

Directors' Report to the Shareholders

I am pleased to present the Directors' Report and Chairman's Review of State Life Insurance Corporation of Pakistan together with the condensed interim unconsolidated statement of financial position (un-audited) for the nine months period ended September 30, 2022.

1. OPERATING AND FINANCIAL PERFORMANCE:

During the period under review, financial performance of the Corporation showed an appreciable growth. An overview of the performance of State Life during the nine months period of 2022 as compared to the same period of last year is given hereunder:

- 1.1** Net Income of the State Life during the current nine months period was Rs. 234,054 million as against Rs. 164,339 million in the preceding period, registering an increase of 42.4%. If the impact of unrealized Losses is excluded, total income for the period ended September 30, 2022 would be Rs. 243,435 million as against Rs. 170,284 million in September 2021 showing 43.0% increase.
- 1.2** Management expenses for the nine months period ended September 30, 2022 were Rs. 18,271 million as compared to Rs. 16,057 million in the previous period showing increase of 13.8%. Overall management expense ratio to total premium income for the current nine months was 13.3% as against 18.4% for corresponding period of 2021.
- 1.3** Payments to policyholders in the current nine months period were Rs. 111,046 million as against Rs. 65,816 million in the corresponding period 2021, showing an increase of 68.7%.
- 1.4** Earnings Per Share (EPS) for the nine months period is Rs. 190.20 which is 92.5% higher than the corresponding figure of Rs. 98.81 in the same period of last year. The Corporation has not issued any instrument which would dilute its basic earnings per share when exercised. Therefore, there is no dilutive effect on the earnings per share.

2. BUSINESS PORTFOLIO WISE PERFORMANCE:

2.1 INDIVIDUAL LIFE BUSINESS:

First year gross premium income under Individual Life policies, during the current nine months is Rs. 8,484 million as compared to Rs. 7,903 million in the last year corresponding period, depicting an increase of 7.4%. Gross renewal premium was Rs. 54,648 million in current nine months period whereas it was Rs. 50,528 million in the corresponding period of 2021, showing an increase of 8.2%.

2.2 GROUP LIFE BUSINESS:

In current nine months gross premium under Group Life policies was Rs. 10,042 million as compared to Rs. 8,227 million in the last period, showing increase of 22.1%.

2.3 HEALTH INSURANCE BUSINESS:

Gross premium under Health Insurance policies during nine months of 2022 was Rs. 64,701 million as compared to Rs. 20,715 million in the preceding period 2021, showing remarkable increase of 212.3% mainly due to enhancement of the Prime Minister's National Health Insurance Program.

2.4 TAKAFUL BUSINESS:

Premium under Takaful business during the nine months of 2022 was Rs. 165 million as compared to Rs. 65 million in the same period last year showing an increase of 153.8%.

2.5 REAL ESTATE:

In the nine months period of 2022, Real Estate Division (RED) performed satisfactorily in the context of Real Estate management. Breakup of rental income and expenses are stated hereunder:

	<u>Rs. in million</u>		
	For the Nine months		
	2022	2021	Inc/(Dec)
Rental Income	1,100	972	13.1%
Expenses	(653)	(575)	13.6%
Net	447	397	12.4%

2.6 INVESTMENT:

Net investment income including capital gains and unrealized losses during the nine months ended September 2022 was Rs. 96,794 million as compared to Rs. 77,093 million in September 2021, showing an increase of 25.6%. If the impact of unrealized Losses is excluded, net investment income stood at Rs. 106,175 million as compared to Rs. 83,038 million in September 2021 showing an increase of 27.9%.

3. NOTE OF APPRECIATION:

We are pleased to place on record the deep appreciation on behalf of the Board of Directors for the efforts made by all the tiers of the field force and devotion to duty of the staff and officers for the overall performance of the Corporation. We are grateful to the Insurance Division, Securities and Exchange Commission of Pakistan for their continued guidance and assistance. May our future efforts continue to contribute to the nation's wellbeing in the economic and fiscal fields.

On behalf of the Board of Directors



Chairman

Shoaib Javed Hussain

Karachi,

Date: November 15, 2022