	(2,582)	37,697	
Less: Investment related expenses	(545)	(304)	
	459,050	305,198	
28. OTHER INCOME			
Return on bank balances	92,784	43,639	
Modifications of lease	151	-	
Gain on sale of fixed assets	804	161	
Return on loan to employees	3,826	4,317	
Liabilities no longer payable written back	24,214	-	
Miscellaneous	432	-	
	122,211	48,117	
29. OTHER EXPENSES			
Auditor's remuneration	29.1	5,302	5,159
Subscription		4,335	5,323
Donations	29.2	3,200	3,200
		12,837	13,682
29.1 Auditor's remuneration			
Audit fee		2,253	1,959
Review of condensed interim financial statements		564	490
Special certifications		911	1,254
		3,728	3,703
Sindh sales tax		393	382
Out-of-pocket expenses		1,181	1,074
		5,302	5,159
29.2 Details of donation of Rs. 3.2 million (2023: Rs. 3.2 million) are as follows:			

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Name of Directors	Interest in Donee	Name of Donee	Address of Donee	Amount (Rupees in '000)
Mr. Rafiq M.Habib Mr. Mansoor G.Habib & Mr. Aun Mohammad A. Habib	Trustee	Al-Sayyeda Benevolent Trust	UBL Building, I.I.Chundrigar Road, Karachi	640
Mr. Aun Mohammad A. Habib	Trustee	Rehmatbai Habib Widows & Orphans Trust	UBL Building, I.I.Chundrigar Road, Karachi	640
Mr. Aun Mohammad A. Habib	Trustee	Rehmatbai Habib Food & Clothing Trust	UBL Building, I.I.Chundrigar Road, Karachi	640
Mr. Mansoor G.Habib & Mr. Aun Mohammad A. Habib	Trustee	Habib Poor Fund	UBL Building, I.I.Chundrigar Road, Karachi	640
Mr. Rafiq M.Habib	Trustee	Habib Medical Trust	UBL Building, I.I.Chundrigar Road, Karachi	640
				3,200
			2024	2023
			(Rupees in '000)	
30. FINANCE COST				
Mark-up on short term financing			3,345	3,121
Mark-up on lease liabilities			4,736	5,995
			8,081	9,116
31. TAXATION				
For the year				
Current			132,784	37,640
Deferred			5,913	9,323
			138,697	46,963
31.1 Relationship between tax expense and accounting profit				
Profit before taxation			375,549	159,744
Tax at enacted rate of 29% (2023: 29%)			108,909	46,326
Deferred Tax due to change of rate of 2%			-	1,156
Super tax on taxable income @ 6%			22,984	-
Others			6,804	(519)
			138,697	46,963

31.2 Details of pending tax appeals / cases / notices are as follows:

- The Income Tax department has made an assessment order for the tax year 2018 by adding back certain expenses, written off of bad debts, loan to employees, capitalization of renovation expenses and provision for gratuity. The Company had filed an appeal before the Commissioner, Inland Revenue (Appeals-I) [CIR-A] on which partial relief was allowed to the Company and amount of Rs 1.5 million was payable by the Company. The second appeal has been filed, which is pending for adjudication. The management, based on the discussion with the tax advisor believes that the case will be decided in favour of the Company.

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- The Income Tax department has issued an assessment order for the tax years 2011, 2012, 2014, 2015 and 2016 raised additional tax demand of Rs. 23 million, Rs.12.6, Rs. 2.4 million, Rs. 4.4 million and Rs. 23.24 respectively by charging tax on dividend and capital gain as single basket, disallowance of provision for IBNR, non-deduction of tax on commission payment, addition of cash withdrawals, provision for impairment, provision for gratuity, provision for workers welfare fund, donations, capital expenditure, renovation of rented premises, bonus shares and loan to employees. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of above tax years. The appeals are yet to be fixed for hearing. The management, based on the discussion with the tax advisor believes that the case will be decided in favour of the Company.
- The Income Tax department has filed an appeal before the Sindh High Court against the appellate order passed by the ATIR for the tax year 2009 and 2012 raised additional tax demand of Rs. 3.4 and Rs. 12.6 respectively. The aforesaid appeal is pending for adjudication. The management, based on the discussion with the tax advisor believes that the case will be decided in favour of the Company.
- In respect of tax years 2000, 2001, 2008 and 2009 Civil Appeals were filed by the Commissioner Inland Revenue (CIR) against the Consolidated Judgment passed by the Honourable High Court of Sindh (SHC) on the issue of allocation of Expenses towards dividend income under section 67 of the Income Tax Ordinance, 2001 (the Ordinance). Civil Appeals were ordered to be heard ex-parte. An application was filed for setting aside the order for ex-parte proceedings and to allow enter appearance to argue the case on merits. The Income Tax department had filed civil petition leave to appeal against the judgement passed by the SHC in the Honorable Supreme Court of Pakistan (SCP). The Civil petition leave to appeal has been granted and converted into Civil Appeal. The proceedings are still pending before the Honorable Supreme Court of Pakistan (SCP).
- The main appeals along with the said applications were last fixed for hearing on June 08, 2023; however, on the said date the matter was adjourned. No further date of hearing has been communicated till date. The management, based on the discussion with the tax advisor believes that the case will be decided in favour of the Company.
- In respect of tax year 2005, the Company had challenged the notice issued by Federal Board of Revenue under section 122(9) for further amendment of assessment under section 122(5A) of the Ordinance. The SHC has granted an interim stay order and the matter is still pending before the Court. The management, based on the discussion with the tax advisor believes that the case will be decided in favour of the Company.
- An appeal is pending before the Commissioner Appeals Sindh Revenue Board, Karachi relating to sales tax on reinsurance. The Company obtained the interim stay order from Honorable High Court of Sindh, Karachi till the judgement passed by Commissioner Appeals SRB. Tax amount involved is Rs. 190 million. Based on the opinion of tax advisor, the management believes that the case will be decided in favour of the Company, hence no provision is recorded in the financial statements.
- The Company received show cause notice from the office of Assistant Commissioner Sindh Revenue Board, Karachi for short payment of sales tax on reinsurance services obtained from July till December 2011 and January 2012 till December 2013. The adjudication proceedings are under process. The Company obtained the interim stay order from Honorable High Court of Sindh, Karachi. Tax amount involved is Rs. 72 million would arise. Based on the opinion of tax advisor, the management believes that the case will be decided in favour of the Company, hence no provision is recorded in the financial statements.
- In respect of tax year 2020 the Deputy Commissioner Inland Revenue through their order dated June 17, 2023, has given the Appeal Effect of Honourable Appellate Tribunal Inland Revenue, Karachi's order dated March 29, 2022, whereby order passed u/s 161/205 of the Income Tax Ordinance, 2001, for the Tax Year 2020, was annulled by the ATIR. As per order passed u/s 124/161/205 dated June 17, 2023, the tax demand originally raised at Rs. 69,804,739 has now been reduced to Rs. 503,201/-. The demanded tax had already been paid by the Company.
- The Company has not made any provision for Sindh Workers Welfare Fund as the Company is of the view that since it operates as a trans-provincial entity across multiple provinces, and therefore, the Act cannot be applied to such companies. Further, no such levies has been claimed by the Sindh Workers Welfare Fund.
- During the year, a show cause notice for short payment of sales tax Rs. 326.46 million has been issued by Assistant Commissioner - Sindh Revenue Board (SRB), for the period from January 2014 to December 2014 and January 2015 to December 2015. The adjudication proceeding are under process and an interim stay order has been obtained from the Honorable High Court of Sindh. Against in the case also, the Company believes on the on the opinion of tax advisor, the management believes that the case will be decided in favour of the Company, hence no provision is recorded in the financial statements.

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	2024	2023
	(Rupees in '000)	
32. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the year	<u>236,852</u>	<u>112,781</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)	
Earnings per share	<u>1.91</u>	<u>0.91</u>

32.1 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.

33. COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES / KEY MANAGEMENT PERSONNEL

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

Note	Chief Executive Officer		Directors		Executives		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)							
Fee	-	-	580	500	-	-	580	500
Managerial remuneration	33.1 20,568	15,947	28,586	24,003	111,167	102,928	160,321	142,878
Bonus	2,917	1,913	4,033	3,333	12,884	10,788	19,834	16,034
Retirement benefits	878	750	1,311	1,170	4,837	4,721	7,026	6,641
Utility	-	-	-	1,677	-	-	-	1,677
Medical	75	75	75	-	1,800	1,105	1,950	1,180
Others	3,822	1,997	457	383	35,365	22,100	39,644	24,480
	<u>28,260</u>	<u>20,682</u>	<u>35,042</u>	<u>31,066</u>	<u>166,053</u>	<u>141,642</u>	<u>229,355</u>	<u>193,390</u>
Number of persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>9</u>	<u>26</u>	<u>25</u>	<u>35</u>	<u>35</u>

33.1 Managerial remuneration includes basic salary, house rent allowance and utility allowance.

The Chief Executive Officer, Executive director and other executives of the Company are entitled to medical reimbursement up to a prescribed limit as per Company's policy. They are also entitled to avail benefits under the unfunded approved gratuity scheme operated by the Company.

In addition the Executive Director is provided with free use of Company maintained car in accordance with his entitlement.

33.2 Chief Executive Officer and the Directors of the Company are considered as the Key Management Personnel of the Company.

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

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Transactions and balances with related parties

	2024	2023
	(Rupees in '000)	
Transactions during the year with associated companies		
Premium written	507,298	449,393
Claims paid	243,415	220,077
Dividend received	118,780	89,440
Dividend paid	7,015	7,555
Interest received on bank accounts	92,784	43,639
Bank charges	583	799
Fees paid	580	500
Interest expense	3,345	3,142
Donations	3,200	3,200
Premium ceded to reinsurer	405,042	375,854
Commission income	116,508	118,978
Reinsurance recoveries received	267,416	168,034
Commission expense	6,462	21,228
Brokerage expense paid	4,214	–
Commission expense paid	11,684	23,764
Balances with associated companies		
Premium due but unpaid	144,347	95,834
Claims outstanding	88,654	129,397
Bank balances	238,864	442,491
Investment held	530,572	560,868
Reinsurance (Receivable)/ payable	(47,126)	31,819
Transactions during the year with other related parties including key management personnel		
Brokerage expenses paid	197	128
Contribution to the provident fund	11,217	11,699
Principal repayment of loans by key management personnel (secured)	5,421	–
Interest income received	2,066	–
Remuneration of key management personnel	166,053	49,109
Balances with other related parties including key management personnel		
Premium due but unpaid	45	52

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34.1 Remuneration to the key management personnel are in accordance with the terms of their employment (refer note 33). Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

34.2 Following are the particulars of the related parties other than employee retirement benefit plans, key management personnel and Directors of the Company at the reporting date:

Name of Related Party	Basis of relationship	Aggregate % of shareholding in the Company
Shabbir Tiles & Ceramics Limited	Common Directorship	Nil
Thal Limited	Common Directorship	Nil
Thal Boshoku Pakistan (Private) Limited	Wholly owned subsidiary of Thal Limited	Nil
Noble Computer	Wholly owned subsidiary of Thal Limited	Nil
Indus Motor Company Limited	Common Directorship	0.031%
Bank AL Habib Limited	Common Directorship	0.180%
Al Habib Capital Markets (Private) Limited	Wholly owned subsidiary of Bank AL Habib	Nil
Habib Metropolitan Bank Limited	Common Directorship	0.640%
Habib Metro Pakistan (Private) Limited	Wholly owned subsidiary of Thal Limited	Nil
AL Habib Asset Management Services (Private) Limited	Wholly owned subsidiary of Bank AL Habib Limited	Nil
Habib Metropolitan Financial Services Limited	Wholly owned subsidiary of Habib Metropolitan Bank Limited	Nil
Elevation Ventures (Private) Limited	Common Directorship	Nil

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35. SEGMENT REPORTING

	December 31, 2024					
	Fire and property	Marine and transport	Motor	Health	Other Classes	Aggregate
	(Rupees in '000)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	1,488,116	581,155	1,269,219	8,143	560,151	3,906,784
Less: Federal Excise Duty	196,249	67,395	168,415	1,023	70,501	503,583
Federal Insurance Fee	12,726	5,094	10,929	70	4,856	33,675
Gross written premium (inclusive of Administrative Surcharge)	1,279,141	508,666	1,089,875	7,050	484,794	3,369,526
Gross direct premium	1,264,553	495,107	1,056,739	7,044	479,837	3,303,280
Facultative inward premium	7,180	190	1,962	-	-	9,332
Administrative surcharge	7,407	13,370	31,174	6	4,957	56,914
	1,279,140	508,667	1,089,875	7,050	484,794	3,369,526
Insurance premium earned	1,249,314	507,183	1,067,864	7,096	410,894	3,242,351
Insurance premium ceded to reinsurers	(1,073,888)	(264,797)	(164,553)	-	(246,757)	(1,749,995)
Net insurance premium	175,426	242,386	903,311	7,096	164,137	1,492,356
Premium deficiency reserve	-	-	-	(4,423)	-	(4,423)
Commission income	250,997	75,691	29,254	-	58,352	414,294
Net underwriting income	426,423	318,077	932,565	2,673	222,489	1,902,227
Insurance claims	431,670	334,893	965,160	18,741	124,916	1,875,380
Insurance claims recovered from reinsurers	(371,689)	(248,188)	(249,712)	951	(72,453)	(941,091)
Net Claims	59,981	86,705	715,448	19,692	52,463	934,289
Commission expense	(165,078)	(66,583)	(121,652)	(92)	(66,537)	(419,942)
Management expenses	(294,075)	(116,944)	(250,568)	(1,621)	(111,455)	(774,663)
Net insurance claims and expenses	(459,153)	(183,527)	(372,220)	(1,713)	(177,992)	(1,194,605)
Underwriting result	(92,711)	47,845	(155,103)	(18,732)	(7,966)	(226,667)
Investment income - unallocated						459,050
Other income - unallocated						122,211
Other expenses - unallocated						(12,837)
Results of operating activities						341,757
Financial charges - unallocated						(8,081)
Loss from Window Takaful Operations - Operator's Fund						41,873
Profit before tax						375,549
Segment assets						
Allocated Assets						
Premium due but unpaid	190,707	87,378	230,422	6,996	164,737	680,240
Prepaid reinsurance premium ceded	510,195	9,137	35,016	-	122,642	676,990
Reinsurance recoveries against outstanding claims	415,457	18,579	34,298	-	111,996	580,330
Salvage recoveries outstanding	8,129	70,748	31,149	-	226	110,252
Deferred commission expense	89,776	3,360	75,379	-	44,004	212,519
	1,214,264	189,202	406,264	6,996	443,605	2,260,331
Unallocated Assets						
Fixed Assets, at cost less depreciation						112,772
Amounts due from other insurers/ reinsurers						847,789
Cash and Cash equivalents						250,601
Loans - secured, considered good						27,502
Investments						2,535,488
Accrued investment income						14,526
Advances, deposits and prepayments						43,378
Taxation provision less payments						43,950
Prepayments						28,093
						3,904,099
Total Assets						6,164,430
Unallocated assets of General Takaful Operations - Operator's Fund						320,283
						6,484,713

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December 31, 2024

	Fire and property	Marine and transport	Motor Health (Rupees in '000)	Other Classes	Aggregate	
Allocated Liabilities						
Outstanding Claims	466,888	121,621	262,646	9,447	183,716	1,044,318
Unearned Premium	644,527	31,325	604,302	4,727	232,766	1,517,647
Unearned Reinsurance Commission	138,258	3,082	11,738	-	38,097	191,175
Premium Deficiency Reserve	-	-	-	7,769	-	7,769
	1,249,673	156,028	878,686	21,943	454,579	2,760,909
Unallocated Liabilities						
Premiums received in advance						101,647
Amounts due to other insurers/ reinsurers						563,811
Staff retirement benefits						82,704
Deferred tax						296,886
Financial lease liability						25,762
Other creditors and accruals						403,935
						1,474,745
Total Liabilities						4,235,654
Unallocated liabilities of General Takaful Operations - Operator's Fund						193,639
						4,429,293

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December 31, 2023

	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)	1,366,065	407,919	1,276,247	11,770	488,117	3,550,118
Less: Federal Excise Duty	179,510	45,208	157,649	1,358	60,105	443,830
Federal Insurance Fee	11,723	3,616	11,100	104	4,395	30,938
Gross written premium (inclusive of Administrative Surcharge)	1,174,832	359,095	1,107,498	10,308	423,617	3,075,350
Gross direct premium	1,162,335	346,999	1,073,507	10,297	418,044	3,011,182
Facultative inward premium	4,571	-	61	-	-	4,632
Administrative surcharge	7,927	12,096	33,930	10	5,573	59,536
	1,174,833	359,095	1,107,498	10,307	423,617	3,075,350
Insurance premium earned	1,034,462	361,452	1,106,325	14,560	370,551	2,887,350
Insurance premium ceded to reinsurers	(837,373)	(154,435)	(163,977)	-	(225,857)	(1,381,642)
Net insurance premium	197,089	207,017	942,348	14,560	144,694	1,505,708
Premium deficiency reserve	-	-	-	2,842	-	2,842
Commission income	234,344	43,044	40,600	-	33,041	351,029
Net underwriting income	431,433	250,061	982,948	17,402	177,735	1,859,579
Insurance claims	429,795	465,871	813,054	20,530	149,061	1,878,311
Insurance claims recovered from reinsurers	(383,360)	(296,034)	(159,234)	(951)	(86,834)	(926,413)
Net Claims	46,435	169,837	653,820	19,579	62,227	951,898
Commission expense	(185,347)	(44,477)	(111,276)	(300)	(42,161)	(383,561)
Management expenses	(292,166)	(89,302)	(275,422)	(2,563)	(105,348)	(764,801)
Net insurance claims and expenses	(477,513)	(133,779)	(386,698)	(2,863)	(147,509)	(1,148,362)
Underwriting result	(92,515)	(53,555)	(57,570)	(5,040)	(32,001)	(240,681)
Investment income - unallocated						305,198
Other income - unallocated						48,117
Other expenses - unallocated						(13,682)
Results of operating activities						98,952
Financial charges - unallocated						(9,116)
Loss from Window Takaful Operations - Operator's Fund						69,908
Profit before tax						159,744
Segment assets						
Allocated Assets						
Premium due but unpaid	205,074	72,072	219,174	7,296	107,970	611,586
Prepaid reinsurance premium ceded	493,351	5,447	54,811	-	101,071	654,680
Reinsurance recoveries against outstanding claims	445,853	55,320	52,220	951	115,859	670,203
Salvage recoveries outstanding	13,161	18,461	14,701	-	79	46,402
Deferred commission expense	92,319	3,948	62,442	84	25,615	184,408
	1,249,758	155,248	403,348	8,331	350,594	2,167,279
Unallocated Assets						
Fixed Assets, at cost less depreciation						114,256
Amounts due from other insurers/ reinsurers						741,112
Cash and Cash equivalents						471,369
Loans - secured, considered good						33,652
Investments						1,567,220
Accrued investment income						9,164
Advance, deposits and prepayments						49,653
Taxation provision less payments						71,881
Prepayments						27,233
						3,085,540
Total Assets						5,252,819
Unallocated assets of General Takaful Operations - Operator's Fund						241,241
						5,494,060

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December 31, 2023

	Fire and property	Marine and transport	Motor Health (Rupees in '000)	Other Classes	Aggregate
Allocated Liabilities					
Outstanding Claims	497,227	137,660	222,106	7,828	1,055,320
Unearned Premium	614,698	29,842	582,292	4,773	1,390,472
Unearned Reinsurance Commission	106,936	1,887	16,863	–	149,584
Premium Deficiency Reserve	–	–	–	3,346	3,346
	<u>1,218,861</u>	<u>169,389</u>	<u>821,261</u>	<u>15,947</u>	<u>2,598,722</u>

Unallocated Liabilities

Premiums received in advance	41,463
Amounts due to other insurers/ reinsurers	553,586
Staff retirement benefits	93,716
Taxation - provision less payments	–
Deferred tax	142,074
Financial lease liability	40,766
Other creditors and accruals	366,669
	<u>1,238,274</u>
Total Liabilities	<u>3,836,996</u>
Unallocated liabilities of General Takaful Operations - Operator's Fund	<u>153,611</u>
	<u><u>3,990,607</u></u>

36. MOVEMENT IN INVESTMENTS

	Available-for-Sale Rs. '000
As at January 01, 2023	1,636,965
Additions	473,880
Disposals (sale and redemption)	(1,063,233)
Fair value net gains (excluding net realized gains)	395,468
Impairment of investments	37,697
Amortisation of premium / discount	86,443
As at December 31, 2023	<u>1,567,220</u>
Additions	664,833
Disposals (sale and redemption)	(410,500)
Fair value net gains (excluding net realized gains)	714,714
Impairment of investments	(2,582)
Amortisation of premium / discount	1,803
As at December 31, 2024	<u><u>2,535,488</u></u>

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company issue contracts that transfer insurance risk or financial risk or both. This section summarises the insurance risks and the way the Company manages them.

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37.1 Insurance risk management

37.1.1 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year, except that in case of marine insurance policies, these may be of lesser periods.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft and third party liabilities, etc.

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

37.1.2 Frequency and severity of claims

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

The reinsurance arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

The Concentration of risk is disclosed in note no. 37.1.6.

37.1.3 Uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

The key source of estimation uncertainty at the financial statement date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial statement date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial statement date. The details of estimation of outstanding claims (including IBNR) are given under note 3.20.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated. Outstanding claims are reviewed on a periodic basis.

37.1.4 Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

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The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of financial statement date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

37.1.5 SENSITIVITY ANALYSIS

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

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10% increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

	Underwriting results/ profit before tax		Shareholder's equity	
	2024	2023	2024	2023
	(Rupees in '000)		(Rupees in '000)	
Impact of change in claims liabilities +10% / -10%				
Fire and property	5,998	5,315	4,259	3,667
Marine and transport	8,671	10,092	6,156	6,963
Motor	71,545	39,164	50,797	27,023
Group hospitalisation	1,969	2,037	1,398	1,406
Other classes	5,246	6,124	3,725	4,226
	<u>93,429</u>	<u>62,732</u>	<u>66,335</u>	<u>43,285</u>

37.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing process, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

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The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

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

The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below.

	Gross sum insured		Reinsurance		Net	
	2024	2023	2024	2023	2024	2023
	(Rupees in ' 000)					
Fire and property	20,287,622	18,014,512	20,275,622	18,004,512	12,000	10,000
Marine and transport	2,739,550	2,350,284	2,732,050	2,345,284	7,500	5,000
Motor	130,000	102,500	125,000	100,000	5,000	2,500
Group hospitalisation	740	740	–	–	740	740
Other classes	1,971,666	1,225,511	1,959,666	1,215,511	12,000	10,000
	<u>25,129,578</u>	<u>21,693,547</u>	<u>25,092,338</u>	<u>21,665,307</u>	<u>37,240</u>	<u>28,240</u>

38 FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

38.1 Credit risk

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

38.1.1 Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

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Age analysis of reinsurance and other recoveries against outstanding claims at the reporting date was:

	2024		2023	
	Gross	Impairment (Rupees in ' 000)	Gross	Impairment
Upto 1 year	281,584	–	48,884	–
1-2 years	(18,122)	–	(62,390)	–
Over 2 years	427,205	–	705,445	–
Total	<u>690,667</u>	<u>–</u>	<u>691,939</u>	<u>–</u>

In respect of the aforementioned insurance and reinsurance assets, the Company takes into account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

38.1.4 Credit Rating and Collateral

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

	Short/ Long term Rating	Rating Agency	2024	2023
			(Rupees in ' 000)	
Habib Bank Limited	A1+ / AAA	JCR-VIS	11,571	28,460
Habib Metropolitan Bank Limited	A1+ / AA+	PACRA	50	50
Bank AL Habib Limited	A1+ / AAA	PACRA	238,813	442,512
			<u>250,434</u>	<u>471,022</u>

The credit quality of Company's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

	Short/ Long term Rating	Rating Agency	2024	2023
			(Rupees in ' 000)	
Bank Alfalah Limited	AA-	JCR-VIS	100,000	100,000
Bank AL Habib Limited	AAA	PACRA	250,000	250,000
			<u>350,000</u>	<u>350,000</u>

38.1.5 The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poor's with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2024	2023
				(Rupees in '000)	
A or above (including PRCL)	<u>877,954</u>	<u>690,582</u>	<u>676,990</u>	<u>2,245,526</u>	<u>2,142,562</u>

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38.1.6 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of premium due but unpaid at the reporting date was:

	December 31, 2024		December 31, 2023	
	(Rupees in '000)	%	(Rupees in '000)	%
Automobiles	81,010	11.9	222,156	36.3
Banks, modaraba and leasing	83,654	12.3	2,455	0.4
Textile and composite	58,805	8.6	83,329	13.6
Sugar	11,582	1.7	18,236	3.0
Chemicals and allied industries	5,086	0.7	4,442	0.7
Glass, ceramics and tiles	27,087	4.0	31,148	5.1
Cable, engineering and steel	6,169	0.9	1,815	0.3
Food and confectionary	85,326	12.5	12,818	2.1
Pharmaceuticals	18,288	2.7	4,047	0.7
Others	303,233	44.6	231,140	37.8
	<u>680,240</u>	<u>100</u>	<u>611,586</u>	<u>100</u>

38.1.7 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

38.1.8 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The table below provides the maturity analysis of the Company's liabilities as at financial statement date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows;

	2024		
	Carrying amount	Up to one year	Greater than one year
	(Rupees in '000)		
Financial Liabilities			
Outstanding claims including IBNR	1,044,318	1,044,318	–
Lease liability	25,762	16,382	9,380
Insurance / reinsurance payable	563,811	563,811	–
Other creditors and accruals	327,062	327,062	–
Financial Liabilities - OPF	57,091	57,091	–
	<u>2,018,044</u>	<u>2,008,664</u>	<u>9,380</u>

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	2023		
	Carrying amount	Up to one year	Greater than one year
	(Rupees in '000)		
Financial Liabilities			
Outstanding claims including IBNR	1,055,320	1,055,320	–
Lease liability	40,766	19,362	21,404
Insurance / reinsurance payable	553,586	553,586	–
Other creditors and accruals	300,513	300,513	–
Financial Liabilities - OPF	45,512	45,512	–
	<u>1,995,697</u>	<u>1,974,293</u>	<u>21,404</u>

38.1.9 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring financial statement liquidity ratios against internal and external requirements and maintaining debt financing plans.

38.1.10 Maturity analysis for financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the financial statement date to maturity date and represents the undiscounted cash flows. The information given below is based on contractual reprising or maturity dates, whichever is earlier.

	December 31, 2024						
	Interest/ Markup bearing			Non-Interest/ Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year (Rs. in '000)	Maturity after one year	Sub Total	
FINANCIAL ASSETS							
Investments							
Equity securities	–	–	–	2,009,403	–	2,009,403	2,009,403
Debt securities	250,000	276,085	526,085	–	–	–	526,085
Loans and other receivables	4,448	23,054	27,502	35,042	–	35,042	62,544
Insurance / reinsurance receivables	–	–	–	1,528,029	–	1,528,029	1,528,029
Reinsurance recoveries against outstanding claims	–	–	–	580,330	–	580,330	580,330
Salvage recoveries accrued	–	–	–	110,252	–	110,252	110,252
Cash and bank balances	235,405	–	235,405	15,029	–	15,029	250,434
Window Takaful Operations - Operator's Fund	–	–	–	287,622	–	287,622	287,622
As at December 31, 2024	<u>489,853</u>	<u>299,139</u>	<u>788,992</u>	<u>4,565,707</u>	<u>–</u>	<u>4,565,707</u>	<u>5,354,699</u>
FINANCIAL LIABILITIES							
Outstanding claims including IBNR	–	–	–	–	1,044,318	1,044,318	1,044,318
Lease liability against right of use asset	16,382	9,380	25,762	–	–	–	25,762
Insurance / reinsurance payables	–	–	–	563,811	–	563,811	563,811
Other creditors and accruals	–	–	–	327,062	–	327,062	327,062
Financial Liabilities - OPF	–	–	–	57,091	–	57,091	57,091
As at December 31, 2024	<u>16,382</u>	<u>9,380</u>	<u>25,762</u>	<u>947,964</u>	<u>1,044,318</u>	<u>1,992,282</u>	<u>2,018,044</u>

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	Interest/ Markup bearing			Non-Interest/ Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year (Rs. in '000)	Maturity after one year	Sub Total	
FINANCIAL ASSETS							
Investments							
Equity securities	-	-	-	1,252,546	-	1,252,546	1,252,546
Debt securities	250,000	64,674	314,674	-	-	-	314,674
Loans and other receivables	12,556	21,096	33,652	27,226	-	27,226	60,878
Insurance / reinsurance receivables	-	-	-	1,352,698	-	1,352,698	1,352,698
Reinsurance recoveries against outstanding claims	-	-	-	670,203	-	670,203	670,203
Salvage recoveries accrued	-	-	-	46,402	-	46,402	46,402
Cash and bank balances	451,857	-	451,857	19,165	-	19,165	471,022
Window Takaful Operations - Operator's Fund	-	-	-	208,580	-	208,580	208,580
As at December 31, 2023	714,413	85,770	800,183	3,576,820	-	3,576,820	4,377,003

FINANCIAL LIABILITIES

Outstanding claims including IBNR	-	-	-	-	1,055,320	1,055,320	1,055,320
Lease liability against right of use asset	19,362	21,404	40,766	-	-	-	40,766
Insurance / reinsurance payables	-	-	-	553,586	-	553,586	553,586
Other creditors and accruals	-	-	-	300,513	-	300,513	300,513
Financial Liabilities - OPF	-	-	-	45,512	-	45,512	45,512
As at December 31, 2023	19,362	21,404	40,766	899,611	1,055,320	1,954,931	1,995,697

Details of the interest rates on interest bearing financial instruments are given in the respective notes. Besides please also refer note 38.3.1.

38.2 Fair value of financial instruments

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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	Available for sale	Loans & receivable	Other financial assets	Financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets measured at fair value								
Investments								
Ijara Sukuk								
Corporate sukuk								
Equity securities - quoted	970,726	-	-	-	970,726	970,726	-	-
Mutual fund units	2,116	-	-	-	2,116	-	2,116	-
Modaraba certificates	21,159	-	-	-	21,159	16,494	-	-
Debt securities	526,085	-	-	-	526,085	-	526,085	-
Financial assets not measured at fair value								
Loans, deposits and other receivables	-	62,544	-	-	62,544	-	-	-
Insurance / reinsurance receivable	-	1,528,029	-	-	1,528,029	-	-	-
Reinsurance recoveries against outstanding claims	-	580,330	-	-	580,330	-	-	-
Salvage recoveries accrued	-	110,252	-	-	110,252	-	-	-
Cash and bank balances	-	-	250,601	-	250,601	-	-	-
Total financial assets of Window Takaful								
Operations - Operator's Fund	-	-	281,879	-	281,879	-	-	-
	1,520,086	2,281,155	532,480	-	4,333,721	987,220	528,201	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	(1,044,318)	(1,044,318)	-	-	-
Lease liability against right of use asset	-	-	-	(25,762)	(25,762)	-	-	-
Insurance / reinsurance payables	-	-	-	(563,811)	(563,811)	-	-	-
Other creditors and accruals	-	-	-	(327,062)	(327,062)	-	-	-
Total financial liabilities of Window Takaful								
Operations - Operator's Fund	-	-	-	(57,091)	(57,091)	-	-	-
	-	-	-	(2,018,044)	(2,018,044)	-	-	-

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	December 31, 2023							
	Available for sale	Loans & receivable	Other financial assets	Financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments								
Ijarah Sukuk								
Corporate sukuk								
Equity securities - quoted	1,001,022	-	-	-	1,001,022	1,001,022	-	-
Mutual fund units	2,116	-	-	-	2,116	-	2,116	-
Modaraba certificates	15,735	-	-	-	15,735	16,494	-	-
Debt securities	314,674	-	-	-	314,674	-	314,674	-
Other debt securities	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Loans, deposits and other receivables	-	60,878	-	-	60,878	-	-	-
Insurance / reinsurance receivable	-	1,352,698	-	-	1,352,698	-	-	-
Reinsurance recoveries against outstanding claims	-	670,203	-	-	670,203	-	-	-
Salvage recoveries accrued	-	46,402	-	-	46,402	-	-	-
Cash and bank balances	-	-	471,369	-	471,369	-	-	-
Total financial assets of Window Takaful								
Operations - Operator's Fund	-	-	208,580	-	208,580	-	-	-
	1,333,547	2,130,181	679,949	-	4,143,677	1,017,516	316,790	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	(1,055,320)	(1,055,320)	-	-	-
Lease liability against right of use asset	-	-	-	(40,766)	(40,766)	-	-	-
Insurance / reinsurance payables	-	-	-	(553,586)	(553,586)	-	-	-
Other creditors and accruals	-	-	-	(300,513)	(300,513)	-	-	-
Total financial liabilities of Window Takaful								
Operations - Operator's Fund	-	-	-	(45,512)	(45,512)	-	-	-
	-	-	-	(1,995,697)	(1,995,697)	-	-	-

The fair value of the investments have been determined in the manner explained in note number 3.12.2.2.

The carrying values of remaining financial assets and liabilities reflected in these financial statements approximate to their fair value.

38.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However the Company is exposed to interest rate risk and other price risk.

38.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks, staff loans and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

38.3.1.1 Sensitivity analysis

At the financial statement date the interest rate profile of the Company's interest-bearing financial instrument are as follows:

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Financial assets	2024	2023	2024	2023
	Effective interest rate (in %)		(Rupees in '000)	
Assets subject to fixed rate				
- Pakistan Investment Bond	10.45% - 13.46%	10.45% - 13.46%	276,085	64,674
- Treasury bills	—	—	—	—
- Other debt securities	23.67%	23.67%	250,000	250,000
- Loan to employees	6.33% to 23.43%	6.33% to 23.43%	27,502	33,652
Assets subject to variable rate				
- Bank balances	14.75% - 20.80%	14.75% - 20.80%	235,405	451,857
			<u>788,992</u>	<u>800,183</u>
Financial liabilities				
- Lease liabilities	9.69% - 25.28%	9.69% - 25.28%	(25,762)	(40,766)
			<u>763,230</u>	<u>759,417</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Cash flow sensitivity - variable rate financial assets	2024		2023	
	Mark-up 100 bps		Mark-up 100 bps	
	Increase	Decrease	Increase	Decrease
	(Rupees in '000)			
	<u>23,541</u>	<u>(23,541)</u>	<u>45,186</u>	<u>(45,186)</u>

38.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities and investments in available for sale debt securities at the financial statement date.

The Company's strategy is to hold its strategic investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in these securities and implementing the strict discipline in internal risk management and investment policies.

Habib Insurance Company Limited

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

38.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2023 and 2022 and shows the effects of a hypothetical 10% increase / (decrease) in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value (Rupees in '000)	Hypothetical price change	Estimated fair value after change in prices	Increase / (decrease) shareholders' equity (Rupees in '000)	Increase (decrease) profit before tax
2024	2,009,403	10% increase	2,210,343	200,940	200,940
		10% decrease	1,808,463	(200,940)	(200,940)
2023	1,252,546	10% increase	1,377,801	125,255	125,255
		10% decrease	1,127,291	(125,255)	(125,255)

38.3.3 Foreign currency risk

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

38.4 Capital Management

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Company currently meets the paid-up capital requirement as required by Securities and Exchange Commission of Pakistan. The statement of solvency is presented in note 39 to the financial statements. The Company meets the solvency requirement as required in the Insurance Ordinance, 2000.

Habib Insurance Company Limited

38.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2024		
	Liabilities	Equity	
		Ordinary Share Capital (Rupees in '000)	Reserves including unappropriated
Balance as at January 01, 2024	3,990,607	619,374	884,079
Changes from financing cash flow			
- Dividend for 2023	–	–	(77,422)
- Lease liability	(16,318)	–	–
Other Liability related changes during the year (including of WTO operations)	455,004	–	–
Equity related changes during the year	–	–	629,389
Balance as at December 31, 2024	<u>4,429,293</u>	<u>619,374</u>	<u>1,436,046</u>
	2023		
	Liabilities	Equity	
		Ordinary Share Capital (Rupees in '000)	Reserves including unappropriated
Balance as at January 01, 2023	3,375,337	619,374	548,928
Changes from financing cash flow			
- Dividend for 2022	–	–	(77,422)
- Lease liability	(21,127)	–	–
Other Liability related changes during the year (including of WTO operations)	636,397	–	–
Equity related changes during the year	–	–	412,573
Balance as at December 31, 2023	<u>3,990,607</u>	<u>619,374</u>	<u>884,079</u>

Habib Insurance Company Limited

39. STATEMENT OF SOLVENCY

	2024 (Rupees in '000)	2023
Assets		
Property and equipment	99,414	114,021
Intangible assets	13,358	235
Investments		
Equity securities	2,009,403	1,252,546
Debt securities	526,085	314,674
Loans and other receivables	85,406	92,469
Insurance/ reinsurance receivable	1,528,029	1,352,698
Reinsurance recoveries against outstanding claims	580,330	670,203
Salvage recoveries accrued	110,252	46,402
Deferred commission expense	212,519	184,408
Prepayments	705,083	681,913
Taxation - payment less provisions	43,950	71,881
Cash and bank deposits	250,601	471,369
Total assets - Operator's Fund (WTO Operations)	320,283	241,241
Total assets (A)	6,484,713	5,494,060
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
Property and equipment	75,081	73,405
Intangible assets	13,358	235
Investments		
Equity securities	616,442	511,748
Term finance certificate	10,704	48,088
Loans, deposits and other receivables	6,674	8,525
Insurance / reinsurance receivable	94,243	180,287
Total of In-admissible Assets (B)	816,502	822,288
Total of Admissible Assets (C=A-B)	5,668,211	4,671,772
Total Liabilities		
Underwriting provisions		
Outstanding claims including IBNR	1,044,318	1,055,320
Unearned premium reserves	1,517,647	1,390,472
Unearned reinsurance commission	191,175	149,584
Premium deficiency reserve	7,769	3,346
Deferred taxation	296,886	142,074
Financial lease liability	25,762	40,766
Premium received in advance	101,647	41,463
Retirement benefit obligations	82,704	93,716
Insurance / reinsurance payables	563,811	553,586
Other creditors and accruals	403,935	366,669
Total assets - Operator's Fund (WTO Operations)	193,639	153,611
Total Liabilities (D)	4,429,293	3,990,607
Total Net Admissible Assets (E= C-D)	1,238,918	681,165
Minimum Solvency Requirement (higher of the following)	366,630	338,267
Method A - U/s 36(3)(a)	150,000	150,000
Method B - U/s 36(3)(b)	366,630	338,267
Method C - U/s 36(3)(c)	329,677	303,827
Excess in Net Admissible Assets over Minimum Requirements	872,288	342,898

Habib Insurance Company Limited

40. SUBSEQUENT EVENTS - NON ADJUSTING

In the meeting held on March 27, 2025, the Board of Directors of the Company proposed a final cash dividend of Rs. 1.00 per share (2023: Rs. 0.625 per share) amounting to Rs. 123.875 million (2023: Rs. 77.422 million) for the year ended December 31, 2024, for approval by the members in Annual General Meeting to be held on April 29, 2025.

41. NUMBER OF EMPLOYEES

The total average number of employees during the year end as at December 2024 and 2023 are as follows:

	2024	2023
At year end	<u>233</u>	<u>237</u>
Average during the year	<u>235</u>	<u>251</u>

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on March 27, 2025 by the Board of Directors of the Company in its meeting held on that date.

43. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparison.

44. GENERAL

Figures has been rounded off to the nearest thousand rupees.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Financial Statements

Window Takaful Operations

Habib Insurance Company Limited

Shariah Supervisory Board's Report to the Board of Directors for the year ended December 31, 2024

The Company, Habib Insurance Company Limited commenced Window Takaful Operations on October 1, 2018. By the grace of Almighty Allah and sincere efforts of Management, the year under review was the sixth successful year of Window Takaful Operations.

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

We acknowledge that as Shariah Supervisory Board members of Takaful Operator, it is our responsibility to provide Shariah guidelines and develop framework for assurance that the financial arrangements, contracts and transactions undertaken by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles.

During the year, the Company executed variety of established Takaful transactions which are approved by the Shariah Supervisory Board of the company. The Company is offering Shariah Compliant services in the following areas:

- Fire and Property Takaful
- Engineering Takaful
- Marine Takaful
- Motor Takaful
- Miscellaneous Takaful

The Company invests its available funds in the approved Shariah Compliant avenues.

The Takaful Operator's activities and operations are periodically checked and monitored by Shariah Supervisory Board. In order to have an independent assessment of the Shariah Governance and Compliance environment of the Takaful operations under taken by the Operator and the conformity of Takaful operations with Shariah rules and principles an external Shariah audit was conducted. Further, Shariah Compliance review through Shariah Compliance officer was conducted as well. Based on reports and statement of compliance with the Shariah Principles submitted by the Operator/Management to the Board of Director, We hereby present our report as follows:

In our opinion and to the best of our knowledge, the financial arrangements, products and transactions entered into by the Company and the Waqf, as the case may be, for the year ended December 31, 2024 are in compliance with the requirements of the Shariah rules and guidelines as prescribed by the Shariah Supervisory Board and Allah knows the best. However, the following are recommended:

- Necessary steps should be taken to educate all staff including business development staff about the concept and practice of Takaful.

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

Taj Muhammad
Shariah Expert Member
of Shariah Supervisory Board

Mufti Muhammad Ashraf Alam
Shariah Advisor & Member
Shariah Supervisory Board

Mufti Imtiaz Alam
Chairman Shariah Supervisory
Board

Karachi: March 27, 2025

Habib Insurance Company Limited

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON MANAGEMENT'S STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

Scope

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

Applicable Criteria

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

Management's Responsibility for Shariah Compliance

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

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

Our Independence and Quality Control

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

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

Our Responsibility and Summary of The Work Performed

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

Habib Insurance Company Limited

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

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

The procedure performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the guidelines arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the Board of Directors;
- Test for a sample of transactions relating to the Takaful operations to ensure that these are carried out in accordance with the laid procedures and practices including the regulations relating to the Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2024 with the Takaful Rules, 2012.
- Taking necessary guidelines on Shariah matters from independent Shariah scholar referred above.

Conclusion

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

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

Chartered Accountants
Karachi
Date: April 07, 2025

Habib Insurance Company Limited

Statement of Compliance with the Takaful Rules, 2012 and Sharia Rules and Principles

The financial arrangements, contracts and transactions, entered into by Habib Insurance Company Limited - Window Takaful Operations (the Operator) for the year ended December 31, 2024 are in compliance with the Takaful Rules, 2012 and the Shariah Rules and Principles determined by the Shariah Advisory Board of the Operator, (Shariah Rules and Principles).

Further, we confirmed that:

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

This has been duly confirmed by the Shariah Advisory Board of the Operator.

Karachi: March 27, 2025

SYED ATHER ABBAS
Chief Executive

Habib Insurance Company Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HABIB INSURANCE COMPANY LIMITED- WINDOW TAKAFUL OPERATIONS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Habib Insurance Company Limited – Window Takaful Operations (the Operator), which comprise the statement of financial position of as at December 31, 2024, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

Habib Insurance Company Limited

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

The Board of Directors is responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Habib Insurance Company Limited

Report on Other Legal and Regulatory Requirements

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

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

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

Chartered Accountants

Karachi

Dated: April 07, 2025

UDIN: AR202410154UpIR7dsOK

Habib Insurance Company Limited

Statement of Financial Position as at December 31, 2024

	Note	Operator's Takaful Fund		Participant's Takaful Fund	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
(Rupees in '000)					
Assets					
Loans and other receivables	5	1,537	25	130	3,398
Takaful/ retakaful receivables	6	–	–	236,605	190,987
Retakaful recoveries against outstanding claims		–	–	37,627	23,890
Salvage recoveries accrued		–	–	8,155	3,330
Deferred Wakala expense	19	–	–	85,472	75,636
Deferred commission expense	20	38,404	32,661	–	–
Receivable from PTF	21	55,550	18,063	–	–
Taxation - payments less provision		–	–	9,901	6,954
Prepayments	7	354	–	116,860	96,064
Cash and bank balances	8	224,438	190,492	424,859	284,219
Total Assets		320,283	241,241	919,609	684,478
FUNDS AND LIABILITIES					
Operator's Takaful Fund (OPF)					
Share capital	1.2	50,000	50,000	–	–
Accumulated surplus		76,644	37,630	–	–
Total Operator's Fund		126,644	87,630	–	–
Participants' Takaful Fund (PTF)					
Ceded money	1.2	–	–	500	500
Accumulated surplus		–	–	108,411	102,373
Balance of Participants' Takaful Fund		–	–	108,911	102,873
Liabilities					
PTF Underwriting provisions					
Outstanding claims including IBNR	14	–	–	163,142	126,625
Unearned contribution reserve	12	–	–	284,908	252,121
Reserve for unearned retakaful rebate	13	–	–	28,364	18,561
Balance of Participant's Takaful Fund		–	–	476,414	397,307
Unearned Wakala Fee	19	85,472	75,636	–	–
Contribution received in advance		–	–	17,360	19,026
Takaful/ retakaful payable	11	–	–	245,690	135,162
Other creditors and accrual	9	60,430	48,878	15,684	12,047
Payable to OPF	21	–	–	55,550	18,063
Taxation - payments less provision		28,415	16,285	–	–
Retirement benefit obligation	10	19,322	12,812	–	–
Total Liabilities		193,639	153,611	334,284	184,298
Total Fund and liabilities		320,283	241,241	919,609	684,478
Contingencies and commitments	26				

The annexed notes from 1 to 36 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Statement of Comprehensive Income for the year ended December 31, 2024

	Note	December 31, 2024	December 31, 2023
(Rupees in '000)			
Participants' Takaful Fund			
Contribution earned	12	423,946	371,256
Less: Contribution ceded to retakaful	12	(323,085)	(214,636)
Net contribution revenue		<u>100,861</u>	<u>156,620</u>
Retakaful rebate earned	13	<u>57,149</u>	<u>35,553</u>
Net Underwriting Income		<u>158,010</u>	<u>192,173</u>
Net Claims - reported / settled		<u>(137,657)</u>	<u>(173,847)</u>
- IBNR		<u>(40,053)</u>	<u>(38,812)</u>
	14	<u>(177,710)</u>	<u>(212,659)</u>
Surplus before investment income		<u>(19,700)</u>	<u>(20,486)</u>
Other expenses	15	(5,119)	(3,267)
Investment income	16	-	533
Other Income	17	50,662	36,516
Provision for impairment	6	(4,607)	-
Mudarib fees	18	<u>(15,198)</u>	<u>(11,115)</u>
Surplus transferred to accumulated surplus		<u>6,038</u>	<u>2,181</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>6,038</u></u>	<u><u>2,181</u></u>
Operator's Takaful Fund			
Wakala fee	19	177,564	141,204
Commission expense	20	(79,605)	(58,901)
Management expenses	22	<u>(102,375)</u>	<u>(39,616)</u>
		<u>(4,416)</u>	<u>42,687</u>
Investment income	16	-	272
Other income	17	32,955	17,928
Mudarib fees	18	15,198	11,115
Other expenses	23	<u>(1,864)</u>	<u>(2,094)</u>
Profit before taxation		<u>41,873</u>	<u>69,908</u>
Taxation	25	<u>(12,143)</u>	<u>(20,273)</u>
Profit after taxation		<u>29,730</u>	<u>49,635</u>
Other comprehensive income / (loss)			
Actuarial gain / (loss) on defined benefit obligation		<u>9,284</u>	<u>(7)</u>
Related tax impact		<u>-</u>	<u>-</u>
Other comprehensive income / (loss) for the year		<u>9,284</u>	<u>(7)</u>
Total comprehensive income for the year		<u><u>39,014</u></u>	<u><u>49,628</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Statement of Changes in Fund for the year ended December 31, 2024

	Operator's Takaful Fund		
	Statutory Fund	Accumulated (Deficit) / Surplus	Total
	(Rupees in '000)		
Balance as at January 01, 2023	50,000	(11,998)	38,002
Total comprehensive income for the year			
Profit after taxation	–	49,635	49,635
Other comprehensive loss	–	(7)	(7)
	–	49,628	49,628
Balance as at December 31, 2023	<u>50,000</u>	<u>37,630</u>	<u>87,630</u>
Balance as at January 01, 2024	50,000	37,630	87,630
Total Comprehensive income for the year			
Profit after taxation	–	29,730	29,730
Other comprehensive income	–	9,284	9,284
	–	39,014	39,014
Balance as at December 31, 2024	<u>50,000</u>	<u>76,644</u>	<u>126,644</u>
	Participant's Takaful Fund		
	Ceded money	Accumulated Surplus	Total
	(Rupees in '000)		
Balance as at January 01, 2023	500	100,192	100,692
Total Comprehensive income for the year			
Surplus for the year	–	2,181	2,181
Other comprehensive income	–	–	–
	–	2,181	2,181
Balance as at December 31, 2023	<u>500</u>	<u>102,373</u>	<u>102,873</u>
Balance as at January 01, 2024	500	102,373	102,873
Total Comprehensive income for the year			
Surplus for the year	–	6,038	6,038
Other comprehensive Income	–	–	–
	–	6,038	6,038
Balance as at December 31, 2024	<u>500</u>	<u>108,411</u>	<u>108,911</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

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Chief Financial Officer

Habib Insurance Company Limited

Statement of Cash Flow for the year ended December 31, 2024

	Operator's Takaful Fund		Participant's Takaful Fund	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(Rupees in '000)			
Operating activities				
(a) Takaful activities				
Contribution received	–	–	585,306	523,327
Retakaful contribution paid	–	–	(233,573)	(185,033)
Claims paid	–	–	(219,456)	(259,919)
Retakaful and other recoveries received	–	–	55,094	90,434
Commission paid	(76,112)	(55,322)	–	–
Wakala / Mudarib fee	165,111	173,140	(165,111)	(173,140)
Commission received	–	–	66,952	42,860
Net cash inflows from takaful activities	88,999	117,818	89,212	38,529
(b) Other operating activities				
Other operating payments	(88,008)	(35,061)	766	(3,266)
Other operating receipts	–	–	–	–
Net cash flows from other operating activities	(88,008)	(35,061)	766	(3,266)
Total cash flows from all operating activities	991	82,757	89,978	35,263
Investment activities				
Profit / return received	32,955	17,928	50,662	36,516
Dividend received	–	272	–	533
Payments for investments	–	(85,232)	–	(190,453)
Proceeds from investments	–	85,232	–	190,453
Total cash flows from investing activities	32,955	18,200	50,662	37,049
Cash flows from financing activities	–	–	–	–
Net cash flows from all activities	33,946	100,957	140,640	72,312
Cash and cash equivalents at beginning of year	190,492	89,535	284,219	211,907
Cash and cash equivalents at end of period	224,438	190,492	424,859	284,219
Reconciliation to profit and loss account				
Operating cash flows	991	82,757	89,978	35,263
Leave encashment	(505)	2,650	–	–
Profit / return received	32,955	17,928	50,662	36,516
Provision for taxation	(36,092)	(20,273)	–	–
Dividends received	–	272	–	533
Increase in assets other than cash	49,513	8,572	91,898	98,113
Decrease in liabilities	(17,132)	(42,271)	(226,500)	(168,244)
Profit after taxation	29,730	49,635	6,038	2,181
Attributed to:				
Operator's Fund	29,730	49,635	–	–
Participants' Takaful Fund	–	–	6,038	2,181
	29,730	49,635	6,038	2,181

The annexed notes from 1 to 36 form an integral part of these financial statements.

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Habib Insurance Company Limited

Notes to or Forms Part of Financial Statements for the year ended December 31, 2024

1 LEGAL 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 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, Participants Takaful Fund (PTF) 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 AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to published approved accounting standards that were effective in the current year

The Company has adopted following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

Amendments to approved accounting standards	Effective Date
Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020)	January 01, 2024
Non-current liabilities with covenants (Amendment to IAS 1 in October 2022)	January 01, 2024
Lease liability in a sale and leaseback (Amendment to IFRS 16 in September 2022)	January 01, 2024
Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	January 01, 2024

Habib Insurance Company Limited

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2025.

Amendments to approved accounting standards

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.

Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability

Further, operators will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchangeable;
- The spot exchange rate used;
- The estimation process; and
- Risks to the operator because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments Disclosures”

- Financial Assets with ESG-linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial asset with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of financial assets / liabilities by electronic payments:

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The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e. when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Operator to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- No practical ability to withdraw, stop or cancel the payment instruction;
- No practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- **Other related amendment:**

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

- Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards – Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows

The amendments to IFRS 9 address:

- conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables: Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and
- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9: When lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit and loss account.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

2.4.1 Temporary exemption from IFRS 17 and IFRS 9

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I) / 2023 dated 21 November 2023 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance / takaful and re-insurance / re-takaful business from financial years commencing on or after January 01, 2025.

Habib Insurance Company Limited

IFRS 17, replaces IFRS 4 “Insurance Contracts”. The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This standard requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition / derecognition of IFRS 17. Companies subject to the requirement of SRO 1715 will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP through its S.R.O.506(I)/2024 has directed that the applicability period of optional temporary exemption from applying IFRS 9 “Financial Instruments” as given in para 20A of IFRS 4 “Insurance Contracts” is extended for annual periods beginning before 01 January 2026, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

SECP vide letter no. ID/MDPRD/IFRS-17/2021/176 dated 15 June 2021 initiated a four-phase approach towards implementation of IFRS 17 “Insurance Contracts”. The first three phases now stand completed and Phase 4 parallel run and implementation has commenced and is currently under progress.

In Phase 4 SECP requires parallel run of IFRS 17 for the year ended 31 December 2024 to be submitted to SECP by 30 June 2025 and dry run on the financial statement of the first quarter of 2025 to be submitted by 30 November 2025.

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

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

b) all other financial assets.

Fair value of financial assets and change in the fair values during the year ended December 31,2024.

Financial assets with contractual cash flows that meet the SPPI criteria

	Rating	December 31, 2024		December 31, 2023	
		AAA	Unrated / Unavailable	AAA	Unrated / Unavailable
Operator’s Fund		(Rupees in ‘000)		(Rupees in ‘000)	
Bank balances		224,438	–	190,492	–
Receivable from PTF		–	55,550	–	18,063
		<u>224,438</u>	<u>55,550</u>	<u>190,492</u>	<u>18,063</u>

	Rating	December 31, 2024		December 31, 2023	
		AAA	Unrated / Unavailable	AAA	Unrated / Unavailable
Participant’s Takaful Fund		(Rupees in ‘000)		(Rupees in ‘000)	
Bank balances		224,438	–	211,901	–
Takaful / retakaful receivable		–	236,605	–	190,987
Loans and other receivables		–	130	–	3,398
Retakaful recoveries against outstanding claims		–	37,627	–	23,890
Salvage recoveries accrued		–	8,155	–	3,330
		<u>224,438</u>	<u>282,517</u>	<u>211,901</u>	<u>221,605</u>

Habib Insurance Company Limited

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are consistent to all the years presented. Details of these accounting policies are as follows:

3.1 Takaful contracts

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

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

These contracts are entered with group companies, corporate clients, and individuals residing or located in Pakistan.

Once a contract has been classified as an takful contract, it remains a takaful contract for the remainder of its period, even if the takaful risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Takaful contracts are classified into following main categories:

3.1.1 Fire and property

The perils covered under fire takaful include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation, impact and other coverage.

3.1.2 Marine and transport

Marine and transport takaful provides coverage against cargo risk, war risk and damages occurring in inland transit.

3.1.3 Motor

Motor takaful provides comprehensive car coverage and indemnity against third party loss.

3.1.4 Other classes

Other classes includes mainly bankers blanket bond, liability, engineering, etc.

3.2 Commission expense

Commission expense incurred in obtaining and recording takaful contracts is deferred and recognised in the Statement of Comprehensive Income as an expense in accordance with the pattern of recognition of contribution revenue.

3.3 Rebate income

Rebate income from retakaful operator is recognised on the date of the commencement of the underlying takaful contract. These are deferred and recognised as liability and recognised in the Statement of Comprehensive Income as revenue in accordance with the pattern of recognition of the retakaful contributions.

3.4 Contribution

For all the takaful contracts, contributions / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognised as written from the date of attachment of the risk to the policy / cover note and over the period of contract from inception to the expiry of policy. Where contributions for a policy are payable in installments, full contribution for the duration of the policy is recognised as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated on gross basis and exclusive of taxes and duties levied on contributions.

Habib Insurance Company Limited

3.5 Unearned Contribution

Contribution under a policy is recognised on the time of commencement of the takaful contract.

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge. Unearned premiums have been calculated by applying 1/24th / 1/6th method as applicable and specified in the Insurance Rules, 2017. Remaining portion is recognized in the Statement of Comprehensive Income.

3.6 Contribution deficiency reserve

The WTO is required as per Insurance Rules, 2017, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired takaful contract in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense in the Statement of Comprehensive Income and the same is recognized as a liability.

The WTO determines adequacy of liability of contribution deficiency by carrying out analysis of expired periods. For this purpose actuarial valuation has been carried out to determine the amount of contribution deficiency reserve as required by under Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan on January 09, 2012. However, the management, including on the basis of this actuarial valuation as of December 31, 2024, consider that no contribution deficiency reserve is required to be maintained.

3.7 Retakaful contracts held

Takaful contracts entered into by the WTO (for PTF) with retakaful operator for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The WTO recognizes the entitled benefits under the contract as retakaful assets. Outward retakaful contribution are accounted for in the same period as the related contribution for the direct or accepted retakaful business being covered under the retakaful arrangement.

Retakaful liabilities represent balances due to retakaful entities. Amounts payable are estimated in a manner consistent with the related retakaful contract.

Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful operator are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the retakaful contract and are in accordance with the related retakaful contract. Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related retakaful assets / liabilities.

The deferred portion of retakaful contribution ceded is recognized as a prepayment which is calculated in accordance with the pattern of recognition of revenue.

The WTO assesses its retakaful assets for impairment on financial statement date. If there is an objective evidence that the retakaful asset is impaired, the WTO reduces the carrying amount of the retakaful asset to its recoverable amount and recognises that impairment loss in the Statement of Comprehensive Income.

3.8 Receivables and payables

3.8.1 Receivables related to Takaful contract

Receivables related to takaful contracts are recognized and due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is an objective evidence that the takaful receivable is impaired, as a result of one or more events that occurred after the initial recognition, the WTO reduces the carrying amount of the takaful receivables accordingly and recognizes that impairment loss in the Statement of Comprehensive Income.

Provision for impairment on contribution receivables is estimated on a systematic basis after analyzing the receivables as per their ageng.

3.8.2 Creditors, accruals and provisions

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

Habib Insurance Company Limited

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

Provisions are reviewed at each financial statement date and adjusted to reflect the current estimate.

3.9 Retakaful recoveries against outstanding claims

Claims recoveries against outstanding claims from the retakaful operators and salvage are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.10 Segment reporting

An operating segment is a component of the WTO that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the WTO's other components. All operating segments' results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The WTO presents segment reporting of operating results using the classes of business as specified under the Insurance Rules, 2017 and General Takaful Accounting Regulation, 2019. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors who assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

The WTO has four primary business segments for reporting purposes, namely fire and property, marine and transport, motor and other classes. The nature and business activities of these segments are disclosed in note no. 3.1. Income and expenses directly attribute to a particular segment is so allocated. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as other expenses.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the financial statement at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and current and saving accounts with banks.

3.12 Revenue recognition

3.12.1 Contribution

The revenue recognition policy for Contribution is given under note 3.4.

3.12.2 Retakaful rebate income

The revenue recognition policy for rebate from retakaful operators is given under note 3.3.

3.12.3 Dividend income

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

3.12.4 Gain / loss on sale / redemption of investments

Unrealized gain/loss on remeasurement of investments and realized gain / loss on sale / redemption of investments is taken to the Statement of Comprehensive Income in the year of remeasurement/ sale / redemption.

3.12.5 Income on debt securities and bank balances

Income from debt securities and bank balances is recognised on a time proportionate basis taking account the effective yield on the investment / bank balance.

Habib Insurance Company Limited

3.12.6 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants. The wakala fee for the year was 30% (2023: 30%) of the gross contribution on all classes of business as per the approval of the Shariah Advisory Board. Wakala fee is recognized on the same basis on which the related revenue is recognized. Unexpired portion of wakala fee is recognized as liability of OPF and asset of PTF.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share (2023: 30%).

3.12.7 Investments

These comprises of the following:

- In equity securities
- In debt securities

3.12.7.1 Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the Statement of Comprehensive Income. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the WTO commits to purchase or sell the investments. These are recognised and classified as follows:

- Held for trading
- Available-for-sale
- Held to maturity

3.12.7.2 Measurement

3.12.7.2.1 Held for trading

At the time of acquisition, quoted investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of portfolio for which there is a recent actual pattern of short term profit taking are classified as held for trading.

Subsequent to initial recognition these are remeasured at fair value by reference to quoted market prices (as explained below) with the resulting gain or loss being included in net profit or loss for the period in which it arises.

3.12.7.2.2 Available-for-sale

Available-for-Sale investments are those non-derivative instruments / contracts that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, the available-for-sale investments are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income.

Fair value of the listed equity shares are determined with reference to the rates quoted on the stock exchange, while the fair value of the mutual funds units and of term finance certificates are determined with reference to the rates quoted on the MUFAP website. The fair value of the Government securities are determined with reference the rates quoted on the PKRV page.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the Statement of Comprehensive Income.

3.12.7.2.3 Held-to-maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held-to-maturity.

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Subsequently, these are measured at amortised cost less provision for impairment in value, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition by using the effective yield method.

The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the Statement of Comprehensive Income.

3.13 Off setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement, if the WTO has a legally enforceable right to set-off and the WTO intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

3.14 Taxation

3.14.1 Current (of OPF)

Provision for current taxation is based on taxable income of the operator for the year determined in accordance with the tax rates enacted on substantially enacted as at the year end. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years / relating to the operators fund operated.

3.14.2 Deferred (of OPF)

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

3.15 Staff retirement benefits

3.15.1 Defined contribution plan

The WTO operates a recognised Provident Fund scheme for its employees. Equal contributions are made by the WTO and the employees at the applicable rate.

3.15.2 Defined benefit (operator) plan

The WTO operates an unfunded approved gratuity scheme for all of its eligible permanent employees. Gratuity is based on employees' last drawn basic salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to the Statement of Comprehensive Income. The most recent valuation was carried out as of December 31, 2024 using the "Projected Unit Credit Method".

Remeasurement of the defined benefit liability, which comprises actuarial gain and losses are recognized immediately in other comprehensive income. The WTO determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then net defined benefit liability (asset), taking into account any change in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments. Net interest expense and other expense related to defined benefit plans are recognized in the Statement of Comprehensive Income.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Comprehensive Income. The WTO recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

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3.15.3 Employees' compensated absences

The WTO accounts for its liability towards accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences. An actuarial valuation has been carried out using Projected Unit Credit method to determine the amount of charge and liability to be recognized at the financial statement date. Charge for these benefits are immediately recognized in the Statement of Comprehensive Income.

3.16 Impairment of assets

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is an objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If a decline in fair value is significant or prolonged, than there is an objective evidence, of impairment regardless of how long management intends to hold the investment.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exist, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less cost of sell. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the Statement of Comprehensive Income. Provision for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Change in the provisions are recognised as an income or expense.

3.17 Foreign currency translations

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the financial statement date. Exchange differences are taken to the profit and loss account.

3.18 Salvage recoveries accrued

Salvage recoveries are recognized as an asset and measured at the amount expected to be received.

3.19 Management expenses

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

3.20 Provision

3.20.1 Claims

Takaful claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims.

3.20.2 Provision for outstanding claims

The WTO recognizes liability in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual estimates (comprising of reports by the surveyors).

3.20.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular No. 9 of 2016, the WTO takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

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3.20.4 Others

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

3.21 Financial instruments

Financial assets and financial liabilities within the scope of IAS-39 are recognized at the time when the WTO becomes a party to the contractual provisions of the instrument and are derecognized when the WTO loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the Statment of Comprehensive Income. Fair value of financial assets at discounted interest rates are determined initially and the difference carried forward as a prepayment (staff bonus), which then is expensed out over the period in which the services are rendered.

3.22 Takaful surplus

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

3.23 Qard-e-Hasna

Qard-e-hasna is provided by Operators' Fund to Participants' Takaful Fund in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to Participant Takaful Fund less impairment, if any.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the WTO's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the WTO's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Note
Contribution deficiency reserve	3.6
Takaful / retakaful receivable - impairment	3.8.1
Provision for outstanding claims including IBNR	3.20
Taxation	3.14
Staff retirement benefits	3.15
Impairment of assets	3.16

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5. LOANS AND OTHER RECEIVABLES

	Note	December 31, 2024			December 31, 2023		
		Operator's Takaful Fund	Participant Takaful Fund	Total	Operator's Takaful Fund	Participant Takaful Fund	Total
		(Rupees in '000)					
FED Receivable		-	1	1	-	111	111
Advance to commission agents		1,388	-	1,388	-	-	-
Others	5.1	149	129	278	25	3,287	3,312
		<u>1,537</u>	<u>130</u>	<u>1,667</u>	<u>25</u>	<u>3,398</u>	<u>3,423</u>

5.1 This represents contribution received in advance. The amount credited in the conventional operational bank account.

6. TAKAFUL / RETAKAFUL RECEIVABLE - Unsecured

	Note	December 31, 2024	December 31, 2023
		(Rupees in '000)	
Due from Takaful contract holders			
Considered good		87,461	57,835
Considered doubtful	6.1	3,298	20,602
Less: Provision for impairment of receivables from takaful contract holders		(3,298)	(20,602)
		<u>87,461</u>	<u>57,835</u>
Due from other takaful / retakaful operators - Considered good			
Considered good		149,144	133,152
Considered doubtful		21,911	-
Less: Provision for impairment of receivables from other takaful/ retakaful operators		(21,911)	-
		<u>149,144</u>	<u>-</u>
		<u>236,605</u>	<u>190,987</u>
6.1 Movement of considered doubtful			
Opening balance		20,602	20,602
Less: Reversal of provision for impairment		(17,304)	-
Add: Provision for impairment		21,911	-
Closing balance		<u>25,209</u>	<u>20,602</u>

7. PREPAYMENTS

	Note	December 31, 2024			December 31, 2023		
		OPF	PTF	Total	OPF	PFT	Total
		(Rupees in '000)					
Prepaid retakaful contribution ceded		-	116,860	116,860	-	95,844	95,844
Others	7.1	354	-	354	-	220	220
		<u>354</u>	<u>116,860</u>	<u>117,214</u>	<u>-</u>	<u>96,064</u>	<u>96,064</u>

7.1 This represents accrual maintenance charges to Takaful software.

8. CASH AND BANK

	Note	December 31, 2024			December 31, 2023		
		OPF	PTF	Total	OPF	PFT	Total
		(Rupees in '000)					
Cash and cash equivalent							
- Policy stamps		-	116	116	-	38	38
Cash at bank							
- Profit and loss sharing (PLS) accounts	9.1	224,438	424,743	649,181	190,492	284,181	474,673
		<u>224,438</u>	<u>424,859</u>	<u>649,297</u>	<u>190,492</u>	<u>284,219</u>	<u>474,711</u>

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8.1 These balances are held with a related party and carry profit at a range of 12.0% to 19.0% (2023: 9.0% to 10.75%).

9. OTHER CREDITORS AND ACCRUALS

Note	December 31, 2024			December 31, 2023		
	Operator's Fund	Participant Takaful Fund	Total	Operator's Fund	Participant Takaful	Total
	(Rupees in '000)					
Federal takaful fee	–	987	987	–	581	581
Federal Excise Duty	–	11,339	11,339	–	9,243	9,243
Commission payable	52,107	–	52,107	42,871	–	42,871
Provision for compensated clearance	9.1	2,553	2,553	3,058	–	3,058
Payable to Habib Insurance Company Limited - Conventional Operations	9.2	2,412	2,412	557	–	557
Other creditors		1,066	4,424	499	2,223	2,722
Other accrued expenses		2,292	2,292	1,893	–	1,893
		<u>60,430</u>	<u>76,114</u>	<u>48,878</u>	<u>12,047</u>	<u>60,925</u>

9.1 This includes provision for staff compensated absences amounting to Rs. 2.553 million (2023: Rs. 3.058 million). The liability is determined through an actuarial valuation carried out under the projected unit credit (PUC) actuarial cost method (by an actuary). An amount of Rs. 0.363 million (2023: Rs. 2.65 million) has been charged to profit and loss account in the current year based on the actuarial advice.

9.2 Due for expenses incurred on behalf of the PTF Operations.

10 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit obligation - unfunded gratuity scheme

The Company is operating an unfunded gratuity scheme for its permanent employees. Gratuity entitlement is based on the last drawn basic salaries. The obligation under this scheme is determined under an actuarial valuation carried out by a qualified actuary using the Projected Limit Credit Method. The latest valuation was carried out as of December 31, 2024.

	December 31, 2024	December 31, 2023
	(No. of Employees)	
The number of employees covered under the defined benefit scheme are:	<u>28</u>	<u>28</u>

10.1 The following principal actuarial assumptions were used for the valuation of above mentioned scheme:

	December 31, 2024	December 31, 2023
Financial assumptions		
- Discount rate (per annum compounded)	12.25%	15.50%
- Salary increase per annum	12.25%	15.50%
Demographic assumptions		
- Expected service length of the employees	15 years	15 years
- Normal retirement	60 years	60 years
- Rate of employee turnover	Moderate	Moderate
- Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1

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

10.2 Liability in financial statement

Present value of defined benefit obligations	<u>19,322</u>	<u>12,812</u>
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10.3 Reconciliation of / movement in defined benefit obligations

Present value of defined benefit obligations as at January 01,	12,812	1,956
Current service cost	1,269	181
Interest cost	1,961	290
Benefits paid	(1,136)	-
Net Provisions with respect to transferees	13,700	10,378
Actuarial loss / (gain) on obligation	<u>(9,284)</u>	<u>7</u>
Present value of defined benefit obligations as at December 31,	<u>19,322</u>	<u>12,812</u>

10.4 Charge of the defined benefit plan

Cost recognised in profit and loss

Current service cost	1,269	181
Interest cost	1,961	290
	<u>3,230</u>	<u>471</u>

10.5 Actuarial gain on defined benefit obligation recognised in other comprehensive income

Actuarial gain on defined benefit obligation		
- (Gain) / Loss due to change in financial assumptions	-	7
- (Gain) / Loss due to change in experience adjustments	9,284	-
	<u>9,284</u>	<u>7</u>

10.6 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations on various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

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

Increase in discount rate by 0.5%	(17,368)	(12,235)
Decrease in discount rate by 0.5%	21,579	13,434
Increase in expected future increment in salary by 0.5%	21,653	13,460
Decrease in expected future increment in salary by 0.5%	(17,274)	(12,206)

10.7 Comparison for five years As at December 31,

	2024	2023	2022	2021	2020
			(Rupees in '000)		
Defined benefit obligation	19,322	12,812	1,956	1,632	-
Experience adjustment (gain) / loss on obligation (as percentage of plan obligations)	48.05	0.00%	3.17%	-	-

Habib Insurance Company Limited

	December 31, 2024	December 31, 2023
10.8 Others		
Expected contributions to the fund in the following year (as per the actuarial advise) - (Rupees in '000)	—	—
Expected benefit payments to retirees in the following year - (Rupees in '000)	772	1,608
Weighted average duration of the defined benefit obligation - (year)	11.00	9.34

10.9 These defined benefit plans expose the Company to actuarial risks such as investment risk and salary risk. The main features of the gratuity schemes are these:

All confirmed employees are eligible to the scheme and the normal retirement age for all employees is 60 years. A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

10.10 The expected charge to gratuity for the year 2025 amounts to Rs. 4.28 million.

	December 31, 2024	December 31, 2023
	(Rupees in '000)	
11. TAKAFUL/RETAKAFUL PAYABLE		
Due to other takaful / retakaful	11.1 245,690	135,162
11.1 Due to other takaful / retakaful		
- Foreign retakaful	111,422	55,338
- Local retakaful	114,208	55,894
- Co-takaful	20,060	23,930
	245,690	135,162

11.2 The Company has co-takaful and re-takaful arrangements with various takaful and a domestic re-takaful company. Under the above arrangements, the receivable and payable balances originate mainly due to contributions collected or claims settled by the lead insurer on behalf of other co-takaful, and in case of re-takaful, the contribution ceded to and claims recoverable from the re-takaful under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful arrangements are done between the respective takaful companies in normal course of business. The current balances of co- takaful and re-takaful reflected in the records of the Company are based on the underlying contracts and transactions. As advised by SECP, the process for reconciliation of these balances with the respective takaful companies will be formalized as per the guidelines suggested by the Insurance Association of Pakistan for the takaful industry.

	December 31, 2024	December 31, 2023
	(Rupees in '000)	
12. NET CONTRIBUTION		
Written gross contribution	634,297	581,850
Less: Wakala Fee	(177,564)	(141,204)
Contribution Net of Wakala Fee	456,733	440,646
Add: Unearned contribution reserve opening	252,121	182,731
Less: Unearned contribution reserve closing	(284,908)	(252,121)
Contribution earned	423,946	371,256
Retakaful contribution ceded	344,101	254,482
Add: Prepaid retakaful contribution opening	95,844	55,998
Less: Prepaid retakaful contribution closing	(116,860)	(95,844)
Retakaful expense	323,085	214,636
Net contribution	100,861	156,620

Habib Insurance Company Limited

		December 31, 2024	December 31, 2023		
		(Rupees in '000)			
13. RETAKAFUL REBATE					
Retakaful rebate received		66,952	42,860		
Add: Unearned retakaful rebate - opening		18,561	11,254		
Less: Unearned retakaful rebate - closing		(28,364)	(18,561)		
Retakaful rebate		<u>57,149</u>	<u>35,553</u>		
14. TAKAFUL CLAIMS EXPENSE					
Claims paid		219,456	259,919		
Add: Outstanding claims including IBNR closing		163,142	126,625		
Less: Outstanding claims including IBNR opening		(126,625)	(118,074)		
Claims expense		<u>255,973</u>	<u>268,470</u>		
Retakaful and other recoveries received		59,701	90,434		
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing		45,782	27,220		
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening		(27,220)	(61,843)		
Retakaful and other recoveries revenue		<u>78,263</u>	<u>55,811</u>		
Net claim expense		<u>177,710</u>	<u>212,659</u>		
15. OTHER EXPENSES - PTF					
This represents co-takaful service charges.					
16. INVESTMENT INCOME - net					
		Operator's Takaful Fund		Participant Takaful Fund	
	Note	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		(Rupees in '000)			
Income from mutual fund units - available-for-sale					
Dividend income		-	272	-	533
17. OTHER INCOME					
Return on bank balance		32,955	17,928	50,662	36,516
18. MUDARIB FEES		15,198	11,115	(15,198)	(11,115)

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	Note	December 31, 2024	December 31, 2023
(Rupees in '000)			
19. WAKALA FEE			
Gross Wakala Fee		187,400	172,619
Add: Deferred wakala fee - opening		75,636	44,221
Less: Deferred wakala fee - closing		(85,472)	(75,636)
Net wakala fee		<u>177,564</u>	<u>141,204</u>
20. COMMISSION EXPENSE			
Commissions paid or payable		85,348	68,064
Add: Deferred commission - opening		32,661	23,498
Less: Deferred commission - closing		(38,404)	(32,661)
Commission expense		<u>79,605</u>	<u>58,901</u>
21. RECEIVABLE FROM PTF/PAYABLE TO OTF			
Opening balance		18,063	7,469
Wakala/ Mudarib fee income		202,598	183,734
Wakala/ Mudarib fee received		(165,111)	(173,140)
Closing balance		<u>55,550</u>	<u>18,063</u>
22. MANAGEMENT EXPENSES - OPF			
Employee benefit cost	22.1	80,322	26,263
Travelling expenses		296	–
Entertainment		10	–
Utilities - electricity and water		3,855	2,586
Repairs and maintenance		4,914	4,664
Vehicle running expenses		9,262	2,186
Legal and professional charges		1,712	2,414
Postages, telegrams and telephone		467	328
Miscellaneous		1,537	1,175
		<u>102,375</u>	<u>39,616</u>
22.1 This includes Rs. 45.011 million (2023: Rs. 8.670 million) being salaries and other benefits, Rs. 1.303 million (2023: Rs. 0.182 million) being contribution to employees' provident fund and Rs. 16.930 million (2023: Rs. 10.849 million) being charge of gratuity scheme.			
	Note	December 31, 2024	December 31, 2023
(Rupees in '000)			
23. OTHER EXPENSES - OPF			
Auditors remuneration	23.1	1,864	1,917
Subscription		–	177
		<u>1,864</u>	<u>2,094</u>
23.1 Auditor's remuneration			
Audit fee		1,156	1,005
Review of condensed interim financial statements		349	303
Other certifications		95	378
Out-of-pocket expenses		265	230
		<u>1,865</u>	<u>1,916</u>

Habib Insurance Company Limited

24. CLAIM DEVELOPMENT - PTF

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year:

Accident year	2020	2021	2022	2023	2024
	(Rupees in '000)				
Estimate of ultimate claims costs:					
At end of accident year	<u>116,421</u>	<u>82,069</u>	<u>223,366</u>	<u>263,192</u>	<u>306,500</u>
One year later	<u>89,492</u>	<u>62,870</u>	<u>199,175</u>	<u>235,856</u>	<u>–</u>
Two year later	<u>89,680</u>	<u>69,140</u>	<u>199,157</u>	<u>–</u>	<u>–</u>
Three year later	<u>88,906</u>	<u>70,649</u>	<u>–</u>	<u>–</u>	<u>–</u>
Four year later	<u>87,053</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Estimate of cumulative claims	<u>87,053</u>	<u>70,649</u>	<u>199,157</u>	<u>235,856</u>	<u>306,500</u>
Cumulative payment made to date	<u>(87,358)</u>	<u>(66,177)</u>	<u>(198,681)</u>	<u>(222,009)</u>	<u>(161,848)</u>
Liability for outstanding claims	<u>(305)</u>	<u>4,472</u>	<u>476</u>	<u>13,847</u>	<u>144,652</u>

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

25. TAXATION

For the year
Current

12,143 20,273

25.1 Relationship between tax expense and accounting profit

Profit before taxation

41,873 69,908

Tax at enacted rate of 29% (2023: 29%)

12,143 20,273

25.2 Deferred tax asset of Rs. 4.97 million (2023: Rs. 4.97 million) on losses has not been recognized under prudence.

26. CONTINGENCIES AND COMMITMENTS

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

27. 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:

Habib Insurance Company Limited

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

27.1 Operator's Fund

Transactions

Wakala fee charged during the year	187,400	172,619
Mudarib fees charged during the year	<u>15,198</u>	<u>11,115</u>

Transactions during the year with associated companies

Profit on bank accounts	<u>32,955</u>	<u>17,928</u>
Balances with associated companies		
Bank balances	<u>217,701</u>	<u>184,706</u>

Transactions during the year with other related parties including key management personnel

Contribution to the provident fund	<u>1,304</u>	<u>183</u>
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27.2 Participants' Takaful Fund

Transactions

Associated companies		
- Contribution written	<u>45,973</u>	<u>38,945</u>
- Claim paid	<u>16,410</u>	<u>7,980</u>
- Profit on bank accounts	<u>50,662</u>	<u>36,516</u>
Others		
- Mudarib fee charged during the year	<u>15,198</u>	<u>11,115</u>
Commission income	<u>31,737</u>	<u>25,797</u>

Balances

Associated companies		
- Contribution due but unpaid	<u>9,237</u>	<u>7,714</u>
- Claim outstanding	<u>10,560</u>	<u>5,884</u>
- Bank balance	<u>400,253</u>	<u>271,743</u>

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28. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Operator (PTF) issues contracts that transfers takaful risk or financial risk or both. This section summarises the takaful risks and the way the Operator manages them.

28.1 Takaful risk management

28.1.1 Takaful risk

The risk under any takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the participant. Generally most takaful contracts carry the takaful risk for a period of one year, although in case of marine contracts, it may be of lesser period.

The Operator's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic insured events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

28.1.2 Frequency and severity of claims

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

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on PTF's net retentions.

28.1.3 Uncertainty in the estimation of future claim payments

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

An estimated amount of the claim is recorded immediately on the intimation to the Operator. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Outstanding claims are reviewed on a periodic basis.

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28.1.4 Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

28.1.5 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful. The impact of 10 % increase / decrease in incidence of covered events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

	Participant Takaful Fund	
	December 31, 2024	December 31, 2023
	Underwriting results and Fund balance	Underwriting results and Fund balance
	(Rupees in '000)	
Average claim cost		
Fire and property	2,517	2,775
Marine and transport	3,166	299
Motor	19,510	22,899
Other classes	406	874
	<u>25,599</u>	<u>26,847</u>

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28.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Operator. Retakaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims retakaful to the extent that retakaful operator fails to meet the obligation under the retakaful agreements. The Operator minimises its exposure to significant losses by obtaining retakaful from a number of retakaful, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	December 31, 2024		
	Gross sum covered	Retakaful	Net
	(Rupees in '000)		
Fire and property	4,084,739	4,064,739	20,000
Marine and transport	620,531	560,531	60,000
Motor	80,000	74,000	6,000
Other classes	490,389	441,350	49,039
	<u>5,275,659</u>	<u>5,140,620</u>	<u>135,039</u>
	December 31, 2023		
	Gross sum covered	Retakaful	Net
	(Rupees in '000)		
Fire and property	2,900,000	2,882,500	17,500
Marine and transport	475,393	458,489	16,904
Motor	102,000	98,000	4,000
Other classes	493,674	444,307	49,367
	<u>3,971,067</u>	<u>3,883,296</u>	<u>87,771</u>

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29. SEGMENT INFORMATION

29.1 Participants' Takaful Fund

	December 31, 2024				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	258,697	107,456	318,239	50,364	734,756
Less: Federal Excise Duty	(33,596)	(12,936)	(41,697)	(5,909)	(94,138)
Less: Federal Insurance Fee	(2,205)	(937)	(2,739)	(440)	(6,321)
Gross written contribution (inclusive of administrative surcharge)	222,896	93,583	273,803	44,015	634,297
Wakala fees	(62,397)	(26,197)	(76,648)	(12,322)	(177,564)
Takaful contribution earned	207,633	91,752	272,696	29,429	601,510
Takaful contribution ceded to retakaful operators	(192,923)	(69,501)	(39,424)	(21,237)	(323,085)
Net takaful contribution	(47,687)	(3,946)	156,624	(4,130)	100,861
Retakaful rebate	36,866	15,637	2,041	2,605	57,149
Net underwriting income	(10,821)	11,691	158,665	(1,525)	158,010
Takaful claims	(25,165)	(31,661)	(195,100)	(4,047)	(255,973)
Takaful claims recovered from retakaful	21,273	24,893	28,875	3,222	78,263
Net claims	(3,892)	(6,768)	(166,225)	(825)	(177,710)
Surplus before investment income	(14,713)	4,923	(7,560)	(2,350)	(19,700)
Other expenses					(5,119)
Net investment income					–
Other income					50,662
Provision for impairment					(4,607)
Mudarib fees					(15,198)
Surplus transferred to balance of PTF					6,038
Allocated Assets					
Premium due but unpaid	21,629	12,735	37,085	16,012	87,461
Prepaid reinsurance premium ceded	94,311	3,908	9,967	8,674	116,860
Reinsurance recoveries against outstanding claims	15,022	8,746	11,573	2,286	37,627
Deferred Wakala expense	34,320	1,856	43,370	5,926	85,472
Salvage recoveries outstanding	55	–	8,100	–	8,155
	165,337	27,245	110,095	32,898	335,575
Unallocated Assets					
Amount due from other insurers/ reinsurers					149,144
Cash and Cash equivalents					424,859
Loan - secured, considered good					130
Taxation - provision less payment					9,901
					584,034
Total Assets					919,609
Allocated Liabilities					
Outstanding Claims	17,514	11,324	130,662	3,642	163,142
Unearned Premium	114,403	6,185	144,567	19,753	284,908
Reserve for unearned retakaful rebate	22,633	977	2,072	2,682	28,364
	154,550	18,486	277,301	26,077	476,414
Unallocated Liabilities					
Contribution received in advance					17,360
Amount due to other insurer/ reinsurers					245,690
Other creditors and accruals					15,684
Payable to OPF					55,550
					334,284
Total liabilities					810,698

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December 31, 2024

	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
29.2 Operator's Fund					
Wakala fee					177,564
Commission expense					(79,605)
Management expenses					(102,375)
					(4,416)
Other Income					32,955
Mudarib fees					15,198
Other expenses					(1,864)
Profit before taxation					41,873
Taxation					(12,143)
Profit after tax for the period					29,730
Segment assets					320,283
Segment liabilities					193,639

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SEGMENT INFORMATION

Participants' Takaful Fund

	December 31, 2023				Aggregate
	Fire and property	Marine and transport	Motor	Other classes	
	(Rupees in '000)				
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	221,372	61,490	373,166	13,170	669,198
Less: Federal Excise Duty	(28,024)	(7,020)	(44,892)	(1,592)	(81,528)
Less: Federal Insurance Fee	(1,909)	(540)	(3,256)	(115)	(5,820)
Gross written contribution (inclusive of administrative surcharge)	191,439	53,930	325,018	11,463	581,850
Wakala fees	(46,459)	(13,088)	(78,876)	(2,781)	(141,204)
Takaful contribution earned	150,311	53,153	300,619	8,377	512,460
Takaful contribution ceded to retakaful operators	(138,062)	(37,749)	(31,983)	(6,842)	(214,636)
Net takaful contribution	(34,210)	2,316	189,760	1,246	156,620
Retakaful rebate	26,044	8,130	262	1,117	35,553
Net underwriting income	(8,166)	10,446	190,022	(129)	192,173
Takaful claims	(27,752)	(2,988)	(228,989)	(8,741)	(268,470)
Takaful claims recovered from retakaful	23,676	2,373	23,919	5,843	55,811
Net claims	(4,076)	(615)	(205,070)	(2,898)	(212,659)
Surplus before investment income	(12,242)	9,831	(15,048)	(3,027)	20,486
Other expenses					(3,267)
Net investment income					533
Other income					36,516
Mudarib fees					(11,115)
Surplus transferred to balance of PTF					2,181
Allocated Assets					
Premium due but unpaid	18,355	9,568	29,549	363	57,835
Prepaid reinsurance premium ceded	84,275	4,259	3,060	4,250	95,844
Reinsurance recoveries against outstanding claims	9,115	7,709	4,302	2,764	23,890
Deferred Wakala expense	29,742	1,306	43,038	1,550	75,636
Salvage recoveries outstanding	—	30	3,300	—	3,330
	141,487	22,872	83,249	8,927	256,535
Unallocated Assets					
Amount due from other insurers/ reinsurers					133,152
Cash and Cash equivalents					284,219
Loan - secured, considered good					3,398
Others					220
Taxation - provision less payment					6,954
					427,943
Total assets					684,478
Allocated Liabilities					
Outstanding Claims	10,486	9,078	102,271	4,790	126,625
Unearned Premium	99,138	4,355	143,460	5,168	252,121
Reserve for unearned retakaful rebate	16,645	903	394	619	18,561
	126,269	14,336	246,125	10,577	397,307
Unallocated Liabilities					
Contribution received in advance					19,026
Amount due to other insurer/ reinsurers					135,162
Other creditors and accruals					12,047
Payable to OPF					18,063
					184,298
Total liabilities					581,605

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	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
Operator's Fund					
Wakala fee					141,204
Commission expense					(58,901)
Management expenses					(39,616)
					<u>42,687</u>
Investment income					272
Other Income					17,928
Mudarib fees					11,115
Other expenses					(2,094)
Profit before taxation					<u>69,908</u>
Taxation					(20,273)
Profit after tax for the period					<u>49,635</u>
Segment assets					<u>241,241</u>
Segment liabilities					<u>153,611</u>

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30. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

Insurance and financial risk management objectives and policies are consistent with those disclosed in financial statements for the year ended December 31, 2023.

30.1 Credit risk

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

30.1.1 Management of credit risk

The Operator's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Operator in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.
- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.
- Loans given to employees are deductible from the salary of the employees.
- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery..

30.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at December 31, 2024 is as follows:

	December 31, 2024			
	Operator's Fund		Participant Takaful Fund	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupees in '000)			
Loan and other receivables	149	149	129	129
Takaful / retakaful receivable	–	–	236,605	236,605
Retakaful recoveries against outstanding claims	–	–	37,627	37,627
Salvage recoveries accrued	–	–	8,155	8,155
Receivable from PTF	55,550	55,550	–	–
Balance with banks	224,438	224,438	424,743	424,743
	<u>280,137</u>	<u>280,137</u>	<u>707,259</u>	<u>707,259</u>
	December 31, 2023			
	Operator's Fund		Participant Takaful Fund	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupees in '000)			
Loans and other receivables	25	–	3,287	3,287
Takaful / retakaful receivable	–	–	190,987	190,987
Retakaful recoveries against outstanding claims	–	–	23,890	23,890
Salvage recoveries accrued	–	–	3,330	3,330
Receivable from PTF	18,063	18,063	–	–
Balances with banks	190,492	190,492	284,181	284,181
	<u>208,580</u>	<u>208,555</u>	<u>505,675</u>	<u>505,675</u>

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30.1.3 Past due / impaired assets

Age analysis of contribution due but unpaid at the reporting date was:

	December 31, 2024		December 31, 2023	
	Gross (Rupees in '000)	Impairment	Gross (Rupees in '000)	Impairment
Upto 1 year	87,461	–	74,438	16,603
1-2 year	3,298	3,298	3,797	3,797
Over 2 years	–	–	202	202
Total	90,759	3,298	78,437	20,602

Age analysis of amount due from other takaful / retakaful Operators at the reporting date was:

	December 31, 2024		December 31, 2023	
	Gross (Rupees in '000)	Impairment	Gross (Rupees in '000)	Impairment
Upto 1 year	130,190	–	99,088	–
1-2 year	38,054	(19,100)	34,064	–
Over 2 years	2,811	(2,811)	–	–
Total	171,055	(21,911)	133,152	–

Age analysis of retakaful and other recoveries against outstanding claims at the reporting date was:

	December 31, 2024		December 31, 2023	
	Gross (Rupees in '000)	Impairment	Gross (Rupees in '000)	Impairment
Upto 1 year	27,258	–	(29,691)	–
1-2 year	(30,300)	–	44,127	–
Over 2 years	48,824	–	12,784	–
Total	45,782	–	27,220	–

In respect of the aforementioned takaful and retakaful assets, the Company takes into account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, retakaful recoveries are made when corresponding liabilities are settled.

30.1.4 Credit Rating and Collateral

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

	Short/ Long term Rating	Rating Agency	December 31, 2024		December 31, 2023	
			Operator's Fund (Rupees in '000)	Participant Takaful Fund	Operator's Fund (Rupees in '000)	Participant Takaful Fund
Bank AL Habib Limited	A1+ / AAA	PACRA	217,701	400,253	184,707	271,743
Habib Bank Limited	A1+ / AAA	JCR-VIS	6,737	4,085	5,785	7,074
Meezan Bank Limited	A1+ / AAA	JCR-VIS	–	20,405	–	5,364
			224,438	424,743	190,492	284,181

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The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it relates is as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2024	2023
				(Rupees in '000)	
A or above (including PRCL)	<u>171,055</u>	<u>45,782</u>	<u>116,860</u>	<u>333,697</u>	<u>256,216</u>

30.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of contribution due but unpaid at the reporting date was:

	Participant Takaful Fund		Participant Takaful Fund	
	December 31, 2024		December 31, 2023	
	(Rupees in '000)	%	(Rupees in '000)	%
Automobiles	13,039	14.91	30,757	53.18
Banks, modaraba and leasing	8,907	10.18	79	0.14
Textile and composite	6,165	7.05	4,690	8.11
Chemicals and allied industries	307	0.35	478	0.83
Cable, engineering and steel	1,927	2.20	3,017	5.22
Food and confectionary	7,414	8.48	248	0.43
Sugar	1,933	2.21	1,059	1.83
Pharmaceuticals	7,070	8.08	603	1.04
Others	40,699	46.53	16,904	29.23
	<u>87,461</u>	<u>100.00</u>	<u>57,835</u>	<u>100.00</u>

30.1.6 Settlement risk

The Operator's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

30.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

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30.2.1 Management of liquidity risk

The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. Due to nature of the business, the Operator maintains flexibility in funding by maintaining committed credit lines available. The Operator's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

30.2.2 Maturity analysis of financial assets and liabilities

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows (including interest payments): The information given below is based on contractual repricing on maturity dates, which ever is earlier.

	December 31, 2024		
	Interest/ Markup bearing	Non-Interest/ Non-markup bearing	Total
	Maturity upto one year	Maturity upto one year (Rupees in '000)	
Operator's Fund			
FINANCIAL ASSETS			
Loans and other receivables	–	149	149
Receivable from PTF	–	55,550	55,550
Cash and bank balances	224,438	–	224,438
	<u>224,438</u>	<u>55,699</u>	<u>280,137</u>
FINANCIAL LIABILITIES			
Other creditors and accrual	–	57,877	57,877
Net	<u>224,438</u>	<u>(2,178)</u>	<u>222,260</u>
	December 31, 2023		
	Interest/ Markup bearing	Non-Interest/ Non-markup bearing	Total
	Maturity upto one year	Maturity upto one year (Rupees in '000)	
Operator's Fund			
FINANCIAL ASSETS			
Loans and other receivables	–	25	25
Receivable from PTF	–	18,063	18,063
Cash and bank balances	190,492	–	190,492
	<u>190,492</u>	<u>18,088</u>	<u>208,580</u>
FINANCIAL LIABILITIES			
Other creditors and accrual	–	45,820	45,820
Net	<u>190,492</u>	<u>(27,732)</u>	<u>162,760</u>

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	December 31, 2024		
	Interest/ Markup bearing	Non-Interest/ Non-markup bearing	Total
	Maturity upto one year	Maturity upto one year (Rupees in '000)	
Participant Takaful Fund			
FINANCIAL ASSETS			
Loans and other receivables	-	129	129
Takaful/ retakaful receivables	-	236,605	236,605
Balance with banks	424,743	-	424,743
Retakaful recoveries against outstanding claims	-	37,627	37,627
Salvage recoveries accrued	-	8,155	8,155
	424,743	282,516	707,259
FINANCIAL LIABILITIES			
Outstanding claims including IBNR	-	163,142	163,142
Takaful/ retakaful payables	-	245,690	245,690
Other creditors and accrual	-	3,358	3,358
	-	412,190	412,190
Net	424,743	(129,674)	295,069

	December 31, 2023		
	Interest/ Markup bearing	Non-Interest/ Non-markup bearing	Total
	Maturity upto one year	Maturity upto one year (Rupees in '000)	
Participant Takaful Fund			
FINANCIAL ASSETS			
Loans and other receivables	-	3,287	3,287
Takaful/ retakaful receivables	-	190,987	190,987
Balance with banks	284,181	-	284,181
Retakaful recoveries against outstanding claims	-	23,890	23,890
Salvage recoveries accrued	-	3,330	3,330
	284,181	221,494	505,675
FINANCIAL LIABILITIES			
Outstanding claims including IBNR	-	126,625	126,625
Takaful/ retakaful payables	-	135,162	135,162
Other creditors and accruals	-	2,223	2,223
	-	264,010	264,010
Net	284,181	(42,516)	241,665

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30.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the Operator's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Operator is exposed to interest rate risk, currency risk and other price risk.

30.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

Refer note 30.2.2 for the details of maturity analysis of financial instruments.

30.3.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Operator's interest-bearing financial instrument are as follows:

	Operator's Takaful Fund		Operator's Takaful Fund	
	December 31, 2024		December 31, 2023	
	Effective interest rate (in %)	(Rupees in '000)	Effective interest rate (in %)	(Rupees in '000)
Financial assets				
Assets subject to variable rate				
- Balances with banks	11.0% - 19.0%	<u>224,438</u>	9.0% - 10.75%	<u>190,492</u>

	Participants Takaful Fund		Participants Takaful Fund	
	December 31, 2024		December 31, 2023	
	Effective interest rate (in %)	(Rupees in '000)	Effective interest rate (in %)	(Rupees in '000)
Financial assets				
Assets subject to variable rate				
- Balances with banks	11.0% - 19.0%	<u>424,743</u>	6.50% - 8.25%	<u>284,181</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks. A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Habib Insurance Company Limited

	December 31, 2024		December 31, 2023	
	Mark-up 100 bps		Mark-up 100 bps	
	Operator's Takaful Fund		Operator's Takaful Fund	
	Increase	Decrease	Increase	Decrease
Cash flow sensitivity	22,444	(22,444)	19,049	(19,049)

(Rupees in '000)

	December 31, 2024		December 31, 2023	
	Mark-up 100 bps		Mark-up 100 bps	
	Participant Takaful Fund		Participant Takaful Fund	
	Increase	Decrease	Increase	Decrease
Cash flow sensitivity	42,474	(42,474)	28,418	(28,418)

(Rupees in '000)

30.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

The WTO's strategy is to hold its strategic investments for long period of time. Thus, WTO's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. WTO strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. WTO manages price risk by monitoring exposure in these securities and implementing the strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The WTO has no significant concentration of price risk.

30.3.3 Foreign currency risk

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

30.4 Fund management

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

The Operator manages its fund structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

The statement of solvency is presented in note 30 to the financial statements.

Habib Insurance Company Limited

30.5 Reconciliation of movement of liabilities to cash flows arising from financing activities

	December 31, 2024			December 31, 2023		
	Liabilities	Equity Share Capital	Reserves (including unappropriated)	Liabilities	Equity Share Capital	Reserves (including unappropriated)
Operator's Takaful Fund						
Balance as at January 01,	153,611	50,000	37,630	82,965	50,000	(11,998)
Liability related changes during the year	40,028	–	–	70,646	–	–
Equity related changes during the year	–	–	39,014	–	–	49,628
Balance as at December 31,	<u>193,639</u>	<u>50,000</u>	<u>76,644</u>	<u>153,611</u>	<u>50,000</u>	<u>37,630</u>

	December 31, 2024			December 31, 2023		
	Liabilities	Equity Share Capital	Reserves (including unappropriated)	Liabilities	Equity Share Capital	Reserves (including unappropriated)
Participants' Takaful Fund						
Balance as at January 01,	581,605	500	102,373	412,325	500	100,192
Liability related changes during the year	229,093	–	–	169,280	–	–
Equity related changes during the year	–	–	6,038	–	–	2,181
Balance as at December 31,	<u>810,698</u>	<u>500</u>	<u>108,411</u>	<u>581,605</u>	<u>500</u>	<u>102,373</u>

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Habib Insurance Company Limited

Participants' Takaful Fund

December 31, 2024

	Held to maturity	Loans & receivable	Other financial assets	financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets not measured at fair value								
Loans and other receivables	-	129	-	-	129	-	-	-
Takaful/ retakaful recoveries	-	236,605	-	-	236,605	-	-	-
Retakaful recoveries against outstanding claims	-	37,627	-	-	37,627	-	-	-
Salvage Recoveries Accrued	-	8,155	-	-	8,155	-	-	-
Balance with banks	-	-	424,743	-	424,743	-	-	-
	-	282,516	424,743	-	707,259	-	-	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	163,142	163,142	-	-	-
Takaful / retakaful payables	-	-	-	245,690	245,690	-	-	-
Other creditors and accrual	-	-	-	3,358	3,358	-	-	-
	-	-	-	412,190	412,190	-	-	-

Participants' Takaful Fund

December 31, 2023

	Held to maturity	Loans & receivable	Other financial assets	financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets measured at fair value								
Loans and other receivables	-	3,287	-	-	3,287	-	-	-
Takaful/ retakaful recoveries	-	190,987	-	-	190,987	-	-	-
Retakaful recoveries against outstanding claims	-	23,890	-	-	23,890	-	-	-
Salvage Recoveries Accrued	-	3,330	-	-	3,330	-	-	-
Balance with banks	-	-	284,181	-	284,181	-	-	-
	-	221,494	284,181	-	505,675	-	-	-
Financial liabilities not measured at fair value								
Payable to OPF	-	-	-	126,625	126,625	-	-	-
Outstanding claims including IBNR	-	-	-	135,162	135,162	-	-	-
Takaful / retakaful payables	-	-	-	2,223	2,223	-	-	-
	-	-	-	264,010	264,010	-	-	-

Habib Insurance Company Limited

Operator's Takaful Fund

December 31, 2024

	Held to	Loans & maturity	Other receivable assets	financial financial	Total liabilities	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets not measured at fair value								
Loans and other receivables	-	149	-	-	149	-	-	-
Receivables from PTF	-	55,550	-	-	55,550	-	-	-
Balance with banks	-	-	224,438	-	224,438	-	-	-
	-	55,699	224,438	-	280,137	-	-	-
Financial liabilities not measured at fair value								
Other creditors and accruals	-	-	-	57,877	57,877	-	-	-
	-	-	-	57,877	57,877	-	-	-

Operator's Takaful Fund

December 31, 2023

	Held to	Loans & maturity	Other receivable assets	financial financial	Total liabilities	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets measured at fair value								
Loans and other receivables	-	25	-	-	25	-	-	-
Receivables from PTF	-	18,063	-	-	18,063	-	-	-
Balance with banks	-	-	190,492	-	190,492	-	-	-
	-	18,088	190,492	-	208,580	-	-	-
Financial liabilities not measured at fair value								
Other creditors and accruals	-	-	-	45,820	45,820	-	-	-
	-	-	-	45,820	45,820	-	-	-

The carrying values of remaining financial assets and liabilities reflected in these financial statements approximate to their fair value, as there are mostly short term in mature or repriced frequently.

Habib Insurance Company Limited

32. STATEMENT OF SOLVENCY

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

Loans and other receivables	130	3,398
Takaful / retakaful receivable	236,605	190,987
Retakaful recoveries against outstanding claims	37,627	23,890
Salvage recoveries accrued	8,155	3,330
Deferred Wakala expense	85,472	75,636
Taxation - payments less provision	9,901	6,954
Prepayments	116,860	96,064
Cash and bank	424,859	284,219
Total Assets (A)	919,609	684,478
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
Contribution due since more than three months	(18,195)	(24,138)
Total In-admissible assets (B)	(18,195)	(24,138)
Total Admissible Assets C= A-B	901,414	660,340
Liabilities		
PTF underwriting provisions		
Outstanding claims including IBNR	163,142	126,625
Unearned contribution reserve	284,908	252,121
Reserve for unearned retakaful rebate	28,364	18,561
Contribution received in advance	17,360	19,026
Takaful / retakaful payable	245,690	135,162
Other creditors and accrual	15,684	12,047
Payable to OTF	55,550	18,063
Total Liabilities (D)	810,698	581,605
Net Surplus as at December 31 (E=C-D)	90,716	78,735
33. NUMBER OF EMPLOYEES		
At year end	37	28
Average during the year	33	15
34. CORRESPONDING FIGURES		
Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the financial statements. However, no material rearrangement / reclassification made during the year.		
35. GENERAL		
Figures have been rounded off to the nearest Thousand Rupees.		
36. DATE OF AUTHORIZATION FOR ISSUE		
These financial statements have been authorised for issue on March 27, 2025 by the Board of Directors.		

RAFIQ M. HABIB
Chairman

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Director

SYED ATHER ABBAS
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Pattern of Shareholding as at December 31, 2024

Number of Shareholders	Shareholdings' Slab			Total Shares Held
863	1	to	100	12,170
254	101	to	500	77,049
177	501	to	1000	139,830
433	1001	to	5000	1,187,477
136	5001	to	10000	995,585
96	10001	to	15000	1,205,803
43	15001	to	20000	787,212
39	20001	to	25000	913,552
23	25001	to	30000	637,556
15	30001	to	35000	492,591
11	35001	to	40000	416,415
9	40001	to	45000	388,688
13	45001	to	50000	632,609
5	50001	to	55000	254,763
9	55001	to	60000	527,234
17	60001	to	65000	1,061,523
5	65001	to	70000	339,951
4	70001	to	75000	286,049
5	75001	to	80000	393,464
3	80001	to	85000	247,191
7	85001	to	90000	606,937
1	90001	to	95000	93,766
10	95001	to	100000	993,795
2	100001	to	105000	203,941
2	105001	to	110000	214,134
2	115001	to	120000	234,000
6	120001	to	125000	742,486
1	125001	to	130000	129,132
5	130001	to	135000	666,973
2	135001	to	140000	277,203
2	140001	to	145000	286,542
2	145001	to	150000	295,118
1	150001	to	155000	152,560
1	155001	to	160000	157,400
3	165001	to	170000	502,203
4	170001	to	175000	683,608
2	185001	to	190000	371,348
4	190001	to	195000	774,938
4	195001	to	200000	796,326
3	205001	to	210000	627,078
1	210001	to	215000	210,037
5	220001	to	225000	1,110,696
3	225001	to	230000	681,296
1	230001	to	235000	234,210
8	245001	to	250000	1,986,553
1	250001	to	255000	250,058
1	255001	to	260000	256,504
1	270001	to	275000	270,885
1	275001	to	280000	275,863
2	280001	to	285000	564,196
2	300001	to	305000	602,980
2	305001	to	310000	615,670
1	310001	to	315000	312,540
1	315001	to	320000	319,988
1	320001	to	325000	321,696
3	330001	to	335000	994,060
2	340001	to	345000	685,604
1	385001	to	390000	387,848
1	390001	to	395000	393,152
1	395001	to	400000	400,000
1	410001	to	415000	410,721
1	420001	to	425000	420,300
1	430001	to	435000	432,318
2	445001	to	450000	894,016
1	480001	to	485000	481,010
1	490001	to	495000	493,416
2	495001	to	500000	996,000
1	510001	to	515000	513,007
1	520001	to	525000	524,175
2	525001	to	530000	1,055,706

Habib Insurance Company Limited

Pattern of Shareholding as at December 31, 2024

Number of Shareholders	Shareholdings' Slab			Total Shares Held
3	540001	to	545000	1,627,944
1	580001	to	585000	584,046
1	590001	to	595000	591,650
2	600001	to	605000	1,205,543
1	620001	to	625000	620,360
1	625001	to	630000	625,654
1	630001	to	635000	633,270
1	665001	to	670000	666,091
1	690001	to	695000	693,695
2	710001	to	715000	1,424,750
1	735001	to	740000	736,117
1	755001	to	760000	757,323
1	765001	to	770000	769,511
2	770001	to	775000	1,549,633
1	800001	to	805000	800,219
1	805001	to	810000	809,452
1	810001	to	815000	813,114
1	825001	to	830000	828,243
3	880001	to	885000	2,648,592
1	930001	to	935000	930,194
1	990001	to	995000	990,198
1	995001	to	1000000	1,000,000
1	1055001	to	1060000	1,060,000
1	1085001	to	1090000	1,088,937
1	1090001	to	1095000	1,092,797
1	1105001	to	1110000	1,105,005
1	1115001	to	1120000	1,116,797
1	1195001	to	1200000	1,200,000
1	1205001	to	1210000	1,208,386
1	1215001	to	1220000	1,219,590
1	1225001	to	1230000	1,227,082
1	1245001	to	1250000	1,248,800
3	1265001	to	1270000	3,807,065
1	1395001	to	1400000	1,399,918
1	1405001	to	1410000	1,407,497
1	1435001	to	1440000	1,436,621
1	1475001	to	1480000	1,475,052
2	1630001	to	1635000	3,265,272
1	1875001	to	1880000	1,877,462
1	1940001	to	1945000	1,943,891
1	2440001	to	2445000	2,440,507
1	2720001	to	2725000	2,721,386
1	2990001	to	2995000	2,994,651
1	4975001	to	4980000	4,979,761
1	5360001	to	5365000	5,363,772
1	5735001	to	5740000	5,735,396
1	6220001	to	6225000	6,222,926
1	7025001	to	7030000	7,029,880
2,334				123,874,755

Habib Insurance Company Limited

Pattern of Shareholding as at December 31, 2024

Additional Information

Shareholders' Category	Number of shareholders / folios	Number of shares held
Assoociated Companies		
Thal Limited	1	5,735,396
Directors		
Mr. Rafiq M. Habib	1	166,856
Mr. Mansoor G. Habib	1	100,000
Mr. Muhmmad Hyder Habib	1	774,803
Mr. Qumail R. Habib	2	603,611
Mr. Aun Mohammad A. Habib	2	1,242,734
Mr. Shahid Ghaffar	1	2,000
Mr. Ali Fadoo	1	2,000
Mr. Shabbir Gulamali	1	2,107
Directors and their spouse(s) and minor children		
Mrs. Jamila Rafiq w/o Mr. Rafiq M. Habib	1	1,116,797
Mrs. Farah Fatima Habib w/o Mr. Muhammad Hyder Habib	1	1,475,052
Individuals/ Others	2,271	69,358,035
Charitable Trusts, Societies and Government Institutions	38	22,775,076
Foreign Investors	10	9,267,482
Shareholders holding 5% or more	2	13,252,806
	2,334	123,874,755

Habib Insurance Company Limited

Notice of Annual General Meeting

NOTICE is hereby given that the 82nd Annual General Meeting of the Shareholders of the Company will be held at Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block 8, Clifton, Karachi on Tuesday, April 29, 2025 at 11:00 am to transact the following business. The shareholders may also attend the meeting through electronic means as advised by Securities and Exchange Commission of Pakistan (SECP).

Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended December 31, 2024 together with the Reports of Chairman, Directors and Auditors.
2. To consider and approve payment of cash dividend @ 20.0% i.e., Rs. 1.00 per share of Rs. 5/- each for the year ended December 31, 2024.
3. To appoint Auditors for the year ending December 31, 2025 and to fix their remuneration. M/s. Grant Thornton Anjum Rahman, Chartered Accountants, being eligible, offered themselves for re-appointment.
4. To consider any other business of the Company with the permission of the Chair.

Special Business

5. To consider and if thought fit, pass the following Special Resolution for obtaining approval of the shareholders of the Company, as per the requirements of SRO 389(I)/2023 dated March 21, 2023, issued by the SECP for transmission of the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to the members through QR-enabled code and weblink.

"**RESOLVED** that the shareholders of the Company do hereby consent and authorise the Company for transmission of "annual audited financial statements", including but not limited to the annual balance sheet, profit and loss account, auditor's report and directors' report, etc, to its shareholders through QR-enabled code and weblink, subject to the requirements of SECP's SRO 389(I)/2023 dated March 21, 2023."

6. To consider and if thought fit, pass the following Special Resolution for authorising investment by way of purchase of shares of the under-mentioned associated companies:

"**RESOLVED** that the Company be and is hereby authorised to invest the under-mentioned amounts by way of purchase of ordinary shares of the under-mentioned associated companies within a period of two years.

Sr. No.	Name of the Company	Rs. In million
1	Bank AL Habib Limited	300
2	Habib Metropolitan Bank Limited	300
3	Indus Motor Company Limited	200
4	Shabbir Tiles & Ceramics Limited	200
5	Thal Limited	200

FURTHER RESOLVED that the Company be and is hereby also authorized to invest up-to Rs. 700 million in the units of Funds, managed by AL Habib Asset Management Limited within a period of two years.

FURTHER RESOLVED that the Chief Executive and the Chief Financial Officer be and are hereby authorised jointly to make the aforesaid investments as and when deemed appropriate and to delegate the aforesaid powers to any officers of the Company as he may deem fit."

For item # 5 & 6, a statement under section 134(3) of the Company Act, 2017 relating to the aforesaid special business to be transacted at the said Annual General Meeting is attached.

By order of the Board

Karachi: March 27, 2025

Muhammad Asif
Company Secretary

Habib Insurance Company Limited

Notes:

1. Participation in the Annual General Meeting (AGM) through Electronic Means:

The entitled shareholders who are interested to attend AGM through online platform and whose names appeared in the Books of the Company by the close of business on April 15, 2025 are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest but not later than 48 hours before the time of AGM (no account shall be taken of any part of the day that is not a working day) at investor.relations@habibinsurance.net

Name of shareholder	CNIC No.	Folio No. / CDS No.	Cell Number	Email address

Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

The entitled shareholders (whose names appeared in the Books of the Company by the close of business on April 15, 2025) along with the details mentioned above may send their comments/suggestions for the proposed Agenda items at the above email address at least 48 hours before the time of AGM (no account shall be taken of any part of the day that is not a working day).

2. The share transfer books of the Company will remain closed from Wednesday, April 16, 2025 to Tuesday, April 29, 2025 (both days inclusive). Transfers received in order at the office of our Share Registrar, CDC Share Registrar Services Limited, located at the CDC House, 99-B, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi-74400 by the close of business on April 15, 2025 will be treated in time for payment of cash dividend (subject to approval of the Members). Members are requested to promptly communicate any change in their addresses to our above mentioned Share Registrar.
3. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A Proxy (except for a corporation) must be a Member of the Company. Proxy form, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of the meeting (no account shall be taken of any part of the day that is not a working day).
4. The entitled shareholders are requested to keep with them their original Computerized National Identity Cards (CNICs) / Passport along with their folio numbers / participant(s) ID numbers and CDC account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. The proxy shall also produce his/her original CNIC or Passport at the time of the meeting. In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures shall be submitted along with Proxy Form.
5. As per Section 150 of the Income Tax Ordinance, 2001, different rates are prescribed for deduction of withholding tax on the amount of cash dividend paid by the companies. These tax rates are as under:
 - (i) For filers of income tax returns 15%
 - (ii) For non-filers of income tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of cash dividend i.e., April 29, 2025; otherwise, tax on their cash dividend will be deducted @ 30% instead of 15%.

According to FBR, withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint-shareholder(s) based on their shareholding proportions, in case of joint accounts. Members that hold shares with joint-shareholder(s) are requested to provide shareholding proportions of principal shareholder and joint-shareholder(s) in respect of shares held by them to the Company's Share Registrar in writing in the following format.

Habib Insurance Company Limited

Company Name	Folio/CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

In case the required information is not provided to our Share Registrar latest by April 15, 2025, it will be assumed that the shares are equally held by them.

In case of corporate entity, withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar latest by April 15, 2025.

As per instructions of SECP and Central Depository Company of Pakistan (CDC) circular No. 6 of 2018, the shareholders are hereby informed that the CDC has developed Centralized Cash Dividend Register (CCDR) on eServices Web Portal which contains details of cash dividend such as either paid or unpaid, withheld by the Company, total amount of cash dividend, tax and zakat deductions and net amount credited into designated bank account of shareholders. The shareholders are requested to register themselves to CDC's eServices Portal link, <https://eservices.cdcaccess.com.pk> to obtain the aforesaid information.

6. Payment of cash dividend through Electronic Mode

Under the provision of Section 242 of Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to their shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

In order to receive cash dividend directly into the designated bank account, Members who have not yet provided the bank account details are requested to fill and sign the "E-Dividend Mandate Form" available on the Company's website www.habibinsurance.net and send to the relevant Participants/Investor Account Services of the CDC/Share Registrar of the Company (as the case may be) latest by April 15, 2025 along with a copy of their valid CNICs.

In case of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of valid CNICs, the Company will withhold cash dividend of such Members.

7. Deposit/Conversion of Physical Shares into Book Entry Form

The shareholders having physical share certificates of the Company are advised to place / convert their physical shares into Book-Entry form in CDC as required under the provisions of Section 72 of the Companies Act, 2017.

8. Unclaimed/Unpaid Cash Dividend and Share Certificates

In compliance of Section 244 of the Act, the Company has already requested through individual letters to shareholders and also through newspaper to collect their unclaimed shares / unpaid cash dividend, if any. Shareholders are once again requested to lodge a claim for unclaimed shares / unpaid cash dividends with the Company's Share Registrar i.e. CDC Share Registrar Services Limited

9. Audited Financial Statements through email

In pursuant to Section 223 of the Companies Act 2017, Annual Report 2024 which includes Auditors' Report along with Audited Financial Statements, Directors' Report, Chairman's Review Report and Notice of Annual General Meeting are being e-mailed to the Members who have provided their e-mail addresses for the said purpose. Members are also requested to intimate change (if any) in their registered e-mail addresses to our Share Registrar for the aforesaid purpose. Members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses to our Share Registrar through consent form, available on the Company's website. The Annual Report 2024 of the Company is also available on Company's website and can be downloaded through the web link <https://www.habibinsurance.net/investor-information>

Habib Insurance Company Limited

10. Postal Ballot / E-Voting

In accordance with the Companies (Postal Ballot) Regulations 2018, and its amendments notified vide SRO 2192(I)/2022 dated December 05, 2022, the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all business classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

Procedure for E-Voting

- a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of April 15, 2025.
- b. The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- c. Identity of the Members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.
- d. E-Voting lines will start from April 24, 2025, 09:00 a.m. and shall close on April 28, 2025 at 5:00 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

Procedure for Voting through Postal Ballot

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's registered address 1st Floor, State Life Building. No.6, Habib Square, M.A. Jinnah Road, Karachi or email at investor.relations@habibinsurance.net one day before the Annual General Meeting on April 28, 2025, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

Scrutinizer

In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s UHY HASSAN NAEEM & CO, Chartered Accountants, a QCR rated audit firm, to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

For any query / clarification / information, the shareholder may contact the Share Registrar at the following address:

M/s. CDC Share Registrar Services Limited

CDC House, 99-B, Block-B
SMCHS, Main Shahrah-e-Faisal
Karachi-74400

Habib Insurance Company Limited

POSTAL BALLOT PAPER

for voting through post for the Special Business at the Annual General Meeting to be held on Tuesday, April 29, 2025, at 11:00 a.m. at Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block 8, Clifton, Karachi
Phone: +92-21- 111-03-03-03 Website: www.habibinsurance.net.

Folio / CDS Account Number

Name of Shareholder / Proxy Holder

Registered Address

Number of shares Held

CNIC/Passport No. (in case of foreigner) (copy to be attached)

Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)

Name of Authorized Signatory

CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)

Resolution For Agenda Item No. 6

To consider and if thought fit, pass the following Special Resolution for authorising investment by way of purchase of shares of the under-mentioned associated companies:

“**RESOLVED** that the Company be and is hereby authorised to invest the under-mentioned amounts by way of purchase of ordinary shares of the under-mentioned associated companies within a period of two years.

Sr. No.	Name of the Company	Rs. In million
1	Bank AL Habib Limited	300
2	Habib Metropolitan Bank Limited	300
3	Indus Motor Company Limited	200
4	Shabbir Tiles & Ceramics Limited	200
5	Thal Limited	200

FURTHER RESOLVED that the Company be and is hereby also authorized to invest up to Rs. 700 million in the units of Funds, managed by AL Habib Asset Management Limited within a period of two years.

FURTHER RESOLVED that the Chief Executive and the Chief Financial Officer be and are hereby authorised jointly to make the aforesaid investments as and when deemed appropriate and to delegate the aforesaid powers to any officers of the Company as he may deem fit.”

Instructions For Poll

1. Please indicate your vote by ticking (✓) the relevant box.

2. In case if both the boxes are marked as (✓), you poll shall be treated as “**Rejected**”.

I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below;

Resolution	I/We assent to the Resolution (FOR)	I/We assent to the Resolution (AGAINST)
Resolution For Agenda Item No. 6		

- Dully filled ballot paper should be sent to the Chairman of Habib Insurance Company Limited at 1st Floor, State Life Building. No. 6, Habib Square, M. A. Jinnah Road, Karachi or email at investor.relations@habibinsurance.net
- Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within business hours by or before Monday, April 28, 2025. Any postal Ballot received after this date, will not be considered for voting.
- Signature on ballot paper should match with signature on CNIC/ Passport. (In case of foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
- In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
- Ballot Paper form has also been placed on the website of the Company at: www.habibinsurance.net. Members may download the Ballot paper from the website or use an original/photocopy published in newspapers.

Date _____

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Habib Insurance Company Limited

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

The statement is annexed to the Notice of the 82nd Annual General Meeting to be held on April 29, 2025 at which certain business are to be transacted. The purpose of this statement is to set forth material facts concerning such special business.

ITEM NUMBER 5 OF THE AGENDA

As recommended by the Board of Directors in their meeting held on March 27, 2025, it is intended to propose to obtain approval of the shareholders of the Company, as per the requirements of SRO 389(I)/2023 dated March 21, 2023, issued by the SECP for transmission of the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to the members through QR-enabled code and weblink.

ITEM NUMBER 6 OF THE AGENDA

As recommended by the Board of Directors in their meeting held on March 27, 2025, it is proposed to make investment by way of purchase of shares of our associated companies. In this regard the Company seeks the approval of the shareholders under section 208 of the Companies Act, 2017.

In compliance with Regulations No. 8 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 the following information is annexed with the notice for approval of investment in associated companies.

Bank AL Habib Limited

Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Bank AL Habib Limited being associated on the basis of common directorship. Mr. Qumail R. Habib, Directors of the Company are also Director of Bank AL Habib Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 300 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	1,000,000 shares (0.095%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve monthly average price of the security intended to be acquired	Rs. 100.56 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	December 31, 2024: Rs. 117.31
10	Earning per share of the associated company or associated undertaking for the last three years	2024: Rs. 35.87 per share 2023: Rs. 31.78 per share 2022: Rs. 14.91 per share
11	Sources of fund from which securities will be acquired	Own source

Habib Insurance Company Limited

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds: i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely: i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Bank AL Habib Limited.

Habib Insurance Company Limited

Habib Metropolitan Bank Limited Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Habib Metropolitan Bank Limited being associated on the basis of common directorship. Mr. Muhammad Hyder Habib, Director of the Company is also Director of Habib Metropolitan Bank Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 300 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	4,000,000 shares (0.38%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve monthly average price of the security intended to be acquired	Rs. 66.63 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	December 31, 2024: Rs. 109.78 per share
10	Earning per share of the associated company or associated undertaking for the last three years	2024: Rs. 23.55 per share 2023: Rs. 23.27 per share 2022: Rs. 13.61 per share
11	Sources of fund from which securities will be acquired	Own source

Habib Insurance Company Limited

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds: i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely: i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Habib Metropolitan Bank Limited.

Habib Insurance Company Limited

Indus Motor Company Limited Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Indus Motor Company Limited being associated on the basis of common directorship. Mr. Muhammad Hyder Habib, Director of the Company is also Director of Indus Motor Company Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 200 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	24,015 shares (0.03%) held before proposed investment. Number of shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future
7	In case of investment in listed securities, average of the preceding twelve monthly average price of the security intended to be acquired	Rs. 1,685.74 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	June 30, 2024: Rs. 855.30 per share
10	Earning per share of the associated company or associated undertaking for the last three years	2024: Rs. 191.76 per share 2023: Rs. 122.96 per share 2022: Rs. 201.04 per share
11	Sources of fund from which securities will be acquired	Own source

Habib Insurance Company Limited

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds: i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely: i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Indus Motor Company Limited.

Habib Insurance Company Limited

Shabbir Tiles & Ceramics Limited Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Shabbir Tiles & Ceramics Limited being associated on the basis of common directorship. Mr. Rafiq M. Habib, Chairman of the Company is also Chairman of Shabbir Tiles & Ceramics Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 200 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	Nil
7	In case of investment in listed securities, average of the preceding twelve monthly average price of the security intended to be acquired	Rs. 14.00 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	June 30, 2024: Rs. 10.82
10	Earning per share of the associated company or associated undertaking for the last three years	2024: Rs. 1.34 per share 2023: Rs. 0.16 per share 2022: Rs. 2.08 per share
11	Sources of fund from which securities will be acquired	Own source

Habib Insurance Company Limited

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds: i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely: i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Shabbir Tiles & Ceramics Limited.

Habib Insurance Company Limited

Thal Limited Regulation No. 3(1)a

Sr. No.	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Thal Limited being associated on the basis of common directorship. Mr. Rafiq M. Habib, Chairman of the Company is also Chairman of Thal Limited.
2	Purpose, benefits and period of investment	Long term investment to earn dividend income as well as prospective capital gains
3	Maximum amount of investment	Rs. 200 million
4	Maximum price at which securities will be acquired	Not more than the price quoted on the stock exchange
5	Maximum number of securities to be acquired	Equivalent to the amount of investment
6	Number of securities and percentage thereof held before and after the proposed investment	Nil
7	In case of investment in listed securities, average of the preceding twelve monthly average price of the security intended to be acquired	Rs. 386.05 per share
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	June 30, 2024: Rs. 389.46 per share
10	Earning per share of the associated company or associated undertaking for the last three years	2024: Rs. 27.03 per share 2023: Rs. 33.95 per share 2022: Rs. 52.54 per share
11	Sources of fund from which securities will be acquired	Own source

Habib Insurance Company Limited

Sr. No.	Description	Information Required
12	Where the securities are intended to be acquired using borrowed funds: i) Justification for investment through borrowings; and ii) Detail of guarantees and assets pledged for obtaining such funds	Not Applicable
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director or Chief Executive has any interest in the proposed investment, except in their individual capacities as Directors/ Chief Executive and/ or as shareholders of the Company
15	Any other important details necessary for the members to understand the transaction	None
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely: i) Description of the project and its history since conceptualisation; ii) Starting and expected dates of completion of work; iii) Time by which such project shall become commercially operational; and iv) Expected time by which the project shall start paying return on investment	Not Applicable

Regulation No. 3(3)

Sr. No.	Description	Information Required
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of Thal Limited

Habib Insurance Company Limited

۲۶ اکتوبر ۲۰۲۳ء

جناب رفیق ایم۔ حبیب

جناب منصور جی۔ حبیب

جناب محمد حیدر حبیب

جناب گمیل آر۔ حبیب

جناب عون محمد اے۔ حبیب

جناب شاہد غفار

جناب شیر غلام علی

سید اطہر عباس

چیف ایگزیکٹو

ان تمام ڈائریکٹرز کے لئے غیر حاضری پر چھٹی منظور کر لی گئی تھی جو اجلاس میں شرکت نہیں کر سکے تھے۔

۱۲۔ شیئر ہولڈنگ کا طرز اور شیئر ہولڈنگ کے طرز سے متعلق اضافی معلومات منسلک شدہ ہے۔

۱۳۔ بورڈ نے اپنی کارکردگی کی جانچ کے لئے ایک باقاعدہ طریقہ کار کی منظوری دی ہے۔ کمپنی نے بورڈ کی جانچ پڑتال کے لئے طے شدہ سوالناموں کے ساتھ ان ہاؤس اپروچ اینڈ کوانٹیفیکیشن رائج کی ہوئی ہے بورڈ کی جانچ کا اسکوپ فل بورڈ کے ایوالوشن، انفرادی ڈائریکٹرز، بورڈ کی کمیٹیوں، چیئرمین اور چیف ایگزیکٹو کی جانچ کو کور کرتا ہے۔

۱۴۔ کسی ڈائریکٹر، ای او، ای ایف او، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں کی گئی۔

منجانب بورڈ آف ڈائریکٹرز

سید اطہر عباس
چیف ایگزیکٹو

عون محمد اے۔ حبیب
ڈائریکٹر

کراچی: ۲۷ مارچ ۲۰۲۵ء

Habib Insurance Company Limited

۱۱۔ سال کے دوران بورڈ کے ۱۴ اجلاس منعقد ہوئے اور اس میں ڈائریکٹرز کی شرکت درج ذیل کے مطابق رہی:

شرکت کردہ منجانب	اجلاس کی تاریخ
جناب رفیق ایم۔ حبیب جناب منصور جی۔ حبیب جناب محمد حیدر حبیب جناب گمیل آر۔ حبیب جناب عون محمد اے۔ حبیب جناب علی فدو جناب شاہد غفار محترمہ ملیحہ ہمایوں بنگش جناب شبیر غلام علی سید اطہر عباس	۲۸ مارچ ۲۰۲۳ء
چیف ایگزیکٹو	
جناب رفیق ایم۔ حبیب جناب منصور جی۔ حبیب جناب محمد حیدر حبیب جناب عون محمد اے۔ حبیب جناب علی فدو محترمہ ملیحہ ہمایوں بنگش جناب شبیر غلام علی سید اطہر عباس	۲۵ اپریل ۲۰۲۳ء
چیف ایگزیکٹو	
جناب رفیق ایم۔ حبیب جناب منصور جی۔ حبیب جناب محمد حیدر حبیب جناب گمیل آر۔ حبیب جناب عون محمد اے۔ حبیب جناب شاہد غفار جناب علی فدو جناب شبیر غلام علی سید اطہر عباس	۲۹ اگست ۲۰۲۳ء
چیف ایگزیکٹو	

Habib Insurance Company Limited

- معاوضوں کی ادائیگی ذمہ دار یوں اور صلاحیتوں کے پیمانے کے مطابق موزوں اور مناسب سطح پر کی جاتی ہے تاکہ ڈائریکٹرز کی حوصلہ افزائی ہو اور وہ کمپنی سے منسلک رہتے ہوئے کمپنی کو کامیابی سے چلائیں اور اس کی قدر میں اضافہ کریں تاہم یہ اس سطح پر نہیں جس سے ان کی آزادی پر کسی سمجھوتے یا مفاہمت کا تصور اُجاگر ہو۔

ڈائریکٹرز کے معاوضے کی تفصیلات نوٹ ۳۳ میں واضح کی گئی ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجمن رحمان اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا، بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ گرانٹ تھورنٹن انجمن رحمان اینڈ کمپنی کو ۳۱ دسمبر ۲۰۲۵ء کیلئے باہمی طے شدہ معاوضے پر کمپنی کا آڈیٹ مقرر کر دیا جائے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیان

- ۱۔ کمپنی کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں اس کے کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو واضح کرتے ہیں۔
- ۲۔ کمپنی کے کھاتوں کی باقاعدہ کتب تیار کی گئی ہیں۔
- ۳۔ درست اکاؤنٹنگ پالیسیاں مالیاتی حسابات کی تیاری میں مستقل طور پر لاگو کی جاتی ہیں۔ اگر ان میں کوئی تبدیلی کی جاتی ہے تو مناسب طور پر اسے واضح کر دیا جاتا ہے جبکہ اکاؤنٹنگ کے تخمینہ جات مناسب اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ۴۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں رائج ہیں، مالیاتی حسابات کی تیاری میں لاگو کیے جاتے ہیں اور ان سے کسی قسم کی روگردانی، اگر کوئی ہو، سے مناسب حد تک وضاحت کر دی گئی ہے۔
- ۵۔ انٹرنل کنٹرول کا نظام مستحکم طور پر تیار کیا گیا ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔
- ۶۔ جاری ادارے کی کارکردگی مناسب ہے، اور کسی قسم کی غیر یقینی صورتحال کی نشاندہی نہیں کی گئی جو کمپنی کی آگے بڑھنے کی صلاحیت پر کسی قسم کے شکوک و شبہات ظاہر کرتی ہو۔
- ۷۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی روگردانی نہیں کا جاتی جیسا کہ لسٹنگ ریگولیشنز میں مفصل طور پر درج ہے۔
- ۸۔ گزشتہ ۶ سال کیلئے کلیدی آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔
- ۹۔ میکسز اور لیویز کے بارے میں معلومات مالیاتی حسابات کیلئے نوٹس میں درج ہیں۔
- ۱۰۔ ۳۱ دسمبر ۲۰۲۳ء کے مطابق پراویڈنٹ فنڈ کے ڈپازٹ اکاؤنٹس میں سرمایہ کاریاں اور بیلنس کی مالیت ۱۳۰۶۷ ملین روپے ہے۔

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سال کے دوران کمیٹی نے ایک مرتبہ اجلاس بلایا۔ اجلاس کے وقت کمیٹی درج ذیل ممبران پر مشتمل اور اور اجلاسوں میں ان کی حاضری درج ذیل تھی:

شرکت کردہ اجلاسوں کی تعداد

1	چیئر مین	جناب علی ندو
-	ممبر	جناب رفیق ایم۔ حبیب
1	ممبر	جناب عون محمد اے۔ حبیب
1	ممبر	سید اطہر عباس

انویسٹمنٹ کمیٹی

انویسٹمنٹ کمیٹی کے ممبران پر مشتمل ہے جس کی نمائندگی ۲ انڈیپنڈنٹ ڈائریکٹرز، ۲ نان۔ ایگزیکٹو ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر، چیف ایگزیکٹو اور چیف فنانشل آفیسر کرتے ہیں۔ انویسٹمنٹ کمیٹی نے سال کے دوران ۴ اجلاس طلب کئے اور اس میں شرکت درج ذیل کے مطابق تھی:

شرکت کردہ اجلاسوں کی تعداد

3	چیئر مین	جناب شاہد غفار
4	ممبر	جناب منصور جی۔ حبیب
3	ممبر	جناب گمیل آر۔ حبیب
3	ممبر	جناب عون محمد اے۔ حبیب
3	ممبر	محترمہ ملیحہ ہمایوں بنگش
4	ممبر	جناب مرتضیٰ حسین
4	ممبر	سید اطہر عباس

محترمہ ملیحہ ہمایوں بنگش کے ۳۰ دسمبر ۲۰۲۳ کو بورڈ سے استعفیٰ سے خالی ہونے والی اتفاقاً اسامی مقررہ مدت کے اندر بورڈ آف ڈائریکٹرز کی جانب سے پرکری جائے گی۔ غیر حاضری کے سلسلے میں ان تمام ڈائریکٹرز کے لئے چھٹی منظور کر لی گئی تھی جو اجلاس میں شرکت نہیں کر سکے تھے۔

ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز نے کوڈ میں درج اہلیت کے معیار کے مطابق گزشتہ سالوں میں مطلوبہ بٹریڈنگ میں شرکت کی یا اس سے مستثنیٰ رہے۔

ڈائریکٹرز کی ری میونریشن پالیسی

بورڈ آف ڈائریکٹرز نے ”ڈائریکٹرز کے معاوضوں کے تعین کے لئے ایک پالیسی اور طریقہ کار“ کی منظوری دی ہے جس میں واضح کیا گیا ہے:

- کوئی بھی ڈائریکٹر ذاتی معاوضے کا تعین نہیں کرے گا۔ یہ معاوضہ بورڈ آف ڈائریکٹرز کی منظوری سے ہوگا۔

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- کاروباری اقدار پر عملدرآمد کمپنی کے ”ضابطہ اخلاق“ کے مطابق تمام ممبران کیلئے لازم ہے تاکہ کاروبار اور ذاتی اقدار کے بلند تر درجات کو یقینی بنایا جاسکے۔
- عملے کے ساتھ خوشگوار تعلقات، میرٹ اور کارکردگی کو تسلیم کرنا اور اسٹاف کیلئے سیکھنے اور ترقی کے جاری مواقع، دونوں جاب کے دوران اور باقاعدہ تربیتی پروگراموں کے ذریعے فراہم کرنا۔
- مذہب، ذات پات یا لسانیت وغیرہ کی بنیاد پر کسی امتیاز کے بغیر شفاف طریقہ کار کے ذریعے ملازمت کے مساوی مواقعوں کی فراہمی اور
- کمپنی کی جانب سے سال کے دوران ۱۳۸۷ء ۱۳۸۸ء روپے سے زائد کے براہ راست بینکوں کے ذریعے قومی خزانے میں شراکت۔ مزید براں ۲۰۰۷ء ۲۰۰۸ء روپے کی ایک اضافی رقم کمپنی کے ذریعے حکومت پاکستان/صوبائی حکومتوں کو ووہولڈنگ میکسز، سروسز پریکٹیکس اور فیڈرل ایکسٹریڈیوٹری کی مدد میں منہا/وصول کی گئی۔

رسک مینجمنٹ فریم ورک

کمپنی کاروبار کی نوعیت اور حجم کے مطابق رسک مینجمنٹ فریم ورک کی حامل ہے۔ یہ فریم ورک کئی سال قبل تشکیل دیا گیا تھا اور وقتاً فوقتاً بہتری کے ساتھ جاری ہے اور تمام امور کی نگرانی رسک مینجمنٹ کمیٹی کی جانب سے کی جاتی ہے۔ کمپنی اپنے کاروباری خطرات کو ایک محتاط طریقے سے قدامت پسند نظریے کی رہنمائی سے نمٹانے پر یقین رکھتی ہے۔ کاروباری خطرات اور ان سے نمٹنے کے عناصر کی وضاحت تفصیل کے ساتھ کنونشنل فنانشل اسٹینڈرٹ کیلئے نوٹس ۱۳۷ اور ۳۸ اور ونڈو کنونشنل آپریشنز کنونشنل اسٹینڈرٹس کے نوٹس ۲۸، ۲۹ اور ۳۱ میں واضح کر دی گئی ہے۔

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

کمپنی کی آڈٹ کمیٹی ایک انڈیپنڈنٹ ڈائریکٹریٹور چیئرمین کی نمائندگی کے ساتھ ۳ ممبران پر مشتمل ہے جو کہ مالیاتی امور سے بھی واقف ہیں اور ۲ نان۔ ایگزیکٹو ڈائریکٹرز ہیں۔ آڈٹ کمیٹی نے سال میں ۴ مرتبہ اجلاس منعقد کئے۔ اجلاسوں میں شرکت درج ذیل کے مطابق رہی:

شرکت کردہ اجلاسوں کی تعداد

جناب شاہد غفار	چیئرمین	2
جناب منصور جی۔ حبیب	ممبر	4
جناب گمیل آر۔ حبیب	ممبر	3

ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میوزیشن کمیٹی

ضابطہ اخلاق، نامزدگی، ہیومن ریسورس اور ری میوزیشن کمیٹی ۴ ممبران پر مشتمل ہے جس کی نمائندگی ایک انڈیپنڈنٹ ڈائریکٹریٹور چیئرمین، ایک نان۔ ایگزیکٹو ڈائریکٹر، ایگزیکٹو ڈائریکٹر اور چیف ایگزیکٹو کرتے ہیں۔

جناب علی فدو	چیئرمین
جناب رفیق ایم۔ حبیب	ممبر
جناب عون محمد اے۔ حبیب	ممبر
سید اطہر عباس	ممبر

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سال ۲۰۲۵ء کیلئے آگے بڑھتے ہوئے کمپنی ترقی کے لئے اپنی کوششیں جاری رکھے گی اور انشاء اللہ محتاط انڈر رائٹنگ پر کسی مفاہمت کے بغیر اضافے بشمول استحکام کے ساتھ کاروبار کی توسیع پر توجہ دینے کے لئے بہتر انڈر رائٹنگ نتائج کو حاصل کیا جائے۔

ہمیشہ کی طرح ہم دل کی گہرائیوں سے اپنے تمام تر کلائنٹس اور صارفین کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی پر اپنا اعتماد برقرار رکھا۔ ہم اپنے ری انشوررز کی رہنمائی اور سرپرستی و معاونت کیلئے خصوصی طور پر ان کے شکر گزار ہیں۔ بورڈ آف ڈائریکٹرز حبیب انشورنس کے تمام اسٹاف ممبران کو بھی خراج تحسین پیش کرنا چاہتے ہیں جنہوں نے سال بھر انتہائی خلوص اور جانفشانی سے اپنے فرائض انجام دیئے۔

ہم اللہ تعالیٰ سے اپنی قوم اور ملک کے امن و استحکام کے لئے دعا گو ہیں، آمین!

بورڈ کی تشکیل

کمپنی موجودہ طور پر آٹھ (۸) منتخب ڈائریکٹرز کی حامل ہے جس کی وجہ ۳۰ دسمبر ۲۰۲۳ء کو خاتون انڈیپنڈنٹ ڈائریکٹر کی حیثیت سے محترمہ ملیحہ ہمایوں بنگش کا استعفیٰ ہے۔ اس استعفیٰ سے خالی ہونے والی اتفاقی اساسی مقررہ مدت کے اندر بورڈ آف ڈائریکٹرز کی جانب سے پرکری جائے گی:

کمپنی	نام
انڈیپنڈنٹ ڈائریکٹرز - مرد	جناب شاہد غفار جناب علی فندو
نان۔ ایگزیکٹو ڈائریکٹرز	جناب رفیق ایم۔ حبیب جناب منصور جی۔ حبیب جناب محمد حیدر حبیب جناب گمیل آر۔ حبیب
ایگزیکٹو ڈائریکٹر	جناب عون محمد اے۔ حبیب جناب شبیر غلام علی

کارپوریٹ سوشل ریسپانسیبیلٹی (CSR)، ڈائیورسٹی، ایکیویٹی اور انکلوژن (DE&I)

کمپنی کارپوریٹ سوشل ریسپانسیبیلٹی کے تصور پر مکمل کاربند ہے اور مختلف نوعیت کی وسیع تر سرگرمیوں کے ذریعے اپنی یہ ذمہ داری بخوبی پوری کر رہی ہے۔ ان اقدامات میں شامل ہیں:

- سماج کے پسماندہ طبقات کی ترقی اور فلاح و بہبود کے لئے سماجی اور تعلیمی سرگرمیوں کے سلسلے میں سال کے دوران عطیات کے ذریعے ۳۰۲ ملین روپے مالیت کے کام انجام دیئے گئے۔
- غیر ضروری بجلی کے استعمال سے گریز کرتے ہوئے توانائی کی بچت، ماحولیاتی تحفظ اور پیشہ ورانہ سیفٹی اور صحت کے ساتھ تمباکو نوشی سے گریز کے قانون کے نفاذ اور ”نوا سموکنگ زون“ کے قیام اور کام کرنے کیلئے ایک محفوظ اور صحت مند ماحول فراہم کیا گیا۔

Habib Insurance Company Limited

سال مختتمہ ۳۱ دسمبر ۲۰۲۳ء کیلئے ڈائریکٹرز کی ۸۲ ویں رپورٹ برائے شیئر ہولڈرز

شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز بمسرت سال مختتمہ ۳۱ دسمبر ۲۰۲۳ء کے لئے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس بشمول ۸۲ ویں سالانہ رپورٹ پیش کر رہے ہیں۔

(000 روپے میں)

236,852

3,055

239,907

123,875

115,000

1,032

239,907

1.91

سال ۲۰۲۳ء کیلئے منافع بعد از ٹیکس

سال ۲۰۲۳ء کیلئے مختص کے بعد دستیاب رقم

بورڈ آف ڈائریکٹرز نے تجویز کیا:

۱۰۰ روپے فی شیئر کے منافع منقسمہ کی ادائیگی بابت ۵ روپے فی شیئر یعنی ۲۰ فیصد

ریزرو کی منتقلی

غیر مختص کردہ منافع آگے لے جانے والا

فی شیئر بنیادی آمدنی

ڈائریکٹرز نے بمسرت شیئر ہولڈرز کو ۲۰ فیصد کی ادائیگی کے لئے سفارش کی ہے جیسا کہ اوپر بیان کیا گیا ہے۔

اللہ تعالیٰ کے فضل و کرم سے زیر جائزہ سال کے لئے منافع بعد از ٹیکس ۱۱۲۶.۸۷ ملین روپے سے بڑھ کر ۲۳۶۶.۸۵ ملین روپے ہو گیا۔ زیر تحریر پریسٹیم بھی ۹ فیصد بڑھ کر ۳۶.۶۵ بلین روپے سے ۴۲ بلین روپے ہو گیا۔ تاہم اس دوران ۲۳۶.۷۷ ملین روپے کا انڈر رائٹنگ خسارہ ہوا۔

سال کے لئے سرمایہ کاری اور دیگر آمدنی ۳۵۳.۳ ملین روپے کے مقابلے میں ۵۸۱.۳ ملین روپے رہی، جس کی وجہ سال کے دوران کیپٹل منافع جات کو تسلیم کرنا اور منافع منقسمہ کی آمدنی میں ۳۹ فیصد کا اضافہ تھا جو ۱۳۸.۶۶ ملین روپے سے بڑھ کر ۱۹۲.۷۷ ملین روپے ہو گیا۔

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کے لئے انشورر فنانشل اسٹریٹجی (آئی ایف ایس) ریٹنگ A++ پر برقرار رکھی ہے۔ یہ صورتحال پالیسی ہولڈرز اور کنسٹریکٹ کی مالی ذمہ داریوں کو پورا کرنے کی مستحکم گنجائش کو واضح کرتی ہے۔

مالی سال ۲۰۲۳ء میں پاکستان کی معیشت نے ۲.۵ فیصد کی جی ڈی پی گروتھ کے ساتھ بہتری ظاہر کی جو مالی سال ۲۰۲۳ء میں ۰.۲ فیصد کے خسارے میں تھی۔ یہ بہتری بنیادی طور پر مینوفیکچرنگ شعبے میں بہتری کے ذریعے آئی جس نے گزشتہ سال میں ۵.۳ فیصد کی مقابلے میں ۳.۱ فیصد کی گروتھ ریکارڈ کی۔ مالی پوزیشن جی ڈی پی کے ۶.۸ فیصد کے ایک فیصدی پوائنٹ کے ذریعے مالیاتی خسارے میں کمی کے ساتھ بہتر ہو گئی۔ مالی سال کے دوران کرنٹ اکاؤنٹ خسارہ تقریباً نصف ہو کر ۱.۷۱ بلین ڈالر پر آ گیا۔ مجموعی غیر ملکی زرمبادلہ کے ذخائر ۵۰ فیصد تک بڑھ کر ۱۴.۳ بلین امریکی ڈالر ہو گئے اور امریکی ڈالر کے مقابلے میں روپے کی قدر مستحکم ہوئی۔ مہنگائی جو جون ۲۰۲۳ء میں ۲۹.۴ فیصد کی سطح پر تھی تیزی سے کم ہو کر جون ۲۰۲۳ء میں ۱۲.۶ فیصد اور دسمبر ۲۰۲۳ء میں ۴.۱ فیصد کی سطح پر آ گئی۔ ایس بی پی کا پالیسی ریٹ جون ۲۰۲۳ء کے ۲۲ فیصد سے کم ہو کر جون ۲۰۲۳ء میں ۲۰.۵۰ فیصد اور دسمبر ۲۰۲۳ء میں ۱۳ فیصد کی سطح پر آ گیا۔ PSX-100 انڈیکس تقویمی سال ۲۰۲۳ء میں ۸۰ فیصد تک بڑھ کر ۶۲.۴۵۱ سے ۱۱۵.۱۲۶ ہو گیا جس نے پی ایس ایکس کو دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹوں میں سے ایک بنا دیا۔

Form of Proxy

I/We _____ of _____

being a member(s) of Habib Insurance Company Limited and holding _____

ordinary shares, as per Register Folio No./CDC Account and Participant's I.D. No. _____

do hereby appoint _____ Folio No./CDC Account and Participant's I.D.

No. _____ of _____

or failing him/her _____ Folio No./CDC Account and Participant's I.D.

No. _____ of _____

another member of the Habib Insurance Company Limited as my/our proxy to vote for me/us and on my/our behalf at the Eighty Second Annual General Meeting of the Company to be held on Tuesday, April 29, 2025 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2025.

REVENUE
STAMP
RS. 5

SIGNATURE OF MEMBER (S)

(The signature of the shareholder should agree with the specimen signature registered with the Company or as per CNIC/ Passport in case the share(s) is/ are registered in CDC account).

Witnesses:

1. Signature	_____	2. Signature	_____
Name	_____	Name	_____
Address	_____	Address	_____
CNIC/Passport No.	_____	CNIC/Passport No.	_____

A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/ her. No person shall act as proxy (except for a corporation) unless he/ she is entitled to be present and vote in his/ her own right.

CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/ her own as well as the proxy's CNIC/ Passport with the proxy form. The proxy shall also produce his/ her original CNIC/ Passport at the time of the meeting. In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted along with proxy form.

The instrument appointing a proxy should be signed by the member or by his/ her attorney duly authorised in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxy forms, together with the power of attorney (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

مختار نامہ (پراکسی فارم)

میں/ ہم _____ ساکن _____ بحیثیت ممبر (رکن) حبیب انشورنس کمپنی لمیٹڈ اور حامل
عام حصص، بمطابق شیئر رجسٹرڈ فولیو نمبر/ سی ڈی سی اکاؤنٹ اور پارٹنر شپ آئی ڈی نمبر _____
ممبر (رکن) محترم/ محترمہ _____ فولیو نمبر/ سی ڈی سی اکاؤنٹ اور پارٹنر شپ آئی ڈی نمبر _____ کو
یا ان کی غیر حاضری میں ممبر (رکن) محترم/ محترمہ _____ فولیو نمبر/ سی ڈی سی اکاؤنٹ اور پارٹنر شپ آئی ڈی نمبر _____
کو اپنے/ ہمارے ایماہ پر بروز منگل ۲۹ اپریل ۲۰۲۵ء کو حبیب انشورنس کمپنی لمیٹڈ کے رجسٹرڈ آفس میں منعقد ہونے والے ۸۲ ویں سالانہ اجلاس عام میں حق
رانے دی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرنا/ کرتی ہوں/ کرتے ہیں۔
آج بروز _____ بتاریخ _____ ۲۰۲۵ء کو دستخط کئے گئے۔

پانچ روپے مالیت کا
رسیدی ٹکٹ پر دستخط
دستخط ممبر (رکن)

ممبر (رکن) کے دستخط بینک میں رجسٹرڈ شدہ دستخط سے مماثلت رکھتے ہوں اور سی ڈی سی اکاؤنٹ ہولڈرز کے دستخط ان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ
کے نمونہ دستخط سے مماثل ہونا ضروری ہے۔

گواہان:

۱۔ دستخط _____ نام _____
۲۔ دستخط _____ نام _____
پتہ _____ پتہ _____
کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا اپنی جگہ کسی اور ممبر (رکن) کو بطور مختار (پراکسی) شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔
مختار (پراکسی) کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)،
بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد/ پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختار نامہ (پراکسی فارم) جمع کرانا ہوگا۔
مختار نامہ (پراکسی فارم) پر ممبر (رکن) یا ان کے اٹارنی کے دستخط ہونا لازمی ہے۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) پر کمپنی کی مہر ہونا
بھی ضروری ہے۔

مختار نامہ (پراکسی فارم) بعد نامزد کرنے والے شخص کی تصدیق شدہ پاور آف اٹارنی (حسب ضرورت) کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے
کم از کم ۴۸ گھنٹے قبل جمع کرنا ضروری ہے۔

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