



Habib Insurance
Est.1942

Habib Insurance Company Limited

**Accounts for the Nine months ended
September 30, 2021
(Unaudited)**

Habib Insurance Company Limited

Contents

Company Information	1
Directors' Review	2
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flow	7
Notes to the Financial Statements	8
Financial Statements – Window Takaful Operations	
Statement of Financial Position	28
Statement of Comprehensive Income	29
Statement of Changes in Fund	30
Statement of Cash Flow	31
Notes to the Financial Statements	32

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 September 30, 2021.

By the Grace of Allah, the written gross premium for the period under review was Rs.1,599.3 million as compared Rs.1,264.1 million for the corresponding period last year, an increase of 27%. The underwriting results of the Company for the nine months was Rs. 93.5 million against Rs. 91.3 million of last year with improvements on claims and despite a substantial increase in amount placed in reserve, the benefit of which will accrue in subsequent periods.

The Investment Income for the period grew substantially to Rs. 126.6 million from Rs. 36.7 million of last year. As explained in our earlier report that this was mainly due to increase in dividend income as well as capital gains.

Consequently, the profit before tax was Rs. 108.4 million as against Rs. 39.5 million of same period last year with an earning of Rs. 0.60 per share.

We pray to Allah for stability and economic progress of the Nation and particularly for the safety and welfare of the people and for a successful closing for 2021.

On behalf of the Board of Directors

RAFIQ M. HABIB
Chairman

SHABBIR GULAMALI
Chief Executive

Karachi: October 28, 2021

Habib Insurance Company Limited

حبیب انشورنس کمپنی لمیٹڈ ڈائریکٹرز کا جائزہ

معزز شیئر ہولڈرز،

ڈائریکٹرز ۳۰ ستمبر ۲۰۲۱ء کو ختم ہونے والی مدت کے لئے کمپنی کے غیر آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اللہ تعالیٰ کے فضل و کرم سے زیر جائزہ مدت کے لئے زیر تحریر مجموعی پریمیم 1,599.3 ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران 1,264.1 ملین روپے تھا اور اس طرح 27 فیصد کا اضافہ ہوا۔ اس نو ماہ کی مدت کے لئے کمپنی کے زیر تحریر نتائج 93.5 ملین روپے رہے جبکہ اس کے مقابلے میں گزشتہ سال کی اس مدت میں 91.3 ملین روپے تھے اس کے کلیمز میں بہتری آئی اور ریزرو میں رکھی گئی رقم میں مناسب اضافے کے باوجود اس کے فوائد آئندہ مدتوں میں ظاہر ہوں گے۔

اس مدت کیلئے سرمایہ کاری کی آمدنی گزشتہ سال کی 36.7 ملین روپے سے نمایاں حد تک بڑھ کر 126.6 ملین روپے ہو گئی۔ جیسا کہ ہماری گزشتہ رپورٹ میں وضاحت کی گئی ہے کہ یہ بنیادی طور پر منافع منقسمہ کی آمدنی میں اضافے نیز کیپٹل منافع جات کے باعث ممکن ہوا۔

اس کے نتیجے میں منافع قبل از ٹیکس 108.4 ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں 39.5 ملین روپے تھا، 0.60 روپے فی شیئر کی آمدنی کے ساتھ حاصل ہوا۔

ہم اللہ تعالیٰ سے قوم کے استحکام اور معاشی ترقی بالخصوص عوام الناس کے تحفظ اور فلاح و بہبود کے لئے اور سال 2021 کے کامیاب اختتام کیلئے دعا گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

شبیر غلام علی
چیف ایگزیکٹو

رفیق ایم۔ حبیب
چیئر مین

کراچی:
۲۸ اکتوبر ۲۰۲۱ء

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position (Unaudited) as at September 30, 2021

	Note	(Unaudited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
Assets			
Property and equipment	7	170,890	185,179
Intangible assets		857	2,191
Investments			
Equity securities	8	1,351,911	985,611
Debt securities	9	92,285	329,937
Loans and other receivables	10	132,035	132,031
Insurance/ reinsurance receivables	11	1,162,040	983,879
Reinsurance recoveries against outstanding claims	18	585,652	595,673
Salvage recoveries accrued		37,036	9,205
Deferred commission expense	19	120,756	98,200
Prepayments	12	493,615	445,798
Cash and bank	13	28,717	179,541
		<u>4,175,794</u>	<u>3,947,245</u>
Total Assets of Window Takaful Operations - Operator's Fund		<u>69,487</u>	<u>70,631</u>
Total assets		<u>4,245,281</u>	<u>4,017,876</u>
EQUITIES AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		619,374	619,374
Reserve		506,692	588,984
Unappropriated profit		104,349	91,890
Total Equity		<u>1,230,415</u>	<u>1,300,248</u>
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	18	795,458	819,119
Unearned premium reserves	17	889,053	818,033
Premium deficiency reserves		-	6,151
Unearned reinsurance commission	19	162,117	127,746
Retirement benefit obligations		134,579	119,302
Deferred taxation - net		89,644	124,128
Financial Lease Liability		108,735	137,642
Borrowings		141,782	-
Premium received in advance		11,995	13,852
Insurance/ reinsurance payables	14	401,713	317,459
Other creditors and accruals	15	246,318	208,040
Taxation - provision less payment		1,070	2,246
		<u>2,982,464</u>	<u>2,693,718</u>
Total liabilities of Window Takaful Operations - Operator's Fund		<u>32,402</u>	<u>23,910</u>
Total liabilities		<u>3,014,866</u>	<u>2,717,628</u>
Total Equity and Liabilities		<u>4,245,281</u>	<u>4,017,876</u>
Contingencies and commitments	16		

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income (Unaudited) for the nine months period ended September 30, 2021

	Note	(Unaudited) Three months period ended September 30,		(Unaudited) Nine months period ended September 30,	
		2021 (Rupees in '000)	2020 (Rupees in '000)	2021 (Rupees in '000)	2020 (Rupees in '000)
Net insurance premium	17	207,953	175,489	584,760	559,558
Net insurance claims	18	(120,856)	(104,297)	(281,233)	(291,864)
Premium deficiency		–	–	6,151	–
Net commission revenue	19	(1,469)	23,887	45,371	59,012
Insurance claims and acquisition expenses		(122,325)	(80,410)	(229,711)	(232,852)
Management expenses		(81,386)	(82,682)	(261,574)	(235,360)
Underwriting results		4,242	12,397	93,475	91,346
Investment income - net	20	35,820	9,545	126,591	36,749
Other income	22	2,089	1,052	10,441	4,036
Other expenses		(32,213)	(27,667)	(103,215)	(81,325)
Results of operating activities		9,938	(4,673)	127,292	50,806
Finance costs		(2,646)	(3,327)	(8,564)	(13,398)
(Loss)/ profit before tax from Window Takaful Operations - Operator's Fund		(1,889)	(3,361)	(10,361)	2,106
Profit/ (loss) before tax		5,403	(11,361)	108,367	39,514
Income tax expense	21	(3,113)	1,324	(33,971)	(11,945)
Profit/ (loss) after tax		2,290	(10,037)	74,396	27,569
Other comprehensive income:					
<i>Total items that may be reclassified subsequently to profit and loss account</i>					
Unrealised gain / (losses) on available-for-sale investments		(124,978)	180,283	(143,703)	51,576
Less: Net gain/ (loss) transferred to profit and loss on disposal / redemption / impairment of investments		55,794	–	26,778	(24,559)
Fair value (loss)/ gain on available-for-sale during the period		(69,184)	180,283	(116,925)	27,017
Related tax impact		20,063	(52,282)	33,908	(7,835)
		(49,121)	128,001	(83,017)	19,182
Other comprehensive income from Window Takaful Operations - Operator's Fund - net of tax		765	85	725	74
Other comprehensive (loss)/ income for the period		(48,356)	128,086	(82,292)	19,256
Total comprehensive (loss)/ income for the period		(46,066)	118,049	(7,896)	46,825
Earning (after tax) per share - Rupees	23	0.02	(0.08)	0.60	0.22

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity (Unaudited) for the nine months period ended September 30, 2021

	Attributable to equity holders of the Company					Total Equity	
	Share capital	Capital Reserves		Revenue Reserves			Unappropriated profit
		Reserve for exceptional losses	General reserve	Available for sale reserve			
	(Rupees in '000)						
Balance as at January 01, 2020	619,374	9,122	255,000	274,278	91,407	1,249,181	
Profit after tax for the nine months period ended September 30, 2020	-	-	-	-	27,569	27,569	
Other comprehensive income for the nine months period ended September 30, 2020	-	-	-	19,182	-	19,182	
Other comprehensive income for the nine months period ended September 30, 2020 from window takaful operations - net of tax	-	-	-	74	-	74	
Total comprehensive income for the period	-	-	-	19,256	27,569	46,825	
Final dividend of Rs. 0.5 per share for the year ended December 31, 2019	-	-	-	-	(61,937)	(61,937)	
Balance as at September 30, 2020	619,374	9,122	255,000	293,534	57,039	1,234,069	
Balance as at January 01, 2021	619,374	9,122	255,000	324,862	91,890	1,300,248	
Profit after tax for the nine months period ended September 30, 2021	-	-	-	-	74,396	74,396	
Other comprehensive loss for the nine months period ended September 30, 2021	-	-	-	(83,017)	-	(83,017)	
Other comprehensive income for the nine months period ended September 30, 2021 from window takaful operations - net of tax	-	-	-	725	-	725	
Total comprehensive income for the nine months period ended September 30, 2021	-	-	-	(82,292)	74,396	(7,896)	
Final dividend of Rs. 0.5 per share for the year ended December 31, 2020	-	-	-	-	(61,937)	(61,937)	
Balance as at September 30, 2021	619,374	9,122	255,000	242,570	104,349	1,230,415	

9

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flow (Unaudited) for the nine months period ended September 30, 2021

	(Unaudited) September 30, 2021	(Unaudited) September 30, 2020
	(Rupees in '000)	
Operating cash flows		
(a) Underwriting activities		
Insurance premium received	1,241,826	1,100,069
Reinsurance premium paid	(729,989)	(622,800)
Claims paid	(696,849)	(636,410)
Reinsurance and other recoveries received	374,145	372,033
Commission paid	(130,733)	(118,780)
Commission received	238,607	205,832
Net cash flows from underwriting activities	297,007	299,944
(b) Other operating activities		
Income tax paid	(33,304)	(19,306)
Other operating payments	(343,227)	(295,023)
Loans advanced	(4,482)	(10,262)
Loan repayment received	8,698	11,928
Net cash flow from other operating activities	<u>(372,315)</u>	<u>(312,663)</u>
Total cash flow from all operating activities	<u>(75,308)</u>	<u>(12,719)</u>
Investment activities		
Profit / return received	26,988	32,937
Dividend received	68,521	34,532
Payment for investments	(1,021,215)	(315,704)
Proceeds from investments	807,339	245,631
Fixed capital expenditure	(18,211)	(11,055)
Proceeds from sale of property, plant and equipment	7,467	1,507
Total cash flow from investing activities	<u>(129,111)</u>	<u>(12,152)</u>
Financing activities		
Rentals paid	(27,545)	(18,069)
Loan paid	-	(80,941)
Dividends paid	(60,642)	(60,365)
Total cash flows from financing activities	<u>(88,187)</u>	<u>(159,375)</u>
Net cash flows from all activities	<u>(292,606)</u>	<u>(184,246)</u>
Cash and cash equivalents at beginning of year	179,541	121,116
Cash and cash equivalents at end of period	<u>(113,065)</u>	<u>(63,130)</u>
Reconciliation to profit and loss account		
Operating cash flows	(75,308)	(12,719)
Depreciation and amortisation expense	(28,020)	(24,890)
Income tax paid	33,304	19,306
Provision for gratuity	(16,652)	(14,967)
Provision for impairment	-	1,034
Gratuity paid	1,375	1,935
Profit/ return received	26,988	32,937
Dividends received	68,521	34,532
Gain / (Loss) on sale of investments	26,778	(24,559)
Financial charges expense	(8,564)	(13,398)
Profit on disposal of property, plant and equipment	3,703	329
Provision of taxation	(33,971)	(11,945)
(Loss) / profit from window Takaful Operations - Operator's Fund	(10,361)	2,106
Increase / (decrease) in assets other than cash	276,369	407,120
(Increase) / decrease in liabilities other than borrowings	(189,766)	(369,252)
Profit after taxation	<u>74,396</u>	<u>27,569</u>

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the nine months period ended September 30, 2021 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Act, 2017). The 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 Branch	320-G3, Main Boulevard, Johar Town, Lahore.

1.3 On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. Subsequent to the reporting date, the provincial government imposed complete lockdown in Karachi / Hyderabad amid increasing COVID-19 cases in the province. This may effect the business activities due to uncertainties created by the fourth wave of COVID-19 which could affect the overall operations and the business in future. The management of the Company is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders. The management of the Company expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and consider that it would not have any significant impact that affect on the operations and financial position of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard 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 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, Takaful Rules 2012 and General Takaful Accounting Regulations 2019.

Where the provisions and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, Takaful Rules 2012, General Takaful Accounting regulations 2019 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, Takaful Rules 2012 and General Takaful Accounting Regulations 2019 have been followed.

Habib Insurance Company Limited

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020.

2.3 As required under regulations 6(3) of the General Takaful Accounting Regulations, 2019, total assets, liabilities and profit of the Window Takaful Operations - Operator's fund are disclosed as a single line item in condensed interim statement of financial position and condensed interim profit and loss account respectively. Supporting notes where considered necessary for the understanding of the users of these condensed interim financial statements are enclosed as part of notes to these financial statements.

A separate set of financial statements of the Window Takaful operations has been annexed to these condensed interim financial statements as per the requirements of the SECP General Takaful Accounting Regulation 2019.

2.4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the investments which are stated at their fair values.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2020.

5. SIGNIFICANT ACCOUNTING POLICIES

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

6. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Company and therefore not stated in these condensed interim financial statements.

6.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective at period end.

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 01 July 2021. These amendments are not likely to affect the condensed interim financial statements of the Company:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules

Habib Insurance Company Limited

around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.
- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.
- Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration For the lease that is substantially the same as, or less than, the consideration For the lease immediately preceding the change
 - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
 - there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Habib Insurance Company Limited

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosure:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Habib Insurance Company Limited

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends 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.

6.2 Application of IFRS 9 and IFRS 17

IFRS 9 'Financial Instruments' is effective for reporting year ended 31 December 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, a new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' – Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the company has not previously applied any version of IFRS 9, its 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. Under the temporary exemption option, the company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest

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

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

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

Habib Insurance Company Limited

b) all other financial assets.

		September 30, 2021 (Unaudited)				
		Fail the SPPI test		Pass the SPPI test		
Financial assets	Fair value	Change in unrealized gain / (loss) during the period	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the period	
						(Rupees in '000)
Cash and bank*	28,717	-	-	-	-	-
Investment in equity securities - available for sale	1,351,911	-	-	-	-	-
Investments in debt securities - held to maturity	-	-	92,285	92,285	-	-
Loans and other receivables*	-	-	132,035	132,035	-	-
	<u>1,380,628</u>	<u>-</u>	<u>224,320</u>	<u>224,320</u>	<u>-</u>	<u>-</u>
		December 31, 2020 (Audited)				
		Fail the SPPI test		Pass the SPPI test		
Financial assets	Fair value	Change in unrealized gain / (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the year	
						(Rupees in '000)
Cash and bank*	179,541	-	-	-	-	-
Investment in equity securities - available for sale	985,611	-	-	-	-	-
Investments in debt securities - held to maturity	-	-	329,937	329,937	30,811	-
Loans and other receivables*	-	-	132,031	57,240	-	-
Insurance / reinsurance receivables*	-	-	983,879	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	595,673	-	-	-
Window takaful operations - Operator's fund*	-	-	61,391	-	-	-
	<u>1,165,152</u>	<u>-</u>	<u>2,102,911</u>	<u>387,177</u>	<u>30,811</u>	<u>-</u>
		September 30, 2021 (Unaudited)				
		Gross carrying amounts of debt instruments that pass the SPPI test				
		AAA	AA+	AA	A	Unrated
						(Rupees in '000)
Investments in debt securities - held to maturity	-	-	-	-	-	92,285
Loans and other receivables*	-	-	-	-	-	132,035
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,320</u>
		December 31, 2020 (Audited)				
		Gross carrying amounts of debt instruments that pass the SPPI test				
		AAA	AA+	AA	A	Unrated
						(Rupees in '000)
Cash and bank*	-	-	-	-	-	179,541
Investments in debt securities - held to maturity	-	-	-	-	-	985,611
Loans and other receivables*	-	-	329,937	329,937	-	30,811
Insurance / reinsurance receivables*	-	-	983,879	57,240	-	-
Reinsurance recoveries against outstanding claims*	-	-	595,673	-	-	-
Window takaful operations - Operator's fund*	-	-	61,391	-	-	-
	<u>-</u>	<u>-</u>	<u>1,970,880</u>	<u>387,177</u>	<u>-</u>	<u>1,195,963</u>

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

Habib Insurance Company Limited

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
7.	Property and equipment		
	Operating assets	7.1 43,311	33,323
	Right-of-use assets	7.2 127,579	151,856
		<u>170,890</u>	<u>185,179</u>
7.1	Operating Assets		
	Opening written down value	33,323	31,426
	Additions during the period	7.1.1 18,210	13,541
	Disposals during the period	7.1.2 (288)	(3,364)
	Depreciation for the period	(7,934)	(8,280)
		<u>43,311</u>	<u>33,323</u>
7.1.1	The following additions were made to tangible-property and equipment during the period / year:		
	Furniture and fixtures	8,661	349
	Computer equipment	2,030	2,980
	Office equipment	3,443	1,622
	Motor Vehicles - owned	4,076	8,590
		<u>18,210</u>	<u>13,541</u>
7.1.2	The following disposals of tangible - operating assets were made during the period / year:		
	Furniture and fixtures	18	-
	Computer equipment	10	56
	Office equipment	175	128
	Motor Vehicles - owned	85	3,180
		<u>288</u>	<u>3,364</u>
7.2	Right-of-use assets		
	Balance at January 01, 2021	151,856	133,399
	Additions during the period / year	14,626	64,940
	Deletion during the period / year	(19,625)	(21,130)
	Depreciation charge for the period / year	(19,278)	(25,353)
	Balance at September 30, 2021	<u>127,579</u>	<u>151,856</u>

Habib Insurance Company Limited

8. INVESTMENT IN EQUITY SECURITIES

	September 30, 2021 (Unaudited)				December 31, 2020 (Audited)			
	Cost	Impairment / provision	Revaluation surplus	Carrying value	Cost	Impairment / provision	Revaluation surplus	Carrying value
	(Rupees in '000)				(Rupees in '000)			
Related Parties								
Listed shares	308,177	-	179,723	487,900	279,282	-	193,775	473,057
Others								
Listed shares	566,497	(556)	146,049	711,990	264,236	(556)	222,736	486,416
Mutual funds	125,504	-	4,464	129,968	2,393	-	1,887	4,280
Modaraba certificate								
Others	15,014	-	7,039	22,053	15,014	-	6,844	21,858
	707,015	(556)	157,552	864,011	281,643	(556)	231,467	512,554
	<u>1,015,192</u>	<u>(556)</u>	<u>337,275</u>	<u>1,351,911</u>	<u>560,925</u>	<u>(556)</u>	<u>425,242</u>	<u>985,611</u>

9. INVESTMENT IN GOVERNMENT SECURITIES

		(Unaudited) September 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
Available for sale			
Pakistan Investment Bonds (PIBs)	9.1	<u>92,285</u>	<u>329,937</u>

9.1 This represents PIBs having face value of Rs.90.0 million (market value of Rs.92.285 million) [December 31, 2020: Rs. 340.0 million (market value of Rs.329.937 million)]. These carry mark-up ranging from 9.5% to 12% (December 31, 2020: 8.75% to 12%) per annum and will mature between July 19, 2022 to September 19, 2024. PIBs having face value of Rs. 90.0 million have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance, 2000 and circular No. 15 of 2008 dated July 07, 2008 issued by the SECP.

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	

10. LOANS AND OTHER RECEIVABLES

- Considered good

Accrued investment income	21,511	13,884
Security Deposits	31,289	33,829
Advances	6,779	7,822
Agents Commission receivable	2,805	5,817
Loan to employees	54,997	57,240
Receivable against sale of investments	-	1,132
Receivable from Window Takaful Operations	1,433	3,009
Sales tax withheld	5,851	8,159
Other receivables	7,370	1,139
	<u>132,035</u>	<u>132,031</u>

Habib Insurance Company Limited

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
Note	(Rupees in '000)	
11. INSURANCE / REINSURANCE RECEIVABLES		
- Unsecured and considered good		
Due from insurance contract holders		
Considered good	626,226	511,132
Considered doubtful	22,944	17,018
Less: Provision for impairment of receivables from insurance contract holders	(22,944)	(17,018)
	626,226	511,132
Due from other insurers / reinsurers		
Considered good	535,814	472,747
Considered doubtful	6,500	6,500
Less: provision for impairment of due from other insurers / reinsurers	(6,500)	(6,500)
	535,814	472,747
	1,162,040	983,879
12. PREPAYMENTS		
Prepaid reinsurance premium ceded	482,853	434,673
Prepaid rent	1,063	-
Prepaid insurance on leased vehicle	3,585	2,046
Others	6,114	9,079
	493,615	445,798
13. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash in hand	1,200	249
Policy stamps	1,970	309
	3,170	558
Cash at bank		
Current accounts	3,169	7,307
Savings accounts	22,378	171,676
	25,547	178,983
	28,717	179,541
13.1 Cash and short term borrowing include the following for the purposes of the cash flow statement:		
	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Cash and cash equivalents	28,717	179,541
Short term borrowings of upto three months (running finance)	(141,782)	-
	(113,065)	179,541

Habib Insurance Company Limited

	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
14. INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers		
Foreign reinsurers	180,564	195,669
Local reinsurers	76,706	37,820
Co-insurers payable	144,443	83,970
	<u>401,713</u>	<u>317,459</u>
15. OTHER CREDITORS AND ACCRUALS		
Agents commission payable	100,946	53,270
Federal excise duty	24,372	34,374
Federal insurance fee	1,715	2,484
Accrued expenses	18,694	23,129
Withholding tax payable	1,090	1,673
Unclaimed dividend	62,869	61,574
Unclaimed insurance benefits	32,927	30,180
Others	3,705	1,356
	<u>246,318</u>	<u>208,040</u>

16. CONTINGENCIES & COMMITMENTS

16.1 Contingencies

There are no contingencies outstanding as at September 30, 2021 other than those reported in note 30.2 to the annual financial statements for the year ended December 31, 2020.

16.2 Commitments

There are no commitments as at September 30, 2021 (December 31, 2020: Nil).

	(Unaudited) Three months period ended September 30,		(Unaudited) Nine months period ended September 30,	
	2021	2020	2021	2020
	(Rupees in '000)		(Rupees in '000)	
17. NET INSURANCE PREMIUM				
Written gross premium	568,401	433,353	1,421,843	1,165,708
Add: Unearned premium reserve - opening	790,780	723,418	818,033	778,636
Less: Unearned premium reserve - closing	(889,053)	(753,550)	(889,053)	(753,550)
Premium earned	<u>470,128</u>	<u>403,221</u>	<u>1,350,823</u>	<u>1,190,794</u>
Less: Reinsurance premium ceded	336,050	273,465	814,243	711,699
Add: Prepaid reinsurance premium - opening	408,978	401,306	434,673	366,576
Less: Prepaid reinsurance premium - closing	(482,853)	(447,039)	(482,853)	(447,039)
Reinsurance expense	<u>262,175</u>	<u>227,732</u>	<u>766,063</u>	<u>631,236</u>
Net insurance premium	<u>207,953</u>	<u>175,489</u>	<u>584,760</u>	<u>559,558</u>

Habib Insurance Company Limited

	(Unaudited) Three months period ended September 30,		(Unaudited) Nine months period ended September 30,	
	2021	2020	2021	2020
	(Rupees in '000)		(Rupees in '000)	
18. NET INSURANCE CLAIMS EXPENSE				
Claims paid	222,144	222,448	696,849	636,410
Add: Outstanding claims including IBNR - closing	795,458	884,183	795,458	884,183
Less: Outstanding claims including IBNR - opening	(759,871)	(809,548)	(819,119)	(594,636)
Claims expense	257,731	297,083	673,188	925,957
Reinsurance and other recoveries received	117,163	145,797	374,145	372,033
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	622,688	626,265	622,688	626,265
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(602,976)	(579,276)	(604,878)	(364,205)
Reinsurance and other recoveries revenue	136,875	192,786	391,955	634,093
Net insurance claims expense	120,856	104,297	281,233	291,864
19. NET COMMISSION INCOME				
Commissions paid or payable	80,691	51,028	178,409	127,633
Add: Deferred commission - opening	97,136	70,894	98,200	74,039
Less: Deferred commission - closing	(120,756)	(80,625)	(120,756)	(80,625)
Commission expense	57,071	41,297	155,853	121,047
Less: Commission from reinsurers				
Commission received or receivable	91,884	80,715	235,595	209,634
Add: Unearned reinsurance commission - opening	125,835	120,023	127,746	105,979
Less: Unearned reinsurance commission - closing	(162,117)	(135,554)	(162,117)	(135,554)
Commission from reinsurers	55,602	65,184	201,224	180,059
Net commission income	(1,469)	23,887	45,371	59,012
20. INVESTMENT INCOME				
Income from equity securities and mutual fund units - available-for-sale				
- Dividend income	35,720	1,151	88,863	35,548
Income from debt securities - available-for-sale				
- Return on debt securities	2,411	8,414	11,142	24,992
Net realised gain / (loss) on investments				
- Equity securities	(2,238)	-	5,591	(24,760)
- Mutual funds units	-	-	-	201
- Government securities	-	-	21,187	-
	(2,238)	-	26,778	(24,559)
Total investment income	35,893	9,565	126,783	35,981
Add: Reversal in value of available-for-sale investments equity securities	-	-	-	1,034
Less: Investment related expenses	(73)	(20)	(192)	(266)
	35,820	9,545	126,591	36,749

Habib Insurance Company Limited

	Three months period ended September 30,		Nine months period ended September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(Rupees in '000)		(Rupees in '000)	
21. TAXATION				
For the period				
Current	3,113	(3,230)	32,128	12,218
Prior	-	-	1,266	-
Deferred	-	1,906	577	(273)
	<u>3,113</u>	<u>(1,324)</u>	<u>33,971</u>	<u>11,945</u>

There are no changes in the tax contingencies from those reported as at the end of latest audited financial statements i.e. December 31, 2020 except for the case mentioned below on which proceedings initiated after year end.

- A show cause no 1490668 dated January 30, 2020 for short payment of sales tax Rs. 36.1 million has been issued from the office of Assistant Commissioner Sindh Revenue Board Karachi, for commission received from re-insurers, by Habib Insurance Company Limited during the period January to December 2012 to January to December 2013, the adjudication proceeding are under process, and the tax advisor is confident the outcome of favour to be decided in our favour, hence no provision is recorded in the financial statements.

The Company has filed return of total income for the tax year 2019 (financial year ended December 31, 2018) against which a notice under section 122(5A) has been served on the Company for amendments in the return filed by the Company for the said tax year, the amendments mainly relate to non withholding of tax on commission paid, addition on amount of cash withdrawal and admissibility of various provision / expenses / credits etc. The return was filed declaring income for the year at Rs. 128,594,162 with tax chargeable at Rs. 36,346,907 and claiming refund at 42,498,350. The order creates demand of Rs. 35,277,590 against which the Company submitted its reply through its legal advisor. The tax advisor believes that modification will be made by the department therefore no provision has been made in the financial statements for the nine months ended September 30, 2021.

	Three months period ended September 30,		Nine months period ended September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(Rupees in '000)		(Rupees in '000)	
22. OTHER INCOME				
Return on bank balance	1,301	62	3,131	1,302
Gain on sale of fixed assets	23	391	3,703	329
Return on loan to employees	644	591	1,983	2,376
Miscellaneous	121	8	1,624	29
	<u>2,089</u>	<u>1,052</u>	<u>10,441</u>	<u>4,036</u>

Habib Insurance Company Limited

	Three months period ended September 30,		Nine months period ended September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(Rupees in '000)			
23. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after tax for the period	2,290	(10,037)	74,396	27,569
	(Number of Shares)		(Number of Shares)	
Weighted average number of ordinary shares of Rs. 5 each	123,874,755	123,874,755	123,874,755	123,874,755
	(Rupees)		(Rupees)	
Basic earnings per share	0.02	(0.08)	0.60	0.22

23.1 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.

24. 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:

	(Unaudited)		(Unaudited)	
	Three months period ended September 30,	2020	Nine months period ended September 30,	2020
	2021		2021	
	(Rupees in '000)			
Transactions and balances with associated companies				
Transactions during the year with associated companies				
Premium written	58,202	69,426	224,240	191,189
Claims paid	51,181	22,923	215,950	115,031
Dividend received	8,919	1,078	30,710	17,136
Dividend paid	-	-	2,868	2,868
Investment made	-	-	28,897	18,308
Interest received on bank accounts	1,299	62	3,129	1,302
Bank charges	83	7	365	357
Fees paid	130	220	530	640
Lease rentals paid	8,028	7,213	20,104	18,069
Security deposit paid	-	335	-	2,798
Interest expense	1,474	4,242	4,956	10,041
Remuneration of key management personnel	33,884	29,417	101,827	85,557

Habib Insurance Company Limited

	(Unaudited) September 30, 2021	(Audited) December 31, 2020		
	(Rupees in '000)			
Balances with associated companies				
Premium due but unpaid	<u>117,409</u>	<u>114,831</u>		
Claims outstanding	<u>122,989</u>	<u>126,698</u>		
Bank balances	<u>3,308</u>	<u>178,058</u>		
Investment held	<u>487,901</u>	<u>473,058</u>		
Security deposit	<u>16,678</u>	<u>25,031</u>		
Finance lease liability	<u>68,289</u>	<u>76,440</u>		
	Three months period ended September 30,	Nine months period ended September 30,		
	2021	2020	2021	2020
	(Rupees in '000)			
Transactions during the year with other related parties including key management personnel				
Repayment of loans to employees (secured)	<u>1,673</u>	<u>1,424</u>	<u>3,200</u>	<u>3,932</u>
Brokerage expenses paid	<u>48</u>	<u>(4)</u>	<u>167</u>	<u>236</u>
Dividend paid	<u>1,691</u>	<u>1,691</u>	<u>1,691</u>	<u>1,691</u>
Contribution to the provident fund	<u>2,505</u>	<u>2,708</u>	<u>7,592</u>	<u>7,238</u>
	(Unaudited) September 30, 2021	(Audited) December 31, 2020		
	(Rupees in '000)			
Balances with other related parties including key management personnel				
Loans to employees (secured)	<u>23,310</u>	<u>21,792</u>		

Habib Insurance Company Limited

25. SEGMENT REPORTING

	September 30, 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)	604,754	276,728	598,744	6,467	149,430	1,636,123
Less: Federal Excise Duty	75,230	30,810	73,099	772	20,141	200,052
Federal Insurance Fee	5,127	2,433	5,181	56	1,431	14,228
Gross Written Premium (inclusive of administrative Surcharge)	524,397	243,485	520,464	5,639	127,858	1,421,843
Gross direct premium	507,464	235,157	497,556	5,627	125,047	1,370,851
Facultative inward premium	11,864	93	2,280	—	83	14,320
Administrative surcharge	5,069	8,235	20,628	12	2,728	36,672
	524,397	243,485	520,464	5,639	127,858	1,421,843
Insurance premium earned	503,539	247,056	472,273	10,427	117,528	1,350,823
Insurance premium ceded to reinsurers	(432,365)	(129,400)	(146,570)	—	(57,727)	(766,062)
Net insurance premium	71,174	117,656	325,703	10,427	59,801	584,761
Premium deficiency reserve	—	—	—	6,151	—	6,151
Commission income	91,155	47,821	52,304	—	9,944	201,224
Net underwriting income	162,329	165,477	378,007	16,578	69,745	792,136
Insurance claims	232,291	109,973	226,850	7,603	96,471	673,188
Insurance claims recovered from reinsurers	(215,009)	(57,702)	(66,980)	—	(52,264)	(391,955)
Net Claims	17,282	52,271	159,870	7,603	44,207	281,233
Commission expense	(81,880)	(27,562)	(28,400)	(21)	(17,990)	(155,853)
Management expenses	(96,473)	(44,793)	(95,749)	(1,037)	(23,522)	(261,574)
Net insurance claims and expenses	(178,353)	(72,355)	(124,149)	(1,058)	(41,512)	(417,427)
Underwriting result	(33,306)	40,851	93,988	7,917	(15,974)	93,476
Net Investment income						126,591
Other income						10,441
Other expenses						(103,215)
Results of operating activities						127,293
Finance cost						(8,564)
Loss from Window Takaful Operations - Operator's Fund						(10,361)
Profit before tax						108,368
Segment assets	954,308	468,221	895,054	19,762	222,739	2,560,084
Unallocated assets						1,615,710
Unallocated assets of General Takaful Operations - Operator's Fund						69,487
						4,245,281
Segment liabilities	842,572	413,400	790,256	17,448	196,660	2,260,336
Unallocated liabilities						722,128
Unallocated liabilities of General Takaful Operations - Operator's Fund						32,402
						3,014,866

Habib Insurance Company Limited

25. SEGMENT REPORTING

	September 30, 2020 (Unaudited)					
	Fire and property	Marine and transport	Motor	Group hospitalisation	Other Classes	Aggregate
	(Rupees in '000)					
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	566,546	202,251	428,715	10,366	132,458	1,340,336
Less: Federal Excise Duty	70,295	22,690	52,164	1,177	16,683	163,009
Federal Insurance Fee	4,847	1,760	3,738	91	1,182	11,618
Gross Written Premium (inclusive of Administrative Surcharge)	491,404	177,801	372,813	9,098	114,593	1,165,709
Gross direct premium	478,722	170,815	357,466	9,067	113,111	1,129,181
Facultative inward premium	8,557	634	757	-	-	9,948
Administrative surcharge	4,125	6,352	14,590	31	1,482	26,580
	491,404	177,801	372,813	9,098	114,593	1,165,709
Insurance premium earned	465,096	176,592	417,906	8,096	123,105	1,190,795
Insurance premium ceded to reinsurers	(373,879)	(86,916)	(105,115)	-	(65,327)	(631,237)
Net insurance premium	91,217	89,676	312,791	8,096	57,778	559,558
Commission income	100,403	29,432	35,551	-	14,673	180,059
Net underwriting income	191,620	119,108	348,342	8,096	72,451	739,617
Insurance claims	530,168	92,364	239,196	8,194	56,035	925,957
Insurance claims recovered from reinsurers	(476,352)	(54,023)	(82,289)	(107)	(21,322)	(634,093)
Net Claims	53,816	38,341	156,907	8,087	34,713	291,864
Commission expense	(64,020)	(23,350)	(17,340)	(15)	(16,322)	(121,047)
Management expenses	(99,215)	(35,899)	(75,272)	(1,837)	(23,137)	(235,360)
Net insurance claims and expenses	(163,235)	(59,249)	(92,612)	(1,852)	(39,459)	(356,407)
Underwriting result	(25,431)	21,518	98,823	(1,843)	(1,721)	91,346
Investment income						36,749
Other income						4,036
Other expenses						(81,325)
Results of operating activities						50,806
Finance cost						(13,398)
Profit from Window Takaful Operations - Operator's Fund						2,106
Profit before tax						39,514
Segment assets	943,398	358,198	847,679	16,422	249,706	2,415,403
Unallocated assets						1,524,596
Total assets of General Takaful Operations - Operator's Fund						78,434
						4,018,433
Segment liabilities	830,910	315,488	746,604	14,464	219,932	2,127,398
Unallocated liabilities						630,292
Total liabilities of General Takaful Operations - Operator's Fund						26,674
						2,784,364

Habib Insurance Company Limited

26. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

Insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2020.

27. Fair value of financial instruments

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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). Adoption of IFRS 13 has not affected the condensed interim financial information.

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).

24

	September 30, 2021 (Unaudited)					Fair value measurement using		
	Available- for-sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments								
Equity securities - quoted	1,199,890	-	-	-	1,199,890	1,199,890	-	-
Mutual Funds Units	129,968	-	-	-	129,968	129,968	-	-
Modaraba certificates	22,053	-	-	-	22,053	22,053	-	-
Financial assets not measured at fair value								
Investments								
Debt securities	-	92,285	-	-	92,285	-	453,336	-
Loans and other receivable	-	132,035	-	-	132,035	-	-	-
Insurance / reinsurance receivables	-	1,162,040	-	-	1,162,040	-	-	-
Reinsurance recoveries against outstanding claims	-	585,652	-	-	585,652	-	-	-
Cash and bank balances	-	-	28,717	-	28,717	-	-	-
Total assets of Window Takaful Operations - Operator's Fund	55,610	14,578	7,530	-	77,718	-	-	-
	<u>1,407,521</u>	<u>1,986,590</u>	<u>36,247</u>	<u>-</u>	<u>3,430,358</u>	<u>1,351,911</u>	<u>453,336</u>	<u>-</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	(795,458)	(795,458)	-	-	-
Premium received in advance	-	-	-	(11,995)	(11,995)	-	-	-
Insurance / reinsurance payables	-	-	-	(401,713)	(401,713)	-	-	-
Other creditors and accruals	-	-	-	(246,318)	(246,318)	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	(32,402)	(32,402)	-	-	-
	<u>1,407,521</u>	<u>1,986,590</u>	<u>36,247</u>	<u>(1,487,886)</u>	<u>1,942,472</u>	<u>1,351,911</u>	<u>453,336</u>	<u>-</u>

Habib Insurance Company Limited

	Decmeber 31, 2020 (Audited)							
	Available- for-sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets measured at fair value								
Investments								
Listed equity securities	959,473	-	-	-	959,473	959,473	-	-
Mutual fund units	-	4,280	-	-	4,280	-	4,280	-
Modaraba certificates	21,858	-	-	-	21,858	21,858	-	-
Debt securities	-	329,937	-	-	329,937	-	329,937	-
Financial assets not measured at fair value								
Loans and other receivable	-	132,031	-	-	132,031	-	-	-
Insurance / reinsurance receivables	-	983,879	-	-	983,879	-	-	-
Reinsurance recoveries against outstanding claims	-	595,673	-	-	595,673	-	-	-
Cash and bank balances	-	-	179,541	-	179,541	-	-	-
Total Assets of Window Takaful Operations - Operator's Fund	36,448	19,449	14,734	-	70,631	-	-	-
	<u>1,017,779</u>	<u>2,065,249</u>	<u>194,275</u>	<u>-</u>	<u>3,277,303</u>	<u>981,331</u>	<u>334,217</u>	<u>-</u>
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	(819,119)	(819,119)	-	-	-
Premium received in advance	-	-	-	(13,852)	(13,852)	-	-	-
Insurance / reinsurance payables	-	-	-	(317,459)	(317,459)	-	-	-
Other creditors and accruals	-	-	-	(208,040)	(208,040)	-	-	-
Total Liabilities of Window Takaful Operations - Operator's Fund	-	-	-	(20,131)	(20,131)	-	-	-
	<u>1,017,779</u>	<u>2,065,249</u>	<u>194,275</u>	<u>(1,378,601)</u>	<u>1,898,702</u>	<u>981,331</u>	<u>334,217</u>	<u>-</u>

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

Habib Insurance Company Limited

	Held to Maturity	Available- for-sale (Rupees in '000)	Total
28. MOVEMENT IN INVESTMENTS			
As at January 01, 2020	277,867	987,699	1,265,566
Additions	–	363,943	363,943
Transfer due to reclassification	(277,867)	277,867	–
Disposals (sale and redemption)	–	(387,110)	(387,110)
Fair value net gains (excluding net realised gains)	–	71,337	71,337
Impairment of investments	–	(556)	(556)
Amortisation of premium / discount	–	2,368	2,368
As at December 31, 2020	–	1,315,548	1,315,548
Additions	–	1,021,215	1,021,215
Disposals (sale and redemption)	–	(776,283)	(776,283)
Fair value net gains (excluding net realised gains)	–	(116,925)	(116,925)
Amortisation of premium / discount	–	641	641
As at September 30, 2021	–	1,444,196	1,444,196

29. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary, for purposes of comparison. There were no material reclassification to report.

30. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

31. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on October 28, 2021 by the Board of Directors of the Company.

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

Habib Insurance Company Limited

Financial Statements

Window Takaful Operations

Habib Insurance Company Limited

Condensed Interim Statement of Financial Position (Unaudited) as at September 30, 2021

	OPF		PTF	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(Rupees in '000)			
Assets				
Investments				
Equity	7	36,261	36,448	–
Loans and other receivables	8	745	10,209	1,167
Takaful / retakaful receivables	9	–	–	122,864
Retakaful recoveries against outstanding claims	15	–	–	22,554
Salvage recoveries accrued		–	–	710
Deferred Wakala expense	17	–	–	11,231
Taxation - payments less provision		674	462	566
Deferred commission expense	16	14,462	8,028	–
Receivable from PTF		10,406	–	–
Prepayments		1,050	750	43,687
Cash and bank	10	5,889	14,734	102,835
Total assets		<u>69,487</u>	<u>70,631</u>	<u>305,614</u>
Equities and liabilities				
Capital and reserves attributable to company's shareholders				
Share capital		50,000	50,000	–
Reserves		1,266	541	–
Retained earnings		(14,181)	(3,820)	–
Total shareholders equity		<u>37,085</u>	<u>46,721</u>	<u>–</u>
Participants' Takaful Fund (PTF)				
Ceded money		–	–	500
Reserves		–	–	–
Accumulated surplus		–	–	51,784
Balance of Participants' Takaful Fund		<u>–</u>	<u>–</u>	<u>52,284</u>
Qard-e-Hasna		<u>–</u>	<u>–</u>	<u>10,209</u>
Liabilities				
PTF Underwriting Provisions				
Outstanding claims including IBNR	15	–	–	47,098
Unearned contribution reserve	13	–	–	112,314
Reserve for unearned retakaful rebate	14	–	–	8,558
		–	–	167,970
Unearned wakala fee	17	11,231	3,754	–
Contribution received in advance		–	–	8,225
Takaful / retakaful payables	12	–	–	60,733
Other creditors and accrual	11	20,850	15,120	5,996
Payable to OPF		–	5,011	10,406
Taxation - provision less payments		–	–	–
Deferred taxation		321	25	–
Total liabilities		<u>32,402</u>	<u>23,910</u>	<u>85,360</u>
Total equity and liabilities		<u>69,487</u>	<u>70,631</u>	<u>305,614</u>
Contingencies and commitments	19			

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Condensed Interim Statement of Comprehensive Income (Unaudited) for the nine months period ended September 30, 2021

	Note	(Unaudited) Three months period ended September 30,		(Unaudited) Nine months period ended September 30,	
		2021	2020	2021	2020
		(Rupees in '000)		(Rupees in '000)	
Participant's Fund					
Contributions earned	13	48,653	29,884	130,243	65,337
Less: Contributions ceded to retakaful		(23,284)	(15,235)	(71,764)	(41,815)
Net contributions revenue		25,369	14,649	58,479	23,522
Retakaful rebate earned	14	4,266	2,093	11,836	6,924
Net underwriting income		29,635	16,742	70,315	30,446
Net claims - reported / settled	15	(16,350)	(756)	(30,764)	(23,398)
- IBNR		-	(2,010)	(4,103)	(2,010)
		(16,350)	(2,766)	(34,867)	(25,408)
Surplus / (deficit) before investment income		13,285	13,976	35,448	5,038
Investment income	18	1,566	259	3,392	2,446
Provision for impairment		-	-	(3,931)	-
Surplus transferred to accumulated surplus / (deficit)		14,851	14,235	34,909	7,484
Other comprehensive income:					
Unrealised loss on available-for-sale investments during the period		-	(1,782)	-	(1,782)
Net gain transferred to profit and loss on disposal / redemption / impairment of investments		-	1,404	-	1,404
Related tax impact		-	(378)	-	(378)
		-	291	-	110
Others comprehensive loss for the period		-	(87)	-	(268)
Total comprehensive income for the period		14,851	14,148	34,909	7,216
Operator's Fund					
Wakala fee	17	5,223	1,375	9,941	12,251
Commission expense	16	(6,174)	(2,953)	(15,527)	(8,166)
General administrative and management expense		(522)	(720)	(2,725)	(2,932)
		(1,473)	(2,298)	(8,311)	1,153
Investment income	18	92	670	1,553	3,833
Direct expenses		(508)	(1,733)	(3,603)	(2,880)
(Loss) / Profit before taxation		(1,889)	(3,361)	(10,361)	2,106
Taxation		-	974	-	(611)
(Loss) / profit after taxation attributable to shareholders		(1,889)	(2,387)	(10,361)	1,495
Other comprehensive income:					
Unrealised (loss)/ gain on available-for-sale investments during the period		1,077	(283)	1,153	(1,381)
Net gain transferred to profit and loss on disposal / redemption / impairment of investments		-	-	(132)	1,083
		1,077	(283)	1,021	(298)
Related tax impact		(312)	368	(296)	372
Others comprehensive gain/ (loss) for the period		765	85	725	74
Total comprehensive (Loss)/ income for the period		(1,124)	(2,302)	(9,636)	1,569

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Shareholders Equity and Participate' Takaful Fund (Unaudited)

For the nine months period ended September 30, 2021

	Operator's Fund			
	Share Capital	Reserves	Un-appropriated profit/ (loss)	Total
	(Rupees in '000)			
Balance as at January 01, 2020	50,000	607	(416)	50,191
Profit for the period	–	–	1,495	1,495
Other comprehensive income				
Less: Net loss transferred to profit and loss on disposal of investments	–	74	–	74
Balance as at September 30, 2020	50,000	681	1,079	51,760
Balance as at January 01, 2021	50,000	541	(3,820)	46,721
Loss for the period	–	–	(10,361)	(10,361)
Other comprehensive income for the period	–	725	–	725
Balance as at September 30, 2021	50,000	1,266	(14,181)	37,085
	Attributable to participants of the PTF			
	Ceded money	Reserves	Accumulated surplus/(deficit)	Total
	(Rupees in '000)			
Balance as at January 01, 2020	500	–	(4,510)	(4,010)
Surplus for the period	–	–	7,484	7,484
Less: Net loss transferred to profit and loss on disposal of investments	–	(268)	–	(268)
Balance as at September 30, 2020	500	(268)	2,974	3,206
Balance as at January 01, 2021	500	(342)	16,875	17,033
Surplus for the period	–	–	34,909	34,909
Balance as at September 30, 2021	500	(342)	51,784	51,942

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Condensed Interim Cash Flow Statement (Unaudited) For the nine months period ended September 30, 2021

	OPF		PTF	
	September 30,		September 30,	
	2021	2020	2021	2020
	(Rupees in '000)			
Operating Cash flows				
(a) Takaful activities				
Contribution received	-	-	131,519	83,815
Retakaful contribution paid	-	-	(66,731)	(41,944)
Claims paid	-	-	(55,780)	(29,998)
Retakaful and other recoveries received	-	-	24,695	17,365
Commission paid	(13,188)	(5,479)	-	-
Commission received	-	9,167	14,154	-
Qarz-e-Hasna received	10,209	-	-	-
Qarz-e-Hasna paid	-	-	(10,209)	-
Wakala fees received	2,002	31,127	-	-
Wakala fee paid	-	-	(2,002)	(21,250)
Net cash flow from takaful activities	(977)	34,815	35,646	7,988
(b) Other Operating activities				
Other operating receipts	-	-	-	-
Other operating payments	(10,762)	(11,800)	(1,668)	(17,672)
Net cash flow from other operating activities	(10,762)	(11,800)	(1,668)	(17,672)
Total cash flow from all operating activities	(11,739)	23,015	33,978	(9,684)
Investment activities				
Profit / return received	361	179	3,392	943
Dividend received	1,060	2,823	-	-
Proceeds from investments	42,033	58,937	-	21,404
Payments for investments	(40,560)	(76,670)	-	(20,016)
Total cash flow from investing activities	2,894	(14,731)	3,392	2,331
Net cash flow from all activities	(8,845)	8,284	37,370	(7,353)
Cash and cash equivalents at beginning of year	14,734	193	65,465	21,133
Cash and cash equivalents at end of period	5,889	8,477	102,835	13,780
Reconciliation to profit and loss account				
Operating cash flows	(11,739)	23,015	33,978	(9,684)
Profit / return received	361	179	3,392	943
Dividends received	1,060	2,823	-	-
Capital gain	132	1,083	-	1,404
Increase in unearned contribution	-	-	37,240	20,849
Increase in assets other than cash	(8,667)	(36,674)	5,659	33,666
Increase in liabilities	8,492	11,069	(45,360)	(39,694)
Profit before taxation	(10,361)	1,495	34,909	7,484
Attributed to:				
Operator's Fund	(10,361)	1,495	-	-
Participants' Takaful Fund	-	-	34,909	7,484
	(10,361)	1,495	34,909	7,484

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the nine months period ended September 30, 2021 (Unaudited)

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 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.
- 1.3 On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many governments are still taking stringent steps to help contain the spread of the virus, including vaccination campaigns, requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. Subsequent to the reporting date, the provincial government imposed complete lockdown in Karachi / Hyderabad amid increasing COVID-19 cases in the province. This may effect the business activities due to uncertainties created by the fourth wave of COVID-19 which could affect the overall operations and the business in future. The Operator is closely monitoring the situation, and in response to the developments, the Operator has taken action to ensure the safety of its employees and other stakeholders. The Operator expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and consider that it would not have any significant impact that affect on the operations and financial position of the Company.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard 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 and Insurance Ordinance, 2000, Insurance Rules, 2017, General Takaful Accounting Regulations 2019 and Takaful Rules 2012.

Where the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and General Takaful Accounting Regulations 2019, Takaful Rules 2012 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance 2000, Insurance Rules, 2017, General Takaful Accounting Regulations 2019 and Takaful Rules 2012 have been followed.

Habib Insurance Company Limited

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

2.3 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Operator's annual financial statements for the year ended December 31, 2020.

2.4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for investments that has been measured at fair values.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Pakistani Rupees, which is the Operator's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with accounting and reporting standards as applicable in Pakistan which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Operator's Accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the 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 31 December 2020.

6. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS INTERPRETATION AND FORTHCOMING REQUIREMENTS

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's and Takaful Operations accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the operations of Operator (including the Takaful Operations) and therefore not stated in these condensed interim financial statements.

6.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective at period end.

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 July 01, 2021, these amendments are not likely to affect the condensed interim financial statements of the Operator:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for

Habib Insurance Company Limited

modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Habib Insurance Company Limited

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2.

The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

Habib Insurance Company Limited

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Operator develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends 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.

6.2 Application of IFRS 9 and IFRS 17

IFRS 9 'Financial Instruments' is effective for reporting year ended 31 December 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, a new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' – Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

Habib Insurance Company Limited

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

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

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

- b) all other financial assets.

Operator's Fund	September 30, 2021 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or loss during the period	Carrying value	Cost less Impairment	Change in unrealized gain or loss during the period
(Rupees in '000)					
Cash and bank*	108,724	-	-	-	-
Investment					
- Equity	36,261	1,106	-	-	-
Other receivables*	-	-	1,912	1,912	-
	<u>144,985</u>	<u>1,106</u>	<u>1,912</u>	<u>1,912</u>	<u>-</u>
September 30, 2021 (Unaudited)					
Gross carrying amounts of financial instruments that pass the SPPI test					
	AAA	AA+	A+	Unrated	
(Rupees in '000)					
Loans and other receivables*	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,912</u>	

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

Habib Insurance Company Limited

7. INVESTMENT IN EQUITY SECURITIES AVAILABLE-FOR-SALE

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)				
	Cost	Impairment / Provision	Revaluation surplus	Carrying Value	Cost	Impairment / Provision	Revaluation surplus	Carrying Value
OPF								
Others								
Meezan Sovereign Fund	35,155	-	1,106	36,261	-	-	-	-
First Habib Islamic Income Fund	-	-	-	-	36,363	-	85	36,448
Total	35,155	-	1,106	36,261	36,363	-	85	36,448

8. LOANS AND OTHER RECEIVABLES

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	OPF	PTF	Total	OPF	PTF	Total
Qard-e-Hasna	-	-	-	10,209	-	10,209
Agents commission receivable	663	-	663	-	-	-
Other receivables	82	1,167	1,249	-	448	448
Total	745	1,167	1,912	10,209	448	10,657

(Unaudited) September 30, 2021
(Audited) December 31, 2020
(Rupees in '000)

9. TAKAFUL/ RETAKAFUL RECEIVABLE

Due from Takaful contract holders		
Considered good	60,377	33,184
Considered doubtful	5,495	1,564
Less: Provision for impairment of receivables from takaful contract holders	(5,495)	(1,564)
	60,377	33,184
Due from other takaful/ retakaful operators - Considered good	62,487	42,302
Total	122,864	75,486

Habib Insurance Company Limited

10. CASH AND BANK

	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in '000)			(Rupees in '000)		
Cash and cash equivalent						
- Policy stamps	-	18	18	-	2	2
Cash at bank						
- Savings stamps	5,889	102,817	108,706	14,734	65,463	80,197
	<u>5,889</u>	<u>102,835</u>	<u>108,724</u>	<u>14,734</u>	<u>65,465</u>	<u>80,199</u>

11. OTHER CREDITORS AND ACCRUALS

Federal insurance fee	-	240	240	-	167	167
Federal Excise Duty	-	3,964	3,964	-	2,719	2,719
Commission payable	18,969	-	18,969	10,680	-	10,680
Provision for leave encashment	380	-	380	380	-	380
Taxes and duties payable	-	1,792	1,792	-	847	847
Payable to Habib Insurance Company Limited (related party)	1,422	-	1,422	3,009	-	3,009
Provident fund payable	79	-	79	-	-	-
Auditor's remuneration	-	-	-	1,051	-	1,051
	<u>20,850</u>	<u>5,996</u>	<u>26,846</u>	<u>15,120</u>	<u>3,733</u>	<u>18,853</u>

(Unaudited) (Audited)
September 30, December 31,
2021 2020
(Rupees in '000)

12. TAKAFUL/ RETAKAFUL PAYABLE

Due to other takaful/ retakaful		<u>60,733</u>	<u>44,684</u>
12.1 Due to other takaful/ retakaful operator			
Foreign retakaful		19,998	21,235
Local retakaful		22,836	17,124
Co-takaful		17,899	6,325
		<u>60,733</u>	<u>44,684</u>

Three months period Six months period
ended September 30, ended September 30,
2021 2020 2021 2020
(Unaudited) (Unaudited)
(Rupees in '000) (Rupees in '000)

13. NET CONTRIBUTION

Written gross contribution	70,083	42,963	177,424	98,437
Less: Wakala Fee	(5,223)	(1,375)	(9,941)	(12,251)
Contribution Net of Wakala Fee	<u>64,860</u>	<u>41,588</u>	<u>167,483</u>	<u>86,186</u>
Add: Unearned contribution reserve opening	96,107	51,214	75,074	42,069
Less: Unearned contribution reserve closing	(112,314)	(62,918)	(112,314)	(62,918)
Contribution Earned	<u>48,653</u>	<u>29,884</u>	<u>130,243</u>	<u>65,337</u>
Retakaful contribution ceded	<u>39,142</u>	<u>24,541</u>	<u>82,780</u>	<u>51,669</u>
Add: Prepaid retakaful contribution opening	27,829	21,358	32,671	20,810
Less: Prepaid retakaful contribution closing	(43,687)	(30,664)	(43,687)	(30,664)
Retakaful expense	<u>23,284</u>	<u>15,235</u>	<u>71,764</u>	<u>41,815</u>
Net Contribution	<u>25,369</u>	<u>14,649</u>	<u>58,479</u>	<u>23,522</u>

Habib Insurance Company Limited

	PTF			
	Three months period ended September 30,		Six months period ended September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
	(Rupees in '000)		(Rupees in '000)	
14. RETAKAFUL REBATE				
Retakaful rebate received	7,653	1,977	14,154	9,167
Add: Unearned retakaful rebate opening	5,171	3,795	6,240	3,535
Less: Unearned retakaful rebate closing	(8,558)	(3,679)	(8,558)	(5,778)
Retakaful rebate	<u>4,266</u>	<u>2,093</u>	<u>11,836</u>	<u>6,924</u>
15. TAKAFUL CLAIMS EXPENSE				
Claims Paid	19,039	11,859	55,780	29,998
Add: Outstanding claims including IBNR closing	47,098	42,565	47,098	42,565
Less: Outstanding claims including IBNR opening	(45,533)	(23,760)	(59,783)	(17,825)
Claims Expense	<u>20,604</u>	<u>30,664</u>	<u>43,095</u>	<u>54,738</u>
Retakaful and other recoveries received	6,836	12,704	24,695	17,365
Add: Retakaful and other recoveries in respect of outstanding claims - Closing	23,264	22,486	23,264	22,486
Less: Retakaful and other recoveries in respect of outstanding claims - Opening	(25,846)	(7,292)	(39,731)	(10,521)
Retakaful and other recoveries revenue	<u>4,254</u>	<u>27,898</u>	<u>8,228</u>	<u>29,330</u>
Net Claim Expense	<u>16,350</u>	<u>2,766</u>	<u>34,867</u>	<u>25,408</u>
16. COMMISSION EXPENSE				
Commission paid or payable	9,788	2,265	21,961	11,411
Add: Deferred commission expense opening	10,848	5,286	8,028	4,122
Less: Deferred commission expense closing	(14,462)	(5,008)	(14,462)	(7,367)
Commission expense	<u>6,174</u>	<u>2,543</u>	<u>15,527</u>	<u>8,166</u>
17. WAKALA FEE				
Gross Wakala Fee	6,843	2,129	17,418	4,875
Add: Deferred wakala fee - opening	9,611	2,388	3,754	10,518
Less: Deferred wakala fee - closing	(11,231)	(3,142)	(11,231)	(3,142)
Net wakala fee	<u>5,223</u>	<u>1,375</u>	<u>9,941</u>	<u>12,251</u>
18. INVESTMENT INCOME				
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
	(Rupees in '000)			
Income from equity securities				
- Dividend income	1,060	2,580	-	243
Return on bank balances	361	170	3,392	799
Net realised gain on investments				
Available for sale financial assets				
Realised gains on:				
- Equity securities	132	1,083	-	1,404
	<u>1,553</u>	<u>3,833</u>	<u>3,392</u>	<u>2,446</u>

Habib Insurance Company Limited

19. CONTINGENCIES & COMMITMENTS

19.1 Contingencies

There is no contingencies outstanding as at September 30, 2021 (December 31, 2020: Nil).

19.2 Commitments

There are no commitments as at September 30, 2021 (December 31, 2020: Nil).

20. 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) September 30, 2021	(Unaudited) September 30, 2020
	(Rupees in '000)	
20.1 Operator's Fund		
Transactions		
Wakala fee charged during the period	9,941	12,251
Qard-e-Hasna received during the year	10,209	-
Wakala fee paid during the period	2,002	-
Balance		
Bank balance	5,889	8,477
20.2 Participants' Takaful Fund		
Transactions		
Associated companies		
- Contribution written	15,225	8,346
- Claim paid	7,987	2,429
- Qard-e-Hasna paid during the year	10,209	-
- Wakala fee received during the year	2,002	-
- Profit on bank accounts	3,392	799
	(Unaudited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Balances		
Associated companies		
- Contribution due but unpaid	4,251	7,011
- Claim outstanding	8,583	5,024
- Bank balance	102,817	64,086

Habib Insurance Company Limited

21. SEGMENT INFORMATION

21.1 Participants' Takaful Fund

	Nine months period ended September 30, 2021 (Unaudited)				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	69,420	22,237	106,412	6,128	204,197
Less: Federal Excise Duty	(8,822)	(2,664)	(12,778)	(751)	(25,015)
Federal Insurance Fee	(600)	(192)	(913)	(53)	(1,758)
Gross written contribution (inclusive of administrative surcharge)	<u>59,998</u>	<u>19,381</u>	<u>92,721</u>	<u>5,324</u>	<u>177,424</u>
Wakala fees	(3,118)	(1,873)	(4,665)	(285)	(9,941)
Takaful contribution earned	46,034	21,212	68,168	4,771	140,185
Takaful contribution ceded to retakaful operators	(38,788)	(17,495)	(11,837)	(3,644)	(71,764)
Net takaful contribution	4,128	1,844	51,666	842	58,480
Retakaful rebate	7,305	3,765	54	712	11,836
Net underwriting income	<u>11,433</u>	<u>5,609</u>	<u>51,720</u>	<u>1,554</u>	<u>70,316</u>
Takaful claims	(17,800)	3,344	(27,510)	(1,129)	(43,095)
Takaful claims recoverd from retakaful	13,230	(2,721)	(2,810)	529	8,228
Net claims	<u>(4,570)</u>	<u>623</u>	<u>(30,320)</u>	<u>(600)</u>	<u>(34,867)</u>
Surplus before investment income	6,863	6,232	21,400	954	35,449
Net investment income	657	596	2,048	91	3,392
Provision for impairment	-	-	-	-	(3,931)
Surplus transferred to balance of PTF	<u>7,520</u>	<u>6,828</u>	<u>23,448</u>	<u>1,045</u>	<u>34,910</u>
Segment assets	51,672	23,811	76,520	5,356	157,359
Unallocated assets					148,255
Total assets					<u>305,614</u>
Segment liabilities	26,061	12,009	38,593	2,701	79,364
Unallocated liabilities					5,996
Total liabilities					<u>85,360</u>
21.2 Operator's Fund					
Wakala fee	3,265	1,504	4,834	338	9,941
Commission expense	(6,901)	(2,898)	(5,241)	(487)	(15,527)
Management expenses	(920)	(298)	(1,425)	(82)	(2,725)
Underwriting result	<u>(4,556)</u>	<u>(1,692)</u>	<u>(1,832)</u>	<u>(231)</u>	<u>(8,311)</u>
Investment income					1,553
Direct expenses					(3,603)
Profit before taxation					<u>(10,361)</u>
Income tax expense					-
Profit after tax for the period					<u>(10,361)</u>
Segment assets	8,166	3,763	12,093	846	24,868
Unallocated assets					44,619
Total assets					<u>69,487</u>
Segment liabilities	3,689	1,699	5,461	382	11,231
Unallocated liabilities					21,171
Total liabilities					<u>32,402</u>

Habib Insurance Company Limited

21. SEGMENT INFORMATION

21.1 Participants' Takaful Fund

	Nine months period ended September 30, 2020 (Unaudited)				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
	(Rupees in '000)				
Contribution receivable (inclusive of federal excise duty and administrative surcharge)	44,279	12,390	50,230	5,796	112,695
Less: Federal Excise Duty	(5,440)	(1,454)	(5,933)	(484)	(13,311)
Federal Insurance Fee	(379)	(108)	(427)	(33)	(947)
Gross Written Contribution (inclusive of Administrative Surcharge)	<u>38,460</u>	<u>10,828</u>	<u>43,870</u>	<u>5,279</u>	<u>98,437</u>
Wakala fees	(4,786)	(1,348)	(5,460)	(657)	(12,251)
Takaful contribution earned	30,251	11,639	32,991	2,707	77,588
Takaful contribution ceded to retakaful operators	<u>(24,915)</u>	<u>(9,492)</u>	<u>(5,204)</u>	<u>(2,204)</u>	<u>(41,815)</u>
Net takaful contribution	550	799	22,327	(154)	23,522
Retakaful rebate	4,305	2,077	74	468	6,924
Net underwriting income	<u>4,855</u>	<u>2,876</u>	<u>22,401</u>	<u>314</u>	<u>30,446</u>
Takaful claims	(22,866)	(5,092)	(26,038)	(742)	(54,738)
Takaful claims recovered from retakaful	<u>20,550</u>	<u>4,274</u>	<u>3,947</u>	<u>559</u>	<u>29,330</u>
Net claims	<u>(2,316)</u>	<u>(818)</u>	<u>(22,091)</u>	<u>(183)</u>	<u>(25,408)</u>
Surplus before investment income	2,539	2,058	310	131	5,038
Net investment income	1,232	999	151	64	2,446
Surplus transferred to balance of PTF	<u>3,771</u>	<u>3,057</u>	<u>461</u>	<u>195</u>	<u>7,484</u>
Segment assets	42,940	16,521	46,830	3,843	110,134
Unallocated assets					65,245
Total assets					<u>175,379</u>
Segment liabilities	21,131	8,130	23,045	1,891	54,197
Unallocated liabilities					3,063
Total liabilities					<u>57,260</u>
21.2 Operator's Fund					
Wakala fee	4,777	1,838	5,209	427	12,251
Commission expense	(4,617)	(1,708)	(1,666)	(175)	(8,166)
Management expenses	(1,144)	(323)	(1,308)	(157)	(2,932)
Underwriting result	<u>(984)</u>	<u>(193)</u>	<u>2,235</u>	<u>95</u>	<u>1,153</u>
Investment income					3,833
Direct expenses					(2,880)
Profit before taxation					<u>2,106</u>
Income tax expense					(611)
Profit after tax for the period					<u>1,495</u>
Segment assets	3,407	1,311	3,716	305	8,739
Unallocated assets					69,695
Total assets					<u>78,434</u>
Segment liabilities	1,225	471	1,336	110	3,142
Unallocated liabilities					23,532
Total liabilities					<u>26,674</u>

Habib Insurance Company Limited

22. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

Insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2020.

	OPF	PTF
	(Rupees in '000)	
23. MOVEMENT IN INVESTMENTS		
As at January 01, 2020	36,809	20,481
Additions	77,927	20,370
Disposals (sale and redemption)	(78,937)	(41,844)
Fair value net gains (excluding net realised gains)	649	993
Impairment of investments	-	-
Amortisation of premium / discount	-	-
As at December 31, 2020	-	-
	<u>36,448</u>	<u>-</u>
Additions	40,560	-
Disposals (sale and redemption)	(42,117)	-
Fair value net gains (excluding net realised gains)	1,370	-
As at September 30, 2021	<u>36,261</u>	<u>-</u>

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

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

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value.

Following are the assets where fair value is only disclosed and different from their carrying value.

Habib Insurance Company Limited

September 30, 2021 (Unaudited)

	Available- for-sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
(Rupees in '000)								
Financial assets measured at fair value								
Investments	-	-	-	-	-	-	-	-
Equity	-	36,261	-	-	36,261	36,261	-	-
Financial assets not measured at fair value								
Takaful / retakaful receivables	-	122,864	-	-	122,864	-	-	-
Loans and other receivables	-	1,912	-	-	1,912	-	-	-
Retakaful recoveries against outstanding claims	-	22,554	-	-	22,554	-	-	-
Cash and bank balances	-	-	108,724	-	108,724	-	-	-
	-	183,591	108,724	-	292,315	36,261	-	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	(47,098)	(47,098)	-	-	-
Contribution received in advance	-	-	-	(8,225)	(8,225)	-	-	-
Takaful / retakaful payables	-	-	-	(60,733)	(60,733)	-	-	-
Other creditors and accruals	-	-	-	(26,846)	(26,846)	-	-	-
	-	183,591	108,724	(142,902)	149,413	36,261	-	-

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

Habib Insurance Company Limited

46

	December 31, 2020 (Audited)							
	Available- for-sale	Loans & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Loans and other receivables	-	448	-	-	448	-	-	-
Takaful / retakaful receivables	-	75,486	-	-	75,486	-	-	-
Retakaful recoveries against outstanding claims	-	39,731	-	-	39,731	-	-	-
Receivable from OPF	-	5,011	-	-	5,011	-	-	-
Cash and bank balances	-	65,465	-	-	65,465	-	-	-
	-	186,141	-	-	186,141	-	-	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR	-	-	-	(59,783)	(59,783)	-	-	-
Takaful / retakaful payables	-	-	-	(44,684)	(44,684)	-	-	-
Other creditors and accruals	-	-	-	-	-	-	-	-
	-	186,141	-	(104,467)	81,674	-	-	-

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

Habib Insurance Company Limited

25. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on October 28, 2021 by the Board of Directors of the Company.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

SHABBIR GULAMALI
Chief Executive

MURTAZA HUSSAIN
Chief Financial Officer