

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 three quarters ended September 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. Financial Performance and Operating Results

During this period, the Corporation's overall performance was commendable, reflecting sustained growth, continued market leadership, and strong operational stability. A comparative of key financial indicators for the period ended September 30, 2025, versus September 30, 2024 is presented below:

- 2.1. Net Revenue stood at Rs. 447,269 million in the three quarters of 2025, compared to Rs. 390,972 million in the corresponding period September 30, 2024, reflecting an increase of 14.40%.
- 2.2. Acquisition expenses amounted to Rs. 16,429 million, up by 16.05% from Rs. 14,157 million in September, 2024. Marketing and administrative expenses were Rs. 13,323 million, an increase by 2.67% than Rs. 12,977 million in the preceding period of 2024.
- 2.3. The overall management expense to gross premium ratio was 15.34%, compared to 11.34%% last year.
- 2.4. Net Insurance benefits paid to the policyholders was Rs. 156,356 million, which was Rs. 161,863 million in September 2024, showing a decrease of 3.40%.
- 2.5. The balance of Statutory Funds stood at Rs. 2,254,419 million as of September 30, 2025, compared to Rs. 1,849,744 million in September 30, 2024, showing a healthy increase of 21.88 %, reaffirming the Corporation's strong solvency position.

3. Business Portfolio Performance

3.1 Individual Life Business - Pakistan Operations

First-year gross premium income during September, 2025 under Individual Life policies was Rs. 17,136 million, compared to Rs. 12,729 million in September, 2024, reflecting robust growth of 34.62%. Gross renewal premium amounted to Rs. 70,794 million, compared to Rs. 70,047 million last year, marking a modest decline of 1.07%, resulting from the economical factor of lowering interest rates.

3.2 Individual Life Business - Overseas Operations

For overseas operations, the first-year gross premium under Individual Life policies was Rs. 312 million in comparison to Rs. 227 million in 2024, an increase of 37.44%. Renewal premium was Rs. 1,521 million (2024: Rs. 1,411 million), an increase of 7.80%.

3.3 Group Life Business

Gross premium under Group Life policies, including unearned premium, stood at Rs. 8,180 million, compared to Rs. 8,235 million last year, a marginal decline of 0.67%. Group Life Premium, net of experience refund was Rs. 8,150 million, compared to Rs. 8,043 million last year, a marginal increase of 1.33%. Experience refund during the period was Rs. 30 million, compared to Rs. 192 million in 2024, reflecting a reduction of 84.38%.

3.4 Takaful Business

The Takaful Division recorded premiums of Rs. 1,293 million, compared to Rs. 1,156 million in the same period of 2024, demonstrating an impressive growth of 11.85%.

3.5 Health Insurance Business

Gross premium under Health Insurance policies, including unearned premium, stood at Rs. 97,453 million, compared to Rs. 149,356 million last year — a decline of 34.75%, subjected to the drop in premium from the Government of Punjab Social Health Protection Initiative (SHPI).

Net premium under Health Insurance policies, excluding unearned premium, was at Rs. 73,084 million, compared to Rs. 71,812 million last year, an increase of 1.80%.

Experience refund during the same period decreased to Rs. 24,369 million from Rs. 77,544 million, showing a reduction of 68.6%.

3.6. Real Estate

Gross Rental Income for the three quarters was Rs. 1,899 million in September 2025 whereas for September 2024 was Rs. 1,672 million, up by 13.58%, covering the effects of gross decrease of previous quarters. Net Rental Income was Rs. 906 million during September 2025 as against Rs. 720 million, an increase of 25.83%.

3.7. Investment Income

Net investment income was Rs. 275,053 million, compared to Rs. 225,971 million in the corresponding period of September 2024, showing an increase of 21.7%.

4. Profit and Loss Account

Profit after tax (PAT) attributable to shareholders for the period was Rs. 9,028 million, compared to Rs. 15,598 million in September 2024 — a decrease of 42.1%. Out of this, Rs. 5,954 million (September 2024: Rs. 12,792 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

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

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 such as:

- *Sehat Salam* 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 State Life's commitment to inclusivity and financial protection for all societal segments.

6.4. Customer-Centric Initiatives

The Corporation successfully launched its call center (051-111-77-SLIC) to provide a unified support platform for policyholders. This milestone underscores Corporation'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 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

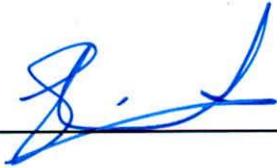
The Bancassurance segment continues to grow through partnerships with major banks. State Life has recently signed an agreement with JS Bank to distribute its products through the bank's extensive branch network. The Corporation is also exploring collaborations with other financial institutions to further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

7. Acknowledgement

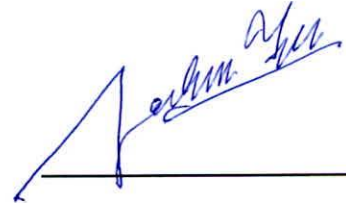
The Board conveys sincere appreciation to valued policyholders for their unwavering confidence in State Life. We also extend gratitude to the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the Ministry of Commerce, the State Bank of Pakistan, our reinsurers, and business partners for consistent support and guidance.

The Board further acknowledges, with profound appreciation, the dedication and commitment of our employees and field force, whose tireless efforts continue to serve as the foundation of the Corporation's enduring success.

On behalf of the Board of Directors



Shoaib Javed Hussain
Chief Executive Officer



Saleem Zia
Chairman

Karachi, 30 APR 2026

Dated: _____