

DIRECTORS' REPORT

The Board of Directors is pleased to present the Directors' Report of the State Life Insurance Corporation of Pakistan (the Corporation) together with the Condensed Interim Financial Statements (Un-audited) for the half year ended June 30, 2025.

1. Economic Overview

Pakistan's economy during the first half of 2025 showed gradual stabilization, with GDP growth of 2.38% and easing inflation compared to the previous year. Improved foreign exchange reserves and a narrowing current account deficit supported macroeconomic conditions. This relative stability also benefited the insurance sector, which recorded moderate growth. Management remains vigilant and committed to safeguarding the interests of policyholders and shareholders while maintaining sustainable growth through prudent financial management.

2. Business Performance and Operating Results

During this period, the overall performance remained satisfactory. The Corporation continued to maintain its financial strength and market leadership, achieving steady business volumes and demonstrating operational resilience. A comparative summary of key financial indicators for the half year ended June 30, 2025, versus June 30, 2024 is presented below:

- 2.1. Net Revenue stood at Rs. 237,535 million in the half year of 2025, compared to Rs. 260,035 million in the corresponding period June 2024, reflecting a decrease of 8.65%, attributed to the decrease in health premium from the Government of Punjab project and reducing interest rates.
- 2.2. Acquisition expenses amounted to Rs. 10,377 million, an increase of 18.63% from Rs. 8,747 million in June, 2024. Marketing and administrative expenses were Rs. 9,060 million, decreased by 0.48%; marginally lower than Rs. 9,104 million in the preceding period June, 2024.
- 2.3. The overall management expense ratio to gross premium was 16.95%, compared to 16.47% last year.
- 2.4. Net Insurance benefits paid to the policyholders was Rs. 100,333 million, slightly lower than Rs. 102,653 million in the corresponding period, showing a decrease of 2.26%.
- 2.5. The balance of Statutory Funds stood at Rs. 2,113,000 million as of June 30, 2025, compared to Rs. 1,789,466 million in June 2024, showing a healthy increase of 18.08%, reaffirming the Corporation's strong solvency position.

3. Business Portfolio Performance

3.1 Individual Life Business - Pakistan Operations

First-year gross premium during June, 2025 under Individual Life policies was Rs. 10,216 million, compared to Rs. 7,348 million in June, 2024, reflecting robust growth of 39.03%. Gross renewal premium amounted to Rs. 46,675 million, compared to Rs. 49,317 million last year, marking a modest decline of 5.36%. The reduction is primarily attributable to severe rainfall and flooding, which adversely affected policyholders' liquidity and their ability to remit renewal premiums during the period.

3.2 Individual Life Business - Overseas Operations

For overseas operations, the first-year gross premium under Individual Life policies was Rs. 160 million in comparison to Rs. 110 million in 2024, up 45.45%. Renewal premium was Rs. 1,046 million (2024: Rs.920 million), an increase of 13.70%.

3.3 Group Life Business

Gross premium under Group Life policies, including unearned premium, stood at Rs. 5,487 million, compared to Rs. 5,536 million last year, a marginal decline of 0.89%. Experience refund during the period was Rs. 25 million, compared to Rs. 873 million in June 2024, reflecting a reduction of 97.14%. Group premium, net of experience refund was Rs. 5,462 million (June-2024. 4,663 million), an increase of 17.13%.

3.4 Takaful Business

The Takaful recorded premiums of Rs. 717 million, compared to Rs. 464 million in the same period of 2024, demonstrating an impressive growth of 54.53%.

3.5 Health Insurance Business

Gross premium under Health Insurance policies, including unearned premium, stood at Rs. 76,857 million, compared to Rs. 101,542 million last year — a decline of 24.31%. This decrease in income is due to the decrease in the Health & Accidental Insurance Program of the Government of Punjab. Experience refund during the same period decreased to Rs. 26,428 million from Rs. 55,985 million, showing a reduction of 52.79%. Net Premium (excluding experience refund) was Rs. 50,428 million as against Rs. 45,556 million in June, 2024, an increase of Rs. 4,872 million, an increase of 10.69%.

3.6. Real Estate

Gross rental income was Rs. 1,227 million in June 2025 (June 2024: 1,299 million), a decrease of 5.54 %. The decline in gross rental was due to expiry of lease agreement with a major tenant during the year. Net Rental Income was Rs. 677 million (June 2024: Rs. 644 Million), an increase of 5.12%.

3.7. Investment Income

Net investment income was Rs. 122,851 million, compared to Rs. 152,079 million in the corresponding period of June 2024, showing a decline of 19.22%, gradually recovering from the first quarter effects. This decline was mainly due to reduction in interest rate over time.

4. Profit and Loss Account

Profit after tax (PAT) attributable to shareholders for the period was Rs. 6,890 million, compared to Rs. 11,010 million in June 2024 — a decrease of 37.42%. This decrease was due to the decrease in the Health & Accidental Insurance Premium of the Government of Punjab. Out of this, Rs. 4,690 million (June 2024: Rs. 9,225 million) has been transferred to Ledger Account "D" (Solvency Reserve) on the advice of the Appointed Actuary.

No interim dividend was declared for the period.

5. Insurer Financial Strength Rating

State Life continues to maintain the highest possible 'AAA' Insurer Financial Strength Rating from PACRA, signifying its exceptionally strong capacity to meet policyholder and contractual obligations — a testament to the Corporation's sound financial management and enduring public confidence.

6. Outlook

6.1. Digitization Initiatives

State Life remains focused on enhancing customer experience through technology-led transformation. Major initiatives include:

- Launch of a digital insurance policy portal
- Online premium payment via e-Pay
- Online complaint management system
- Revamping of the corporate website and upgrading the centralized database
- Integration of mobile app (Android & iOS) with the website
- Digitization of policy documents
- Centralized Underwriting
- Centralized Accounting

Additionally, the Corporation is developing a dedicated mobile app for field workers, enabling real-time policyholder data access and improved operational efficiency.

6.2. Takaful

The Takaful Division achieved 54% growth during the period, reflecting success in product diversification and distribution enhancement. The Division continues to expand across individual, group, and bancatakaful segments, ensuring inclusion of Shariah-compliant financial protection solutions nationwide.

6.3. Health Insurance

The Health Division continues to administer social health protection projects serving over 180 million individuals through a network of 1,000+ hospitals across Pakistan. Strategic initiatives include expansion into Balochistan, and entry into the corporate health insurance market through innovative products such as:

- *Sehat Sehat Health Insurance Plan*
- *Pak Sehat Takaful (Shariah-compliant)*
- *Sinf-e-Aahan Cancer Protection Plan (for women)*
- *Haari Plan, Sahara Family Health, and Sehat Zindagi plans.*

These initiatives underline commitment to inclusivity and financial protection for all societal segments.

6.4. Customer-Centric Initiatives

The Corporation successfully launched its new call center (051-111-77-SLIC) to provide a unified support platform for Individual Life and Takaful policyholders. E-Kachehri is carried out by the Chief Executive Officer himself on a regular basis for the policy holders. This milestone underscores State Life's focus on customer convenience, policy servicing, and digital engagement — key pillars for improving retention and satisfaction.

6.5. Group and Pension

To strengthen the Group Life portfolio, the Corporation has introduced insurance coverage for farmers purchasing FFC urea bags and is evaluating new proposals for:

- Provincial government employees (Sindh & KP)
- SNIC holders through NADRA
- Bureau of Emigration for overseas workers

Furthermore, the Corporation has obtained SECP's license for Voluntary Pension Scheme (VPS) — expanding its role in promoting long-term savings and retirement security in both public and private sectors.

6.6. Bancassurance

The Bancassurance segment continues to grow through partnerships with major banks. State Life has recently signed an agreement with JS Bank to distribute its products through the bank's extensive branch network. The Corporation is also exploring collaborations with other financial institutions to further enhance outreach and financial inclusion.

7. Acknowledgement

The Board expresses sincere gratitude to our valued policyholders for their continued trust and confidence in State Life. We extend appreciation to the Securities and Exchange Commission of Pakistan (SECP), Ministry of Finance, Ministry of Commerce, State Bank of Pakistan, our reinsurers, and business partners for their ongoing support and guidance. The Board also records deep appreciation for the dedication and commitment of our employees and field force, whose relentless efforts remain the cornerstone of the Corporation's success.

On behalf of the Board of Directors



Shoaib Javed Hussain
Chief Executive Officer



Saleem Zia
Chairman

Karachi,
19 APR 2026

Dated: _____