

Habib Insurance Company Limited

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Habib Insurance Company Limited

Company Information

Board of Directors

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

Habib Insurance Company Limited

DIRECTORS' REVIEW

The Shareholders,

The Directors are pleased to present the unaudited accounts of the Company for the period ended March 31, 2022.

Reviewing the first three months of the year, by the grace of Allah, the gross premium written was Rs. 569.0 million, a substantial increase of 47.6% over the corresponding period last year. Net premium revenue during the period also rose from Rs. 180.7 million to Rs. 269.1 million. However, the underwriting results reduced from Rs. 11.5 million to Rs. 7.2 million due to higher claims recorded in the period and a substantial increase in amount placed in reserves, the benefit of which will accrue in subsequent period.

The Investment Income for the period under review was Rs. 63.0 million as against Rs. 75.4 million of last year. As a result, the profit after tax reduced from Rs. 52.7 million to Rs. 48.6 million, an earning of Rs. 0.39 per share.

This is early part of the year and we pray to Allah that the period to follow will be successful with improvement in underwriting results and sustained investment income.

On behalf of the Board of Directors

Karachi: April 28, 2022

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

Habib Insurance Company Limited

حبیب انشورنس کمپنی لمیٹڈ

ڈائریکٹرز کا جائزہ

ڈائریکٹرز ۳۱ مارچ ۲۰۲۲ء کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

سال کے پہلے 3 ماہ کا جائزہ لیتے ہوئے اللہ تعالیٰ کے فضل و کرم سے مجموعی زیر تحریر پریمنیم 569.0 ملین روپے ظاہر ہوا اور اس طرح گزشتہ سال کی اسی مدت کے مقابلے میں 47.6 فیصد کا نمایاں اضافہ حاصل کیا گیا۔ اس مدت کے دوران خالص پریمنیم بھی 180.7 ملین روپے سے بڑھ کر 269.1 ملین روپے ہو گیا۔ تاہم زیر تحریر نتائج 11.5 ملین روپے سے کم ہو کر اس مدت میں بلند تر کلیمز کے باعث 7.2 ملین روپے ہو گئے اس کی ایک وجہ ریزروز میں رکھی گئی رقم میں نمایاں اضافہ بھی تھا جس کے فوائد باقی ماندہ مدت میں حاصل ہوں گے۔

زیر جائزہ مدت کے دوران سرمایہ کاری کی آمدنی گزشتہ سال کی 75.4 ملین روپے کے مقابلے میں 63.0 ملین روپے تھی۔ اس کے نتیجے میں منافع بعد از ٹیکس 52.7 ملین روپے سے کم ہو کر 48.6 ملین روپے رہ گیا اور 0.39 روپے فی شیئر کی آمدنی حاصل ہوئی۔

یہ سال کا ابتدائی حصہ ہے اور ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ یہ مدت کامیاب رہے اور اس کے ساتھ زیر جائزہ نتائج اور مستحکم سرمایہ کاری کی آمدنی میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے

شبیر غلام علی
چیف ایگزیکٹو

عون محمد اے۔ حبیب
ڈائریکٹر

کراچی:
۲۸ اپریل ۲۰۲۲ء

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position as at March 31, 2022 (Unaudited)

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
Assets			
Property and equipment	5	64,591	68,892
Intangible assets		612	666
Investments			
Equity securities	6	1,360,994	1,210,429
Government securities	7	184,803	183,188
Loans and other receivables	8	160,148	178,339
Insurance/ reinsurance receivables	9	1,125,826	1,181,492
Reinsurance recoveries against outstanding claims	16	534,534	553,170
Salvage recoveries accrued		66,025	51,077
Deferred commission expense	17	135,638	131,216
Prepayments	10	422,798	476,790
Taxation - provision less payment		-	3,387
Cash and bank	11	21,482	88,566
		<u>4,077,451</u>	<u>4,127,212</u>
Total Assets of Window Takaful Operations - Operator's Fund		<u>75,786</u>	<u>66,540</u>
Total Assets		<u><u>4,153,237</u></u>	<u><u>4,193,752</u></u>
EQUITIES AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		619,374	619,374
Reserve		493,829	493,054
Unappropriated profit		191,212	142,646
Total Equity		<u>1,304,415</u>	<u>1,255,074</u>
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	16	816,676	786,589
Unearned premium reserves	15	943,414	1,002,575
Premium deficiency reserves		6,324	6,324
Unearned reinsurance commission	17	132,959	160,786
Retirement benefit obligations		137,067	130,859
Deferred taxation		79,876	82,023
Finance lease liability		38,536	37,528
Premium received in advance		31,114	15,992
Insurance/ reinsurance payables	12	343,474	379,589
Other creditors and accruals	13	267,855	298,916
Taxation - provision less payment		2,377	-
		<u>2,799,672</u>	<u>2,901,181</u>
Total Liabilities of Window Takaful Operations - Operator's Fund		<u>49,150</u>	<u>37,497</u>
Total Liabilities		<u>2,848,822</u>	<u>2,938,678</u>
Total Equity and Liabilities		<u><u>4,153,237</u></u>	<u><u>4,193,752</u></u>
Contingencies and commitments	14		

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

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

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income for the quarter ended March 31, 2022 (Unaudited)

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Unaudited) March 31, 2021
Net insurance premium	15	269,073	180,668
Net Insurance claims	16	(141,502)	(75,385)
Net commission income and other acquisition cost	17	19,403	24,769
Insurance claims and acquisition expense		(122,099)	(50,616)
Management expenses		(139,725)	(118,539)
Underwriting results		7,249	11,513
Investment income	18	61,056	68,766
Other income		1,901	6,653
Other expenses		(1,958)	(1,825)
Results of operating activities		60,999	73,594
Finance cost		(1,008)	(3,740)
Loss before tax from Window Takaful Operations - Operator's Fund		(2,407)	(5,423)
Profit before tax for the period		64,833	75,944
Income tax expense		(16,267)	(23,261)
Profit after tax for the period		48,566	52,683
Other comprehensive income:			
Unrealised loss on available-for-sale investments during the year		(14,654)	(155,847)
Less: Net loss transferred to profit and loss on disposal/ redemption/ impairment of investments		15,745	26,024
		1,091	(129,823)
Related tax impact		(316)	37,649
		775	(92,174)
Other comprehensive income from Window Takaful Operations - Operator's Fund - net of tax		-	211
Other comprehensive income / (loss) for the period		775	(91,963)
Total comprehensive income / (loss) for the period		49,341	(39,280)
Earning (after tax) per share - rupees	19	0.39	0.43

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

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the quarter ended March 31, 2022 (Unaudited)

	Attributable to equity holders of the Company					Total
	Capital Reserves	Revenue Reserves				
	Share capital	Reserve for exceptional losses	General reserve	Available-for-sale reserves (Rupees in '000)		
Balance as at January 01, 2021	619,374	9,122	255,000	324,862	91,890	1,300,248
Net profit after tax for the quarter	-	-	-	-	52,683	52,683
Other comprehensive income for the period	-	-	-	(91,963)	-	(91,963)
Other comprehensive income for the year from Window Takaful Operations	-	-	-	211	-	211
Total comprehensive income for the period	-	-	-	(91,752)	52,683	(39,069)
Balance as at March 31, 2021	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>233,110</u>	<u>144,573</u>	<u>1,261,179</u>
Balance as at January 01, 2022	619,374	9,122	255,000	228,932	142,646	1,255,074
Net profit after tax for the quarter	-	-	-	-	48,566	48,566
Other comprehensive income for the period	-	-	-	775	-	775
Total comprehensive income for the period	-	-	-	775	48,566	49,341
Balance as at March 31, 2022	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>229,707</u>	<u>191,212</u>	<u>1,304,415</u>

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

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flow for the quarter ended March 31, 2022 (Unaudited)

	(Unaudited) March 31 2022	(Unaudited) March 31 2021
	(Rupees in '000)	
Operating cash flow		
(a) Underwriting activities		
Insurance premium received	536,775	474,573
Reinsurance premium paid	(264,571)	(290,870)
Claims paid	(286,417)	(227,416)
Reinsurance and other recoveries received	178,690	111,497
Commission paid	(74,795)	(41,398)
Commission received	53,442	59,963
Net cash flows from underwriting activities	143,124	86,349
(b) Other operating activities		
Income tax paid	(17,909)	(18,472)
Other operating payments	(143,088)	(152,731)
Other operating receipts	36,896	26,214
Loans advanced	(1,446)	(2,430)
Loan repayment received	3,550	2,936
Net cash flows from other operating activities	(121,997)	(144,483)
Total cash flows from all operating activities	21,127	(58,134)
Investment activities		
Profit/ return received	8,426	20,313
Dividend received	70,942	24,256
Payment for investments	(288,175)	(555,076)
Proceeds from investments	121,768	442,013
Fixed capital expenditure	(1,179)	(12,788)
Proceeds from sale of property, plant and equipment	8	5,941
Total cash flows from investing activities	(88,210)	(75,341)
Financing activities		
Rentals paid	-	(6,983)
Dividends paid	(1)	(16)
Total cash flows from financing activities	(1)	(6,999)
Net cash flows from all activities	(67,084)	(140,474)
Cash and cash equivalents at beginning of year	88,566	179,541
Cash and cash equivalents at end of the period	21,482	39,067
Reconciliation to profit and loss account		
Operating cash flows	21,127	(58,134)
Depreciation and amortisation expense	(5,526)	(9,300)
Income tax paid	17,909	18,472
Provision for gratuity	(6,207)	(5,551)
Gratuity paid	356	356
Profit/ return received	8,426	20,313
Dividends received	70,942	24,256
Capital gain	(15,745)	26,024
Profit on disposal of property, plant and equipment	-	2,923
Provision of taxation	(16,267)	(23,261)
Loss from window Takaful Operations - Operator's Fund	(2,407)	(5,423)
Decrease in assets other than cash	84,913	197,170
Decrease in liabilities other than borrowings	(108,955)	(135,162)
Profit after taxation	48,566	52,683

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

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the quarter ended March 31, 2022 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The Company operates through the following locations in Pakistan;

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

2. BASIS OF PREPARATION

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

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

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

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan vide SRO 89(I)/2017 and International Accounting Standard (IAS) 34, "Interim Financial Reporting" and do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

Habib Insurance Company Limited

3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The significant accounting policies and method of computation adopted in preparation of these condensed interim financial statements are consistent with those followed in preparation of the annual financial statements of the Company for the year ended December 31, 2021.

4. ESTIMATES AND JUDGEMENTS

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

The significant judgements made by management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended December 31, 2021.

	Note	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
5. Property and equipment			
Operating assets	5.1	31,009	32,702
Right-of-use assets	5.2	33,582	36,190
		<u>64,591</u>	<u>68,892</u>
5.1 Property and Equipment			
Opening written down value		32,702	33,323
Additions during the period / year	5.1.1	1,179	23,912
Disposals during period / year	5.1.2	(8)	(13,972)
Depreciation for the period / year		(2,864)	(10,561)
Closing written down value		<u>31,009</u>	<u>32,702</u>
5.1.1 The following additions were made to tangible-property and equipment during the period/ year			
Furniture and fixtures		63	9,046
Computer equipment		750	2,867
Office equipment		214	4,233
Motor Vehicles - owned		152	7,766
		<u>1,179</u>	<u>23,912</u>
5.1.2 The following disposals of tangible - operating assets were made during the period / year			
Furniture and fixtures		-	18
Computer equipment		-	18
Office equipment		8	176
Motor Vehicles - owned		-	13,768
		<u>8</u>	<u>13,980</u>
5.2 Right-of-use assets			
Opening written down value		36,190	151,856
Additions during the period / year		-	21,028
Disposals during the period / year		-	(114,209)
Depreciation charge for the period / year		(2,608)	(22,485)
Closing written down value		<u>33,582</u>	<u>36,190</u>

Habib Insurance Company Limited

6. INVESTMENT IN EQUITY SECURITIES

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)				
	Cost	Impairment / Revaluation provision surplus	Carrying value	Cost	Impairment / Revaluation provision surplus	Carrying value		
	(Rupees in '000)			(Rupees in '000)				
Available-for-sale								
Related Parties								
Listed shares	352,130	-	176,516	528,646	308,177	-	176,074	484,251
Others								
Listed shares	490,296	(764)	136,076	625,608	565,380	(764)	139,103	703,719
Mutual funds	182,296	-	4,025	186,321	504	-	1,878	2,382
Modaraba certificate	15,014	-	5,405	20,419	15,014	-	5,063	20,077
	687,606	(764)	145,506	832,348	580,898	(764)	146,044	726,178
	<u>1,039,736</u>	<u>(764)</u>	<u>322,022</u>	<u>1,360,994</u>	<u>889,075</u>	<u>(764)</u>	<u>322,118</u>	<u>1,210,429</u>

7. INVESTMENT IN GOVERNMENT SECURITIES

	Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
Pakistan Investment Bonds (PIBs)	7.1	87,219	88,023
Treasury Bills	7.2	97,584	95,165
		<u>184,803</u>	<u>183,188</u>

7.1 This represents Pakistan Investment Bonds having face value of Rs. 90.0 million (market value of Rs. 87.219 million) [December 31, 2021: face value Rs.90.0 million (market value of Rs.87.955 million)]. These carry mark-up ranging from 9.5% to 12% (December 31, 2021: 9.5% to 12%) per annum and will mature between July 19, 2022 to September 19, 2024. PIBs having face value of Rs. 90.0 million have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance, 2000 and circular no. 15 of 2008 dated July 07, 2008 issued by the SECP.

7.2 Treasury Bills (T-Bills) have face value of Rs. 100.0 million (market value of Rs. 97.584 million). [December 31, 2021: face value Rs. 100.0 million (market value of Rs. 95.270 million). It carries yield at 10.93% and will mature on June 16, 2022. Treasury bills have been held in the IPS account maintained with Bank AL Habib Limited.

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
8. LOANS AND OTHER RECEIVABLES - Considered good		
Accrued investment income	2,421	3,833
Security Deposits	15,231	14,231
Advances	5,421	7,075
Agents Commission receivable	19,980	10,836
Loan to employees	59,147	60,397
Receivable from Window Takaful Operations	2,030	1,453
Receivable against sale of vehicle to employees	34,799	75,429
Other receivables	21,119	5,085
	<u>160,148</u>	<u>178,339</u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2022	(Audited) December 31, 2021
Note	(Rupees in '000)	
9. INSURANCE / REINSURANCE RECEIVABLES		
- Unsecured and considered good		
Due from insurance contract holders	647,225	617,232
Considered good	18,689	18,689
Considered doubtful	(18,689)	(18,689)
Less: Provision for impairment of receivables from insurance contract holders	647,225	617,232
Due from other insurers / reinsurers	478,601	564,260
Considered good	6,500	6,500
Considered doubtful	(6,500)	(6,500)
Less: provision for impairment of due from other insurers / reinsurers	478,601	564,260
	<u>1,125,826</u>	<u>1,181,492</u>
10. PREPAYMENTS		
Prepaid reinsurance premium ceded	411,321	463,940
Prepaid insurance on leased vehicles	695	1,404
Prepaid employees group / health insurance	5,302	8,089
Others	5,480	3,357
	<u>422,798</u>	<u>476,790</u>
11. CASH AND BANK		
Cash and cash equivalents		
Cash in hand	1,910	486
Policy Stamps	3,786	253
	5,696	739
Cash at bank		
Current accounts	11,695	30,349
Savings accounts	4,091	57,478
	15,786	87,827
	<u>21,482</u>	<u>88,566</u>
12. INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers	12.1 343,474	379,589
12.1 Due to other insurers / reinsurers		
Foreign reinsurers	86,101	148,418
Local reinsurers	103,873	94,609
Co insurers payable	153,500	136,562
	<u>343,474</u>	<u>379,589</u>
13. OTHER CREDITORS AND ACCRUALS		
Agents commission payable	114,537	113,900
Federal excise duty	24,666	41,844
Federal insurance fee	2,789	3,860
Accrued expenses	29,277	38,630
Withholding tax payable	69	-
Unclaimed dividend	62,809	62,810
Sundry creditors	32,610	37,289
Others	1,098	583
	<u>267,855</u>	<u>298,916</u>

Habib Insurance Company Limited

14. CONTINGENCIES & COMMITMENTS

14.1 Contingencies

There is no contingency as at March 31, 2022 other than those disclosed in the financial statement as at December 31, 2021.

14.2 Commitments

There is no commitment as at March 31, 2022 (December 31, 2021: Nil).

	(Unaudited) March 31, 2022	(Unaudited) March 31, 2021
	(Rupees in '000)	
15. NET INSURANCE PREMIUM		
Written gross premium	490,987	342,687
Add: Unearned premium reserve opening	1,002,575	818,033
Less: Unearned premium reserve closing	(943,414)	(726,760)
Premium earned	<u>550,148</u>	<u>433,960</u>
Less: Reinsurance premium ceded	228,456	214,247
Add: Prepaid reinsurance premium opening	463,940	434,673
Less: Prepaid reinsurance premium closing	(411,321)	(395,628)
Reinsurance expense	<u>281,075</u>	<u>253,292</u>
Net insurance premium	<u><u>269,073</u></u>	<u><u>180,668</u></u>
16. NET INSURANCE CLAIMS		
Claims paid	286,417	227,416
Add: Outstanding claims including IBNR closing	816,676	768,217
Less: Outstanding claims including IBNR opening	(786,589)	(819,119)
Claims expense	<u>316,504</u>	<u>176,514</u>
Reinsurance and other recoveries received	178,690	111,497
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	600,559	594,510
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(604,247)	(604,878)
Reinsurance and other recoveries revenue	<u>175,002</u>	<u>101,129</u>
Net insurance claims	<u><u>141,502</u></u>	<u><u>75,385</u></u>
17. NET COMMISSION INCOME		
Commissions paid or payable	75,432	36,609
Add: Deferred commission - opening	131,216	98,200
Less: Deferred commission - closing	(135,638)	(86,256)
Commission expense	<u>71,010</u>	<u>48,553</u>
Less: Commission from reinsurers		
Commission received or receivable	62,586	61,322
Add: Unearned reinsurance commission - opening	160,786	127,746
Less: Unearned reinsurance commission - closing	(132,959)	(115,746)
Commission from reinsurers	<u>90,413</u>	<u>73,322</u>
Net commission income	<u><u>19,403</u></u>	<u><u>24,769</u></u>

Habib Insurance Company Limited

	(Unaudited) March 31, 2022 (Rupees in '000)	(Unaudited) March 31, 2021
18. INVESTMENT INCOME		
Income from equity securities and mutual fund units - 'available-for-sale'		
- Dividend income	71,950	36,446
Income from debt securities - 'held-to-maturity'		
- Return on government securities - PIB's	4,965	6,329
Net realised gain / (loss) on investments		
- Equity securities	(15,745)	4,837
- Government securities	-	21,187
Total investment income	<u>61,170</u>	<u>68,799</u>
Less: Investment related expenses	(114)	(33)
	<u><u>61,056</u></u>	<u><u>68,766</u></u>
19. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the period	<u>48,566</u>	<u>52,683</u>
	(Number of Shares)	
Weighted average number of ordinary shares of Rs.5 each	<u>123,874,755</u>	<u>123,874,755</u>
	(Rupees)	
Basic earnings per share	<u>0.39</u>	<u>0.43</u>

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

20. TRANSACTIONS WITH RELATED PARTIES

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

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

Habib Insurance Company Limited

	(Unaudited) March 31, 2022	(Unaudited) March 31, 2021
	(Rupees in '000)	
Transactions and balances with associated companies		
Transactions during the year with associated companies		
Premium written	66,093	65,607
Claims paid	23,791	70,126
Dividend received	29,609	21,070
Investment made	43,953	27,177
Interest received on bank accounts	1,041	1,346
Bank charges	73	127
Lease rental paid	–	6,983
Security deposit paid	–	2,870
Interest expense	–	1,936
Remuneration of key management personnel	52,721	39,077
	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Balances with associated companies		
Premium due but unpaid	111,950	268,350
Claims outstanding	81,130	87,200
Bank balances	21,482	73,687
Investment held	528,646	484,251
	(Unaudited) March 31, 2022	(Unaudited) March 31, 2021
	(Rupees in '000)	
Transactions during the year with other related parties including key management personnel		
Repayment of loans to employees (secured)	2,113	764
Brokerage expenses paid	58	33
Contribution to the provident fund	2,591	2,536
	(Unaudited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Balance with other related parties including key management personnel		
Loans to employees (secured)	41,325	44,508

Habib Insurance Company Limited

21. SEGMENT REPORTING

	March 31, 2022 (Unaudited)					
	Fire and property	Marine and transport	Motor	Group hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	136,768	108,642	280,813	88	37,022	563,333
Less: Federal Excise Duty	17,442	11,990	33,278	21	4,715	67,446
Federal Insurance Fee	1,155	958	2,451	2	334	4,900
Gross written premium (inclusive of Administrative surcharge)	<u>118,171</u>	<u>95,694</u>	<u>245,084</u>	<u>65</u>	<u>31,973</u>	<u>490,987</u>
Gross direct premium	114,216	92,376	234,757	63	31,319	472,731
Facultative inward premium	2,842	-	276	-	-	3,118
Administrative surcharge	1,113	3,318	10,051	2	654	15,138
	<u>118,171</u>	<u>95,694</u>	<u>245,084</u>	<u>65</u>	<u>31,973</u>	<u>490,987</u>
Insurance premium earned	181,277	112,500	211,310	3,339	41,722	550,148
Insurance premium ceded to reinsurers	<u>(154,543)</u>	<u>(60,957)</u>	<u>(45,659)</u>	<u>-</u>	<u>(19,916)</u>	<u>(281,075)</u>
Net insurance premium	26,734	51,543	165,651	3,339	21,806	269,073
Commission income	47,408	22,278	16,041	-	4,686	90,413
Net underwriting income	<u>74,142</u>	<u>73,821</u>	<u>181,692</u>	<u>3,339</u>	<u>26,492</u>	<u>359,486</u>
Insurance claims	67,313	44,077	166,122	3,079	35,913	316,504
Insurance claims recovered from reinsurers	<u>(58,101)</u>	<u>(26,183)</u>	<u>(64,860)</u>	<u>-</u>	<u>(25,858)</u>	<u>(175,002)</u>
Net Claims	9,212	17,894	101,262	3,079	10,055	141,502
Commission expense	(31,412)	(12,560)	(21,666)	(59)	(5,313)	(71,010)
Management expenses	(33,628)	(27,233)	(69,746)	(19)	(9,099)	(139,725)
Net insurance claims and expenses	<u>(65,040)</u>	<u>(39,793)</u>	<u>(91,412)</u>	<u>(78)</u>	<u>(14,412)</u>	<u>(210,735)</u>
Underwriting result	<u>(110)</u>	<u>16,134</u>	<u>(10,982)</u>	<u>182</u>	<u>2,025</u>	<u>7,249</u>
Investment income						61,056
Other income						1,901
Other expenses						(1,958)
Results of operating activities						<u>68,248</u>
Finance cost						(1,008)
Loss from Window Takaful Operations - Operator's Fund						<u>(2,407)</u>
Profit before tax						<u>64,833</u>
Segment assets	770,565	478,210	898,228	14,193	177,350	2,338,546
Unallocated assets						1,738,905
Unallocated assets of General Takaful Operations - Operator's Fund						75,786
						<u>4,153,237</u>
Segment liabilities	749,284	465,003	873,421	13,801	172,452	2,273,961
Unallocated liabilities						525,711
Unallocated assets of General Takaful Operations - Operator's Fund						49,150
						<u>2,848,822</u>

Habib Insurance Company Limited

21. SEGMENT REPORTING

	March 31, 2021 (Unaudited)					
	Fire and property	Marine and transport	Motor	Group hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	116,393	84,024	162,746	512	29,304	392,979
Less: Federal Excise Duty	13,526	9,360	20,497	58	3,541	46,982
Federal Insurance Fee	909	738	1,405	4	254	3,310
Gross written premium (inclusive of Administrative surcharge)	<u>101,958</u>	<u>73,926</u>	<u>140,844</u>	<u>450</u>	<u>25,509</u>	<u>342,687</u>
Gross direct premium	89,867	70,972	134,367	449	25,008	320,663
Facultative inward premium	11,066	93	350	-	83	11,592
Administrative surcharge	1,025	2,861	6,128	-	418	10,432
	<u>101,958</u>	<u>73,926</u>	<u>140,845</u>	<u>449</u>	<u>25,509</u>	<u>342,687</u>
Insurance premium earned	165,109	81,845	145,963	3,440	37,603	433,960
Insurance premium ceded to reinsurers	<u>(136,189)</u>	<u>(47,696)</u>	<u>(49,293)</u>	<u>-</u>	<u>(20,114)</u>	<u>(253,292)</u>
Net insurance premium	28,920	34,149	96,670	3,440	17,489	180,668
Commission income	34,688	17,955	17,666	-	3,013	73,322
Net underwriting income	63,608	52,104	114,336	3,440	20,502	253,990
Insurance claims	<u>70,488</u>	<u>16,874</u>	<u>70,116</u>	<u>3,698</u>	<u>15,338</u>	<u>176,514</u>
Insurance claims recovered from reinsurers	<u>(61,267)</u>	<u>(12,340)</u>	<u>(22,133)</u>	<u>-</u>	<u>(5,389)</u>	<u>(101,129)</u>
Net Claims	9,221	4,534	47,983	3,698	9,949	75,385
Commission expense	(26,782)	(9,212)	(7,189)	(4)	(5,366)	(48,553)
Management expenses	(41,587)	(20,700)	(45,761)	(793)	(9,698)	(118,539)
Net insurance claims and expenses	<u>(68,369)</u>	<u>(29,912)</u>	<u>(52,950)</u>	<u>(797)</u>	<u>(15,064)</u>	<u>(167,092)</u>
Underwriting result	<u>(13,982)</u>	<u>17,658</u>	<u>13,403</u>	<u>(1,055)</u>	<u>(4,511)</u>	<u>11,513</u>
Investment income						68,766
Other income						6,653
Other expenses						<u>(1,825)</u>
Results of operating activities						85,107
Finance cost						(3,740)
Profit from Window Takaful Operations - Operator's Fund						<u>(5,423)</u>
Profit before tax						<u>75,944</u>
Segment assets	805,872	399,473	712,423	16,790	183,534	2,118,092
Unallocated assets						1,495,767
Unallocated assets of General Takaful Operations - Operator's Fund						65,384
						<u>3,679,243</u>
Segment liabilities	707,066	350,495	625,075	14,732	161,032	1,858,400
Unallocated liabilities						542,652
Unallocated assets of General Takaful Operations - Operator's Fund						23,875
						<u>2,424,927</u>

Habib Insurance Company Limited

22. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 28, 2022 by the Board of Directors of the Company.

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Financial Statements

Window Takaful Operations

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position as at March 31, 2022 (Unaudited)

	Operator's Fund		Participant's Fund	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Note	(Rupees in '000)		(Rupees in '000)	
ASSETS				
Investments				
Mutual Fund	10,107	–	–	–
Musharika Certificates	–	35,051	–	80,116
Loans and other receivables	6	249	592	1
Takaful / retakaful receivable	–	–	162,636	142,414
Retakaful recoveries against outstanding claims	12	–	28,198	21,618
Deferred Wakala expense	15	–	20,151	13,019
Deferred commission expense	13	17,053	–	–
Receivable from PTF	–	2,500	–	–
Taxation - payments less provision	–	765	879	803
Prepayments	–	925	38,555	43,143
Cash and bank	8	44,187	133,093	45,081
Total assets		<u>75,786</u>	<u>384,104</u>	<u>346,195</u>
EQUITIES AND LIABILITIES				
CAPITAL RESERVES ATTRIBUTABLE TO				
COMPANY'S SHAREHOLDERS				
Share capital	50,000	50,000	–	–
Retained earnings	(23,364)	(20,957)	–	–
Reserves	–	–	–	–
Total Shareholders Equity	26,636	29,043	–	–
PARTICIPANT'S TAKAFUL FUND (PTF)				
Ceded money	–	–	500	500
Accumulated surplus	–	–	91,309	76,011
Reserve	–	–	(342)	(342)
Balance of Participants' Takaful Fund	–	–	91,467	76,169
Qard-e-Hasna	–	–	–	–
LIABILITIES				
PTF underwriting provisions				
Outstanding claims including IBNR	12	–	73,310	48,618
Unearned contribution reserve	11	–	136,744	130,184
Reserve for unearned retakaful rebate	13	–	7,754	8,646
	–	–	217,808	187,448
Unearned Wakala Fee	15	20,151	–	–
Contribution received in advance	–	–	5,870	7,328
Takaful / retakaful payable	10	–	62,203	63,136
Payable to OTF	–	–	2,500	7,577
Retirement benefit obligation	–	1,632	–	–
Other creditors and accrual	9	27,367	4,256	4,537
Total liabilities		<u>49,150</u>	<u>74,829</u>	<u>82,578</u>
Total Equity and Liabilities		<u>75,786</u>	<u>384,104</u>	<u>346,195</u>
Contingencies and commitments	17	–	–	–

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

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income (Unaudited) for the quarter ended March 31, 2022 (Unaudited)

		(Unaudited) Quarter ended March 31, 2022	(Unaudited) Quarter ended March 31, 2021
	Note	(Rupees in '000)	
Participants' Takaful Fund			
Contribution earned	11	64,170	41,116
Less: Contribution ceded to retakaful	11	(27,871)	(19,788)
Net contribution revenue		<u>36,299</u>	<u>21,328</u>
Retakaful rebate	14	<u>5,309</u>	<u>3,886</u>
Net underwriting income		41,608	25,214
Net claims - reported/ settled -IBNR	12	(22,815) (6,254) <u>(29,069)</u>	(4,311) (2,421) <u>(6,732)</u>
Surplus before investment income		12,539	18,482
Investment income		2,252	-
Profit on bank balances		507	1,046
Surplus transferred to accumulated surplus		<u>15,298</u>	<u>19,528</u>
Other Comprehensive income			
Unrealised gain on available for sale investments during the period		-	-
Net gain transferred to profit and loss on disposal/ redemption/ impairment of investments		-	-
Related tax impact		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>15,298</u>	<u>19,528</u>
Operator's Fund			
Wakala fee	15	7,254	333
Commission expense	13	(8,566)	(4,540)
General administrative and management expenses		(2,156) <u>(3,468)</u>	(1,897) <u>(6,104)</u>
Investment income		1,007	659
Profit on bank balances		112	173
Other expense		(58)	(151)
Loss before taxation		<u>(2,407)</u>	<u>(5,423)</u>
Income tax expense		-	-
Loss after tax for the period		<u>(2,407)</u>	<u>(5,423)</u>
Other comprehensive income			
Unrealised gain on available for sale investments during the period		-	297
Net gain transferred to profit and loss on disposal/ redemption/ impairment of investments		-	297
Related tax impact		-	(86)
Other comprehensive income for the period		-	211
Total comprehensive loss for the period		<u>(2,407)</u>	<u>(5,212)</u>

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

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Fund for the Quarter ended March 31, 2022 (Unaudited)

	Operator's Fund			Total
	Statutory Fund	Available-for sale reserve	Accumulated (deficit)/ surplus	
	(Rupees in '000)			
Balance as at January 01, 2021	50,000	541	(3,820)	46,721
Loss for the period	–	–	(5,423)	(5,423)
Unrealized gain on revaluations of - available-for-sale investments	–	297	–	297
Related tax impact	–	(86)	–	(86)
Balance as at March 31, 2021	<u>50,000</u>	<u>752</u>	<u>(9,243)</u>	<u>41,509</u>
Balance as at January 01, 2022	50,000	–	(20,957)	29,043
Loss for the period	–	–	(2,407)	(2,407)
Balance as at March 31, 2021	<u>50,000</u>	<u>–</u>	<u>(23,364)</u>	<u>26,636</u>
	Participants' Takaful Fund			
	Ceded money	Available-for sale reserve	Accumulated (deficit)/ surplus	Total
	(Rupees in '000)			
Balance as at January 01, 2021	500	(342)	16,875	17,033
Surplus for the period	–	–	19,528	19,528
Balance as at March 31, 2021	<u>500</u>	<u>(342)</u>	<u>36,403</u>	<u>36,561</u>
Balance as at January 01, 2022	500	(342)	76,011	76,169
Surplus for the period	–	–	15,298	15,298
Balance as at March 31, 2022	<u>500</u>	<u>(342)</u>	<u>91,309</u>	<u>91,467</u>

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

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

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

	OPF (Unaudited)		PTF (Unaudited)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31 2021
	(Rupees in '000)			
Operating activities				
(a) Takaful activities				
Contribution received	-	-	56,304	34,612
Retakaful contribution paid	-	-	(24,216)	(3,349)
Claims paid	-	-	(15,281)	(11,532)
Retakaful and other recoveries received	-	-	4,324	1,940
Commission paid	(7,789)	(4,840)	-	-
Wakala fee	19,464	-	(19,464)	-
Commission received	-	-	4,417	2,909
Net cash inflows from takaful activities	11,675	(4,840)	6,084	24,580
(b) Other operating activities				
Other operating payments	(2,678)	(2,366)	(2,961)	(2,977)
Other operating receipts	-	-	-	-
Net cash flow from other operating activities	(2,678)	(2,366)	(2,961)	(2,977)
Total cash flow from operating activities	8,997	(7,206)	3,123	21,603
Investment activities				
Profit / return received	993	173	2,520	1,046
Dividend received	126	659	239	-
Proceeds from investments	35,932	-	82,130	-
Payments for investments	(10,107)	(560)	-	-
Total cash flow from investing activities	26,944	272	84,889	1,046
Financing activities				
Satutory capital injected	-	-	-	-
Ceded money received	-	-	-	-
Total cash flows from financing activities	-	-	-	-
Net cash flow from all activities	35,941	(6,934)	88,012	22,649
Cash and cash equivalents at beginning of year	8,246	14,734	45,081	65,465
Cash and cash equivalents at end of period	44,187	7,800	133,093	88,114
Reconciliation to profit and loss account				
Operating cash flows	8,997	(7,206)	3,123	21,603
Profit / return received	993	173	2,520	1,046
Dividends received	126	659	239	-
(Increase)/ decrease in assets other than cash	(870)	(3,232)	45,590	14,120
(Decrease)/ Increase in liabilities	(11,653)	4,183	(36,174)	(17,241)
(Loss)/ profit after taxation	(2,407)	(5,423)	15,298	19,528
Attributed to:				
Operator's Fund	(2,407)	(5,423)	-	-
Participants' Takaful Fund	-	-	15,298	19,528
	(2,407)	(5,423)	15,298	19,528

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

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

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the quarter ended March 31, 2022 (Unaudited)

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

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

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

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements for the quarter ended March 31, 2021 are unaudited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 and SECP Takaful Rules, 2012.

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

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

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2.1.3 In terms of the requirements of the Takaful Rules 2012, read with SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss and other comprehensive income of the Operator's Fund have been presented as a single line item in the balance sheet and statement of comprehensive income of the Operator respectively.

2.1.4 This condensed interim financial statements does not include all the information and disclosures required in the annual financial statements. Accordingly these condensed interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The significant accounting policies and method of computation adopted in preparation of these condensed interim financial statements are consistent with those followed in preparation of the annual financial statements of the Operator for the year ended December 31, 2021.

4 ESTIMATE AND JUDGEMENTS

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

The significant judgements made by management in applying the Operations' accounting policies and the key source of estimation uncertainty were the same as those that were applied to the annual financial statements as at and for the year ended December 31, 2021.

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5. INVESTMENT IN EQUITY SECURITIES

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Cost	Impairment / Provision	Revaluation surplus / Carrying Value (Rupees in '000)	Cost	Impairment / Provision	Revaluation surplus / Carrying Value
Available-for-sale						
Mutual funds OPF						
Meezan Daliy Income Plan (MDIP)	10,000	-	107	-	-	-

6. LOANS AND OTHER RECEIVABLES

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in '000)			(Rupees in '000)		
Agents commission receivable	249	-	249	249	-	249
Other	-	592	592	-	1	1
	<u>249</u>	<u>592</u>	<u>841</u>	<u>249</u>	<u>1</u>	<u>250</u>
			Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021	
				(Rupees in '000)		

7. TAKAFUL/ RETAKAFUL RECEIVABLE

Due from Takaful contract holders		
Considered good	92,391	73,638
Considered doubtful	1,988	1,988
Less: Provision for impairment of receivables from takaful contract holders	(1,988)	(1,988)
	<u>92,391</u>	<u>73,638</u>
Due from other takaful/ retakaful operators - Considered good	70,245	68,776
	<u>162,636</u>	<u>142,414</u>

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8. CASH AND BANK

	March 31, 2022 (Unaudited)			December 31, 2021 (Audited)		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in '000)			(Rupees in '000)		
Cash and cash equivalent						
- Policy stamps	-	38	38	-	5	5
Cash at bank						
Profit and loss sharing (PLS) accounts	44,187	133,093	177,280	8,246	45,076	53,322
	<u>44,187</u>	<u>133,131</u>	<u>177,318</u>	<u>8,246</u>	<u>45,081</u>	<u>53,327</u>

9. OTHER CREDITORS AND ACCRUALS

Federal insurance fee	-	421	421	-	454	454
Federal Excise Duty	-	3,448	3,448	-	4,083	4,083
Commission payable	23,931	-	23,931	20,009	-	20,009
Taxes and duties payable	22	387	409	-	-	-
Provision for leave encashment	438	-	438	438	-	438
Payable to Habib Insurance	2,030	-	2,030	1,453	-	1,453
Other creditors	-	-	-	170	-	170
Auditor's remuneration	946	-	946	776	-	776
	<u>27,367</u>	<u>4,256</u>	<u>31,623</u>	<u>22,846</u>	<u>4,537</u>	<u>27,383</u>

10. TAKAFUL/ RETAKAFUL PAYABLE

	Note	(Unaudited) March 31, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
Due to other takaful/ retakaful		<u>62,203</u>	<u>63,136</u>
Due to other takaful/ retakaful			
Foreign retakaful		19,925	29,550
Local retakaful		19,021	13,225
Co-takaful		23,257	20,361
		<u>62,203</u>	<u>63,136</u>

11. NET CONTRIBUTION

Written gross contribution	77,984	42,773
Less: Wakala Fee	(7,254)	(333)
Contribution Net of Wakala Fee	<u>70,730</u>	<u>42,440</u>
Add: Unearned contribution reserve opening	130,184	75,074
Less: Unearned contribution reserve - closing	(136,744)	(76,398)
Contribution earned	<u>64,170</u>	<u>41,116</u>
Reinsurance contribution ceded	23,283	14,587
Add: Prepaid retakaful contribution opening	43,143	32,671
Less: Prepaid retakaful contribution closing	(38,555)	(27,470)
Retakaful expense	<u>27,871</u>	<u>19,788</u>
Net contribution	<u>36,299</u>	<u>21,328</u>

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	(Unaudited) March 31, 2022 (Rupees in '000)	(Unaudited) March 31, 2021
12. TAKAFUL CLAIMS EXPENSE		
Claims paid	15,281	11,532
Add: Outstanding claims including IBNR closing	73,310	59,561
Less: Outstanding claims including IBNR opening	(48,618)	(59,783)
Claims expense	<u>39,973</u>	<u>11,310</u>
Retakaful and other recoveries received	4,324	1,940
Add: Retakaful and other recoveries in respect of outstanding claims net of impairment - closing	28,198	42,369
Less: Retakaful and other recoveries in respect of outstanding claims net of impairment - opening	(21,618)	(39,731)
Retakaful and other recoveries revenue	<u>10,904</u>	<u>4,578</u>
Net claim expense	<u><u>29,069</u></u>	<u><u>6,732</u></u>
13. COMMISSION EXPENSE		
Commission paid or payable	11,196	4,392
Add: Deferred commission - opening	14,423	8,028
Less: Deferred commission - closing	(17,053)	(7,880)
Commission expense	<u>8,566</u>	<u>4,540</u>
14. RETAKAFUL REBATE		
Retakaful rebate received	4,417	2,909
Add: Unearned retakaful - opening	8,646	6,240
Less: Unearned retakaful - closing	(7,754)	(5,263)
Retakaful rebate	<u>5,309</u>	<u>3,886</u>
15. WAKALA FEE		
Gross Wakala Fee	14,386	4,219
Add: Deferred wakala fee - opening	13,019	3,754
Less: Deferred wakala fee - closing	(20,151)	(7,640)
Net wakala fee	<u>7,254</u>	<u>333</u>
16. INVESTMENT INCOME		
	(Unaudited) Three months period ended March 31, 2022	(Unaudited) Three months period ended March 31, 2022
	OPF	PTF
	2022	2021
Income from mutual fund units - available-for-sale'		
Dividend income	126	-
Income from mutual fund units - held to maturity'		
Profit on certificate of Musharika	881	2,013
Total investment income	<u><u>1,007</u></u>	<u><u>-</u></u>

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17 CONTINGENCIES & COMMITMENTS

17.1 Contingencies

There is no contingency outstanding as at March 31, 2022 (December 31, 2021: Nil).

17.1 Commitments

There is no commitment as at March 31, 2022 (December 31, 2021: Nil).

18 TRANSACTIONS WITH RELATED PARTIES

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

	(Unaudited) March 31, 2022 (Rupees in '000)	(Unaudited) March 31, 2021
18.1 Operator's Fund		
Transaction		
Wakala fee charged during the period	<u>14,386</u>	<u>4,219</u>
	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
Balance		
Bank balance	<u>44,187</u>	<u>8,246</u>
	(Unaudited) March 31, 2022 (Rupees in '000)	(Unaudited) March 31, 2021
18.2 Participants' Takaful Fund		
Transactions		
Associated companies		
- Contribution written	<u>285</u>	<u>615</u>
- Claim paid	<u>2,855</u>	<u>1,285</u>
- Profit on bank accounts	<u>507</u>	<u>1,046</u>
	(Unaudited) March 31, 2022 (Rupees in '000)	(Audited) December 31, 2021
Balances		
<i>Associated companies</i>		
- Contribution due but unpaid	<u>8,109</u>	<u>9,774</u>
- Claim outstanding	<u>2,710</u>	<u>3,227</u>
- Bank balance	<u>133,093</u>	<u>19,779</u>

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18 SEGMENT INFORMATION

	For the quarter ended March 31, 2022 (Unaudited)				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
18.1 Participants' Takaful Fund					
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	18,608	9,369	60,631	401	89,009
Less: Federal Excise Duty	(2,408)	(1,058)	(6,757)	(53)	(10,276)
Federal Insurance Fee	(161)	(83)	(502)	(3)	(749)
Gross written contribution (inclusive of administrative surcharge)	<u>16,039</u>	<u>8,228</u>	<u>53,372</u>	<u>345</u>	<u>77,984</u>
Wakala fees	(1,492)	(765)	(4,965)	(32)	(7,254)
Takaful contribution earned	19,991	9,353	40,638	1,442	71,424
Takaful contribution ceded to retakaful operators	(17,004)	(7,961)	(1,744)	(1,162)	(27,871)
Net takaful contribution	<u>1,495</u>	<u>627</u>	<u>33,929</u>	<u>248</u>	<u>36,299</u>
Retakaful rebate	3,350	1,700	21	238	5,309
Net underwriting income	<u>4,845</u>	<u>2,327</u>	<u>33,950</u>	<u>486</u>	<u>41,608</u>
Takaful claims	(11,018)	(566)	(28,255)	(134)	(39,973)
Takaful claims recovered from retakaful	9,551	651	606	96	10,904
Net claims	<u>(1,467)</u>	<u>85</u>	<u>(27,649)</u>	<u>(38)</u>	<u>(29,069)</u>
Underwriting result	<u>3,378</u>	<u>2,412</u>	<u>6,301</u>	<u>448</u>	<u>12,539</u>
Investment income					2,252
Profit on bank balances					507
Surplus transferred to balance of PTF					<u>15,298</u>
Segment assets	59,053	27,629	120,044	4,260	210,986
Unallocated assets					173,118
Total assets					<u>384,104</u>
Segment liabilities	19,053	8,914	38,731	1,374	68,072
Unallocated liabilities					6,757
Total liabilities					<u>74,829</u>
18.2 Operator's Fund					
Wakala fee	2,031	950	4,127	146	7,254
Commission expense	(3,156)	(1,504)	(3,762)	(144)	(8,566)
Management expenses	(449)	(227)	(1,470)	(10)	(2,156)
Underwriting result	<u>(1,574)</u>	<u>(781)</u>	<u>(1,105)</u>	<u>(8)</u>	<u>(3,468)</u>
Investment income					1,007
Profit on bank balances					112
Other expenses					(58)
Loss before taxation					<u>(2,407)</u>
Income tax expense					-
Profit after tax for the period					<u>(2,407)</u>
Segment assets	5,473	2,560	11,125	395	19,553
Unallocated assets					56,233
Total assets					<u>75,786</u>
Segment liabilities	5,640	2,639	11,465	407	20,151
Unallocated liabilities					28,999
Total liabilities					<u>49,150</u>

Habib Insurance Company Limited

SEGMENT INFORMATION

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

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19 GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

20 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on April 28, 2022 by the Board of Directors of the Company.

RAFIQ M. HABIB
Chairman

QUMAIL R. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer