

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	-----Rupees in '000-----	
Assets			
Property and equipment	3	841,503	920,235
Investment properties	4	3,609,836	3,375,167
Investment in subsidiaries		318,901	318,901
Investments			
Equity securities	5	89,797,575	91,592,105
Government securities	6	811,376,522	674,943,342
Debt securities	7	3,855,946	3,042,398
Mutual funds	8	8,163,240	7,987,521
Loans secured against life insurance policies		117,143,631	111,873,885
Insurance / reinsurance receivables	9	27,626,554	26,301,325
Other loans and receivables	10	40,423,551	42,681,211
Taxation - payments less provision		3,866,362	3,875,690
Prepayments	11	88,145	64,539
Cash and bank	12	31,153,016	91,859,786
Total Assets		1,138,264,782	1,058,836,105
Equity and Liabilities			
Capital and reserves attributable to Corporation's equity holders			
Ordinary share capital		4,300,000	4,300,000
Ledger account C & D		3,716,899	2,207,145
Reserves	13	245,043	7,043
Unappropriated profit		1,330,519	1,284,882
Capital contributed to statutory fund		(650,000)	(650,000)
Total Equity		8,942,461	7,149,070
Liabilities			
Insurance liabilities	14	1,095,976,981	1,016,711,293
Retirement benefit obligations		6,888,281	4,722,072
Deferred capital grant		42,275	44,714
Deferred taxation	15	1,252,674	636,015
Premium received in advance		8,622,835	10,632,410
Insurance / reinsurance payables	16	280,399	480,184
Other creditors and accruals	17	16,258,876	18,460,347
Total Liabilities		1,129,322,321	1,051,687,035
Total Equity and Liabilities		1,138,264,782	1,058,836,105
Contingencies and commitments	18		

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.



CHAIRMAN

Muhammad Sohail Rajput



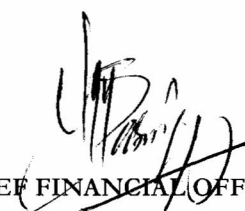
DIRECTOR

Abdul Qadir Memon



DIRECTOR

Ali Mubashar Kazmi



CHIEF FINANCIAL OFFICER

Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

Note	Nine-months period ended		Three-months period ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	-----Rupees in '000 -----			
Premium revenue	59,316,998	56,035,288	22,230,573	15,566,989
Premium ceded to reinsurers	(113,676)	(112,580)	(44,326)	(41,032)
Net premium revenue	59,203,322	55,922,708	22,186,246	15,525,957
Investment income	64,583,859	54,730,109	22,015,486	19,704,410
Net realized fair value gain / (loss) on financial assets	201,317	5,256	5,222	22,971
Net fair value loss on financial assets at fair value through profit or loss	(2,909,780)	(19,492,059)	12,284,842	(8,651,000)
Net rental income	362,395	299,870	127,563	(15,501)
Other income	10,861,493	10,024,555	2,544,958	2,388,068
	73,099,285	45,567,732	36,978,071	13,448,949
Net Income	132,302,607	101,490,440	59,164,318	28,974,906
Insurance benefits	(42,615,244)	(36,573,598)	(19,384,645)	(11,308,927)
Recoveries from reinsurers	49,758	34,348	41,445	21,642
Claim related expenses	(6,501)	-	(3,580)	-
Net Insurance Benefits	(42,571,987)	(36,539,250)	(19,346,780)	(11,287,285)
Net Change in Insurance Liabilities (other than outstanding claims)	(72,453,510)	(47,672,914)	(33,806,708)	(11,738,509)
Acquisition expenses	(6,839,066)	(7,849,538)	(2,481,987)	(2,784,779)
Marketing and administration expenses	(6,244,486)	(6,519,804)	(2,047,369)	(2,410,382)
Other expenses	(191,996)	(203,018)	(81,394)	(39,168)
Total Expenses	(85,729,058)	(62,245,274)	(38,417,459)	(16,972,838)
Profit before tax for the period	4,001,562	2,705,916	1,400,079	714,783
Income tax expense	(1,161,291)	(785,458)	(595,446)	(207,480)
Profit after tax for the period	2,840,271	1,920,459	804,632	507,303
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,840,271	1,920,459	804,632	507,303
Earnings (after tax) per share - Rupees	66.05	51.85	18.71	12.11

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.


CHAIRMAN


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DIRECTOR

Abdul Qadir Memon


DIRECTOR

Ali Mubashar Kazmi


CHIEF FINANCIAL OFFICER

Muhammad Rashid

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Nine months period ended	
	September 30, 2020	September 30, 2019
	Note	-----Rupees in '000-----
Operating Cash Flows		
(a) Underwriting activities		
Insurance Premiums received	57,305,327	61,683,920
Reinsurance premiums paid	(313,460)	(285,429)
Claims paid	(12,967,573)	(22,010,246)
Surrenders paid	(22,841,994)	(19,072,722)
Reinsurance and other recoveries received	189,106	178,331
Commissions paid	(7,474,605)	(10,708,935)
Other underwriting payments	(1,592,176)	(1,373,463)
Net cash flow generated from underwriting activities	12,304,625	8,411,456
(b) Other operating activities		
Income tax paid	(535,304)	(530,108)
General management expenses paid	(4,286,907)	(7,707,351)
Loans advanced	(229,539)	(13,892,689)
Loan repayments received	1,093,699	8,925,595
Other operating payments	(1,948,961)	(1,262,900)
Net cash flow used in other operating activities	(5,907,013)	(14,467,454)
Total cash flow generated from / (used in) operating activities	6,397,612	(6,055,997)
Investment Activities		
Profit / return received	59,980,752	55,471,690
Dividends received	4,283,573	4,448,561
Rentals received	874,505	1,635,590
Payments for investments	(214,033,338)	(155,336,874)
Proceeds from disposal of investments	88,247,081	100,849,269
Fixed capital expenditure	(285,739)	(205,750)
Proceeds from sale of property and equipment	8,470	547
Total cash flow used in investing activities	(60,924,696)	6,863,034
Finance Activities		
Dividend paid	(1,046,880)	(713,609)
Total cash flow from financing activities	(1,046,880)	(713,609)
Net cash flow from all activities	(55,573,964)	93,428
Cash and cash equivalents at beginning of the period	80,810,075	27,616,698
Cash and cash equivalents at end of the period	12.1 25,236,111	27,710,126
Reconciliation to Profit and Loss Account		
Operating cash flows	6,397,612	(6,055,997)
Depreciation expense	(84,217)	(76,460)
Investment income	73,099,285	45,668,785
Amortization/capitalization	528,493	528,434
Allocation of surplus	-	(100,000)
Non cash adjustments (APL)	(7,638,253)	(3,393,075)
Decrease in assets other than cash	8,172,635	7,769,130
Decrease in liabilities other than running finance	(4,565,115)	5,252,556
Net change in insurance liabilities (other than outstanding claims)	(73,070,170)	(47,672,914)
Profit after taxation	2,840,271	1,920,459

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.


CHAIRMAN


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

Muhammad Sohail Rajput

Ali Mubashar Kazmi

Muhammad Rashid

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Attributable to equity holders of the Corporation					Total
	Share capital	Capital contributed to statutory fund	Revenue reserves General reserves	Ledger account C & D [Refer Note]	Unappropriated profit	
	-----Rupees in '000-----					
Balance as at January 01, 2019	3,500,000	(100,000)	507,043	1,257,718	713,615	5,878,376
Total comprehensive income for the period	-	-	-	682,682	1,237,777	1,920,459
Transfer to general reserve	-	100,000	-	(100,000)	-	-
Dividend for the year ended December 31, 2018	-	-	-	-	(713,615)	(713,615)
Transfer for the issuance of share capital	500,000	-	(500,000)	-	-	-
Balance as at September 30, 2019	<u>4,000,000</u>	<u>-</u>	<u>7,043</u>	<u>1,840,400</u>	<u>1,237,777</u>	<u>7,085,220</u>
Balance as at January 01, 2020	4,300,000	(650,000)	7,043	2,207,145	1,284,882	7,149,070
Total comprehensive income for the period	-	-	-	-	2,840,271	2,840,271
Surplus for the period retained in statutory funds-net of tax	-	-	-	1,509,754	(1,509,754)	-
Transfer to general reserve	-	-	238,000	-	(238,000)	-
Dividend for the year ended December 31, 2019	-	-	-	-	(1,046,880)	(1,046,880)
Balance as at September 30, 2020	<u>4,300,000</u>	<u>(650,000)</u>	<u>245,043</u>	<u>3,716,899</u>	<u>1,330,519</u>	<u>8,942,461</u>

Note: This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 (previously the SEC Insurance Rules, 2002) to meet solvency margins, which are mandatorily maintained for the carry on of the life insurance business.

The annexed notes 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.


CHAIRMAN

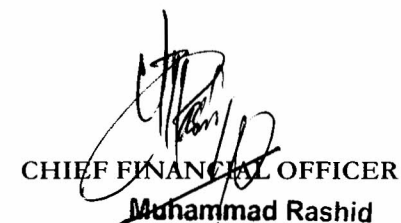
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STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 State Life Insurance Corporation of Pakistan (the Corporation) was incorporated in Pakistan on November 01, 1972 under the Life Insurance Nationalization Order, 1972 (LINO). The Corporation's principal office is located at State Life Building No. 9, Dr. Ziauddin Ahmad Road, Karachi. It operates in Pakistan through 33 zones for individual life business, 4 zones for group life business and in the gulf countries {comprising United Arab Emirates (UAE) and Kuwait} through zonal office located at Dubai (UAE).
- 1.2 The Corporation is engaged in the life insurance, health and accident insurance business and pension fund. The brief description is defined in the note 3 of the unconsolidated financial statement for the year ended December 31, 2019.
- 1.3 The Corporation was issued the certificate of authorization for commencement of Window Takaful Operation under rule 6 of the Takaful rules, 2012 by Securities Exchange Commission of Pakistan (SECP) vide letter no. 0097, dated September 22, 2016. However, the Corporation is in the process of launching the Window Takaful Operations at the reporting date i.e. June 30, 2020. For the purpose of carrying on the takaful business, the Corporation has formed an Individual Family Participant Takaful Fund (IFPTF) on August 18, 2017 under the Waqf deed and cede Rupees 1 million to the IFPTF. The Waqf deed governs the relationship of Corporation and participants for management of takaful operations.
- 1.4 The Presidential Order dated April 06, 2016 in respect of State Life (Reorganization and Conversion) Ordinance, 2016 was issued by Government of Pakistan Ministry of Law and Justice to provide for the reorganization and conversion of the Corporation into a Public Limited Company. After the commencement of this Ordinance, the Federal Government established a Company namely, State Life Insurance Company Limited under the repealed Companies Ordinance, 1984 (XLVII of 1984) with the objective of taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities. etc of the Corporation on fulfillment of the statutory requirements. The National Assembly converted the said Ordinance into Bill for the conversion of State Life Insurance Corporation of Pakistan to State Life Insurance Company Limited and sent the Bill to Senate for approval and the Senate, instead of passing the Bill, proposed few amendments in the Bill. For the consideration of the proposed amendments the matter was moved to National Assembly Standing Committee on Commerce and the matter is still pending with that Committee.

Under the new scheme all the assets, liabilities, contracts, policies, proceedings and undertakings of the Corporation shall stand transferred to and vest in the Company on a specific date which is uncertain. Accordingly, the Corporation is not expected to continue as going concern. Since there will be no change in operational activities of the Corporation pursuant to change in aforesaid legal structure, no adjustments are expected to the carrying amount of assets and liabilities.

2 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual unconsolidated financial statements and should be read in conjunction with the Corporation's annual unconsolidated financial statements for the year ended December 31, 2019.

The figures in the unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and condensed interim unconsolidated statement of changes in equity together with the relevant notes to the unconsolidated condensed interim financial statements for the nine-months period ended September 30, 2020 are not audited.

These unconsolidated condensed interim financial statements does not include all the information and disclosures required in the annual unconsolidated financial statements, accordingly, these unconsolidated

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

condensed interim financial statements should be read in conjunction with the Corporation's annual unconsolidated financial statements as at and for the year ended December 31, 2019.

2.1 STATEMENT OF COMPLIANCE

The unconsolidated condensed interim financial statements of the Corporation has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of;

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting and Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirements differ, the provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012 have been followed.

2.2 BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except the certain investments which are carried at fair value and the obligations under policy holder liability and certain employee benefits that are measured at present value. Accrual basis of accounting has been used except for cash flow statement.

2.3 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Corporation are unclear. The Corporation is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Corporation will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, policy holders, partners and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

2.4 FINANCIAL RISK MANAGEMENT / JUDGEMENT AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements of the Corporation for the year ended December 31, 2019. In preparing this unconsolidated condensed interim financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Corporation's and the key sources of estimation uncertainty are the same as those that applied to the annual unconsolidated financial statements for the year ended December 31, 2019.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These unconsolidated condensed interim financial statements are prepared and presented in Pakistani Rupees, which is the Corporation's functional and presentation currency.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
 NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
 FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

2.6 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

2.6.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current period

The Corporation has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended June 30, 2020.

2.6.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Corporation

There are no such new standards, amendments to published standards and interpretations that would be relevant but not yet effective.

2.6.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts' - amendments to IFRS-17	January 01, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
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3. PROPERTY AND EQUIPMENT

Operating fixed assets

Net book value as at the beginning of the period / year	920,235	881,423
Additions / adjustments during the period / year	9,179	137,659
Disposal during the period / year	(4,414)	-
Net depreciation charge during the period / year	(83,497)	(98,847)
Net book value as at the end of the period / year	<u>841,503</u>	<u>920,235</u>

-----Rupees in '000 -----

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
4 INVESTMENT PROPERTIES		
Investment Properties	1,745,295	1,773,618
Less : Provision for impairment in value of investment property	(895)	(895)
	1,744,400	1,772,723
Capital work-in-progress	1,865,436	1,602,444
	3,609,836	3,375,167

4.1 The market value of the investment properties, owned by the Corporation as determined by the independent valuers on yearly basis, amounted to Rs.50,459 million (2019: Rs..50,459 million).

5 INVESTMENTS IN EQUITY SECURITIES

	September 30 2020 (Un-audited)			December 31 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	-----Rupees in '000-----					
Fair value through profit or loss						
Related parties						
Listed shares	3,517,424	-	18,891,030	3,439,097	-	18,307,249
Unlisted shares	5,000	-	5,000	5,000	-	5,000
Others						
Listed shares	25,971,642		70,842,909	24,798,121	-	73,221,583
Unlisted shares	275,897	(218,573)	57,324	275,897	(218,575)	57,322
Unlisted preference shares	5,055	(3,743)	1,312	3,743	(2,792)	951
	29,775,018	(222,316)	89,797,575	28,521,858	(221,367)	91,592,105

6 INVESTMENTS IN GOVERNMENT SECURITIES

	September 30, 2020(Un-audited)				December 31, 2019 (Audited)	
	Maturity Year	Effective Yield (%)	Amortized Cost	Principal Repayment	Carrying Value	Carrying Value
	-----Rupees in '000-----					
<i>Held to maturity</i>						
Pakistan Investment Bond						
3 year Pakistan Investment Bonds	2022	8.06% - 8.80%	143,301,382	149,908,000	143,301,382	109,230,108
5 year Pakistan Investment Bonds	2021 -2024	7.25% - 9.07%	127,136,863	129,300,000	127,136,863	117,957,286
10 year Pakistan Investment Bonds	2020 - 2029	8.63% - 9.64%	391,269,580	387,152,600	391,269,580	349,281,303
15 year Pakistan Investment Bonds	2021 -2035	8.32% - 10.05%	42,574,966	41,370,000	42,574,966	11,787,581
20 year Pakistan Investment Bonds	2024 - 2039	8.57% - 10.31%	44,084,616	43,900,000	44,084,616	28,397,607
30 year Pakistan Investment Bonds	2036 - 2038	9.67% - 9.77%	37,658,335	40,050,000	37,658,335	37,628,226
Islamic Republic of Pakistan Bonds			7,998,836	-	7,998,836	6,743,095
			794,024,578	791,680,600	794,024,578	661,025,206
Treasury Bills						
Treasury Bills	2020	7.73% - 14.17%	17,311,944	17,600,000	17,311,944	13,918,136
Other						
Sukuk Bonds			40,000	40,000	40,000	-
			811,376,522	809,320,600	811,376,522	674,943,342

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

7 INVESTMENTS IN DEBT SECURITIES

Note	September 30 2020 (Un-audited)			December 31 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Held to maturity</i>						
Debtures	7.1	7,573	(7,573)	-	7,573	(7,573)
Foreign fixed income securities		3,855,946	-	3,855,946	3,042,398	-
		<u>3,863,519</u>	<u>(7,573)</u>	<u>3,855,946</u>	<u>3,049,971</u>	<u>(7,573)</u>
						<u>3,042,398</u>

- 7.1 Debtures include an amount of Rs. 7.573 million (December 31, 2019: Rs. 7.573 million) pertaining to those companies which are in liquidation process since 1974. Further, a court case is in process against the Colony Textile Mills Limited against debenture loan amounting to Rs. 0.678 million (December 31, 2019: Rs. 0.678 million). The Corporation had made full provision against these debtures.

8 INVESTMENT IN MUTUAL FUNDS

	September 30 2020 (Un-audited)			December 31 2019 (Audited)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
-----Rupees in '000-----						
<i>Fair value through profit or loss</i>						
<i>Listed</i>						
Open ended mutual fund		3,015,481	-	5,992,324	3,015,482	-
						5,924,802
<i>Unlisted</i>						
Close end mutual fund		861,156	-	2,170,916	861,155	-
		<u>3,876,637</u>	<u>-</u>	<u>8,163,240</u>	<u>3,876,637</u>	<u>-</u>
						<u>7,987,521</u>

9 INSURANCE / REINSURANCE RECEIVABLES	Note	September 30,	December 31,
		2020 (Un-audited)	2019 (Audited)
-----Rupees in '000-----			

Unsecured and considered good

Due from insurance contract holders		27,396,821	25,932,244
Less: provision for impairment of receivables from insurance contract holders		-	-
Due from other insurers / reinsurers		229,733	369,081
Less: provision for impairment of due from other insurers / reinsurers		-	-
		<u>27,626,554</u>	<u>26,301,325</u>

10 OTHER LOANS AND RECEIVABLES

Accrued investment income		34,859,281	38,712,693
Loans to agents		143,877	81,604
Loans to employees		932,628	953,037
Advance to contractors & security deposit		461,408	355,831
Other receivables		<u>4,026,357</u>	<u>2,578,046</u>
		<u>40,423,551</u>	<u>42,681,211</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000 -----	
11 PREPAYMENTS	Note	
Prepaid rent	18,422	4,421
Prepaid miscellaneous expenses	69,723	60,118
	<u>88,145</u>	<u>64,539</u>
12 CASH AND BANK		
<i>Cash and Cash Equivalent</i>		
- Cash in hand	4,794	1,422
- Cash in transit	4	252,822
- Policy & Revenue stamps, Bond papers	26,689	14,751
	<u>31,487</u>	<u>268,995</u>
Cash at bank		
- Current accounts	7,482,583	15,901,274
- Savings accounts	17,722,041	64,639,806
- Fixed deposits maturing after 12 months	5,916,905	11,049,711
	<u>31,153,016</u>	<u>91,859,786</u>
12.1 Cash and cash equivalent include the following for the purposes of the cash flow statement:		
<i>Cash and cash equivalent</i>		
- Cash in hand	4,794	1,422
- Cash in transit	4	252,822
- Policy & Revenue stamps, Bond papers	26,689	14,751
	<u>31,487</u>	<u>268,995</u>
Cash at bank		
- Current accounts	7,482,583	15,901,274
- Savings accounts	17,722,041	64,639,806
	<u>25,236,111</u>	<u>80,810,075</u>
12.2 These carry mark-up ranging from 7.50% to 12.60% (2019: 8% to 12.55%) per annum.		
	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000 -----	
13 RESERVES		
Revenue reserves		
General reserve	245,043	7,043
14 INSURANCE LIABILITIES		
Reported outstanding claims (including claims in payment)	29,965,299	23,153,121
Incurred but not reported claims	4,075,329	3,965,610
Liabilities under individual conventional insurance contracts	1,060,407,488	987,760,099
Liabilities under group insurance contracts (other than investment linked)	1,294,680	1,603,253
Other insurance liabilities	234,185	229,210
	<u>1,095,976,981</u>	<u>1,016,711,293</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
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FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	-----Rupees in '000-----	
15 DEFERRED TAXATION			
Deferred tax credit arising in respect of			
On retained balance on Ledger Account D	15.1	<u>1,252,674</u>	<u>636,015</u>
		Recognised in statement of comprehensive income	Recognised in Other Comprehensive Income
		Balance as at January 1, 2020	Balance as at September 30, 2020
15.1		-----Rupees in '000-----	
<i>Defer credit arising in respect of</i>			
On Retained balance on Ledger Account D		<u>636,015</u>	<u>1,252,674</u>
		Recognised in statement of comprehensive income	Recognised in Other Comprehensive Income
		Balance as at January 1, 2019	Balance as at December 31, 2019
		-----Rupees in '000-----	
<i>Defer credit arising in respect of</i>			
On Retained balance on Ledger Account D		<u>472,871</u>	<u>636,015</u>
		Recognised in statement of comprehensive income	Recognised in Other Comprehensive Income
		Balance as at January 1, 2020	Balance as at September 30, 2020
		-----Rupees in '000-----	
		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		-----Rupees in '000-----	
16 INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		<u>280,399</u>	<u>480,184</u>
17 OTHER CREDITORS AND ACCRUALS			
Agents commission payable		<u>1,736,332</u>	4,002,039
Accrued expenses		<u>5,839,194</u>	5,835,026
Other liabilities		<u>8,683,350</u>	8,623,282
		<u>16,258,876</u>	<u>18,460,347</u>
18 CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
There are no material changes in the status of contingencies as same reported in note 23.1 to the annual unconsolidated financial statements of the Corporation for the year ended 31 December, 2019, excepts specified below:			
18.1.1	With reference to the contingency disclosed in note 23.1.13 of the annual unconsolidated financial statements. In view of the opinion of the legal advisor and pending the adjudication of the petitions filed, the Corporation has neither billed its policy holders nor recognized the contingent liability for sales tax in Sindh, Punjab and Balochistan which calculated on the basis of the risk premium and excluding the investment amount allocated to policies as per the opinion of the legal advisors, aggregated to Rs.1,302 million in its books of account. The management contends that should the administrative efforts fail, the amount will be charged to the policyholders.		
18.2 Commitments	The Corporation is committed in respect of capital expenditure contract aggregating to Rs. 182 million (December 31, 2019: Rs. 388 million). There were no other commitments as at the reporting date.		

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		September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
	Note	-----Rupees in '000 -----	
19 NET PREMIUM REVENUE			
Gross Premiums			
Regular premium individual policies			
First year		5,764,455	6,473,336
Second year renewal		4,761,598	5,242,866
Subsequent year renewal		41,860,521	38,886,681
Group policies with cash values		4,355	170
Group policies without cash values		14,178,110	10,083,182
Less: experience refund		(7,252,041)	(4,650,947)
Total Gross Premiums		<u>59,316,998</u>	<u>56,035,288</u>
Less: Reinsurance Premiums Ceded			
On individual life first year business		(14,431)	(13,768)
On individual life second year business		(10,597)	(14,614)
On individual life renewal business		(88,648)	(84,198)
		<u>(113,676)</u>	<u>(112,580)</u>
Net Premium revenue		<u>59,203,322</u>	<u>55,922,708</u>
20 INVESTMENT INCOME			
Income from equity securities			
<i>Fair value through profit or loss</i>			
- Dividend income		3,168,476	4,591,293
Income from government and debt securities			
<i>Held to maturity</i>			
- Return on government and debt securities		61,415,383	50,138,816
		<u>64,583,859</u>	<u>54,730,109</u>
21 NET REALISED FAIR VALUE GAIN / (LOSS) ON FINANCIAL ASSETS			
<i>Fair value through profit or loss</i>			
Realised gain / (loss) on equity securities		201,317	5,256
22 NET FAIR VALUE LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Net unrealised loss on investments at fair value through profit or loss		(2,868,425)	(19,444,302)
Investment related expenses		(41,355)	(47,757)
		<u>(2,909,780)</u>	<u>(19,492,059)</u>
23 NET RENTAL INCOME			
Rental income		854,278	826,435
Less: Expenses of investment property		(491,883)	(526,565)
		<u>362,395</u>	<u>299,870</u>
24 OTHER INCOME			
Return on bank balances		1,619,917	1,777,380
Return on loans to employees		41,389	34,499
Return on loans to policyholders		7,678,193	5,660,397
Exchange gain on revaluation		1,449,228	2,459,483
Miscellaneous income		72,767	92,796
		<u>10,861,493</u>	<u>10,024,555</u>

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25 NET INSURANCE BENEFITS	Note	September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
		-----Rupees in '000 -----	
Gross Claims			
Claims under individual policies			
- by death		5,728,291	5,232,109
- by insured event other than death		231,335	283,675
- by maturity		8,110,407	7,588,195
- by surrender		22,841,994	19,072,722
- annuity payments		6,240	12,753
Total gross individual policy claims		<u>36,918,267</u>	<u>32,189,454</u>
Claims under group policies			
- by death		2,015,503	2,323,767
- by insured event other than death		3,681,015	2,056,675
- by maturity		-	556
- by surrender		26	889
- annuity payments		433	2,257
Total gross policy claims		<u>5,696,977</u>	<u>4,384,144</u>
Total Gross Claims		<u>42,615,244</u>	<u>36,573,598</u>
Less: Reinsurance Recoveries			
-on individual life claims		(49,758)	(34,348)
-on group life claims		-	-
		<u>(49,758)</u>	<u>(34,348)</u>
Claim related expenses		6,501	-
Net insurance benefits		<u>42,571,987</u>	<u>36,539,250</u>
26 ACQUISITION EXPENSES			
Remuneration to insurance intermediaries on individual policies:			
- commission to agent on first year premiums		2,670,275	3,150,241
- commission to agent on second year premiums		520,723	648,399
- commission to agent on subsequent renewal premiums		1,692,504	1,641,455
- other benefits to insurance intermediaries		322,857	1,033,495
- branch overhead		970,278	959,266
Remuneration to insurance intermediaries on group policies:			
- commission		2,048	2,205
- other benefits to insurance intermediaries		481	280
Other acquisition costs			
- Stamp duty and medical fee		659,900	414,197
		<u>6,839,066</u>	<u>7,849,538</u>

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		September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
	Note	-----Rupees in '000 -----	
27	MARKETING AND ADMINISTRATION EXPENSES		
Employee benefit cost	27.1	4,893,194	4,957,954
Travelling expenses		99,515	233,900
Advertisement and sales promotion		5,650	62,598
Printing and stationery		46,229	114,652
Depreciation		83,497	75,971
Rent, rates and taxes		103,502	101,449
Legal and professional charges - business related		308,265	197,796
Electricity, gas and water		567,701	625,297
Office repair and maintenance		8,263	10,135
Bank charges		22,754	24,944
Postages, telegrams and telephone charges		64,984	70,053
Appointed Actuary fees		3,432	3,432
Annual Supervision fees SECP		37,500	37,500
		<u>6,244,486</u>	<u>6,519,804</u>
27.1	Employee benefit cost		
Salaries, allowances and other benefits		3,475,518	3,483,249
Charges for post employment benefit		1,417,676	1,474,705
		<u>4,893,194</u>	<u>4,957,954</u>
28	OTHER EXPENSES		
Auditors' remuneration	28.1	9,151	8,575
Training expense		17,953	32,321
Revenue stamps		24,102	7,405
Insurance charges		50,849	48,568
Office maintenance		48,919	51,236
Other rent, rates and taxes		14,897	19,940
Miscellaneous		26,126	34,973
		<u>191,996</u>	<u>203,018</u>
28.1	Auditors' remuneration		
	Business within Pakistan		
BDO Ebrahim & Co.		1,863	1,744
Grant Thornton Anjum Rahman		1,863	1,744
		3,726	3,488
BDO Ebrahim & Co.		506	488
Grant Thornton Anjum Rahman		506	488
		1,013	975
	Business outside Pakistan		
Nabeel AL-Saie Public Accountants		4,412	4,112
		<u>9,151</u>	<u>8,575</u>

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
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		September 30, 2020	September 30, 2019
		(Un-audited)	(Un-audited)
		-----Rupees in '000 -----	
29	INCOME TAX EXPENSE	Note	
	For the period		
	Current	544,632	506,878
	Deferred	616,659	278,580
		<u>1,161,291</u>	<u>785,458</u>

30 **EARNINGS PER SHARE**

Profit (after tax) for the period	2,840,271	1,920,459
Weighted average outstanding number of ordinary shares as at period end	<u>43,000</u>	<u>37,037</u>
Earnings per share (Rupees)	<u>66.05</u>	<u>51.85</u>

31 **RELATED PARTY TRANSACTIONS**

The Corporation has related party relationships with provident fund, pension fund scheme, gratuity fund, state owned profit oriented entities and its key management personnel. Transactions with related parties are made at arms length prices. There have been no guarantees provided or received for any related party receivables or payables. Other material transactions and balances with related parties are given below:

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
Profit oriented state-controlled entities		
-common ownership		
Investment in shares - State Bank of Pakistan	<u>3,221</u>	<u>3,221</u>
PIB deposited with State Bank of Pakistan	<u>485,000</u>	<u>410,000</u>
Subsidiaries		
Rental income received	<u>1,877</u>	<u>2,610</u>
Staff retirement fund		
Contribution to provident fund	<u>2,501</u>	<u>5,114</u>
Contribution to pension fund	<u>371,788</u>	<u>485,862</u>
Contribution to funded gratuity fund	<u>2,387</u>	<u>4,791</u>
Expense charged to pension fund	<u>767,054</u>	<u>1,028,889</u>
Transactions with associated companies		
Dividend received during the period / year Pakistan Reinsurance Company Limited	<u>146,464</u>	<u>256,313</u>

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	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
Balances with related parties - common directorship		
Investment in units :		
National Islamic Equity Trust	200,000	200,000
Balances with related parties		
Retirement benefit obligations	6,888,281	4,722,072
Balances with related parties - common directorship		
Investment in shares:		
Fauji Fertilizer Company Limited	12,617,918	11,772,827
Sui Southern Gas Company Limited	976,046	1,242,870
Sui Northern Gas Pipelines Company Limited	1,698,733	2,093,391
Alpha Insurance Company Limited (<i>Subsidiary Company</i>)	298,818	298,818
Pakistan Cables Limited	345,962	326,474
Security Papers Limited	1,088,578	575,077
Shahtaj Sugar Mills Limited	60,559	65,767
Pak Data Communication Limited	49,159	36,272
Premier Insurance Company Limited	35,256	32,300
Pakistan Reinsurance Company Limited	1,981,663	2,153,759
Arabian Sea Country Club Limited	5,000	5,000
PICIC Insurance Limited	4,286	4,013
Nina Industries Limited	4,500	4,500
Mirpurkhas Sugar Mills Ltd	28,371	-
State Life Abdullah Haroon Road Property (Private) Limited (<i>Subsidiary Company</i>)	26,182	26,182
State Life Lackie Road Property (Private) Limited (<i>Subsidiary Company</i>)	12,910	12,910

32 DATE OF AUTHORIZATION FOR ISSUE

These unaudited condensed interim financial statements were approved and authorized for issue on **29 JAN 2021** by the Board of Directors of the Corporation.

33 GENERAL

Figures in these unconsolidated condensed interim financial statements have been rounded off to nearest thousand of Rupees unless otherwise stated.

 CHAIRMAN	 DIRECTOR	 DIRECTOR	 CHIEF FINANCIAL OFFICER
Muhammad Sohail Rajput	Abdul Qadir Memon	Ali Mubashar Kazmi	Muhammad Rashid

Statement of Directors

(As per requirement of Section 46(6) and Section 52(2) (C)
of the Insurance Ordinance, 2000)

Section 46 (6)

- a. In our opinion the financial statements of the State Life Insurance Corporation of Pakistan for the period ended September 30, 2020, set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, and any rules made there under;
- b. State Life Insurance Corporation of Pakistan has at all times in the year complied with the provisions of the Insurance Ordinance and the Insurance Rules made there under relating to paid-up-capital, solvency and re-insurance arrangements; and
- c. As at September 30, 2020, State Life Insurance Corporation of Pakistan continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up-capital, solvency and reinsurance arrangements.

Section 52 (2) (C)

- d. In our opinion, each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017.



CHAIRMAN

Muhammad Sohail Rajput



DIRECTOR

Abdul Qadir Memon



DIRECTOR

Ali Mubashar Kazmi



CHIEF FINANCIAL OFFICER

Muhammad Rashid

Statement by the Appointed Actuary

required under Section 52(2) (a) & (b) of the Insurance Ordinance, 2000

In my opinion,

- a. the policyholders liabilities / technical liabilities included in the balance sheet of State Life Insurance Corporation of Pakistan as at September 30, 2020 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and

- b. each statutory fund of the State Life Insurance Corporation of Pakistan complies with the solvency requirements of the Insurance Ordinance, 2000.



(Shujaat Siddiqui)
Appointed Actuary of the Corporation

Dated: November 02, 2020