



**Habib Insurance**  
Est. 1942

**Habib Insurance Company Limited**  
**Accounts for the Half Year ended**  
**June 30, 2022**  
**(Unaudited)**

# Habib Insurance Company Limited

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# Habib Insurance Company Limited

## Company Information

### Board of Directors

**Chairman** : Rafiq M. Habib

**Directors** : Abbas D. Habib  
Mansoor G. Habib  
Muhammad Hyder Habib  
Qumail R. Habib  
Aun Mohammad A. Habib  
Shahid Ghaffar  
Ali Fadoo  
Maleeha Humayun Bangash

**Chief Executive** : Shabbir Gulamali

**Chief Financial Officer** : Murtaza Hussain

**Company Secretary** : Muhammad Maaz Akbar

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

**Share Registrar** : M/s. CDC Share Registrar Services Limited  
CDC House, 99-B, Block-B  
SMCHS, Main Shahrah-e-Faisal  
Karachi-74400

**Registered Office** : 1st Floor, State Life Bldg. No. 6  
Habib Square, M. A. Jinnah Road  
P.O. Box 5217, Karachi-74000  
Pakistan  
Tel : (92-21) 32424030/38/39  
Fax : (92-21) 32421600  
UAN : (92-21) 111 03 03 03  
Website : [www.habibinsurance.net](http://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 June 30, 2022.

Reviewing the underwriting results for the 1<sup>st</sup> half of the year, by the Grace of Allah, the written gross premium grew by 21% from Rs. 960.8 million to Rs. 1.2 billion with net premium revenue also rising from Rs. 376.8 million to Rs. 556.8 million, an increase of 48% over last year. However, the underwriting profit of your Company for the period was Rs. 16.7 million against Rs. 22.5 million for the corresponding period last year primarily due to higher claims and expenses recorded in the period.

Investment Income for the period under review was Rs. 29.6 million as compared to Rs. 90.8 million of last year. This was mainly due to provision for impairment resulting from drop of KSE 100 index. As a result, the profit after tax was Rs. 32.5 million with an earning of Rs. 0.26 per share.

We pray to Allah for the peace and prosperity in the Nation and are confident that the government will take necessary measures to meet the economic challenges that lie ahead.

We also look forward to continued progress of the Company and for, Inshallah, a successful closing of 2022.

On behalf of the Board of Directors

MANSOOR G. HABIB

*Director*

Karachi: August 30, 2022

SHABBIR GULAMALI

*Chief Executive*

## Habib Insurance Company Limited

### حبيب انسورنس کمپنی لمبینڈ

#### ڈائریکٹر کا جائزہ

ڈائریکٹر ۳۰ جون ۲۰۲۲ء کو ختم ہونے والی شماہی کے لئے کمپنی کے غیر آڈٹ شدہ حسابات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

سال کی پہلی شماہی کے لئے زیر تحریر نتائج کا جائزہ لیتے ہوئے اللہ تعالیٰ کے فضل و کرم سے زیر تحریر مجموعی پر یعنی 21 فیصد تک بڑھ کر 960.8 ملین روپے سے 1.2 ملین روپے ہو گیا اس کے ساتھ غالباً پر یعنی آمدی بھی 376.8 ملین روپے سے بڑھ کر 556.8 ملین روپے ہو گئی اور اس طرح گزشتہ سال کی اسی مدت کے مقابلے میں 48 فیصد اضافہ ہوا۔ ہم آپ کی کمپنی کا زیر تحریر منافع اس مدت کیلئے 16.7 ملین روپے رہا اس کے مقابلے میں گزشتہ سال کی اس مدت میں یہ 22.5 ملین روپے تھا جس کی بنیادی وجہاں مدت میں بلند تر گیز اور اخراجات کا ہوتا تھا۔

زیر جائزہ مدت کے دوران سرمایہ کارکی آمدی 29.6 ملین روپے رہی جو اس کے مقابلے میں گزشتہ سال 90.8 ملین روپے تھی۔ یہ بنیادی طور پر 100 KSE ائریکس کے گرنے کے نتیجے میں خسارہ پورا کرنے کیلئے فراہم کے باعث ہوا اس کے نتیجے میں منافع بعد ازاں گیکس 32.5 ملین روپے رہا اس کے ساتھ 0.26 روپے فی شمسی کی آمدی حاصل ہوئی۔

ہم اللہ تعالیٰ سے ملک و قوم کے لئے امن و سُنگام کی دعا کرتے ہیں اور پر امید ہیں کہ حکومت آگے آنے والے درپیش معاشی بحران سے نہیں کیلئے ضروری اقدامات کرے گی۔

ہم مستقبل میں کمپنی کے لئے مستقل ترقی کے حصول کے لئے پر اعتماد ہیں اور ان شاء اللہ ۲۰۲۲ء کا اختتام کا میابی کے ساتھ ہو گا۔

بورڈ آف ڈائریکٹر کی جانب سے

شیخ غلام علی  
چیف ایگزیکٹو

منصور جی۔ حبيب  
ڈائریکٹر

کراچی:  
۳۰ اگست ۲۰۲۲ء

# Habib Insurance Company Limited

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Habib Insurance Company Limited

Report on review of condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Habib Insurance Company Limited** ("the Company") as at 30 June 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cashflows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures for the three months period ended 30 June 2022 and 30 June 2021 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Amyn Pirani.

Date : 30 August 2022

Karachi

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KPMG Taseer Hadi & Co.  
Chartered Accountants

# Habib Insurance Company Limited

## Condensed Interim Statement of Financial Position (Unaudited) As at June 30, 2022

	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>Assets</b>			
Property and equipment	8	64,080	68,892
Intangible assets		557	666
Investments			
Equity securities	9	1,383,557	1,210,429
Debt securities	10	86,076	183,188
Loans, security deposits and other receivables	11	104,747	178,339
Insurance/ reinsurance receivables	12	1,109,374	1,181,492
Reinsurance recoveries against outstanding claims	21	626,771	553,170
Salvage recoveries accrued		38,718	51,077
Deferred commission expense	22	120,399	131,216
Prepayments	13	304,746	476,790
Taxation - payment less provision		237	3,387
Cash and bank	14	71,585	88,566
<b>Total assets of conventional</b>		<b>3,910,847</b>	<b>4,127,212</b>
<b>Total Assets of Window Takaful Operations - Operator's Fund</b>		<b>81,238</b>	<b>66,540</b>
<b>Total assets</b>		<b>3,992,085</b>	<b>4,193,752</b>
<b>EQUITIES AND LIABILITIES</b>			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	619,374	619,374
Reserve	16	497,639	493,054
Unappropriated profit		47,741	142,646
<b>Total Equity</b>		<b>1,164,754</b>	<b>1,255,074</b>
<b>Liabilities</b>			
Underwriting provisions			
Outstanding claims including IBNR	21	914,268	786,589
Unearned premium reserves	20	907,309	1,002,575
Premium deficiency reserves		—	6,324
Unearned reinsurance commission	22	103,189	160,786
Retirement benefit obligations		143,092	130,859
Deferred taxation - net		44,820	82,023
Lease Liability against right of use assets		37,123	37,528
Premium received in advance		50,444	15,992
Insurance/ reinsurance payables	17	278,435	379,589
Other creditors and accruals	18	294,828	298,916
<b>Total liabilities of conventional</b>		<b>2,773,508</b>	<b>2,901,181</b>
<b>Total liabilities of Window Takaful Operations - Operator's Fund</b>		<b>53,823</b>	<b>37,497</b>
<b>Total liabilities</b>		<b>2,827,331</b>	<b>2,938,678</b>
<b>Total Equity and Liabilities</b>		<b>3,992,085</b>	<b>4,193,752</b>
<b>Contingencies and commitments</b>	19		

The annexed notes from 1 to 34 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB     MANSOOR G. HABIB  
*Chairman*           *Director*

AUN MOHAMMAD A. HABIB  
*Director*

SHABBIR GULAMALI  
*Chief Executive*

MURTAZA HUSSAIN  
*Chief Financial Officer*

# Habib Insurance Company Limited

## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the six months period ended June 30, 2022

	Note	(Unaudited) Three months period ended June 30,		(Unaudited) Six months period ended June 30,	
		2022 (Rupees in '000)	2021 (Rupees in '000)	2022 (Rupees in '000)	2021 (Rupees in '000)
Net insurance premium	20	287,713	196,139	556,786	376,807
Net insurance claims	21	(138,309)	(84,992)	(279,811)	(160,377)
Reversal of premium deficiency		6,324	6,151	6,324	6,151
Net commission revenue	22	14,855	22,071	34,258	46,840
Insurance claims and acquisition expenses		(117,130)	(56,770)	(239,229)	(107,386)
Management expenses		(161,094)	(128,422)	(300,819)	(246,961)
Underwriting results		9,489	10,947	16,738	22,460
Investment income - net	23	(31,491)	22,005	29,565	90,771
Other income	24	3,641	1,699	5,542	8,352
Other expenses		(3,305)	(2,404)	(5,263)	(4,229)
<b>Results of operating activities</b>		(21,666)	32,247	46,582	117,354
Finance costs		(1,050)	(2,178)	(2,058)	(5,918)
<b>Profit / (loss) before tax from Window Takaful Operations - Operator's Fund</b>		779	(3,049)	(1,628)	(8,472)
<b>Profit before tax</b>		(21,937)	27,020	42,896	102,964
Income tax expense		5,888	(7,597)	(10,379)	(30,858)
<b>Profit after tax</b>		(16,049)	19,423	32,517	72,106
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit and loss account</i>					
Unrealised gain / (losses) on revaluation of available-for-sale investments		104,737	143,106	(83,597)	(18,725)
Less: Net gains / (loss) transferred to profit and loss on disposal / redemption / impairment of investments		35,377	(2,992)	19,632	(29,016)
Related tax impact		140,114	140,114	(63,965)	(47,741)
		18,866	(23,804)	18,550	13,845
Unrealised loss on revaluation of available-for-sale investments-net of tax		158,980	116,310	(45,415)	(33,896)
		—	(251)	—	(40)
<b>Other comprehensive income / (loss) for the period</b>		158,980	116,059	(45,415)	(33,936)
<b>Total comprehensive income / (loss) for the period</b>		142,931	135,482	(12,898)	38,170
Earning (after tax) per share - Rupees	25	(0.13)	0.16	0.26	0.58

The annexed notes from 1 to 33 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
*Chairman*

MANSOOR G. HABIB  
*Director*

AUN MOHAMMAD A. HABIB  
*Director*

SHABBIR GULAMALI  
*Chief Executive*

MURTAZA HUSSAIN  
*Chief Financial Officer*

# Habib Insurance Company Limited

## Condensed Interim Statement of Changes in Equity (Unaudited) For the six months period ended June 30, 2022

	Attributable to equity holders of the Company					
	Share capital	Capital Reserves Reserve for exceptional losses	Revenue Reserves General reserve	Available for sale reserve	Unappropriated profit	Total Equity
(Rupees in '000)						
<b>Balance as at January 01, 2021</b>	619,374	9,122	255,000	324,862	91,890	1,300,248
Profit after tax for the period	—	—	—	—	72,106	72,106
Other comprehensive income for the period (net unrealized loss on revaluation of available for sale investments)	—	—	—	(33,936)	—	(33,936)
Total comprehensive income for the period	—	—	—	(33,936)	72,106	38,170
Final dividend of Rs. 0.5 per share for the year ended December 31, 2020	—	—	—	—	(61,937)	(61,937)
<b>Balance as at June 30, 2021</b>	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>290,926</u>	<u>102,059</u>	<u>1,276,481</u>
<b>Balance as at January 01, 2022</b>	619,374	9,122	255,000	228,932	142,646	1,255,074
Profit after tax for the period	—	—	—	—	32,517	32,517
Other comprehensive income for the period-net of tax (net unrealized loss on revaluation of available for sale investments)	—	—	—	(45,415)	—	(45,415)
Total comprehensive income for the period	—	—	—	(45,415)	32,517	(12,898)
<b>Transactions with owners directly recorded in equity</b>						
Final dividend of Rs. 0.625 per share for the year ended December 31, 2021	—	—	—	—	(77,422)	(77,422)
Transfer to general reserve	—	—	50,000	—	(50,000)	—
<b>Balance as at June 30, 2022</b>	<u>619,374</u>	<u>9,122</u>	<u>305,000</u>	<u>183,517</u>	<u>47,741</u>	<u>1,164,754</u>

The annexed notes from 1 to 33 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 six months period ended June 30, 2022

	(Unaudited) June 30, 2022 (Rupees in '000)	(Unaudited) June 30, 2021
<b>Operating cash flows</b>		
(a) Underwriting activities		
Insurance premium received	1,113,427	850,934
Reinsurance premium paid	(480,083)	(478,193)
Claims paid	(577,644)	(474,705)
Reinsurance and other recoveries received	364,270	256,982
Commission paid	(142,360)	(75,203)
Commission received	122,371	145,705
Net cash flows from underwriting activities	399,981	225,520
(b) Other operating activities		
Income tax paid	(25,883)	(17,362)
Other operating payments	(213,447)	(249,675)
Other operating receipts	2,030	3,009
Loans advanced	(3,894)	(3,582)
Loan repayment received	7,303	6,055
<b>Net cash flow from other operating activities</b>	<b>(233,891)</b>	<b>(261,555)</b>
<b>Total cash flow from all operating activities</b>	<b>166,090</b>	<b>(36,035)</b>
<b>Investment activities</b>		
Profit / return received	12,808	20,908
Dividend received	85,841	51,673
Payment for investments	(715,854)	(647,646)
Proceeds from investments	514,914	539,632
Fixed capital expenditure	(6,325)	(16,941)
Proceeds from sale of property, plant and equipment	2,067	7,427
<b>Total cash flow from investing activities</b>	<b>(106,549)</b>	<b>(44,947)</b>
<b>Financing activities</b>		
Rentals paid	(2,388)	(18,790)
Loan paid	—	(17,988)
Dividends paid	(74,134)	(60,244)
<b>Total cash flows from financing activities</b>	<b>(76,522)</b>	<b>(97,022)</b>
<b>Net cash flows from all activities</b>	<b>(16,981)</b>	<b>(178,004)</b>
Cash and cash equivalents at beginning of year	88,566	179,541
<b>Cash and cash equivalents at end of period</b>	<b>71,585</b>	<b>1,537</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	166,090	(36,035)
Depreciation and amortisation expense	(9,399)	(20,803)
Income tax paid	25,883	17,362
Provision for gratuity	(12,414)	(11,101)
Provision for impairment	(46,172)	(5,926)
Gratuity paid	—	971
Profit/ return received	12,808	20,908
Dividends received	85,841	51,673
(Loss) / gain on sale of investments	(19,632)	29,016
Financial charges expense	(2,058)	(5,918)
Profit on disposal of property, plant and equipment	220	3,680
Provision of taxation	(13,979)	(30,858)
Profit from window Takaful Operations - Operator's Fund	(1,628)	(8,472)
Increase / (decrease) in assets other than cash	(252,617)	(20,043)
(Increase) / decrease in liabilities other than borrowings	95,974	87,652
<b>Profit after taxation</b>	<b>28,917</b>	<b>72,106</b>

The annexed notes from 1 to 33 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

## **Notes to the Condensed Interim Financial Statements for the six months period ended June 30, 2022 (Unaudited)**

### **1. LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Act, 2017). The 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 Branches	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.

### **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.

**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 December 31 2021.

**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.

# Habib Insurance Company Limited

## **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, 2021.

## **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, 2021.

## **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 January 01, 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.**

There are various amendments to existing accounting and reporting standards that are not yet effective. These are not likely to have a material effect on the company's financial statements except for the following:

Application of IFRS 9 and IFRS 17

- IFRS 9 'Financial Instruments' is effective for reporting year ended December, 31 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 July 01, 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.

# Habib Insurance Company Limited

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 table 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.

Financial assets	June 30, 2022 (Unaudited)				
	Fail the SPPI test		Pass the SPPI test		
	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*	—	—	71,487	—	—
Investment in equity securities - available for sale	1,383,557	(62,008)	—	—	—
Investments in debt securities - held to maturity	—	—	86,076	—	(1,957)
Loans and other receivables*	—	—	99,432	—	—
Insurance / reinsurance receivables*	—	—	1,109,374	—	—
Reinsurance recoveries against outstanding claims*	—	—	626,771	—	—
Salvage recoveries accrued	—	—	38,718	—	—
Window takaful operations - Operator's fund*	—	—	65,229	—	—
	<u>1,383,557</u>	<u>(62,008)</u>	<u>2,097,087</u>	<u>—</u>	<u>(1,957)</u>

# Habib Insurance Company Limited

Financial assets	December 31, 2021 (Audited)				
	Fail the SPPI test		Pass the SPPI test		
	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*	–	–	88,313	–	–
Investment in equity securities - available for sale	1,210,429	(103,124)	–	–	–
Investments in debt securities - held to maturity	–	–	183,188	–	(1,093)
Loans and other receivables*	–	–	171,264	–	–
Insurance / reinsurance receivables*	–	–	1,181,492	–	–
Reinsurance recoveries against outstanding claims*	–	–	553,170	–	–
Salvage recoveries accrued	–	–	51,077	–	–
Window takaful operations - Operator's fund*	–	–	50,874	–	–
	<u>1,210,429</u>	<u>(103,124)</u>	<u>2,279,378</u>	<u>–</u>	<u>(1,093)</u>

  

	June 30, 2022 (Unaudited)				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	A	Unrated
(Rupees in '000)					
Cash and bank*	69,608	50	–	–	1,829
Investments in debt securities - held to maturity	–	–	–	–	86,076
Loans and other receivables*	–	–	–	–	99,432
Insurance / reinsurance receivables*	–	–	1,109,374	–	–
Reinsurance recoveries against outstanding claims*	626,771	–	–	–	–
Salvage recoveries accrued	–	–	–	–	38,718
Window takaful operations - Operator's fund*	41,050	–	–	–	24,179
	<u>737,429</u>	<u>50</u>	<u>1,109,374</u>	<u>–</u>	<u>250,234</u>

  

	December 31, 2021 (Audited)				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	A	Unrated
(Rupees in '000)					
Cash and bank*	87,777	50	–	–	486
Investments in debt securities - held to maturity	–	–	–	–	183,188
Loans and other receivables*	–	–	–	–	171,264
Insurance / reinsurance receivables*	100	20,805	67,608	25,292	1,067,785
Reinsurance recoveries against outstanding claims*	553,170	–	–	–	51,077
Window takaful operations - Operator's fund*	8,246	–	–	–	42,628
	<u>649,293</u>	<u>20,855</u>	<u>67,608</u>	<u>25,292</u>	<u>1,516,428</u>

# Habib Insurance Company Limited

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

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, IASB 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 January 01, 2023 aligned with the effective date of IFRS 17.

- SECP vide its letter no. ID/MDPRD/IFRS-17/2021/1716 dated June 15, 2021, has intimated a roadmap for the implementation of IFRS 17 – Insurance Contracts and has specified a four-phased approach for the implementation of IFRS 17.

The said four phase approach is as follows:

- Phase One: Gap Analysis.
- Phase Two: Financial Impact Assessment.
- Phase Three: System Design and Methodology.
- Phase Four: Parallel Run and Implementation.

Timeline for completion of "Phase One i.e. Gap Analysis" was set at September 30, 2021. The company has submitted Management report over Gap Analysis to SECP within the stipulated time.

SECP vide its letter no. ID/MDPRD/IFRS-17/2022/2392 has set December 31, 2022 as a deadline for the completion of "Phase Two" and also requires the insurers and takaful operators to submit interim submissions for June 30, 2022 and September 30, 2022 demonstrating the progress made in undertaking of Financial Impact Assessment. The company has submitted the first interim submission of FIA on June 30, 2022 however the impact of the application of the IFRS is still in assessment stage.

## 7. 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, 2021.

	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>8. Property and equipment</b>			
Tangible operating assets	8.1	32,869	32,702
Right-of-use assets	8.2	31,211	36,190
		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		64,080	68,892
<b>8.1 Tangible operating Assets</b>			
Opening written down value		32,702	33,323
Additions during the period / year	8.1.1	6,325	23,912
Disposals during the period / year	8.1.2	(1,847)	(13,972)
Depreciation for the period / year		(4,311)	(10,561)
Closing written down value		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		32,869	32,702
8.1.1 The following additions were made to tangible-property and equipment during the period / year:			
Furniture and fixtures		1,873	9,046
Computer equipment		1,439	2,867
Office equipment		982	4,233
Motor Vehicles - owned		2,031	7,766
		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
		6,325	23,912

# Habib Insurance Company Limited

	(Unaudited) June 30, 2022 (Rupees in '000)	(Audited) December 31, 2021
<b>8.1.2 The following disposals of tangible - operating assets were made during the period / year:</b>		
Furniture and fixtures	—	18
Computer equipment	31	10
Office equipment	91	176
Motor Vehicles - owned	1,725	<u>13,768</u>
	<u>1,847</u>	<u>13,972</u>
<b>8.2 Right-of-use assets</b>		
Balance at January 01, 2022	36,190	151,856
Additions during the period / year	—	21,028
Deletion during the period / year	—	(114,209)
Depreciation charge for the period / year	(4,979)	(22,485)
Balance at June 30, 2022	<u>31,211</u>	<u>36,190</u>

## 9. INVESTMENT IN EQUITY SECURITIES

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Cost	Impairment / Revaluation provision	Carrying surplus value	Cost	Impairment / Revaluation provision	Carrying surplus value
	(Rupees in '000)			(Rupees in '000)		
<b>Related Parties</b>						
Listed shares	407,083	—	82,723	489,806	308,177	—
	<u>407,083</u>	<u>—</u>	<u>82,723</u>	<u>489,806</u>	<u>308,177</u>	<u>—</u>
<b>Others</b>						
Listed shares	444,248	(46,936)	169,076	566,388	565,380	(764)
Mutual funds	304,038	—	2,724	306,762	504	—
<b>Modaraba certificate</b>						
Others	15,014	—	5,587	20,601	15,014	—
	<u>763,300</u>	<u>(46,936)</u>	<u>177,387</u>	<u>893,751</u>	<u>580,898</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>
	<u>1,170,383</u>	<u>(46,936)</u>	<u>260,110</u>	<u>1,383,557</u>	<u>889,075</u>	<u>(764)</u>

# Habib Insurance Company Limited

**10.1** This represents PIBs having face value of Rs.90.0 million (market value of Rs.86.076 million) [December 31, 2021: Rs. 90.0 million (market value of Rs.87.955 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. These PIBs 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.

Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
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(Rupees in '000)

**11. LOANS SECURITY DEPOSITS AND OTHER RECEIVABLES - Considered good**

Accrued investment income	3,922	3,833
Security Deposits	15,278	14,231
Advances	11.1 5,315	7,075
Agents Commission receivable (advance)	9,676	10,836
Loan to employees	59,080	60,397
Receivable from Window Takaful Operations	766	1,453
Receivable against sale of vehicle to employees	325	75,429
Sales tax refundable	9,416	5,085
Other receivables	969	-
	<hr/> 104,747	<hr/> 178,339

**11.1** This includes advance payment of Rs. 4.025 million for tracker installation in motor vehicles.

Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
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(Rupees in '000)

**12. INSURANCE / REINSURANCE RECEIVABLES - Unsecured and considered good**

Due from insurance contract holders		
Considered good	681,042	617,232
Considered doubtful	18,689	18,689
Less: Provision for impairment of receivables from insurance contract holders	(18,689)	(18,689)
	<hr/> 681,042	<hr/> 617,232

Due from other insurers / reinsurers

Considered good	428,332	564,260
Considered doubtful	13,192	6,500
Less: provision for impairment of due from other insurers / reinsurers	(13,192)	(6,500)
	<hr/> 428,332	<hr/> 564,260
	<hr/> 1,109,374	<hr/> 1,181,492

**13. PREPAYMENTS**

Prepaid reinsurance premium ceded	290,840	463,940
Prepaid insurance on leased vehicles	-	1,404
Prepaid rent	1,872	-
Prepaid employees group / health insurance	8,380	8,089
Others	3,654	3,357
	<hr/> 304,746	<hr/> 476,790

# Habib Insurance Company Limited

(Unaudited) (Audited)  
 June 30, December 31,  
 2022 2021  
 (Rupees in '000)

## 14. CASH AND BANK BALANCES

### Cash and cash equivalents

Cash in hand	1,829	486
Policy stamps	98	253
	<u>1,927</u>	<u>739</u>

### Cash at bank

Current accounts	14,656	30,349
Savings accounts	55,002	57,478
	<u>69,658</u>	<u>87,827</u>
	<u>71,585</u>	<u>88,566</u>

## 15. SHARE CAPITAL

### Authorized Capital

(Unaudited) June 30, 2022	(Audited) December 31, 2021	(Unaudited) June 30, 2022	(Audited) December 31, 2021
(Number)			(Rupees in '000)
<u>130,000,000</u>	<u>130,000,000</u>	Ordinary shares of Rs. 5 each	<u>650,000</u>

### 15.1 Issued, subscribed and paid - up share capital

123,874,755	<u>123,874,755</u>	Ordinary shares of Rs. 5 each at the beginning and end of the year	<u>619,374</u>	<u>619,374</u>
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## 16. RESERVES

### Capital Reserves

Reserve for exceptional losses	9,122	9,122
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### Revenue Reserves

General reserves	305,000	255,000
Available-for-sale reserve	183,517	228,932
	<u>488,517</u>	<u>483,932</u>
	<u>497,639</u>	<u>493,054</u>

## 17. INSURANCE / REINSURANCE PAYABLES

Due to other insureres / reinsurers

Foreign reinsurers	122,011	148,418
Local reinsurers	12,317	94,609
Co-insurers payable	144,107	136,562
	<u>278,435</u>	<u>379,589</u>

# Habib Insurance Company Limited

	Note	(Unaudited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>18. OTHER CREDITORS AND ACCRUALS</b>			
Agents commission payable		105,273	113,900
Federal excise duty		50,595	41,844
Federal insurance fee		5,353	3,860
Accrued expenses		27,601	38,630
Unclaimed dividend		66,098	62,810
Sundry creditors	18.1	37,663	37,289
Others		2,245	583
		<u>294,828</u>	<u>298,916</u>

**18.1** This include Rs. 5.1 million payable to Participant Takaful Fund of Window Takaful Operations, deposited by the policy holder in the company's conventional account. This also includes stale cheques for claims amounting to Rs. 27.7 million (December 31, 2021: Rs. 28.8 million).

## 19. CONTINGENCIES & COMMITMENTS

### 19.1 Contingencies

There were no changes in tax contingencies as disclosed in financial statements for the year ended December 31, 2021 except as follows:

An appeal has been filed before the Appellate Tribunal Inland Revenue, Karachi, against the order of Commissioner (Appeals) who confirmed the order passed u/s 161/205 of the Income Tax Ordinance, 2001, for the Tax Year 2020, whereby an unjustified demand of Rs.69,804,739/- was raised u/s 161/205/182 of the Income Tax Ordinance, 2001. The Appellate Tribunal Inland Revenue, Karachi, has annulled the Order. The department has not filed any reference against the ATIR order. However Deputy Commissioner Inland Revenue's notice 124/161/205 has been received. The notice has duly been compiled and all requisite details/documents have been provided to Deputy Commissioner Inland Revenue.

A show cause notice No. SCN 81868 dated 29 January 2022, for short payment of sales tax has been issued from the office of Assistant Commissioner SRB Karachi, during the period from January 2014 - December 2015. The adjudication proceeding are under process and an interim stay order (CP. No. 1166/2022) has been obtained from the honorable High Court of Sindh. Amount involved in Rs. 326 million would arise. Based on the opinion of the tax advisor, the management believes that the case will be decided in favour of the Company hence no provision is recorded in these condensed interim financial statements.

### 19.2 Commitments

There are no commitments as at June 30, 2022 (December 31, 2021: Nil).

	(Unaudited) Three months period ended June 30, 2022		(Unaudited) Six months period ended June 30, 2021	
	2022	2021	2022	2021
	(Rupees in '000)		(Rupees in '000)	
<b>20. NET INSURANCE PREMIUM</b>				
Written gross premium	522,562	510,755	1,013,549	853,442
Add: Unearned premium reserve - opening	943,414	726,760	1,002,575	818,033
Less: Unearned premium reserve - closing	(907,309)	(790,780)	(907,309)	(790,780)
Premium earned	558,667	446,735	1,108,815	880,695
Less: Reinsurance premium ceded	150,473	263,946	378,929	478,193
Add: Prepaid reinsurance premium - opening	411,321	395,628	463,940	434,673
Less: Prepaid reinsurance premium - closing	(290,840)	(408,978)	(290,840)	(408,978)
Reinsurance expense	270,954	250,596	552,029	503,888
Net insurance premium	287,713	196,139	556,786	376,807

# Habib Insurance Company Limited

	(Unaudited) Three months period ended June 30, 2022 (Rupees in '000)		(Unaudited) Six months period ended June 30, 2022 (Rupees in '000)	
	2022	2021	2022	2021
<b>21. NET INSURANCE CLAIMS EXPENSE</b>				
Claims paid	291,227	247,289	577,644	474,705
Add: Outstanding claims including IBNR - closing	914,268	759,871	914,268	759,871
Less: Outstanding claims including IBNR - opening	(816,676)	(768,217)	(786,589)	(819,119)
Claims expense	388,819	238,943	705,323	415,457
Reinsurance and other recoveries received	185,580	145,485	364,270	256,982
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing	665,489	602,976	665,489	602,976
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening	(600,559)	(594,510)	(604,247)	(604,878)
Reinsurance and other recoveries revenue	250,510	153,951	425,512	255,080
Net insurance claims expense	138,309	84,992	279,811	160,377
<b>22. NET COMMISSION INCOME</b>				
Commissions paid or payable	59,461	61,109	134,893	97,718
Add: Deferred commission - opening	135,638	86,256	131,216	98,200
Less: Deferred commission - closing	(120,399)	(97,136)	(120,399)	(97,136)
Commission expense	74,700	500,229	145,710	98,782
Less: Commission from reinsurers				
Commission received or receivable	59,785	82,389	122,371	143,711
Add: Unearned reinsurance commission - opening	132,959	115,746	160,786	127,746
Less: Unearned reinsurance commission - closing	(103,189)	(125,835)	(103,189)	(125,835)
Commission from reinsurers	89,555	72,300	179,968	145,622
Net commission income	14,855	22,071	34,258	46,840
<b>23. INVESTMENT INCOME</b>				
Income from equity securities and mutual fund units - available-for-sale				
- Dividend income	14,020	16,697	85,970	53,143
Income from debt securities - available-for-sale				
- Return on debt securities	4,616	2,402	9,581	8,731
Net realised gain / (losses) on investments				
- Equity securities	(6,202)	2,992	(21,947)	7,829
- Mutual funds units	2,315	–	2,315	–
- Government securities	–	–	–	21,187
Total investment income	(3,887)	2,992	(19,632)	29,016
Less Impairment in value of available-for-sale investments equity securities	(46,172)	–	(46,172)	–
Less: Investment related expenses	(68)	(86)	(182)	(119)
	(31,491)	22,005	29,565	90,771

# Habib Insurance Company Limited

	Three months period ended June 30,		Six months period ended June 30,	
	2022	2021	2022	2021
	(Unaudited) (Rupees in '000)		(Unaudited) (Rupees in '000)	
<b>24. OTHER INCOME</b>				
Return on bank balances	2,147	484	3,188	1,830
Gain / (loss) on sale of fixed assets	220	757	220	3,680
Return on loan to employees	1,227	660	2,087	1,339
Miscellaneous	47	(202)	47	1,503
	<u>3,641</u>	<u>1,699</u>	<u>5,542</u>	<u>8,352</u>
<b>25. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after tax for the period	(16,049)	19,423	32,517	72,106
	(Number of Shares)		(Number of Shares)	
Weighted average number of ordinary shares of Rs. 5 each	<u>123,874,755</u>	<u>123,874,755</u>	<u>123,874,755</u>	<u>123,874,755</u>
	(Rupees)		(Rupees)	
Basic earnings per share	(0.13)	0.16	0.26	0.58
	<u>(0.13)</u>	<u>0.16</u>	<u>0.26</u>	<u>0.58</u>
<b>25.1</b>	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.			
<b>26. TRANSACTIONS WITH RELATED PARTIES</b>				
Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Compensation to key management personnel are at employment terms. Dividend income is recorded at the amount declared by the investee company. Contribution to the provident fund is in accordance with the Provident Fund Rules. Other transactions are at agreed rates.				
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) Three months period ended June 30,		(Unaudited) Six months period ended June 30,	
	2022	2021	2022	2021
	(Rupees in '000)			
<b>Transactions and balances with associated companies (under the Companies Act, 2017).</b>				
<b>Transactions during the year with associated companies</b>				
Premium written	<u>96,980</u>	<u>100,431</u>	<u>163,073</u>	<u>166,038</u>
Claims paid	<u>(8,819)</u>	<u>9,643</u>	<u>14,972</u>	<u>164,769</u>
Dividend received	<u>626</u>	<u>721</u>	<u>30,235</u>	<u>21,791</u>
Dividend paid	<u>6,930</u>	<u>2,868</u>	<u>6,930</u>	<u>2,868</u>
Investment made	<u>54,953</u>	<u>1,720</u>	<u>98,906</u>	<u>28,897</u>
Interest received on bank accounts	<u>2,147</u>	<u>484</u>	<u>3,188</u>	<u>1,830</u>
Bank charges	<u>88</u>	<u>155</u>	<u>161</u>	<u>282</u>
Fees paid	<u>240</u>	<u>400</u>	<u>240</u>	<u>400</u>
Lease rentals paid	<u>—</u>	<u>5,093</u>	<u>—</u>	<u>12,076</u>
Security deposit paid	<u>—</u>	<u>(2,870)</u>	<u>—</u>	<u>—</u>
Interest expense	<u>76</u>	<u>1,546</u>	<u>76</u>	<u>3,482</u>
Brokerage expenses paid	<u>28</u>	<u>86</u>	<u>86</u>	<u>119</u>

# Habib Insurance Company Limited

	(Unaudited) June 30, 2022		(Audited) December 31, 2021			
	(Rupees in '000)					
<b>Balances with associated companies</b>						
Premium due but unpaid		<u>221,885</u>		<u>268,350</u>		
Claims outstanding		<u>115,159</u>		<u>87,200</u>		
Bank balances		<u>61,070</u>		<u>73,687</u>		
Investment held		<u>489,806</u>		<u>484,251</u>		
	(Unaudited) Three months period ended June 30, 2022		(Unaudited) Six months period ended June 30, 2022			
	(Rupees in '000)					
<b>Transactions during the period with other related parties including key management personnel</b>						
Remuneration of key management personnel	<u>57,839</u>	<u>29,556</u>	<u>110,560</u>	<u>68,633</u>		
Repayment of loans to employees (secured)	<u>2,298</u>	<u>763</u>	<u>4,411</u>	<u>1,527</u>		
Dividend paid	<u>1,691</u>	<u>1,691</u>	<u>–</u>	<u>1,691</u>		
Contribution to the provident fund	<u>2,817</u>	<u>2,551</u>	<u>5,408</u>	<u>5,087</u>		
	(Unaudited) June 30, 2022		(Audited) December 31, 2021			
	(Rupees in '000)					
<b>Balances with other related parties including key management personnel</b>						
Loans to key management personnel		<u>41,687</u>		<u>44,508</u>		

# Habib Insurance Company Limited

## 27. SEGMENT REPORTING

June 30, 2022 (Unaudited)

	Fire and property	Marine and transport	Motor	Group hospitalisation	Other Classes	Aggregate
(Rupees in '000)						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative surcharge)	278,513	245,770	576,243	4,782	85,642	1,190,950
Less: Federal Excise Duty	49,014	27,828	73,536	558	14,440	165,376
Federal Insurance Fee	3,355	2,194	5,382	43	1,051	12,025
Gross Written Premium (inclusive of administrative Surcharge)	226,144	215,748	497,325	4,181	70,151	1,013,549
Gross direct premium	220,371	208,708	476,162	4,170	68,215	977,626
Facultative inward premium	2,842	—	276	—	—	3,118
Administrative surcharge	2,931	7,040	20,887	11	1,936	32,805
	226,144	215,748	497,325	4,181	70,151	1,013,549
Insurance premium earned	361,554	209,808	453,807	6,678	76,968	1,108,815
Insurance premium ceded to reinsurers	(302,645)	(120,653)	(88,287)	—	(40,444)	(552,029)
<b>Net insurance premium</b>	<b>58,909</b>	<b>89,155</b>	<b>365,520</b>	<b>6,678</b>	<b>36,524</b>	<b>556,786</b>
Premium deficiency reserve	—	—	—	6,324	—	6,324
Commission income	92,436	40,562	36,912	—	10,058	179,968
<b>Net underwriting income</b>	<b>151,345</b>	<b>129,717</b>	<b>402,432</b>	<b>13,002</b>	<b>46,582</b>	<b>743,078</b>
Insurance claims	170,653	124,441	350,358	8,411	51,460	705,323
Insurance claims recovered from reinsurers	(151,142)	(87,677)	(158,427)	—	(28,266)	(425,512)
<b>Net Claims</b>	<b>19,511</b>	<b>36,764</b>	<b>191,931</b>	<b>8,411</b>	<b>23,194</b>	<b>279,811</b>
Commission expense	(64,360)	(22,913)	(47,212)	(118)	(11,107)	(145,710)
Management expenses	(84,629)	(54,957)	(134,808)	(1,048)	(25,377)	(300,819)
Net insurance claims and expenses	(148,989)	(77,870)	(182,020)	(1,166)	(36,484)	(446,529)
<b>Underwriting result</b>	<b>(17,155)</b>	<b>15,083</b>	<b>28,481</b>	<b>3,425</b>	<b>(13,096)</b>	<b>16,738</b>
Net Investment income						29,565
Other income						5,542
Other expenses						(5,263)
<b>Results of operating activities</b>						<b>46,582</b>
Finance cost						(2,058)
Profit from Window Takaful Operations - Operator's Fund						(1,628)
<b>Profit before tax</b>						<b>42,896</b>
<b>Segment assets</b>	<b>733,904</b>	<b>425,880</b>	<b>921,165</b>	<b>13,556</b>	<b>156,234</b>	<b>2,250,739</b>
Unallocated assets						1,659,871
Unallocated assets of General Takaful Operations - Operator's Fund						81,238
						3,991,848
<b>Segment liabilities</b>	<b>734,851</b>	<b>426,431</b>	<b>922,354</b>	<b>13,573</b>	<b>156,436</b>	<b>2,253,645</b>
Unallocated liabilities						523,226
Unallocated liabilities of General Takaful Operations - Operator's Fund						53,823
						2,830,694

# Habib Insurance Company Limited

June 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)	324,970	171,103	387,401	3,777	94,208	981,459
Less: Federal Excise Duty	39,456	18,915	47,914	435	12,777	119,497
Federal Insurance Fee	2,710	1,505	3,355	33	917	8,520
Gross Written Premium (inclusive of Administrative Surcharge)	282,804	150,683	336,132	3,309	80,514	853,442
Gross direct premium	268,135	145,132	322,023	3,303	78,507	817,100
Facultative inward premium	11,841	93	828	—	83	12,845
Administrative surcharge	2,828	5,458	13,281	6	1,924	23,497
	282,804	150,683	336,132	3,309	80,514	853,442
Insurance premium earned	332,640	160,879	300,883	6,924	79,369	880,695
Insurance premium ceded to reinsurers	(277,410)	(88,686)	(97,717)	—	(40,075)	(503,888)
<b>Net insurance premium</b>	<b>55,230</b>	<b>72,193</b>	<b>203,166</b>	<b>6,924</b>	<b>39,294</b>	<b>376,807</b>
Premium deficiency reserve	—	—	—	6,151	—	6,151
Commission income	70,880	33,528	34,977	—	6,237	145,622
<b>Net underwriting income</b>	<b>126,110</b>	<b>105,721</b>	<b>238,143</b>	<b>13,075</b>	<b>45,531</b>	<b>528,580</b>
Insurance claims	163,384	53,221	123,972	4,102	70,778	415,457
Insurance claims recovered from reinsurers	(149,740)	(30,248)	(30,665)	—	(44,427)	(255,080)
<b>Net Claims</b>	<b>13,644</b>	<b>22,973</b>	<b>93,307</b>	<b>4,102</b>	<b>26,351</b>	<b>160,377</b>
Commission expense	(53,633)	(17,691)	(15,868)	(9)	(11,581)	(98,782)
Management expenses	(59,708)	(31,814)	(70,968)	(699)	(16,999)	(180,188)
Net insurance claims and expenses	(113,341)	(49,505)	(86,836)	(708)	(28,580)	(278,970)
<b>Underwriting result</b>	<b>(875)</b>	<b>33,243</b>	<b>58,000</b>	<b>8,265</b>	<b>(9,400)</b>	<b>89,233</b>
Investment income						90,771
Other income						8,352
Other expenses						(71,002)
<b>Results of operating activities</b>						<b>117,354</b>
Finance cost						(5,918)
Loss from Window Takaful Operations - Operator's Fund						(8,472)
<b>Profit before tax</b>						<b>102,964</b>
<b>Segment assets</b>	<b>867,976</b>	<b>419,790</b>	<b>785,112</b>	<b>18,068</b>	<b>207,102</b>	<b>2,298,048</b>
<b>Unallocated assets</b>						1,546,176
Total assets of General Takaful Operations - Operator's Fund						64,780
						<b>3,909,004</b>
<b>Segment liabilities</b>	<b>747,511</b>	<b>361,528</b>	<b>676,146</b>	<b>15,560</b>	<b>178,358</b>	<b>1,979,103</b>
<b>Unallocated liabilities</b>						626,849
Total liabilities of General Takaful Operations - Operator's Fund						26,571
						<b>2,632,523</b>

# Habib Insurance Company Limited

## 28. 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, 2021.

## 29. 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 condensed interim financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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 is 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 measurement is unobservable.

	June 30, 2022 (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)								
<b>Financial assets measured at fair value</b>								
<b>Investments</b>								
Equity securities - quoted	1,056,194	-	-	-	1,056,194	1,056,194	-	-
Mutual Funds Units	306,762	-	-	-	306,762	-	306,762	-
Modaraba certificates	20,601	-	-	-	20,601	20,601	-	-
Debt securities	86,076	-	-	-	86,076	-	86,076	-
<b>Financial assets not measured at fair value</b>								
Loans and other receivable	-	99,432	-	-	99,432	-	-	-
Insurance / reinsurance receivable	-	1,109,374	-	-	1,109,374	-	-	-
Reinsurance recoveries against outstanding claims	-	626,771	-	-	626,771	-	-	-
Salvage recoveries accrued	-	38,718	-	-	38,718	-	-	-
Cash and bank balances	-	-	71,585	-	71,585	-	-	-
Total assets of Window Takaful Operations - Operator's Fund	2,250	21,929	41,050	-	65,229	-	2,250	-
	1,471,883	1,896,224	112,635	-	3,480,742	1,076,795	395,088	-
<b>Financial liabilities not measured at fair value</b>								
Outstanding claims including IBNR	-	-	-	(914,268)	(914,268)	-	-	-
Lease liability against right of use asset	-	-	-	(37,123)	(37,123)	-	-	-
Premium received in Advance	-	-	-	(50,444)	(50,444)	-	-	-
Insurance / reinsurance payables	-	-	-	(278,435)	(278,435)	-	-	-
Other creditors and accruals	-	-	-	(294,828)	(294,828)	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	(53,823)	(53,823)	-	-	-
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# Habib Insurance Company Limited

	Decmeber 31, 2021 (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)								
<b>Financial assets measured at fair value</b>								
<b>Investments</b>								
Listed equity securities	1,187,970	-	-	-	1,187,970	1,187,970	-	-
Mutual fund units	2,382	-	-	-	2,382	-	2,382	-
Modaraba certificates	20,077	-	-	-	20,077	-	-	-
Debt securities	183,188	-	-	-	183,188	-	183,188	-
<b>Financial assets not measured at fair value</b>								
Loans and other receivable	-	171,264	-	-	171,264	-	-	-
Insurance / reinsurance receivables	-	1,181,492	-	-	1,181,492	-	-	-
Reinsurance recoveries against outstanding claims	-	553,170	-	-	553,170	-	-	-
Salvage recoveries accrued	-	51,077	-	-	51,077	-	-	-
Cash and bank balances	-	-	88,313	-	88,313	-	-	-
Total Assets of Window Takaful Operations - Operator's Fund	35,051	-	15,823	-	-	-	-	-
	1,428,668	1,957,003	104,136	-	3,489,807	1,187,970	185,570	-
<b>Financial liabilities not measured at fair value</b>								
Outstanding claims including IBNR	-	-	-	(786,589)	(786,589)	-	-	-
Lease liability against right of use assets	-	-	-	(37,528)	(37,528)	-	-	-
Retirement benefits obligation	-	-	-	(130,859)	(130,859)	-	-	-
Insurance / reinsurance payables	-	-	-	(379,589)	(379,589)	-	-	-
Other creditors and accruals	-	-	-	(298,916)	(298,916)	-	-	-
Total Liabilities of Window Takaful Operations - Operator's Fund	-	-	-	(37,497)	(37,497)	-	-	-
	-	-	-	(1,670,978)	(1,670,978)	-	-	-

\* The Company has not disclosed the fair value of these items as these are either short term in nature or repriced frequently and as such their carrying amounts are a reasonable approximation of their fair values.

# Habib Insurance Company Limited

	Held to Maturity	Available- for-sale	Total
	(Rupees in '000)		
<b>30. MOVEMENT IN INVESTMENTS</b>			
As at January 01, 2021	—	1,315,548	1,315,548
Additions	—	1,116,371	1,116,371
Disposals (sale and redemption)	—	(932,129)	(932,129)
Fair value net gains (excluding net realised gains)	—	(106,789)	(106,789)
Impairment of investments	—	(208)	(208)
Amortisation of premium / discount	—	824	824
As at December 31, 2021	<hr/>	1,393,617	1,393,617
Additions	—	715,854	715,854
Disposals (sale and redemption)	—	(529,711)	(529,711)
Fair value net gains (excluding net realised gains)	—	(64,070)	(64,070)
Reversal of Impairment of investments	—	(46,172)	(46,172)
Amortisation of premium / discount	—	115	115
As at June 30, 2022	<hr/> <hr/>	1,469,633	1,469,633

## 31. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary, for purposes of comparison. However, there were no material reclassifications to report.

## 32. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

## 33. DATE OF AUTHORISATION FOR ISSUE

These Condensed interim financial statements have been authorised for issue on August 30, 2022 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*

Habib Insurance Company Limited

**Financial Statements**

**Window Takaful Operations**

# Habib Insurance Company Limited

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Habib Insurance Company Limited – Window Takaful Operations

Report on review of condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Habib Insurance Company Limited – Window takaful Operations** as at 30 June 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cashflows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures for the three months period ended 30 June 2022 and 30 June 2021 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Amyn Pirani.

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KPMG Taseer Hadi & Co.  
Chartered Accountants

Date : 30 August 2022

Karachi

# Habib Insurance Company Limited

## Condensed Interim Statement of Financial Position (Unaudited) As at June 30, 2022

	Note	Operator's Fund		Participant's Fund	
		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		(Rupees in '000)			
<b>Assets</b>					
Investments					
Musharika certificate	8	–	35,051	–	80,116
Mutual Fund	7	2,250	–	–	–
Loans and other receivables	9	182	249	6,620	1
Takaful / retakaful receivables	10	–	–	151,934	142,414
Retakaful recoveries against outstanding claims	16	–	–	49,943	20,408
Salvage recoveries accrued	–	–	–	3,412	1,210
Deferred Wakala expense	18	–	–	27,031	13,019
Taxation - payments less provision	–	952	694	1,435	803
Deferred commission expense	17	17,411	14,423	–	–
Receivable from PTF	19	18,976	7,577	–	–
Prepayments	–	417	300	34,934	43,143
Cash and bank	11	41,050	8,246	186,136	45,081
<b>Total assets</b>		<u>81,238</u>	<u>66,540</u>	<u>461,445</u>	<u>346,195</u>
<b>Equities and liabilities</b>					
Capital and reserves attributable to company's shareholders					
Share capital		50,000	50,000	–	–
Reserves		–	–	–	–
Retained earnings		(22,585)	(20,957)	–	–
<b>Total shareholders equity</b>		<u>27,415</u>	<u>29,043</u>	<u>–</u>	<u>–</u>
Participants' Takaful Fund (PTF)					
Ceded money		–	–	500	500
Reserves		–	–	–	(342)
Accumulated surplus		–	–	94,830	76,011
<b>Balance of Participants' Takaful Fund</b>		<u>–</u>	<u>–</u>	<u>95,330</u>	<u>76,169</u>
<b>Liabilities</b>					
PTF Underwriting Provisions					
Outstanding claims including IBNR	16	–	–	107,352	48,618
Unearned contribution reserve	14	–	–	135,808	130,184
Reserve for unearned retakaful rebate	15	–	–	6,955	8,646
		–	–	250,115	187,448
Unearned wakala fee	18	27,031	13,019	–	–
Contribution received in advance		–	–	14,082	7,328
Takaful / retakaful payables	13	–	–	76,008	63,136
Other creditors and accrual	12	24,978	22,846	6,934	4,537
Payable to OPF	19	1,814	1,632	18,976	7,577
Retirement benefit obligation		–	–	–	–
Deferred taxation					
<b>Total liabilities</b>		<u>53,823</u>	<u>37,497</u>	<u>116,000</u>	<u>82,578</u>
<b>Total equity and liabilities</b>		<u>81,238</u>	<u>66,540</u>	<u>461,445</u>	<u>346,195</u>
<b>Contingency and commitment</b>		21			

The annexed notes from 1 to 28 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 Profit or Loss and Other Comprehensive Income (Unaudited) For the six months period ended June 30, 2022

Note	(Unaudited)		(Unaudited)	
	Three months period ended June 30, 2022 (Rupees in '000)	2021	Six months period ended June 30, 2022 (Rupees in '000)	2021
<b>Participant's Fund</b>				
Contributions earned	14	63,560	40,474	127,730
Less: Contributions ceded to retakaful		(35,724)	(28,692)	(63,595)
Net contributions revenue		27,836	11,782	64,135
Retakaful rebate earned	15	4,006	3,684	10,391
Net underwriting income		31,842	15,466	74,526
Net claims - reported / settled - IBNR	16	(31,103) (1,707)	(10,103) (1,682)	(53,918) (7,961)
		(32,810)	(11,785)	(61,879)
				(18,517)
Surplus before investment income		(968)	3,681	12,647
Investment income	20	3,755	780	6,514
Provision for impairment		–	(3,931)	–
Surplus transferred to accumulated surplus		2,787	530	19,161
<b>Other comprehensive income for the period</b>		–	–	–
<b>Total comprehensive income for the period</b>		2,787	530	19,161
<b>Operator's Fund</b>				
Wakala fee		11,418	4,385	18,672
Commission expense		(9,567)	(4,813)	(18,133)
General administrative and management expense		(2,986)	(3,042)	(5,142)
		(1,135)	(3,470)	(4,603)
				(9,575)
Investment income	20	1,600	629	2,719
Mudarib fees		678	–	678
Direct expenses		(364)	(208)	(422)
<b>Profit / (loss) before taxation</b>		779	(3,049)	(1,628)
Taxation		–	–	–
<b>Profit / (loss) after taxation attributable to shareholders</b>		779	(3,049)	(1,628)
<b>Other comprehensive income:</b>				
- Unrealised loss on revaluation of available-for-sale investments during the period		–	(221)	–
- Net gain transferred to profit and loss on disposal / redemption / impairment of investments		–	(132)	76
Related tax impact		–	(353)	–
		–	102	(56)
<b>Others comprehensive loss for the period</b>		–	(251)	–
<b>Total comprehensive income / (loss) for the period</b>		779	(3,300)	(1,628)
				(8,512)

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
*Chairman*

MANSOOR G. HABIB  
*Director*

AUN MOHAMMAD A. HABIB  
*Director*

SHABBIR GULAMALI  
*Chief Executive*

MURTAZA HUSSAIN  
*Chief Financial Officer*

# Habib Insurance Company Limited

## Condensed Interim Statement of Changes in Funds (Unaudited) For the six months period ended June 30, 2022

	Operator's Fund		
	Share Capital	Available for sale reserve	Un-appropriated profit
	(Rupees in '000)		
Balance as at January 01, 2021	50,000	541	(3,820)
Loss for the period	–	–	(8,472)
Other comprehensive income			
Less: Net loss transferred to profit and loss on disposal of investments-net of tax	–	(56)	–
Related tax impact	–	16	–
Balance as at June 30, 2021	<u>50,000</u>	<u>501</u>	<u>(12,292)</u>
			<u>38,209</u>
Balance as at January 01, 2022	50,000	–	(20,957)
Loss for the period	–	–	(1,628)
Other comprehensive loss			
Less: Net loss transferred to profit and loss on disposal of investments-net of tax	–	–	–
Related tax impact	–	–	–
Balance as at June 30, 2022	<u>50,000</u>	<u>–</u>	<u>(22,585)</u>
			<u>27,415</u>
	Attributable to participants of the PTF		
	Ceded money	Available for sale reserve	Accumulated surplus
	(Rupees in '000)		
Balance as at January 01, 2021	500	(342)	16,875
Surplus for the period	–	–	20,058
Less: Net loss transferred to profit and loss on disposal of investments	–	342	–
Balance as at June 30, 2021	<u>500</u>	<u>–</u>	<u>36,933</u>
			<u>37,433</u>
Balance as at January 01, 2022	500	–	75,669
Surplus for the period	–	–	19,161
Other comprehensive income	–	–	–
Balance as at June 30, 2022	<u>500</u>	<u>–</u>	<u>94,830</u>
			<u>95,330</u>

The annexed notes from 1 to 28 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 six months period ended June 30, 2022

	(Unaudited) Operator's Fund		(Unaudited) Participant's Fund		
	June 30, 2022		June 30, 2021		
	(Rupees in '000)				
<b>Operating Cash flows</b>					
(a) <b>Takaful activities</b>					
Contribution received	–	–	149,260	76,305	
Retakaful contribution paid	–	–	(42,514)	(27,137)	
Claims paid	–	–	(47,620)	(36,741)	
Retakaful and other recoveries received	–	–	12,738	17,859	
Commission paid	(18,434)	(8,015)	–	–	
Commission received	–	–	8,700	6,501	
Wakala fees received	21,285	2,002	–	–	
Wakala fee paid	–	–	(21,285)	(2,002)	
Net cash flow from takaful activities	2,851	(6,013)	59,279	34,785	
(b) <b>Other Operating activities</b>					
Other operating receipts	–	–	–	–	
Other operating payments	(5,516)	(7,590)	(5,350)	(2,215)	
<b>Net cash flow from other operating activities</b>	<b>(5,516)</b>	<b>(7,590)</b>	<b>(5,350)</b>	<b>(2,215)</b>	
<b>Total cash flow from all operating activities</b>	<b>(2,665)</b>	<b>(13,603)</b>	<b>53,929</b>	<b>32,570</b>	
<b>Investment activities</b>					
Profit / return received	2,425	401	6,887	1,826	
Dividend received	294	1,060	239	–	
Proceeds from investments	43,000	42,117	105,203	–	
Payments for investments	(10,250)	(40,560)	(25,203)	–	
<b>Total cash flow from investing activities</b>	<b>35,469</b>	<b>3,018</b>	<b>87,126</b>	<b>1,826</b>	
<b>Net cash flow from all activities</b>	<b>32,804</b>	<b>(10,585)</b>	<b>141,055</b>	<b>34,396</b>	
Cash and cash equivalents at beginning of year	8,246	14,734	45,081	65,465	
<b>Cash and cash equivalents at end of period</b>	<b>41,050</b>	<b>4,149</b>	<b>186,136</b>	<b>99,861</b>	
<b>Reconciliation to profit and loss account</b>					
Operating cash flows	(2,665)	(13,603)	53,929	32,570	
Profit / return received	2,425	401	6,887	1,826	
Dividends received	294	1,060	239	–	
Capital gain	–	132	–	–	
Provision for impairment	–	–	–	(3,931)	
Increase in unearned contribution	–	–	–	21,716	
Increase in assets other than cash	(17,155)	(4,150)	52,109	(6,848)	
Increase in liabilities	15,473	7,688	(94,003)	(25,275)	
<b>Profit before taxation</b>	<b>(1,628)</b>	<b>(8,472)</b>	<b>19,161</b>	<b>20,058</b>	
<b>Attributed to:</b>					
Operator's Fund	(1,628)	(8,472)	–	–	
Participants' Takaful Fund	–	–	19,161	20,058	
	<b>(1,628)</b>	<b>(8,472)</b>	<b>19,161</b>	<b>20,058</b>	

The annexed notes from 1 to 27 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

## Notes to the Condensed Interim Financial Statements (Unaudited) For the six months period ended June 30, 2022

### 1. STATUS AND NATURE OF BUSINESS

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

### 2. BASIS OF PREPARATION 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.

- 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, 2021.

#### 2.4 Basis of measurement

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

# Habib Insurance Company Limited

### **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 December 31, 2021.

### **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 December 31, 2021.

### **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.**

There are various ammendments to existing accounting and reporting standards that are not yet effective. These are not likely to have a material impact on the company's financial statements except for the following:

Application of IFRS 9 and IFRS 17

- IFRS 9 'Financial Instruments' is effective for reporting year ended December, 31 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 July 01, 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.

# Habib Insurance Company Limited

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 table 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	June 30, 2022 (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 balances*	—	—	41,050	—	—
Investment in equity securities	2,250	—	—	—	—
Receivable from PTF	—	—	18,976	—	—
Loans and other receivables*	—	—	182	—	—
Total	<u>2,250</u>	<u>—</u>	<u>60,208</u>	<u>—</u>	<u>—</u>

Financial assets	December 31, 2021 (Audited)				
	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*	—	—	8,246	—	—
Investment in debt securities	—	—	35,051	—	—
Receivables from PTF	—	—	7,577	—	—
Total	<u>—</u>	<u>—</u>	<u>50,874</u>	<u>—</u>	<u>—</u>

# Habib Insurance Company Limited

June 30, 2022 (Unaudited)

	Gross carrying amounts of financial instruments that pass the SPPI test			
	AAA	AA+	A+	Unrated
	(Rupees in '000)			

Cash and bank*	41,050	—	—	—
Loans and other receivables*	—	—	—	182
Receivable from PTF	—	—	—	18,976
Total	<u>41,050</u>	<u>—</u>	<u>—</u>	<u>19,158</u>

December 31, 2021 (Audited)

	Gross carrying amounts of financial instruments that pass the SPPI test			
	AAA	AA+	A+	Unrated
	(Rupees in '000)			

Cash and bank*	8,246	—	—	—
Investments in debt securities - available for sale	—	—	—	35,051
Receivable from PTF	—	—	—	7,577
Total	<u>8,246</u>	<u>—</u>	<u>—</u>	<u>42,628</u>

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

June 30, 2022 (Unaudited)

Participant's Fund	Fail the SPPI test					Pass the SPPI test					
	Fair value	Change in unrealized gain or loss during the period	Carrying amount	Cost less Impairment	Change in unrealized gain or loss during the period	(Rupees in '000)	Fair value	Change in unrealized gain or loss during the period	Carrying amount	Cost less Impairment	Change in unrealized gain or loss during the period
Financial assets											
Cash and bank balances*	—	—	186,129	—	—						
Loans and other receivables*	—	—	5,237	—	—						
Takaful / retakaful receivables	—	—	151,934	—	—						
Retakaful recoveries against outstanding claims	—	—	49,943	—	—						
Salvage recoveries accrued	—	—	3,412	—	—						
Total	<u>—</u>	<u>—</u>	<u>396,655</u>	<u>—</u>	<u>—</u>						

December 31, 2021 (Audited)

Financial assets	Fail the SPPI test					Pass the SPPI test					
	Fair value	Change in unrealized gain or loss during the period	Carrying amount	Cost less Impairment	Change in unrealized gain or loss during the period	(Rupees in '000)	Fair value	Change in unrealized gain or loss during the period	Carrying amount	Cost less Impairment	Change in unrealized gain or loss during the period
Cash and bank balances*	—	—	45,076	—	—						
Investment in debt securities - available for sale	—	—	80,116	—	—						
Takaful / retakaful receivables	—	—	142,414	—	—						
Retakaful recoveries against outstanding claims	—	—	21,618	—	—						
Total	<u>—</u>	<u>—</u>	<u>289,224</u>	<u>—</u>	<u>—</u>						

# Habib Insurance Company Limited

	June 30, 2022 (Unaudited)			
	Gross carrying amounts of financial instruments that pass			
	AAA	AA+	A+	Unrated
	(Rupees in '000)			
Cash and bank*	186,129	—	—	—
Loans and other receivables*	—	—	—	5,237
The Operator has not disclosed the fair value of these items as these are either short term in nature or repriced frequently and as such their carrying amounts are a reasonable approximation of their fair values.	151,934	—	—	—
Retakaful recoveries against outstanding claims	49,943	—	—	—
Salvage recoveries accrued	—	—	—	3,412
Total	<u>388,006</u>	<u>—</u>	<u>—</u>	<u>8,649</u>

  

	December 31, 2021 (Audited)			
	Gross carrying amounts of financial instruments that pass			
	AAA	AA+	A+	Unrated
	(Rupees in '000)			
Cash and bank*	45,076	—	—	—
Investment in debt securities - available for sale	—	—	—	80,116
Takaful / retakaful receivables	142,414	—	—	—
Retakaful recoveries against outstanding claims	21,618	—	—	—
Total	<u>209,108</u>	<u>—</u>	<u>—</u>	<u>80,116</u>

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

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, IASB 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 January 01, 2023 aligned with the effective date of IFRS 17.

- SECP vide its letter no. ID/MDPRD/IFRS-17/2021/1716 dated June 15, 2021, has intimated a roadmap for the implementation of IFRS 17 – Insurance Contracts and has specified a four-phased approach for the implementation of IFRS 17.

The said four phase approach is as follows:

- a) Phase One: Gap Analysis.
- b) Phase Two: Financial Impact Assessment.
- c) Phase Three: System Design and Methodology.
- d) Phase Four: Parallel Run and Implementation.

Timeline for completion of "Phase One i.e. Gap Analysis" was set at September 30, 2021. The company has submitted Management report over Gap Analysis to SECP within the stipulated time.

SECP vide its letter no. ID/MDPRD/IFRS-17/2022/2392 has set December 31, 2022 as a deadline for the completion of "Phase Two" and also requires the insurers and takaful operators to submit interim submissions for June 30, 2022 and September 30, 2022 demonstrating the progress made in undertaking of Financial Impact Assessment. The company has submitted the first interim submission of FIA on June 30, 2022 however the impact of the application of the IFRS is still in assessment stage.

# Habib Insurance Company Limited

## 7. INVESTMENT IN EQUITY SECURITIES

	June 30, 2022 (Unaudited)				December 31, 2021 (Audited)			
	Cost	Impairment / Provision	Revaluation surplus	Carrying Value (Rupees in '000)	Cost	Impairment / Provision	Revaluation surplus	Carrying Value
<b>Available-for-sale</b>								
<b>Mutual Funds OPF</b>								
Meezan Daily Income Fund (MDIF)	2,250	—	—	2,250	—	—	—	—
	<u>2,250</u>	<u>—</u>	<u>—</u>	<u>2,250</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

## 8. INVESTMENTS IN MUSHARIKA CERTIFICATES

These matured during the period

## 9. LOANS AND OTHER RECEIVABLES

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	OPF	PTF	Total (Rupees in '000)	OPF	PTF	Total (Rupees in '000)
<b>Agents commission receivable</b>						
Receivable from conventional	—	—	—	249	—	249
Sales tax refundable	182	5,171	5,353	—	1	1
Profit receivable on bank balances	—	1,383	1,383	—	—	—
	—	66	66	—	—	—
	<u>182</u>	<u>6,620</u>	<u>6,802</u>	<u>249</u>	<u>1</u>	<u>250</u>
(Unaudited) June 30, 2022						
(Audited) December 31, 2021						
(Rupees in '000)						

## 10. TAKAFUL/ RETAKAFUL RECEIVABLE

Due from Takaful contract holders

Considered good

Considered doubtful

Less: Provision for impairment of receivables from takaful contract holders

Due from other takaful/ retakaful operators - Considered good

88,438	73,638
1,988 (1,988)	1,988 (1,988)
88,438	73,638
63,498	68,776
<u>151,934</u>	<u>142,414</u>

# Habib Insurance Company Limited

## 11. CASH AND BANK

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	OPF	PTF	Total	OPF	PTF	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Cash and cash equivalent</b>						
- Policy stamps	-	7	7	-	5	5
<b>Cash at bank</b>						
Profit and loss sharing (PLS) accounts	41,050	186,129	227,179	8,246	45,076	53,322
	<u>41,050</u>	<u>186,136</u>	<u>227,186</u>	<u>8,246</u>	<u>45,081</u>	<u>53,327</u>

## 12. OTHER CREDITORS AND ACCRUALS

Federal insurance fee	-	505	505	-	454	454
Federal Excise Duty	-	5,234	5,234	-	4,083	4,083
Commission payable	22,696	-	22,696	20,009	-	20,009
Provision for leave encashment	362	-	362	438	-	438
Taxes and duties payable	3	116	119	-	-	-
Sales tax payable	87	1,079	1,166	-	-	-
Payable to Habib Insurance Company Limited (related party)						
- conventional operations	766	-	766	1,453	-	1,453
Other creditors	12.1	827	827	170	-	170
Auditor's remuneration		237	237	776	-	776
	<u>24,978</u>	<u>6,934</u>	<u>31,912</u>	<u>22,846</u>	<u>4,537</u>	<u>27,383</u>

12.1 This includes stale checks for claim amounting to Rs. 0.41 million (2021: Nil)

Note		(Unaudited) June 30, 2022		(Audited) December 31, 2021	
		(Rupees in '000)	(Rupees in '000)	(Rupees in '000)	(Rupees in '000)
<b>13. TAKAFUL/ RETAKAFUL PAYABLE</b>					
Due to other takaful/ retakaful			<u>76,008</u>	<u>63,136</u>	
<b>Due to other takaful/ retakaful operator</b>					
Foreign retakaful operator			28,732	29,550	
Local retakaful operator			26,993	13,225	
Co-takaful operator			20,283	20,361	
			<u>76,008</u>	<u>63,136</u>	
<b>PTF</b>					
		Three months period ended June 30, 2022		Six months period ended June 30, 2022	
		(Unaudited)		(Unaudited)	
		(Rupees in '000)		(Rupees in '000)	

## 14. NET CONTRIBUTION

<b>Written gross contribution</b>	74,042	64,568	152,026	107,341
Less: Wakala Fee	(11,418)	(4,385)	(18,672)	(4,718)
<b>Contribution Net of Wakala Fee</b>	<u>62,624</u>	<u>60,183</u>	<u>133,354</u>	<u>102,623</u>
Add: Unearned contribution reserve opening	136,744	76,398	130,184	75,074
Less: Unearned contribution reserve closing	(135,808)	(96,107)	(135,808)	(96,107)
<b>Contribution Earned</b>	<u>63,560</u>	<u>40,474</u>	<u>127,730</u>	<u>81,590</u>
<b>Retakaful contribution ceded</b>	32,103	29,051	55,386	43,638
Add: Prepaid retakaful contribution opening	38,555	27,470	43,143	32,671
Less: Prepaid retakaful contribution closing	(34,934)	(27,829)	(34,934)	(27,829)
<b>Retakaful expense</b>	<u>35,724</u>	<u>28,692</u>	<u>63,595</u>	<u>48,480</u>
<b>Net Contribution</b>	<u>27,836</u>	<u>11,782</u>	<u>64,135</u>	<u>33,110</u>

# Habib Insurance Company Limited

	Three months period ended June 30,		Six months period ended June 30,			
	2022	2021	2022	2021		
	(Unaudited) (Rupees in '000)	(Unaudited) (Rupees in '000)				
<b>15. RETAKAFUL REBATE EARNED</b>						
Retakaful rebate received	4,283	3,592	8,700	6,501		
Add: Unearned retakaful rebate opening	7,754	5,263	8,646	6,240		
Less: Unearned retakaful rebate closing	(8,031)	(5,171)	(6,955)	(5,171)		
	<u>4,006</u>	<u>3,684</u>	<u>10,391</u>	<u>7,570</u>		
<b>16. TAKAFUL CLAIMS EXPENSE</b>						
Claims Paid	32,339	25,209	47,620	36,741		
Add: Outstanding claims including IBNR closing	107,352	45,533	107,352	45,533		
Less: Outstanding claims including IBNR opening	(73,310)	(59,561)	(48,618)	(59,783)		
Claims Expense	<u>66,381</u>	<u>11,181</u>	<u>106,354</u>	<u>22,491</u>		
Retakaful and other recoveries received	8,414	15,919	12,738	17,859		
Add: Retakaful and other recoveries in respect of outstanding claims - Closing	53,355	25,846	53,355	25,846		
Less: Retakaful and other recoveries in respect of outstanding claims - Opening	(28,198)	(42,369)	(21,618)	(39,731)		
Retakaful and other recoveries revenue	<u>33,571</u>	<u>(604)</u>	<u>44,475</u>	<u>3,974</u>		
Net Claim Expenses	<u>32,810</u>	<u>11,785</u>	<u>61,879</u>	<u>18,517</u>		
<b>17. COMMISSION EXPENSE</b>						
Commission paid or payable	9,925	7,781	21,121	12,173		
Add: Deferred commission expense opening	17,053	7,880	14,423	8,028		
Less: Deferred commission expense closing	(17,411)	(10,848)	(17,411)	(10,848)		
	<u>9,567</u>	<u>4,813</u>	<u>18,133</u>	<u>9,353</u>		
<b>18. WAKALA FEE</b>						
Gross Wakala Fee	18,298	6,356	32,684	10,575		
Add: Deferred wakala fee - opening	20,151	7,640	13,019	3,754		
Less: Deferred wakala fee - closing	(27,031)	(9,611)	(27,031)	(9,611)		
Net wakala fee	<u>11,418</u>	<u>4,385</u>	<u>18,672</u>	<u>4,718</u>		
	(Unaudited) June 30, 2022		(Audited) December 31, 2021			
	(Rupees in '000)					
<b>19. RECEIVABLE FROM PTF/ (PAYABLE TO OTF)</b>						
Opening balance	7,577		(5,011)			
Wakala fee income	32,684		24,995			
Wakala fees received	(21,963)		(12,407)			
Mudarib fees	678		–			
	<u>18,976</u>		<u>7,577</u>			

# Habib Insurance Company Limited

## 20. INVESTMENT INCOME - NET

	OPF (Unaudited) June 30, 2022	OPF (Unaudited) June 30, 2021	PTF (Unaudited) June 30, 2022	PTF (Unaudited) June 30, 2021
(Rupees in '000)				
<b>Income from mutual fund units - available-for-sale</b>				
Dividend income	294	1,060	239	-
<b>Income from mutual fund units - available-for-sale</b>				
Profit on certificate of Musharika	2,194	-	5,651	-
Return on bank balances	231	269	1,302	1,826
<b>Net realised gain on investments</b>				
Available for sale financial assets				
Realised gains on:				
- Equity securities	-	132	-	-
Mudarib Fees	-	-	(678)	-
Less: Investment related expenses	-	-	-	-
	<u>2,719</u>	<u>1,461</u>	<u>6,514</u>	<u>1,826</u>

## 21. CONTINGENCY & COMMITMENT

There is no contingency and commitment as at June 30, 2022 (December 31, 2021: Nil).

## 22. 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. These transactions are recorded at the approved rates. The transactions and balances with related parties are as follows:

	(Unaudited) June 30, 2022	(Unaudited) June 30, 2021
(Rupees in '000)		
<b>22.1 Operator's Fund</b>		
<b>Transactions</b>		
Wakala fee charged during the period	18,672	4,718
Interest on bank accounts	<u>231</u>	-
<b>Balance</b>		
Associated companies		
- Bank balance	<u>41,050</u>	<u>4,149</u>
<b>22.2 Participants' Takaful Fund</b>		
<b>Transactions</b>		
Associated companies		
- Contribution written	4,200	5,547
- Claim paid	<u>1,645</u>	<u>6,320</u>
- Profit on bank accounts	<u>896</u>	<u>1,826</u>
	(Unaudited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>Balances</b>		
Associated companies		
- Contribution due but unpaid	6,823	9,774
- Claim outstanding	<u>4,636</u>	<u>3,227</u>
- Bank balance	<u>134,875</u>	<u>19,779</u>

# Habib Insurance Company Limited

## 23. SEGMENT INFORMATION

### 23.1 Participants' Takaful Fund

	Six months period ended June 30, 2022 (Unaudited)				
	Fire and property	Marine and transport	Motor	Other classes	Aggregate
(Rupees in '000)					
Contribution receivable (inclusive of federal)					
Excise duty and administrative surcharge	37,561	19,568	117,750	1,088	175,967
Less: Federal Excise Duty	(5,634)	(2,363)	(14,179)	(163)	(22,339)
Federal Insurance Fee	(373)	(178)	(1,040)	(11)	(1,602)
Gross written contribution (inclusive of administrative surcharge)	31,554	17,027	102,531	914	152,026
Wakala fees	(4,805)	(2,849)	(10,862)	(302)	(18,672)
Takaful contribution earned	40,508	16,458	86,677	2,759	146,402
Takaful contribution ceded to retakaful operators	(34,997)	(13,650)	(12,639)	(2,309)	(63,595)
Net takaful contribution	706	(41)	63,176	148	64,135
Retakaful rebate	6,946	2,920	50	475	10,391
<b>Net underwriting income</b>	<b>7,652</b>	<b>2,879</b>	<b>63,226</b>	<b>623</b>	<b>74,526</b>
Takaful claims	(34,535)	(13,059)	(58,153)	(607)	(106,354)
Takaful claims recovered from retakaful	30,546	11,343	2,106	480	44,475
<b>Net claims</b>	<b>(3,989)</b>	<b>(1,716)</b>	<b>(56,047)</b>	<b>(127)</b>	<b>(61,879)</b>
Surplus before investment income	3,663	1,163	7,179	496	12,647
Net investment income	1,887	599	3,698	255	6,514
Surplus transferred to balance of PTF	5,550	1,762	10,877	751	19,161
Segment assets	64,399	26,199	137,278	4,445	232,321
Unallocated assets					229,124
<b>Total assets</b>					<b>461,445</b>
Segment liabilities	30,233	12,299	64,447	2,087	109,066
Unallocated liabilities					6,934
<b>Total liabilities</b>					<b>116,000</b>
<b>23.2 Operator's Fund</b>					
Wakala fee	5,167	2,099	11,055	352	18,672
Commission expense	(6,393)	(2,595)	(8,870)	(275)	(18,133)
Management expenses	(1,066)	(576)	(3,469)	(31)	(5,142)
<b>Underwriting result</b>	<b>(2,292)</b>	<b>(1,072)</b>	<b>(1,284)</b>	<b>46</b>	<b>(4,603)</b>
Investment income					2,719
Mudarib fees					678
Direct expenses					(422)
<b>Profit before taxation</b>					<b>(1,628)</b>
Profit after tax for the period					<b>(1,628)</b>
Segment assets	10,086	4,103	21,501	696	36,386
Unallocated assets					44,852
<b>Total assets</b>					<b>81,238</b>
Segment liabilities	7,493	3,048	15,973	517	27,031
Unallocated liabilities					26,792
<b>Total liabilities</b>					<b>53,823</b>

# Habib Insurance Company Limited

## SEGMENT INFORMATION

### Participants' Takaful Fund

	Six months period ended June 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)	36,901	16,127	38,104	2,577	123,709
Less: Federal Excise Duty	(4,691)	(1,933)	(8,357)	(320)	(15,301)
Federal Insurance Fee	(319)	(139)	(587)	(22)	(1,067)
Gross Written Contribution (inclusive of Adminisitrative Surcharge)	31,891	14,055	59,160	2,235	107,341
Wakala fees	(1,315)	(1,231)	(2,040)	(132)	(4,718)
Takaful contribution earned	27,738	14,731	40,629	3,210	86,308
Takaful contribution ceded to retakaful operators	(23,726)	(12,179)	(10,089)	(2,486)	(48,480)
Net takaful contribution	2,697	1,321	28,500	592	33,110
Retakaful rebate	4,437	2,615	32	486	7,570
<b>Net underwriting income</b>	<b>7,134</b>	<b>3,936</b>	<b>28,532</b>	<b>1,078</b>	<b>40,680</b>
Takaful claims	(14,889)	4,301	(10,817)	(1,086)	(22,491)
Takaful claims recoverd from retakaful	10,531	(3,536)	(3,510)	489	3,974
<b>Net claims</b>	<b>(4,358)</b>	<b>765</b>	<b>(14,327)</b>	<b>(597)</b>	<b>(18,517)</b>
Surplus before investment income	2,776	4,701	14,205	481	22,163
Net investment income	229	387	1,170	40	1,826
Provision for impairment	–	–	–	–	(3,931)
Surplus transferred to balance of PTF	3,005	5,088	15,375	521	20,058
Segment assets	49,689	26,389	72,784	5,750	154,612
Unallocated assets					117,191
<b>Total assets</b>					<b>271,803</b>
Segment liabilities	22,939	12,183	33,602	2,655	71,379
Unallocated liabilities					5,971
<b>Total liabilities</b>					<b>77,350</b>
<b>Operator's Fund</b>					
Wakala fee	1,517	805	2,221	175	4,718
Commission expense	(4,140)	(2,001)	(2,886)	(326)	(9,353)
Management expenses	(654)	(288)	(1,215)	(46)	(2,203)
<b>Underwriting result</b>	<b>(3,277)</b>	<b>(1,484)</b>	<b>(1,880)</b>	<b>(197)</b>	<b>(6,838)</b>
Investment income					1,461
Direct expenses					(3,095)
<b>Profit before taxation</b>					<b>(8,472)</b>
Income tax expense					–
Profit after tax for the period					<b>(8,472)</b>
Segment assets	4,630	2,460	6,784	536	14,410
Unallocated assets					50,370
<b>Total assets</b>					<b>64,780</b>
Segment liabilities	3,090	1,640	4,524	357	9,611
Unallocated liabilities					16,960
<b>Total liabilities</b>					<b>26,571</b>

# Habib Insurance Company Limited

## 24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

Insurance and financial risk management objectives and policies are consistent with those disclosed in these financial statements for the year ended December 31, 2021.

	OPF	Total
	Held to Maturity	Available for sale (Rupees in '000)

## 25. MOVEMENT IN INVESTMENTS

As at January 01, 2021	—	36,448	36,448
Additions	35,000	—	35,000
Disposals (sale and redemption)	—	(36,363)	(36,363)
Fair value net gains (excluding net realised gains)	—	(85)	(85)
Amortisation of premium / discount	51	—	51
As at December 31, 2021	35,051	—	35,051
Additions	—	10,250	10,250
Disposals (sale and redemption)	(37,245)	(8,000)	(45,245)
Amortisation of premium/discount	2,194	—	2,194
As at June 30, 2022	<u>—</u>	<u>2,250</u>	<u>2,250</u>

	PTF	Total
	Held to Maturity	Available for sale (Rupees in '000)

## MOVEMENT IN INVESTMENTS

As at January 01, 2021	—	—	—
Additions	80,000	—	80,000
Amortisation of premium / discount	116	—	116
As at December 31, 2021	80,116	—	80,116
Additions	—	25,203	25,203
Disposals (sale and redemption)	(85,767)	(25,203)	(110,970)
Amortisation of premium/discount	5,651	—	5,651
As at June 30, 2022	<u>—</u>	<u>—</u>	<u>—</u>

## 26. 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 is 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 measurement is unobservable.

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

# Habib Insurance Company Limited

June 30, 2022 (Unaudited)

	Available for sale	Loans & receivable	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>								
Investments - Equity								
Investments - Equity	2,250	-	-	-	2,250	2,250	-	-
<b>Financial assets not measured at fair value*</b>								
Loans and other receivables	-	182	-	-	182	-	-	-
Receivable from PTF	-	21,069	-	-	21,069	-	-	-
Cash and bank balances	-	41,050	-	-	41,050	-	-	-
	2,250	62,301	-	-	64,551	2,250	-	-
<b>Financial liabilities not measured at fair value*</b>								
Other creditors and accruals	-	-	-	(23,699)	-	-	-	-
	2,250	62,301	-	(23,699)	64,551	2,250	-	-
						December 31, 2021 (Audited)		
	Available for sale	Loans & receivable	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>								
Investments								
Musharika certificates	115,167	-	-	-	115,167	-	-	-
<b>Financial assets not measured at fair value*</b>								
Loans and other receivables	-	-	250	-	250	-	-	-
Takaful/retakaful receivable	-	-	142,414	-	142,414	-	-	-
Retakaful recoveries against outstanding claims	-	21,618	-	-	21,618	-	-	-
Cash and bank balances	-	-	53,327	-	53,327	-	-	-
	115,167	21,618	195,991	-	332,776	-	-	-
<b>Financial liabilities not measured at fair value*</b>								
Takaful/retakaful payables	-	-	-	(63,136)	(63,136)	-	-	-
Other creditors and accruals	-	-	-	(5,242)	(5,242)	-	-	-
	115,167	21,618	195,991	(68,378)	264,398	-	-	-

# Habib Insurance Company Limited

June 30, 2022 (Unaudited)

	Available for sale	Loans & receivable	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Fair value measurement using Level 1	Level 2	Level 3
<b>Financial assets not measured at fair value</b>								
Loans and other receivables								
Takaful/retakaful receivables								
-	6,620	-	-	6,620	-	-	-	-
-	151,934	-	-	151,934	-	-	-	-
-	49,943	-	-	49,943	-	-	-	-
-	186,136	-	-	186,136	-	-	-	-
-	394,633	-	-	394,633	-	-	-	-
<b>Financial liabilities not measured at fair value*</b>								
Outstanding claims including IBNR								
-	-	(107,352)	-	(107,352)	-	-	-	-
Takaful/retakaful payables								
-	-	(76,008)	-	(76,008)	-	-	-	-
-	-	(18,976)	-	(18,976)	-	-	-	-
-	394,633	(202,336)	-	192,297	-	-	-	-
<b>December 31, 2021 (Audited)</b>								
	Available for sale	Loans & receivable	Other financial assets	Other financial liabilities (Rupees in '000)	Total	Fair value measurement using Level 1	Level 2	Level 3
<b>Financial assets not measured at fair value</b>								
Loans and other receivables								
-	1	-	-	1	-	-	-	-
-	142,414	-	-	142,414	-	-	-	-
-	20,408	-	-	20,408	-	-	-	-
-	-	-	-	-	-	-	-	-
-	45,081	-	-	45,081	-	-	-	-
-	207,904	-	-	207,904	-	-	-	-
<b>Financial liabilities not measured at fair value*</b>								
Outstanding claims including IBNR								
-	-	(48,618)	-	(48,618)	-	-	-	-
Takaful/retakaful payables								
-	-	(63,136)	-	(63,136)	-	-	-	-
-	-	(7,577)	-	(7,577)	-	-	-	-
-	207,904	(119,331)	-	(119,331)	-	-	-	-

# Habib Insurance Company Limited

\* The Operator has not disclosed the fair value of these items as these are either short term in nature or repriced frequently and as such their carrying amounts are a reasonable approximation of their fair values.

## 27. GENERAL

Figures have been rounded off to the nearest Thousand Rupee.

## 28. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on August 30, 2022 by the Board of Directors of the Operator.

RAFIQ M. HABIB  
*Chairman*

MANSOOR G. HABIB  
*Director*

AUN MOHAMMAD A. HABIB  
*Director*

SHABBIR GULAMALI  
*Chief Executive*

MURTAZA HUSSAIN  
*Chief Financial Officer*