

DIRECTORS' REPORT

The Directors are 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 first quarter ended March 31, 2025.

1. Economic Overview

During the first quarter of 2025, Pakistan's economy showed continued stability, supported by easing inflation, improved foreign exchange reserves, and sustained fiscal discipline under the IMF program. Inflation fell sharply to single digits, prompting a gradual reduction in interest rates. Economic activity gained modest momentum, led by a recovery in services and manufacturing sectors. The current account remained manageable, reflecting better external stability. The insurance sector maintained steady growth, benefiting from the improved macroeconomic environment.

2. Business Performance and Operating Results

During the period under review, the overall performance of the Corporation remained satisfactory, showing steady growth despite a challenging economic environment. A summary of the Corporation's key financial indicators for the first quarter ended March 31, 2025, compared with the corresponding period of 2024, is presented below:

- 2.1. Net Revenue of the Corporation stood at Rs. 113,797 million during the first quarter of 2025, compared to Rs. 124,157 million in the same period last year, reflecting a decrease of 8.34%, due to the decrease in Premium from the Government of Punjab Health Program and decrease in Interest Rates.
- 2.2. Acquisition Expenses were Rs. 4,665 million, as against Rs. 3,584 million in the corresponding quarter of 2024, registering an increase of 30.16%. Marketing and Administrative Expenses amounted to Rs. 4,164 million, compared to Rs. 3,817 million in the preceding period, reflecting a rise of 9.09%.
- 2.3. The overall management expense ratio to gross premium income stood at 14.83% as against 13.51% in the corresponding period last year.
- 2.4. Net Insurance Benefits paid to policyholders totaled Rs. 47,554 million, compared to Rs. 44,348 million in the corresponding period, representing an increase of 7.23%.
- 2.5. Statutory Funds as at March 31, 2025, stood at Rs. 2,054,308 million, compared to Rs. 1,723,496 million in the same period last year — an increase of 19.19%, reflecting strong fund growth and a stable solvency position.

3. Business Portfolio Performance

3.1 Individual Life Business - Pakistan Operations

First-year gross premium income under Individual Life policies during the quarter ended March 31, 2025, stood at Rs. 4,425 million, compared to Rs. 3,123 million in the corresponding period last year, showing a substantial growth of 41.69%. Gross renewal premium amounted to Rs. 26,620 million, compared to Rs. 27,092 million in the same period last year, reflecting a marginal decline of 1.74%, which may be attributed to the drop in the Interest Rates.

3.2 Individual Life Business - Overseas Operations

For overseas operations, the first-year gross premium under Individual Life policies was Rs. 49 million against Rs. 29 million in 2024, up 68.97 %. Renewal premium declined slightly to Rs. 405 million (2024: Rs.441 million), a decrease of 8.16%, attributed to the adverse forex fluctuations.

3.3 Group Life Business

Gross premium under Group Life policies, including unearned premium, amounted to Rs. 2,743 million for the first quarter of 2025, compared to Rs. 3,294 million in the same quarter of 2024, a decrease of 16.73%. However, the Group Life premium net of experience refund was Rs. 2,736 million, compared to Rs. 2,734 million in the corresponding period, reflecting an increase of 0.07%. Experience refund was Rs. 7 million for March 2025 (March 2024. Rs. 560 million).

3.4 Takaful Business

Premiums under the Takaful Business reached Rs. 336 million during the quarter, compared to Rs. 205 million in the same period of 2024, registering an impressive increase of 63.90%, demonstrating growing market confidence and expansion in Takaful offerings.

3.5 Health Insurance Business

Gross premium under Health Insurance policies, including unearned premium, amounted to Rs. 33,086 million compared to Rs. 54,654 million in the same quarter last year, reflecting a decrease of 39.46%. The decline is mainly due to the shrinking of the Government Health project in the Province of Punjab. Experience refund during the period stood at Rs. 8,128 million, compared to Rs. 33,484 million in the same period of 2024.

Consequently, Health premium net of experience refund amounted to Rs. 24,958 million, an increase by 17.89% from Rs. 21,170 million in the corresponding period last year.

3.6 Real Estate

Gross Rental Income was Rs. 577 million during the first quarter, 2025 as against Rs. 516 million as of March, 2024, an increase of 11.82%. Net Rental Income was Rs. 356 million (March 2024: Rs. 286 million) an increase of 24.48%.

3.7 Investment Income

Net investment income was at Rs. 54,405 million, compared to Rs. 69,523 million in 2024 — a decline of 21.75%, mainly due to decrease in interest rate and market volatility.

4. Profit and Loss Account

Profit after tax (PAT) attributable to shareholders for the quarter ended March 31, 2025, was Rs. 5,026 million, compared to Rs. 5,898 million in the corresponding period of 2024 — a decline of 14.8%. The decline is due to the reducing interest rates and the reduction of the Government Health project in the Province of Punjab. Out of this, Rs. 3,833 million (March 2024: Rs. 4,765 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 by the Pakistan Credit Rating Agency (PACRA) — reflecting the Corporation's exceptionally strong capacity to meet policyholder and contractual obligations, underscoring its sound financial management and public trust.

6. Outlook

6.1. Digitization Initiatives

To provide seamless and convenient digital services to policyholders, the Corporation has undertaken several initiatives, including:

- Launch of a Digital Insurance Policy Portal
- Online premium payments via e-Pay
- Online complaint management system
- Revamping of the corporate website
- Upgradation of centralized databases
- Integration of the mobile app (Android & iOS) with the website
- Digitization of policy documents
- Centralized Underwriting
- Centralized Accounting

Furthermore, development is underway for a mobile application for field workers, enabling real-time policyholder information access and improved operational efficiency.

6.2. Takaful

The Corporation has successfully launched Bancatakaful operations with United Bank Limited, while arrangements with the Bank of Punjab and Habib Bank Limited are in progress. Plans are also underway to expand the Takaful portfolio through new Individual Family Takaful, Group Health Takaful, and Group Family Takaful products.

6.3. Health Insurance

The Corporation continues to manage large-scale social health insurance programs, providing inpatient medical care to over 180 million individuals across Pakistan through a network of 1,200+ hospitals. Expansion initiatives include extending coverage to Balochistan and introducing corporate health insurance solutions such as:

- Sehat Salamet Health Insurance Plan
- Sinf-e-Aahan Cancer Protection Plan (for women)
- Haari Plan
- Sahara Family Health Insurance Plan
- Sehat Zindagi Health Insurance Plan

The Corporation anticipates a gradual decline in group health premium in future years due to rationalization of government-funded health schemes.

6.4. Group and Pension Business

To enhance its Group Life portfolio, State Life has introduced:

- Term Insurance for Government of Khyber Pakhtunkhwa employees
- Financial Assistance and Retirement Benefits Scheme for Sindh Government employees
- Accidental Insurance for road and railway passengers

Additionally, initiatives are underway with the Bureau of Emigration for group life coverage of overseas workers.

6.5. Bancassurance

The Corporation's Bancassurance business continues to strengthen through partnerships with leading banks. State Life has recently collaborated with the Bank of Punjab to expand its reach, while several other financial institutions have expressed interest in similar partnerships. The Corporation also aims to extend its reach through non-banking financial institutions.

7. Acknowledgement

The Board expresses its sincere gratitude to our valued policyholders for their continued trust and confidence in State Life. We also acknowledge the continued guidance and support of the Securities and Exchange Commission of Pakistan (SECP), Ministry of Finance, Ministry of Commerce, State Bank of Pakistan, our reinsurers, and business partners.

The Board places on record its deep appreciation for the dedication, commitment, and hard work of our employees and sales force, whose 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,

Dated: 19 APR 2026