

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of State Life Insurance Corporation of Pakistan is delighted to present the Audited Financial Statements for the year ended 31st December 2025 in its 53rd Annual Report.

1. Economic Overview

During the year, Pakistan's economy demonstrated signs of gradual stabilization supported by improved external account indicators, easing inflationary pressures, and a relatively stable exchange rate environment. Monetary tightening in prior periods contributed to moderation in inflation. Fiscal consolidation measures and ongoing structural reforms remained key priorities.

For the insurance sector, higher interest rates supported investment income, while improving economic sentiment is expected to enhance business volumes and savings penetration. The Corporation continues to analyze macroeconomic developments and align its strategies to capitalize on emerging opportunities while managing associated risks.

2. Business Performance and Operating Results

The performance of the Corporation remained satisfactory. An overview of the performance for Financial Year 2025 as compared to 2024 is summarized below:

- 2.1. Net revenue for 2025 was Rs. 640,889 million as compared to Rs. 631,986 million in 2024, reflecting a measured increase of 1.41%. Notably, after adjusting for unrealized gains—amounting to Rs. 54,904 million in 2025 and Rs. 119,701 million in 2024—the Corporation's core revenue performance demonstrates strong underlying momentum, with adjusted total revenue rising to Rs. 585,871 million from Rs. 512,174 million in the preceding year, registering a robust growth of 14.4%.
- 2.2. Acquisition Expenses were Rs. 36,767 million against Rs. 32,437 million in 2024, an increase of 13.35%. Marketing and administrative expenses amounted to Rs. 22,668 million and in 2024 was Rs. 21,015 million, showing an increase of 7.87%.
- 2.3. Overall Management Expense to Gross Premium Ratio was 20.54% compared to 20.15% in 2024.
- 2.4. Net Insurance Benefits paid to the policyholders were Rs. 223,865 million and in 2024 was Rs. 228,328 million, reflecting a 1.95% decrease.

3. Business Portfolio-Wise Performance

3.1. Individual Life Business – Pakistan Operations: First-year gross premium under Individual Life amounted to Rs. 38,229 million which was Rs. 29,156 million in 2024, showing a growth of 31.12%. The gross renewal premium increased to Rs. 136,613 million compared to Rs. 123,462 million in 2024, marking a rise of 10.65%.

3.2. Individual Life Business – Overseas Operations: For overseas operations, first-year gross premium under Individual Life was Rs. 690 million (2024: Rs. 492 million), an increase of 40.24%. Renewal premium increased to Rs. 3,456 million (2024: Rs. 3,151 million), an increase of 9.68%.

3.3. Group Life Business: Group Life premium, including unearned premium, amounted to Rs. 11,252 million (2024: Rs. 12,242 million), showing a decrease of 8.09%. Experience refund stood at Rs. 348 million (2024: Rs. 735 million), a decrease of 52.65%.

Net Premium was Rs. 10,904 million as compared to Rs. 11,507 million last year, a decrease of 5.24%.

The decline of 8.09% was primarily attributable to the Government of Sindh fund management arrangement for the uninsured period (2018–2020), under which premium receipts linked to claim payments gradually reduced, resulting in Rs.1 billion lower premium in 2025 compared to 2024. All other major policies remained unforced, with an overall persistency ratio of 99% during the year.

3.4. Takaful Operations: Takaful received contributions of Rs. 3,294 million which was Rs. 2,084 million in 2024, registering robust growth of 58.06%.

3.5. Health Insurance: Gross Health Premium was Rs. 125,579 million against Rs. 156,922 million in 2024, reflecting a 19.97% decrease. The decline is mainly due to the reduction of premium from the Government Health Program. Experience refund for the year was Rs. 29,436 million (2024: Rs. 61,505 million), a decrease of 52.14%. Net Premium was Rs. 96,143 million as against Rs. 95,417 million, a 0.76% net increase.

3.6. Real Estate: Gross Rental Income was Rs. 2,336 million in 2025 as against Rs. 1,957 million, an increase of 19.37%. Net Rental Income was Rs. 1,086 million in 2025, as against Rs. 932 million, an increase of 16.52%.

3.7. Investment: Net investment income for the year 2025 amounted to Rs. 352,527 million, (2024: Rs. 367,611 million), a decrease of 4.10%. However, after excluding unrealized gain of Rs. 54,904 million (2024: Rs. 119,701 million), the Core Investment Income was Rs. 297,622 million (2024: Rs. 247,910 million) indicating a strong increase of 20.05%.

4. Profit And Loss Account

Profit after tax for the year stood at Rs. 16,109 million as compared to Rs. 15,751 million in 2024, reflecting a measured increase of 1.57%. This performance underscores the Corporation's continued financial resilience and stability in a dynamic operating environment. In accordance with the statutory framework governing the Pakistan Life Fund, 97.5% of the surplus is apportioned to policyholders, with the remaining 2.5% attributable to shareholders. Consequently, the year's earnings progression primarily reinforces policyholder value, while ensuring consistent and sustainable returns to shareholders.

5. Earning Per Share

Earnings Per Share for the year 2025, was Rs. 201.4 compared to Rs. 197.0 in the corresponding period.

6. Commitment

The Corporation is committed in respect of Capital Expenditure Contracts aggregating to Rs. 1,371 million (2024: Rs. 900 million) an increase of 52.33%.

7. Actuarial Valuation

As of 31st December 2025, the actuarial surplus on participating policies amounted to Rs. 233,489 million (2024: Rs. 196,533 million).

8. Financial Strength

The balance of statutory funds as at December 31, 2025 is as under:

Rs In Million

Pakistan Life Fund	Group Life Fund	Overseas Life Fund	Pension Fund	Accident & Health	Family Takaful Fund			2025
					Life	Group	Health	
2,188,912	27,817	48,072	798	77,773	5,922	264	259	2,349,817

9. Investment Portfolio and Assets

The Investment Portfolio of the Corporation as at December 31st, 2025 is as under:

Nature Of Investment	Market Value (Rs in Million)
Investment Properties	3,159
Investment in Subsidiaries	323
Investment in Equity Securities	347,571
Investment in Mutual Funds	20,595
Investment in Government Securities	1,549,277
Investment in Debt Securities	43,207
Other Assets	562,183
Total Assets	2,526,315

10. Dividends To Shareholders

Profit available for shareholders was Rs. 16,109 million (2024: Rs. 15,751 million), out of which Rs. 12,027 million (2024: Rs. 12,510 million) was transferred to Ledger Account "D" as advised by the Appointed Actuary. Profit available for distribution was Rs. 4,082 million (2024: Rs. 3,241 million). The amount of Rs. 882 million will be retained in the General Reserve (2024: Rs. 241 million), and a dividend of Rs. 3,200 million (2024: Rs. 3,000 million) was proposed to be paid to the Government of Pakistan.

11. Compliance With Code Of Corporate Governance For Insurers, 2016

In accordance with S.R.O. 1045(I)/2016, dated 9th November 2016, issued by the S.E.C.P under the *Code of Corporate Governance for Insurers, 2016*, the Board of Directors is pleased to confirm the following:

- The financial statements, prepared by the State Life Insurance Corporation of Pakistan, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the insurer have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

- d. IAS and IFRS or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There are no significant doubts about the insurer's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance;

12. The Meetings Of The Board Of Directors and Board Audit Committee

The BOD retired on March 06th, 2025 and attendance of the BoD and BAC remained as under:

Director's Name	Status	Date of Appointment	BOD	BAC
Total No. of Meetings Held During 2025			02	01
Mr. Sulaiman S. Mehdi	Chairman	17.08.2023	02	
Mr. Shoaib Javed Hussain	CEO	17.08.2023	Nil*	
Mr. Shakeel Ahmed Mangnejo	Non-Independent/Member BAC	31-07-2024	02	01
Mr. Muhammad Iqbal	Non-Independent	13-12-2022	02	
Mr. Muhammad Asif	Non-Independent	28-10-2024	02	
Mr. Sheharyar Iftikhar Khan	Independent/ Chairman BAC	08-08-2023	02	01
Mr. Anwar Mansoor Khan	Independent	07-03-2022	02	
Mr. Humayun Bashir	Independent/Member BAC	07-03-2022	02	01
Mrs. Pouruchisty Sidhwa	Independent	07-03-2022	02	

- *The CEO recused from the meetings.

13. The Board Committees

As per the Code of Corporate Governance, there are following Board Committees:

- Ethics, HR & Remuneration and Nomination Committee
- Board Investment Committee
- Board Audit Committee

14. Management Committees

As per the Code of Corporate Governance, there are following Management Committees:

- Underwriting and Reinsurance & Co-insurance Committee
- Claims Settlement Committee
- Risk Management Committee
- IT Committee
- Board Standing Committee

15. Pattern Of Shareholding

Category of Shareholders	No. of Shares Held
Government of Pakistan Through Ministry of Commerce (100 Percent)	80 million @ Rs. 100 Per Share

As At December 31st 2025:

16. Insurer Financial Strength Rating

State Life is the only insurer in Pakistan's insurance industry that is continuously maintaining **AAA rating** by Pakistan Credit Rating Agency (PACRA), representing exceptionally strong capacity to meet policyholders' and contractual obligations.

17. Statutory Auditors

The financial statements for the year ended 31st December 2025 of Pakistan were audited by M/s. Crowe Hussain Chaudhary & Co. Chartered Accountants and Gulf operations were audited by M/s. Crowe MAK. The Auditors Report for the financial year 2025 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

18. Consolidated Accounts

The Consolidated Financial Statements of the Corporation and subsidiaries are annexed.

19. Other Disclosures

There is no statutory payment outstanding as on December 31st, 2025 on account of taxes, duties, levies, and charges except as disclosed in notes to the Financial Statements.

20. Subsidiary Companies

As at 31st December 2025, the Corporation has three subsidiaries:

- Alpha Insurance Company Limited
- State Life (Lackie Road) Properties (Private) Limited
- State Life (Abdullah Haroon Road) Properties (Private) Limited

21. Corporate Affairs Division

During 2025, the Corporate Affairs Division advanced the Corporation's strategic positioning through integrated communications, and enhanced brand governance. Targeted marketing campaigns and digital outreach initiatives supported product visibility, policyholder engagement, and the expansion of digital access and payment channels, contributing to improved customer reach and service delivery.

The Division led structured advertisement campaigns and executed industry leadership positioning, reinforcing institutional credibility and supporting the Corporation's visibility across industry and national platforms.

The ESG framework was operationalized through focused, impact-driven corporate initiatives, including large-scale health and outreach programmes and strategic partnerships, expanded engagement across diverse stakeholder segments and strengthened market presence. Overall, the Division contributed to strengthening brand equity, supporting distribution and outreach, mitigating reputational risk, and reinforcing stakeholder trust in line with the Corporation's growth and governance objectives.

Awards and Recognition 2025

14th Annual CSR Awards recognized by the IPO Government of Pakistan 2025:

- Under Public health and Safety Initiate Award: Women Health Drives
- Under Social Impact Award: Initiating Café Khudee, first café run by the differently abled

CxO Global Forum 2025 Digital Transformation Award:

- Digital Transformation Award for Excellence in National Life and Health Insurance
AM1 Rating
- Received PACRA's top Pension Fund Manager Rating

22. Human Capital Development

To support the corporation's vision of developing a future-ready workforce, the Human Resource Development Division conducted 1,995 training sessions, benefiting 71,996 participants. These initiatives focused on key areas including product knowledge, customer service, compliance, ethical sales practices, digital capabilities, and leadership development. In addition, an in-house Middle Management Course was organized to enhance strategic leadership skills, along with comprehensive Anti-Money Laundering (AML) training to strengthen understanding of regulatory requirements.

23. Future Outlook

The Corporation is advancing digital transformation to deliver seamless and efficient services. Key initiatives include the Digital Policy Portal, online premium payments, and a dedicated Call Centre. Large-scale digitization of policy records is underway to strengthen service quality and accessibility. Centralized underwriting is being expanded to improve efficiency and consistency in policy issuance.

Planned adoption of biometric verification and electronic signatures will further streamline processes and reduce turnaround time. These efforts, along with integrated digitalization and mobile enablement, reflect SLIC's commitment to becoming a digitally empowered insurer while enhancing customer experience.

23.1. Environment, Social & Governance Footprints

The Corporation remains committed to timely adoption of **IFRS S1** and **S2** in line with the applicable regulatory timelines, creating sustainable long-term value through responsible business practices and impactful social investments. In line with its ESG framework, the Board has approved a multi-year CSR roadmap for 2026–2028 to support initiatives across environmental stewardship, social development, and governance excellence. Planned environmental initiatives include promotion of resource efficiency, digitization, paperless processes, and awareness programs to foster a greener workplace culture.

On the social front, the Corporation intends to support healthcare, education, skill development, and community well-being programs, with particular focus on underserved segments of society. Governance priorities will include strengthening compliance culture, enhancing policy frameworks, improving transparency, and advancing sustainability reporting practices in line with evolving international standards. These initiatives reflect the Corporation's commitment to responsible growth, stakeholder trust, and contributing positively to the socio-economic development of Pakistan. Management will continue to review priorities and allocate resources prudently to maximize long impact.

23.2. Voluntary Pension Scheme. Looking ahead, State Life's strategic focus will center on disciplined execution across distribution, institutional penetration, and policy conversion. The Corporation will activate its agency force and corporate channels to drive VPS uptake, while building a structured pipeline of Employer Pension Funds (EPFs) from public and private sectors transitioning to contributory schemes. Simultaneously, targeted conversion initiatives will leverage the existing policyholder base. With both conventional and Shariah-compliant options, State Life aims to rapidly build scale, enhance customer lifetime value, and secure a leading role in Pakistan's emerging pension ecosystem.

23.3. Health & Accidental Insurance. The Health & Accident Insurance (H&AI) Division is entering a new growth phase focused on product diversification, service accessibility, and digital transformation to enhance customer experience.

- New products, including *Sahara Family Plus* and *Sinf-e-Ahan Premier*, will offer comprehensive, segment-specific health solutions.
- Affordability initiatives such as deductibles and digital wallet-based solutions will improve cost efficiency and streamline claims processes.
- The healthcare network will expand through additional laboratories, pharmacies, and partnerships with wellness centres to promote preventive care.
- Technology-driven systems (e.g., Critical Care Management and Bed Tracking) will enhance transparency, governance, and real-time decision-making.
- Greater emphasis on OPD coverage, with targeted programmes in regions like Malakand, Kohat, and Chitral, reflects a shift toward holistic healthcare financing.

23.4. Group Business. Building on the encouraging performance during the year, the Group & Pension Division will focus on expanding the outreach and effectiveness of its business in line with evolving market requirements, while strengthening engagement with existing clients and enhancing value for employers.

During the ensuing year, emphasis will be placed on revitalizing key group products, including Group Provident Fund Insurance, Group Loan Insurance, Education Continuation Plans, and House Building Loan Coverage, alongside continued promotion of Group Term Insurance, with a view to repositioning these offerings and extending comprehensive coverage solutions. The Division will also pursue initiatives to expand insurance coverage to broader segments, including the common man and overseas Pakistanis, through improved benefit structures and inclusion of family members, with specific facilitation for NICOP holders. Efforts to promote microinsurance will continue through collaborations with telecom operators and microfinance institutions to extend affordable solutions to underserved segments, thereby enhancing insurance penetration and supporting sustainable growth.

23.5. Family Takaful. Window Takaful will expand its individual wealth management and savings portfolio through a suite of Shariah-compliant Takaful products aimed at long-term wealth accumulation. These offerings will target middle-and-high-income segments, positioning the Corporation to capture growing demand for disciplined savings solutions while strengthening persistence and customer lifetime value. In parallel, the Corporation will introduce Islamic annuity solutions focused on retirement and pension needs, enabling the conversion of accumulated savings into stable, lifetime income streams. This positions State Life uniquely to offer an integrated proposition across the full customer lifecycle—from accumulation to decumulation—addressing a critical gap in Shariah-compliant retirement planning.

To accelerate scale, the Corporation will expand its Banca Takaful through strategic partnerships with Islamic banks, leveraging their customer base and distribution infrastructure to drive penetration of both savings and annuity products. This channel will serve as a key driver for accessing higher-income and financially aware segments with lower acquisition costs.

On the institutional front, the Corporation will actively grow its group life and group health Takaful business by targeting SMEs, government entities, and underserved segments. By offering tailored Shariah-compliant employee benefit solutions, State Life will access large customer pools, build recurring contribution streams, and create a pipeline for cross-selling individual savings and retirement products.

23.6. Bancassurance. Looking ahead, we plan to accelerate growth by capitalizing on the following growth engines:

- Deepen relationships with existing banking partners, and onboarding new partners.
- Position Banca-Takaful as a core pillar of growth.
- Product Innovation

We are confident that continued alignment with the partner banks and customer-centric innovation will drive sustainable value for the Bancassurance Division.

24. Acknowledgment

The Board expresses sincere gratitude to policyholders for their continued confidence and trust in the Corporation. We also acknowledge the valuable guidance of the SECP, and the support extended by the Ministry of Finance, Ministry of Commerce, State Bank of Pakistan, reinsurers, and business partners. We commend the dedicated employees and sales force of State Life, whose commitment and professionalism remain the cornerstone of the Corporation's success.

On behalf of the Board of Directors



Shoab Javed Hussain
Chief Executive Officer



Saleem Zia
Chairman

Karachi

Dated: 30 APR 2026