CHANGE MAKER

softlogic LIFE

SOFTLOGIC LIFE INSURANCE PLC

INTEGRATED ANNUAL REPORT 2024

CHANGE MAKER

At Softlogic Life, we don't wait for the world to change.
We are the spark that lights the way.

As an entity that's in tune with the needs of our nation, we're always one step ahead of the curve. Armed with unerring insights, groundbreaking ideas, and visionary thinking, we are fully equipped to anticipate and respond to the needs of both the present and the future, while serving as true catalysts of progress.

Ours is a time-tested process built around initiating impactful, meaningful transformation that extends beyond our sphere of influence. We're creating opportunities for growth; relying on the power of collaboration and innovation to drive an impetus for change and galvanise the world around us into action.

We make change happen.

POWER TO CHANGE

DURING THE YEAR UNDER REVIEW, SOFTLOGIC LIFE CONTINUED TO DRIVE CHANGE ACROSS MULTIPLE DIMENSIONS **– THEREBY CEMENTING ITS ROLE AS A CHANGEMAKER IN THE INDUSTRY.**



OUR **PERFORMANCE**

- **10-fold growth** recorded during the past 10 years
- Largest lives insured in the market amounting to **1.3 Mn**



THE **INDUSTRY**

- **Pioneering and leading health insurance in the transitioning** from fear-based marketing to positive marketing communications
- **Introduced micro-insurance** products



THE **PROCESS**

- Introducing **one-day claims settlement**
- **“Health Score”**, a preventive health option that enables meaningful engagement with customers



THE **STANDARDS**

- Sri Lanka’s first ever **AI based annual report analyser**
- Introduction of **“Multi distributional approach”**



THE **SYSTEM**

- **100% Automated** policy issuance and Auto underwriting
- Automated claim processing through **AI**

HOW TO READ THIS ANNUAL REPORT – A QUICK GUIDE

This guide aims to assist users in navigating our annual report and quickly finding the information they need. In line with our evolving reporting framework, we have enhanced our disclosures to comply with SLFRS S1 and S2. The diagram below outlines our approach to defining report content and incorporating the disclosure requirements of the IR framework and SLFRS S1 and S2. This structure enhances navigation, making it easier for readers to efficiently access key insights.

Business Model (Page 48)

Understand core business activity , downstream and upstream value chain

Strategic approach to manage climate (CRRO) and sustainability (SRRO) risk and opportunities (Page 52)

Identifying and assessing SRRO and CRRO

Stakeholder Engagement (Page 97-100)

Identify stakeholder concerns and consider for strategy setting

Materiality in Focus (Page 50)

The process we used and basis of measurement of material matters

Strategy and Resource Allocation (Page 91)

Setting a corporate strategy under strategic pillars and resource allocation. Setting three year future KPIs.

Capital Reports (Page 110-168)

Value creation through our business to stakeholders

Governance (Page 53-55)

Our overarching governance framework that ensures transparency and accountability

Financial Statements (Page 271)

Comprehensive financial results disclosures as per the SLFRS and LKAS standard

CLIMATE AND SUSTAINABILITY IMPACT REPORTING

Governance (Page 53-55) — Governance of CRRO and SRRO

Risk Management (Page 56-60) — Integrated risk management process of the company

Strategy (Page 61-84) — Below sub sections have been detailed

Identifying SRROs through PESTEL analysis [Page 65-66]

Climate physical risks
Identifying CRROs through climate scenario analysis [Page 49]

Climate transition risks [Page 70]

Prioritise material risk and opportunities and consider for strategy setting

Metrics and Targets (Page 85) — Below sub sections have been detailed

Metrics and targets for SSROs are derived through strategy setting [Page 85-90]

Climate related metrics [Page 88]

Climate target [Page 88]

Assessment of financial impact due to CRRO and SRRO [Page 38]

Sensitivity analysis of key CRROs and SRROs on financial statements [Page 71]



SRRO -Sustainability related risk and opportunities
CRRO -Climate related risk and opportunities

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CARBON NEUTRAL PRODUCT
SRI LANKA CLIMATE FUND

Every decision, every action-driven by our promise to protect the planet, that's a promise

Creating Lasting Value Through Smart Resource Management
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https://softlogiclife.lk/annual-reports/

OUR REPORTING UNIVERSE

UNLOCKING THE *Universe*

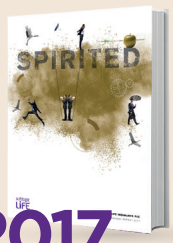
Softlogic Life, as a true Change Maker, has redefined Sri Lanka's reporting landscape through groundbreaking innovations and digital transformation. Our 2024 report is a testament to this spirit, meticulously designed to deliver an enhanced digital experience, ensuring greater accessibility and usability in line with the evolving preferences of our stakeholders.

This year, we continue to drive change by introducing a suite of pioneering solutions, making our annual report more engaging and inclusive for a diverse audience. Through relentless innovation and a commitment to progress, we have not only elevated Sri Lanka's reporting standards but also surpassed global benchmarks—proving that as a true Change Maker we don't just adapt to change; we lead it.



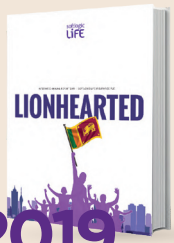
Sri Lanka's **First-Time Breakthroughs,** Achieved by SLI

We made a history by introducing many innovations to reporting landscape in Sri Lanka as shown below



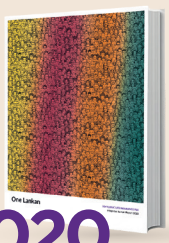
2017

Video version of Annual Report



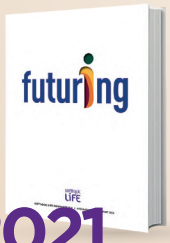
2019

Annual report access through **mobile application**



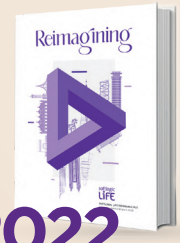
2020

External assurance on Integrated reporting



2021

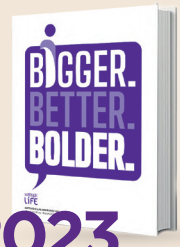
Introduce **futuristic reporting** practices by providing 3-year KPIs for future



2022

Content specific report generation

Interactive dashboard for investor information



2023

Introduction of Annual report **AI analyser**

Virtual AI assistant

AI Powered Annual Report Analyser

Video Version of Annual Report

Quarterly Reports

Shareholders Meeting

Trilingual Executive Statements and Financial Statements

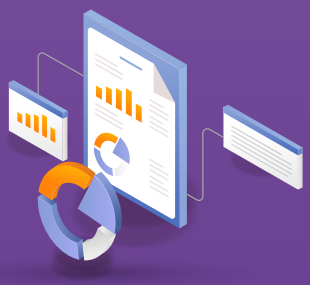
REIMAGINING REPORTING

Engaging, AI-Driven & Revolutionary



Clone Your Report

Unlock insights tailored to you! Whether you're an investor, customer, or employee, scan the QR code to access AI-powered reports customized to your perspective.



A New Era of Live, Actionable Information

Business moves fast—track every move! Scan the QR code for real-time insights.



Gamification

Unlock knowledge in a way you never expected! Scan the QR code and see insights come to life.



Sustainability and Climate Indicator Dashboard with Business Impact

When the climate shifts, so does business. Feel the change? Scan the QR code and see the impact in real time!



LEADING THE WAY: REINVENTING SUSTAINABILITY FOR LASTING IMPACT

NEW SUSTAINABILITY INITIATIVES

CONTRIBUTING TO UNSDG TARGETS

Provided UNSDG focused actions to measure our contribution



FINANCED EMISSIONS

SLI calculated its financed emission for 2024



OUR CSR

Series of strategic CSR



CLIMATE TARGET

Set emission target towards 2030







CARBON NEUTRAL ANNUAL REPORT

This annual report is certified to be carbon neutral annual report



COMPREHENSIVE EMISSION CALCULATION

We calculated all source of emission applicable to our organization included in the Scope 01, Scope 02 and Scope 03



ABOUT OUR INTEGRATED REPORT

GRI 2-4

WELCOME TO OUR 12TH INTEGRATED ANNUAL REPORT

Softlogic Life is proud to present its 12th Integrated Annual Report for the year ended 31st December 2024, offering a comprehensive account of the Company's financial and non-financial performance. This report provides a balanced and in-depth perspective on the progress made toward achieving our strategic priorities throughout the reporting year. Beyond assessing our operating landscape, governance framework, and stakeholder value creation, this report underscores our ability to generate value across the short, medium, and long term.

We maintain an annual reporting cycle for both financial and sustainability disclosures, ensuring transparency and accountability. Our financial reporting adheres to the Sri Lanka Financial Reporting Standards (SLFRS), while our sustainability reporting aligns with globally recognized reporting frameworks, reinforcing our commitment to best practices and responsible business conduct.

SUSTAINABILITY REPORTING FRAMEWORKS WE REFERRED IN PREPARATION OF OUR ANNUAL REPORT.

OUR INTEGRATED THINKING

We apply INTEGRATED THINKING to recognize factors that may impact our capacity to generate value in a more sustainable manner over an extended period. These considerations shape our strategy, aiming to mitigate risks and capitalize on emerging opportunities.



STRATEGIC ORIENTATION

The Annual Report outlines the company's current and future business strategies aimed at achieving sustainable growth, providing valuable insights for its stakeholders.

NON FINANCIAL INFORMATION

Creating a wider understanding of a company's position, performance and strategy and enhancing the transparency, this report discloses non-financial information where relevant and appropriate.

ICON NAVIGATION

CAPITALS



STAKEHOLDERS



OUR STRATEGIC PILLARS



COMPARATIVE INFORMATION

This report offers comparative data for the year ending 31st December 2024, Reclassifications and restatements have been made as necessary to enhance presentation and ensure compliance with regulations.

ABOUT OUR INTEGRATED REPORT

GRI 2-2 2-3 <IR> 4H

BOUNDARY AND SCOPE

This Integrated Annual Report covers the performance of Softlogic Life for the 12-month period ended 31st December 2024 and material events up to the approval of the report by the Company's Board of Directors on 4th March 2025. The scope of the annual report spans to matters arising in the external environment and stakeholder engagement.



Downstream
value chain activates







Upstream
value chain activates

Financial Reporting Boundary

Operation of Softlogic Life Insurance PLC.

Comply with SLFRSs and LKASs issued by CA Sri Lanka

Sustainability and integrated Reporting Boundary

Operation of Softlogic Life including upstream and downstream value chain activities.

Comply with SLFRS S1 and S2 and Integrated Reporting Framework

GHG Emission Reporting Boundary

Operational control over 7 corporate offices and 115 branches

Softlogic Life Insurance (SLI) is a publicly listed company on the Colombo Stock Exchange (CSE) and currently doesn't own any subsidiaries as at reporting date. There were no notable alterations in the organization's type, structure, or ownership during 2024.

COMPLIANCE WITH SLFRS S1 AND S2

The SLI sustainability report has been prepared in compliance with the SLFRS Sustainability Disclosure Standards issued by CA Sri Lanka. Additionally, relevant disclosure topics from the Sustainability Accounting Standards Board (SASB) standards have been reviewed and incorporated in the report.

Reporting Standards and Framework

Mandatory Reporting Standards, Frameworks and Guidelines	Voluntary Reporting Frameworks and Guidelines
FINANCIAL REPORTING	**INTEGRATED REPORTING**
• Sri Lanka Accounting Standards (SLFRSs/LKASs) • The Regulations of Insurance Industry Act No.43 2000 and amendments thereto. • Statement of Recommended Practice (SoRP) • Regulations and directions issued by the of Insurance Regulatory Commission of Sri Lanka (IRCSL). • Companies Act No. 07 of 2007 and amendments thereto	• IFRS Foundation's International <IR> Framework • "Guidelines for Presentation of Annual Reports" issued by the Institute of Chartered Accountants of Sri Lanka • Handbook on Integrated Corporate Reporting (CA Sri Lanka)

<IR> 4H

Mandatory Reporting Standards, Frameworks and Guidelines	Voluntary Reporting Frameworks and Guidelines
SUSTAINABILITY REPORTING	
• Sri Lanka Sustainability Disclosure Standards S1 – General Requirements of sustainability-related financial information. • Sri Lanka Sustainability Disclosure Standards S2 – Climate Related Disclosures.	• GRI Standards. • Sustainability Accounting Standards Board (SASB) Standards. • Gender Parity Reporting Framework of the Institute of Chartered Accountants of Sri Lanka. • Sustainable Development Goals (SDGs). • Guide on communicating sustainability issued by the Colombo Stock Exchange. • United Nations Global Compact (UNGC).
CORPORATE GOVERNANCE REPORTING	
• Listing Rules of the Colombo Stock Exchange. • Laws and Regulations of the Companies Act No. 7 of 2007. • Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended). • Corporate governance framework for insurers issued under Section 96A of the Regulations of the Insurance Industry Act No. 43 of 2000 (IRCSL).	• Code of best practices on Corporate Governance 2023 (CA Sri Lanka). • Integrated Risk Management Framework is crafted based on the guidelines provided in ISO 31000:2018.
ASSURANCE	
• Sri Lanka Auditing Standards (SLAuSs). • Sri Lanka Standard on Assurance Engagements SLSAE 3000; Assurance Engagements other than Audits or Review of Historical Financial Information (CA Sri Lanka). • Internal Auditing Framework of Institute of Internal Auditors.	• Independent Assurance on Integrated Reporting by KPMG. • Independent Assurance on Sustainability Reporting by KPMG. • Independent Assurance on SLFRS S1 and S2 Reporting by KPMG.

CHANGING THE WAY WE REPORT

We have fully adopted SLFRS S1 and S2 standards, marking a significant transformation in our reporting content. From a broader perspective, many Integrated Reporting practices can be seamlessly aligned with SLFRS S1 and S2. However, in compliance with SLFRS S1, paragraphs 60–63, management has carefully merged only material content, ensuring that the integration does not obscure any critical disclosures required under these new standards. To uphold the integrity and value of both SLFRS S1 and S2 and Integrated Reporting, we conducted a rigorous evaluation to ensure that information integration enhances rather than impairs reporting quality.

This adoption reflects our commitment to transparent and comprehensive sustainability and climate-related financial disclosures. By integrating these principles, we enhance the clarity and relevance of material risks, opportunities, and climate impacts on our business. This approach ensures alignment with global best practices while strengthening the quality and reliability of our corporate reporting.

ABOUT OUR INTEGRATED REPORT

CONNECTIVITY WITH FINANCIAL STATEMENTS

The sustainability report has been prepared for the company and should be read in conjunction with the company's financial statements prepared in accordance with SLFRS Accounting Standards. It covers a 12-month period for the year ended 31 December 2024 which is aligned with the reporting period of the related financial statements.

In preparing its sustainability-related financial disclosures, the Company has assessed its own operations and its value chain activities. The presentation currency of the sustainability-related financial disclosures is Sri Lankan Rupees (Rs), which aligns to the presentation currency used in the financial statements.

FIRST-TIME ADOPTION OF SLFRS SUSTAINABILITY DISCLOSURE STANDARDS AND TRANSITIONAL PROVISIONS

The company is reporting under SLFRS Sustainability Disclosure Standards for the first time for its annual reporting period ending 31 December 2024. It has applied the following standards for its annual reporting period commencing 1 January 2024:

- SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.
- SLFRS S2 Climate-related Disclosures.

SLFRS Sustainability Disclosure Standards provide transition reliefs for the first annual reporting period in which an entity applies the standards. The company has applied the following transition reliefs:

- relief from the requirement to disclose comparative information in the first annual reporting period.
- relief to conduct comprehensive climate-related scenario analysis to assess climate resilience.

FUTURE REPORTING PERIODS

Information is organized across three reporting periods: "Short term", "Medium term", and "Long term". Management has designated 2025 as the Short term future, 2026 and 2027 as the Medium term, and any period beyond 2027 as the Long term for financial planning and sustainability reporting purposes. For climate change impact reporting, the short term is set up to 2030, the medium term from 2030 to 2050, and the long term beyond 2050. Actions taken to manage climate-related risks and opportunities during regular evaluations are integrated into financial planning processes.

PROCEDURE FOR COMPILING THE ANNUAL REPORT

The following processes were followed in the preparation and approval of our reports:

- An expert reporting project team ensures that a mature and effective report preparation process is followed. Detailed debriefing together with internal and external feedback on processes and content, as well as the application of the Integrated Reporting (IR) Framework in the prior year's reporting, were used to improve this integrated report.
- Executives and senior management throughout the company provide oversight and guidance for the processes, particularly in the reporting approach and content planning.
- The robust strategy setting process and company risk management framework facilitate the identification of material matters that form the foundation for the preparation of the integrated report. Material issues undergo review, finalization, and approval by the board within the annual corporate planning cycle.
- The information contained in this report is gathered from interviews with the leadership team, as well as data collected through internal processes established to adhere to the requirements of both local and international reporting frameworks and guidelines.
- Majority of the report content were developed through AI software's including ChatGPT, Copilot etc. and manual intervention is made to verify the AI generated content as we using this for the first time.
- The company's leadership team is accountable to the board for preparing the integrated report. The board is review and approve the content of the annual report before publishing.
- Cross-functional collaboration involves key departments in the report preparation process, ensuring accurate and complete disclosures.
- A structured regulatory and compliance validation process is conducted to confirm that all disclosures adhere to applicable reporting standards, regulatory requirements, and governance best practices, ensuring transparency and accuracy.

EXTERNAL ASSURANCE

The Financial Statement and Non-Financial Information Sections included in this report have been audited by Messrs. KPMG who have expressed an opinion on the true and fair view of the annual financial statements as shown on pages 272 to 274, limited assurance on the Integrated reporting is provided on pages 102 to 106. Reasonable assurance in respect of the financial highlights on page 266, Limited Assurance on capital reports on pages 110 to 168 is presented on page 172 to 174. Further assurance

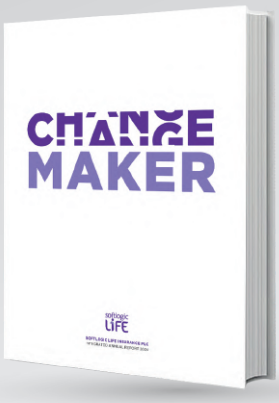
GRI 2-3 2-5

IMPROVEMENTS TO THIS REPORT

CONTENT

- Climate Target (N)
- Full implementation of SLFRS S1 and S2 (N)
- SASB industry Disclosure (N)
- Sustainability Dashboard (N)
- UNSDG contribution (✓)
- CSR (✓)

USER FRIENDLINESS



- Gamification (N)
- Live information (N)
- Clone annual report with summarised data (N)
- AI analyser (✓)

TRANSPARENCY

- 03 External assurance for SLFRS S1 and S2 / Integrated reporting / sustainability reporting (N)
- Six-year KPIs 3Y future / 3Y past (✓)
- Budget vs actual analysis for 2024 (✓)

(N) Improvement in 2024

is provided on disclosure made on SLFRS S1 and S2. The Board of Directors do not have any relationship with KPMG, apart from above engagement as the Independent External Auditor of the Company.

DISCLAIMER ON FUTURE ACTION

This report may contain forward-looking statements concerning the Company's future performance and prospects. While these statements reflect our current expectations, it is essential to recognize that various risks, uncertainties, and other significant factors could cause actual results to differ materially from those anticipated. We are dedicated to transparently and relevantly providing all future-oriented information to stakeholders whenever applicable.

FEEDBACK

Your comments or questions on this Report are welcome and we invite you to communicate your feedback.

A feedback form is attached with this Report on page Annexure 419. You may direct your feedback to the designated person below.

Nuwan Withanage
Chief Financial Officer
Softlogic Life Insurance PLC
Level 16, One Galle Face Tower,
Colombo 2, Sri Lanka.
nuwan.withanage@softlogiclife.lk

RESPONSIBILITY FOR SUSTAINABILITY PRACTICES

The Board of Directors of the Company are responsible for sustainability practices and disclosures made in this Report and acknowledges its responsibility to ensure the integrity of this report. In our view we have prepared the annual report complying with all material aspects of amended IR Framework published in January 2021 In assessing compliance with Framework the management evaluated the report against the Guiding Principles and Content Elements stipulated in the framework. The Board has applied collective mind to the preparation and presentation of this Integrated Report and believes to the best of our knowledge that this Integrated Report fairly discusses all material issues.

Softlogic Life confirms that this Integrated Annual Report for the year ended 31st December 2024 has been prepared in compliance with the Sri Lanka Financial Reporting Standards (SLFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures. The Board of Directors has reviewed and approved the disclosures to ensure they provide a fair and balanced representation of Softlogic Life's sustainability-related financial information.

Sgd.
Nuwan Withanage
Chief Financial Officer

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Ashok Pathirage
Chairman

(On behalf of the Board of Directors)

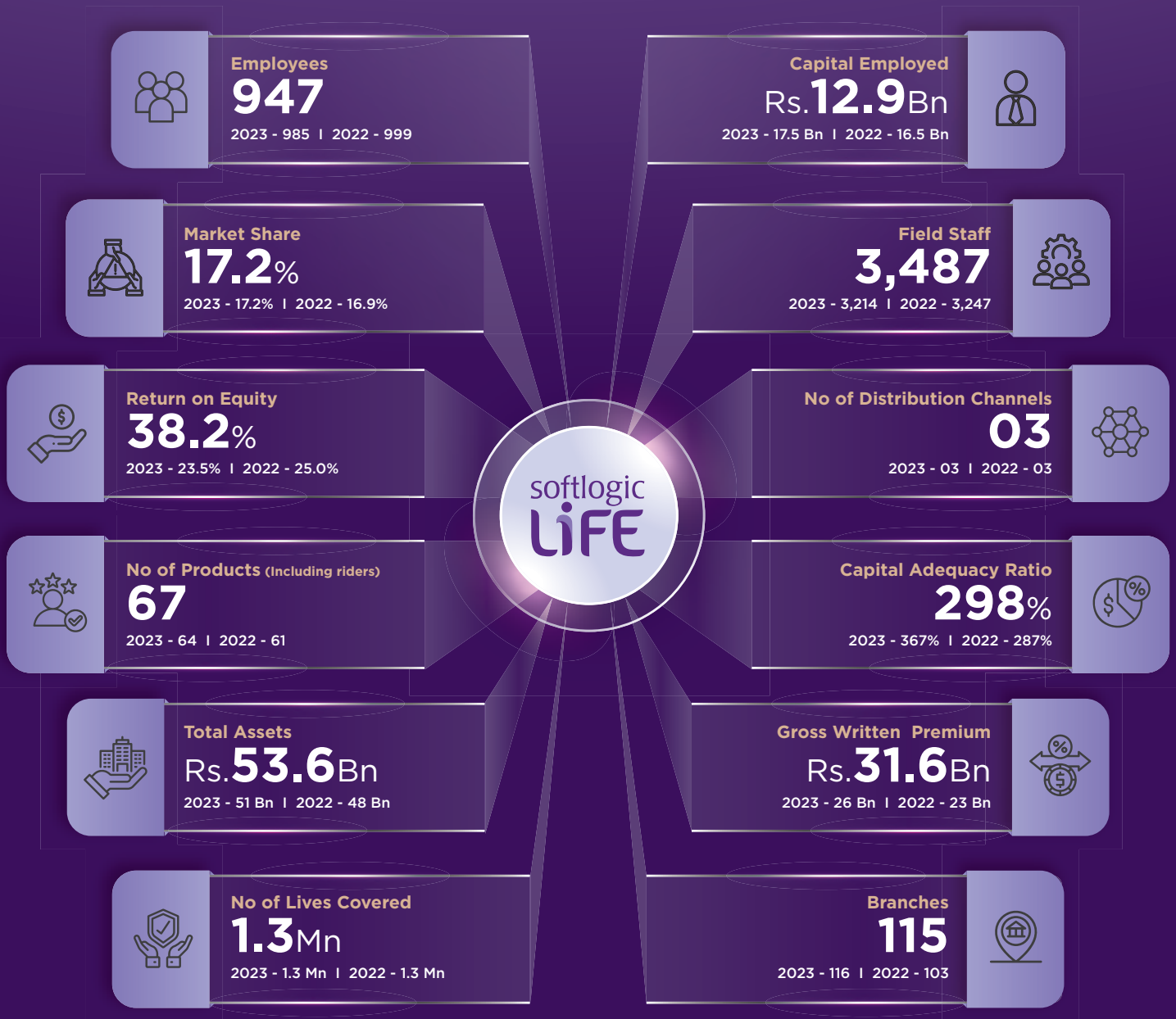
CHANGE EXPERT

ABOUT SOFTLOGIC LIFE

Overview of Softlogic Life **15** I Softlogic Life in Context **16** I Financial Highlights **22** I Awards and Accolades **24** I Our History **25** I Year at a Glance **26** I Organizational Structure **28**

OVERVIEW OF SOFTLOGIC LIFE

Softlogic Life Insurance PLC is a dynamic and rapidly expanding provider of life insurance solutions in Sri Lanka. Our primary mission is to safeguard individuals while elevating their quality of life through the infusion of creativity and disruptive innovation. As the fastest-growing life insurer in Sri Lanka, we proudly hold the position of the island's second largest life insurer. Each year, we push the industry forward by setting new standards through our embrace of creative and innovative approaches. Below, our balanced scorecard provides key insights into our organisation's performance.

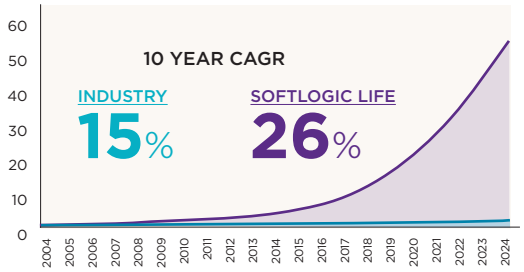


SOFTLOGIC LIFE IN CONTEXT

Softlogic Life Insurance PLC (SLI) has emerged as a game changer in Sri Lanka's life insurance sector, achieving exceptional growth, pioneering innovation, and operational excellence across multiple areas. This success is driven by our unwavering commitment to redefining every facet of our business, supported by a streamlined organizational structure, a dynamic corporate culture, and a visionary leadership approach.

Over the past decade, SLI has maintained an impressive growth trajectory, rapidly ascending to become the second-largest insurer in the country. Our ability to sustain a growth rate twice that of the industry average has been instrumental in this achievement. Currently, we hold a 17.2% market share, steadily increasing it each year despite challenges in the external environment.

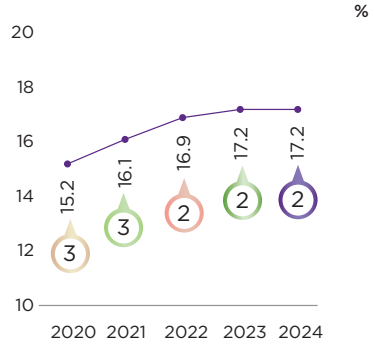
SLI Growth vs Industry Growth (No. of times in 1000)



SLI growth trajectory is clearly showcased in this graph. Taking 2002 as the base year we have grown by 162 times where as industry grew by 18 times. During past 10 years we have closed to 2 times exponential growth than the industry

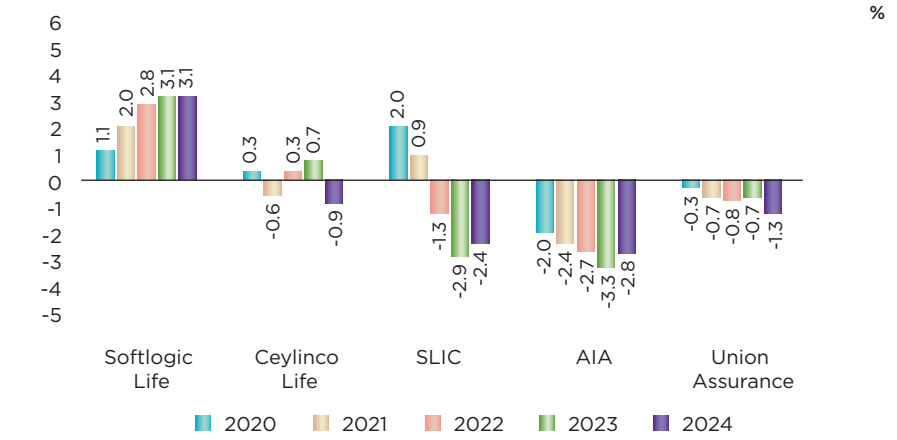
Our growth momentum gained traction after 2011, following our acquisition by the Softlogic Group. This milestone marks a clear distinction in the company's performance, highlighting the focused and strategic drive that fuelled our transformation post-acquisition. The remarkable turnaround not only strengthened our market position but also attracted foreign shareholders, reinforcing confidence in Softlogic Life's potential.

MARKET SHARE



SLI is the only insurer (within top five life insurers) in the industry to maintain market share growth consistently over last five years.

CUMULATIVE MARKET SHARE MOVEMENT OF TOP FIVE PLAYERS IN THE INDUSTRY (2020-2024)



VISION

To revolutionise insurance in Sri Lanka through world-class innovations and deliver extraordinary stakeholder value.

MISSION

We exist to nurture your well-being, so you can enjoy life today.

VALUES

Caring for you every step of the way as a partner for life.

Never leaving space to compromise on our **Authenticity**

Being **Courageous** to challenge the status quo to give customers the best solution.

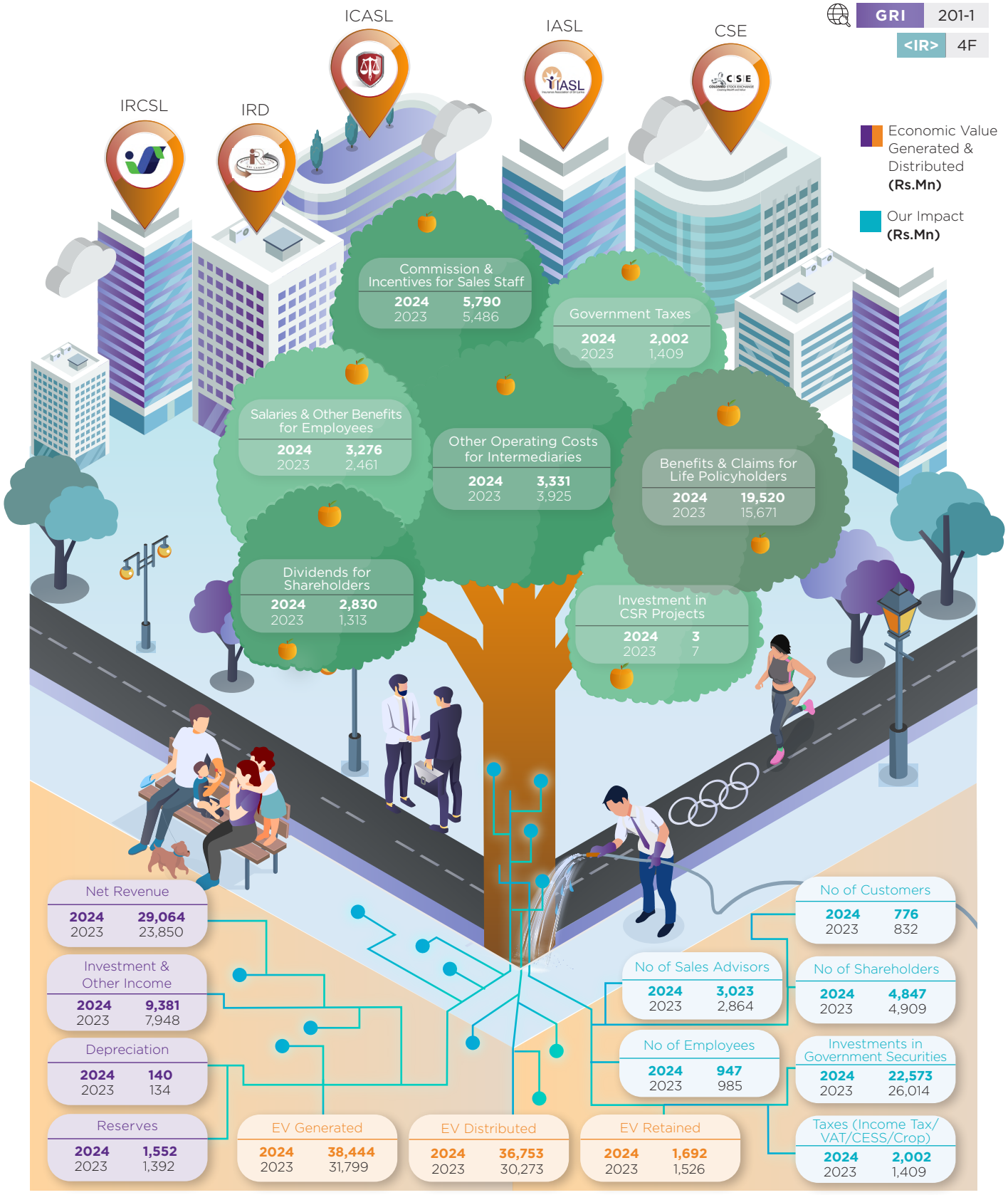
Nurturing the spirit of **Innovation** to upgrade customer life styles.

We bring together world-class solutions to **Simplify** the customer's life.

THE WAY WE CREATE AND DISTRIBUTE VALUE

Our economic value generated and distributed (EV G&D) model provides a clear economic profile of Softlogic Life. It demonstrates how we have generated wealth and distributed it to our stakeholders, showcasing our role in national economic development while balancing stakeholders interest.

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SOFTLOGIC LIFE IN CONTEXT

INNOVATION AT ITS BEST: SLI DOES IT AGAIN

Year after year, we continue to elevate the standards in the life insurance industry through innovation. This year, we have introduced a groundbreaking initiative focused on preventive health, as detailed below.

HEALTH SCORE

(Path to Preventive Health Solution in Sri Lanka)

Softlogic Life Insurance PLC, a leader in the insurance industry, has introduced a transformative innovation: AI-powered health monitoring with a Face Recognition Health Score. This initiative includes the rollout of advanced technology that generates a Health Score through a simple face scan, offering a new way to manage health while providing rewards for maintaining well-being. By integrating artificial intelligence (AI), facial recognition, and predictive analytics, the 'Health Score' application enables individuals to proactively monitor their health and make informed decisions to prevent potential issues. We aim to integrate this solution into our internal processes to enhance value by assessing customer health risks at the acquisition stage while also expanding its use as a customer engagement platform.



ARTIFICIAL INTELLIGENCE (AI) DRIVEN COMPANY

SLI fosters an innovation-driven culture, seamlessly integrating AI and advanced technologies to optimize operations, as shown in the diagram below.








Underwriting	Claims	Marketing
Traffic light system Implemented to assess customer risk profile using AI model at the underwriting stage. **Automated policy revival** Building on previous successes, Softlogic Life maintained and enhanced its Automated Revival Process. This customer centric approach allowed policyholders to effortlessly reactivate lapsed policies, promoting a seamless and efficient experience.	**Automated claim assessment "Claimit"** Customer claims verification with the policy conditions is automated using "Machine Learning" technology. This helps us to improve efficiency in processing the claim with a high level of accuracy. **Suspicious Claim Analysis Module** Advanced functions to identify potential fraudulent claims proactively using data mining, analytics, and customized algorithms.	**Sri Lanka's first AI based marketing campaign** A deepfake AI module has been utilised to create video content featuring four legends from Sri Lanka's music industry. This has been recognised as one of the most effective marketing campaigns in Sri Lanka. **Use of virtual reality** We redefined Vesak celebrations by introducing the country's first geolocated augmented reality (AR) experience.
Servicing	**Sales**	**Financial Reporting**
Sentiment analysis An AI module has been developed to evaluate customer sentiment from calls or emails and prioritize responses accordingly.	**Health Score** An AI-driven health assessment system introduced to evaluate customer health and implement preventive mechanisms. **Face shifting technology for individual marketing profiles** Short videos featuring field staff to reach customers with the company brand promise.	**AI powered annual report.** We changed the Financial reporting landscape with the Sri Lanka's, first ever • AI powered Annual Report analyser • Clone report • Gamification • Live information

THE CORE OF OUR BUSINESS

Sharing and managing risk is central to what we do. Understanding, measuring and modelling risks helps us to price risk fairly and offer competitive premiums to customers who also look us to provide expertise aimed at mitigating their risk.

Risk Pooling

We accept our customers' risk at a price and in the event of an unfortunate occurrence, we provide financial assistance to customers through a large fund base (the Life fund)-to which many other customers contribute-in order to transfer their risk to Softlogic Life. This mechanism is called "Risk Pooling" and it is one of the Company's core activities.

Investment Management

The fund base we collect through risk-pooling is then invested in interest-generating assets, to earn investment income. The income received then accumulates to individual customers' fund balance as "policyholder bonus" or "policyholder dividend" declarations. Accordingly, at maturity, the customer is entitled to the investment return on the premium paid.

Our value chain activities

We rely on the following upstream and downstream value chain activities to manage our business effectively.

Upstream activities

Customer need analysis
Understand customer insurance need and financial capacity to match suitable product.

Risk assessment and product development
Analyse market needs, design product features, decide on risk pooling mechanism and get regulatory approval to launch the product. IT systems are modified as required.

Prospecting
Understand background of prospective customers, conduct sales interview to design best suited product and relevant documentation.

Underwriting
Assess policyholder risk profile and Ensure appropriate price is charged.

Re-insurance
Excess risk to Company's risk appetite on policyholders is reinsured with the reinsurance panel. The arrangement could be facultative arrangement or Treaty arrangement.

Downstream activities

Sales through distribution channel
Sell our products through field staff, banks, mobile platform of Dialog, Sri Lanka Postal Department and Insurance brokers.

Claim processing
Validate claim with policy criteria, real-time processing of claim payments.

Capital management
Maintaining adequate capital as per the guidelines issued by IRCSL.

Fund valuation
Appointed external Actuary to value the Life fund and difference between experience in assumptions used in previous valuation and current valuation is recognized as surplus.

Investment management
Matching assets to liability on short, medium and long term and generate adequate yield on investment fund.

THE INDUSTRY EMPOWERING FUTURE MIRACLES

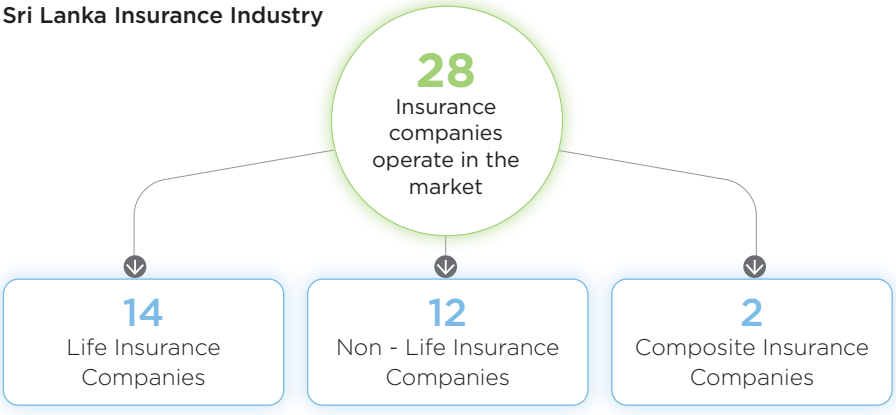
The industry landscape we operate in plays a crucial role in shaping our future strategies. The analysis below highlights the positive momentum of the life insurance sector, reinforcing our growth ambitions and commitment to transforming Sri Lanka's insurance industry.

Global and regional Life insurance industry review

	Global Insurance Industry Overview	Asia Pacific	Regional Review (Emerging Markets)
Life Insurance GWP growth 2024	5%	1.9%	7.9%
Key dynamics that would affect insurance markets	Demographics / Deglobalisation / Decarbonisation / Digitalisation / Debt		

(Source :- Swiss Re Institute / Sigma report / no 5/2024)

Sri Lanka Insurance Industry



Regulated by Insurance Regulatory Commission of Sri Lanka

Table 1: Sri Lanka Life Insurance Industry matrix

Sri Lanka Life Insurance Industry – Statistics	2024	2023	G%
Total Life Insurance Premium (Rs. Mn)	**183,342**	152,913	20%
Number of New Policies	**539,714**	474,750	14%
Penetration % - Premium / GDP	**0.61%**	0.55%	-

Above showcase increase in life insurance penetration mainly due to high growth recorded in life insurance industry in 2024 compared to nominal growth of GDP.

INSURANCE INDUSTRY ATTRACTIVENESS

The Sri Lankan life insurance industry is examined using Porter's Five Forces analysis to understand the factors influencing value creation and profitability within the sector. The findings indicate that while the industry offers stable long-term potential, high entry barriers, such as stringent capital requirements, moderate the threat of new entrants. Competition among existing players remains intense, driving the need for differentiation through innovation and customer-centric strategies.

Meanwhile, the bargaining power of suppliers is significant due to the scarcity of specialized expertise, while customer switching remains low owing to the long-term nature of policies. The presence of substitutes, particularly from the health insurance sector, presents a moderate challenge, further reinforcing the necessity for insurers to enhance their value propositions and operational efficiency to sustain growth and profitability.

Threat of New Entrants

- New entrance is difficult due to minimum capital requirement of 500 Mn.
- Possibility established financial players and high-brand equity firms to enter the insurance industry.

Moderate

Threat of Substitutes

- SLI is leading health insurance space in Sri Lanka.
- Health benefits can be replicated by other players in the industry.

Moderate

Bargaining power of Suppliers

- Demand from Insurance expertise like Actuarial valuers, reinsurers and sales forces are high as there is a scarcity of resources.

High

Bargaining power of Buyers

- High switching cost due to low surrender value at the initial stage.
- Due to nature of long-term contract customers initial decision is taken with due consideration which is difficult to revise latter stage.

Low

Rivalry among Existing Life Insurance

There are a decent number of players in this industry already.

- There is high risk of hiring high performing sales staff resulting disruption to the growth.

High

ECONOMIC IMPACT ON THE LIFE INSURANCE INDUSTRY

The economic revival expected in 2025 and beyond has already projected GDP growth for the short to medium term. This will have a positive impact on the life insurance industry, fostering an environment conducive to the expansion and innovation within the sector. As consumer confidence rises and disposable incomes increase, the demand for life insurance products is likely to surge, driving profitability and value creation.

OUR ABILITY TO CHANGE OUR FUTURE

We have conducted a SWOT analysis, which demonstrates our capability to fulfil the future expectations outlined in this report. This analysis aims to evaluate the internal environment. SLI has strengths and opportunities that can be utilised to implement our future strategies and achieve a competitive advantage, while also addressing any weaknesses and threats.

STRENGTHS

- Flexible business with automation process.
- Innovative products.
- Wide distribute network and channels.
- Maintain customer service above the industry.
- Stable Agency channel with fast.
- Growing alternate channels.
- Innovation driven culture.

WEAKNESSES

- High attrition among sales force.
- Certain business functions have been partially integrated but requires further advancement.

S W O T

OPPORTUNITIES

- New customers through online platforms.
- New business opportunities and process improvement with digital innovation.
- Further opportunities identified through PESTEL analysis on page 65 to 66.

THREATS

- Key risks have been identified under PESTEL analysis on page 65 to 66.

OUTLOOK OF THE LIFE INSURANCE INDUSTRY

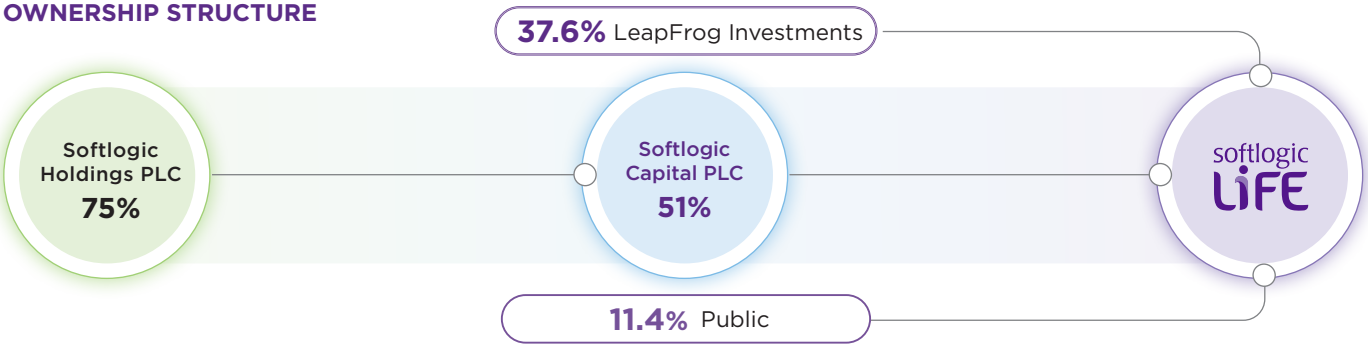
Based on the performance we saw in 2024 with changes in the operating environment, we expect growth momentum in the life insurance industry. Innovation will be key, as product differentiation and customer service can gain a competitive edge. Insurtech can be used to drive efficiency within operations.

Adopting advanced technologies and digital transformation will be critical for insurers to stay competitive. By leveraging insurtech, companies can streamline their operations, enhance customer experiences, and introduce innovative products tailored to changing customer needs. The integration of artificial intelligence, machine learning, and data analytics can provide deeper insights into customer behaviour, allowing insurers to offer personalized solutions and improve risk management.

Furthermore, embracing sustainability and ethical practices will be essential in meeting the evolving expectations of consumers and regulatory bodies. Insurers who prioritize environmental, social, and governance (ESG) criteria will not only contribute to societal well-being but also attract socially conscious customers and investors.

Overall, the life insurance industry is poised for significant growth and transformation, driven by economic recovery, technological advancements, and a focus on customer-centric strategies. By innovating and adapting to the changing landscape, insurers can achieve long-term success and create substantial value for all stakeholders.

OWNERSHIP STRUCTURE



FINANCIAL HIGHLIGHTS

Financial Performance and Ratios		2024	2023	2022	(%)
Gross Written Premium	Rs.million	**31,573**	26,341	23,083	19.9
Net Written Premium	Rs.million	**29,064**	23,850	20,405	21.9
Underwriting Results (Operating profit)	Rs.million	**9,024**	5,521	7,055	63.4
Earnings Before interest, tax, depreciation & amortization (EBITDA)	Rs.million	**7,537**	4,365	5,006	72.7
Profit Before Taxation (PBT)	Rs.million	**6,332**	3,197	4,030	98.1
Income Tax Expense	Rs.million	**1,811**	359	1,348	404.5
Profit After Taxation (PAT)	Rs.million	**4,522**	2,838	2,683	59.3
Dividend Paid	Rs.million	**2,830**	1,313	1,050	115.6
Retained Profits	Rs.million	**1,692**	1,526	1,633	10.9
Financial Position as at the year end					
Financial Investments	Rs.million	**43,938**	43,500	42,600	1.0
Total Debt	Rs.million	**3,016**	5,015	5,644	(39.9)
Total Assets	Rs.million	**53,594**	51,339	48,248	4.4
Equity and Reserves	Rs.million	**10,355**	13,333	10,873	(22.3)
Retained Earning	Rs.million	**9,258**	13,618	12,113	(32.0)
Insurance Contract Liabilities	Rs.million	**33,290**	27,925	25,339	19.2
Total Liability	Rs.million	**43,240**	38,006	37,375	13.8
Share Information					
Market value per share					
- Highest value recorded during the year	Rs.	**74.1**	136.0	249.0	(45.5)
- Lowest value recorded during the year	Rs.	**52.3**	53.5	27.0	(2.2)
- Value as at end of the year	Rs.	**68.9**	53.8	86.6	28.1
No of shares in issue	million	**316**	375	375	(15.6)
Market Capitalisation	Rs. million	**21,800**	20,175	32,475	8.1
Profitability Ratios					
Underwriting Margin /Gross Profit/Operating Profit Margin	%	**28.6**	21.0	30.6	36.4
Return on Total Assets	%	**8.7**	5.7	6.2	51.8
Return on Capital Employed (ROCE)	%	**46.2**	23.1	31.1	100.2
Investment Yield	%	**21.4**	18.4	13.3	16.3
Liquidity Ratios					
Current Ratio	Times	**2.3**	3.5	3.0	(34.4)
Quick Assets Ratio	Times	**2.3**	3.5	3.0	(34.7)
Equity Ratios					
Net Assets Value Per Share	Rs.	**30.2**	33.4	26.9	(9.6)
Basic Earnings Per Share (EPS)/ Diluted Earning Per Share	Rs.	**12.6**	7.6	7.2	66.6
Dividend Per Share (DPS)	Rs.	**4.50**	3.75	3.50	20.0
Effective Dividend Rate (Dividend Yield)	%	**6.5**	7.0	4.0	(6.3)
Dividend Payout Ratio	%	**35.7**	49.5	48.9	(28.0)
Dividend cover	Times	**2.8**	2.0	2.0	38.9
Price Earnings Ratio	Times	**5.5**	7.1	12.1	(23.1)
Earning Yield Ratio	%	**18.3**	14.1	8.3	30.1
Return on Equity	%	**38.2**	23.5	25.0	62.8

Financial Performance and Ratios		2024	2023	2022	(%)
Efficiency Ratios					
Total Asset Turnover Ratio	Times	**0.7**	0.6	0.6	15.2
Fixed Asset Turnover Ratio	Times	**45.2**	40.9	38.6	10.4
Debt Ratios					
Debt to Asset Ratio	%	**5.6**	9.8	11.7	(42.4)
Debt to Equity Ratio	%	**29.1**	37.6	51.9	(22.5)
Interest Cover	Times	**10.9**	6.0	9.1	81.6
Equity Assets Ratio	%	**19.3**	26.0	22.5	(25.6)
Industry Specific Ratios					
Capital Adequacy Ratio (Minimum requirement 120%)	%	**298**	367	287	(18.8)
Determination Ratio (Minimum requirement 100%)	%	**114**	140	126	(18.7)
Investment in Government Securities (Minimum 30%)	%	**71**	96	67	(26.5)
Premium Growth Ratio	%	**19.9**	14.1	15.1	40.7
Investments, Supporting One-off Surplus (Restricted Regulatory Reserve) - Minimum requirement Rs. 798 Mn	Rs.million	**1,356**	1,251	839	8.4
Net Claim Ratio (Net Claims/ Net Earned Premium)	%	**49.0**	53.8	41.1	(9.0)
Total Expense Ratio (Expense to NEP)	%	**42.9**	49.0	47.7	(12.4)
Combined Ratio	%	**91.9**	102.8	88.8	(10.6)
Combined Ratio without Maturity & Surrenders	%	**78.6**	89.2	81.2	(11.9)
Acquisition Cost to GWP	%	**18.3**	20.8	21.5	(11.9)
Operational Expenses Ratio*	%	**18.5**	20.3	17.9	(8.7)
Reinsurance Expense Ratio	%	**7.9**	9.5	11.6	(15.9)
Reinsurance Claim Recovery Ratio (Re-insurance Recovery/ Gross Claims)	%	**5.0**	4.1	8.2	20.1
Key Value Drivers					
Annualised New Business Premium	Rs.million	**6,466**	6,000	5,887	7.8
Average Premium Per Policy (Endowment)	Rs.	**195,995**	176,872	169,090	10.8
Premium Persistency Ratio Year 1	%	**83**	83	84	0.0
Premium Persistency Ratio Year 2	%	**61**	61	66	(0.3)
Premium Persistency Ratio Year 3	%	**51**	54	58	(5.4)
Annualised New Business Premium per Agent	Rs.million	**2.1**	2.1	2.0	2.1

FINANCIAL GOALS AND ACHIEVEMENTS

Indicator (%)	Goal	Achievement		
		2024	2023	2022
Gross Written Premium Growth	Over 20%	**20**	14	15
Annualised New Business Premium Growth	Over 25%	**8**	2	16
Profit After Tax Growth	Over 15%	**59**	6	27
Return On Equity	Over 20%	**38.2**	23.5	25.0

* Adjusted for performance based expenses

AWARDS AND ACCOLADES



1



2



3



4



5



1. CA SRI LANKA

- **Overall Excellence in Corporate Reporting** – Bronze Award
- **Digitally Transformative Reporting** - Gold Award
- **Corporate Governance Disclosure Financial Services** – Bronze Award
- **Integrated Reporting** – Bronze Award
- **Insurance Sector** - Gold Award

2. CMA

- **Overall Excellence in Integrated Reporting** - Silver Award
- **Ranked amongst the top 5 excellent integrated reports in Sri Lanka**
- **Special award for best disclosure on capitals**
- **Special award for best disclosure on strategic focus**
- **Insurance Sector** - Gold Award

3. EFFIE

- **Crisis responses / critical pivot** - Bronze
- **Disease awareness and education advocacy** – Silver
- **Media idea**
- **Insurance**
- **Seasonal marketing**

4. EMERGING ASIA INSURANCE AWARDS 2024

- **Best customer oriented company** – Sri Lanka – Runner UP
- **Best health insurance coverage** – Sri Lanka – Winner
- **Best strategies for insurance spreading** – Sri Lanka – Winner
- **Best innovation led by Technology and Insuretec's** – Sri Lanka - Winner

5. SLIM

- **'Grand Prix'** award
- **Best Use of AI Technologies** - Gold
- **Cross Media Integration** - Gold
- **CSR, Purpose-Driven Digital Marketing** - Gold
- **Digital Marketing Campaign in Insurance** - Silver
- **Cross Media Integration** - Silver
- **Best Use of Digital Creative Content** - Silver
- **Best Digital Marketing Campaign in Insurance** - Bronze

6. SAFA

- **Integrated Reporting** – Bronze
- **Life Insurance Sector** - Silver

7. LMD AWARDS

- **One of the 25 exemplary corporates in Sri Lanka**

OUR HISTORY

1999

Launch of **Softlogic Life Insurance PLC** (Formerly known as Asian Alliance Insurance PLC)

2000

Commencement of **Life Insurance** Business

2011

Acquisition of the Company by the Softlogic Group

2012

DEG and FMO invested for a stake of 19% each

2016

Divestment of **General Insurance business and rebranding** of the Company as Softlogic Life

2017

Launch of **Sri Lanka's first video version** of the Annual Report

2019

Softlogic Life positioned as the 4th largest entity in the Life Insurance industry

Softlogic Life made it to the Forbes Asia's **"Best Under A Billion 2019"** list

2020

Ranked **3rd largest** entity in the Life Insurance Industry

USD 30Mn (LKR 5.6Bn) invested towards Softlogic Life's growth by Finnfund, NorFund and Munich Re.

"Leapfrog Investments" increase its investment to 38% stake by taking ownership from DEG.

2021

Launches **"Dollar Saver"** Sri Lanka's first foreign currency insurance solution.

2022

Ranked as the **2nd largest entity** in the Life Insurance Industry

2023

Introduction of **Unit linked product**

Launches Sri Lanka's first ever **AI powered annual report analyser**

2024

LMD awards 2024 – Ranked under 25 Exemplary corporates in Sri Lanka

Highest ever profit after tax Rs 4.5 Bn

Fully compliant with the sustainability **SLFRS S1 & S2**

YEAR AT A GLANCE



January - A townhall meeting enabled open discussions, allowing employees to raise concerns and engage with management while providing leadership a platform to share the company's direction, fostering transparency and alignment.





March - 4Her inspirational sessions were conducted with Ms. Nilmini Kumari, where she shared her success story, motivating attendees with her journey and experiences.



April - Sales convention to recognize our best performing sales staff



June - Cricket carnival



October - This tremendous achievement underscores Softlogic Life's commitment to fostering innovation and leveraging technology to create meaningful social impact. The Hackathon 2024 allowed employees to team up and bring innovative ideas in line with the company's strategic pillars. Several innovative ideas emerged from this event and have been selected for practical implementation within the company, demonstrating the organization's dedication to continuous improvement and excellence.



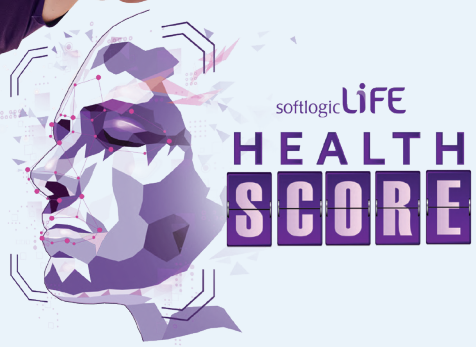
November - SLI became the first company in the country to secure a spot among the top five winners in the “Hack for Social Impact” executive challenge at the Microsoft Global competition, showcasing the innovative thinking of our employees.

November - "Neon Beats". The event was conducted at a grand level, bringing together employees to celebrate the success and milestones achieved throughout the year.





December - Launching the Health Score, an AI-powered solution that tracks health metrics, provides a Health Score, alerts users to risks, offers tips and rewards good health, enabling users to manage their well-being effectively.





December - Breaking Barriers and Shattering Records in Insurance Softlogic Life’s Alternate Channel Hits 10 Bn

MOST SIGNIFICANT EVENTS OF THE YEAR



Recognized as one of the 25 exemplary corporates in Sri Lanka by LMD magazine.



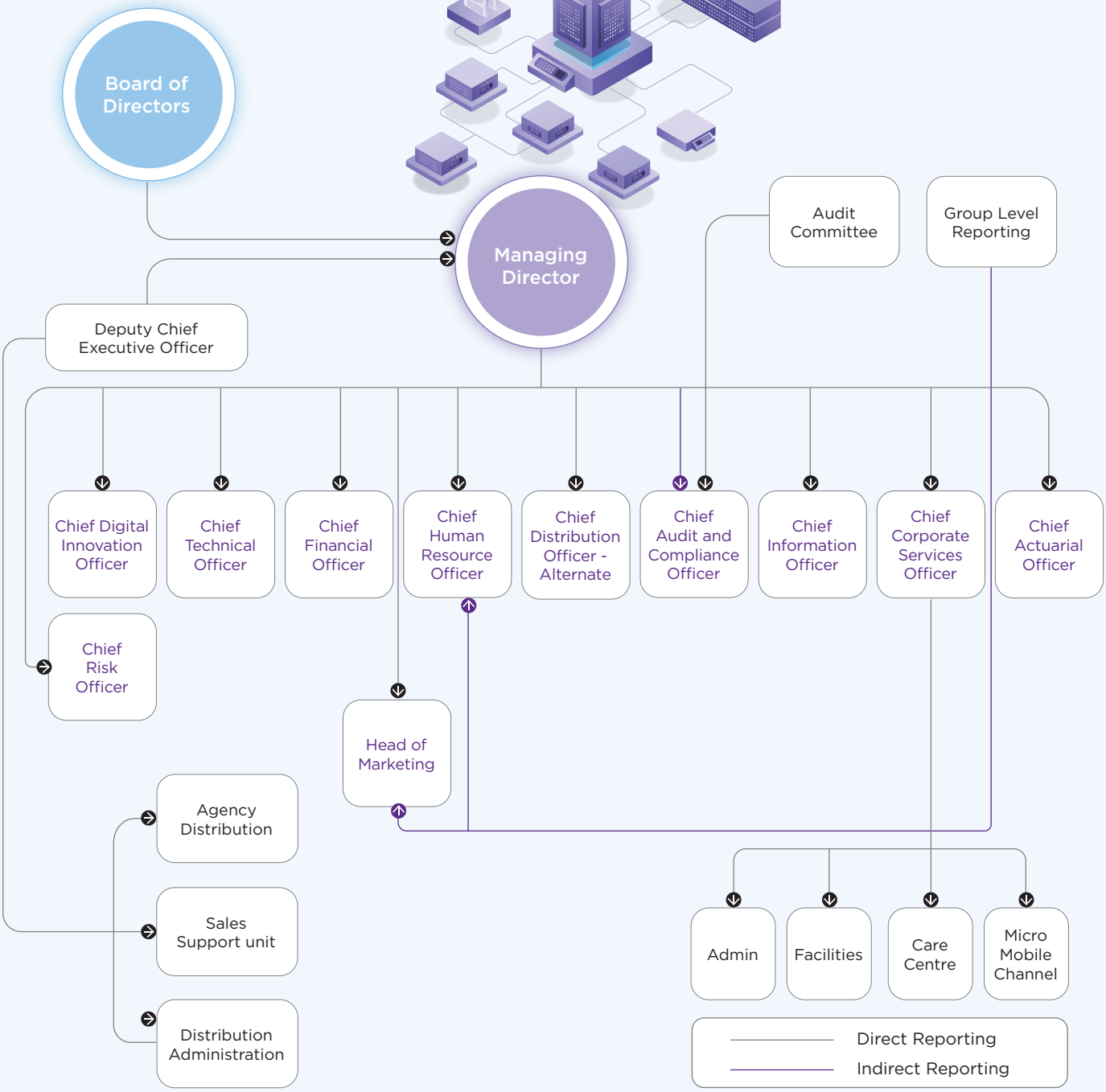
Softlogic Life recognized as one of the top 40 business in Sri Lanka by Business today magazine

ORGANIZATIONAL STRUCTURE

IMPORTANCE OF ORGANIZATIONAL STRUCTURE IN VALUE CREATION

The Company has a hierarchical structure with a clear identification of business functions. This provides many advantages such as the clear demarcation of departmental-level responsibilities, an absence of complexities in executing command and a structured flow of information. Our open-door policy also combines with the above aspects to create a friendlier culture. All these factors enhance the adaptability of the business model, allowing us to effectively execute business strategies. As a result, our value creation process is greatly enriched by our organisational structure.





CHANGE PIONEER

THE WINNING FORMULA: WHAT FUELS OUR GROWTH

Reflections from Our Chairman **32** I Reflections from Our Managing Director **36**
Operational Review **38**


CHÄ

NCE

As we move into 2025, we are in one of the strongest positions in our history, supported by improving economic stability and business confidence.

Ashok Pathirage
Chairman

REFLECTIONS FROM OUR CHAIRMAN

Dear Stakeholders,

I am pleased to welcome you to the 26th Annual General Meeting of Softlogic Life Insurance PLC and to present our Integrated Annual Report and Audited Financial Statements for the year ended 31st December 2024. This year, Softlogic Life demonstrated remarkable resilience and strategic agility, solidifying its position as the second-largest life insurer in Sri Lanka and achieving record profitability despite significant industry and economic challenges.

Our disciplined capital allocation strategy, highlighted by a successful share buyback and interim dividend payout, underscores our commitment to maximizing shareholder value while strategically positioning the company for long-term growth. Even after these distributions, we maintained a robust solvency ratio, significantly above the regulatory requirement of 120%, ensuring both financial stability and superior protection for our policyholders.

Our strategic approach led to the highest profit after tax in our history, reflecting our financial strength, operational excellence, and market resilience. Beyond financial performance, we reaffirmed our commitment to governance excellence, diversity, equity, and inclusion, fostering a workplace that empowers employees at every level while enhancing the quality of life for our customers.

NAVIGATING A CHANGING LANDSCAPE

The year 2024 began amidst political and economic uncertainty in Sri Lanka, yet concluded with a smooth transition of power, bringing a renewed sense of stability. The new administration's proactive policies, aligned with the IMF's guidance, set the stage for sustained economic growth, forecasted at around 5% for 2025.

As the banks start lending, the economy will be kick-started and some of the stalled and new infrastructure projects will commence. Given this renewed economic activity, the 5% growth target becomes even more realistic, supported by the tangible revival in key sectors.

Key contributors to the economy, such as foreign remittances and a robust tourism sector, and an improving export sector played a pivotal role in this recovery. With the anticipated growth, these sectors are expected to perform well, further stabilising the country's foreign reserves through earnings from tourism, exports, and foreign remittances, which in turn will provide stability to the economy, thereby stimulating economic growth. The early completion of Sri Lanka's international sovereign debt restructuring was a notable achievement, further reinforcing economic confidence.

The restoration of stability and growth has allowed Softlogic Life to approach 2025 with optimism, ready to seize emerging opportunities and drive sustainable growth.

RECORD-BREAKING FINANCIAL PERFORMANCE

Softlogic Life's financial performance in 2024 was exceptional, achieving a Profit After Tax (PAT) of Rs. 4.5 Bn, a 59% year-on-year growth. Gross Written Premium (GWP) reached Rs. 31.6 Bn, reflecting a 20% increase.

Total assets surged to Rs. 53.5 Bn, further strengthening our financial position, and our Return on Equity (ROE) was an impressive 38.2%, and Earnings Per Share (EPS) rose to Rs. 12.61, a 67% growth compared to the previous year. Despite industry-wide cost pressures, we maintained an operating expense ratio of 18.5%, demonstrating our focus on cost optimization and efficiency.

Our regulatory Capital Adequacy Ratio (CAR) stood at 298%, more than double the required threshold, highlighting our strong capital base and financial stability.

DIVERSITY, EQUITY, AND INCLUSION

At Softlogic Life, we are committed to fostering a diverse, equitable, and inclusive workplace. We believe that a fair and inclusive work environment enables our people to reach their full potential. Our policies and processes ensure that diversity is embedded across all levels of the organization, from senior management to branch-level teams. Moreover, diversity, equity and inclusion are proactively promoted within our customer segments, ensuring that our products and services cater to a broad and diverse customer base.

Our '4HER' initiative continues to empower women across all levels of the organization through mentorship programs, leadership training, and policies promoting work-life balance. This approach not only enriches our workplace culture but also enhances our ability to effectively serve a broad and diverse customer base.

GOVERNANCE AND RISK MANAGEMENT

Governance and risk management remain at the core of our operations, guiding our decision-making and long-term sustainability. We uphold the highest standards of accountability, fostering a culture of integrity and responsibility across all levels of the organization. By ensuring accurate

		2023	2022	G%
Gross Written Premium	Rs. Bn	**31.6**	26.3	20%
Profit After Tax	Rs. Bn	**4.5**	2.8	59%
Earnings per Share	Rs	**12.6**	7.6	66%
Return on Equity	%	**38.2**	23.5	63%
Operating expenses Ratio	%	**18.5**	20.3	-9%

and transparent financial reporting, we reinforce stakeholder confidence while aligning with global best practices and regulatory expectations.

In line with global best practices, we are advancing the implementation of SLFRS 17, preparing for its effective date of January 1, 2026, while also aligning with other international standards to enhance financial reporting and regulatory compliance. Additionally, our adherence to the CA Sri Lanka Voluntary Corporate Governance Code of 2023 and early adoption of Section 9 of the Listing Rules underscore our commitment to governance excellence.

Our efforts have been consistently recognized, with our Integrated Annual Report ranking among the top three in Sri Lanka at the CA Sri Lanka TAGS Awards for four consecutive years. In 2024, we received multiple accolades, including the Bronze Award for Overall Excellence in Corporate Reporting and the Gold Award for Digitally Transformative Reporting.

SUSTAINABILITY COMMITMENT

Our focus on sustainable financial growth was reinforced by the early adoption of SLFRS S1 and S2 with external assurance, ensuring our business model is future-ready. Recognizing the growing importance of climate risk and ESG considerations, we have enhanced our risk management framework to integrate these elements effectively, positioning Softlogic Life for long-term resilience.

Aligned with our long-term strategic plans, we remain committed to strengthening our governance framework through continuous evaluation and improvement. This proactive approach enables us to adapt to evolving regulations and best practices, reinforcing our dedication to corporate excellence and accountability.

DELIVERING SHAREHOLDER VALUE

Our recent share buyback initiative reflects our confidence in the company's long-term prospects and our dedication to maximizing shareholder value. By leveraging our excess regulatory solvency, we ensured attractive returns for our shareholders.

An interim dividend of Rs. 4.50 per share was declared for 2024, amounting to a total payout of Rs. 1,424 Mn for the year, further reinforcing our commitment to delivering sustainable returns to our shareholders.

STRATEGIC OUTLOOK FOR 2025 AND BEYOND

Short-Term Strategic Priorities

As we move into 2025, we are in one of the strongest positions in our history, supported by improving economic stability and business confidence.

As the go to Company in health insurance, we currently hold a dominant position, accounting for 36% of the entire health insurance market. We are committed to further strengthening our offerings by introducing innovative solutions that cater to evolving customer needs.

Our multi-channel distribution approach, combined with our commitment to developing innovative and future-ready insurance solutions tailored to evolving market demands, will be instrumental in driving our growth trajectory and enhancing profitability.

Long-Term Ambition

Our long-term strategy is centred on leveraging technology and AI to transform the insurance industry through innovation and operational efficiency. By expanding our market presence and strengthening our leadership position, we aim to create lasting value for all stakeholders.

As climate risks continue to grow, we recognize the need for a resilient and adaptive approach to insurance. By staying continuously alert and integrating sustainability into our long-term strategy, we will take proactive measures to address climate-related risks, ensuring our business remains agile and responsive to the evolving risk landscape.

We expect to sustain a return on equity exceeding 20%, driven by disciplined financial management and strategic growth initiatives. At the same time, we will uphold a strong financial position and maintain robust solvency ratios, ensuring stability, resilience, and long-term value creation for all stakeholders.

ACKNOWLEDGEMENTS

I would like to express my gratitude to the insurance regulator and the leadership of the Insurance Regulatory Commission of Sri Lanka (IRCSL) for their guidance and support. Our success is a testament to the dedication of our Board of Directors, management team, and employees. Their unwavering commitment and hard work have been instrumental in achieving these remarkable results.

By staying agile and future-focused, we are committed to leveraging innovation, digital transformation, and strategic partnerships to strengthen our market position. Our proactive risk management approach, coupled with a strong governance framework, ensures resilience in an evolving economic landscape. As we move forward, we will continue to drive sustainable growth, create meaningful stakeholder impact, and uphold our commitment to excellence in all aspects of our operations.

Looking ahead, we remain confident in our ability to navigate challenges, capitalize on emerging opportunities, and continue delivering exceptional value to our shareholders, policyholders, and all stakeholders.

Sgd.
Ashok Pathirage
Chairman

Colombo, Sri Lanka.
04 March 2025



Our strategy is built on four core pillars: preventive health and wellness, personalised products and services, digital transformation and insurtech, and sustainability and ESG.

Iftikar Ahamed
Managing Director


NSE

REFLECTIONS FROM OUR MANAGING DIRECTOR

TRANSFORMING SRI LANKA'S INSURANCE LANDSCAPE

In 2024, Softlogic Life significantly contributed to insurance penetration in Sri Lanka, driving industry growth through innovation and strategic execution. Our vision has always been to lead transformation in the insurance sector. The remarkable milestones we achieved last year are a testament to the effectiveness and sustainability of our approach, creating substantial value for our stakeholders.

A DECADE OF EXCEPTIONAL GROWTH

Over the past decade, Softlogic Life has expanded its top line from Rs. 3 Bn in 2014 to an impressive Rs. 31.6 Bn in 2024—a tenfold increase, in ten years. This extraordinary growth highlights the resilience, innovation, and commitment of our leadership and workforce. As we look forward to 2025, we are prepared to continue reshaping the insurance landscape in Sri Lanka with a strong foundation and a clear strategic direction.

Building on this momentum, we remain focused on accelerating growth through digital transformation, product diversification, and an enhanced customer experience. By staying agile and forward-thinking, we aim to strengthen our market leadership and deliver greater value to policyholders. Our commitment to innovation and operational excellence will continue to drive long-term sustainability and reinforce Softlogic Life as the go-to brand in the industry.

FINANCIAL PERFORMANCE IN 2024

Softlogic Life delivered outstanding financial results in 2024, achieving a record Gross Written Premium (GWP) of Rs. 31.6 Bn reflecting a 20% year-on-year growth. This emphasizes the catalytic influence the Company has on the life insurance sector.

Our diversified distribution channels played a crucial role, with the agency force achieving notable growth and continuing its upward trajectory. Alternate channel surpassed a key milestone, crossing the Rs. 10 Bn mark. The Micro mobile channel, a rapidly expanding segment catering to evolving customer needs, contributed Rs. 2.8 Bn in GWP, reflecting the rising demand for flexible insurance solutions and reinforcing Softlogic Life's commitment to innovation and customer-centric offerings.

The company's profitability was equally impressive, with a Profit After Tax (PAT) of Rs. 4.5 Bn, achieving 160% of the budgeted target. A Return on Equity (ROE) of 38.2% further underscores our efficient capital management. Additionally, the reversal of International Sovereign Bonds (ISB) restructuring provisions boosted profitability, while our Capital Adequacy Ratio (CAR) significantly exceeded the regulatory requirement of 120%, affirming our financial stability.

STRATEGIC PILLARS FOR FUTURE GROWTH

As we move forward, our strategy is built on four core pillars: preventive health and wellness, personalised products and services, digital transformation and insurtech, and sustainability and ESG. These pillars guide our efforts to redefine the insurance experience for our customers and drive long-term growth.

1. Preventive Health and Wellness

In 2025, we will introduce an advanced health monitoring application as part of our Health Score Initiative, integrated into the LifeUp app. This innovation will empower policyholders to proactively manage their health through real-time monitoring of key indicators such as blood sugar and blood pressure, personalised health recommendations, and digital health records. This initiative positions Softlogic Life as a true partner in health, extending our role beyond traditional insurance.

By aggregating and managing health data in a digital health file, we empower customers with real-time insights, ensuring a healthier, more secure future. This marks a transformative shift. Softlogic Life is not just an insurer but a true partner in health, proactively shaping better outcomes for our customers.

2. Personalisation through AI

Recognising AI's transformative potential, we have integrated it across key functions—including actuarial, finance, HR, and marketing—to scale our operations efficiently. Our AI-driven claims processing system, ClaimIt, has redefined customer experience by enabling instant claims validation and settlement, with over 90% of claims processed within a single day.

We are actively exploring Large Language Models (LLMs) to enhance efficiency and accelerate business transformation. This marks a significant step in our AI and digital journey, paving the way for advanced automation, including the integration of robotic tools. By leveraging these innovations, we aim to scale operations seamlessly and strengthen our competitive edge in an evolving digital landscape.

3. Digital Transformation and Insurtech

In 2025, we are set to launch a groundbreaking insurance management application—the first of its kind in Sri Lanka. This initiative reflects our commitment to leveraging technology to enhance customer engagement, streamline operations, and set new industry standards.

4. Sustainability and ESG Leadership

Our sustainability strategy is guided by SLFRS S1 and S2 standards, ensuring a structured and transparent approach to sustainability-related and climate-related disclosures. These standards provide a framework for reporting on governance, strategy, risk management, and performance metrics, enabling a comprehensive assessment of sustainability risks and opportunities.

In response to the challenges posed by climate change, we have set a climate target to reduce emissions by 20% (tCO2-e/GWP Rs Mn) By end of 2030, using 2024 as the baseline year. This goal will be actively communicated across the organisation, ensuring alignment with our sustainability vision and fostering a culture of environmental responsibility.

In addition to these standards, we align with global frameworks such as the GRI and UN SDGs, reinforcing our commitment to resilience and long-term impact. By integrating these principles, we aim to enhance corporate responsibility, environmental stewardship, and social value creation, ensuring that sustainability remains at the core of our decision-making and business operations.

EMPOWERING OUR WORKFORCE

As technology reshapes industries, we are committed to equipping our employees with the skills needed for an AI-driven future. Our structured upskilling programme addresses this need, ensuring that our workforce remains at the forefront of industry innovation. Addressing feedback from the Great Place to Work (GPTW) survey, we have enhanced support for our field force, further strengthening our operational capabilities.

MARKET LEADERSHIP AND CUSTOMER COMMITMENT

In 2024, Softlogic Life secured the second-largest market share in Sri Lanka's life insurance sector, capturing 17.2% of the Life Insurance market. We covered 1.3 Mn lives and paid out LKR 11 Bn in claims, excluding maturities and surrenders—the highest in the industry. This achievement reflects our unwavering commitment to fulfilling our promises and reinforcing trust with our customers.

This accomplishment is a testament to our strategic focus on innovation, operational excellence, and customer-centricity. By continuously refining our product offerings and claims processes, we strive to provide seamless, timely support to policyholders, especially when they need it the most. Our strong financial position, coupled with digital advancements, enables us to enhance accessibility and efficiency, further strengthening our role as the go-to brand for Insurance in Sri Lanka.

LOOKING AHEAD

Insurance is ultimately about people - their lives, their aspirations and their trust in us. At Softlogic Life, we are deeply committed to delivering on our promises, ensuring that we provide the highest level of protection and care for our customers.

As we step into 2025, we are poised for accelerated growth, guided by our focus on innovation, digital transformation, and customer-centric strategies. With aspirations to expand regionally, our goal is to establish Softlogic Life as a leading name in the insurance industry across South Asia. Our journey is driven by a steadfast commitment to excellence, resilience, and creating lasting value for all stakeholders.

APPRECIATION

I extend my heartfelt gratitude to our Chairman, the Board of Directors, and our senior management for their vision and leadership. I also thank our shareholders, partners, and the dedicated team at Softlogic Life for their trust and unwavering support. Together, we will continue to redefine the future of insurance in Sri Lanka, staying true to our theme of the year—'Change Maker'.

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka.
04 March 2025

OPERATIONAL REVIEW

In 2024, socio-economic conditions normalized for the first time since 2019, supporting business growth. Despite a challenging operating environment, SLI successfully met 100% of its targets. This achievement was driven by resilience, strategic agility, effective cost management, technology investments, and a dedicated workforce. The company not only met but exceeded expectations, reinforcing its strong performance. A detailed analysis of financial results and performance against 2024 targets is provided below.

IMPACT OF SRRO AND CRRO

The financial impact of sustainability and climate risks (R) and opportunities (O) has been linked to the relevant sections below. A detailed discussion of these risks is provided under the climate and sustainability risk assessments from pages 52 to 90.

GROSS WRITTEN PREMIUM (GWP)

The company recorded Rs 31.6 billion in Gross Written Premium (GWP), reflecting a 20% growth over the previous year and successfully achieving the target set for 2024. Over the last ten years, SLI has grown its GWP tenfold, demonstrating our commitment to excellence.

GWP GROWTH LAST 10 YEARS

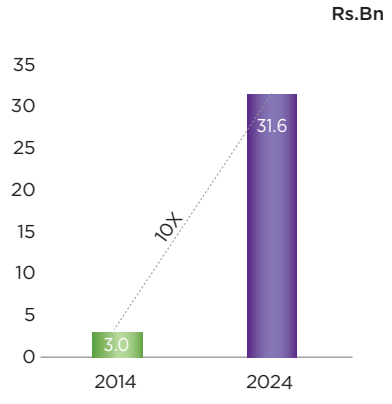


Table 2 : GWP growth target vs actual

	2024 Actual	2024 Target	A%	2023 Actual	G%
GWP growth %	**20**	**20**	100%	14	-
GWP (Rs Bn)	**31.6**	**31.7**	100%	26.3	20%

CHANNEL PERFORMANCE

The agency channel, as the largest distribution channel, contributed 62% to the GWP achieving 100% of the target set for 2024. This channel relies on one-to-one selling, making it highly susceptible to socio-economic factors that influence the market segment it serves, leading to slower growth. However, despite challenges in the first half of 2024 due to external conditions, the agency channel achieved an impressive 12% growth over the year.

To mitigate risks associated with over-reliance on a single distribution channel, optimizing the channel mix remains a key strategic focus. Management continues to closely monitor and adjust this mix to maximize performance. Meanwhile, alternate and micro channels, classified as non-agency channels, have demonstrated remarkable resilience, achieving an exceptional 35% growth, further reinforcing the business's adaptability and strength.

Channel contribution target vs actual

	2024 Actual	2024 Target	A%	2023 Actual	G%
GWP contribution by Agency channel %	**62**	**64**	97%	67	-5%
GWP contribution by non-Agency channel %	**38**	**36**	106%	33	5%

CHALLENGES IN 2024

Sales staff attrition

High sales staff attrition in the first half of the year adversely affected new business generation in the Agency channel. This was primarily driven by the increasing migration trend and aggressive recruitment efforts by competitors targeting our sales force.

Change in interest rates

Interest rates gradually declined throughout the year, making it challenging to determine which product to prioritize for sales.

CRRO & SRRO - R16 / R17 / R6 / R14 / R20 / O3 / O4 / O6 / O7

STRATEGIES IN 2024

To navigate the challenges posed by the external environment and effectively execute our strategies, we implemented the following actions in 2024.

Market penetration

Market penetration was strengthened across distribution channels, targeting a diverse customer base. The Agency channel achieved a 17% growth in

renewals, exceeding the budget at 102%, driven by the close monitoring of the collection process through a dedicated collection unit. However, First Year Premium (FYP) remained stagnant due to low new business premium (ANBP) generation in the first half of the year.

To enhance distribution effectiveness, the company introduced a new segment within the Agency channel, the "Premier Channel." This initiative focuses on talent differentiation to drive superior performance, marking another industry-first innovation by SLI aimed at redefining distribution strategies. The Alternate channel experienced significant growth, driven by the strong traction of the DTAP portfolio in a low-interest rate environment, resulting in a threefold growth in the segment. Group Life business also saw a remarkable 31% increase, contributing 61% of the Alternate channel's GWP. The company actively expands its volume during the year by onboarding corporate clients. Additionally, the Micro channel recorded an impressive 37% growth by effectively reaching low-income customer segments.

Product development

The company continuously evaluates emerging customer needs and updates its product portfolio accordingly. In 2024, SLI launched a new Universal Product designed to address the specific requirements of a targeted market segment.

Product mix

The agency channel's product mix was slightly skewed towards investment-based products, resulting in a 5% variance from the budget. The alternate channel leveraged low interest rates to expand the DTAP portfolio and made significant efforts to grow the unit-linked portfolio, achieving a 145% growth. However, the unit-linked portfolio fell short of the expected annual target. Meanwhile, the remarkable growth in the group life portfolio led to an impressive achievement, surpassing the budget by Rs. 1 billion for the year. The micro channel, however, did not meet its budget targets for per-day insurance and SME insurance portfolios. Nonetheless, this shortfall was offset by gains in the investment portfolio.

Customer service

The company leverages digitalization as a key differentiator in customer service. In the past, we have taken bold steps to transform the insurance industry by introducing innovations such as one-day claims settlement and automated claim processing. These initiatives have been instrumental in attracting and retaining customers throughout the year.

KEY VALUE DRIVERS

At SLI, we utilize the following Key Value Drivers (KVDs) to regularly monitor our performance. These KVDs play a crucial role in guiding the company's key decisions for effectively managing our insurance portfolios.

	2024 Actual	2024 Target	A%	2023 Actual	G%
Annualized New Business (ANBP) growth	**8**	**25**	32	2	6
ANBP per agent	**2.1**	**2.4**	88	2.1	-
Persistency					
1 Year	**83**	**84**	99%	83	0%
2 Year	**61**	**62**	99%	61	0%
3 Year	**51**	**55**	93%	54	-3%

Annualized New Business Premium (ANBP)

ANBP, which measures new business generated over a 12-month period, saw a modest 8% growth despite challenges in 2024. However, corrective actions taken during the year helped us get back on track by the year's end. Looking ahead, 2025 appears to be a promising year, with expectations of significant growth. We have already made a strong start, recording a remarkable Rs. 1.1 billion ANBP in January 2025.

Average ANBP per agent

The productivity of our agents stands as a crucial value driver for the Company. Throughout the year, the Annualized New Business Premium (ANBP) per Agent was reported at Rs. 2.1 million per agent, achieving 88% of the target. While there was a marginal impact observed during the year, leveraging agent productivity remains a key method for fostering organic growth within a life insurance company.

Average Premium Per Policy/ Average Policy Value

This reflects the quality of the business we underwrite. Despite challenges, we successfully achieved our target per policy value, reaffirming our commitment to securing high-quality business. We attained an Average Premium per Policy value of Rs. 195,995 surpassing the industry average.

First- and second-year persistency remained at the same level as the previous year, slightly below the target. However, third-year persistency declined by 3% compared to last year. To address this, we have implemented measures such as close follow-ups on due premiums and proactive payment reminders to drive persistency back into growth mode. Despite not fully meeting persistency targets, we successfully maintained a 17% renewal growth, exceeding the budget.

Table 3: Digital engagement with customers

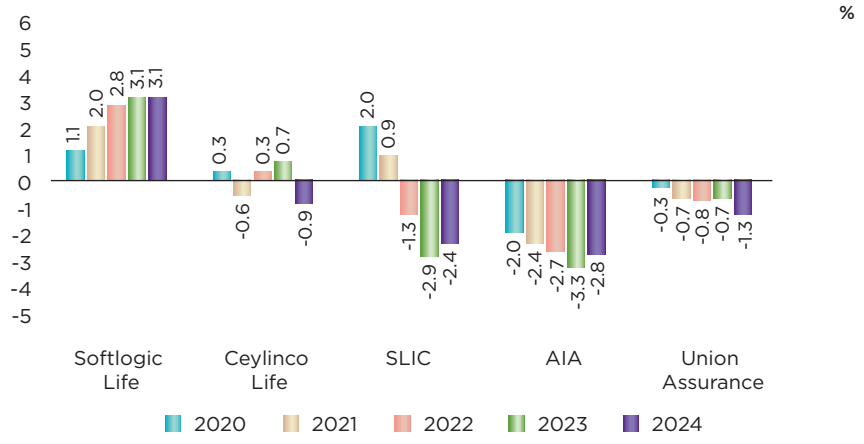
	2024 Actual	2024 Target	A%	2023 Actual	G%
Digital proposal submission (%)	**100**	**100**	100%	100	0%
One-day proposal acceptance (%)	**78**	**78**	100%	77	1%
Auto underwriting of policy (%)	**70**	**70**	100%	69	1%

Digital transformation is a key strategic pillar of SLI, setting us apart from traditional life insurance companies. Our primary focus is on delivering speedy service and convenience to our customers. Throughout the year, we successfully achieved 100% of our 2024 targets for digital proposal submission, acceptance, and underwriting, ensuring an enhanced and seamless customer experience.

OUR PERFORMANCE IN COMPARISION TO INDUSTRY

Market share growth

CUMULATIVE MARKET SHARE MOVEMENT OF TOP FIVE PLAYERS IN THE INDUSTRY (2020-2024)

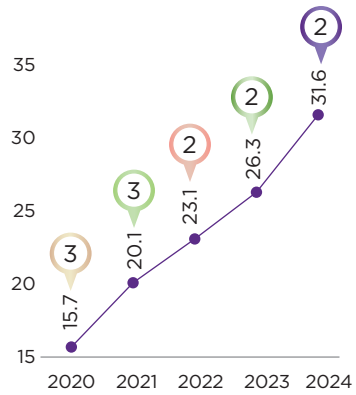


	2024 Actual	2024 Target	A%	2023 Actual	G%
Market share (%)	**17.2**	**17.9**	96%	17.2	-

In 2024, SLI maintained its market share at the same level as the previous year. During this period, SLI achieved 96% of its target. This outcome is attributed to competitors performing better than our expectations in the single premium business segment.

MARKET RANKING

Rs. Bn/Position



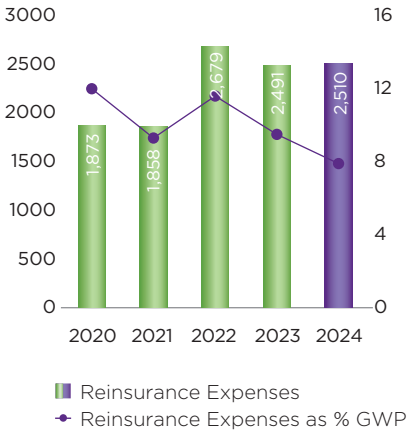
With our continuous increase in market share, we have risen in the industry rankings, now holding the position of the second-largest insurer. This marks a significant achievement, considering that just six years ago, we were ranked fifth in the league table.

RE-INSURANCE (RI)

Reinsurance plays a crucial role in mitigating risk within our insurance portfolio. Maintaining an optimal level of reinsurance expenditure is essential to ensure adequate risk coverage while managing profitability.

REINSURENCE EXPENSE

Rs.Mn/%



Over the year, we paid Rs 2.5 billion in reinsurance premiums, representing 7.9% of GWP, down from 9.5% in the previous year. This reduction is primarily attributed to changes in our product mix. We carefully evaluate reinsurers based on their ratings and engage only with highly rated reinsurers. A detailed assessment for the current year can be found under the credit risk analysis on page 61.

CHALLENGES IN 2024

As SLI continues to enhance its performance, maintaining optimal reinsurance (RI) coverage is crucial to ensure adequate protection at a competitive cost. However, determining the ideal level of reinsurance remains a challenge, given the growing and diversifying portfolio, requiring continuous evaluation and strategic adjustments.

CRRO & SRRO - R4 / R15 / O7 / R3

STRATEGIES IN 2024

We leverage data analytics as a key tool to analyse past trends and determine optimal reinsurance limits. Our approach involves setting RI coverage at the product level, grouping products with similar attributes. This strategy enables us to make targeted adjustments, ensuring an optimal balance between cost efficiency and risk management while maintaining accurate coverage.

KEY VALUE DRIVERS

The company closely monitors reinsurance expenses as a percentage of Gross Written Premium (GWP) across various levels, including Line of Business (LOB) and product class. This granular approach enables precise portfolio risk management through well-structured reinsurance arrangements and portfolio optimization. Additionally, detailed analysis of reinsurance experience plays a crucial role in annual reinsurance negotiations, ensuring cost-effective and strategic coverage.

CRITICAL SUCCESS FACTOR

The company maintains a strong, reliable, and transparent relationship with its reinsurers, ensuring the seamless execution of business strategies. This fosters customer confidence, as their future benefits are backed not only by the local company but also by some of the world's largest multinational reinsurers. Additionally, there is a mutual understanding with reinsurers to monitor their profit margins, enabling us to extend benefits to customers where feasible, while preserving a sustainable and balanced partnership.

NET INSURANCE BENEFITS AND CLAIMS PAID

Insurance claims serve as a crucial customer touchpoint in life insurance, as policyholders expect fair and prompt claim settlements during their time of need. To meet these expectations, we continuously enhance our internal processes by leveraging the latest technologies. Additionally, we have established internal KPIs to regularly monitor and measure our performance, ensuring efficiency and customer satisfaction.

During the fiscal year, we disbursed a total of Rs 15 billion in gross benefits and claims, reflecting a 12% increase from the previous year. On a net basis, after reinsurance recovery, the growth stood at 11%. Staying true to our brand promise, we ensured that every legitimate customer claim was honoured. However, compared to 2023, we experienced higher claims severity—an increase in the average claim value—while claim frequency gradually declined in both the endowment and group life portfolios, resulting in lower overall growth. Claims from the endowment product grew by only 4%, whereas group life claims saw a 22% increase, due to growth of the business volume. .

CHALLENGES IN 2024

As the company experiences high growth, the number of customers we serve also increases. This expansion presents challenges in maintaining our service standards while catering to a larger customer base. Claim settlement is a critical customer touchpoint that directly impacts customer satisfaction, loyalty, and overall brand strength, ultimately driving our growth

Table 4 : Net claims and benefit incurred

Rs Mn	2024	2023	G%
Regular Claims			
Death, disability and other riders – Endowment	**4,867**	4,660	4%
Death and hospitalisation - Group Life	**4,814**	3,954	22%
Death - Decreasing Term Assurance (DTA)	**1,440**	1,529	-6%
Total Gross Regular Claims	**11,121**	10,144	10%
Re-insurance Recovery	**(744)**	(553)	34%
Net Regular Claims	**10,377**	9,590	8%
Benefits			
Policy Maturities / Surrenders - Investment products	**2,145**	1,786	20%
Policy Maturities - Endowment	**1,101**	764	44%
Policy Surrenders - Endowment products	**627**	703	-11%
Total Benefit Paid	**3,873**	3,253	19%
Total Net Insurance Benefits and Claims Paid	**14,250**	12,843	11%

potential. Recognising its significance, we place a strong emphasis on upholding and enhancing our service standards in claims processing. Through continuous improvements and dedicated efforts, we ensure a seamless and efficient claims experience for our customers.

CRRO & SRRO - R12 / R13 / R21 / R14

STRATEGIES IN 2024

To effectively manage these challenges, we have embraced digitalization and automation as key strategic pillars. Our journey toward the digital transformation of claims processing began a few years ago, and we continue to make year-on-year improvements to enhance efficiency and service quality.
In 2023, we introduced several innovative solutions to streamline claim processing, improving speed, accuracy, and customer experience. Building on this foundation, we further enhanced and continued these advancements in 2024, ensuring a seamless and efficient claims management process that aligns with our commitment to service excellence.

ENHANCING AUTOMATED OPD CLAIM SETTLEMENT

OPD claims settlement process further strengthen by integrating AI to provide claim settlement decision and pay the claim instantly.

STAFF TRAINING

To enhance team expertise and service quality, we introduced the Custodian Concept, where experienced team members were assigned as mentors or "custodians" to guide and support newer team members. These custodians played a pivotal role in providing on-the-job training, overseeing critical tasks, and ensuring that claims were processed with professionalism and adherence to industry standards. This mentorship-driven approach fostered a culture of collaboration and continuous learning within the team. By encouraging knowledge-sharing and skill development, the Custodian Concept has strengthened our service capabilities, ensuring a more efficient and customer-centric claims management process.

KEY VALUE DRIVERS

To ensure superior customer value, we structure our internal operations around the following Key Value Drivers.

	2024 Actual	2024 Target	A%	2023 Actual	G%
One-day claim decisions (%)	**98**	**+80**	123%	75	31%
Hospital discharge within one hour (%)	**93**	**+94**	99%	94	-1%
Acknowledge customer complains (%)	**100**	**100**	100%	100	0%

ONE-DAY CLAIM DECISIONS

Leveraging technology in our claims settlement process has enhanced efficiency, enabling us to achieve 98% of claims payment decisions within one day, surpassing our 80% target. This reflects our commitment to innovation and superior customer service.

HOSPITAL DISCHARGE WITHIN ONE HOUR

To enhance customer convenience, we streamlined hospital discharge processes, achieving a 93% completion rate within one hour in 2024. While slightly below our target, we remain focused on continuous service improvement.

ACKNOWLEDGE CUSTOMER COMPLAINTS

We ensure customer complaints are acknowledged within three working days and provide prompt responses. In 2024, we achieved 100% compliance, reinforcing our commitment to customer satisfaction.

CRITICAL SUCCESS FACTOR

Efficient and fair claims handling is key to our success. We utilise digital tools, including one-day claim settlement and the Life Up app, to enhance operations and customer experience. Further details are available on page 158.

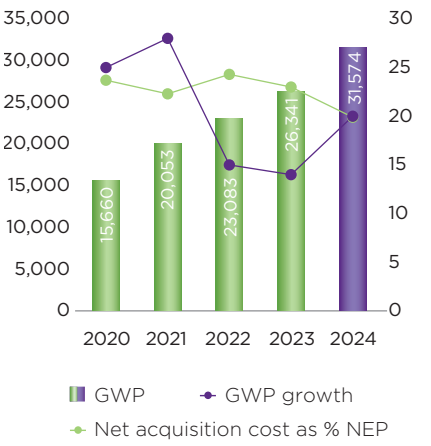
UNDERWRITING AND NET ACQUISITION COST

Underwriting and policy acquisition costs, net of reinsurance commission income, represent expenses incurred in acquiring business. These include commissions and incentives paid to intermediaries, offset by commission income from reinsurers.

Table 5: Underwriting and net acquisition cost

Rs Mn	2024	2023	G%
Underwriting and policy acquisition cost	**6,149**	**5,780**	6%
Reinsurance commission including profit commission	**(359)**	**(293)**	22%
Total underwriting and net acquisition cost	**5,790**	**5,486**	6%

NET ACQUISITION COST



In 2024, we incurred Rs 6.1 billion in policy acquisition costs, reflecting a 6% increase from the previous year. After accounting for Rs 359 million in reinsurance commission income, the net acquisition cost stood at Rs 5.7 billion.

CHALLENGES IN 2024

High sales staff attrition required the recruitment of new advisors to maintain a strong advisor base. Naturally, the cost-efficiency ratio for business production by new sales personnel was lower due to lower volumes generated, leading to a higher acquisition cost ratio.

CRRO & SRRO - R21 / R16 / R17 /O1 / O4 / O6

STRATEGIES IN 2024

Key focus given to grow the businesses on non agency channels so that Agency channel have enough space to become normalized operation. This strategy works well and delivered great results in terms of top line and bottom line.

KEY VALUE DRIVERS

We use Acquisition cost ratio measured as Acquisition cost percentage to GWP in monitoring efficiency. The gross acquisition ratio for the year was 19.5%, down from 21.9% in the previous year, primarily due to changes in the product mix.

OTHER OPERATING AND ADMINISTRATION EXPENSES

Below table summarises the expenses based on their nature.

Table 6: Other operating and administration expenses

Rs Mn	2024	2023	G%
Staff related expenses	**3,276**	2,461	33%
Administration and establishment expenses	**1,939**	1,520	28%
Selling expenses	**713**	691	3%
Depreciation / Amortisation	**513**	440	17%
Expenses before recognition of impairment , exchange (gain) / loss and finance expenses	**6,440**	5,111	26%
Loss arising from de-recognition of ISB and SLDB	**2,238**	87	2486%
Impairment charge/ (reversal) on financial investments	**(3,005)**	995	-402%
Finance expenses	**828**	849	-2%
Net exchange losses on financial assets and liabilities measured at amortised cost	**301**	402	-25%
Total expenses	**6,801**	7,444	-9%

The company's expenses, before accounting for impairment, exchange (gain)/ loss, and finance expenses, amounted to Rs 6,440 million, up from Rs 5,111 million recorded in the previous year. This increase was primarily driven by performance-based expenses recognized during the period.
Excluding performance-based costs, normalized expenses stood at Rs 5,847 million, reflecting an 11% growth compared to Rs 5,268 million last year.

As part of Sri Lanka's debt restructuring process, the company de-recognized its investment in ISB, incurring a Rs 2,238 million loss, compared to Rs 87 million recorded in the prior year on investments in Sri Lanka Development Bonds. This resulted in a reversal of provisions made in previous periods, leading to a Rs 3,005 million reversal during the period.

CHALLENGES IN 2024

The Rs 2,237 million loss resulting from the haircut on ISBs during restructuring and the initial loss recognition on restructured ISBs posed a significant challenge. However, the financial impact was partially offset by the reversal of previously recognized provisions and completed ISB restructuring process sucessfully.

CRRO & SRRO - R21 / R7 / R8 / R6 / R18 / R10

STRATEGIES IN 2024

During the year, the company maintained strict budgetary control over expenses, ensuring that long-term value creation was assessed before committing to any expenditures.

KEY VALUE DRIVERS

We monitor expenses as a percentage of GWP to evaluate efficiency. During the year, the expense ratio stood at 18.5%, slightly improving from 20.3% in the previous year.

TOTAL OTHER REVENUE

Break up of other revenue is provided below.

Table 7: Total other revenue

Rs Mn	2024	2023	G%
Net finance income	**6,791**	6,977	-3%
Net realised gains	**2,938**	227	1,192%
Net fair value gains / (losses)	**(355)**	733	-148%
Other operating income	**7**	10	-34%
Total other revenue	**9,381**	7,948	18%

Investment income declined by 3%, primarily due to lower market interest rates. However, the company leveraged the low-interest-rate environment, realizing a Rs 2,137 million gain from bond sales.

CHALLENGES IN 2024

The premature liquidation of existing investments to fund the share buyback, coupled with the decline in market interest rates, posed challenges in maintaining a profitable investment portfolio.

CRRO & SRRO - R3 / R5 / R7 / R2

STRATEGIES IN 2024

Investment disposals are strategically selected to maximize long-term value, while decisions on new fund allocations are made by carefully evaluating available market opportunities to ensure optimal returns.

KEY VALUE DRIVERS

Investment portfolio yield is regularly monitored as key KPI.

PROFITABILITY

The company recorded impressive profitability as provided below

Rs Mn	2024	2023	G%
Profit before tax	**6,332**	3,197	98%
Profit after tax	**4,522**	2,838	59%

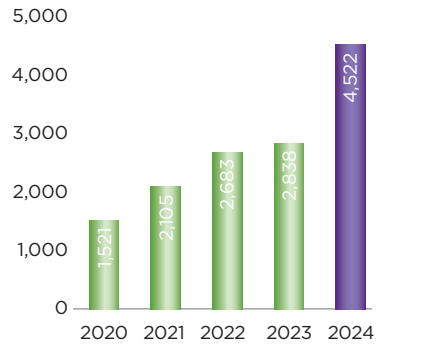
PROFIT BEFORE TAX

The profit of the Life Insurance Company is primarily determined by the actuarial valuation conducted by the Appointed Actuary, referred to as the "Surplus." In addition to this, the company's profit includes investment income from shareholder funds.
In 2024, the company recorded a Profit Before Tax (PBT) of Rs 6.3 billion, compared to Rs 3.2 billion in the previous year. This variance was primarily driven by factors impacting underwriting results business growth, improvement of claims ratios and ISB impairment reversal.

PROFIT AFTER TAX

In 2024, the company recorded a Profit After Tax (PAT) of Rs 4.5 billion, reflecting a 59% growth compared to Rs 2.8 billion in 2023. The PAT trend and its composition over the past five years are illustrated in Graph below.

PROFIT AFTER TAXATION



Return on Equity (ROE)

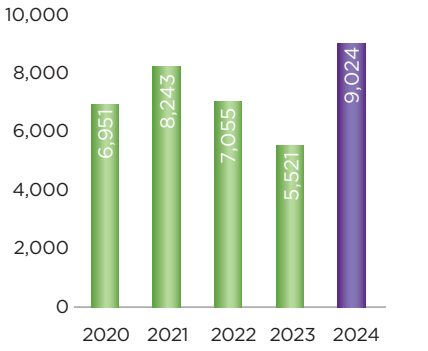
Rs Mn	2024 Actual	2024 Target	G%
ROE %	**38.2**	**>20**	191%

Company recorded ROE of 38.2% ROE which is 18.2% higher than the target set for the year.

UNDERWRITING RESULTS (OPERATING PROFIT / GROSS PROFIT)

The underwriting results represent the net inflow generated from the business before considering investment income and expenses. This figure is determined after settling claims to policyholders and covering direct acquisition costs paid to intermediaries. In the Life Insurance sector, underwriting results play a pivotal role as a key value driver, directly impacting overall profitability. They provide a measure of the company's ability to effectively price risk, manage claims, and maintain operational efficiency. Additionally, the nature of the products sold influences these results, offering valuable insights into future financial performance. Strong underwriting performance reflects prudent risk assessment and sound policy management, ensuring long-term sustainability. Further details and an in-depth analysis of underwriting trends are presented in Graph.

UNDERWRITING RESULTS



Underwriting results reached Rs 9 billion, marking a 63% growth compared to the previous year. This increase was primarily driven by strong GWP growth and lower acquisition costs. After experiencing a decline in underwriting results over the past two years, the corrective measures implemented have successfully restored growth momentum, reinforcing the sustainability of future profitability.

PROFITABILITY AND INVESTOR ATTRACTIVENESS – INDUSTRY PEER ANALYSIS

The Table below analyses the Softlogic Life share of profitability in comparison to listed insurance companies.

Rs Mn	2024	2023
Profit After Tax of the Company	**4,522**	2,838
Total profit from listed companies	**16,995**	14,062
SLI share of profit as a % of total profit from listed companies	**27**	20

It shows that the Company reported a significant percentage of (27%) profit out of total profit of listed insurance companies for the year 2024.

DIVIDEND

The Company paid an Interim dividend of Rs. 4.50 per share amounting to a total pay out of Rs. 1,424 million for the year 2024.

DIVIDEND POLICY

According to the dividend policy of the company, it distribute 50% of profit after tax as dividend after evaluating capital requirements for future expansion and stress testing for uncertain risk factors.

BALANCE SCORECARD

The management utilizes the balanced scorecard to oversee internal business operations. It includes all critical KPIs that drive business success. A five-year analysis of the balanced scorecard is provided on the following page and the most critical KPIs are discussed below.

NET CLAIM RATIOS

Net claim ratio without maturity and surrender

The net claim ratio for the year was decreased to 35.7%, compared to 40.2% in the previous year. This decrease is attributed to a significant reduction in health-related claims compared to 2023, as well as growth in Gross Written Premiums (GWP).

Net claim ratio endowment

The endowment claim ratio also decreased to 23.3% from 26% last year due to the aforementioned reasons.

EXPENSE RATIOS

Net acquisition cost to GWP

Net acquisition was recorded at 18.3%, representing a decline of 2.5% compared to last year. The decrease is attributed to changes in product mix and an increase in renewal premium.

Operational expenses to GWP

Normalized operational expense ratio for the year stood at 18.5% compared to 20% recorded last year mainly due to our focus on improving expenses efficiency.

COMBINED RATIOS

Combined Ratio % NEP - without maturities and surrenders

The combined ratio is calculated by adding the total expenses ratio (operating and acquisition) to the net claim ratio, excluding maturities, to determine the total cost a company incurs to acquire and maintain. The ratio was 79% in 2024, compared to 89% in 2023. The decrease of 6% was due to a reduction in both claims and acquisition ratios.

Regulatory ratios

These key ratios are mandated by regulators to assess the company's financial stability. The company has established internal processes to ensure timely compliance with these requirements. Over the years, the company has consistently maintained these ratios well above the minimum requirements, demonstrating our commitment to delivering on our promises to stakeholders.

KEY VALUE DRIVERS

Persistency ratios

This represents the percentage of premiums collected out of the total due premiums. The Year 1 ratio has gradually declined since 2021 due to economic instability, which created various challenges in acquiring new customers. Meanwhile, the Year 2 persistency ratio dropped in 2023, as collections from existing customers remained strong during 2020-2021 and were initially unaffected by pandemic. We are actively working on improving persistency ratios and anticipate positive progress in the coming years.

Average premium per policy

This has been increasing over the past years, highlighting the market segments we have reached.

Annualised new business premium

ANBP growth has been impacted in recent years primarily due to unfavourable economic conditions. However, we expect to accelerate growth in the coming years.

ANBP per agent

This metric reflects agent productivity, which has been increasing over the years due to various initiatives implemented by management to enhance performance.

Surplus

This metric reflects the profitability generated from the insurance portfolio for the year. The company maintains a profitable product portfolio to drive surplus growth.

Table 8 :- Life Insurance Industry Specific Ratios and Its Discussion

Description	Movement	2024	2023	2022	2021	2020	Growth 2024 %
Key Operating Ratios							
First Year / Renewal GWP Mix %	N/A	**29/71**	33/67	32/68	32/68	32/68	-
Net Claims Ratio							
Net Claims Ratio % (with maturities and surrenders)	🟢	**49.0**	53.8	41.1	32.4	25.9	(5)
Net Claims Ratio % (without maturities and surrenders)	🟢	**35.7**	40.2	33.5	27.6	20.2	(5)
Net Claims Ratio Endowmen % (without Group life and DTA)	🟢	**23.3**	26.0	20.0	17.3	10.0	(3)
Expense Ratios							
Reinsurance Expense Ratio %	🟢	**7.9**	9.5	11.6	9.3	12.0	(2)
Net Acquisition Cost Ratio % GWP	🟢	**18.3**	20.8	21.5	20.2	20.9	(2)
Operational Expenses as a % of GWP*	🟢	**18.5**	20.3	17.9	18.6	21.2	(2)
Total Expense Ratio % GWP	🟢	**39.5**	44.3	42.2	38.8	42.1	(5)
Total Expense Ratio % NEP	🟢	**42.9**	49.0	47.7	44.7	47.7	(6)
Combined Ratio							
Combined Ratio % NEP - without maturities and surrenders	🟢	**79**	89	82	73	58	(10)
Combined Ratio % NEP - with maturities and surrenders	🟢	**92**	103	89	77	74	(11)
Regulatory Ratios							
Capital Adequacy Ratio (Min 120%)	🔴	**298**	367	287	395	302	(69)
Determination Ratio % (Min 100%)	🔴	**114**	140	126	114	118	(26)
Investment in Government Securities % Life fund (Min of 30%)	🔴	**81**	96	67	41	54	(15)
Key Value Drivers							
Premium Persistency % – Year 1	🟢	**83**	83	84	85	83	0
Premium Persistency % – Year 2	🟢	**61**	61	66	67	65	(0)
Premium Persistency % – Year 3	🟢	**51**	54	58	58	52	(3)
Average Premium per Policy (Rs.)	🟢	**195,995**	176,872	169,090	138,983	136,852	11%
Annualised New Business Premium Rs. Mn	🟢	**6,466**	6,000	5,887	5,083	3,880	8%
Annualized new Business per Agent Rs. Mn	🟢	**2.1**	2.1	2.0	1.6	1.3	2%
No of New policies	🟢	**128,088**	74,827	133,872	237,453	262,605	71%
Life Fund Rs. Mn	🟢	**32,290**	27,202	24,469	21,493	17,484	19%
Surplus Rs. Mn (without one off surplus)	🟢	**4,287**	3,015	4,378	2,295	1,779	42%

🟢 Positive Variance 🟡 Variance up to 5% 🔴 Negative variance

Financial position and cash flow analysis are available under financial capital on page 110.

*Adjusted for performance based expenses

CHANGE IMPACT

DRIVING LONG-TERM VALUE THROUGH SUSTAINABLE STRATEGIES

Business Model **48** I Material Matters **50** I Managing Climate and Sustainability Related Risk and Opportunities **52** I Strategy and Resource Allocation **91** I Stakeholder Engagement **97** Outlook **101** I Independent Limited Assurance Report for the Integrated Report **102** Independent limited assurance on SLFRS S1 and S2 **104**

BUSINESS MODEL

GRI 2-6 | <IR> 4C | 2B | 2D

INPUT

Opening and closing positions for all capitals is provided on page 108.

FINANCIAL CAPITAL
Funding sources used to finance the operation.

HUMAN CAPITAL
Expertise, motivation and resilience of our employees.

SOCIAL AND RELATIONSHIP CAPITAL
Essential partnerships necessary to sustain business.

INTELLECTUAL CAPITAL
Knowledge of people, brand, culture and inbuilt technology.

MANUFACTURED CAPITAL
Tangible asset base, IT infrastructure, and branch network utilized to operate our business.

ENVIRONMENTAL CAPITAL
Natural resources and utilities used in the business.

CORE BUSINESS ACTIVITIES

RISK POOLING
Risk of individual customer is redistributed across larger customer portfolio.

1. Premium is charge for accepting the risk
2. Customer claims paid

Impacts due to SRROs and CRROs

- Morbidity
- Mortality
- Laps
- Expense

Page 72-74 for detailed risk assessment

INVESTMENT MANAGEMENT
Funds received from clients is invested in income generating assets. Income generated is allocated to customer's life fund to give high return at the maturity of policy.

3. Excess fund is invested
4. Policy maturity/ surrender is paid

Impacts due to Financial risks

- Interest rate
- Credit
- Liquidity
- Equity

Page 75-79 for detailed risk assessment

Strategy Setting and Resource Allocation (Page 91)

Stakeholder Concerns (page 97)

Material Matters (page 50)

Business Operating Context (page 65-71)

Corporate Governance

OUTPUT

Innovative Offerings and Customer Solutions



- Decreasing Terms Assurance
- International Health Covers
- Micro Insurance
- Endowment
- Retirement
- Group Life

https://softlogiclife.lk/

Refer page 137 for product details

OUTCOME

Altered Capitals and value preservation for future

110 to 168

1

OUR STRATEGIC VALUE PROPOSITION

- Best Health Insurer in Sri Lanka
- Fastest-growing insurer in Sri Lanka
- Most innovative insurer in Sri Lanka
- First Micro Insurance provider in Life Insurance Industry in Sri Lanka
- Fastest claim settlement in Life Insurance Industry

Our contribution to sustainability and CSR 170-171

LINKING BUSINESS MODEL TO ANNUAL REPORT CONTENT

We have provided the references below to detailed content that should be reviewed alongside the business model for a comprehensive understanding.

Gain a clear understanding of our business and operations by referring to the following sections:

Page 19 – Core Activities / Page 28 – Organizational Structure / Page 19-21 – Operating Environment

Sustainability and Climate Risks and Opportunities

Material risks and opportunities impacting the business due to sustainability and climate change, along with our processes and procedures for identifying, measuring, and managing these risks and opportunities, can be found on Page 52-71.

Stakeholder Concerns

Our engagement with stakeholders and their concerns can be found on Page 97.

Strategy

The strategy is formulated by considering the SRROs, CRROs, stakeholder concerns, and our operating context. The Key Performance Indicators (KPIs) associated with this strategy are detailed on Page 91.

Value Creation and Preservation for each capital

The value we created during the year and how we preserved the value for future under each capital is discussed on page 110 to 168.

*SRRO - Sustainability Related Risk and Opportunities

*CRRO - Climate Related Risk and Opportunities

Framework (Page 176 – 264)

MATERIAL MATTERS

GRI 3-1 32 <IR> 3D

SLI operates in a constantly evolving and dynamic environment. To stay responsive, the company conducts an annual materiality assessment, identifying and evaluating the most critical issues affecting its business and stakeholders. This process ensures that key priorities are addressed effectively. The figures below illustrate the sequential process we follow in managing material matters. This section focuses solely on the process, with detailed activities and descriptions provided in the corresponding statements referenced by the page numbers below.

Initially, we analysis our operating environment, both internal and external and sustainability and climate related risks and opportunities. Secondly, we detect issues stemming from our stakeholder engagement process. These issues are evaluated for strategic consideration according to stakeholder prioritization and their impact on our value creation.

MATERIAL MATTERS IDENTIFICATION PROCESS

Analysing operating environment

SRROs and CRROs are identified through detailed analysis.

65 to 71

Stakeholder Engagement

Concerns are identified through engagement with stakeholders.

97

Prioritize

Prioritisation is done based on impact and probability of occurrence.

51



Strategy Setting

Consider priority issues for strategy setting.

91

Business Model Change

Consider priority issues for business model change (if required).

61

THE BOARD INVOLVEMENT

The executive management team, including the Managing Director, considers material matters in the corporate planning cycle, which includes a three-year financial projection. The projections are derived after considering the impact of material matters identified through above process and are presented to the board for approval. The board carefully evaluates the three-year plan and approves it for execution.

CHANGING MATERIALITY

Recently, the materiality assessment process has evolved to integrate climate-related risks. This change ensures that environmental factors are given due consideration when identifying and evaluating material matters. Additionally, as part of our digital transformation journey, there is an increased emphasis on cybersecurity-related risks, reflecting the growing importance of safeguarding our digital infrastructure and data assets.

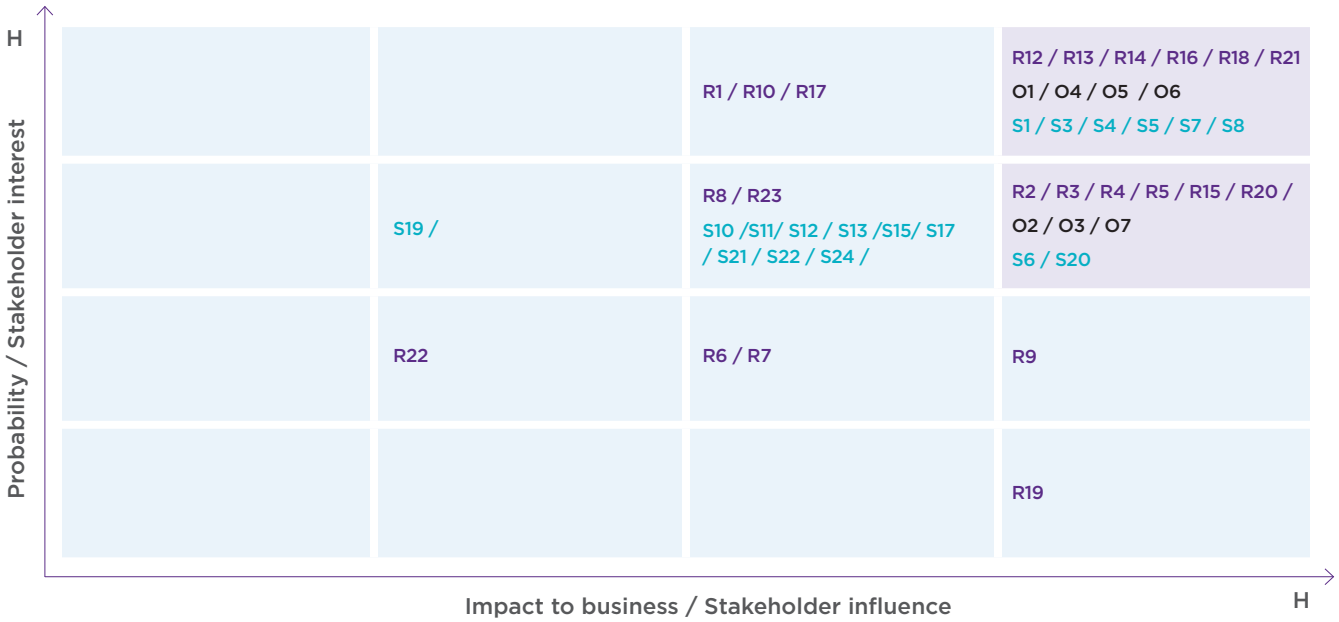
FOCUS ON DOUBLE MATERIALITY

In preparing our sustainability report, we consider the concept of double materiality to visualize the impacts of Climate Related Risks and Opportunities (CRRO) and Sustainability Related Risks and Opportunities (SRRO) on our business and vice versa. Double materiality concept helps us comprehensively understand not only how CRRO and SRRO affect our operations but also how our business activities influence various stakeholder groups. By leveraging double materiality, we ensure that our strategies are aligned with both internal objectives and external expectations, fostering a transparent and balanced approach to sustainability. This dual perspective enables us to make informed decisions that support long-term value creation for all stakeholders involved.

MATERIAL MATTERS

Below matrix showcase material matters we identified, and their prioritization based on the impact and probability of occurrence.

The risks and opportunities outlined above were identified through a detailed PESTEL analysis, which is thoroughly discussed from page 65 to 71, including the source of each risk and opportunity. Stakeholder concerns were gathered through multiple engagement methods and are categorized under the relevant stakeholder groups, as detailed from page 50. The strategies we have set in order to respond for above risks and stakeholder concerns and materializing the opportunities are provided under strategy formulation on page 91.



R - Risks arising due to SRRO or CRRO
O - Opportunities arising due to SRRO or CRRO
S - Stakeholder concerns

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

GRI 201-2 | 205-1 <IR> 4D

In today's rapidly evolving landscape, sustainability and climate-related risks are escalating due to a multitude of environmental changes. We identify risks and opportunities linked to environmental changes, such as rainfall variations and heatwaves, as climate-related risks and opportunities (CRRO). Likewise, shifts in our operating landscape, including evolving customer behaviour, employee concerns, and regulatory changes, are recognized as sustainability-related risks and opportunities (SRRO). The impacts on businesses are also shifting swiftly, necessitating close monitoring and real-time actions to address the arising CRRO and SRRO.

At SLI, we are committed to regularly monitoring our operating landscape to identify and understand both risks and opportunities presented to the company. This proactive approach allows us to stay ahead of potential challenges and capitalize on emerging opportunities, ensuring a resilient and adaptive business strategy.

STRUCTURE OF OUR DISCLOSURES AS PER SLFRS S1 AND S2

To uphold the core values of integrated reporting while aligning with the reporting requirements of SLFRS S1 and S2, we have evaluated the business impact of our operating landscape and assessed these impacts in accordance with SLFRS S1 and S2 standards. This report, detailed from page 52 to 90, covers the four key disclosure areas: Governance, Risk Management, Strategy, and Metrics & Targets. Additionally, the impact the organization has on its operating environment and key stakeholders is discussed in the capital reports from page 110 to 168. We believe this clear separation will better present our story of managing risk and creating value. Our aim is to offer transparency and clarity, showcasing the comprehensive efforts undertaken to address sustainability challenges while driving long-term value for our stakeholders.

As provided in figure 01 below, we have considered PESTEL factors to identify SRRO and CRROs from our operating environment. This comprehensive analysis includes Political, Economic, Social, Technological, Environmental and Legal factors, which collectively shape our risk landscape and guide our strategic responses. We understand climate risk is part and partial of sustainability risks and given the significance we have separately analysed CRROs as per the requirements under SLFRS S2.

Figure 1: The link between SRRO and capital reports



Disclosures as per **SLFRS S1 and S2**
Page 52 - 90

Value creation to stakeholders / Sustainability report Page 110 - 168

The report is structured into four sections in accordance with SLFRS S1 and S2 requirements. The Governance and Risk Management section is presented as a common section, addressing both Climate and Social aspects to avoid duplication.



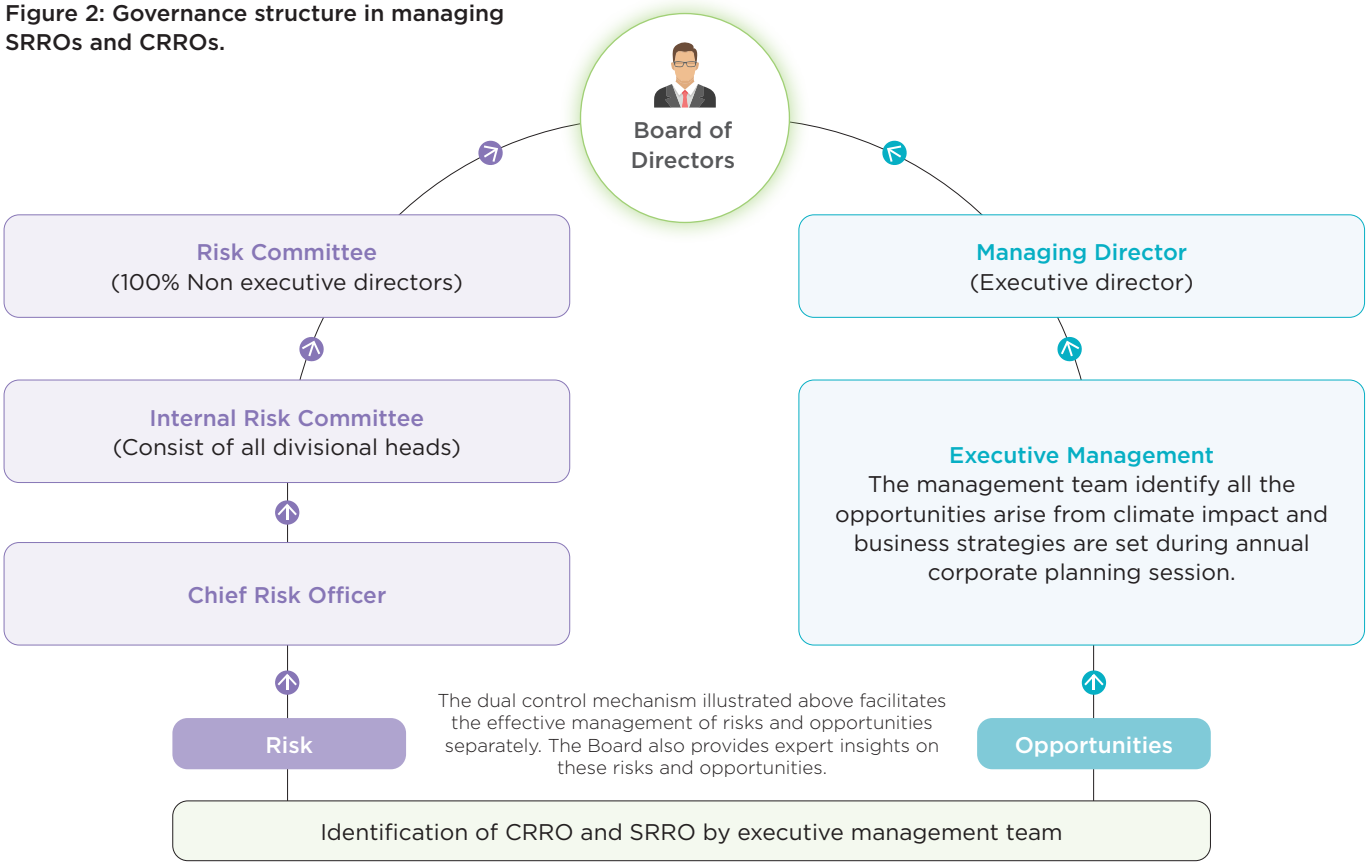
As we manage our business, we proactively identify risks and opportunities within our operating environment, including those related to sustainability and climate impacts. To ensure a comprehensive understanding for our readers, we focus on the key risks we have identified and how they connect to different areas of our operations. Consequently, readers should note that any mention of a risk or opportunity in our discussions may inherently encompass climate- or sustainability-related aspects, even if not explicitly stated. This approach enhances transparency and provides a clearer perspective on the environmental and strategic challenges we assess.

1. GOVERNANCE

This section outlines the governance frameworks and policies we have implemented to manage sustainability and climate-related risks and opportunities (CRRO and SRRO). It details the roles and responsibilities of our board and executive management in overseeing these risks, their integration into our corporate strategy, and the mechanisms in place for stakeholder engagement and reporting.

The company has implemented a governance mechanism to evaluate sustainability-related risks and opportunities (SRRO) and climate related risk and opportunities (CRRO) at the board and executive management levels. This framework allows for continuous monitoring, assessment, and management of sustainability impacts, ensuring accountability and decision-making.

Figure 2: Governance structure in managing SRROs and CRROs.



MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

1.1 Board level governance

The board holds ultimate responsibility for managing climate and sustainability-related risks.

RISK IDENTIFICATION
To ensure proper identification, detailed analysis, and effective execution, this responsibility has been assigned to the risk committee.

OPPORTUNITY IDENTIFICATION
The executive management team identifies opportunities and discusses them internally. These opportunities are then formulated into strategies during the annual corporate planning cycle. The proposed strategies and resource allocation plans are presented to the board for approval, which is granted after thorough evaluation.

1.1.1 Board accountability for sustainability and climate related risks

The board risk committee charter is being amended by incorporating the responsibility of

- Identify and analyse material sustainability (ESG) and Climate risks that could impact the company's financial performance, reputation, and long-term sustainability and evaluate potential opportunities arising from positive ESG practices.
- Provide input on the development and implementation of ESG policies and strategies, ensuring they align with the company's overall risk management framework.
- Monitor developments and emerging best practice on the identification of ESG and Climate related risk and opportunities and provide insights on the mitigation of the same.

1.1.2 Board Expertise and Competencies in Managing SRRO and CRRO

Risk committee

The Risk Committee consists of three non-executive directors, all highly regarded professionals in the business landscape. The synergy of combined knowledge of all three directors ensures the effective discharge of their responsibilities. The members of the board are provided with training and upskilling at their request. This commitment to continuous learning and improvement ensures that our directors are well-equipped to navigate the complexities of climate-related risks and opportunities, thus enhancing our overall governance and strategic response.

The board of directors

SLI boasts a Board of Directors with diverse expertise, greatly aiding in the comprehensive evaluation of Climate-Related Risk and Opportunity (CRRO) assessments and Sustainability-Related Risk and Opportunity (SRRO) assessments during board meetings. The board's expertise is summarized below, highlighting the diverse areas of specialization they bring. The profiles of the board members, highlighting their individual expertise and contributions, are provided on page 196 to 197.

Risk Committee Members

Director	Area of expertise	Qualification and expertise
Ms Fernanda Lima	Subject Knowledge	Holds a master of science in environment and development. She brings subject expertise to the risk committee.
Mr Raimund Snyders	Industry expertise	Over 27 years of expertise in insurance sector and industry expertise to the committee.
Mr Lalith Withana	Knowledge on Reporting	A member (FCA) of CA Sri Lanka and FCMA. The well processed knowledge on reporting standards (SLFRSs) is added value to the committee.

Refer page 177 to 178 for detailed profiles of each director.

Board of Directors

Director	Area of expertise
Mr. Ashok Pathirage	Entrepreneur
Mr. Iftikar Ahamed	Financial Services
Mr. Haresh Kaimal	Information Technology and business operations
Ms. Fernanda Lima	Financial Services
Mr. V. Govindasamy	Business management
Mr. Raimund Snyders	Insurance Industry expertise
Mr. Sanjaya Mohottala	Strategic and Business management
Mr. Lalith Withana	Finance and Business management

Refer page 177 to 178 for detailed profiles of each director

1.1.3 Meeting Frequency

The Risk Committee and the Board meet quarterly to discuss risks identified through the risk identification process. Accordingly, both the Board and the Risk Committee have met four times during the year. Refer to page 203 for more details on board meetings, attendance, and functions.

4/4

No. of meeting

1.2 Management role in sustainability and climate risk management

The company has a dedicated Risk department headed by the Chief Risk Officer (CRO), who holds management responsibility in identifying sustainability and climate-related risks. The CRO possesses vast experience in risk management, with specialization in the banking and insurance sectors. She is responsible for maintaining and upgrading the company's risk register, risk policy and processes and reports directly to the Board Risk Committee.

- Report to board committee
- Strategise
- Analyse
- Identify

1.3 Management skills and management role in managing climate and sustainability related opportunities

Climate and sustainability-related opportunities are identified by trend analysis, stakeholder feedbacks, direct observation, etc., and flow to the Head of the Departments (HoDs). These are regularly discussed within the management meetings and considered for strategy setting during the corporate planning cycle. The management team holds vast knowledge, qualifications, and experience in their relevant fields (Refer page 180 for HoD profiles). The corporate management team includes the Managing Director, representing board involvement, who has a proven track record in managing business. The company facilitates workshops, seminars, and educational programs to enhance the skills and knowledge of its management regarding sustainability and climate risk management as necessary.

OVERSIGHT OF TARGET-SETTING FOR SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

During annual strategic and financial planning sessions, the Board at Softlogic Life evaluates sustainability and climate-related risks and opportunities. ESG and climate initiatives are continuously monitored and reviewed to ensure alignment with evolving market dynamics and regulatory requirements. The Sustainability Committee and the Risk Management Board Committee discuss sustainability-related targets, with final approval taken at the Board level. Additionally, the Risk Management Board Committee oversees the review and approval of ESG-related documents across the Company, including policies, procedures, and disclosures.

STRATEGY AND KPI MONITORING PROCESS

The KPIs and strategic actions outlined in the board-approved corporate plan are assigned to the relevant Heads of Departments (HODs), who then communicate them across the organization.

These KPIs are reviewed monthly and reported to the board. During quarterly board and subcommittee meetings (such as the Risk and Investment Committees), the status of KPIs and strategic objectives is thoroughly discussed, considering the latest operational developments.

Based on these discussions, the board provides management with directives on necessary steps to achieve the set targets.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

2. RISK MANAGEMENT

This section outlines our risk management processes, including the approach, framework, identification, and reporting of sustainability and climate-related risks. It details how we prioritize and control these risks, using various tools and frameworks to monitor and assess them. We integrate sustainability into our enterprise risk management system and take specific actions to address identified risks and leverage opportunities.

2.1 Risk management framework

Softlogic Life Insurance PLC has established a comprehensive Integrated Enterprise Risk Management Framework (IRMF) that aligns with ISO 31000:2018, ensuring a structured and dynamic approach to managing risks across the organisation. This framework is deeply integrated into our governance and operational processes, fostering a proactive risk culture that supports informed decision-making and enhances long-term sustainability. Key aspects of our IRMF include:

- Integration into Strategic Decision-Making
- Structured and Data-Driven Risk Assessment
- Stakeholder Engagement and Transparency
- Dynamic Risk Monitoring and Adaptability
- Commitment to Continuous Improvement

2.2 Integrated Risk Management Approach

Softlogic Life Insurance PLC adopts a holistic Integrated Risk Management Approach to ensure that risks are proactively identified, assessed, and mitigated in alignment with our Enterprise Risk Management Framework (IRMF). This approach enables us to effectively manage risks across different risk categories such as strategic, financial, operational, compliance and regulatory, and emerging risks, all of which have a direct impact on our business resilience and long-term sustainability. By embedding risk management into our corporate strategy, we ensure that all risks are assessed through a structured and data-driven methodology, supporting informed decision-making at every level of the organization.

2.3 Enhancing Risk Management by Integrating Sustainability and Climate-Related Risks

As part of our ongoing commitment to risk governance and regulatory compliance, we have expanded our risk management framework in 2024 to incorporate sustainability and climate-related risks focusing on SLFRS S1 and SLFRS S2. Recognizing their growing significance in the life insurance sector, these risks have been seamlessly integrated into our existing risk management framework to ensure regulatory alignment and enhance our risk resilience strategy.

The methodologies applied to assess and mitigate risks, including newly incorporated sustainability and climate-related financial risks, are further detailed in the section titled "Risk Management Process." This comprehensive and adaptive approach reinforces Softlogic Life Insurance PLC's commitment to sound risk governance, ensuring sustainable value creation while effectively managing evolving regulatory and market challenges.

2.3.1 Climate-Related Risk Management Process

Softlogic Life Insurance PLC recognises climate-related risks as part of its overall enterprise risk landscape and evaluates them using the same structured risk management framework applied to all key risks. The Company views climate-related risks as integral to its broader risk management framework, ensuring that they are assessed, mitigated, and monitored alongside financial, operational, and strategic risks. In the long term, treating climate risks in isolation could create a disconnect from the overall risk landscape, leading to inefficiencies in strategic decision-making and mitigation planning.

These processes follow the same structured approach outlined in the Company's broader risk management framework, ensuring consistency across all risk categories. The steps involved in risk identification, assessment, prioritisation, and monitoring are described in Section 56 to 60 under Risk Management Process.

Furthermore, assessing the nature, likelihood, and magnitude of the effects of climate-related risks is embedded within the Company's overall risk management methodology, reinforcing a comprehensive approach to risk governance

As the Company has adopted climate risk assessment for the first time, a comparison of the identification, assessment, prioritisation, and monitoring processes with previous periods is not applicable.

2.3.2 Risk Governance

At Softlogic Life Insurance PLC, risk governance is a structured framework designed to ensure strong oversight, accountability, and strategic decision-making in managing risks. This framework integrates risk policies, control mechanisms, and governance structures to align with the company's risk appetite and tolerance levels. The primary objective is to establish a proactive risk culture while effectively identifying, assessing, and mitigating risks.

The framework is anchored by the Board of Directors, supported by Board Sub-Committees, Internal Committees, Ultimate Risk Owners, and the Risk Management Unit, fostering accountability at all levels.

The key components of this framework are outlined below.

- Board of Directors: holds ultimate accountability for risk governance and providing strategic guidance to ensure alignment with regulatory and corporate objectives.
- Board Risk Committee: reviews key risks, oversees mitigation strategies, and keeps the Board informed of emerging threats.
- Internal Risk Committee: The Internal Risk Committee, operating at the management level, assesses key risks, determines necessary actions, and advises on mitigation strategies.
- Risk Management Unit: supports risk assessment, monitors mitigation efforts, ensures policy alignment, and reports key risk insights to management.
- Sustainability Committee: assesses, monitors, and manages sustainability, climate, and ESG risks, aligning them with corporate objectives.

Three Lines of Defense in Risk Management Framework

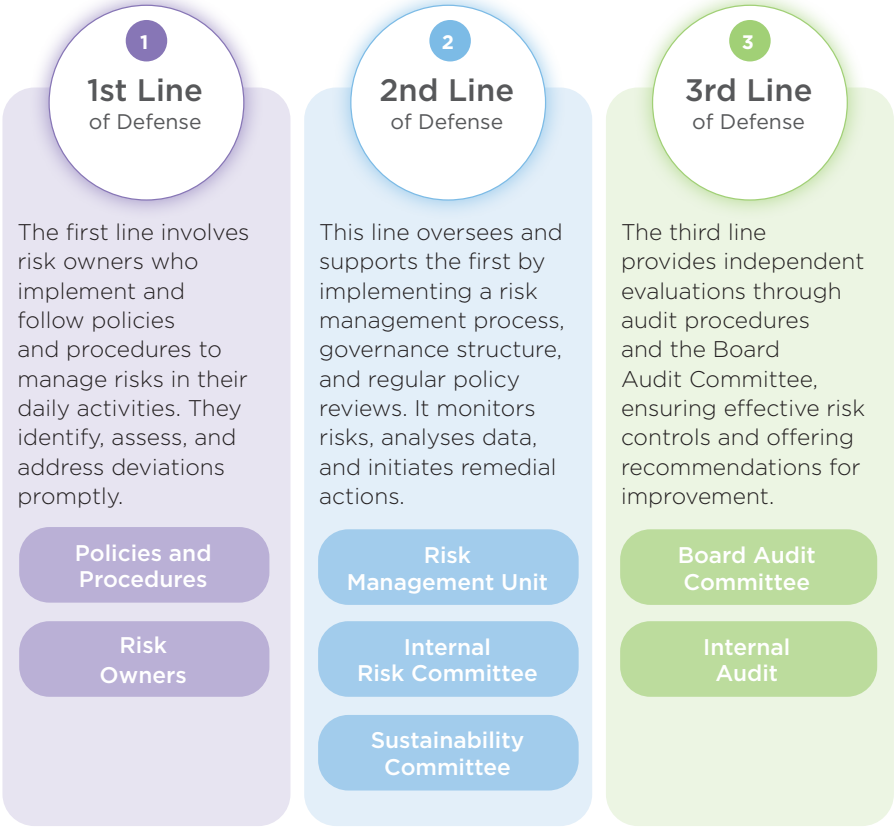
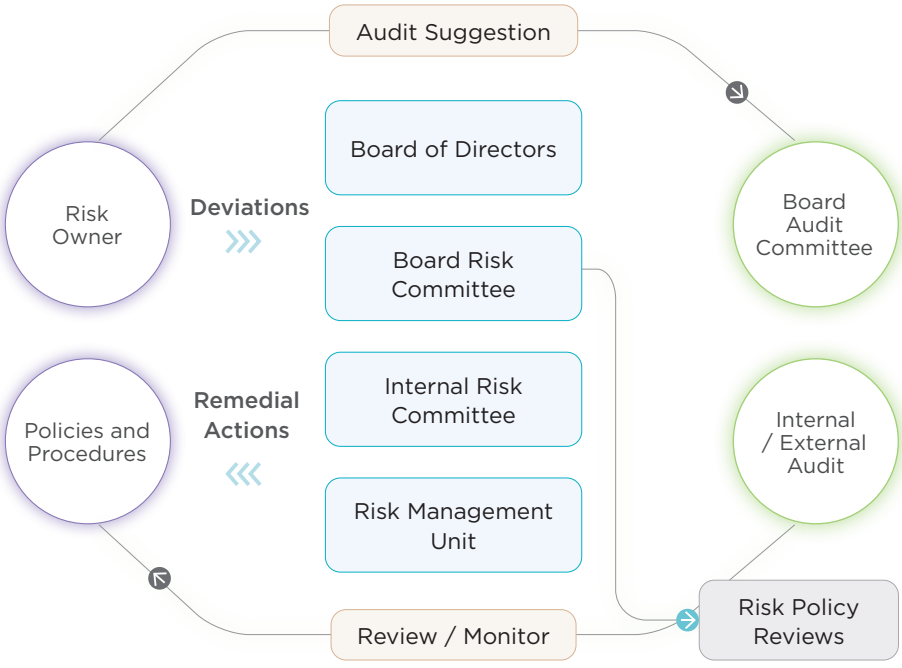


Figure 3: Risk governance process
Below figure illustrate our risk governance process including reporting hierarchy.



2.3.3 Risk Assessment Inputs and Parameters

The Company adopts a structured, data-driven approach to risk assessment, integrating key inputs from both internal and external sources. In doing so, it considers its business activities holistically, including relationships across its value chain. Internally, the Company utilises data from insurance front-end systems, actuarial models, and financial reporting systems to analyse its business activities. Externally, it assesses its positioning within the broader business environment using regulatory benchmarks, macroeconomic factors, climate, and social data, while also evaluating impacts across its value chain.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

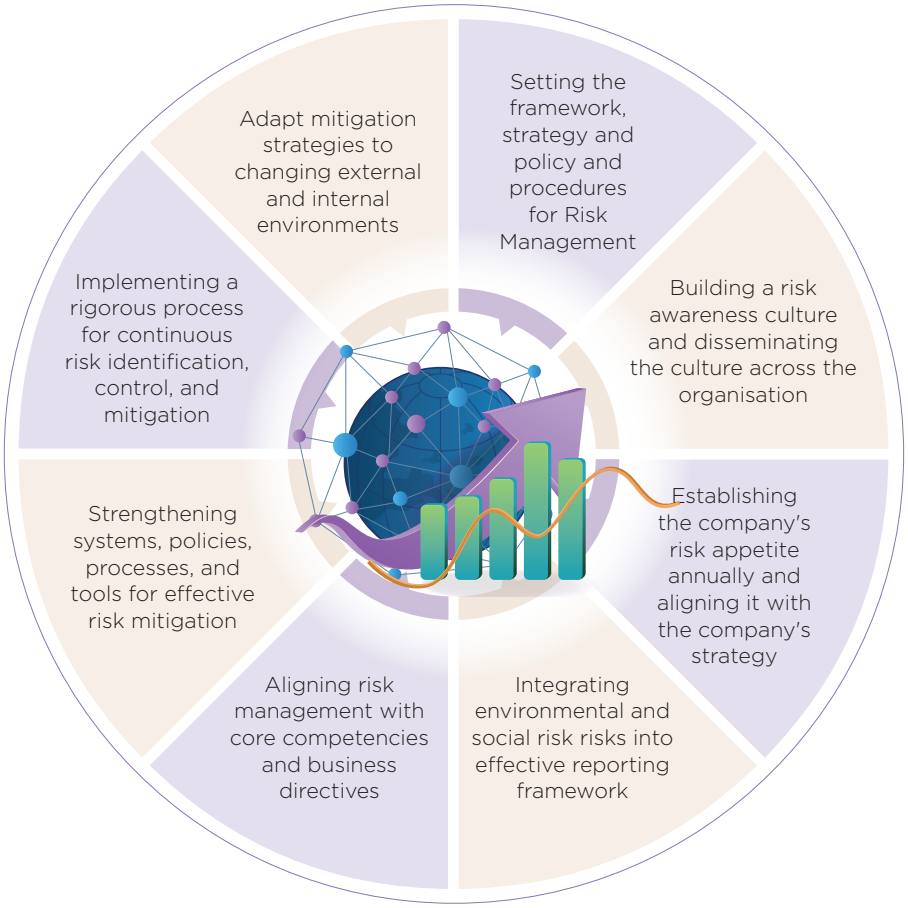
2.4 Principles and Objectives

Our company's risk management framework is built on core principles and objectives, forming a strong foundation for identifying, assessing, and mitigating risks. This framework is continuously refined and enhanced within these guiding parameters to ensure its effectiveness and alignment with our organizational goals. By doing so, we safeguard the company's interests and strengthen its resilience against uncertainties.

Risk Management Principles

Implementation of a Comprehensive Risk Approach	Establishment of an Independent Risk Function	Linking Risk Appetite to Strategy	Driving and ingraining a Risk Culture at Softlogic Life	Establishment of Review and Monitoring Mechanisms	Regular Reporting and Best Practices Adaptation

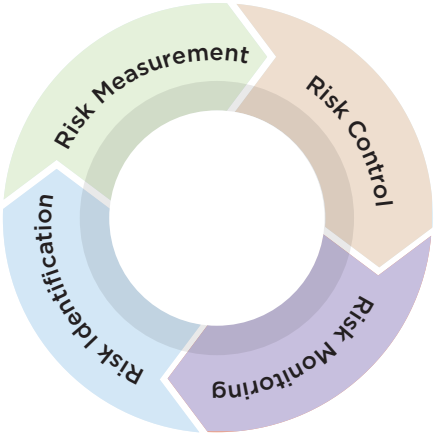
Figure 4: Risk Management Objectives



2.5 Risk Management Process

Softlogic Life Insurance PLC has established a robust and comprehensive risk management process that ensures the effective identification, assessment, mitigation, and monitoring of risks that could impact the Company's strategic objectives. This structured approach enables the organisation to proactively manage risks while capitalising on opportunities for sustainable growth. The risk management process is underpinned by four key pillars: risk identification, risk assessment, risk control, and risk monitoring & reporting, as illustrated in following figure.

Figure 5: Risk Management Process



2.5.1 Risk Identification

The process of identifying risks is a fundamental component of the risk management framework, ensuring that all potential risks—whether internal or external—are systematically recognised. Risks may be identified through various methodologies, including;

A) direct observations,

B) incident analysis,

C) scenario analysis, and

D) structured "What-If" analysis.

This process is conducted by individual risk owners as well as the dedicated Risk Unit, ensuring a comprehensive approach that captures risks specific to business units as well as those that impact the organisation as a whole. A structured risk inventory allows for prioritisation based on materiality, providing the Risk Unit with insights into critical areas requiring immediate attention.

Following identification, risks undergo a preliminary assessment before being escalated for further review. The Internal Risk Committee conducts an initial evaluation before submitting findings to the Board Risk Committee for a more in-depth analysis, ensuring that risks are reviewed with a multi-tiered governance structure.

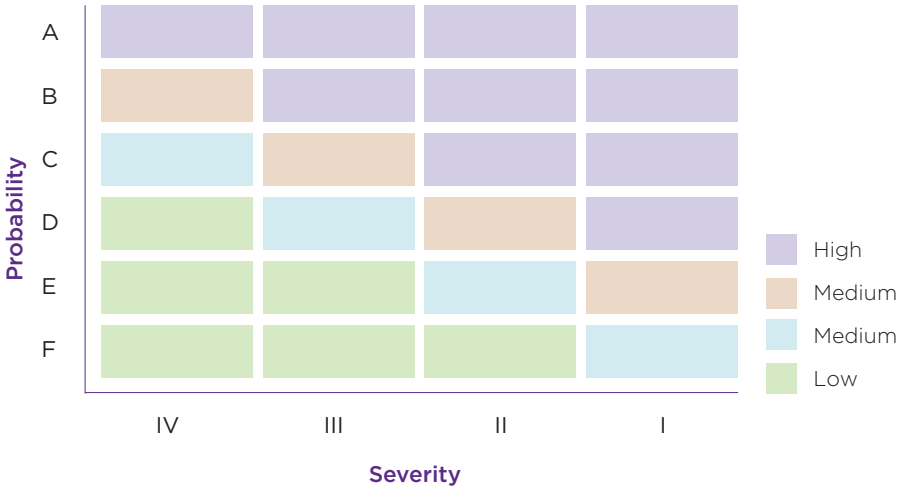
2.5.2 Risk Assessment: Severity and Probability

Each identified risk is assessed based on its severity of impact and probability of occurrence, facilitating a structured decision-making process. A predefined Risk Matrix as depicted in following figure serves as a guiding tool for evaluating risks based on these parameters.

- Severity of Impact: The potential consequences of each risk are classified into four levels: Marginal, Significant, Critical, and Catastrophic. This assessment considers factors such as business continuity, profitability, regulatory implications, and reputational damage etc.

- Probability of Occurrence: The likelihood of a risk materialising is determined based on historical trends and prevailing market conditions. Risks are categorised into six probability levels, ranging from Very High (occurring in less than a week) to Almost Impossible (occurring once in a hundred years).

Figure 6: Risk traffic light matrix



This structured assessment methodology ensures that decision-making is based on data-driven insights, allowing for proactive risk mitigation strategies. A detailed analysis of this assessment is provided on page 61 to 84.

2.5.2.1 Risk Appetite and Risk Profile

Softlogic Life's risk appetite defines the types and levels of risk the Company is willing to assume in achieving its strategic objectives. These risk thresholds are established by the Internal Risk Committee and approved by the Board Risk Committee, ensuring alignment with regulatory requirements, industry benchmarks, global best practices, and internal business goals. The Board Risk Committee reviews these limits annually, while the Internal Risk Management Committee is responsible for continuous monitoring and reporting.

The Company's risk profile reflects its ability to manage and absorb risks, shaped by factors such as insurance risk, investment risk profile, capital adequacy. A structured monitoring framework, including Key Risk Indicators and a Risk Profile Dashboard, ensures that actual risk exposures remain within approved limits. Any deviations trigger prompt corrective actions to uphold financial stability and resilience.

Softlogic Life's risk ratings, aligned with its defined risk appetite, are disclosed on page 61 to 84 of the Annual Report, ensuring transparency on risk exposure and governance.

2.5.2.2 Risk Environment

Softlogic Life evaluates its risk environment through idiosyncratic (internal) risks and systematic (external) risks. Idiosyncratic risks stem from internal factors within our control, such as operational efficiency and strategic decisions, while systematic risks arise from external influences like regulatory changes and economic conditions.

To enhance risk management, we focus on:

Internal Risks:

1. Implementing robust governance frameworks to support strategic decision-making.
2. Strengthening operational procedures to minimize inefficiencies.

External Risks:

1. Adapting to regulatory changes through proactive compliance strategies.
2. Mitigating economic fluctuations by diversifying financial and investment strategies.

Risk Landscape

Softlogic Life navigates a diverse risk landscape influenced by various financial and operational factors. The company has identified the key risks within its operating environment, which are outlined below.

- Insurance Risk
- Market Risk
- Operational Risk
- Strategic Risk
- Cyber Security Risk
- Regulatory Risk
- Climate Risk

2.5.3 Risk Control Measures

The responsibility for mitigating risks rests with the respective functional heads, who are accountable for developing and executing action plans to address high-rated risks. The governance structure, as outlined in the preceding section, includes policy frameworks specifically designed for each risk category. These policies ensure that risk controls are seamlessly integrated into operational processes, strengthening resilience across all business functions. Action plans encompass a range of measures, including process enhancements, system upgrades, regulatory compliance controls, and business continuity strategies, all with clearly defined implementation timelines.

Management utilizes existing risk controls and procedures to oversee climate-related factors, ensuring they are assessed, monitored, and addressed alongside other material risks. This integrated approach allows for cohesive decision-making, with climate-related considerations embedded in regular risk reviews and coordinated with relevant internal functions.

2.5.4 Monitoring and Reporting

A dynamic Risk Register is maintained, documenting all identified risks along with corresponding mitigation plans, ongoing control measures, and elimination strategies. This register is reviewed and updated on a quarterly basis, ensuring that risk management remains a continuous and adaptive process. The Board Risk Committee receives periodic reports to evaluate the effectiveness of mitigation strategies and provide strategic direction where necessary.

Risk reporting follows a structured three-tier escalation framework, categorising risks as Marginal, Significant, or Critical. Each category necessitates a tailored response mechanism, ensuring that risks are managed at the appropriate level of governance. Real-time risk intelligence and analytics are integrated into decision-making processes, allowing the Company to proactively address emerging risks and adapt to evolving regulatory and market landscapes.

Through the implementation of a robust risk management framework, Softlogic Life Insurance PLC remains committed to safeguarding the interests of its stakeholders, enhancing organisational resilience, and driving sustainable business performance in an increasingly complex risk environment.

2.5.5 Action taken for risk strategies

Decisions made by the Board Risk Committee or the Board are escalated to the executive management team for execution. The management team then collaboratively works to implement the directives, leveraging their expertise. The resulting management action plan is communicated to the relevant departments or individuals through the appropriate department heads. Once actions are taken, regular updates are provided to the Board or Risk Committee for review and evaluation.

2.6 Business continuity plan

The Company has successfully established a Business Continuity Plan (BCP) and tested the same during the year under review. BCP is an outcome of our risk management framework. We will continue to test and improve further our BCP in order to ensure our value creation will not be affected by external or internal events.

2.6.1 Aligning Strategy with Identified Risks and Opportunities

The risks and opportunities identified through the above-discussed risk management processes are detailed in the strategy section below. This analysis enables us to align our strategic objectives with potential challenges and opportunities, ensuring adaptability and resilience across our operations.

3. STRATEGY

Here, we describe the strategy formulation and execution of Softlogic Life. Our strategic approach start with identifying, assessing, and managing sustainability and climate related risks and opportunities and then integrating material concerns to the strategy setting process. Below we have explained how we identified, understand , the incorporation of sustainability and climate considerations into our business planning and decision-making processes, and the specific strategies and initiatives we have implemented to drive sustainable growth and resilience.

3.1 Impact to Business Model and Value Chain

The governance and risk management process for identifying SRROs and CRROs is elaborated under the Governance section on page 52 to 55 and the Risk Management section on page 56 to 60. In this Strategy section, we will provide a detailed analysis of SRROs and CRROs, including their impact on the business model and value chain, as illustrated on page 48 to 49.

3.1.1 Impact to Business Model

Changes in SRROs and CRROs will impact our business model, necessitating further diversification of our product portfolio in the medium to long term. Additionally, we plan to strategically realign our investment portfolio in the medium term, taking into account CRROs and SRROs. For details on our future investment management strategies, refer to paragraph 4.2.7. The expected impacts on our business model and value chain under different climate scenarios are outlined in paragraph 3.14.

3.1.2.Value Chain Impact

The upstream value chain is expected to undergo significant changes in product development, driven by a shift toward parametric insurance solutions in response to the evolving risk landscape influenced by CRROs and SRROs. This transition will have a substantial impact on all stages of the product development cycle, as outlined in detail on page 139.

Underwriting practices will require a comprehensive revamp to incorporate more sophisticated data, including precise customer geographic locations and granular health conditions. Additionally, reinsurers' risk evaluations will adopt more advanced assessment methodologies, which will, in turn, influence pricing structures.

Furthermore, the assessment of interest rate, credit, market, and liquidity risks will take on greater importance in investment evaluations over the medium to long term. This shift is necessitated by global uncertainties, such as geopolitical conflicts, which have far-reaching implications for the Sri Lankan economy.

The downstream value chain is expected to face a highly disruptive environment, significantly impacting our predominantly one-on-one sales process. The health risks faced by our sales agents are becoming increasingly critical, as they are regularly exposed to air pollution and heat waves in their daily routines. Additionally, shifting customer behaviours necessitate a more innovative approach to engagement. To adapt, we must rethink and evolve our engagement strategies to ensure effective and sustainable interactions in the future.

3.2 Risk Analysis and Financial Impact

The company's primary risks stem from its core business activities—risk pooling and investment management—as detailed in paragraph 3.7. In the Sri Lankan context, climate pattern changes are occurring more frequently, including increased rainfall, extreme heat days, and worsening air pollution. In 2023 and 2024, these environmental shifts significantly impacted our business, contributing to a rise in claims due to the surge in dengue fever, viral flu, and upper respiratory tract infections.

Additionally, an increase in fatalities from heart diseases and other non-communicable diseases further escalated claims, as reflected in the rising claim ratio outlined in the balanced scorecard (Table 8) on page 46. Over the past five years, the claim ratio has nearly doubled.

The challenges in managing our investment portfolio have also intensified, necessitating substantial impairment provisions on investments. Economic volatility in recent years has significantly affected our business, particularly through declining persistency ratios, which are evident in the downward trend shown in Table 8 on page 46. Additionally, the economic crisis has led to rising operational expenses.

The combination of increasing claims, higher expenses, and lower persistency ratios has negatively impacted the company's cash flows and profitability while also driving up insurance contract liabilities in the financial position. Accordingly, we have identified Morbidity, Mortality, Re-insurance, persistency, and expenses to be key risks arising from CRRO and SRROs. Furthermore, credit, liquidity, equity, foreign exchange, and interest rate risks associated with financial investments, along with a gradual decline in market yields, have further strained cash flows and profitability, ultimately contributing to an increase in insurance contract liabilities.

The detailed risk analysis and management activities have been provided under paragraph 3.18 on page 71.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

3.3 Addressing Climate-Related Risks and Opportunities in Strategy and Decision-Making

The management has set its strategy including a financial plan responding to risk arising from climate change and sustainability impacts. This includes a number of mitigation and adaptation actions. The detailed risks and assessment is provided for key risks arising from climate change and sustainability issues on page 72 to 79 and substantiated with our risk response.

During the company's strategic planning and financial forecasting for the next three years, management carefully evaluated all material SRROs and CRROs. As a result, a decision was made to redefine the strategic pillars that will serve as the foundation for addressing future risks and opportunities. The rationale behind this strategic shift is summarized below to provide greater clarity on the purpose of these changes.

At Softlogic Life, we recognize the profound impact of climate change on the insurance industry and the broader economy. Understanding these implications, we have embedded climate-related risks and opportunities into our strategic decision-making processes to ensure long-term resilience and sustainable growth.

As part of our commitment to responsible business practices, we actively assess climate-related risks—both physical and transitional—that may affect our operations, investment portfolios, and policyholders. This includes analysing the potential effects of extreme weather events, regulatory changes, and evolving market expectations.

Our forward-looking approach ensures that we remain agile in adapting to emerging climate challenges while leveraging opportunities for innovation and sustainable value creation. Through proactive engagement with stakeholders and adherence to global best practices, Softlogic Life remains dedicated to building a resilient, climate-conscious future.

3.4. Strategic Pillars

Pillar 01 - Preventive Health and Wellness

The key insurance risk arising due to sustainability and climate change is the increasing risk of Mortality and Morbidity. The best strategy we could bring here is to take action to keep our customers in good health which mitigates company risk as well as benefits the customer. Accordingly, we will be taking action aligned with this pillar. During 2024 we took our first initiative to introduce "Health Score" which is detailed under the customer section on page 141.

Pillar 02 - Personalization and Customer-Centric Products/ Services

In the long run, managing company risk amid a shifting insurance risk profile requires continuous innovation in our product portfolio. This includes introducing parametric insurance, which is linked to measurable events such as weather conditions, earthquake magnitude, or flood levels, ensuring faster and more efficient risk mitigation.

Pillar 03 - Digital Transformation and InsurTech

To effectively manage the various risks impacting our value chain activities, digitalization and InsurTech serve as the ideal strategic approach. Digitalizing upstream value chain activities enhances cost efficiency while ensuring seamless operations despite external disruptions. Meanwhile, downstream digitalization unlocks new opportunities to reach diverse customer segments and strengthen customer engagement, driving long-term growth and resilience.

Pillar 04 – Sustainability

This pillar is designed to evaluate the business impact of sustainability factors, including climate change while also assessing our influence on the climate and operating environment. This is initially implemented by integrating SLFRS S1 and S2 into our business practices and establishing climate targets to drive sustainability actions. These strategic pillars are further detailed on page 91 under strategy and resource allocation.

3.5. Resource Allocation for Strategy Execution

In order to execute the above-mentioned four strategic pillars, management has developed a detailed three-year financial budget, allocating financial, human, and technological resources for effective implementation. This includes dedicated investments in sustainable finance, digital transformation, and climate resilience initiatives.

A company-wide capacity-building program has already been launched to upskill our existing workforce, ensuring they are future-ready. As part of our digital transformation journey, we are currently rolling out AI integration across the company, starting with Co-Pilot agentic AI, while also exploring data-driven climate risk modelling. Furthermore, we continue to invest in sustainability-driven business practices, reinforcing our commitment to EESG principles.

Despite these initiatives, our company remains at the forefront of innovation within Sri Lanka's life insurance industry and is committed to maintaining this momentum in the future. Refer to the Human Capital section on page 118 and Intellectual Capital section on page 155 for more information.

3.6. Current and Anticipated Changes in Business Model and Resource Allocation

Based on our assessment, in the short to medium term, changes in factors considered due to SRROs and CRROs are not expected to have a significant impact on our business model. However, in the long term, these factors are anticipated to drive the need for greater diversification within our product portfolio. To proactively manage these evolving dynamics, we plan to strategically realign our investment portfolio in the medium term, incorporating CRRO and SRRO considerations to enhance resilience and long-term value creation. This approach ensures we can adapt to future climate-related impacts while optimizing resource allocation to support long-term resilience and sustainable growth.

Climate change presents both challenges and opportunities for Softlogic Life. While rising mortality and morbidity rates linked to climate-related health impacts may affect claims and underwriting costs, these shifts also open new growth avenues through innovative health insurance offerings tailored to emerging customer needs. In the short term, we are strengthening our risk models and accelerating product innovation to address these evolving risks. Over the medium to long term, strategic investments in green bonds and other sustainable financial assets will diversify our portfolio, enhance financial resilience, and contribute to long-term stability.

By embedding climate considerations into our core business strategy and financial planning processes, we are committed to driving sustainable growth while mitigating the financial risks associated with climate change. This integrated approach positions Softlogic Life to adapt, thrive, and create long-term value for stakeholders in an increasingly dynamic environment.

For details on our future investment management strategies, refer to paragraph 4.2.7. The expected impacts on our business model and value chain under different climate scenarios are outlined in paragraph 4.2.7.1 to 4.2.7.3.

3.7 Climate Change and Financial Strategy

3.7.1 Climate Transition Plan

As part of the corporate planning cycle for 2025 to 2027, Softlogic Life has assessed climate transition risks and opportunities. Given the current landscape in Sri Lanka, where regulatory actions on climate transition are still evolving, management considers the short- to medium-term risk to be low over the next three years.

However, we are proactively working to enhance our internal sustainability practices by setting climate targets. A thorough evaluation of the company's financial capacity to adapt to potential climate-related changes has been conducted, and management remains confident in Softlogic Life's resilience in navigating such transitions. The company remains committed to closely monitoring emerging climate transition developments to ensure proactive adaptation and strategic alignment with evolving market and regulatory conditions.

For further details on capital adequacy and liquidity, refer to Financial Capital on page 110. A comprehensive management analysis of climate transition is provided on page 63 to 70.

3.7.2 Climate Opportunities

Climate change, while posing increased risks of rising mortality and morbidity, also presents an opportunity to expand our health insurance product offerings. Additionally, the growing availability of green bonds offers a strategic opportunity to diversify our investment portfolio, shifting towards more sustainable and resilient financial assets.

3.8 Impact of SRROs and CRROs on Financial Performance, Position, and Cash Flows

3.8.1 Current Financial Impacts

In 2024, the company incurred net claims and benefits amounting to Rs. 14.2 billion, resulting in a 49% net claims ratio. Over the past five years (2020 to 2024), net claims have grown fourfold, significantly impacting the company's financial performance and cash flow. This increase is primarily driven by rising mortality and morbidity ratios, leading to higher insurance contract liabilities.

The economic crisis experienced in recent years led the company to recognize substantial provisions for credit risk associated with investments in Sri Lanka Development Bonds and Sovereign Bonds. As a result, an impairment provision of Rs. 1 billion was recorded in 2023, followed by a net reversal of Rs. 767 million in 2024.

3.8.2 Future Financial Impacts

Given the increasing risks of SRROs and CRROs, we anticipate a rise in morbidity and mortality risks in both the short and long term, along with an upward trend in expenses. Additionally, social factors affecting individuals' financial capacity are expected to drive higher policy lapse rates, negatively impacting the company's financial performance and cash flow. However, opportunities such as growth in health insurance sales and expected economic recovery provide a counterbalance, supporting business expansion. Taking both risks and opportunities into account, we expect a mixed impact across the short, medium, and long term.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Risks associated with financial investments are also expected to increase over all time horizons. However, investment diversification opportunities, such as green bonds, will be considered as financial risk management mechanisms, rather than having a direct impact on the company's financial position. A qualitative assessment of financial statements is provided in Table 12 on Page 83 while a quantitative impact analysis across different sensitivity scenarios for the short, medium, and long term is detailed in Table 13 on Page 84.

From a broader strategic perspective on SRROs and CRROs, we do not anticipate any significant changes in the company's financial position. As a result, no material adjustments are expected in the carrying amount of financial assets and liabilities for the next financial year.

3.9. Time Horizons for Climate-Related Risks and Opportunities

Due to the rapid changes in our operating landscape, Softlogic Life has defined 2025 as short term, 2026-2027 as medium term, and beyond 2027 as long-term for sustainability-related risks and opportunities, in alignment with financial planning considerations.

Given the nature and extended timeline over which climate impacts occur, time horizons are defined as follows:

- Short term: Up to 2030
- Medium term: From 2030 to 2050
- Long term: Beyond 2050

However, resources required for executing climate strategies and managing climate risks are considered within the annual corporate planning cycle to ensure effective implementation of actions.

3.10. Impact of Financial Position Change Over the Short, Medium, and Long Term

Softlogic Life anticipates that climate change will impact its financial position over the short, medium, and long term, influencing regulatory costs, investment strategies, and risk management practices. In the short term, we expect moderate financial effects due to compliance costs and initial investments in sustainability initiatives.

Over the medium term, our strategy includes increasing investments in green financial instruments, digitalization to reduce our carbon footprint, and retrofitting office spaces for energy efficiency.

In the long term, we foresee financial benefits from sustainable investments and enhanced risk assessment models, strengthening our resilience to climate risks. To support these initiatives, we plan to leverage green bonds, strategic partnerships, and operational savings. Additionally, we are gradually reducing investments in high-carbon sectors while integrating climate risk considerations into our pricing and underwriting models.

Our Board of Directors and Risk Management Committee oversee these efforts, ensuring regulatory compliance and long-term value creation for our stakeholders.

3.11. Managing Trade-Offs in Strategic Decision-Making

At Softlogic Life, decision-making regarding opportunities and risks is carefully managed by the Sustainability Committee and the Risk Management Board Committee. Key decisions made by these committees play a crucial role in setting the company's strategy, ensuring that any trade-offs in strategic actions and resource allocation are carefully considered to achieve optimal outcomes.

The Company has embarked on a strategic approach to embed climate risks within its core strategy and decision-making processes. Further updates on progress will be shared in subsequent disclosures. As the climate-related disclosure landscape continues to evolve, it is recognized that standard-setters have made significant efforts to achieve alignment. However, it is anticipated that the landscape will continue to consolidate and become more specific.

The Company continues to monitor developments in this space and uses these as signals to further enhance its strategy. At this stage, there are no specific trade-offs to report regarding the identification and management of climate risks.

3.12. Sustainability-Related Risks and Opportunities

We have analysed PESTEL factors to understand risks and opportunities arising from our operating landscape and their impacts over the short, medium, and long term. The summary of sustainability-related risks and opportunities identified through this process is provided in Table 9 below.

Furthermore, we continuously monitor and evaluate emerging trends, regulatory changes, and stakeholder expectations to proactively address sustainability-related challenges and capitalize on potential opportunities. This dynamic approach enables us to enhance our resilience, align with global best practices, and create long-term value for our stakeholders. The insights gained from our PESTEL analysis inform our strategic decision-making, ensuring that we remain adaptable and responsive to the evolving sustainability landscape.

Table 9: Sustainability related risk and its impact to SLI

Risk Event	Time Horizon			Current and anticipated impact on business model and value chain
	Short	Medium	Long	
Economic environment				
Interest Rates - Interest rates remained stable at a low level by the end of 2024 and are anticipated to stay at low levels in the short, medium, and long term.				
Low investment return on new funds invested.	M	M	M	**R1** The demand for investment-based products is expected to decrease. **R2** Interest rate risk **O1** Increasing loan disbursement by banks and opportunity to sell DTAP policies
GDP Growth - GDP growth is expected to increase gradually over the short to long term **Inflation** - By end of 2024 inflation was around 5% and it is expected to remain at same level for the foreseeable future.				
Growth prospects and cost reduction	M	M	M	**R3** Credit risk **R4** Liquidity risk **R5** Equity risk **R6** Economic and political risk **R21** Expense risk **O2** Business expansion / growth **O3** Revival of Lapsed policies during economic crisis
Exchange rate				
No significant volatility is expected over short to long term	L	L	L	**R7** Foreign exchange risk
Social environment				
Social environment is analysed covering our stakeholders based on stakeholder priority. (refer page 97 for stakeholder priority mapping)				
Employee				
Migration rates were elevated during 2023 and 2024, and the trend continues. However, Sri Lanka's positive economic and political outlook is expected to normalize the impact over time.	H	M	L	**R8** High staff turnover disrupt operational efficiency **R9** Reputational risk (arises from customer dissatisfaction caused by a decline in service quality) **R10** Occupational health and safety
Inability to meet investor expectation				
Failure to address investor expectations may deter investor interest.	H	H	H	**R11** No investor support on business expansion opportunities
Community impacts				
Increasing aging population	L	L	H	**O4** Opportunity to sell health products **O5** Opportunity to introduce pension products **R12** Morbidity risk **R13** Mortality risk **R14** Underwriting risk **R15** Re-insurance risk

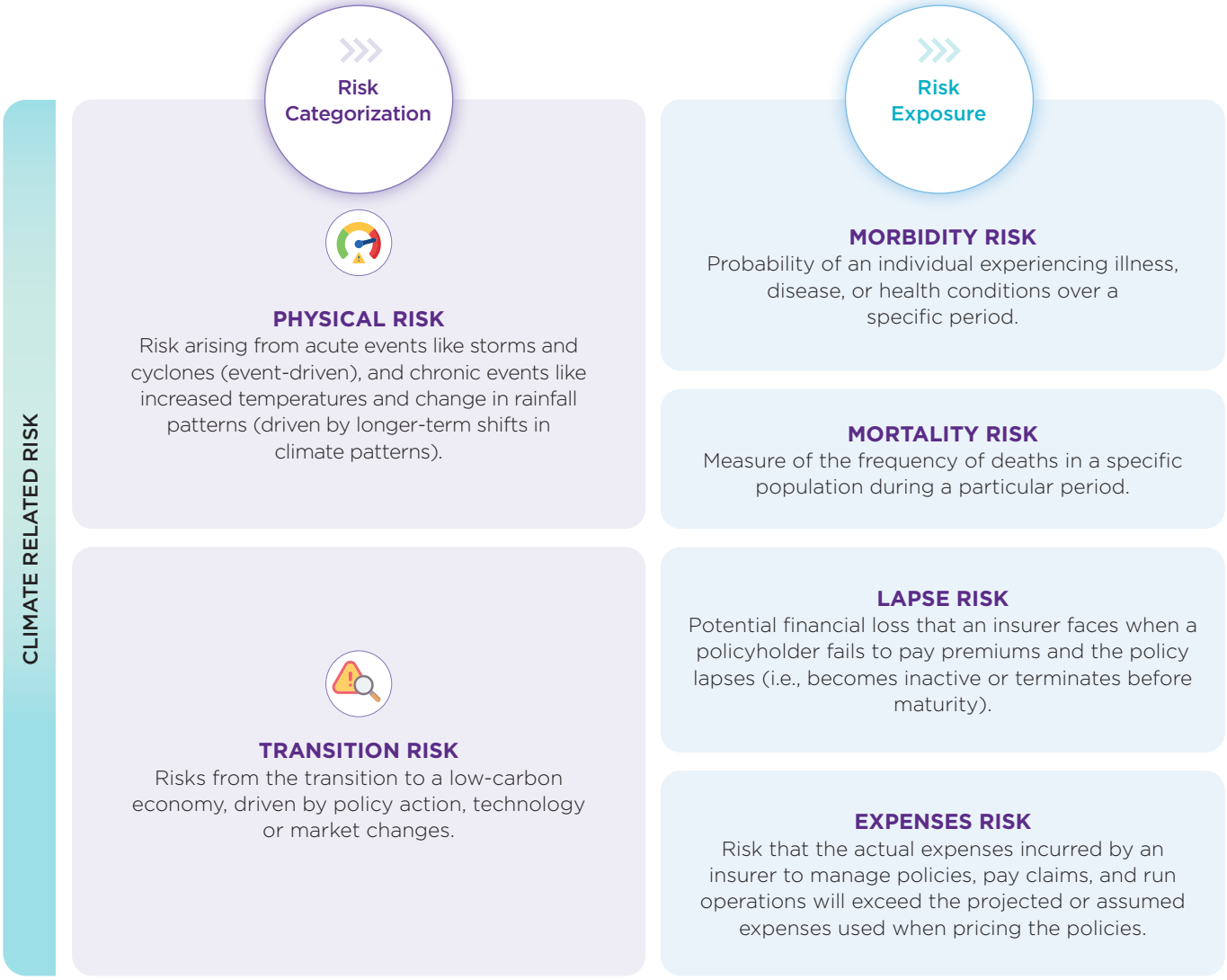
MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Risk Event	Time Horizon			Current and anticipated impact on business model and value chain
	Short	Medium	Long	
Increase in poverty	M	M	L	**R16** – Lapse risk **O6** – introduction of products with low premium value
Sri Lanka has low preparedness for disasters and health pandemics.	L	M	H	**R12** – Morbidity risk **R13** – Mortality risk **R14** – Underwriting risk **R15** – Re-insurance risk **O4** – Opportunity to sell health products
Increasing non communicable diseases	M	M	M	**R12** – Morbidity risk **R13** – Mortality risk **R14** – Underwriting risk **R15** – Re-insurance risk **O4** – Opportunity to sell health products
Sales staff				
Sales staff turnover due to socio-economic challenges and their health conditions	M	L	L	**R17** – GWP growth
Customers				
Evolving customer expectation	M	M	M	**R17** – Cyber risk (Customer data privacy) **R16** – Lapsed risk (due to not meeting customer expectation) **R14** – Underwriting risk
Competitors				
Competitor action will impact our business in numerous ways including loss of market share due to substitute product innovation, hiring our sales staff etc.	M	M	M	**R20** – Competitor risk **R9** – Reputational risk (Due to loss of market share)
Technological environment				
Rapid changes in technology emphasis adoptability of our internal IT infrastructure.	H	H	H	**R22** – Impairment of existing IT infrastructure **R23** – Cost of transition to new technologies **R18** – Increased cyber risk **O7** – Using new technology for efficiency improvement
Political and Legal environment (Regulatory environment)				
Rapidly changing regulatory landscape in our industry operating environment. New regulations being issued recently enacted.	M	M	M	**R19** – Regulatory risk **R9** – Reputational risk **R6** – Economic and political risk

3.13 Climate related risk and opportunities.

Climate change can have a substantial impact on the life insurance industry by driving up claims and expenses while reducing gross written premiums (GWP). Below, we have outlined our risk exposure under the broad categories of physical and transition risks associated with climate change.

Figure 7: Climate related risk and opportunities.



3.14 Climate-related physical risks

To assess the impact of climate change on company performance, we have utilized climate scenarios based on the Shared Socioeconomic Pathways (SSPs) for Sri Lanka, incorporating various emission trajectories and evaluating their effects through year 2100. These scenarios offer a structured framework to anticipate and mitigate potential risks, helping to ensure our business strategies remain resilient and adaptable.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Source

CHANGE IN RAINFALL PATTERNS

Emission Scenario[1]	1994-2014 A	Low Emission			Moderate Emission			High Emission		
Time Horizon		Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
Maximum number of consecutive wet days (20Y average)	55.03	56.67	61.01	60.74	58.11	60.14	62.91	56.90	59.48	61.54
Impact to value creation and strategy		M	H	H	M	H	H	M	H	H
Current and anticipated impact on business model and value chain		**Insurance Risk -** Changes in rainfall patterns contribute to the spread of vector-borne diseases such as dengue and malaria and increase the likelihood of flooding. As the leader in the health insurance segment in Sri Lanka, we face insurance risks due to rising morbidity and mortality rates, resulting in higher claims payouts. **Operational Risk -** operational risk (flood risk) stemming from potential business interruptions that affect the distribution of insurance policies and the provision of services to our customers. However, this situation also presents an opportunity to sell more policies, as affected individuals may recognize the benefits of having health and life insurance.								
Current and anticipated impact on business model and value chain		**R12** – Morbidity risk / **R13** – Mortality risk / **R15** – Lapse risk / **R21** – Expense risk **R10** -Occupational health and safety / **R20** – Disruption to distribution and operation **O4** – Opportunity to sell health products / **O2** – Business expansion / growth								

If the impact of the above scenarios in different time horizons is marked as Medium, no changes to the business model are anticipated. If the impact is high, This may necessitate certain adjustments in the geographical concentration of our selling process and changes in underwriting practices. Given a fully digitalized selling and underwriting process, few operational risks are expected.

Source

INCREASING AVERAGE SURFACE AIR TEMPERATURE

Emission Scenario[1]	1994-2014 A	Low Emission			Moderate Emission			High Emission		
Time Horizon		Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
Surface air temperature (20Y average) (°C)	30.38	30.75	31.11	31.30	30.72	31.14	31.56	30.77	31.34	32.18
Impact to value creation and strategy		L	M	M	L	M	H	L	M	H
Current and anticipated impact on business model and value chain		**Insurance Risk -** In any scenario, it is anticipated that temperatures will rise, leading to an increase in health-related issues such as heatstroke, dehydration, elevated heart rates, and heightened risks of heart attacks due to heat stress, in addition to respiratory problems. This escalation poses an insurance risk by increasing morbidity and mortality rates, thereby raising the claims payout for SLI. Furthermore, **Operational Risk -** it adds an operational risk by potentially affecting the health of our distributors (agents and sales staff). On the flip side, there is an opportunity to issue more insurance policies as customer sentiments shift towards perceiving higher risks in these areas.								
Current and anticipated impact on business model and value chain		**R12** – Morbidity risk / **R13** – Mortality risk / **R15** – Lapse risk / **R21** – Expense risk **R10** -Occupational health and safety / **R20** – Disruption to distribution and operation **O4** – Opportunity to sell health products / **O2** – Business expansion / growth								

If the impact of the above scenarios in different time horizons is marked as low, no changes to the business model are anticipated. If the impact is medium, geographical pricing and customized underwriting solutions may be considered as risk mitigation options. In high impact situations, these rising risks may necessitate adding parametric insurance solutions to the product portfolio to mitigate potential impacts. Given a fully digitalized selling and underwriting process, few operational risks are expected.

Source

AIR POLLUTION

Emission Scenario[1]	Low Emission			Moderate Emission			High Emission		
Time Horizon	Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
Air pollution	Air pollution is a significant and growing risk for which Sri Lanka is highly vulnerable. Although air pollution events have been increasingly observed throughout 2024, there are no credible projections available on Sri Lanka's impact on a long term basis. The Intergovernmental Panel on Climate Change (IPCC) categorizes air pollution as "Short-lived climate forces." Despite this, the IPCC has acknowledged that it will contribute to an increase in surface temperature by about 0.35°C by 2040 and has emphasized the associated risks.								
Impact to value creation and strategy	L	M	M	M	M	H	M	H	H
Current and anticipated impact on business model and value chain	**Insurance Risk -** Air pollution significantly threatens public health and business operations. Short-term effects include respiratory irritation, increased heart rate, blood pressure, and eye and skin irritation. Long-term exposure leads to chronic respiratory diseases, cancer, and premature death, increasing morbidity and mortality rates, thereby elevating insurance claims. **Operational Risk -** This risk impacts our distributors' health and productivity. However, as consumers become aware of air pollution health risks, there is an opportunity to sell more insurance policies, driven by the realization of the necessity for coverage.								
Current and anticipated impact on business model and value chain	**R12** – Morbidity risk / **R13** – Mortality risk / **R21** – Expense risk / **R10** -Occupational health and safety / **R20** – Disruption to distribution and operation / **O4** – Opportunity to sell health products / **O2** – Business expansion / growth								

If the impact of the above scenarios in different time horizons is marked as Low, we do not expect any changes to our business model. However, if the impact is medium, we may have to take actions to introduce preventive health solutions and dynamic underwriting and pricing strategies to manage the risk. In the event of high risk, we may have to look for parametric life insurance and micro insurance solutions with short-term life coverage, among other measures.

Source

ACUTE EVENTS :- HURRICANES, CYCLONES AND WILDFIRE ETC

Emission Scenario[1]	Time Horizon			Current and anticipated impact on business model and value chain
	Short	Medium	Long	
Hurricanes, cyclones and wildfire etc These acute events are a single event with high impact to mortality, morbidity risks and create high operational risk. Currently Sri Lanka is exposed to these risks and impacts we have experienced is low compared to the other part of the world. However, the company has identified this as developing a segment of risk.	L	M	H	**Insurance Risk -** Based on the past experience we have this risk has low impact to our business model as insurance risk (Mortality and morbidity) arising from the these events is low. However, this is expected to be increased in over medium to long term. The operational risk is moderate as these events are not usually experienced in Sri Lanka. **Operational Risk** - We expect high operational risk in the medium to long term specially in the distribution channels. We expect low impact on value chain of the business which predominantly include goods we purchased for the operation such as Stationary etc: and the services obtained for which we have alternative sourcing mechanism to mitigate the risk
Current and anticipated impact on business model and value chain	R12 – Morbidity risk / R13 – Mortality risk / R15 – Lapse risk / R21 – Expense risk / R20 – Disruption to distribution and operation			

To mitigate the risks associated with acute events, we have secured catastrophic insurance coverage. Given our substantial progress in digitalizing all business aspects and implementing a comprehensive disaster recovery plan, we do not anticipate a significant impact.

Climate projection data considered above are extracted from climate knowledge portal of world bank to ensure we depend on credible information in our impact assessment.

Source :- https://climateknowledgeportal.worldbank.org/country/sri-lanka/climate-data-projections?utm_source=chatgpt.com

1. Climate scenarios are aligned with internationally recognized and publicly available information from the Shared Socioeconomic Pathways (SSPs) which are detailed on page 84.

3.15 Climate-related transition risks

Climate transition risks are analysed below. These risks encompass the potential financial and operational impacts associated with the shift towards a lower-carbon economy.

Table 10: Climate-related transition risks

Risk Event	Time Horizon			Current and anticipated impact on business model and value chain
	Short	Medium	Long	
Substitution of existing products by innovative product propositions which are linked to emerging trends of climate risk, or sustainability consideration etc.	L	M	H	Currently there is no such transition in Sri Lankan market context the risk is assumed to be low in the short run. However this will have direct impact on expiring our existing product portfolio which might not generate new business in medium to long run. Inaction on this risk will disrupt our distribution model and customer segments who value climate and sustainability action. **R17** – GWP growth / **R20** – Competitor risk
Change in customer behaviour towards the more sustainable business process, products etc.	L	M	H	
Cost of transition to low emission technology Transition to low carbon economy is evolving trend in the world and Sri Lanka has a commitment to be net zero by 2050	L	M	H	The new technologies being developing in the world supporting low carbon transition. Currently there is no significant risk due to no legal enforcement. However, we expect in medium to long run this will be a key action in our strategy to roll out transition. We will have to replace our existing suppliers with the suppliers who provide low carbon technology and maintain climate-positive business processes. **R21** – Expense risk / **R19** – Regulatory risk
Negative stakeholder feedback due to inaction or non compliance	L	L	L	Since SLI is consciously monitoring climate requirements we believe we would align to compliance requirements and no risk is expected over the three-time horizons. **R17** – GWP growth / **R9** – Reputational risk
Enhanced emission reporting obligations due to development of legal and regulatory advancement.	M	H	H	In Sri Lanka we currently experiencing enhanced emission reporting trough the adoption of SLFRS S2 and expect to have more regulatory and legal compliance in short, medium and log term. This will impact entire value chain activities in the case of mandatory legal enforcement. **R19** – Regulatory risk

3.16 Climate-related opportunities

Table 11: Climate-related opportunities

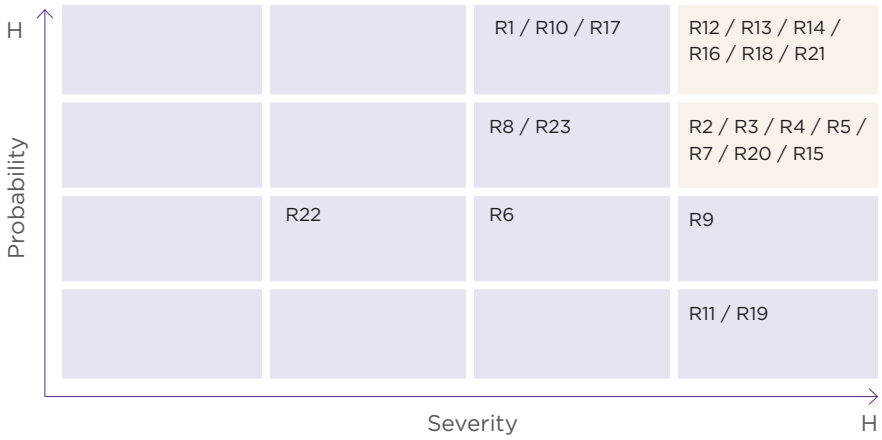
Opportunities	Time Horizon			Current and anticipated impact on business model and value chain
	Short	Medium	Long	
Increasing health and death risks due to climate change related impact courses to increase the demand for life and health insurance products.	L	M	H	**O4** – Opportunity to sell health products **O2** – Business expansion / growth
Emerging investment opportunities are available in sustainability, green, and social bonds	M	M	H	**O8** – Raise new capital

Our analysis uses available data on key business impact areas. We will continually revisit and adjust our priorities based on new information to address the risks.

3.17 Prioritizing risks

Risks are prioritized based on the severity of the impact and probability of occurrence, and risk mitigation actions and strategy setting is being done based on the matrix below. No differentiation is given for CRROs over other risks in prioritizing risks. A detailed mechanism of the process is provided under risk management on page 56 to 60.

Figure 8: Risk traffic light matrix



3.18 Responding to CRROs and SRROs HC-MC-450a.1

As a life insurer, SLI plays an essential role in managing financial stability and insurance risks. The business model of a life insurance company is centred on addressing insurance risks and overseeing investment funds. Below, we offer a detailed analysis of key risks identified as critical according to the provided risk matrix (Figure 8). Additionally, we summarize the risk management activities for other risks, where the financial impact is not quantified but a qualitative assessment is provided. We also refer to the financial statements where each risk could have an impact allowing reader to have comprehensive understanding. The sensitivity analysis provided for key risks offers reasonable information about their direct impact on financial position, performance, and cash flows, enabling users of the financial statements to better assess risk factors affecting the financials.

Our Key risks

Key risk impact to investment activities	**R2** – Interest rate risk	**R3** – Credit risk	**R4** – Liquidity risk	**R5** – Equity risk	**R7** – Foreign exchange risk
Key risk impact to insurance activities	**R12** – Morbidity risk	**R13** – Mortality risk	**R15** – Re-insurance risk	**R16** – Lapse risk	**R21** – Expense risk

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

3.18.1 Critical risk of 2024 and beyond

R13 – MORTALITY RISK 27/25 | 24 | 23

R12 – MORBIDITY RISK 27/25 | 24 | 23

Business impact

Increasing mortality and morbidity risks will increase the claims outgo and result to increase insurance contract liabilities.

Risk Response

- The company uses standard mortality tables to set expected mortality rates, which helps price products to manage mortality risks effectively.
- Quarterly monitoring of mortality and morbidity rates is done to check significant variances. Product pricing adjustments are made as needed to align with anticipated risk levels.

Capitals affected



Strategic pillars affected



Risk exposure on financial statement

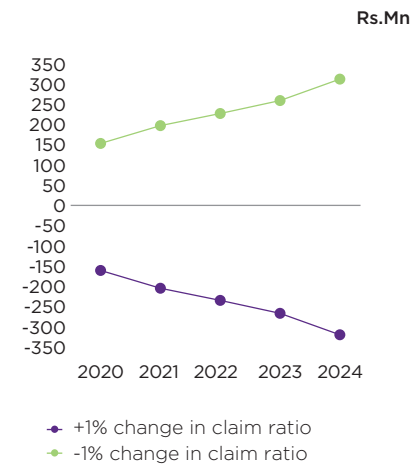
Following financial statement items are being impacted due to change in mortality and morbidity rates.

FS line items (Rs Mn)	Note no	Page no	2024	2023
Gross claims paid	13.4	293	**10,987**	10,238
Change in insurance claims outstanding	14.2	294	**134**	(94)
Insurance contract liabilities	39.8	336	**33,290**	27,925

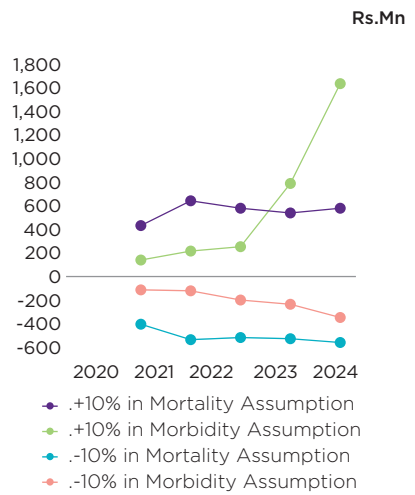
Sensitivity analysis

In assessing the financial position, a sensitivity analysis was conducted, whereby 10% stress up and down scenarios were applied for the current financial year. This analysis provides readers with past data to enable a reasonable estimate of changes in risk factors affecting the financial statement.

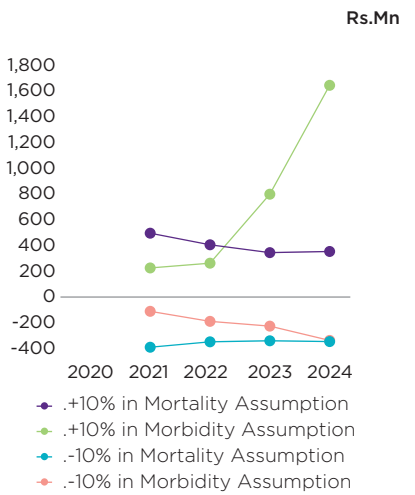
IMPACT TO CASHFLOWS



IMPACT TO FINANCIAL POSITION



IMPACT TO FINANCIAL PERFORMANCE



R14 – UNDERWRITING RISK 27/25 24 23

Risk of inaccurate evaluation of risk during the underwriting process.

R15 – RE-INSURANCE RISK 27/25 24 23

Risk of defaulting dues by reinsurer

Business impact

Increasing underwriting risk result high claims outgo and lower profitability. Claim recovery from reinsurers will be affected by increasing claims paid. This also pose the risk of recoverability of dues from reinsurers.

Risk Response

Underwriting risk

- Establishing strong underwriting philosophy and the guidelines established via negotiated reinsurance arrangements.

Re-insurance risk

- Engage with reputed Reinsurers who have a credit rating above "A".

Capitals affected



Strategic pillars affected



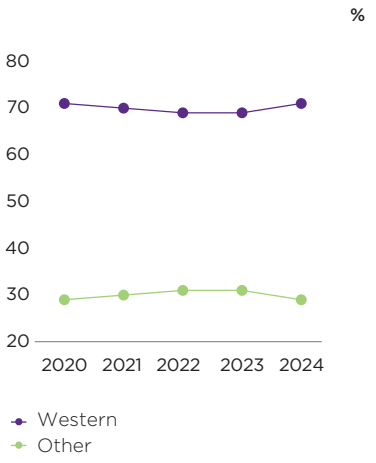
Risk exposure on financial statement

Following financial statement items are being impacted due to underwriting and reinsurance risk.

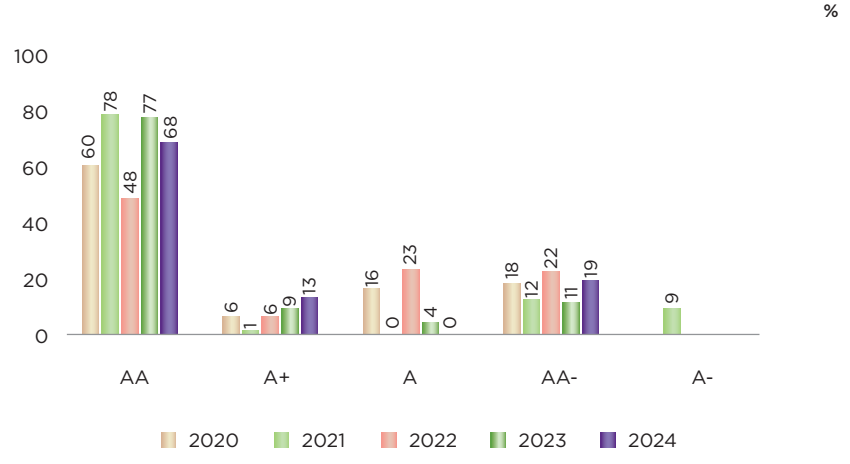
FS line items (Rs Mn)	Note no	Page no	2024	2023
Gross claims paid	13.4	293	**10,987**	10,238
Reinsurance receivables	31	277	**518**	465

Concentration risk of GWP at province level and credit rating wise re-insurance receivable over last five years provided below shows our risk exposure to underwriting and re-insurance risk

UNDERWRITING CONCENTRATION RISK



CREDIT RATING WISE REINSURENCE RECIVABLE



MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

R16 – LAPSE RISK 27/25 | 24 | 23

Policyholder fails to pay premiums and the policy lapses (i.e., becomes inactive or terminates before maturities).

R21 – EXPENSE RISK 27/25 | 24 | 23

Actual expenses incurred exceed the expense assumed at pricing of product.

Business impact

High policy lapses impact negatively to business growth and profitability of the company. Increasing in expenses will directly impact to profitability

Risk Response

Lapse risk

- Financial screening is introduced in the underwriting process.
- Close monitoring of collection process

Expense risk

- Annual expense study to assess per policy cost and identify drivers to major variances.
- In-build expense targets for next three years to manage expenses efficiently.

Capitals affected



Strategic pillars affected



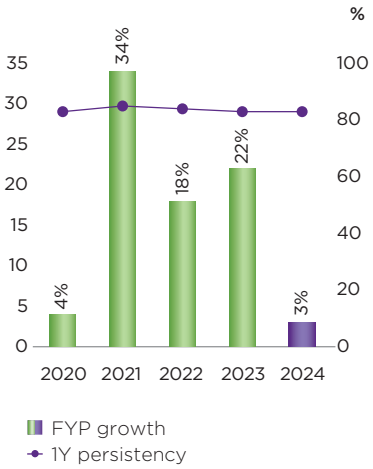
Risk exposure on financial statement

Following financial statement items are being impacted due to lapse and expenses risk

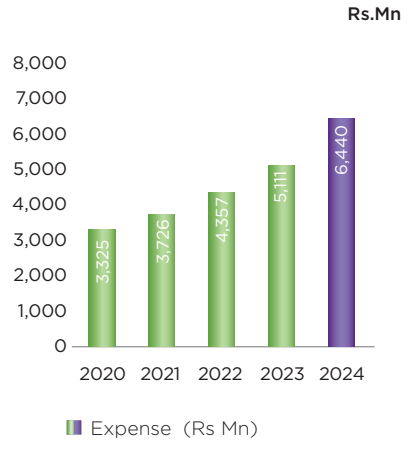
FS line items (Rs Mn)	Note no	Page no	2024	2023
Gross written premium	06	275	**31,573**	26,341
Other operating and administration expenses	17	275	**6,440**	5,111
Premium receivable	32	277	**2,905**	2,449

Risk exposure for last five years is analysed below. .

FYP GROWTH OVER 1 YEAR PERSISTENCY



EXPENSES



High Medium Low

R2 – INTEREST RATE RISK

27/25 | 24 | 23

Interest rate risk is a key consideration for the company's financial instruments, particularly concerning investments in debt securities. The risk involves the potential for unfavourable fluctuations in fair values or future cash flows due to variations in market interest rates, alongside impacts on liability values caused by interest rate adjustments.

Business impact

Interest rate change directly correlate with present value computation of insurance contract liabilities and investment income from fixed income securities which is reflected in financial performance. It also impacts to financial position due to estimation of fair value of fixed income securities.

Risk Response

- The Treasury Middle Office (TMO) maintains its ongoing responsibility to detect, assess, and oversee all Investment and Market Specific Risks associated with the company's asset portfolio daily.
- The Treasury Middle Office has set market risk thresholds aligned with the company's overall risk tolerance across multiple parameters. They conduct daily surveillance to ensure compliance with these established limits.
- The company strictly adheres to established guidelines and mandates approvals from both the Risk Committee and the Board of Directors if the limits/ guidelines outlined in the TMO Policy are surpassed.

Capitals affected



Strategic pillars affected



Risk exposure on financial statement

The Company is exposed to the following interest rate risk as at 31 December 2024.

Rs Mn	FS note no	Page no	2024			
			Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
Financial Assets	48.4.4.1	373	8,745	30,978	4,215	43,938
Financial Liabilities	48.4.4.1	373	(3,385)	-	-	(3,385)
Exposure to Interest Rate Risk			5,360	30,978	4,215	40,553
Proportion to total net exposure			13%	76%	10%	100%

Rs Mn	FS note no	Page no	2023			
			Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
Financial Assets	48.4.4.1	373	6,762	34,651	2,087	43,500
Financial Liabilities	48.4.4.1	373	(5,392)	-	-	(5,392)
Exposure to Interest Rate Risk			1,371	34,651	2,087	38,108
Proportion to total net exposure			4%	91%	5%	100%

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

R3 – CREDIT RISK

27/25 | 24 | 23

Credit risk represents the potential financial loss faced by Softlogic Life if a counterparty fails to settle outstanding balances.

Business impact

Significant cash flow issues if counterparties fail to pay dues to SLI. This also impact financial performance due to recognition of provision for impairment and bad debtors.

Risk Response

- Formulate credit policies in partnership with business units, that address collateral mandates, credit appraisals, risk grading, reporting, in addition to ensuring compliance with documentary, legal, regulatory, and statutory requisites.
- The Treasury Middle Office has set market risk thresholds aligned with the Company's overall risk appetite across multiple parameters, conducting daily surveillance to ensure compliance with all established limits.
- Establishing the authorization structure to approve and renew credit facilities, intermediaries, and reinsurers, aligning with credit policies. Business units are assigned authorization limits accordingly.
- Implementing measures to restrict concentrations of exposure to counterparties, industries, and issuers, while also managing risk within defined credit rating bands and market liquidity parameters.

Capitals affected



Strategic pillars affected



Risk exposure on financial statement

The Company is exposed to the following interest rate risk as at 31 December 2024.

Rs Mn	FS note no	Page no	2024 Exposure		2023 Exposure	
			Rs Mn	%	Rs Mn	%
Financial Investment (Note 01)	48.4.2.1	360	39,723	88%	41,413	91%
Premium Receivable	48.4.2.1	360	2,905	6%	2,449	5%
Cash at Bank	48.4.2.1	360	1,861	4%	1,092	2%
Reinsurance Receivable	48.4.2.1	360	518	1%	465	1%
Loans to Life Policyholder	48.4.2.1	360	350	1%	331	1%
Receivable and Other Assets	48.4.2.1	360	88	0%	72	0%
Total			45,445	100%	45,823	100%

High Medium Low

Note 01 - The following table presents data detailing the credit risk exposure of the Company's financial investments, categorized based on their respective credit ratings assigned by local agencies. The Company did not exceed any credit exposure limits during the reporting period.

Risk Rating	2024 Exposure		2023 Exposure	
	Rs Mn	%	Rs Mn	%
Government Guaranteed	25,898	66%	27,342	66%
Debt instruments having credit ratings				
AAA	-	0%	381	1%
AA+ to AA-	533	1%	820	2%
A+ to A-	4,087	10%	4,326	10%
BBB+ to BBB-	4,222	11%	4,007	10%
Below BBB-	986	2%	1,023	2%
Unit trust				
AAA to A-	3,313	8%	2,785	7%
BBB+ to BBB-	686	2%	729	2%
Total	39,723	100%	41,413	100%

R4 – LIQUIDITY RISK

27/25 | 24 | 23

The Company evaluates liquidity risk, focusing on the possibility of inadequate liquid resources to meet its obligations in a timely manner

Business impact

Failing to maintain sufficient liquid assets to cover liabilities can expose the business to significant risks, including litigation risk, reputational damage, and even threats to business continuity.

Risk Response

SASB FN-IN-550a.3

- Periodic review undertaken by the Company's asset and liability management committee.
- Maintaining a diversified range of highly liquid assets in the portfolio, ensuring a quick conversion into cash to mitigate unexpected short term disruptions to cash flows.
- Ensuring compliance with specified limits on maturity gaps in accordance with approved risk thresholds and maintaining investment compositions as outlined in the investment policy.

Capitals affected



Strategic pillars affected



Risk exposure on financial statement

The table below depicts a maturity analysis, providing insights into the liquidity exposure as of 31 December 2024.

Rs Mn	FS note no	Page no	No Maturity	Less than 1 year	1-3 Years	More than 3 years	Total
As of 31 December 2024							
Total Financial Assets	48.4.3.1	370	4,937	15,369	2,217	25,275	47,799
Total Financial Liabilities	48.4.3.1	370	-	8,722	3,512	16,442	28,677
Excess Assets / (Liabilities)	48.4.3.1	370	4,937	6,747	(1,295)	8,833	19,122
As of 31 December 2023							
Total Financial Assets	48.4.3.1	370	2,881	12,408	8,733	22,796	46,818
Total Financial Liabilities	48.4.3.1	370	-	4,309	7,444	12,024	23,776
Excess Assets / (Liabilities)	48.4.3.1	370	2,881	8,099	1,289	10,772	23,042

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

R5 – EQUITY RISK

27/25 | 24 | 23

Equity risk is a key consideration in investment management, influenced by the volatility and overall performance of equity markets. In recent months, equity markets have experienced fluctuations due to various macroeconomic factors, including interest rate changes, inflationary pressures, global economic uncertainty, and geopolitical developments. These factors contribute to increased market volatility, impacting investment returns and portfolio stability.

Business impact

In 2024, Sri Lanka's equity market experienced significant growth, reflecting a broader economic recovery. The Colombo Stock Exchange (CSE) reached a record-high market capitalization of Rs. 5.69 trillion, while the All Share Price Index (ASPI) surged, driven by improved corporate earnings and declining interest rates amid deflationary policies. Additionally, the external sector strengthened, supported by robust inflows from tourism and workers' remittances.

For Softlogic Life, which maintains a well-diversified investment portfolio, equity market performance directly impacts portfolio returns. As a financial services provider, balancing risk and return is crucial amid the inherent volatility of equity investments. While well-managed equity exposure supports long-term growth, market fluctuations driven by economic conditions, investor sentiment, and external factors necessitate proactive risk assessment. A forward-looking approach ensures resilience during market turbulence, while disciplined investment strategies help navigate uncertainties, maintaining stability and optimising returns over time.

Risk Response

- The Treasury Middle Office (TMO) diligently assesses, quantifies, and oversees all Investment and Market Specific Risks associated with the Company's Asset portfolio on a daily basis.
- Ensuring alignment with the Company's overall risk appetite, the Treasury Middle Office has instituted market risk boundaries across various metrics, conducting daily monitoring to validate adherence to these prescribed limits.

Capitals affected



Strategic pillars affected



Risk exposure on financial statement

The Company reported a market value of Rs. 4,215 million for its equity investments as of December 31, 2024, an increase from Rs. 1,760 million in 2023. The subsequent section provides insight into the portfolio diversification of equity investments (sector analysis) for the Company.

Rs Mn	FS note no	Page no	2024 Exposure		2023 Exposure	
			Rs Mn	%	Rs Mn	%
Banks	48.4.4.3	376	3,938	89%	1,300	74%
Diversified financials	48.4.4.3	376	93	2%	93	5%
Healthcare equipment and services	48.4.4.3	376	384	9%	368	21%
			4,215	100%	1,760	100%

High Medium Low

R7 – FOREIGN EXCHANGE RISK

27/25 | 24 | 23

Foreign exchange risk plays a critical role in shaping financial stability, particularly for entities exposed to foreign currency-denominated assets and liabilities. Exchange rate fluctuations can significantly impact the valuation of such assets, influencing financial performance, liquidity, and overall investment returns.

Business impact

Foreign exchange risk affects the Company's Fin Re and Tier II Capital transactions. To mitigate this, the Company has invested in USD-denominated assets, providing a natural hedge against its USD liabilities and reducing currency mismatch risks.

The Company successfully participated in Sri Lanka's ISB exchange offer as part of the 2024 debt restructuring process, aligning its investment portfolio with the revised terms of the sovereign debt framework. Through this participation, the Company exchanged its existing ISB holdings for newly issued bonds with adjusted principal amounts, extended maturities, and revised interest rates, mitigating some of the immediate financial pressures arising from the restructuring. As a result, the Company's financial statements for the year ended 31 December 2024 reflect the restructured ISB position, incorporating necessary adjustments to valuation, expected cash flows, and impairment provisions. This strategic approach helped stabilize the Company's investment portfolio amid macroeconomic uncertainties while ensuring compliance with evolving financial and regulatory landscapes.

Risk Response

- Routine assessments of the timing of foreign currency cash inflows and outflows are conducted regularly, accompanied by proactive decision-making regarding reinvestments based on forecasted rates and scenarios as needed.
- Assess the possibility of settling USD liabilities ahead of schedule as a strategy to mitigate prolonged exposure to foreign currency risks.

Capitals affected



Strategic pillars affected



Risk exposure on financial statement

Financial risk due to exchange risk is analysed below

Rs Mn	FS note no	Page no	USD Mn.		LKR Mn.	
			2024	2023	2024	2023
Assets	48.4.4.2	374	14.0	13.9	4,112	4,497
Liabilities	48.4.4.2	374	11.3	16.5	3,309	5,339
Net Exposure			2.7	(2.6)	803	(842)

Further details, including financial impact assessment, is available under financial risk management section provide along with financial statements note no 48 on page 354.

3.18.2 other risk of 2024 and beyond

Below table analyse risks that are not critical but material to the SLI over short, medium and long term.

Risk Factor	Risk Response	Affected Strategy	Affected Capital	Risk rating		
				2025 /2027	2024	2023
This risk can have an impact on overall financial statement level. Not managing this risk might have severe impact such as risking going concern of the company						
R18 – Increased cyber risk	Regular review of security incident policy and mapped with data privacy policy.			L	L	L
R6 – Economic and political risk	The risk unit conducts economic analyses, economic forecasts identifies industry trends on quarterly basis. These insights are presented to the Board Risk and Investment Committees for strategic decision-making support. Medium term economic impacts are considered to annual corporate planning.			L	M	H
R9 – Reputational risk	Clear operational risk policy to measure reputation risks effectively. Closely monitor our social media page and address customer complaints through our customer relationship management unit. All customer complaints are managed according to guidelines from the IRCSL.			L	L	L
R19 – Regulatory risk	Concurrently, the risk and compliance units remain vigilant, to adapt strategies accordingly and ensure ongoing compliance with capital adequacy requirements. Compliance Unit facilitates communication of regulatory updates to relevant business units, and report compliance status quarterly to the Audit Committee.	-		L	L	L
R11 – No investor support on business expansion opportunities	Investors key concerns requirements were met in terms of financial performance Company value creation is well discussed and strategised during the corporate planning cycle.			L	L	L

Risk Factor	Risk Response	Affected Strategy	Affected Capital	Risk rating		
				2025 /2027	2024	2023
R20 – Competitor risk	Continuously benchmark performance against peers and leverage market intelligence to track competitor activity. These insights are shared with the product committee, assisting to maintain a competitive product portfolio informed by gathered intelligence.			H	M	M
FS Note no - 17 - Other operating and administration expenses (Page no - 275)						
R8 – High staff turnover disrupt operational efficiency	Employee surveys conducted to identify route causes and employee benefits were adjusted as relevant to remove identified gaps.			M	M	H
R10 -Occupational health and safety	Onsite safety measures were educated to all staff. Further medical insurance were available for all sales, non-sales staff covering range of health risks.			M	M	M
FS Note no - 26 - Property, plant and equipment (Page no - 277)						
R22 – Impairment of existing IT infrastructure	Phase out replacement of existing infrastructure to par with latest available technology.			H	H	H
R23 – Cost of transition to new technologies				M	L	L
FS Note no - 6 - Gross written premiums (Page no - 275)						
R1 - The demand for investment-based products is expected to decrease.	The product shift is discussed during the planning cycle and incorporated to financial plan 2025 to 2027.			L	L	L
R17 – GWP growth	Events could impact to GWP growth is identified and incorporated in to financial plan 2025 – 2027.			L	L	L

In accordance with the reporting requirements under SLFRS S1 and S2, we have classified the identified risks and opportunities into two categories: those impacting our business model and those affecting our value chain. The figure below (Figure 9) illustrates the impacts on SLI along with the associated risks and opportunities.

Figure 9 : impacts of CRROs and SRROs on business model and value chain

Business Model	Value Chain
Considered risk and opportunities R2 / R12 / R13 / R14 / R15 / R16 / R21 / R1 / R20 / O1 / O2 / O6 / O7	**Considered risk and opportunities** R3 / R4 / R5 / R7 / R18 / R6 / R8 / R10 / R19 / R23 / O3 / O4
We are actively monitoring key insurance risks, including mortality, morbidity, lapses, and expenses. We expect these risks to evolve more rapidly in the future and become increasingly significant. Our short-, medium-, and long-term expectations are outlined below, aligned with our financial planning time horizons. **Short term** * We expect product shift where investment base product will have moderate demand and increase risk base product proposition. **Medium term** * Distribution channel innovation to reach different customer segments. * Move to preventive health underwriting. **Long term** * Strength pricing mechanism with extended information at geographical location level. * Predictive customer engagement. * More focus/integration of preventive health related options to core business model.	Value chain is expected to impact mainly due to the emerging changes in economic, political and regulatory environment. **Short term** * No significant change is expected **Medium term** * Managing disruption to our distribution methodology (i.e one to one selling) **Long term** * Managing the health condition of our key distributors i.e sales staff and sales agents will be a key focus.

3.18.3 Regular Monitoring of KPIs and Climate Targets

In alignment with the reporting requirements under SLFRS S1 and S2, Softlogic Life has established a structured approach to monitoring and reporting key performance indicators (KPIs) and climate targets to ensure transparency, accountability, and strategic alignment with sustainability objectives.

Regular Monitoring of KPIs

The management conducts continuous evaluation of KPIs outlined in the strategy framework, with monthly reports submitted to the Board of Directors. This enables the board to assess the company's operational and financial performance, ensuring that data-driven insights inform strategic decision-making. Additionally, during quarterly board meetings, the board collectively reviews KPI trends, identifies key risk factors, and refines strategic actions where necessary. This structured review process ensures that KPIs established during the strategy-setting process remain a core consideration in the board's decision-making and are aligned with long-term business objectives.

Monitoring of Climate Targets

Softlogic Life has established a climate intensity reduction target to be achieved by 2030, incorporating quantified annual emissions goals and other key sustainability objectives. The company ensures that progress toward these targets is monitored and reported to the board annually starting from 2025. To enhance climate-related disclosures and data accuracy, the company is progressively strengthening its internal processes for climate-related data collection, measurement, and validation. As these processes mature, the frequency of climate-related reporting will be increased, enabling a more proactive approach to climate risk assessment and sustainability strategy execution. This structured approach ensures that Softlogic Life's climate strategy, risk management, and financial planning remain aligned with industry best practices, driving long-term resilience and value creation.

3.19 Impact of CRROs and SRROs on company's financial performance, cash flows and financial position - Qualitative

Impact of critical CRROs and SRROs on company's financial performance, cash flows and financial position over short, medium and long term is summarised in below table 12.

Table 12: Financial impact from Sustainability and climate critical risks

Areas of impact	Link to financial statement (FS)	FS note no	Page No	Time Horizon	R2 – Interest rate risk	R3 – Credit	R4 – Liquidity	R5 – Equity	R12 – Morbidity	R13 – Mortality	R14 – Underwriting	R15 – Re-insurance	R16 – Lapse	R21 – Expense	R7 – Exchange
Impacts on financial performance and operating cash flows	Gross written premiums	6	275	Short									Medium		
				Medium									Medium		
				Long									High		
	Net insurance benefits and claims paid	13	275	Short					Medium	Medium	Low	Low			
				Medium					High	High	Medium	Low			
				Long					High	High	Medium	Low			
	Underwriting and net acquisition cost	16	275	Short									Low	Medium	
				Medium									Low	Medium	
				Long									Low	High	
	Finance income / Net realised gains / Net fair value gains / (losses)	20	275	Short	Medium		Low	Medium							Low
				Medium	Medium		Low	Medium							Low
				Long	Medium		High	Medium							Low
	Other operating and administration expenses	17	275	Short		Low								Low	Low
				Medium		Low								Low	Low
				Long		Low								Low	Low
Impact only on financial performance	Change in insurance contracts liabilities	15	275	Short					Medium	Medium			Medium	Low	
				Medium					High	High			Medium	Low	
				Long					High	High			High	Low	
	Profit before tax	21	275	Short	Medium	Low	Low	Medium	Medium	Medium	Low	Low	Medium	Low	Low
				Medium	Medium	Low	Low	Medium	High	High	Medium	Low	Medium	Low	Low
				Long	Medium	Low	High	Medium	High	High	Medium	Low	High	Low	Low
Impact to statement of financial position	Insurance contract liabilities	39	277	Short	Medium				Medium	Medium			Medium	Low	
				Medium	Medium				High	High			Medium	Low	
				Long	Medium				High	High			High		
	Financial Investments	29	277	Short	Medium	Low	Low	Medium							Low
				Medium	Medium	Low	Low	Medium							Low
				Long	Medium	Low	High	Medium							Low
	Financial Liabilities	45	345	Short											Medium
				Medium											Medium
				Long											Medium
	Total Assets		277	Short	Medium	Low	Low	Medium							Low
				Medium	Medium	Low	Low	Medium							Low
				Long	Medium	Low	High	Medium							Low

Financial impact Low Medium High

3.20 Estimating the resilient sensitivity of the critical risks

SLI employs stress testing on critical risks to assess their potential financial impacts on the current and future financial statements. This process helps management identify which risks should be prioritized and managed, as well as where resources should be allocated. Stress testing is conducted annually, and the results from the current year serve as the foundation for estimating medium-term stress scenarios on the financial statements. Given the rapid changes in our operating environment and the fact that our annual financial planning cycle covers three-year projections, we limit our stress testing to short- and medium-term horizons to ensure more accurate estimations.

We believe that evaluating each risk individually for its financial impact would not provide a comprehensive or accurate picture for users of our annual report. Therefore, we focus on critical risks and, where applicable, provide a combined financial impact analysis to offer a more holistic view of potential outcomes. Below table 13 provides the financial impact of critical risks identified under stress scenarios.

Table 13: Financial impact under stress scenarios for critical risks identified

Risk	Description	Sensitivity	Cash flows (Rs. Mn)				Financial performance (PBT) (Rs. Mn)				Financial Position (Equity / Liability) (Rs. Mn)			
			2027	2026	2025	2024	2027	2026	2025	2024	2027	2026	2025	2024
Morbidity	Sensitivity to gross claim ratio (excluding maturities and surrenders) is calculated	+1%	(513)	(433)	(366)	(316)	(420)	(351)	(295)	(254)	(70)	(23)	17	46
Mortality		-1%	513	433	366	316	420	351	295	254	205	157	118	89
Expense	Financial impact due to changes in expense growth	+1%	(70)	(64)	(60)	(64)	(40)	(35)	(31)	(39)	68	72	75	69
		-1%	70	64	60	64	40	35	31	39	(68)	(72)	(75)	(69)
Interest rate	Financial impact due to changes in interest rates	+1%	99	78	59	66	80	62	45	53	(3,716)	(3,667)	(3,632)	(3,593)
		-1%	(99)	(78)	(59)	(66)	(79)	(61)	(44)	(52)	4,084	4,029	3,988	3,947
Lapse	Financial impact due to changes GWP growth	+1%	272	234	201	178	27	23	19	30	19	16	13	21
		-1%	(272)	(234)	(201)	(178)	(27)	(23)	(19)	(30)	(19)	(16)	(13)	(21)
Credit	Financial impact due to 1% default in dues to company	-1%	(741)	(628)	(536)	(494)	(539)	(457)	(390)	(361)	(741)	(628)	(536)	(494)
Equity	Financial impact due to change in market prices	+1%					42	42	42	42	30	30	30	30
		-1%					(42)	(42)	(42)	(42)	(30)	(30)	(30)	(30)
Exchange	Financial impact due to change in exchange rates	+1%					20	14	9	8	20	14	9	8
		-1%					(20)	(14)	(9)	(8)	(20)	(14)	(9)	(8)
Liquidity*														

*Due to excess liquidity position we maintain we don't expect significant financial impact due to liquidity risk

Based on the overall assessment including SRROs and CRROs a significant risk of material adjustment within the next annual reporting period to the carrying amount of assets and liabilities were not identified. Further It also determined that the company has the capacity to absorb any of above impacts without significant change to our existing business model and company have the financial strength and resources to absorb shocks. Refer financial capital on page 110 to assess financial strength of the company.

4. METRICS AND TARGETS

In this section, we present the key metrics and targets we use to measure and track our performance against our sustainability goals. This includes both quantitative and qualitative indicators, aligned with the SLFRS S1 and S2 guidelines, to ensure transparency and comparability. We also outline our progress towards achieving these targets and any adjustments we have made to our strategies based on our performance to date.

To ensure consistency with the other disclosures in this report, we have outlined below how we have translated sustainability-related risks and opportunities into measurable KPIs, along with the process we use to monitor them. Specific metrics and targets related to CRROs (emission related disclosures) are presented in this section, in alignment with the extended disclosure requirements under SLFRS S2.

By organizing our report in this manner, we aim to provide a clear and comprehensive overview of our approach to managing SRROs and CRROs, highlighting our commitment to transparency, accountability, and continuous improvement.

4.1 Process to identify metrics and targets.

After identifying the SRRO, management evaluates its business impact, including the affected activities within the business model and value chain. We first refer to SASB standards to determine an appropriate metric; if none are suitable, we consult GRI standards. If necessary, we then consider industry-specific or general metrics. Targets for the identified metrics are established during the corporate planning cycle and are detailed in the Strategy and Resource Allocation section of this report on page 91. The assessment of previously set targets is discussed in the Business Review on page 38.

For operational efficiency, we have consolidated related risks and opportunities under a single metric, as presented in Table 14. This table also includes information on the source of each metric.

KPIs for SRROs (Quantitative) ✓ | Targets for SRROs ✓ | KPIs for CRROs (Quantitative) ✓ | Climate target ✓

Table 14: Metrics identified against SRROs and CRROs

QT - Quantitative QL - Qualitative

Metric	Strategic Pillar	QT/ QL	Risk and Opportunity	Location of disclosure
Referred to SASB - Insurance				
FN-IN-270a.1 - Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	●	QT	R9 / R19	141
FN-IN-270a.2 - Complaints-to-claims ratio	●	QT	R9 / R17 / O4 / O5 / O6	141
FN-IN-270a.3 - Customer retention rate	●	QT	R1 / R6 / R9 / R16 / R20 / O2 / O3 / O4	143
FN-IN-270a.4 - Description of approach to informing customers about products	●	QL	R8 / R14 / R16 / R20 / O2 / O4 / O5 / O6	139
FN-IN-410a.2 - Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	●	QL		90
FN-IN-410b.1 - Net premiums related to energy efficiency and low carbon technology	●	QT		N/A
FN-IN-410b.2 - Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	●	QL		141
FN-IN-410c.1 - Absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3	●	QT	R19	89
FN-IN-410c.2 - Gross exposure for each industry by asset class	●	QT		89
FN-IN-410c.3 Percentage of gross exposure included in the financed emissions calculation	●	QT		89
FN-IN-410c.4 Description of the methodology used to calculate financed emissions	●	QT		89

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QT - Quantitative QL - Qualitative

Metric	Strategic Pillar	QT/ QL	Risk and Opportunity	Location of disclosure
FN-IN-450a.1 - Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes.	●	QT	The company has secured catastrophic insurance to mitigate financial risks arising from natural perils. However, this does not cover events such as extreme heat and drought. Due to limitation of detailed information needed to fully comply with SASB standards, we are unable to provide quantification for these metrics at this time. Nevertheless, the company is committed to taking steps to improve our current position in the future.	
FN-IN-450a.2 - Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment.	●	QT		
FN-IN-450a.3 - Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy.	●	QL		
FN-IN-550a.1 - Exposure to derivative instruments	●	QT	No derivative instruments as at 31.12.2025	
FN-IN-550a.2 - Total fair value of securities lending collateral assets.	●	QT	Detailed disclosure is provided under financial note 48.4.2.4 & 48.4.3.2 on page 363 & 371 respectively	
FN-IN-550a.3 - Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities.	●	QL		77
SASB - Activity Metric				
FN-IN-000.A - Number of policies in force,	●	QT		138
Referred to SASB – Manage Care				
HC-MC-230a.1 - Description of policies and practices to secure customers' personal health data records and other personal data.	● ●	QL		136
HC-MC-230a.2 - (1) Number of data breaches, (2) percentage involving.	● ●	QT		136
HC-MC-230a.3 - Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	● ●	QT		136
HC-MC-240a.4 - Description of policies and practices regarding customer access to coverage.	●	QL		139
Referred to GRI				
In line with requirements under GRI standards we have provided GRI content index which include all disclosures we have made according to the GRI standards Quantitative / Qualitative.				
Referred to Industry Specific KPIs				
Persistency rate / Retention rate.	●	QT	R1 / R6 / R9 / R16 / R20 / O2 / O3 / O4	46
Annualized New Business (ANBP) growth.	●	QT	R1 / R8 / R10 / R20 / O1	93
Referred to Internal KPIs				
Digital proposal submission %	●	QT	R12 / R13 / R14 / R16 / R18 R23 / O2 / O3 / O4 / O5 / O6 / O7	40/42/94
One-day proposal acceptance %	●	QT		
Auto underwriting of policy %	●	QT		
One-day claim settlement %	●	QT		
Hospital discharge within one hour %	●	QT		
Acknowledge customer complains %	●	QT		
ANBP per agent	●	QT	R1 / R8 / R10 / R20 / O1	39/45
Referred to General KPIs				
GWP growth	●	QT	R1 / R8 / R10 / R20 / O1	94
Expense ratio	●	QT	R3 / R23 / R21	45
GWP per employee	●	QT	R8 / O7	132

● Preventive Health and Wellness
● Digital transformation and insure tech
● Personalization and Customer centric Products/services
● Sustainability / EESG

4.2 Contributing to Natural Capital through managing climate change

The discussion below is mainly focused on our actions to mitigate climate change. The management has decided that it is of equal importance to take action to mitigate climate change as it is to address the impact of climate change on every living being in the world. We are committed to integrating climate resilience into our strategic planning and operational processes, ensuring that our efforts are aligned with global and local climate goals and sustainability initiatives.

4.2.1 Environmental Governance

Our environmental governance is covered through company's ESG policy. This has been further strengthened by implementing SLFRS S2 into the business. We integrate the assessment of Environmental, Social and Governance Risks into our Corporate Strategy from ESG policy with aiming at mitigating the environmental impacts of our business activities.

4.2.2 Our approach to managing climate change

In achieving the above SLI has taken three key initiatives as shown in figure 10.

4.2.3 Emission monitoring

The company has long been monitoring activities that significantly contribute to emissions, with established emission measurement processes in place. Two years ago, we enhanced this process to better calculate the emissions from our operations. This process is continuously evolving as we have refined our data collection methods over the years to accurately capture all sources of emission data for precise computation of the company's emissions. Consequently, we had not set targets in previous years, but this year we are well-positioned to establish such targets.

Figure 10: approach to managing climate change



CLIMATE GOAL

To proactively reduce the potential impact of climate change on SLI's business model through targeted initiatives and effective action

- Emissions Monitoring
- Emission Reduction Target
- Divestment of Investment Portfolio

During the year, we achieved two key milestones: calculating emissions from all relevant Scope 3 sources related to our business processes and initiating the calculation of financed emissions.

SLI, in its pursuit of excellence across all areas of business, has obtained reasonable assurance on emission computation from Sri Lanka Climate Fund (Pvt) Ltd, which operates under the Ministry of Environment. The certificate was issued in accordance with ISO 14064-1:2018 standards.

4.2.4 Carbon footprint

We tracked our carbon footprint based on the GHG Protocol published by the World Resource Institute and World Business Council for Sustainable Development.

Total Emission		2024	2023
Carbon footprint (Scope 1 + 2 + 3) (tC02-e)		**4,669.33**	2,004.35
Carbon footprint intensity (tC02-e per GWP Rs Mn)		**0.15**	0.08
Emission contribution from Scope 1.2 and 3		**(tC02-e)**	
		2024	**2023**
Scope I: Direct GHG Emissions	On-site generators	**0.47**	N/M
	Emission from AC Machines	**62.48**	81.20
	Company owned vehicles	**11.89**	14.65
	Fire Extinguisher	**0.01**	0.05
	Employee commuting (paid)	**106.22**	97.25
Total – Scope 1		**181.07**	193.15
Scope 2: Indirect GHG Emissions	Grid Connected Electricity	**945.52**	834.62
Total - Scope 2		**945.52**	834.62
Scope 3: Other Indirect GHG Emissions	Purchased goods and services	**502.56**	N/M
	Capital Goods	**50.27**	N/M
	Fuel and energy related activities	**46.20**	N/M
	T&D loss	**96.95**	79.74
	Waste Disposal	**6.53**	N/M
	Business Air Travels	**25.54**	6.70
	Employee commuting (not paid)	**1,274.38**	880.64
	Hired Vehicles (Local business travels)	**11.96**	6.27
	Waste transportation	**N/A**	1.06
	Municipal Water	**2.20**	2.15
	Financed emission	**1,526.14**	N/M
Total - Scope 3		**3,542.74**	976.56

NM - Not Measured

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UNGC 7 8 9

The company use operational control approach in measuring GHG emissions within organisational boundary. Since the scope of the emission calculation is applicable for SLI and its operating locations, the company has decided to use an operational control approach. The assumptions, methodology and data used in the above computation can be access on line by scanning below QR. The input data used by the company to calculate Scope 1, 2, and 3 emissions (without exclusions) has been verified by Sri Lanka Climate Fund (Pvt) Ltd. The verification report is available on page 90.

Scan QR to access full report on GHG emission calculation provided by Sri Lanka Climate Fund (Pvt) Ltd.

4.2.5 Emission reduction target

The company has established an emission reduction target with the objective of reducing company's impact to environment, using 2024 as the base year. Management has decided to adopt an intensity-based target for Softlogic Life, factoring in its growth prospects over the short to medium term. Consequently, the company aims to reduce its carbon intensity ratio—calculated as the amount of tonnes of CO2 (gross) per rupees 1 million gross written premium (tCO2-e/GWP Rs Mn)—by 20% by 2030.



The reduction target is set at the organization level, aligned with its operational control boundaries. This target has not been validated by a third party and represents a gross emissions target.

OUR ACTION TO ACHIEVE THE TARGET

SLI, being a service provider, has relatively low emissions compared to manufacturers. However, there are several actions we could take to drive climate reduction, including:

- Efficient use of electricity, which contributes 20% of total emissions
- Reducing employee commuting through online interactions
- Waste optimization
- Pooling vehicles

Expected business growth in the short to medium term will further aid in reaching the above target. Management is directionally aligned with these climate objectives, and a more granular plan to achieve these targets will be presented to the board by 1st quarter 2025 and then enacted. Based on these targets, the Risk Committee/Sustainability Committee oversees incentives and other emoluments across the Company, determining appropriate rewards aligned with target achievement. Currently, we are establishing a performance measurement process for remuneration, as this marks the first year of disclosures and ongoing implementation. While climate-related targets have not been included in management objectives for 2025, they are set to be integrated into the 2026–2028 planning cycle.

Monitoring of Climate Target

The target will initially be monitored annually and presented to the board. However reporting frequency will be increased when data collection methodologies are further streamlined.

4.2.6 Financed emissions FN-IN-410c.1 / FN-IN-410c.2 / FN-IN-410c.3

In accordance with SLFRS S2, SLI needs to report on its financed emissions, a practice the company has begun this year. The calculation of these financed emissions has been independently assured by Sri Lanka Climate Fund (Pvt) Ltd. This assurance adds a layer of credibility and accuracy to the reporting process, ensuring that the company's impact on the environment through its investments is transparently communicated to stakeholders. The company used its financial investments with carrying value of 43,938 Mn (Refer financial investment note no 29 on page 277) for emission computation and results are presented below.

Table 15: Carrying value of financial investments considered for emission calculation. SASB FN-IN-410c.2

Investment Category as per SLFRS S2 guidance	Not considered for the calculation (Rs.Mn)	Investment classification as per GICS framework	Data quality as per the PCAF guideline				Total (Rs. Mn)	Gross exposure included in financed emission calculation SASB FN-IN-410c.3)
			1	2	3	4		
Bonds and Equity investments	25,898	Banks	2,810	5,701	-	131	39,206	34%
		Capital Markets	-	-	-	1,073		
		Consumer Finance	-	-	-	306		
		Diversified Telecommunication Services	-	-	-	409		
		Financial Services	-	-	-	2,486		
		Food Products	-	-	-	9		
		Health Care Providers & Services	-	384	-	-		
Deposits	733		-	-	-	-	733	0%
Other	3,998		-	-	-	-	3,998	0%
Total	30,629		2,810	6,085	-	4,414	43,938	30%

Refer financial note no 29 on page 277 for more information on financial investments of SLI.

Table 16: Financed emission

Industry classification as per GICS framework	Industry	Data quality as per the PCAF guideline				Total Emission (tCo2)
		1	2	3	4	
302020	Food Products				10	10
351020	Health Care Providers & Services		13			13
401010	Banks	38	368		0	405
402010	Financial Services				704	704
402020	Consumer Finance				53	53
402030	Capital Markets				307	307
501010	Diversified Telecommunication Services				35	35
Total		38	381	-	1,108	1,526

Finance emission computations have been performed in accordance with PCAF protocol and GHG protocol **(SASB FN-IN-410c.4)**. Finance emission not segregated in to Scope 1,2 and 3 as required by SLFRS S2 disclosures due to unavailability of such information in the investees **(SASB FN-IN-410c.1)**. As guided by PCAF protocol we have considered the latest available data of our investees for the calculation. Accordingly, we have used year 2023 data (i.e financial year ended 31.12.2023 or 31.03.2024).

4.2.7 Divestment of Investment portfolio

SLI has been proactive in divesting its extensive investment base as part of its commitment to climate action. By reallocating funds away from carbon-intensive industries and towards sustainable projects, SLI aims to reduce its carbon footprint and contribute to a greener future. Below are some of the key initiatives SLI has undertaken:

- Investment in government securities
- Investment in Green Bonds
- Investment guidelines to promote low emission industries

These efforts demonstrate SLI's dedication to fostering a low-carbon economy and promoting environmental stewardship.

4.2.7.1 Investment in government securities

59% of SLI's investment portfolio is being allocated to government securities. This strategy represents an indirect contribution to the government's efforts to reach its net-zero target by 2050 and an interim target of reducing emissions by 14.5% by 2030. Through this investment, SLI not only supports government initiatives but also aligns its portfolio with long-term sustainability goals.

4.2.7.2 Investment in Green Bonds

Green Bonds are increasingly popular in financial markets and Sri Lanka also had few green issuance. During the year 2024 company invested Rs 34 Mn in green bonds and expect to capitalize future opportunities.

4.2.7.3 Investment guidelines to promote low emission industries

SASB FN-IN-410a.2

The company will establish clear guidelines on industries that should not be invested based on the emission perhaps this will approach 2026 onwards.

4.2.8 Insurance Emission

We haven't calculated insured emission due to the lack of a globally accepted methodology. However, we are monitoring developments and willing to adopt best practices. Currently, we lack credible information to assess risks and opportunities related to insurance emission transition, so it is not considered under transition risk and not considered in calculating emission target above.

Greenhouse gas emissions verification certificate

GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

Softlogic Life Insurance PLC

Level 16, One Galle Face Tower, Colombo 02, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No	: SLCF/CFP/0308
Date of Issue	: 24.02.2025
Period of Assessment	: 01.01.2024 – 31.12.2024
Selected Boundary	: Operationally controlled business operations of Softlogic Life Insurance PLC (Including Head office, 7 corporate offices and 114 branches Island wide)
Direct GHG Emissions	: 182 tonnes of CO_2 equivalent
Indirect GHG Emissions	: 4,489 tonnes of CO_2 equivalent
Total GHG Emissions	**: 4,671 tonnes of CO_2 equivalent**

Scope 1 Direct GHG Emissions	: 182 tonnes of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions	: 946 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions	: 3,543 tonnes of CO_2 equivalent

ISO 14065
GHG 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 24.01.2025 – 31.03.2026
Exclusions: N/A
*Materiality threshold is below 5%, **GHG emissions have been reported in accordance with GHG Protocol

STRATEGY AND RESOURCE ALLOCATION

GRI 2-22 <IR> 4E UNGC 7 8

We strategise and allocate resources to attain our overarching vision and mission by setting strategic objectives within a broader context. We use a systematic process to set our strategy and ensure we consider all material facts during the strategy setting. Actions are meticulously taken to respond to such material matters and resources are allocated, ensuring that our strategies are robust, adaptable, and forward-thinking. Each objective is aligned with our commitment to sustainable growth and stability, fostering a resilient corporate structure poised to thrive in dynamic environments.

STRATEGY SETTING PROCESS

The executive management annually conducts a corporate planning cycle that covers a three-year period for financial planning. During this cycle, actions to be taken under each strategic pillar are identified and evaluated against material matters to ensure the corporate strategy remains both sustainable and resilient. Discussion topics during this process feed through risks and opportunities identified via the company's strategic risk management process and include other social and environmental trends expected to impact the company's prospects.

Moreover, Climate-Related Risk and Opportunities (CRROs), which have different time horizons compared to financial planning, are integrated into the strategy setting. Actions necessary to achieve climate targets and the required resources are considered within the financial planning framework.

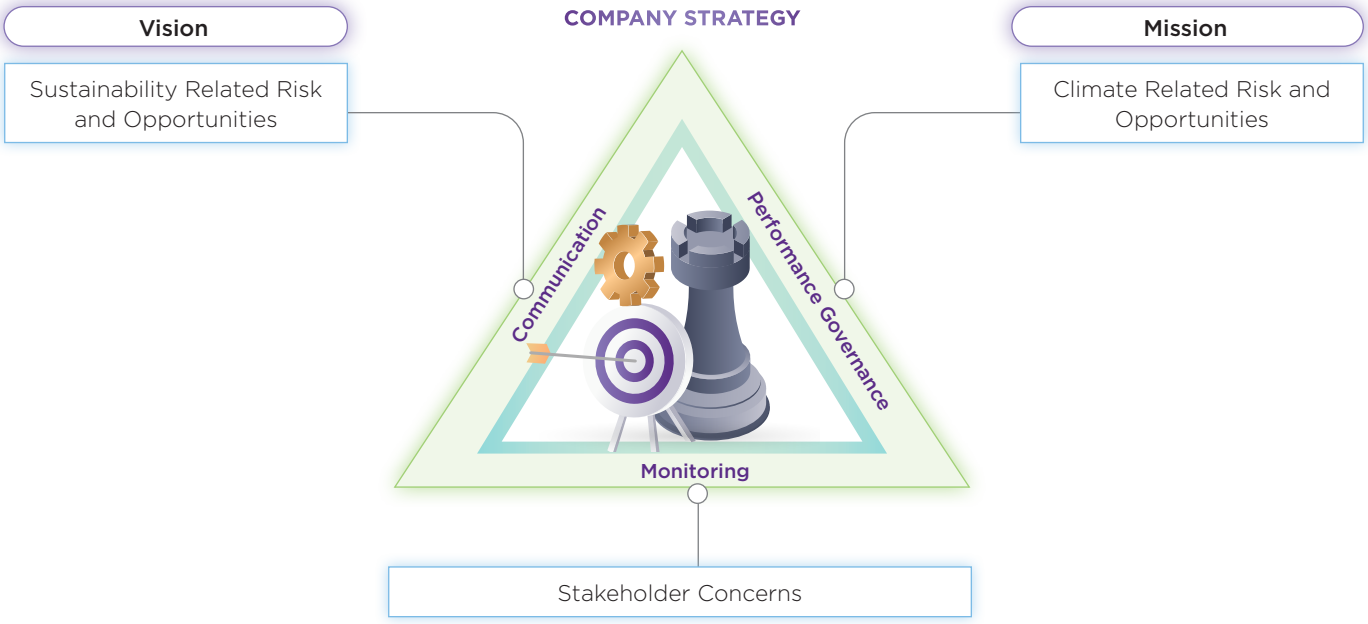
STRATEGY COMMUNICATION, MONITORING AND PERFORMANCE GOVERNANCE.

The KPIs and strategic actions outlined in the board-approved corporate plan are assigned to the relevant Heads of Departments (HODs), who then communicate them across the organization. These KPIs are reviewed monthly and reported to the board. During quarterly board and subcommittee meetings (such as the Risk and Investment Committees), the status of KPIs and strategic objectives is thoroughly discussed, considering the latest operational developments. Based on these discussions, the board provides management with directives on necessary steps to achieve the set targets.

Performance against the company KPIs and financial planning is evaluated monthly. Management deliberates actions required to address any gaps during these monthly evaluations. The performance evaluations are presented to the board of directors monthly and discussed in detail during the quarterly strategy and board meetings. Refer to page 54 for more details on the company's performance governance practices..

RESOURCE ALLOCATION

Resource allocation for each action derived from the strategy setting process is based on its priority and impact on the business. Accordingly, resources required in terms of financial, human, and relational aspects are considered, and provisions are made in financial plans for 2025 to 2027. This ensures that our strategy execution will not be affected by resource limitations.



STRATEGY AND RESOURCE ALLOCATION

CHANGING OUR STRATEGY

In a dynamic world we are operating change is paramount important to be sustainable. Accordingly, we have taken bold step to change our strategic pillars to make our organization is future ready. During the management deliberation of the future strategy of SLI, it was decided to revise our existing strategic pillars. Accordingly, some of the previous pillars were amalgamated considering their nature, while others were excluded due to the strong compliance framework established within the SLI. Management believes the new strategic pillars will drive SLI towards its vision and mission, taking into account the changes occurring in the operating environment.

These revised strategic pillars are expected to provide a more streamlined and focused approach, ensuring adaptability and resilience in achieving long-term sustainable growth and stability. Below table provides the basis for new strategic pillars and its link to previous once.

CONTRIBUTING TO UNSDGs THROUGH OUR STRATEGY

In pursuit of our company objectives, we also aim to contribute to our stakeholders, the environment, and global sustainability agendas. Consequently, we have aligned the Sustainable Development Goals (SDGs) with our strategies, considering the value we aspire to create. Our contribution during the year towards SDGs are discussed on page 169.

STRATEGY EXECUTION IN 2024.

Strategy execution during the year 2024 is discussed in detail under operational review on page 38 of this report.

OUR STRATEGY AND TARGETS FOR THE NEXT THREE YEARS

Below we have provided our strategic pillars with their implementation plan over short, medium and long term with KPIs derived during the financial planning cycle.

Table 17: Basis for future strategic pillars

Previous strategic pillars	New Strategic pillars	Basis of conclusion
Most Caring Life Insurer	Preventive Health and Wellness	Caring for our customers is ingrained in our commitment to preventive health, especially considering the evolving changes in our operating environment, including climate change. It is imperative to continuously inform and educate our customer base about preventive measures. This approach not only adds value to our customers but also enhances the value of our company.
Phenomenal Sales	Personalization and Customer centric Products/services	Customer expectations are evolving rapidly in the current environment. As a life insurer, it is of utmost importance to provide personalized services, including an innovative product suite for both existing and new customers. This approach not only creates value for our customers but also benefits the company.
Smart IT Digitization **King of Data** **Lean and Fast**	Digital transformation and insure tech	The future is digital, and we are committed to digital transformation to stay ahead of the curve and create a competitive edge. As the most innovative life insurer in Sri Lanka, this strategic initiative will support our efforts towards innovation. This approach enables us to lead in future business endeavours and enhances the organization's value.
Governance **Risk management**	Sustainability / EESG	The company has a robust governance and risk management framework that exceeds regulatory compliance. Additionally, sustainability has been integrated into our strategic pillars to meet developing mandatory requirements related to business sustainability and to take voluntary actions that contribute to our operating environment.

Preventive Health and Wellness

Short Term	Medium Term	Long Term
Introduce the concept of preventive health using the AI technology and user-friendly options to the SLI. Implement measures to educate them and promote the integration of preventive health into their lifestyle.	It is recommended to make this requirement mandatory for all new customers and integrate it into the underwriting process. This approach will allow for a more detailed health risk assessment at the underwriting stage and incorporate dynamic pricing elements, thereby ensuring our insurance portfolio maintains a balanced risk profile.	Offer tailored incentives to customers based on their health conditions and proactive measures towards maintaining wellness. This strategy aims to ensure continuous engagement and motivate customers to achieve their health objectives through rewards and other supportive mechanisms.
High priority	High priority	High priority

SRROs and CRROs considered during strategy setting
R12 / R13 / R14 / R15 / R16 / R18 / R10 / R20 / O4 / O5 / O7

Evaluation of risks and opportunities in setting strategy
The insurance risks, including mortality and morbidity, are anticipated to rise over time due to social and climate factors, which are beyond the control of management. As a result, raising customer awareness becomes a crucial strategy for life insurers to mitigate insurance risk. Preventive health has been established as a key strategic pillar to address this challenge. Ongoing engagement with customers is expected to not only reduce policy lapses but also provide a competitive advantage, enabling the opportunity to sell more health-related products. Cybersecurity measures are implemented to protect customer personal health data throughout this process. Additionally, we plan to extend this health-focused initiative to our employees to ensure their well-being is also supported.

Key performance indicators set to monitor strategy

		2027	2026	2025	2024	2023	2022
Claims ratio without maturity and surrenders	%	33	33	33	49	54	41
Persistency year 01	%	85	84	83	83	83	84
ANBP growth	%	17	15	12	8	2	16

This strategy has been developed as a mitigation measure to address identified risks, promoting proactive health management and reducing long-term insurance liabilities.

Our action to achieve strategy
- Introduce wellness programs and incentives for policyholders to encourage healthier lifestyles.
- Partner with healthcare providers for early disease detection and preventive care solutions.

RESOURCES ALLOCATED
- Provisions are made in the financial plan 2025 to 2027.
- A team of staff were identified in implementation programme.

CAPITAL AFFECTED



UNSDGs CONTRIBUTED



Personalization and Customer centric Products/services		
Short Term	**Medium Term**	**Long Term**
Identify untapped market segments that SLI is not currently serving and address this gap by developing and introducing new products and services tailored to meet the specific needs of these segments. Implement surveys and feedback mechanisms to gather insights on current satisfaction levels and identify immediate areas of improvement.	Leverage data analytics to offer personalized product recommendations and tailored communication, fostering deeper customer relationships. Set up automated systems that alert customers about policy renewals, updates, and other key touchpoints to ensure continuous engagement. Invest in user-friendly digital platforms (e.g., mobile apps, online portals) for policy management and customer service to improve accessibility.	Implement a more comprehensive engagement strategy that includes preventive health initiatives, wellness programs, and additional services beyond insurance. Use advanced analytics and AI to continually refine customer engagement strategies based on data-driven insights and long-term behavioural patterns.
Medium priority	**High priority**	**High priority**

SRROs and CRROs considered during strategy setting

R12 / R13 / R14 / R16 / R1 / R6 / R17 / R20 / O1 / O2 / O3 / O4 / O5 / O6 /O7/ S1 / S5 / S7 / S8

Evaluation of risks and opportunities in setting strategy

Continuous engagement with customers is crucial for driving the preventive care strategy. The success of this strategy plays a significant role in managing insurance risk, reducing lapse risk, and adapting to product shifts influenced by economic factors. Moreover, it supports the identified opportunities where customer-centric products and services are key drivers. This strategic pillar must align with preventive health and wellness to establish a long-term direction, supported by a building-block approach to enhance personalized customer care.

Key performance indicators set to monitor strategy

		2027	2026	2025	2024	2023	2022
One-day proposal acceptance	%	80	79	78	78	77	75
Auto underwriting of policy	%	72	71	70	70	69	68
Acknowledge customer complains	%	100	100	100	100	100	100
GWP growth	%	18.6	18.2	17.1	20.0	14.0	15.0
Market share	%	19.0	18.6	18.1	17.2	17.2	16.9
ROE	%	25.9	24.0	29.0	38.2	23.5	25.0

This strategy has been developed as an adaptation measure, enabling the company to respond to evolving customer needs and changing risk landscapes.

Our action to achieve strategy

- Develop AI-driven policy recommendations based on customer health and lifestyle data.
- Offer flexible insurance plans tailored to individual customer needs and risk profiles.

RESOURCES ALLOCATED

- Provisions are made in the financial plan 2025 to 2027.
- Customer care team with 42 employees.

CAPITAL AFFECTED



UNSDGs CONTRIBUTED



Digital transformation and insure tech

Short Term	Medium Term	Long Term
Expand process automation with RPA and digitalise distribution channels. Provide upskilling opportunities for employees at all levels to efficiently use AI tools, including Agentic AI, enhancing their capabilities and ensuring effective implementation of digital technologies across the organization for improved operational efficiency and customer engagement.	Expand digital distribution channels, including partnerships with online platforms, to reach new customer segments and improve market penetration. Leverage data analytics and machine learning to deliver personalized offers, product recommendations, and marketing messages to customers based on their preferences and behaviours.	Position the company as a leader in digital transformation and InsurTech by constantly innovating, exploring new technologies. Create a seamless, end-to-end digital experience that integrates all aspects of the business, from customer engagement and policy management to claims and customer support. Utilize AI and predictive analytics to fully personalize products and services for each customer, driving loyalty and lifetime value.
High priority	High priority	High priority

SRROs and CRROs considered during strategy setting
R21/ R18 / R6 / R20 / R23 / O1 / O2 / O3 / O4 / O5 / O6 /O7 / S6 / S22

Evaluation of risks and opportunities in setting strategy
A key strategy in managing expense risk is digitalization and improving efficiency, while also considering the increased cyber risk associated with these changes. This approach addresses risks emerging from economic, political, and social factors, providing a proactive response. Additionally, it aligns with the opportunities we expect to exploit, positioning the company to better navigate external challenges and capitalize on emerging trends through enhanced digital capabilities and improved operational processes.

Key performance indicators set to monitor strategy

		2027	2026	2025	2024	2023	2022
Expense ratio	%	15.0	16.2	17.4	20.4	19.9	18.9
Amount invested on AI and automation activities	Rs. Mn	88.9	80.8	73.5	66.8	46.1	41.8

These initiatives function as adaptation measures, leveraging technology to enhance operational agility, improve risk assessment capabilities, and streamline customer engagement in a changing climate.

Our action to achieve strategy

- Implement AI and machine learning for automated claims processing and fraud detection.
- Enhance customer experience through a seamless digital platform for policy management.

RESOURCES ALLOCATED

- Provisions are made in the financial plan 2025 to 2027.
- 4 of data scientists and AI specialists.

CAPITAL AFFECTED



UNSDGs CONTRIBUTED



Sustainability/ EESG

Short Term	Medium Term	Long Term
Strengthen communication and engagement with stakeholders (customers, investors, employees) to promote awareness of the company's EESG initiatives and performance. Integrate EESG criteria into business operations, ensuring that sustainability is incorporated into product development, supply chain management, and investment decisions.	Implement actions to meet climate targets by establishing a company-wide platform for data collection and ongoing monitoring, ensuring continuous tracking of environmental performance and progress towards sustainability goals. This will enable informed decision-making and foster accountability in driving the company's commitment to climate responsibility.	Gather more detailed insights into the impact of climate change and develop strategies at a granular level to manage risks, such as focusing on specific geographical areas or communities. This targeted approach ensures better risk management and more effective adaptation to climate-related challenges.
Medium priority	High priority	High priority

SRROs and CRROs considered during strategy setting

R2 / R3 / R4 / R5 / R12 / R13 / R14 / R16 / R21 / R7 / R6 / R8 / R10 / R19 / O2 / O7 / S4 / S13 / S19 / S24 / S20 / S21 / S15 / S17 / S10 / S11 / S12 / S3

Evaluation of risks and opportunities in setting strategy

This strategy addresses all economic, social, governance, and environmental risks. We will assess the sustainability of the business in light of external impacts and take necessary actions to manage them. Our risk assessment framework will be expanded to capture more granular data, improving risk management. Climate action is a key pillar of this strategy, focused on reducing our impact on climate change.

Key performance indicators set to monitor strategy

		2027	2026	2025	2024	2023	2022
Emission intensity (tCO2-e / GWP Rs. Mn)	%	0.121	0.131	0.140	0.148	-	-
Return of equity	%	25.9	24.0	29.0	38.2	23.5	25.0

These initiatives serve as both mitigation and adaptation measures, embedding environmental, social, and governance considerations into decision-making to enhance long-term resilience and reduce the impact of climate-related risks.

Our action to achieve strategy

- Invest in green and sustainable financial instruments to align with ESG goals.
- Reduce operational carbon footprint through paperless processes and energy-efficient practices.

RESOURCES ALLOCATED

Provisions are made in the financial plan 2025 to 2027.

CAPITAL AFFECTED



UNSDGs CONTRIBUTED



The strategies above are based on the management's evaluation of PESTEL factors using publicly available information up to mid-2024. We conduct an annual review and update of our assessments to evaluate the viability of our strategies, incorporating any new risks or opportunities. As a result, the prioritization and timelines for actions may be adjusted in future reporting periods.

RESILIENT OF THE STRATEGY

Stress testing was conducted to evaluate the impact of identified risks and opportunities, with outcomes detailed on pages 52 to 90. Management is confident in the resilience of the company's strategy over the short to medium term. Annual evaluations will provide deeper insights into long-term actions as we gain further understanding of external factors.

STAKEHOLDER ENGAGEMENT

GRI 2-29 <IR> 3C 4F

BUILDING LONG-TERM RELATIONSHIPS WITH STAKEHOLDERS

We value contribution made by each stakeholder group for sustainable operation of the company. We identify stakeholders based on the impact they create on the organization and anyone being impacted by the operation of the organization. We are aware of the diverse expectations of individual stakeholders, which we strategically manage based on our operational context and stakeholder prioritization framework. By fostering an environment of open communication and mutual respect, we ensure that the voices of all stakeholders are heard and considered in our decision-making processes. This proactive approach not only enhances trust and collaboration but also drives long-term success and resilience.

Effective stakeholder engagement is essential in maintaining stability and fostering long-term relationships. By understanding and addressing their concerns, we create an environment where collaboration leads to mutual growth. Our commitment to inclusivity ensures that stakeholder perspectives are integrated into our overall approach, enabling us to operate in a responsible and sustainable manner while maintaining alignment with broader expectations.

GOVERNANCE OF STAKEHOLDER ENGAGEMENTS

Company's governance framework has extended to cover the rights of our stakeholders by establishing policies and procedures (e.g., customer data protection policy). These policies have been discussed under capital reports. Further, stakeholder engagement is a fundamental pillar of our governance framework. We have established formal procedures to ensure that the board gives due attention to stakeholder concerns, as detailed on page 91 and considered in corporate strategy setting.

A governance framework serves as a foundation for managing stakeholder relationships in a structured and consistent manner. It provides clarity on how stakeholder interests are recognized within the organization and ensures that these interests are considered within the broader operational landscape. A well-defined approach to governance supports stability and alignment, enabling organizations to navigate various expectations while maintaining a responsible and forward-looking perspective.

STAKEHOLDER PRIORITISATION

We prioritise our stakeholders based on their level of influence and interest in our operations. The map below depicts all significant stakeholders according to their priority. We strategically address their concerns to promote mutual success.

Figure 11: Stakeholder Landscape



STAKEHOLDER ENGAGEMENT

CONSIDERATION OF STAKEHOLDER CONCERNS FOR STRATEGY

The management ensures all key concerns raised by stakeholders are duly considered for the strategy setting based on their priority which is detailed on page 91.

The table below presents the outcomes of our stakeholder engagement activities in 2024.

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Shareholders** **4,847** Shareholders **11.3%** of public shareholding **37.9%** Stake hold by non-resident shareholders	**S1. Sustainable return** - Strategic focus and prospects provided on page 110 to 117 under financial capital. **S2. Business risk management** - Integrated risk management (page 56) **S3. Transparency and accountability** – Strong Corporate Governance (Page 176 to 264) **S4. Integrating sustainability practices** – Considering SRRO and CRRO in strategy setting (page 91 to 96)	● Annual General Meetings ● Interim Financial Statements ● Announcements to CSE ● Press conference and media releases ● Corporate website
STRATEGIC DIRECTION Expect to exploit expansion opportunities to grow the business and integrate more sustainability practices in to business process. Refer page 110 for more details.		

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Customers** **776,412** Individual Clients **3,748** Corporate Clients **415** SME Clients	**S5. Timely Settlement of Claims** – One-day claim settlement (Page 42) **S6. Accessibility of the services** – Our initiatives for product distribution (page 140) **S7. Satisfaction (Quality of service)** – Building customer loyalty (Page 143) **S8. Products cater to evolving needs** – Product Development process (Page 139) **S9. Grievance handling process** – Fair customer complaint handling (Page 141)	● LifeUp App to perform transactions digitally ● Media campaigns/ Advertisements ● Use of social media such as WhatsApp, Facebook ● Contact through call centre ● Corporate website
STRATEGIC DIRECTION We anticipate a shift in customer engagement in the medium to long term due to rapid technological advancements and our efforts to implement preventive health measures. Refer page 91 for more details.		

● Annually / Quarterly ● As necessary ● Regularly

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Employees** **947** Employees **36%** Under age 30 **67%** Male **33%** Female	**S10. Fair pay and other benefits** - Attractive benefits (Page 122) **S11. Learning & Competency Development** – Making future ready workforce (page 126) **S12. Reward & Recognition** – Rewarding people for better performance (Page 128) **S13. Diversity and Equal Opportunity** – Our commitment to gender parity (Page 125) **S14. Organizational Culture** – Building friendly culture (Page 128)	• HR portal for all HR related matters • Town hall meeting to for open discussion of employee concerns • Softlogic Life employee Facebook group/ WhatsApp, Viber • Regular e-mail updates • Employee meetings

STRATEGIC DIRECTION
Our employees will be on a transformative journey in during short to medium term to upskill them with use of AI in their regular operations. Refer page 118 for more details.

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Field Staff** **3,023** Field Staff **64%** Male **36%** Female **243** MDRT Qualifiers	**S15. Competitive income -** Attractive benefits (Page 145) **S16. Career progression –** Making future ready workforce (page 146) **S17. Reward & Recognition –** Rewarding people for better performance (Page 146)	• E-advisor platform to introduce new policies digitally • Regular e-mail updates • Training session (physical / online) • Sales review meeting

STRATEGIC DIRECTION
Field staff productivity will be a key focus on medium term and more supporting activities expected to make available. Refer page 145 for more details.

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Natural Environment** **Natural resources we use within our business process**	**S24. Reducing adverse impact on environment –** introduction of Climate target (Page 165)	• Community projects • Call centre conversations • Interact through branch network • Social media and corporate website

STRATEGIC DIRECTION
Natural resources preservation action through strategic approach. Refer page 164 for more details.

STAKEHOLDER ENGAGEMENT

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Community** Society within which we operate	**S18. Employment Opportunity -** We recruit staff locally. **S19. Company's contribution to help under-privileged communities in Sri Lanka -** Introduction of micro insurance product in Sri Lanka to cater underserved community.	● Community projects ● Call centre conversations ● Interact through branch network ● Social media and corporate website
STRATEGIC DIRECTION It is expected more community engagement activities in delivering our strategic pillar of sustainability and ESG . Refer page 150 for more details.		

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Government and Regulators** **IBSL, IRD, CSE, CBSL**	**S20. Compliance with applicable laws and regulations -** No non compliances. **S21. Good corporate governance and business ethics –** Strong corporate governance practices (page 176 to 264).	● Quarterly submissions ● Annual submissions ● Meeting / discussion with Government and Regulators ● On-site review by IRCSL
STRATEGIC DIRECTION Compliance with new rules and regulation . Refer page 144 for more details.		

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Re-Insurers** **03** Re-insurers	**S22. Underwrite appropriate risk -** Regular enhancement of underwriting capabilities using new technology. **S23. Timely premium payment –** We have maintained strong communication with re-insurance partners and settle dues.	● Online meeting ● E-mail communication ● Physical meeting
STRATEGIC DIRECTION More accurate risk assessments at underwriting stage. Refer page 144 for more details.		

Analysis of Stakeholder (Network size, density and diversity)	Key Concerns and Our Response	Method of Engagement
 **Suppliers** **279** Suppliers	**S25. Timely settlements -** Company has settled payments on time.	● Business meeting
STRATEGIC DIRECTION Refer page 144 for more details.		

● Annually / Quarterly ● As necessary ● Regularly

OUTLOOK

<IR> 3A | 4G

ECONOMIC OUTLOOK

Sri Lanka's economic outlook for 2025 signals a positive shift, creating opportunities for business expansion. The GDP is expected to grow by 5% in 2025 and 3.1% in 2026, supported by industrial growth, a resurgence in tourism, and increased remittances. Inflation, currently at -4%, is projected to stabilize at 5% by late 2025, ensuring a more predictable business environment. Fiscal reforms under the $2.9 billion IMF bailout aim to reduce the budget deficit to 5.2% of GDP and increase public revenue to 15.1%, fostering economic stability. Improved infrastructure investments and policy reforms will enhance investor confidence, leading to new business opportunities. With a focus on sustainable economic recovery, businesses can leverage growing domestic demand, favourable trade conditions, and foreign investment inflows, making Sri Lanka an attractive hub for expansion and innovation. Achieving fiscal targets will be crucial in ensuring long-term growth and resilience in the business sector.

INDUSTRY OUTLOOK

As of 2025, Sri Lanka's life insurance industry is poised for significant growth, with significant 20% growth reached in 2024. The market's gross written premium reached LKR 183 billion (approximately USD 610 million) in 2024, reflecting increasing consumer awareness and demand for life insurance products. This upward trajectory is supported by a growing middle-class population and enhanced digital distribution channels, making insurance products more accessible. The industry's expansion is further bolstered by regulatory reforms aimed at increasing transparency and consumer trust, positioning Sri Lanka's life insurance sector for robust growth in the coming years.

FUTURE OF SOFTLOGIC LIFE

Our completed corporate planning cycle, which encompasses short- and medium-term strategies spanning from 2025 to 2027, has been meticulously designed to leverage the positive economic and industry trends. Our strategies have been crafted, considering all pertinent market information available during the budget preparation phase. We have established robust strategies that consider the needs and expectations of all our stakeholders. Our commitment to incorporating feedback and insights from our stakeholders remains steadfast as we navigate the dynamic business landscape. With a solid foundation and a forward-thinking mindset, we are poised to seize opportunities and overcome challenges in the pursuit of sustained growth and success.

We have achieved over 20% ROE for shareholders over the past six years and plan to continue this trajectory in the short to medium term. Our focus will remain on innovation, efficiency, and leveraging positive economic trends to ensure continued success and profitability.

The contribution of employees has been significant to Softlogic Life's success, particularly in adding innovative aspects to the business. We expect rapid transformation in terms of mobilizing AI usage within the company, which will further strengthen innovation in the near future. As we embrace AI technologies, our teams will be empowered to streamline processes, enhance customer experiences, and develop new product offerings that meet the evolving needs of our clients. This strategic focus on leveraging AI will not only drive operational efficiency but also foster a culture of continuous improvement and creativity, ensuring that we remain at the forefront of the industry.

Sales staff play a crucial role in the success of our company. We aim to develop them to provide more professional service to our customers. Currently, we have a highly skilled sales team in the industry and plan to continue expanding our staff.

We prioritize our customers, a key aspect of our value creation cycle. We will introduce preventive healthcare solutions to keep customers healthy, fostering strong bonds and sustainable relationships. Digitalization will enhance personalized services, ensuring customer satisfaction. By leveraging advanced technologies and data analytics, we provide tailored services, adapting to the changing needs of clients, and driving growth. Our customer-first approach ensures sustained success and lasting value for all customers.

Digitalization and innovation will be key to our future success. We anticipate gradual changes in how we interact, work, and provide value to customers, driven by the rapid adoption of new technologies. Strengthening our underwriting practices by integrating preventive healthcare and transitioning towards dynamic underwriting will be crucial. This approach will enhance customer experience, operational efficiency, and long-term growth. Embracing advanced technology and data analytics will allow us to refine our processes, ensuring we meet our clients' evolving needs while maintaining a competitive edge in the market.

The future strategies for value creation are detailed under each capital as listed below.

Capital	Page no
Financial Capital	110
Human Capital	118
Social and Relationship Capital	134
Intellectual Capital	155
Manufactured Capital	161
Natural Capital	164

Our risk assessment will be embedded with more sustainability and climate-related risks, which we expect to increase in the near future. With high digital adoption, cybersecurity will be a key risk to manage. We will ensure our compliance with regulations and best practices in terms of data protection, among others.

INDEPENDENT LIMITED ASSURANCE REPORT FOR THE INTEGRATED REPORT

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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF SOFTLOGIC LIFE INSURANCE PLC

We have been engaged by the Directors of Softlogic Life Insurance PLC ("the Company") to provide limited assurance in respect of the Integrated Report for the year ended 31st December 2024 (the "Integrated Report"). The criteria used as a basis of reporting is the content elements of the IFRS Foundation's International <IR> Framework as disclosed in this Integrated Report.

BASIS FOR CONCLUSION

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Standard). In accordance with the Standard, we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Company's Integrated Report, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

OUR CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company's strategy or how the Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company's strategy and how the Company creates value are outlined below.

LIMITED ASSURANCE INTEGRATED REPORT

Based on the evidence we obtained from the assurance procedures performed, as described below, we are not aware of any material misstatements causes us to believe that the Integrated Report, as defined above, for the year ended 31st December 2024, has not in all material respects, been prepared in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

BOARD OF DIRECTORS AND MANAGEMENT'S RESPONSIBILITY

The Board of Directors and Management are responsible for:

- Determining that the criteria is appropriate to meet the needs of intended users, being the Company's members and any other intended users.
- Preparing and presenting of the Report in accordance with the criteria set out in the IFRS Foundation's International <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Ensuring the Company's strategy is well presented in the Company's Integrated Report and reflects how the Company creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;
- Identifying material issues and reflecting those in the Company's Integrated Report; and
- Preparation and fair presentation of the Integrated reporting information;
- Design and implementation of internal controls that the Company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- Informing us of any known and/or contentious issues relating to the Integrated Report.
- Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.
- The responsibility also includes informing changes in the Company's Operations since the date of our

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R.M.D.B. Rajapakse FCA
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most recent assurance report on the Integrated reporting information.

OUR RESPONSIBILITY

Our responsibility is to perform an external assurance engagement in relation to the Integrated Report and to issue an assurance report that includes our conclusions.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

LIMITED ASSURANCE ON THE INTEGRATED REPORT

Our limited assurance engagement on the Integrated Report consisted of making enquiries, primarily of persons responsible for the preparation of the Integrated Report, and applying analytical and other procedures, as appropriate. These procedures included:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Integrated Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Integrated Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the IFRS Foundation's International<IR> Framework in the Integrated Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Integrated Report.
7. Reading the Integrated Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 5th March 2025 on the content of the Company's Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Integrated Report.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Company.

LIMITATIONS OF OUR REVIEW

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

PURPOSE OF OUR REPORT

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Integrated Report is prepared in accordance with the IFRS Foundation's International<IR> Framework and for no other purpose or in any other context.

RESTRICTION OF USE OF OUR REPORT

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.



Chartered Accountants
Colombo
5th March 2025

INDEPENDENT LIMITED ASSURANCE ON SLFRS S1 AND S2

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(Chartered Accountants)
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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF SOFTLOGIC LIFE INSURANCE PLC ON SUSTAINABILITY RELATED DISCLOSURES AND CLIMATE RELATED DISCLOSURES IN THE INTEGRATED ANNUAL REPORT 2024

Conclusion

We have performed a limited assurance engagement on whether Softlogic Life Insurance PLC's Selected Qualitative Sustainability and Climate Related Disclosures in the Integrated report for the year ended 31st December 2024 has been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS) Sustainability Disclosure Standards, SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures) (together 'SLFRS S1 and S2)

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that Softlogic Life Insurance PLC's Selected Qualitative Sustainability and Climate Related Disclosures [summarized in the table below] as per SLFRS S1 and S2 in the Integrated Report for the year ended 31st December 2024 are not, in all material respects, fairly stated.

The Selected Qualitative Sustainability Related Disclosures covered by our Limited assurance engagement are:

Sustainability Related Disclosures	Softlogic Life Insurance PLC's Core Content sections	Page Number
SLFRS S1. Paragraph 26 - 27	Governance	53 to 55
SLFRS S1. Paragraph 28 - 40	Strategy	61 to 83
SLFRS S1. Paragraph 43 - 44	Risk management	56 to 60
SLFRS S1. Paragraph 45 - 53	Metrics & Targets	85 to 86

The Selected Qualitative Climate Related Disclosures covered by our Limited assurance engagement are:

Climate Related Disclosures	Softlogic Life Insurance PLC's Core Content sections	Page Number
SLFRS S2. Paragraph 05 - 06	Governance	53 to 55
SLFRS S2. Paragraph 08 - 21	Strategy	61 to 83
SLFRS S2. Paragraph 24 – 26	Risk management	67 to 71
SLFRS S2. Paragraph 27 - 37	Metrics & Targets	87 to 88

This conclusion on the Selected Qualitative Sustainability and Climate Related Disclosures presented does not extend to any other information that accompanies the integrated report. We have read the other information, but we have not performed any procedures with respect to the other information.

Basis for Conclusion

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Institute of Chartered Accountants of Sri Lanka (CASL). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the sustainability related risks and opportunities, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company's Selected Qualitative Sustainability and Climate Related Disclosures are outlined Summary of the work we performed as the basis for our conclusion.

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Criteria Used as the Basis of Reporting

The Selected Qualitative Sustainability and Climate Related Disclosures in the Integrated Report have been prepared in accordance with the requirements of SLFRS S1 and S2 of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Intended purpose of our Report

We have been engaged by the Directors of Softlogic Life Insurance ("the Company") to provide limited assurance on the Selected Qualitative Sustainability and Climate Related Disclosures presented in the Company's Integrated Report for the year ended 31st December 2024 (the "Integrated Report"), prepared in accordance with the SLFRS S1 and S2.

Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

- Establishing internal controls that enable the preparation and presentation of the information subject to assurance that is free from material misstatement, whether due to fraud or error.
- Preparation and fair presentation of the Selected Qualitative Sustainability and Climate Related Disclosures in the Integrated Report in accordance with the SLFRS S1 and S2 Disclosure Requirements. This responsibility includes:
  - understanding the context in which Softlogic Life Insurance's activities and business relationships take place and developing an understanding of its affected stakeholders;
  - Identifying stakeholders and stakeholder requirements;
  - Determining that the criteria is appropriate to meet the needs of intended users, being the company's members and any other intended users.
  - Disclosing the criteria, including any significant inherent limitations.
  - the identification of the material matters i.e. actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
  - the assessment of the materiality of the identified Sustainability related risks and opportunities and Climate related risks and opportunities by selecting and applying appropriate thresholds;
  - and making assumptions and estimates that are reasonable in the circumstances.
- Informing us of any known and/or contentious issues relating to the Selected Qualitative Sustainability and Climate Related Disclosures in the Integrated Report in relation to SLFRS S1 and S2 Disclosure Requirements.
- Ensuring that the Company complies with laws and regulations applicable to its activities.
- Ensuring that the Company personnel involved with the preparation and presentation of the Selected Qualitative Sustainability and Climate Related Disclosures are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.

Inherent limitations in a SLFRS S1 and S2 Limited Assurance Report

There are inherent limitations regarding the measurement or evaluation of the Selected Qualitative Sustainability and Climate Related Disclosures subject to limited assurance, which have been set out below:

- Uncertainty in Qualitative and Forward-Looking Disclosures: The Selected Qualitative Sustainability and Climate Related Disclosures may include qualitative, subjective, or forward-looking disclosures — such as scenario analysis or narrative descriptions of climate-related risks and opportunities — which are inherently uncertain. The selection of different, yet acceptable, scenario assumptions or estimation techniques by management could result in materially different disclosures. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of forward-looking statements or scenario outcomes.
- Scenario-Based Value Chain Assessments: When scenario analysis is applied to assess value chain risks or opportunities, results may be subject to significant limitations. Scenario models often involve simplified representations of complex systems, and the outcomes depend on assumptions about future policy, technological advancements, and market shifts — all of which are inherently uncertain.
- Complexity of Business Model Dynamics: Disclosures related to the business model may rely on management's current understanding of how climate-related and sustainability factors interact with various aspects of operations, strategy, and financial performance. These interactions are complex, dynamic, and may evolve as external conditions change. The interconnected nature of these elements introduces inherent uncertainty, and different but acceptable modeling approaches or assumptions could produce materially different outcomes.
- Evolving Industry Practices and Frameworks: Sustainability Related Disclosures and Climate Related Disclosures for business models and value chains is still evolving, with varying levels of maturity across industries. The absence of universally standardized methodologies may lead to differences in how sustainability impacts are assessed and disclosed, potentially affecting comparability across reporting periods or peer entities.
- Allocation of Resources and Strategic Adaptation: Disclosures regarding changes to resource allocation or business strategy in response to climate-related risks and opportunities may include forward-looking statements. These

statements are based on current expectations and strategic plans but are subject to change as new information becomes available. Our assurance procedures do not extend to the accuracy or achievability of future strategic actions or the completeness of the disclosed adaptation pathways.

- Prospective Information and Future Resilience Assessments: Information regarding the future resilience of the business model or value chain under different climate scenarios is inherently uncertain. Actual future impacts may differ materially from those disclosed, due to unforeseen variables or changes in the external environment. Our limited assurance procedures do not include assessing the likelihood or precision of future events or verifying the underlying assumptions of scenario analysis.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Limited Assurance Selected Qualitative Sustainability and Climate Related Disclosures in relation to SLFRS S1 and S2 Disclosure Requirements in the Integrated Report are free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement.
We designed and performed our procedures to obtain evidence about Selected Qualitative Sustainability and Climate Related Disclosures that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on our understanding of the Selected Qualitative Sustainability and Climate Related Disclosures and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we:

1. Interviewed executives, senior management and relevant staff to understand the key systems, process and controls for collecting, managing and reporting of the information subject to assurance.
2. Understood the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the investors and providers of financial, the Company's strategy, governance and reporting process relevant to the Strategy Core Content Disclosures.
3. Obtained an understanding of the SLFRS S1 and S2 reporting process performed by the Entity, including the preparation of the Selected Qualitative Sustainability and Climate Related Disclosures;
4. Performed risk assessment procedures to understand the Company and its environment, including the Entity's reporting boundary, its value chain information and identify risks of material misstatement;
5. Obtained an understanding of the Entity's materiality assessment process by performing inquiries to understand the sources of the information used by management, reviewed the Entity's internal documentation of this process:
6. Read the integrated risk management framework and internal risk registers to identify the process of how sustainability related risks and opportunities are identified and monitored.
7. Assessed consistency of disclosed timeframes across the report and strategic plans.
8. Understood climate targets to identify how the Company plans to achieve the climate- related targets it has set.
9. Evaluated the overall presentation of the Selected Qualitative Sustainability and Climate Related Disclosures, and considered whether they are, consistent with the SLFRS S1 and S2.

A limited assurance engagement is restricted primarily to enquires and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Softlogic Life Insurance PLC's.

Restriction on use or distribution of our Report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Selected Qualitative Sustainability and Climate Related Disclosures in the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.



Chartered Accountants
Colombo
5th March 2025

CHANGE FUTURES

CREATING LASTING VALUE THROUGH SMART RESOURCE MANAGEMENT

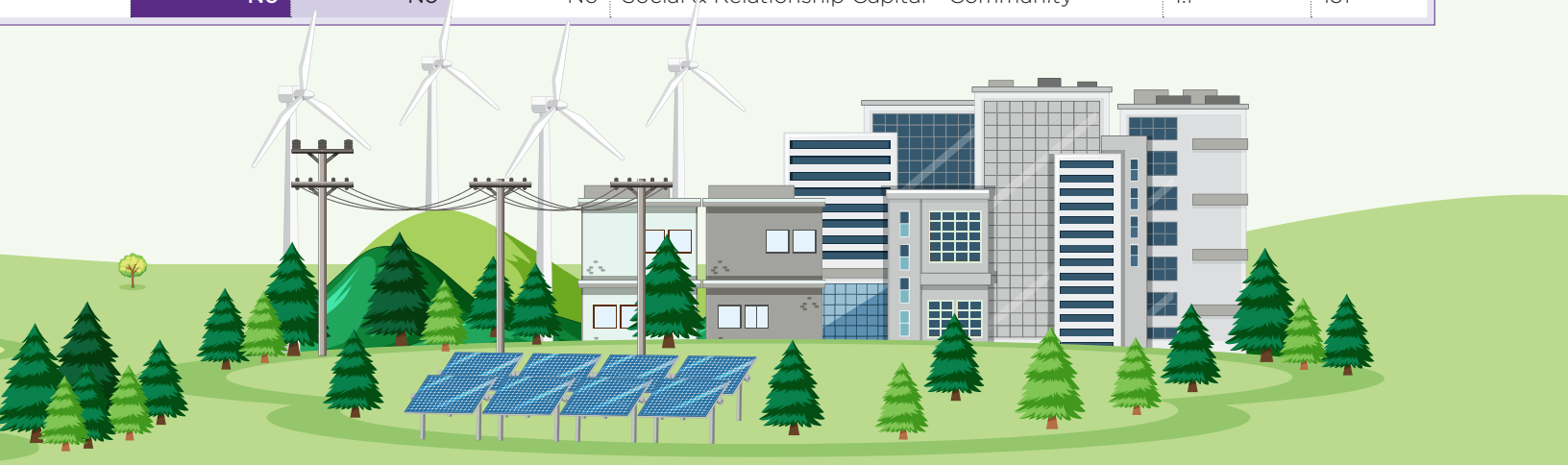
EESG Performance Table **108** I Financial Capital **110** I Human Capital **118** I Social and Relationship Capital **134** I Customer **134** I Business Partner **144** I Community **150** I Intellectual Capital **155** I Manufactured Capital **161** I Natural Capital **164** I Our Commitment to Sustainability Development Goals (SDGs) **169** I Corporate Social Responsibility (CSR) at SLI **170** I Independent Assurance Report on Sustainability Indicators **172**

EESG PERFORMANCE TABLE

EESG Factor	Measurement Criteria	Unit
Economy	Total equity	Rs Mn
Economy	Capital Adequacy Ratio	Rs Mn
Economy	Determination Ratio	Rs Mn
Economy	Total assets	Rs Mn
Economy	Insurance contract liabilities	Rs Mn
Environment	GHG emissions	t CO2 e
Environment	Electricity consumption	kWh
Environment	Water consumption	m3
Environment	Paper consumption	kg
Social	Total employees	No. of employees
Social	% of female employees	%
Social	Employee training and development	Average training hours
Social	Customer complaints per 1,000 claims	%
Social	Community Impact (Micro insurance claims paid)	Mn
Social	Policies in Force	No. of Policies
Social	New policies issued	No. of Policies
Social	MDRT qualifiers	No
Social	No. of reinsurers	No
Social	No. of suppliers	No
Social	No. of branches	No
Social	Investment in Intangible Assets	Rs Mn
Governance	ESG policy & compliance	
Governance	Customer data privacy & cybersecurity	Number of Data Breaches
Governance	Anti-corruption	Incidents



	2024	2023	2022	Capital	Paragraph Reference	Page No
	10,355	13,333	10,873	Financial Capital	2.1	113
	298	367	287	Financial Capital	2.1	112
	114	140	126	Financial Capital	2.1	112
	53,594	51,339	48,248	Financial Capital	2.3	115
	33,290	27,925	25,339	Financial Capital	2.1	113
	4,671	2,004	2,220	Natural Capital	4.0	167
	7,971	7,028	5,700	Natural Capital	2.1	165
	15,023	14,713	12,147	Natural Capital	2.2	165
	12,187	14,449	11,150	Natural Capital	2.3	166
	947	985	999	Human Capital	2.1	120
	33	32	29	Human Capital	2.1	120
	3.64	1.3	12	Human Capital	3.3	126
	0.87%	1.20%	0.85%	Social & Relationship Capital - Customer	3.4	141
	176	117	326	Social & Relationship Capital - Community	6.0	153
	748,101	733,002	844,398	Social & Relationship Capital - Customer	2.2	138
	128,088	74,827	133,872	Social & Relationship Capital - Customer	2.2	138
	243	263	263	Social & Relationship Capital - Business Partner	2.0	146
	3	5	6	Social & Relationship Capital - Business Partner	3.0	147
	279	277	228	Social & Relationship Capital - Business Partner	11.0	148
	115	116	103	Manufactured Capital	2.2	162
	2.5	0.52	1.8	Intellectual Capital		157
	Established ESG Policy	Established ESG Policy	Established ESG Policy	Social & Relationship Capital, Natural Capital	1.0	151
	No	No	No	Social & Relationship Capital - Customer	1.2	135
	No	No	No	Social & Relationship Capital - Community	1.1	151

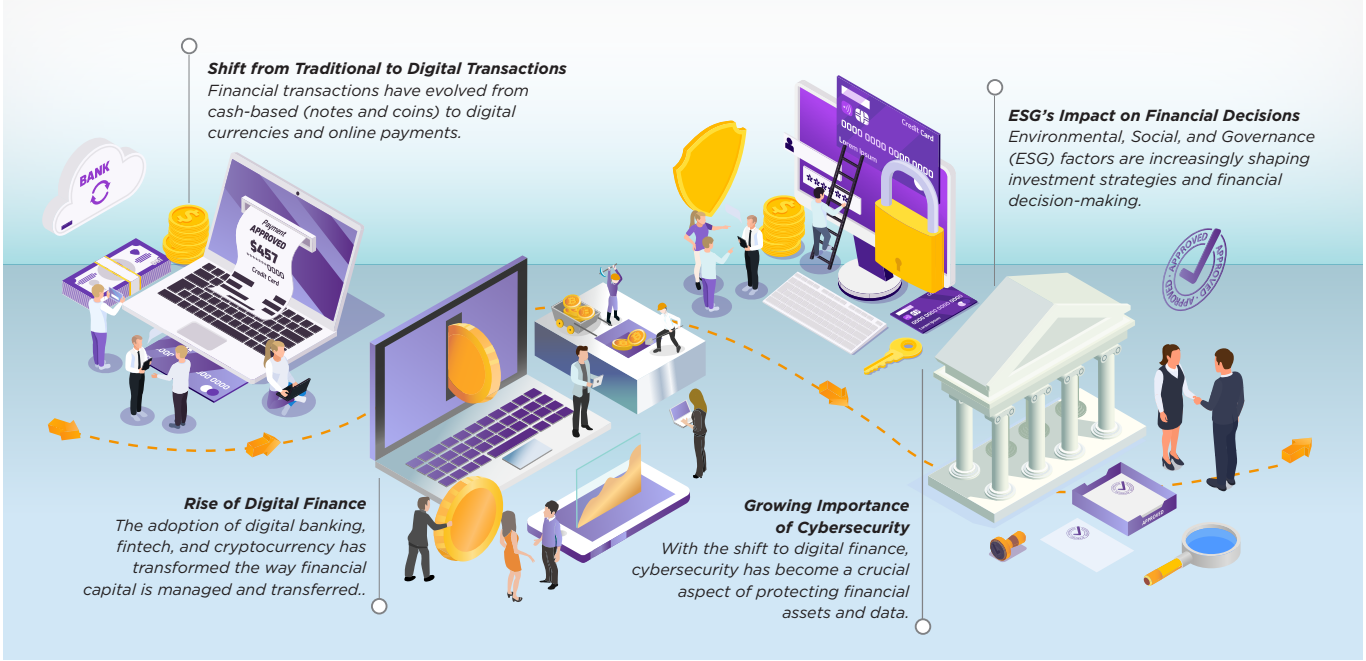


FINANCIAL CAPITAL

GRI 2-23 | 2-27 | 3-3
<IR> 2C | UNGC 1 | 2

EVOLUTION AND MANAGEMENT OF FINANCIAL CAPITAL IN THE DIGITAL ERA

Financial capital is the cornerstone of a company's operations and growth. It fuels investment, drives innovation, and enables expansion, steering the organization toward its strategic objectives. Like any resource, financial capital has evolved over time—from physical coins and paper currency to digital transactions and cryptocurrencies. This transformation necessitates a shift in how we manage financial resources. With the rise of digital finance, companies must adopt stringent control procedures, enhanced financial oversight, and adaptive management strategies to ensure security, efficiency, and sustainability in an ever-changing financial landscape.



CHALLENGE TO CHANGE PROCESS

SLI strategically employs financial capital to navigate challenges, converting them into opportunities for innovation and growth through prudent investments, risk management, and value-driven financial strategies.

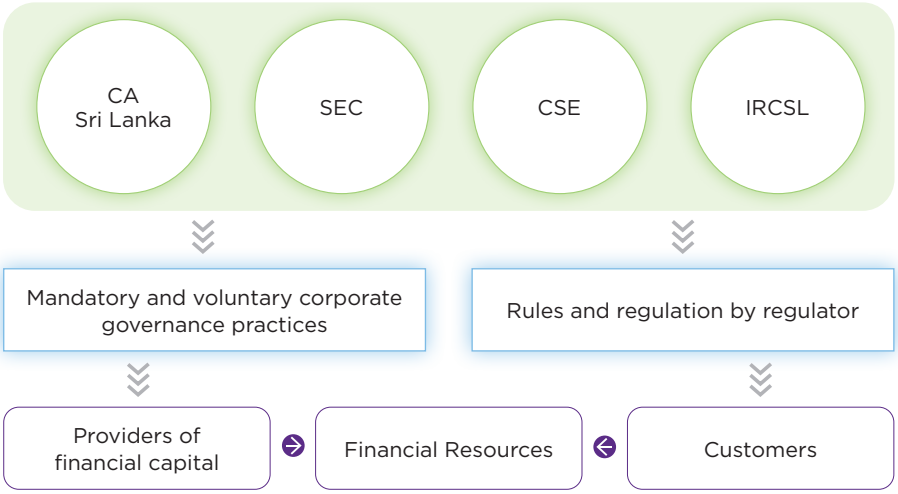
The Resources We Used	The Steps We Took	The Results We Achieved
Financial resources at the beginning of the year	Management of financial capital	Financial resources at the end of the year

1. GOVERNANCE OF FINANCIAL CAPITAL

The company has complied with many mandatory and voluntary governance frameworks, all of which emphasize safeguarding the interests of financial capital providers. In an effort to protect customers' interests, regulators have implemented stringent rules and regulations stipulating how life insurers should manage their financial resources. Our company has duly complied with these requirements, ensuring robust financial oversight and management.

Effective governance of financial capital involves a multifaceted approach. It includes adherence to regulatory standards, transparent reporting practices, and the implementation of risk management strategies. By aligning with these frameworks, the company not only secures the trust of its investors but also fosters a stable financial environment conducive to sustainable growth.

Furthermore, the governance of financial capital extends beyond compliance. It encompasses ethical decision-making, accountability, and continuous improvement in financial practices. As we navigate the complexities of modern finance, our commitment to these principles remains unwavering, ensuring that we not only meet regulatory expectations but also uphold the highest standards of integrity and excellence in financial management.



2. MANAGEMENT OF FINANCIAL CAPITAL

Management of financial resources is one of the core business activities as we manage funds for long-term insurance commitments. In delivering this key objective, we place considerable emphasis on managing long-term assets and liabilities, cash flow management, and segregation of financial resources between policyholder and shareholder funds.

Furthermore, financial risk management is crucial given the challenging operating environment. We have given special consideration to the management of financial resources during our corporate planning cycle to formulate a solid strategy for managing these aspects. By effectively balancing and mitigating financial risks, we strive to ensure the stability, security, and growth of our financial capital. This rigorous approach allows us to meet our long-term commitments and reinforces our dedication to providing sustained value to both policyholders and shareholders.

2.1 Capital and liquidity management

In order to strengthen its capital position, SLI used two financing methods as described below:

Financial re-insurance

In March 2020, the Company entered into a Financial Reinsurance transaction of USD 15 million with Münchener Rückversicherungs-Gesellschaft – MunichRe, one of the top providers of reinsurance, primary insurance, and insurance-related risk solutions in the world. This arrangement leverages the top-quality portfolio of the Company and is viewed as an innovative, market-leading transaction in the South Asian Life and Health Reinsurance arena.

Tier II Subordinated Debt

In addition to the financial reinsurance transaction, Softlogic Life has further bolstered its capital position through a significant Tier II Subordinated Debt transaction. Development Financial Institutions, including the Finnish Fund for Industrial Cooperation Ltd (Finnfund) and the Norwegian Investment Fund for Developing Countries (Norfund), have collectively signed a USD 15 million Tier II Subordinated Debt deal with the company. This strategic move not only enhances the company's financial flexibility but also underscores the confidence of renowned international investors in Softlogic Life's robust financial management and future prospects.

Dividend policy

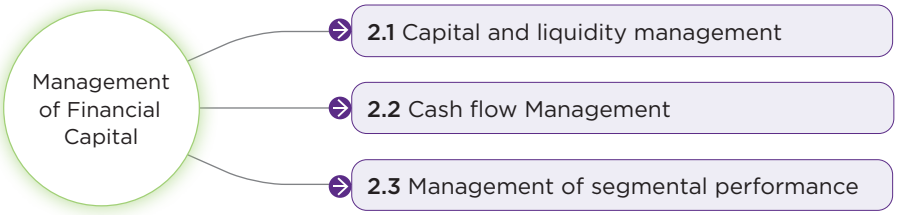
According to the dividend policy of the company, it distributes 50% of profit after tax as dividend.

Share buyback

Share buyback is a key component of our capital management strategy. To enhance capital efficiency and maximize shareholder value, the company repurchased shares worth of Rs 6 billion. This strategic decision not only strengthened shareholder returns but also safeguarded customer obligations, allowing us to close the year with a strong and healthy financial position.

Regulatory capital performance

The detailed analysis below demonstrates that the company has consistently met regulatory requirements while effectively managing its liquidity position, ensuring financial stability and operational efficiency.



FINANCIAL CAPITAL

Table 18: Capital Adequacy Ratio (CAR)

Rs Mn	2024	2023	2022
Total Available Capital (TAC) (Rs Mn)	**31,892**	37,107	32,302
Risk Based Capital requirement(RCR) (Rs Mn)	**10,704**	10,113	11,262
Risk Based Capital Adequacy Ratio (CAR) %	**298**	367	287
Required minimum Capital Adequacy Ratio (CAR) Ratio %		**120**	

The Statement of Solvency is prepared in accordance with Solvency Margin (Life Insurance) Rules 2015 and amendments thereto. The Company maintained healthy Solvency Margins throughout the year, well above the stipulated solvency margin requirement, adding a greater degree of confidence to the security of policyholders' liability.

The Company consistently exceeded the regulatory Capital Adequacy Ratio (CAR) requirement of 120%, demonstrating its robust financial management. In 2023, the CAR ratio was maintained at three times the required level, reflecting a solid capital position. In 2024, the Company strategically executed a share buyback worth Rs. 6 billion to effectively utilize excess capital and enhance shareholder value. Even after this significant capital distribution, the CAR ratio remained at a strong 298%, nearly two and a half times the regulatory requirement.

This highlights the Company's ability to optimize capital usage while ensuring financial strength and policyholder protection. The maintenance of a high solvency buffer despite capital adjustments reflects the Company's prudent risk management approach, reinforcing its commitment to sustainable financial health and long-term stability.

Table 19: Statement of Approved Assets

Rs Mn	2024	2023	2022
Approved assets maintained in business (Rs Mn)	**36,348**	37,888	30,787
Life Insurance fund (Rs Mn)	**31,909**	27,036	24,469
Approved assets in excess of the insurance fund (Rs Mn)	**4,439**	10,852	6,319
Approved assets as a % of insurance fund	**114**	140	126
Required Ratio %		**100**	

The above numbers were calculated as per Section 25 (1) of the regulation of Insurance Industry Act No.43 of 2000 and the determination made by the IRCSL in terms of the said Act. It is observed that the Company comfortably met the approved asset criteria throughout the year.

Table 20: Investment in Government Securities as % of Life Fund

Rs Mn	2024	2023	2022
Life Insurance fund (Rs Mn)	**31,909**	27,036	24,469
Investment in government securities (Rs Mn)	**22,573**	26,014	16,319
Investment in government securities as % of Life fund	**71**	96	67
Required Ratio %		**30**	

The above analysis shows how the Company maintained a portfolio of government securities above the required level, emphasizing our risk mitigation actions within the market of ever increasing risk. This strategic allocation not only ensures compliance with regulatory requirements but also fortifies the Company's financial stability. By maintaining investments in government securities significantly higher than the minimum percentage required, we demonstrate a proactive approach to safeguarding our policyholders' interests amidst volatile market conditions.

Capital Structure

Company's capital structure analysis in below table 21.

Table 21: Leverage and Capital Structure

Rs Mn	2024	%	2023	%
Stated capital	**1,063**	**8%**	1,063	6%
Restricted regulatory reserve	**798**	**6%**	798	4%
Other reserves	**(764)**	**-6%**	(2,145)	-12%
Retained earnings	**9,258**	**69%**	13,618	75%
Total equity	**10,355**	**77%**	13,333	73%
Loans and borrowings	**3,016**	**23%**	5,015	27%
Total Capital Employed	**13,371**	**100%**	18,348	100%

Total capital employed stood at Rs. 13 billion compared to Rs 18 billion last year, resulting in the partial settlement of loan and borrowings during the year. Retained earnings have dropped by Rs 4.4 billion as a result of a share buy-back of Rs 6 billion and dividends paid, which is partly offset by PAT of Rs 4.5 billion recorded this year. Out of the total capital employed, equity capital represents 77%, showcasing a healthy capital position.

Debt to equity ratio

Financial leverage, measured as the debt-to-equity ratio, represents a healthy 29.1%. Compared to previous year 37.6% it shows significant drop due to partial settlement of outstanding debt during the year.

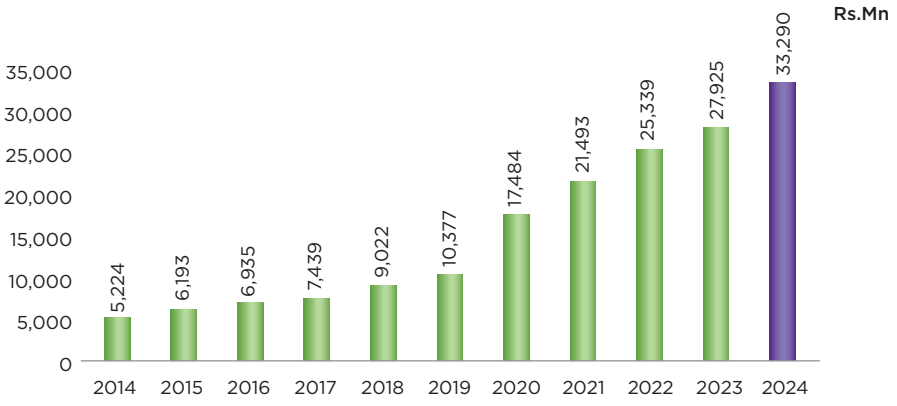
Financial risk management

Financial risk evaluation and management practices established are discussed in page no 354 to 380.

Insurance contract liabilities

The Life Insurance contract liabilities refer to the reserves built to meet the future claims and maturities of Life Insurance policyholders. Life Insurance contract liabilities of the Company stood at Rs. 33.3 billion in 2024, with an increase of 19% compared to 2023.

INSURANCE CONTRACT LIABILITY



Actuarial Valuation of Insurance Contract liability

According to the regulatory requirement, insurance contract liabilities are required to be valued by the actuary. The valuation of the Life Fund was conducted by the appointed independent Consultant Actuary Mr. M. Kunj Behari Maheshwari from Towers Watson India Private Limited, a Willis Towers Watson. Details of the actuarial report appear on Page 268 of this annual report.

Table 22: Insurance Contract Liabilities

Rs Mn	2024	2023	G%
Insurance contract liabilities	**31,234**	**26,145**	19%
Surplus Created due to, Change in Valuation method from NPV to GPV - Participating Fund	**1,057**	**1,057**	0%
Claims Payables	**1,000**	**724**	38%
Total	**33,290**	**27,926**	19%

Surplus Created due to Change in Valuation method from NPV to GPV – Participating fund
As per the directions 16 issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), the surplus created due to change in valuation method from NPV to GPV in the participating fund is retained as a separate reserve under insurance contract liabilities. This ensures that the financial benefits are adequately preserved and accounted for in alignment with regulatory standards.

Liability Adequacy Test (LAT) Valuation
The Liability Adequacy Test (LAT) was conducted for the Life Insurance Reserves as required by SLFRS 4 – Insurance Contracts, to identify whether the recorded reserves are adequate to meet future liabilities. The actuary concluded that there is no requirement to provide additional reserves as the reserve available is sufficient to meet future policyholders' liabilities. Refer page 269 for actuaries report on LAT.

Total assets
Total assets experienced a growth of 4%, increasing to Rs 53.6 billion from Rs 51.3 billion in 2023. This marginal increase reflects the impact of strategic financial decisions undertaken during the year. While asset growth is typically influenced by various operational and investment activities, the relatively lower increase in total assets was primarily attributed to asset distribution through the share buyback program. This initiative, aimed at optimizing capital structure and enhancing shareholder value, led to a redistribution of resources, thereby moderating the overall asset expansion. Despite this, the company maintained a strong financial position, with a steady asset base supporting ongoing business operations and future growth initiatives. The measured approach to asset management reflects a balance between returning value to shareholders and sustaining financial stability. This prudent strategy ensures that the company remains well-positioned to navigate market conditions while continuing to generate long-term value for stakeholders.

Assets composition and liquidity
Detailed break up financial investments is provided under financial statements no 29 on page 312 while its maturity profile is available under note 48.4.3.1 of page 370.

2.2 Cash flow management

Management of cash flow is of paramount importance for us to build customer confidence by paying claims on time, while settling dues to other stakeholders in a timely manner. The table below analyses how we have managed the cash flow during the year. The effective management of our cash flow has enabled us to maintain a stable and liquid financial position, even amidst the challenges faced during the year. This strategic approach ensures that we are well-positioned to meet both our policyholders' claims and our obligations to other stakeholders.

Rs Mn	2024	2023	G%
Net cash generated from operating activities	**6,147**	1,688	264%
Net cash flows used in investing activities	**5,330**	292	1726%
Cash flows from financing activities			
Repurchase of ordinary voting shares	**(6,000)**	-	100%
Dividend paid to equity holders	**(2,830)**	(1,313)	116%
Repayment of long term borrowings	**(1,454)**	-	100%
Principal Payment of lease liabilities	**(414)**	(376)	10%
Net increase / (Decrease) in cash and cash equivalents	**778**	291	167%

Net operating cash flow surged to Rs 6 billion, a significant increase from Rs 1.7 billion in 2023, reflecting a 264% growth. This substantial rise was primarily driven by the growth in Gross Written Premium (GWP), along with the benefit of lower claims ratios compared to the previous year. During the year, the company realized net investments worth Rs 5.3 billion, which were strategically utilized for Share buyback: Rs 6 billion, Dividend payments: Rs 2.8 billion and Loan settlement: Rs 1.5 billion As a result, the company recorded a net cash increase of Rs 778 million for the year.

2.3 Management of segmental performance

The company meticulously monitors its operational efficiency through two key segments: the 'Policyholder Fund' and the 'Shareholder Fund'. These segments act as critical benchmarks for strategic direction. By delving into the financial intricacies, the following summary provides a comprehensive overview of the company's financial position and operational performance across these segments. This analysis offers stakeholders valuable insights into the company's overall performance, efficiency, and future trajectory.

Table 23: Segmental information

Rs Mn	Policyholder Fund		Shareholder Fund		Company	
	2024	2023	2024	2023	2024	2023
Net Revenue	**36,207**	29,619	**2,238**	2,179	**38,444**	31,799
Profit Before Tax	**4,287**	3,015	**2,045**	182	**6,332**	3,197
Total Assets	**39,927**	39,400	**13,668**	11,939	**53,594**	51,339
Cash flows from operating activities	**(4,148)**	2,282	**10,295**	(594)	**6,147**	1,688

Policyholder funds reflect the financial results of our interactions with customers, ranging from the sale of insurance policies to claim payments or maturities. Surplus evaluation occurs post-actuarial valuation, verified by external actuaries as detailed on page 268. Comprehensive analysis of this segment, covering key risks, strategies, performance assessment, and key value drivers, is presented on page 380. Further scrutiny of financial details, encompassing income statements, financial position, and cash flows, is available on pages 275 to 279.

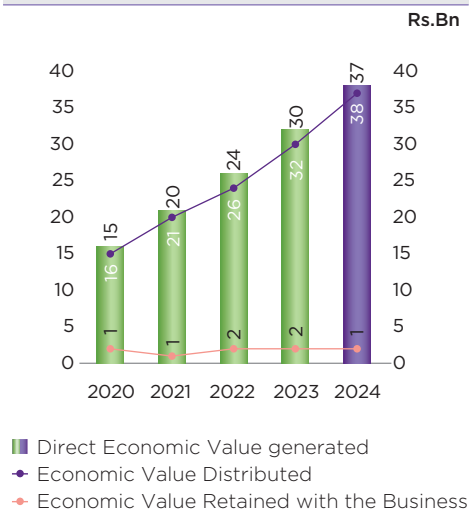
The Shareholder Fund is established to acknowledge the surplus generated by policyholder funds. Its primary function is investment management, governed by the company's investment management policy and overseen by the board of investment committee. Shareholder dividends are declared through this fund.

3. SEGMENT STRATEGIES AND RISK MANAGEMENT

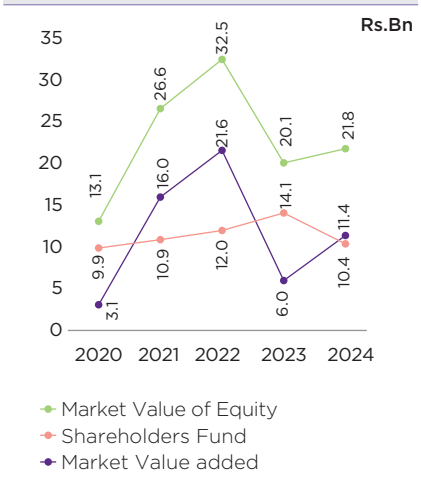
The Policyholder Fund is strategised under four strategic pillars as discussed on page 91. Risks and opportunities are identified on pages 52 to 90. Further financial risk management concerning its investment portfolio and insurance risk is detailed on pages 72 to 79.

The Shareholder Fund is created to separate shareholder value creation from policyholders in monetary terms. Hence, increasing policyholder value eventually increases shareholder value as well. However, risk management may differ based on the financial instruments the Shareholder Fund carries, which is also covered under financial risk management on page 359.

ECONOMIC VALUE ADDED



MARKET VALUE ADDED



- **Economic Value Added (EVA)** reflects the company's ability to generate value beyond its economic costs. It is derived from the direct economic value generated and the value distributed, with the retained amount indicating financial sustainability.
- **Market Value Added (MVA)** measures the market's perception of the company's performance by comparing the market value of equity with shareholders' funds. A higher MVA indicates strong investor confidence and value creation.

4. FUTURE FOCUS

Short term target	Medium to long term view
GWP growth – >15 %	GWP growth – >15 %
ROE – >20%	ROE – >20%
Capital Adequacy Ratio – >160%	Capital Adequacy Ratio – >160% (Regulatory requirement 120%)
	Maintain adequate liquidity level with prudent risk management

Sustainable Performance

The Company has implemented many initiatives in line with our strategic objective of delivering sustainable profitable growth in the medium to long-term. These actions are discussed in Operational Review on page 38 and strategies are provided on page 91. We focus on maintaining strong financial performance through disciplined risk management and innovative solutions tailored to meet market demands. Additionally, our agility in adapting to regulatory changes and evolving market conditions underscores our commitment to long-term value creation for our stakeholders.

Financial risk management

The Company's robust risk management framework laid out on Page 56 of this report will protect our financial capital from being diminished due to internal and external events that could disturb the value creation process of the Company. We will further improve our risk management framework to capture all significant risks around us. Our risk management framework is illustrated on page 56.

Implementation of SLRS 17

The implementation of SLFRS 17 will have a significant impact on the insurance industry. Unlike previous standards, SLFRS 17 extends beyond financial reporting to include actuarial valuation, asset liability management, and risk management. The implications and requirements of SLFRS 17 will be felt across virtually every aspect of the insurance organization. These impacts range from the measurement of insurance contracts to recognition in financial statements and key metrics used to evaluate business performance. It is crucial for shareholders and other users of financial statements to understand SLFRS 17 and its implications moving forward.

As part of our commitment to educate relevant stakeholders, we periodically release technical updates and provide video content regarding the impacts of SLFRS 17 on Softlogic Life. Please refer to page 377 of this annual report to review the risks and challenges we face in terms of implementing SLFRS 17. Additionally, further content is available online to reach a wider audience of users.



SLFRS 17 Implementation impact on financial statement



Video version of impact SLFRS 17

Impact of changes in Sri Lanka Financial Reporting Standards

There are new and amended standards and interpretations that have been issued but are not yet effective as of the date of issuance of the Company's financial statements. Details are provided on page 284 of this report.

Horizontal and vertical analysis

Horizontal and vertical analysis on the statement of financial position and income statement over five years is presented on page 400. These analyses provide insight into the trends and financial health of the company by comparing financial data across different periods and breaking down each item as a percentage of the total. This comprehensive approach aids in understanding the company's financial trajectory and pinpointing areas of strength and potential concern.

Strategic planning and performance management

Strategic planning and performance management are fundamental pillars in ensuring sustained growth, long-term resilience, and financial stability. These components are critical in navigating an increasingly dynamic and competitive business environment, allowing organizations to adapt to emerging trends, mitigate risks, and capitalize on new opportunities. As a key driver of future financial capital value generation, our management team remains committed to continuously assessing the operational landscape, identifying potential challenges, and leveraging strategic insights to steer the business toward sustainable success.

To achieve this, we meticulously monitor internal and external factors that influence our business, ensuring our strategy remains relevant and responsive. By proactively analysing market trends, regulatory changes, and economic conditions, we are able to formulate a comprehensive business strategy that not only enhances operational efficiency but also drives long-term value creation across all areas of our operations.

Furthermore, our structured approach to strategic planning is complemented by a well-defined resource allocation framework, ensuring that investments, human capital, and operational capacities are aligned with our overarching objectives. This enables us to

optimize performance, maximize shareholder value, and maintain a strong financial position.

For a more in-depth analysis of the external environment shaping our business decisions, please refer to Page 65, where we provide a detailed overview of our Environment Analysis. Additionally, the Strategy and Resource Allocation process is outlined on Page 91, offering insights into how we align our resources effectively to achieve our strategic objectives and sustain growth.

Simplified insurance financials

Insurance accounting is different from the accounting for a manufacturing or trading organization, due to the uniqueness of the business and terminology associated with the transactions. We have provided a detailed explanation of our financials for better understanding on page 394.

Taking a further step to familiarize insurance financials to stakeholders, we have introduced a gamification option. It is another revolutionary advancement we have brought to the industry, serving the communities surrounding us.

5. FINANCIAL CAPITAL CONTRIBUTION TO VALUE CREATION (TRADE OFF)

Financial capital is a key driver of our strategic priorities, enabling growth, innovation, and operational efficiency. Investments are directed towards digital transformation, customer-centric products, sustainability, and engagement initiatives to enhance service quality and long-term competitiveness. Funding is also allocated to product development and salesforce support, ensuring better customer acquisition and retention.

Relevance to Strategy

Financial resources are central in driving all our strategic pillars. Financial resources have been allocated to each strategic pillar based on the priority the management set for activities identified under each strategic pillar.

- Digital Transformation and Insurtech
- Personalization & Customer-Centric Products and Services
- Sustainability and ESG
- Customer engagement and preventive health

Creating a Value

Financial resources have been used in key value creating activities as describe below

- Cost incurred in product development and service quality enhancement resulted attraction of new customers.
- Employees, sales staff is well paid to keep them motivate and increase organization value.
- Investment in digital transformation including implementation of AI, RPA etc. enhance organizational value.

Connectivity and Trade-offs

The organization continues to balance stakeholder expectations and strategic priorities:

HUMAN CAPITAL:

- \- Payment of remuneration and spending on training and development .
- \+ Increase service quality and innovation increase GWP

SOCIAL & RELATIONSHIP CAPITAL:

- \- Acquisition cost paid to field and sales staff and claims paid to customer deplete financial resources
- \+ Generate more cash flows due to new customer acquisition

INTELLECTUAL CAPITAL:

- \- Investment in new technologies and brand building

HUMAN CAPITAL

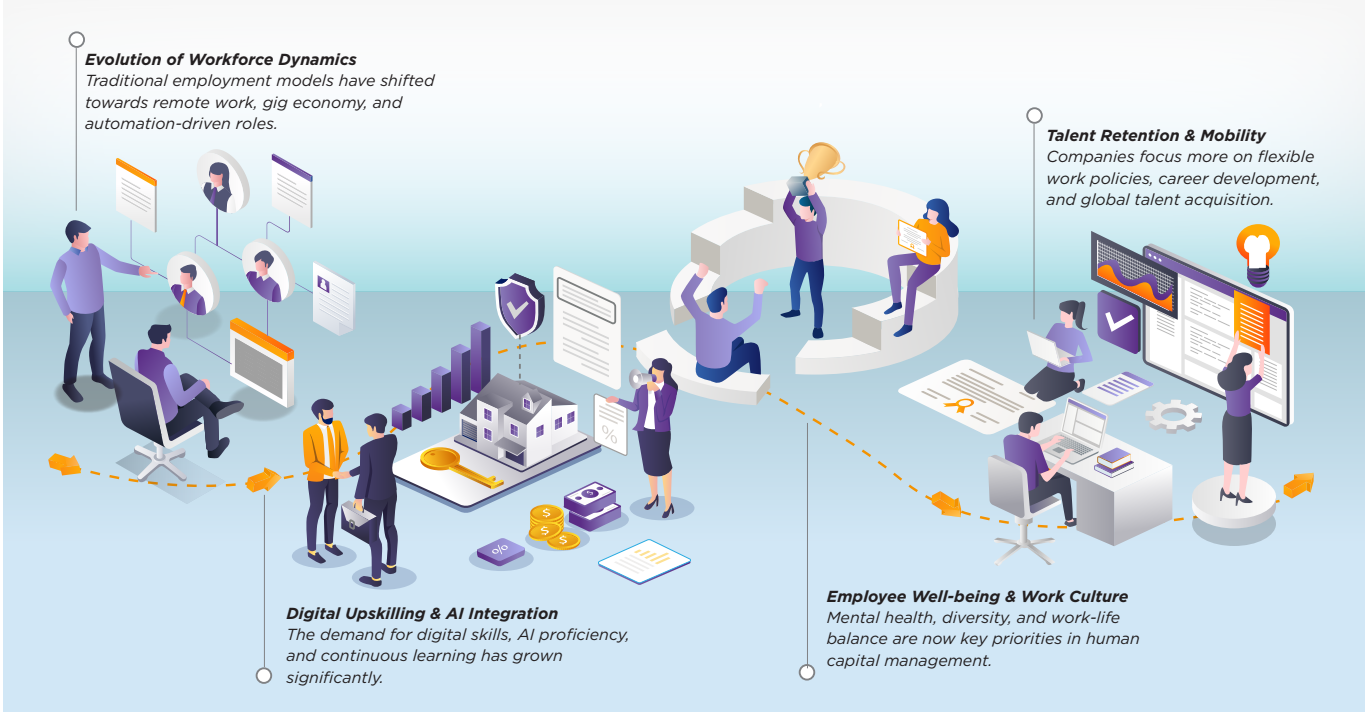
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NURTURING TALENT FOR TRANSFORMATIVE CHANGE AT SOFTLOGIC LIFE

Softlogic Life is dedicated to creating an employee-centric culture where our people feel valued, supported, and inspired. Through our core pillars, we prioritize well-being, career growth, inclusivity, recognition, and innovation to empower our employees to excel. By investing in our people, we build a foundation for long-term success and shared growth.



CHALLENGE TO CHANGE PROCESS

With a focus on employee development and expertise, SLI leverages human capital to transform challenges into opportunities for innovative change, enhancing skills and reinforcing its leadership in the insurance industry.

The Resources We Used

1 HR Governance

2 Our Empowered Workforce

2.1 Workforce Demographics

2.2 Skills, Qualifications and Competences

2.3 Fair Pay and Other Benefits

The Steps We Took

3.1 Talent Acquisition, Retention and Succession Planning

3.2 Performance Management

3.3 Learning and competency development

3.4 Rewards and Recognition

3.5 Employee Relation and Voice

3.6 Employee Engagement

The Results We Achieved

4 Empowered Workforce, Inclusive Culture, and Future-Ready Leadership

5 Resilient, Innovative, and High-Performing Workforce

GRI 2-23 | 2-27 | 403-1 | 403-9 UNGC 1 | 6

1 GOVERNANCE OF HUMAN CAPITAL

Our Human Resources framework is built on comprehensive policies, robust processes, and well-defined procedures, fostering a dynamic and inclusive workplace. Aligned with international labour management standards, our HR strategies are developed at the highest organizational level. Oversight of the 'People Strategy' rests with the Board and Managing Director, while the Human Resources Department (HRD) is tasked with implementing this strategy and providing regular updates to the Managing Director and the Board. Furthermore, the HRD ensures compliance with legal requirements and proactively manages HR-related risks through early identification and mitigation. The department also champions ethical conduct and integrity, reinforcing the core values that define our organization.

Key Practices and HR policies enacted within the organization are listed below.

HR Practices



ZERO TOLERANCE ON CORRUPTION

As a responsible organization, we firmly believe that bribery and corruption are unethical, unacceptable, and incompatible with our values and code of ethics. We regularly educate employees on this topic through corporate communications, while further guidelines are provided in the Staff Handbook, IT Policy and Whistleblowing Policy

No fines or monetary sanctions were levied on the company for non-compliance with laws and regulations during 2024. Zero incidents related to corruption was reported.



RESPECTING HUMAN RIGHTS, LABOUR RIGHTS, AND NON-DISCRIMINATION

We are committed to adhering to internationally recognized principles on human rights, as outlined in our Human Resources Policy. This ensures fair representation, equal opportunities, and a safe workplace for everyone.

Currently, there are no labour union affiliations at SLI.



CHILD LABOUR AND FORCED OR COMPULSORY LABOUR

We are committed to ethical labour practices, prohibiting child and forced labour in our operations. Additionally, we avoid partnerships with third parties that pose a significant risk of engaging in such practices, supported by clear policies to ensure compliance.

No incidents of child or forced labour have been reported.



ENSURING A SAFE AND HEALTHY LIFESTYLE

Our health and safety protocols are designed to provide a secure and healthy working environment, prioritizing our most valuable asset—our people. Safety equipment has been installed at our workplaces since we are dedicated to safeguarding the health, safety, and well-being of our employees and customers.

No work-related illness or injuries recorded during the year 2024.



LISTENING TO EMPLOYEE GRIEVANCES

Our grievance policy ensures that employees' concerns are heard and resolved fairly. Employees are encouraged to report issues directly to the Grievance Committee or the company's management, which is tasked with resolving these matters according to the Grievance Matrix. A whistleblower mechanism is also in place for reporting grievances.

No grievances were reported during the year.

HR Policies available at Softlogic Life

1. Recruitment & Selection Policy
2. Remuneration Policy
3. Performance Management Policy
4. Learning & Development policy
5. Education Policy
6. Employee Grievance Handling Policy
7. Disciplinary Policy
8. Salary Advance Policy
9. Absence management policy
10. Occupational Training and Internships
11. Staff re-hiring policy
12. Social media policy
13. Identity card policy
14. Cession of Employment Policy



Throughout the year, our organization has remained fully compliant with all employee-related laws and regulations in Sri Lanka. Importantly, there have been no reported incidents of non-compliance, and no fines have been incurred for any breaches.

To prevent potential non-compliance with human resource practices, we conduct annual external audits, the findings of which are presented to the audit committee. Any recommended improvements are promptly implemented to enhance our processes.

2 OUR EMPOWERED WORKFORCE

We continue to recognize our workforce as the foundational input for our value-generating process, with detailed analysis provided below.

2.1 Workforce Demographics

The distinctive characteristics of our workforce are outlined below.

Table 24: Workforce by type of employment

Employment Type	2024			2023		
	Total	Male %	Female %	Total	Male %	Female %
Employees	**947**	**67%**	**33%**	985	68%	32%
Field Staff	**3,023**	**64%**	**36%**	2,864	74%	26%
Supervised workers	**149**	**9%**	**91%**	163	9%	91%
Total Workforce	**4,119**	**63%**	**37%**	4,012	70%	30%

Table 25: Employee by employment contract

Employment Contract	2024					2023				
	Total	Male	%	Female	%	Total	Male	%	Female	%
Permanent Employment	**677**	**410**	**61%**	**267**	**39%**	663	409	62%	254	38%
Probation Employment	**86**	**72**	**84%**	**14**	**16%**	163	112	69%	51	31%
Contract Employment	**184**	**149**	**81%**	**35**	**19%**	159	152	96%	7	4%
Total Workforce	**947**	**631**	**67%**	**316**	**33%**	985	673	68%	312	32%

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Table 26: Employees by region

Province	2024					2023				
	Total	Male	%	Female	%	Total	Male	%	Female	%
Central	**89**	**62**	**70%**	**27**	**30%**	88	65	74%	23	26%
Eastern	**24**	**17**	**71%**	**7**	**29%**	35	21	60%	14	40%
North Central	**26**	**22**	**85%**	**4**	**15%**	31	25	81%	6	19%
North Western	**78**	**54**	**69%**	**24**	**31%**	79	64	81%	15	19%
Northern	**46**	**34**	**74%**	**12**	**26%**	45	32	71%	13	29%
Sabaragamuwa	**57**	**41**	**72%**	**16**	**28%**	45	32	71%	13	29%
Southern	**89**	**62**	**70%**	**27**	**30%**	91	65	71%	26	29%
Uva	**28**	**21**	**75%**	**7**	**25%**	34	25	74%	9	26%
Western	**510**	**318**	**62%**	**192**	**38%**	537	344	64%	193	36%
Total	**947**	**631**	**67%**	**316**	**33%**	985	673	68%	312	32%

Table 27: Employees based on age

Age category	2024					2023				
	Total	Male	%	Female	%	Total	Male	%	Female	%
30 or below	**342**	**152**	**44%**	**190**	**56%**	369	180	49%	189	51%
Between 31-40	**332**	**234**	**70%**	**98**	**30%**	341	244	72%	97	28%
Between 41-50	**212**	**185**	**87%**	**27**	**13%**	211	187	89%	24	11%
Above 50	**61**	**60**	**98%**	**1**	**2%**	64	62	97%	2	3%
Total	**947**	**631**	**67%**	**316**	**33%**	985	673	68%	312	32%

Table 28: Employees by designation

Employee category	2024					2023				
	Total	Male	%	Female	%	Total	Male	%	Female	%
AGM and above	**60**	**53**	**88%**	**7**	**12%**	39	36	92%	3	8%
AM and above	**371**	**307**	**83%**	**64**	**17%**	338	281	83%	57	17%
Executive	**301**	**143**	**48%**	**158**	**52%**	294	149	51%	145	49%
Non-Executive	**215**	**128**	**60%**	**87**	**40%**	314	207	66%	107	34%
Total	**947**	**631**	**67%**	**316**	**33%**	985	673	68%	312	32%

Table 29: Composition of governance body

Age category	2024					2023				
	Total	Male	%	Female	%	Total	Male	%	Female	%
41-50 Years	**1**	**1**	**100%**	**0**	**0%**	1	1	100%	0	0%
51-60 Years	**5**	**4**	**80%**	**1**	**20%**	5	4	80%	1	20%
61-70 Years	**2**	**2**	**100%**	**0**	**0%**	2	2	100%	0	0%
Total No of Directors	**8**	**7**	**88%**	**1**	**13%**	8	7	88%	1	13%

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2.2 Skills, Qualifications and Competences

The life insurance industry requires a wide range of specialized expertise, and Softlogic Life's innovative business model raises the bar for the knowledge and skills within the organization. Our HR practices, centred on strategic recruitment and robust knowledge management, ensure the continuous development of competencies essential for sustained growth. To maintain our industry leadership, we prioritize attracting and retaining top talents, complemented by rigorous evaluation processes across all designation levels. Furthermore, we have integrated key priorities into our recruitment process, ensuring that new hires align with the latest industry trends and regulatory requirements while bringing an innovative mindset and digital proficiency to build a future-ready workforce.

2.3 Fair Pay and Other Benefits

At SLI, we prioritize pay transparency as a cornerstone of fostering equity and fairness within our workforce. This commitment not only sets us apart as an employer but also plays a vital role in attracting and retaining top-tier talent. To maintain competitiveness, we conduct market surveys time to time and use insights to align our pay structures and benefits accordingly. This approach is integral to our talent management strategy, emphasizing our focus on cultivating a performance-driven culture. Our remuneration framework is grounded in fairness, considering factors such as the cost of living, industry standards, internal pay equity, business performance, and individual or team contributions. Beyond regulated benefits, we provide other categories-specific and role-based benefits. In alignment with our equal opportunity practices, we ensure that benefits, including pay, are free from discrimination based on factors such as gender, age, or ethnicity.

In addition to regulated benefits, we provide a range of monetary and non-monetary benefits designed to support the holistic well-being of our employees. These include:

MONITORY BENEFITS

- Attractive remuneration
- Fringe Benefits - Educations Reimbursement and Assistance
- Paid time off
- Retirement Benefits (EPF, ETF, Gratuity)
- Health & Life Insurance benefits

NON-MONITORY BENEFITS

- Health and safety
- Job Security and Enrichment
- Flexibility
- Career development and training opportunities
- Work/Life Balance
- Employee Empowerment
- Performance based culture

KEY PERFORMANCE INDICATORS (KPI)

Gross annual remuneration per employee

2024	2023
1.2Mn	1.1Mn

EPF Contribution

2024	2023
137Mn	125Mn

Defined benefit plan contribution

2024	2023
72Mn	67Mn

ETF Contribution

2024	2023
34Mn	31Mn

3 EMPLOYEE VALUE CREATION PROCESS

The Value Creation Process outlines the strategic initiatives and practices through which we transform our human capital into measurable outcomes, driving organizational growth, innovation, and long-term sustainability.

3.1 Talent Acquisition, Retention and Succession Planning

A. Talent Acquisition

Recruitment, retention, and succession planning are key pillars of our talent management strategy. Our dedication to attracting top talent starts with a recruitment process designed to identify individuals who not only have the necessary skills but also embody our organizational values. The details of our recruitment process are outlined in page 123.

UNGC 6

Recruitment process



New Recruitments During the Year

Table 30: New recruitment by age category

Age Category	2024						2023					
	Total	Male	%	Female	%	Age mix	Total	Male	%	Female	%	Age mix
30 or below	**135**	**67**	**50%**	**68**	**50%**	60%	166	89	54%	77	46%	53%
between 31-40	**47**	**39**	**83%**	**8**	**17%**	21%	83	68	82%	15	18%	26%
between 41-50	**35**	**31**	**89%**	**4**	**11%**	16%	59	52	88%	7	12%	19%
above 50	**7**	**7**	**100%**	**-**	**0%**	3%	8	8	100%	-	0%	3%
Total - New Recruitments	**224**	**144**	**64%**	**80**	**36%**	100%	316	217	69%	99	31%	100%

In our organization, nurturing young talent remains a cornerstone of our talent acquisition strategy, reflecting our commitment to building a strong foundation of future leaders. In 2024, a significant 81% of our newly hired employees were under the age of 40, highlighting our dedication to fostering a dynamic and innovative workforce. This approach ensures that fresh perspectives and diverse skill sets are continuously integrated into our cultural framework, enabling us to cultivate the next generation of leaders equipped to drive sustainable growth and success in the years to come.

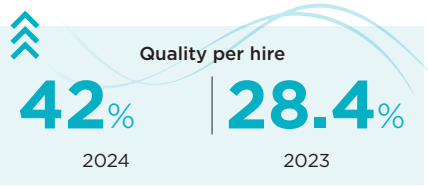
Table 31: New recruitment by province

Province	2024						2023					
	Total	Male	%	Female	%	Area mix	Total	Male	%	Female	%	Area mix
Central	**24**	**17**	**71%**	**7**	**29%**	11%	32	24	75%	8	25%	10%
Eastern	**17**	**13**	**76%**	**4**	**24%**	8%	29	23	79%	6	21%	9%
North Central	**7**	**6**	**86%**	**1**	**14%**	3%	12	12	100%	0	0%	4%
North Western	**15**	**9**	**60%**	**6**	**40%**	7%	14	11	79%	3	21%	4%
Northern	**22**	**17**	**77%**	**5**	**23%**	10%	25	19	76%	6	24%	8%
Sabaragamuwa	**18**	**12**	**67%**	**6**	**33%**	8%	15	11	73%	4	27%	5%
Southern	**17**	**8**	**47%**	**9**	**53%**	8%	31	21	68%	10	32%	10%
Uva	**10**	**8**	**80%**	**2**	**20%**	4%	17	14	82%	3	18%	5%
Western	**94**	**54**	**57%**	**40**	**43%**	42%	141	82	58%	59	42%	45%
Total	**224**	**144**	**64%**	**80**	**36%**	100%	316	217	69%	99	31%	100%

In 2024, our recruitment efforts demonstrated a balanced and inclusive approach, with representation across all provinces in Sri Lanka. This approach highlights our commitment to driving economic growth and providing employment opportunities throughout the country, beyond the traditionally dominant regions.

Quality per hire

We have adopted quality per hire as a fundamental Key Performance Indicator (KPI) to evaluate the effectiveness of our recruitment processes. This metric enables us to measure the calibre of talent entering the organization, ensuring they align with our standards of excellence and support our long-term strategic goals.



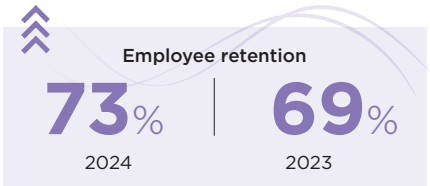
B. Talent Retention

Our employee value proposition plays a crucial role in retaining top talent within the organization, highlighting the benefits and opportunities we provide in exchange for the contributions employees bring to our success. This is reinforced by a supportive and flexible work environment, a commitment to transparency and equal opportunity, wellness initiatives, engagement activities, and competitive remuneration policies. Additionally, it is noteworthy that no involuntary employee dismissals were reported during the year 2024.

Table 32 : Service period analysis

Province	2024		2023	
	Total	%	Total	%
More than 15	51	5%	33	3%
11-15 years	93	10%	100	10%
5-10 years	240	25%	269	27%
Below 5 years	563	59%	583	60%
Total Employees	947	100%	985	100%

Our employee value proposition continues to strengthen talent retention within the organization, as reflected in the increasing number of employees with longer service periods. In 2024, we observed 15% of our employees serving over 15 years and within the 11–15-year range, demonstrating our ability to foster long-term loyalty and a stable workforce. This also reflects our culture of nurturing employees' growth and providing opportunities for a long career path for those with an innovative mindset.





Despite the ongoing migration challenges affecting the local workforce, SLI has successfully improved its employee retention in 2024. This upward trend reflects the effectiveness of our employee engagement strategies, continuous professional development initiatives, and a supportive work environment that fosters career growth.

SLI is continuously taking proactive measures to address emerging workforce challenges, ensuring that employees feel valued, supported, and equipped with the necessary skills to thrive within the organization.

GRI 404-3

Employee surveys

In 2024, SLI faced a significant challenge with high attrition rates among sales staff, driven by intense competitive pressures within the industry. Recognizing the importance of addressing this issue, SLI conducted the "Great Place to Work Survey," an extensive initiative involving approximately 1,000 people including permanent staff and advisors. This independent survey provided comprehensive insights into employee concerns and priorities through unbiased and thoughtful questions.

759

Responses

The findings from the survey highlighted specific challenges faced by the sales staff, enabling SLI to design targeted actions to improve employee retention, recognize contributions, and create a workplace where employees feel valued. Key initiatives focused on three areas to build a more efficient and supportive working environment as follows.

- Product enhancements
- Process optimization
- Leadership development

In addition to these strategic improvements, SLI introduced financial assistance programs to help addressed immediate challenges faced by sales staff, further demonstrating the company's commitment to their well-being. These combined efforts aimed to enhance job satisfaction, foster employee engagement, and reduce attrition rates by cultivating a culture of support and appreciation.

Internships

Our internship program provides matriculants and graduates with valuable opportunities to launch their careers in the financial services industry. In 2024, we facilitated 26 internships, ultimately welcoming 6 exceptional interns into permanent roles within our workforce. This strategy enables us to retain top talent while continuously strengthening and expanding our talent pool.

C. Succession planning

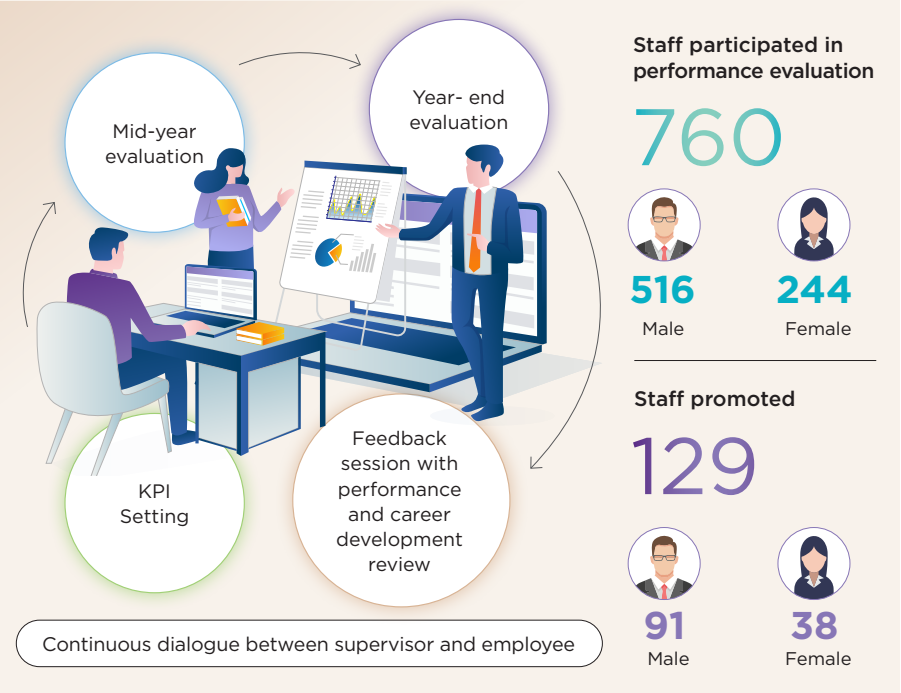
Our succession planning initiatives focus on identifying and nurturing internal talent to ensure a smooth transition in leadership and other critical roles. This forward-looking approach to talent management strengthens our organizational resilience and supports long-term growth and innovation.

In 2024, a key executive management position became vacant but was promptly filled by promoting from the second-tier management, highlighting the effectiveness of the company's robust succession planning framework.

3.2 Performance Management

We rely on the effectiveness of our performance management system as a key driver of organizational success. Each year, we initiate a comprehensive process to establish Key Performance Indicators (KPIs) for all permanent employees, empowering them to deliver their best throughout the year. To maintain transparency and support, we hold regular one-on-one meetings, mid-year reviews, and end-of-year evaluations. These evaluations include collaborative discussions between supervisors and employees, resulting in mutually agreed-upon performance ratings. This process not only enhances morale but also provides the necessary guidance and resources for employees to meet their performance objectives. Furthermore, we conduct annual capability assessments through Assessment Centres, focusing on Assistant Managers and below, to identify and address skill gaps. This rigorous approach ensures that our workforce remains equipped and ready to meet future challenges.

Figure 12: Performance evaluation process



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3.3 Learning and competency development

Softlogic Life is committed to fostering continuous learning and development, empowering employees with the skills to drive innovation and achieve business excellence. Through a blended approach that includes on-the-job training, digital learning, mentorship, workshops, and structured programs, we address talent gaps and enhance both individual and organizational performance.

Our strategy prioritizes up-skilling, re-skilling, and leadership development to build a digitally proficient and future-ready workforce. These initiatives are carefully planned case specifically based on both immediate needs and long-term goals.

Each year, we implement targeted programs aimed at enhancing soft skills across various employee groups, reinforcing our ongoing commitment to personal and professional development.

Program	Purpose
Personal and Career Development	Program was conducted for Senior Executive and below grades to give them an insight on current career growth trends, how employees' passion can relate with career paths and the importance of investing in personal development.
Managerial Skill Development Program	This was conducted for first-time managers (for Manager & Assistant Manager grades) to groom them on managerial skills.
Executive Leadership Coaching	Program was conducted for Corporate Management on leadership skills.
Transformational Coaching Program	Training for Assistant Vice Presidents as certified in-house coaches to give career development guidance for junior grades.
Assessment Centres	Were conducted up to AM grades to identify training requirements, job-skill mismatches/weaknesses, strengths, and ways in which to develop their career paths.

Figure 13: Training and development process



Training hours for staff training

3,195	256
Local	Foreign

Average training hours per employee

3.64	4.14	2.64
Employee	Male	Female

19.6Mn

Investments on training programs

GRI 404-2

During the year, we conducted several training programs aimed at supporting the personal and professional growth of our employees.

Table 33: Training programs conducted during 2024

Category of the program	No. of training hours
Industry-Specific Conferences & Events	1274
IT & Digital Skills	587
Human Resource Management	487
Leadership and Professional Development	282
Business & Economic Strategy	264
Health & Well-being	246
Compliance & Governance	176
Finance & Accounting	36
Risk Management and Sustainability	99

At SLI, we recognize that expertise in existing practices and preparedness for future changes are essential for sustainable growth. Our strategic investment in Leadership Development, Compliance & Governance, and Industry-Specific Conferences & Events reflects our commitment to equipping employees with the skills and knowledge needed to thrive in an evolving business landscape.

1,274 hrs
Industry-Specific Conferences & Events

275 hrs
Compliance, Governance and Risk Management

Leadership Development programs empower our employees to navigate complex challenges, drive innovation, and lead with confidence. By reinforcing Compliance & Governance knowledge, we ensure alignment with industry regulations and uphold the highest standards of corporate responsibility. Additionally, our participation in Industry-Specific Conferences & Events enables us to stay ahead of market trends, adopt global best practices, gain fresh insights, and foster valuable professional networks.

Beyond limits, SLI embraces a bold approach to learning and innovation, equipping employees with the skills needed for a tech-driven future.

Harnessing AI: Transforming Skills for a Tech-Driven Tomorrow

At SLI, continuous learning remains a cornerstone of our commitment to adaptability and innovation. In 2024, our training initiatives spanned key focus areas including new technologies & digital transformation, underscoring our proactive approach to equipping employees with the skills necessary for a tech-driven future.

To drive efficiency and innovation, we have integrated the Copilot extension into our Office suite, enabling seamless AI-powered assistance across key business functions. Recognizing the value of AI proficiency, we also provide comprehensive training on ChatGPT, equipping employees with the skills to leverage AI effectively. By embracing these advancements, SLI continues to lead with agility and forward-thinking, ensuring a future-ready and adaptable organization.

This investment reflects our recognition of the transformative potential of emerging technologies, particularly Artificial Intelligence (AI), in enhancing operational efficiency and decision-making.

To further strengthen this focus, SLI has initiated AI training sessions designed to integrate AI into daily operations. These programs empower employees to leverage AI tools effectively, fostering innovation and improving productivity across the organization. The training covers practical applications, from automating routine tasks to data-driven decision-making, ensuring employees are well-prepared to navigate the evolving technological landscape.

At SLI, we don't just adapt to the future—we shape it. Our investment in **Copilot, ChatGPT** marks a pivotal step toward intelligent automation, empowering our workforce with AI-driven efficiency and unlocking limitless possibilities for smarter, faster, and more strategic operations!



587 hrs for
IT and Digital Skills



3.4 Rewards and Recognition

Our approach to recognizing and valuing employees extends beyond traditional compensation methods. We have developed a rewards system that aligns with our core values and strategic objectives, emphasizing both individual accomplishments and collaborative efforts that drive our success. By fostering a culture of appreciation, we aim to motivate and inspire our employees, instilling a sense of pride and fulfilment in their contributions.

Through initiatives such as performance bonuses, employee-focused events, and recognition ceremonies, we highlight the importance of each team member's role in our collective achievements. This focus on rewards and recognition not only enhances employee morale but also strengthens the unity and resilience of our workforce, positioning our organization for sustained growth and success.

Staff recognition

During the year, we held our annual sales convention to honour and recognize the exceptional performance of our sales staff.





3.5 Employee Relation and Voice

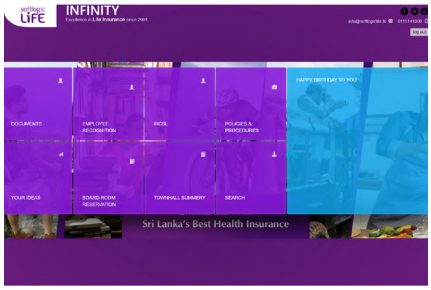
The organization has established a robust two-way communication model, ensuring employees are well-informed about the company's decisions and actively engaged in the decision-making process.

At Softlogic Life, we are dedicated to fostering a workplace where every employee feels empowered to share feedback, offer suggestions, and raise any concerns or grievances. Our grievance policy ensures that employees are not only heard but also receive fair and timely resolutions.

To engage with our employees and understand their perspectives, we employ various methods such as hosting annual town hall meetings, regular management discussions, and department or branch meetings, enabling open communication and prompt solutions such as Company HR Information System. Notably, no grievances were reported in the past year, reflecting our consistent efforts to maintain a culture of fairness, transparency, and employee well-being.



Townhall meeting 2024



Softlogic Life Infinity

3.6 Employee Engagement

To promote a healthy work-life balance and foster stronger connections among employees, the company organizes and supports a variety of events and activities. Over the past year, we hosted several programs aimed at creating an enjoyable and inclusive workplace where everyone feels valued and connected. Notable events included the Neon Beats dinner dance and the Employee Cricket Tournament, both of which encouraged camaraderie and team spirit.



Neon Beats – Dinner Dance



Cricket Tournament

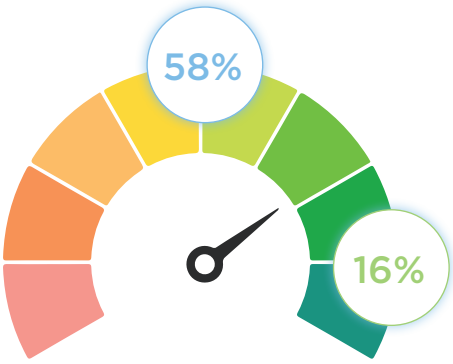
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4 EMPOWERED WORKFORCE, INCLUSIVE CULTURE, AND FUTURE-READY LEADERSHIP

The strategies we have implemented in recent years to manage and nurture our human capital have yielded significant positive outcomes for the organization. These achievements have not only strengthened our position as a leading employer but have also fostered a culture of innovation, collaboration, and inclusivity, making Softlogic Life a standout workplace in Sri Lanka.

4.1 Workplace Capability and Performance

Through our training, development programs, and strategic workforce planning, we have cultivated a highly skilled and competent workforce. A significant achievement is that 74% of our employees successfully met their Key Performance Indicators (KPIs), highlighting the effectiveness of our initiatives in aligning individual performance with organizational objectives. This accomplishment reflects the positive impact of our commitment to employee growth and the strategic management of our human capital. The diagram below illustrates the performance distribution of our employees during the year 2024.



4.2 Diversity, Equity & Inclusion

Our comprehensive HR policies and procedures serve as a foundation for promoting diversity and ensuring equal opportunities within the organization. We actively sustain a diverse workforce, as detailed in the employee composition section, reflecting various factors such as age, gender, employment type, and regional representation. Our policies are specifically designed to prevent discrimination based on race, religion, age, nationality, social background, disability, sexual orientation, gender identity, political beliefs, or opinions. Notably, no incidents of discrimination were reported during the year, underscoring our unwavering commitment to fostering a fair, inclusive, and respectful work environment.

Female representation

Our efforts aim to ensure that women have equitable opportunities to thrive and contribute meaningfully to the organization's success

Table 34 : Female representation at designation category level

Designation Category	2024	2023
Board of Directors	**1**	1
AGM and above	**7**	3
AM and above	**64**	57
Executives	**158**	145
Non-Executive	**87**	107
Total	**317**	313

Commitments towards gender parity

SLI is dedicated to attracting, engaging, and developing women, ensuring they have equal opportunities to excel across all areas of our business through our policies. We remain committed to increasing women's representation in leadership roles, striving to bring diverse perspectives to senior levels within the organization. Below are some of the key initiatives we have implemented to support this goal.

Table 35: Details of return to work and retention after parental leave (Woman)

	2024	2023
Total no. of employees entitled to parental leave	**316**	312
Employees who took parental leave	**6**	13
Employees who returned to work after parental leave ended	**4**	7
Employees who returned to work after parental leave ended and who were still employed 12 months	**7**	7
Employees who took parental leave but leave period not ended as of 31st December	**2**	6
Return to work rate of employees who took parental leave	**100%**	100%
Retention rate of employees that took parental leave	**64%**	80%

4Her Program
SLI remains committed to fostering an inclusive and supportive work environment that upholds equal opportunities for all employees. Our non-discrimination practices ensures that every individual has the chance to grow, be heard, and benefit from organizational support.

As part of this commitment, the 4Her program continues to play a key role in empowering women within the organization. Held annually, this program focuses on enhancing both personal and professional growth, providing women with opportunities to develop their skills, advance in their careers, and contribute meaningfully to the workplace, their families, and society. In 2024, 4Her remained our flagship initiative in driving gender inclusivity and strengthening a workplace culture that values diversity, safety, and equal opportunity.



4.3 Leadership Capability
Our HR practices are designed to cultivate future-ready leaders at every level, ensuring employees are well-prepared to meet the challenges of their next roles. This approach not only equips our workforce for growth but also strengthens our succession planning, enabling seamless workflows across the organization.

Leadership Trust:
At SLI, effective leadership is integral to workforce confidence and strategic execution. To assess leadership trust, we adopt a needs-based approach, conducting the Great Place to Work survey when significant organizational changes occur.

The most recent survey reaffirmed strong employee trust in leadership, reflecting confidence in the organization's ability to drive strategic initiatives effectively. This underscores SLI's commitment to transparent, accountable, and results-driven leadership, ensuring both stability and adaptability.



4Her Programme

Please scan the QR code to watch the full program

5 RESILIENT, INNOVATIVE, AND HIGH-PERFORMING WORKFORCE
The effective management of human capital has delivered numerous positive outcomes for the organization, as detailed below:

5.1 Organizational Agility & Resilience
Amidst Sri Lanka's economic challenges, Softlogic Life has remained steadfast in prioritizing its human capital, ensuring that our employees are empowered, engaged, and resilient. Recognizing the impact of rising inflation and economic, political instability on our workforce, we implemented financial wellness programs, salary adjustments, and benefits enhancements to provide stability and support. To counter the brain drain and retain top talent, we introduced upskilling and leadership development initiatives, equipping employees with future-ready skills and growth opportunities. Our investment in digital transformation also facilitated flexible work environments, fostering agility and adaptability in an evolving landscape. By nurturing a culture of innovation, continuous learning, and well-being, Softlogic Life has built a resilient workforce that not only thrives in adversity but also contributes to the company's long-term success and industry leadership.

5.2 Organizational Culture
Softlogic Life's Human Resources initiatives have been instrumental in shaping a distinctive organizational

culture that empowers employees to approach challenges with resilience and efficiency. Through open communication, adaptability, and a shared sense of purpose, we have cultivated a dynamic and thriving work environment where innovation flourishes. Our leadership remains dedicated to fostering a positive workplace culture, resulting in a highly engaged and forward-thinking team that aligns closely with the company's mission and vision.

At the heart of this culture lies our commitment to innovation—an essential driver of both individual and organizational growth. By encouraging continuous learning and experimentation, we empower our teams to push beyond conventional boundaries and develop transformative solutions. This mindset not only strengthens problem-solving capabilities but also reinforces Softlogic Life's position as an industry leader, ready to adapt, evolve, and shape the future in an ever-changing landscape.

Driving Change Through a Culture of Innovation: The First Sri Lankan Company to Secure a Top Spot at Microsoft Global Hackathon 2024

PIONEERING THE FUTURE: SOFTLOGIC LIFE IS SHAPING GLOBAL INNOVATION

Innovation is at the heart of our culture, driving progress on both global and organizational scales. This year, Softlogic Life achieved a historic milestone by being recognized among the top five innovations in Hack for Social Impact Challenge at Microsoft Global Hackathon 2024, a first for Sri Lanka. Competing amongst 73,000+ participants from 85 countries, Softlogic Life was recognized for its ground-breaking idea called 'Gluc-Guard'. This prestigious global acknowledgment underscores our ability to develop transformative solutions that align with industry needs while placing us firmly on the global map as a leader in innovation.



Scan the QR code to read the full article about this remarkable achievement featured in the Financial Times

Innovation at Every Level: Encouraging a Mindset of Continuous Growth

At the organizational level, we further strengthened our innovation culture by organizing the 'Hackathon,' a platform for employees to collaborate in teams and present forward-thinking ideas. This initiative not only encouraged creativity and teamwork but also provided valuable insights into organizational growth. The outcomes of this program are currently being evaluated for integration into our business strategy, showcasing our commitment to harnessing employee-driven innovation. Together, these achievements reflect our relentless pursuit of excellence and our vision of driving meaningful progress through innovation.





Softlogic Life Hackathon Program

5.3 Productivity

Employee productivity is regularly evaluated to ensure that our strategies yield the desired outcomes. This continuous assessment helps us identify areas of success and address any deviations promptly, enabling necessary adjustments to our approaches. Key productivity metrics are monitored to align employee efforts with organizational goals and to maintain high performance standards.





5.4 Organizational Performance

Over the past decade, SLI has delivered exceptional performance, driven by the hard work, expertise, and unwavering dedication of its workforce. A comprehensive analysis of this achievement is provided on pages 38 to 46 (Operational review).

6 RISKS AND CHALLENGES

During the year management of SLI faced challenges in managing our Human Capital. The impact and action taken are listed below.

7 FUTURE FOCUS

Strategic Focus Area	Short-Term Goals	Medium to Long-Term Goals
Digital Transformation	- Implement key digital tools to automate operational processes.	- Achieve significant efficiency gains and seamless customer experience through advanced digital platforms.
	- Train employees in new digital technologies.	- Establish a fully integrated digital ecosystem aligning with evolving technological advancements.
Employee Appreciation	- Launch initiatives to recognize and reward employees for their contributions.	- Foster a culture of long-term commitment and sustained employee engagement through structured appreciation programs.
	- Introduce short-term retention programs to address immediate workforce needs.	- Build an employee value proposition to position the company as a preferred employer.
Leadership Development	- Identify and train high-potential employees for second-tier leadership roles.	- Establish a sustainable leadership pipeline that ensures continuity for both sales and non-sales functions.
	- Implement leadership mentoring programs for emerging leaders.	- Empower future leaders to effectively steer the organization through a structured and resilient framework.

Risks	SLI Responses
Talent retention - high attrition rates among sales, non-sales staff	Conducted a survey to identify underlying issues. Short-term solutions were provided such as financial aids Initiatives were taken to provide long term solutions such as product enhancements, process optimization, and leadership development Please refer page 125 for more details.

8 HUMAN CAPITAL CONTRIBUTION TO VALUE CREATION (TRADE OFF)

Human capital is fundamental to driving long-term sustainability, innovation, and organisational success. Employees play a critical role in adapting to digital transformation, delivering personalised customer experiences, and promoting sustainability. Workforce actions contribute directly to achieving business goals by enhancing productivity, strengthening customer relationships, and fostering a culture of continuous improvement.

Investments in training and development equip employees with the necessary skills to navigate industry challenges and implement innovative solutions. These efforts enhance service delivery, optimise operational efficiency, and build customer trust, leading to long-term growth. However, financial trade-offs arise, as allocating resources to training and remuneration improves productivity but impacts short-term profitability. Similarly, while relationship-building efforts support customer retention and engagement, they require ongoing investment to sustain value.

Balancing these trade-offs ensures that human capital investments translate into enhanced organisational capabilities, increased stakeholder trust, and a resilient, future-ready workforce. Through strategic workforce development, the organisation continues to create sustainable value while maintaining financial stability.

Relevance to Strategy

DIGITAL TRANSFORMATION AND INSURTECH
Employees adopt and adapt to new digital tools, ensuring seamless digital operations.

PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES
Sales and support services teams ensure that offerings are tailored to individual needs, enhancing customer experience.

SUSTAINABILITY AND ESG
Employees promote sustainability through eco-friendly actions and inclusivity, gaining a healthier workplace and a positive culture.

Creating a Value

Daily actions of the workforce remain critical in achieving organizational goals:

- Employees actively contribute to long-term sustainability and digital innovation.
- Acquisition and retention of customers are supported by relationship-building efforts and enhanced service delivery.
- Improved processes and productivity deliver sustainable growth for stakeholders.
- Investments in employee training have equipped teams with skills to navigate challenges and innovate solutions.

Connectivity and Trade-offs

The organization continues to balance stakeholder expectations and strategic priorities:

FINANCIAL CAPITAL:

+ Enhanced productivity and profitability achieved through training and performance optimization.
- Impact on short term profitability stemming from investments in training and development and remuneration

SOCIAL & RELATIONSHIP CAPITAL:

+ Strengthened customer trust and loyalty through proactive engagement.

INTELLECTUAL CAPITAL:

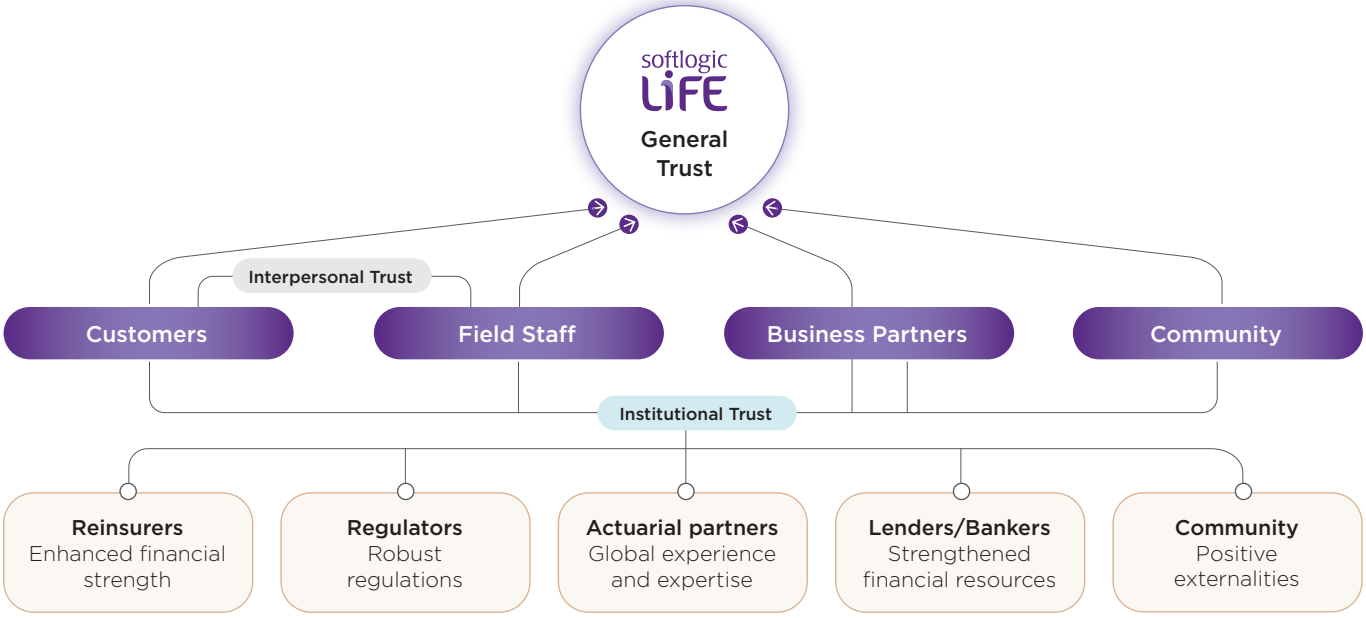
+ Investments in continuous learning and development have bolstered long-term organizational capabilities.

SOCIAL AND RELATIONSHIP CAPITAL

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As a life insurer, our relationships with customers, business partners, and the community are essential to our value creation process. These connections represent the external social capital of SLI, embodying our mission to achieve Bigger Dreams.

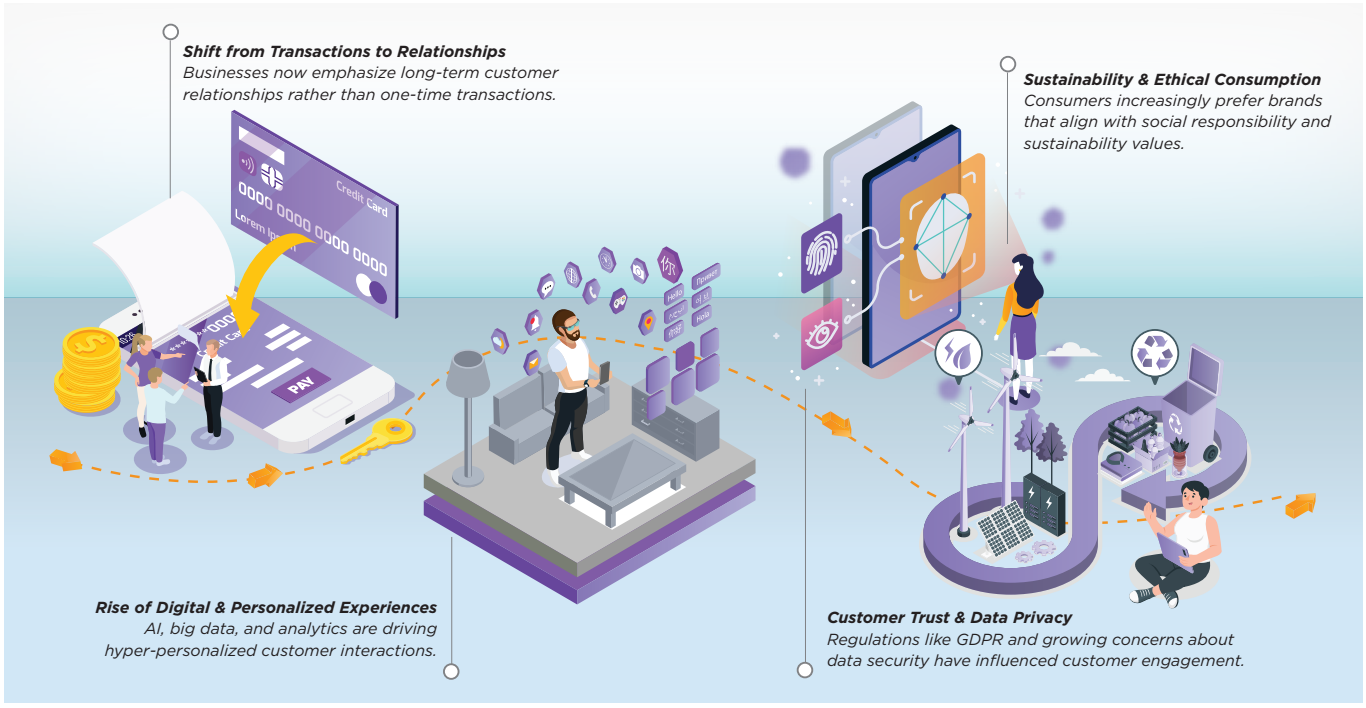
OUR KEY STAKEHOLDERS REPRESENT SOCIAL AND RELATIONSHIP CAPITAL



CUSTOMER

Driving Change Through Lasting Connections and Innovative Customer Experiences

SLI uses customer insights to transform market challenges into tailored solutions, boosting loyalty and solidifying its reputation as a trusted insurance provider.



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CHALLENGE TO CHANGE PROCESS

By deeply understanding customer needs, SLI leverages customer capital to turn market challenges into personalized solutions, enhancing loyalty and establishing itself as a trusted entity in the insurance industry.

The Resources We Used

- 2.1 Diverse Product Portfolio
- 2.2 Diverse Market Segments

The Steps We Took

- 3.1 Product Development
- 3.2 Product Responsibility
- 3.3 Distribution Strategy
- 3.4 Customer Complaint Management System
- 3.5 Customer-Centric Innovation
- 3.6 Brand Promise

The Results We Achieved

- 4.1 Customer Loyalty
- 4.2 Customer Trust
- 4.3 Customer Financial Well-being
- 4.4 Sustained Growth
- 4.5 Customer Retention

1 GOVERNANCE OF S & R CAPITAL - CUSTOMER

1.1 Governance and Compliance in Product Responsibility

Our products are designed with a robust policy and regulatory framework, ensuring compliance with both internal guidelines and external regulations.

Board approved Environmental, Social and Governance Policy (ESG policy)

Internal Regulation



Internal Monitoring Procedure

Compliance review by the Compliance officer and report to the Audit Committee

External Regulation

Prior approval from Insurance Regulatory Commission of Sri Lanka (IRCSL)

The provisions of Sri Lanka Consumer Affairs Authorities Act No. 9 of 2003 and amendments

1.2 Customer Data Privacy and Technology Standards

At SLI, we are committed to protecting the trust and sensitive information shared by our policyholders. As custodians of sensitive customer information, SLI recognizes its responsibility to safeguard data with the highest security measures. We have implemented robust processes to ensure secure and responsible handling of customer's personal health data records and other personal data.

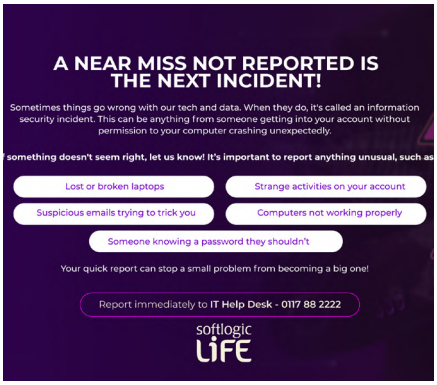
Our processes are designed to ensure the highest levels of data security, starting with comprehensive policies and extending to rigorous implementation, regular monitoring, and continuous improvement initiatives.

IT policies at Softlogic Life

1. Access Control Policy
2. Approved Applications Policy
3. Backup and Restoration Procedure
4. Information Classification Policy
5. IT Security Incident Management Policy
6. Password Policy
7. Third Party Services Policy
8. IT Risk Framework
9. IT Disaster Recovery Plan

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Practices to protect customer data privacy

INFORMATION LIFE CYCLE	OUR PRACTICES	ACTIONS TAKEN
Ethical Data Collection	Personal health data collected only as necessary and through transparent and ethical means.	**Mandatory Data Privacy Training** regarding data privacy principles and awareness of regulatory requirements are provided. **Regular communications** are sent to keep employees informed about data security and compliance. 
Minimal Data Exposure	Only the minimum necessary information are processed or disclosed to fulfil the intended purpose.	
Employee Responsibility	All employees, advisors are accountable for protecting personal information and adhering to privacy policies.	
Strict Data Sharing Controls	Internal sharing is allowed only if legally permitted and justified by a legitimate business need. Any exceptions require approval from respective departments.	
Advanced Security Measures	We maintain a robust information security program.	**Regular IT Risk Assessments** are conducted to evaluate IT systems for vulnerabilities. **A Budget** is allocated annually to strengthen our cybersecurity measures.
Regulatory Compliance & Incident Response	Softlogic Life has taken all actions to implement with Sri Lanka's Personal Data Protection Act (PDPA) and other relevant laws.	
No Unauthorized Data Monetization	Softlogic Life does not sell, rent, or license customer Personal Health Information and other Personal Data unless explicitly authorized by the individual or as allowed by law **(SASB HC-MC-230a.1)**.	Softlogic Life does not sell, rent, or license customer Personal Health Information unless explicitly authorized by the individual or as allowed by law.

In alignment with our emphasis on innovation and digitalization, SLI continues to address and mitigate risks associated with cyber threats. To date, no complaints have been received regarding breaches of data privacy, including data leaks, theft, or loss of customer information, from customers, regulatory bodies, or stakeholders **(SASB HC-MC-230a.2), (SASB HC-MC-230a.3)**.

2 THE STRATEGIC APPROACH TO ENHANCING CUSTOMER EXPERIENCES

We view our broad product portfolio and diverse market segments as essential elements in our value creation strategy.

2.1 Diverse Product Portfolio

As a leading life insurance provider in Sri Lanka, we cater to the life insurance needs of both individuals and corporate clients. Our commitment to continuous product enhancement ensures that our offerings evolve in line with customers' changing needs and expectations. Over the past year, we have proactively implemented strategies to promote our products despite prevailing economic challenges.

Product Portfolio

Our core product portfolio encompasses a diverse range of offerings, as illustrated in the figure below. In addition to these core products, we also provide tailored rider covers that are specifically designed to address the unique needs of our customers. These rider covers enhance the flexibility and comprehensiveness of our offerings, allowing customers to personalize their plans according to their preferences. Seamlessly integrated with our base products, these customizable additions ensure a well-rounded and adaptable solution that caters to varying financial and protection requirements.

Product Pricing Strategy

We adopt a prudent underwriting approach that considers relevant mortality and morbidity. Pricing decisions are carefully evaluated based on multiple factors, including an individual's health status, age, and behavioural attributes such as smoking and vaping habits.

Figure 14: Our Product Portfolio



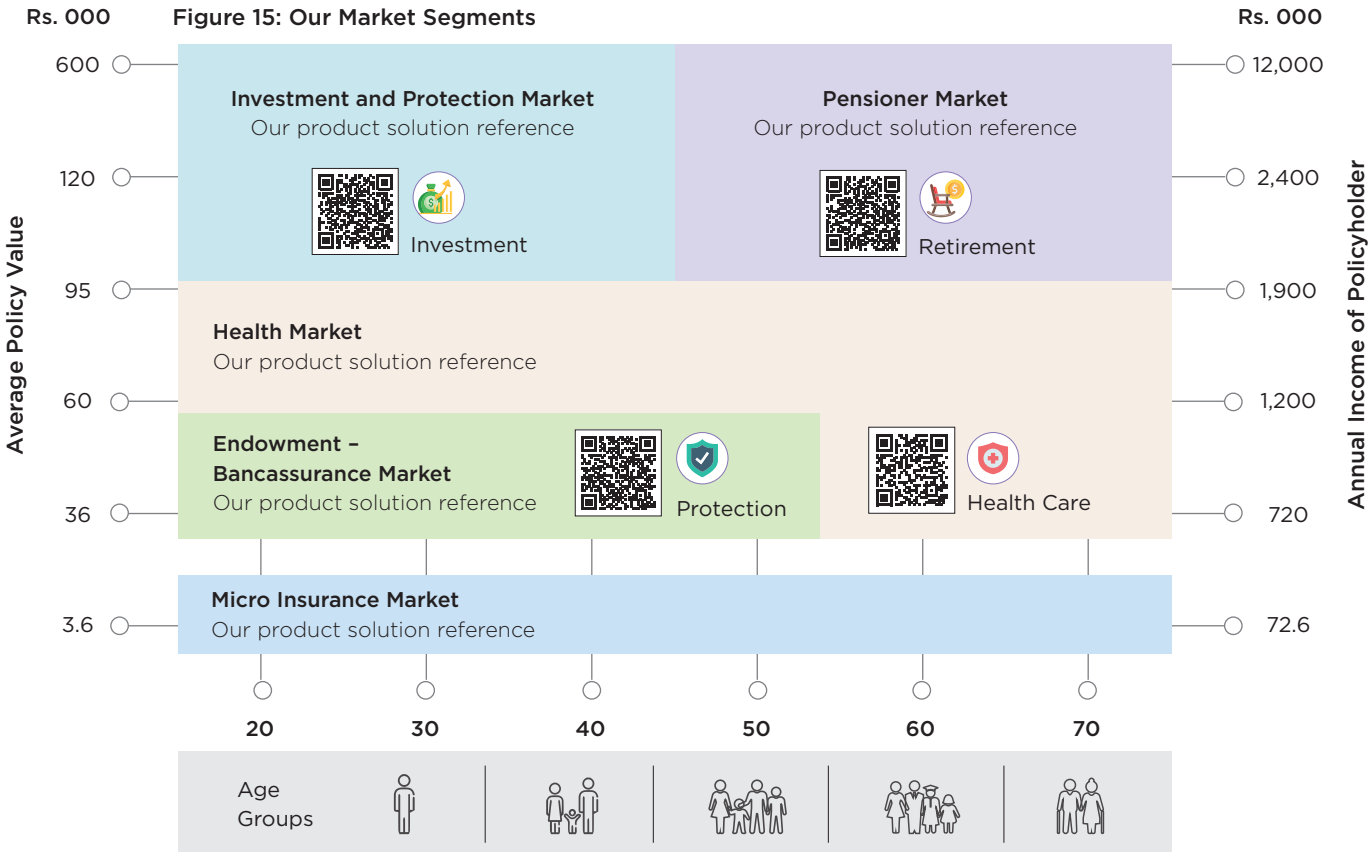
Product Features and Specifications

Product Type	Description
Term Life Insurance	Provides financial protection for a fixed term with a death benefit. Affordable premiums with customizable coverage periods. Ideal for income replacement and financial security.
Whole Life Insurance	Offers lifelong coverage with a guaranteed death benefit and potential cash value accumulation. Can be used for wealth transfer and estate planning.
Endowment Plans	Combines insurance protection with a disciplined savings plan. Pays a lump sum at maturity or to beneficiaries in case of the policyholder's passing.
Investment-Linked Insurance	Links life insurance coverage to investment funds, allowing policyholders to grow their wealth. Offers flexibility to switch funds based on market performance.
Health Insurance	Comprehensive medical coverage including hospitalization, surgery, and outpatient treatments. Offers cashless hospitalization and wellness benefits.
Critical Illness Cover	Provides a lump sum payment upon diagnosis of critical illnesses such as cancer, heart disease, or stroke. Helps cover medical costs and loss of income.
Accidental Death & Disability Cover	Financial protection against accidental death or disability. Includes benefits for permanent or partial disability and additional riders for enhanced coverage.
Child Education Plans	Ensures a child's future education by providing a guaranteed sum at predetermined milestones. Option to continue benefits even in case of policyholder's demise.
Retirement Plans	Provides a steady income during retirement years. Includes annuity options, flexible payout structures, and guaranteed income benefits to secure post-retirement life.

2.2 Diverse Market Segments

To better cater to the varied needs and preferences of our customers, we have categorized our market segments based on age and income levels. This strategic segmentation enables us to provide tailored solutions that align with the unique requirements of different customer groups. We take pride in serving a wide range of customers across the social spectrum, reinforcing our significance and social impact within the business landscape.

Figure 15: Our Market Segments



Furthermore, we segment our market based on individual and corporate customers. We offer a wide variety of products tailored to meet the needs of corporate clients in Sri Lanka.

776,412
Individual Customers

3,748
Corporate Customers



As a dedicated life insurer, we have safeguarded the lives of over 1.3 million individuals, with 128,088 new policies and 748,101 policies in force **(SASB FN-IN-000.A)**, reaffirming our commitment to providing financial security.

New Products variants

As part of our ongoing commitment to providing comprehensive and reliable health coverage, we introduced a new variant this year. Designed specifically for middle-income individuals, this plan features a structured reimbursement model with sub-limits for inpatient and outpatient medical expenses. By implementing this cost-effective approach, we ensure greater accessibility to quality healthcare without compromising essential benefits.

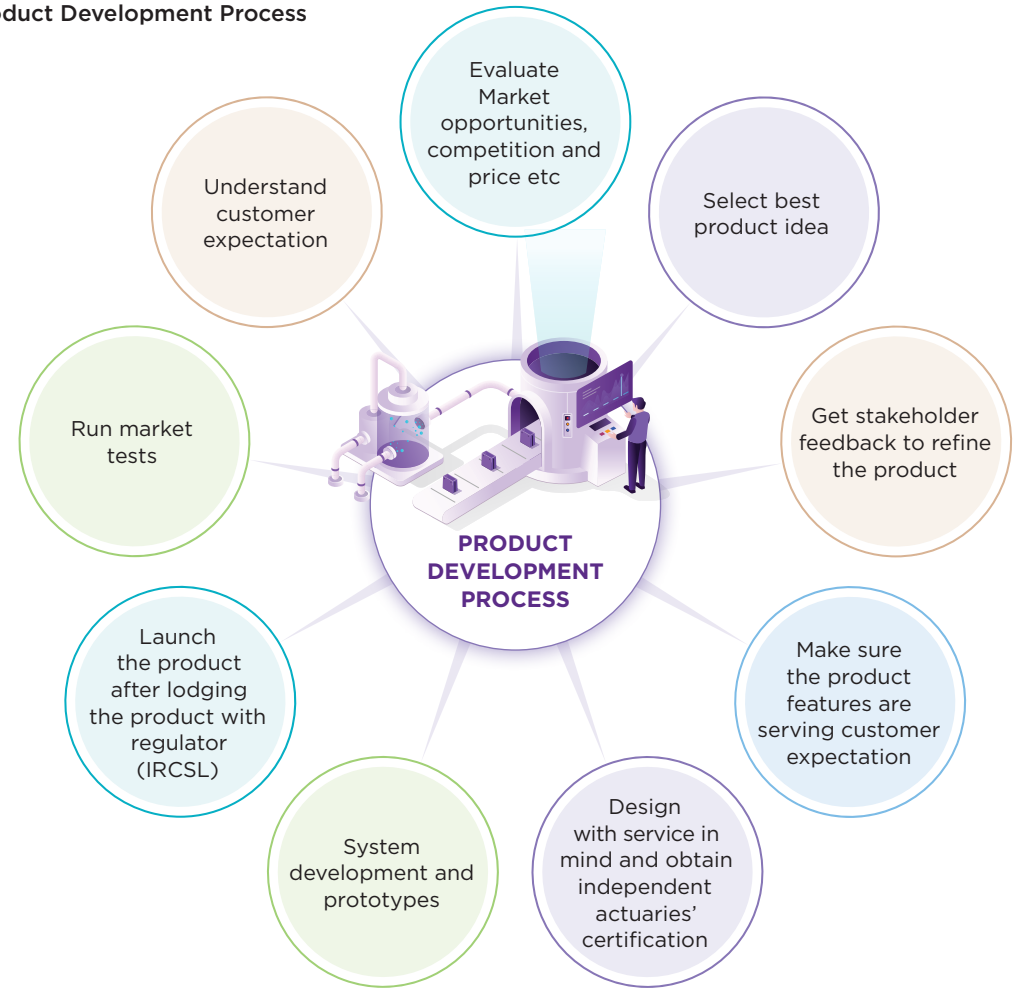
3 CUSTOMER VALUE TRANSFORMATION PROCESS

We define customer value transformation as a multi-stage process. The initial phases focus on building brand awareness, engagement, and conversion, while later stages emphasize nurturing customer loyalty, encouraging repeat purchases, and fostering brand advocacy. By analysing customer behaviour and expectations, we have strategically designed key initiatives to enhance this journey.

3.1 Product Development

To create a unique and customer-centric product, our development approach is structured around fair pricing, competitive benefits, and transparency, while also leveraging market opportunities. This framework ensures that our offerings align with customer needs and industry trends, as illustrated in the diagram below.

Figure 16: Product Development Process



3.2 Product Responsibility

At Softlogic Life, we are committed to fostering responsible customer relationships by emphasizing clear and transparent communication. Our products are developed within a strong regulatory and policy framework, ensuring alignment with both internal standards and external regulations, as outlined in page 135.

Informing Customers on Products SASB FN-IN-270a.4 SASB HE-MC-240 a.4

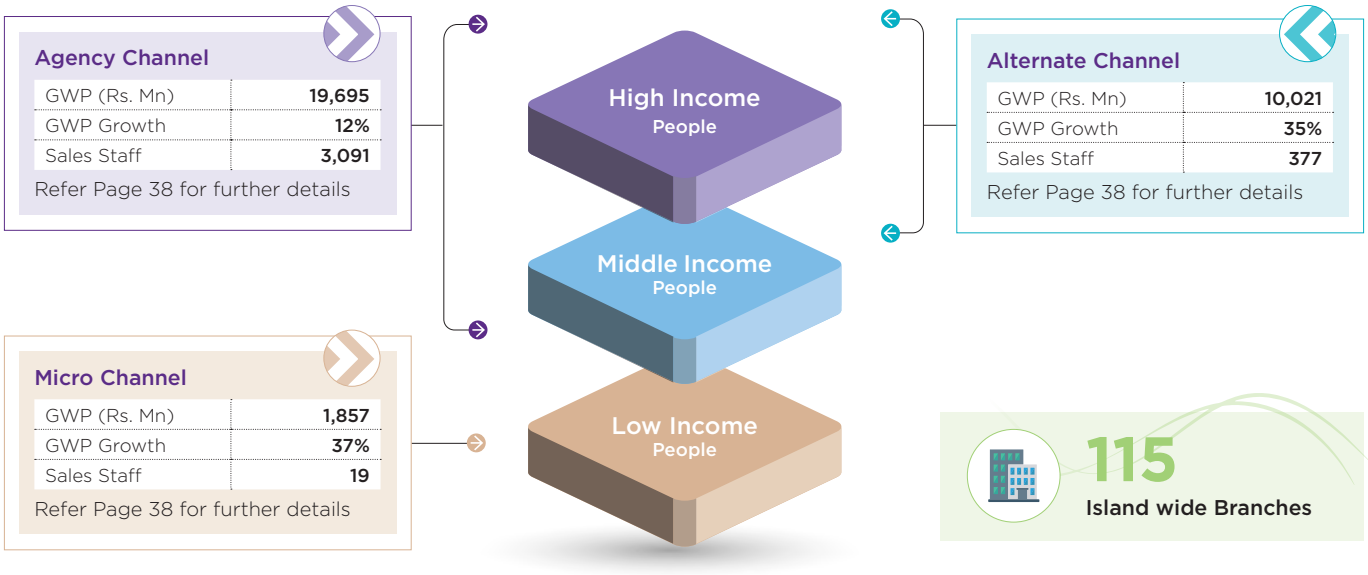
Our sales officers undergo comprehensive training to provide clear and detailed explanations of product features, including policy inclusions and exclusions, at the point of sale. They are equipped with brochures and digital tools to enhance customer understanding. Additionally, during the cooling-off cancellation period, our call centre agents proactively inform customers about policy exclusions, ensuring complete transparency.

3.3 Distribution Strategy

We recognize the diverse needs of each target market and customer segment and tailor our distribution channels accordingly. Our approach consists of three key channels: Agency, Micro, and Alternate.

The Agency channel focuses on middle- to upper-class individuals, utilizing a personalized, one-on-one sales approach. The Alternate channel serves corporate clients, offering tailored insurance solutions to businesses. Meanwhile, the Micro channel leverages digital platforms, such as mobile technology, to provide affordable insurance solutions to low-income earners, ensuring broader accessibility.

Figure 17: Our distribution channels and its strength.



Our Branch Network

Our extensive branch network ensures nationwide accessibility, allowing us to better serve our customers across Sri Lanka. With branches in island-wide, we continue to enhance convenience and reach.

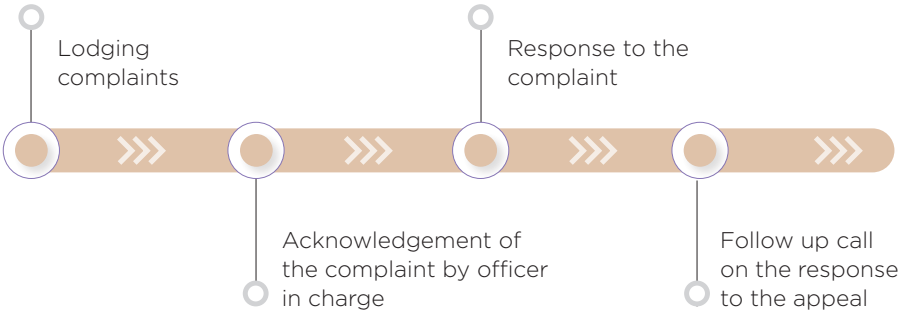
Province	No of branches
Central Province	13
Eastern Province	4
North Central Province	5
North Western Province	11
Northern Province	9
Sabaragamuwa Province	6
Southern Province	16
Uva Province	5
Western Province	46
Total	115

3.4 Customer Complaint Management System

At Softlogic Life, we view customer complaint management as a vital aspect of both customer service and business success. To ensure fair and timely resolutions, we have a dedicated Customer Complaint Committee that actively addresses concerns, reinforcing our commitment to delivering on our brand promise. Customers can submit complaints through online platforms, social media, phone, or in person, and we ensure that all complaints are acknowledged within three day.

Please scan this QR code to learn how to file a complaint, understand our process, and access contact details for the highest-level management individual you should contact if you are not satisfied with the resolution of your complain

Figure 18: Customer Complaint Management Process



Customer Complaint Resolved

2024	2023
95%	95%

SASB FN-IN-270a.2

Customer Complaint per 1000 claims

2024	2023
0.87%	1.2%

Table 36: Customer Complaints analysis – 2024

Description	Analysis
Total no. of complaints received	301
Total no. of complaints resolved	285
Complains resolution within the company	100%
Advisor Related	128
General Complaints	173

3.6 Brand Promise

Our brand promise revolves around enriching the lives of Sri Lankans by providing world-class life insurance solutions that embody the essence of "You go live life to the fullest. We will take care of the rest." We uphold this commitment across all our initiatives, contributing to the sustained growth of our brand value. Further insights into our brand can be found in the Intellectual Capital section on page 159.

No monetary losses have been recorded as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers **(SASB FN-IN-270a.1)**.

3.5 Customer-Centric Innovation

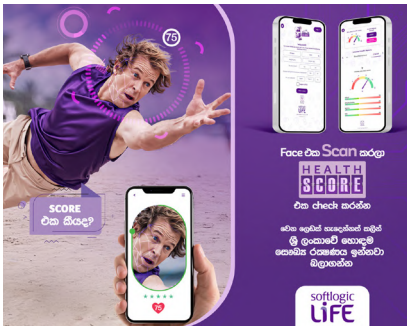
SASB FN-IN-410b.2

We continuously enhance our processes and systems to improve customer experience at every interaction. Our innovations set new benchmarks in the Sri Lankan life insurance industry, aligning with global standards. Key achievements are outlined on page 18. (Life in context)



EMBARKING THE JOURNEY OF PREVENTIVE HEALTH

As part of our commitment to innovation, we launched the Softlogic Life Health Score, an AI-powered, face-scanning health assessment tool, free of charge for all customers. Using FDA-approved technology with 95%+ accuracy, it provides instant health reports, detecting key indicators like heart health, stress, and metabolic risks. This initiative encourages early detection and proactive wellness, supported by Softlogic Life's health programs. Beyond individual benefits, it enhances customer engagement, corporate health assessments, and preventive health and wellness programs, reinforcing our mission to redefine digital health and customer experience.



4 BEING SUCCESSFUL THROUGH ENDURING RELATIONSHIPS

We evaluate our customer value transformation efforts by measuring improvements in customer loyalty, trust, and financial well-being. These indicators reflect the effectiveness of our internal processes and strategies.

4.1 Customer Loyalty

Customer loyalty is a crucial asset for any organization. We take pride in maintaining the highest customer loyalty levels within the industry. Our loyalty is assessed through the Net Promoter Score (NPS), which gauges the likelihood of customers recommending Softlogic Life as their preferred life insurer.

Net promoter score

+68

2024

Softlogic Life was recognized at the 5th ICC Emerging Asia Insurance Conclave & Awards - 2024, winning Best Customer-Oriented Company and Best Health Insurance Coverage, reaffirming our commitment to excellence and customer-centric services.

4.2 Customer Trust

We foster customer trust by consistently delivering on our commitments at the time of policy sales. This includes ensuring the prompt settlement of legitimate claims and disbursing policy maturity proceeds precisely on the maturity date, further reinforcing trust. At Softlogic Life, we track multiple Key Performance Indicators (KPIs) to assess our claims processing efficiency, as detailed below. Our industry-leading innovations in claims processing are highlighted on page 157.

One Day Claim Processing

97%

2024

As we navigate the evolving needs of our customers and the industry, we take pride in achieving significant milestones that reflect our market leadership and dedication to creating lasting value.

Highest Health Market Share in the Insurance Sector

Our position as the market leader with highest health market share in the insurance sector is a strong reflection of the trust our customers place in us. With the highest market share, we continue to be the preferred choice for individuals and families seeking financial security.

Recognition Among Sri Lanka's Top 40 Businesses

We have been recognized as one of Sri Lanka's Top 40 businesses by Business Today for the year 2023–2024. In 2024, we rose an impressive 9 spots, reflecting our relentless pursuit of excellence and innovation. This accolade is a testament to the trust our customers place in us.



Health Market Share

36%

2024

4.3 Customer Financial Well-being

We understand the significant role we play in improving our customers' financial well-being. As a life insurance provider, our mission extends beyond offering a safety net; we strive to create a positive economic impact for our policyholders. By structuring policies with transparency, maintaining an extensive distribution network, and offering financial security and peace of mind, we ensure accessibility for all. Our commitment to affordable premiums and flexible coverage options aims to reduce financial strain, making life insurance more inclusive and accessible to a wider audience.

Claims Paid

2024	2023
15Bn	13.4Bn

The long-term success of Softlogic Life Insurance is a testament to our commitment to creating customer value. Our track record of sustainable performance and strong customer retention, detailed below, highlights the positive impact we have achieved over the years.

4.4 Sustained Growth

Our financial performance over the past decades reflects a steady growth trajectory. In the last five years, we have outpaced several industry leaders in market share, solidifying our position as Sri Lanka's second-largest insurer. For a comprehensive overview of our 10-year financial performance, refer to page 392.

4.5 Customer Retention

Our commitment to enhancing customer experience has enabled us to maintain the highest level of customer retention in the industry.

SASB FN-IN-270a.3



5 RISKS AND CHALLENGES

During the year management of SLI faced many challenges in managing our Customer Capital. The impact and action taken are listed below

Risks	SLI Responses
Rising living costs leading to policy lapses and a decline in new policy sales	Introduced flexible premium payment options Offered micro insurance and budget-friendly plans Introduced hybrid insurance-investment solutions

6 FUTURE FOCUS

Strategic Focus Area	Short-Term Goals	Medium to Long-Term Goals
Strengthening Digital Engagement	Launch user-friendly mobile and web platforms: We have taken initiatives to launch a mobile app with face scanning facilities to get a health score	We plan to integrate customer health-related Behaviours into our underwriting process.
Strengthening customer relationship	Enhance Self-Service Capabilities via automating processes further	

7 CUSTOMER CAPITAL CONTRIBUTION TO VALUE CREATION (TRADEOFF)

Relevance to Strategy

PREVENTIVE HEALTH AND WELLNESS
Focus on proactive health solutions ensures long-term customer well-being, and enhancing satisfaction.

DIGITAL TRANSFORMATION AND INSURTECH
Leveraging AI-driven customer interactions and self-service platforms improves efficiency and experience.

PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES
Enhanced service touchpoints ensure a seamless customer journey & long-term relationships.

SUSTAINABILITY AND ESG
Building customer trust and positioning the company as a responsible insurer.

Creating a Value

Through proactive customer engagement, we align our goals with customer needs to create sustained value for them.

- We design customer-centric initiatives that generate mutual benefits and enhance long-term business sustainability.
- Customer acquisition and retention strategies ensure continuity and foster long-term relationships.
- A focus on customer lifecycle management helps drive meaningful interactions, creating lasting value for both the organization and its customers.

Connectivity and Trade-offs

The organization continuously balances customer expectations, stakeholder interests, and business objectives:

FINANCIAL CAPITAL
+ 21% growth in renewal premium
+ 12% increase in net benefits and claims paid

INTELLECTUAL CAPITAL
+ Advancements in digital innovations
+ Stronger brand awareness

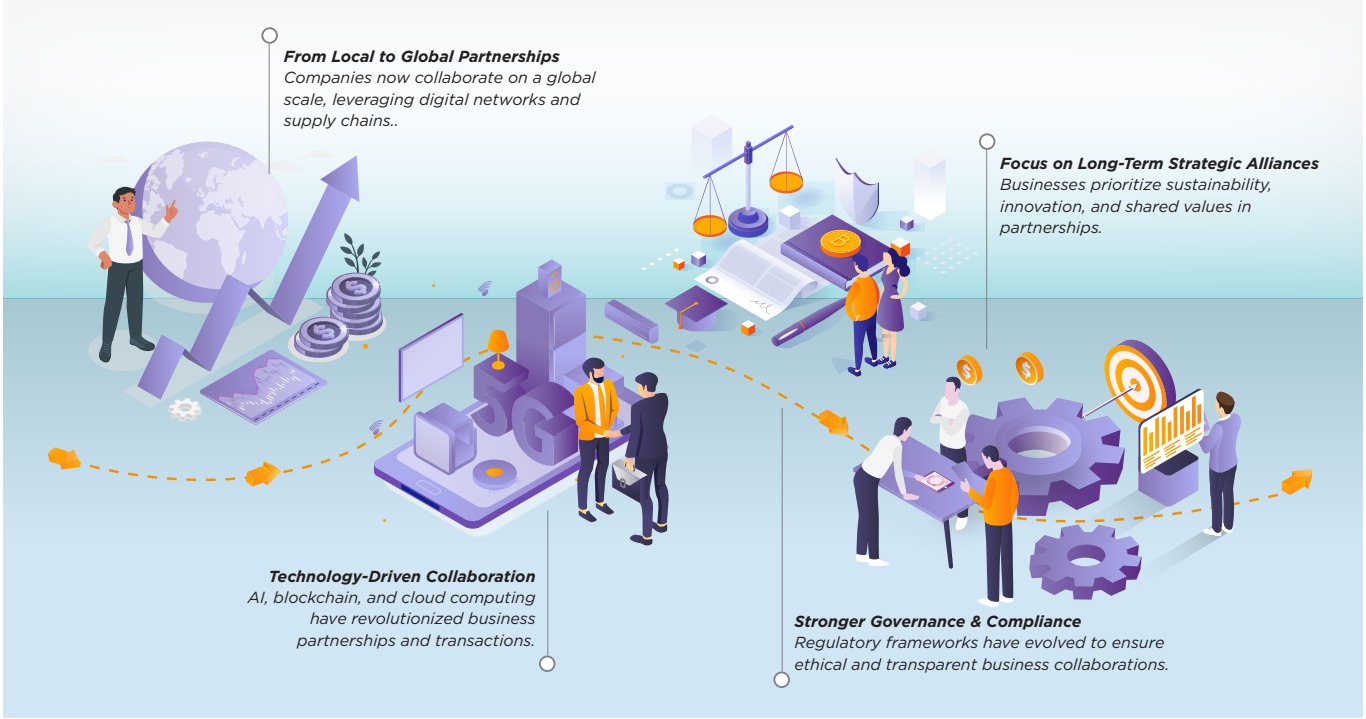
SOCIAL AND RELATIONSHIP CAPITAL

BUSINESS PARTNER

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NAVIGATING CHANGE TOGETHER THROUGH STRONG BUSINESS PARTNERSHIPS

At SLI, our transformation and success are deeply rooted in the strong relationships we've built with our business partners. Their collaboration, trust, and shared vision have been crucial in driving progress and innovation. Through open communication and mutual understanding, we've developed strategies that align with shared objectives, enabling us to navigate challenges and deliver meaningful impact. These partnerships remain at the heart of our efforts to create a future of mutual growth and success.



CHALLENGE TO CHANGE PROCESS

Through strategic collaboration and shared expertise, SLI engages its business partners in the challenge-to-change process, leveraging collective knowledge and resources to drive innovation, enhance market resilience, and create sustainable growth in the insurance industry.

The Resources We Used

Relationship with diverse business partners

- Field staff
- Regulators
- Intermediary Partners
- Other business Partners

The Steps We Took

- Training and development
- Commitment to fair and equitable transactions.

The Results We Achieved

- MDRT qualifiers
- No. of promoted field staff
- Empowering local suppliers

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Table 37: Our business partners

Category	Business Partners
Field staff	Insurance Agents, Advisors and MDRT qualifiers
Intermediary parties	Reinsurers
	Actuarial Partners
	Bancassurance partners
	Lenders, Banks, asset management firms and other Financial Institutions
	IT software and hardware providers
	Softlogic Group
Regulators and other association members	Industry specific regulators (Ex: IRCSL)
	Government institutions (Inland Revenue Department, CSE, Central Bank etc.)
	Auditors
	Association Memberships providers
Other Business Partners	Consultancy providers (Ex: Tax advisors)
	Utility providers (Electricity, water, security, and sanitary facility providers)
	Media
	Security services, Courier services, Other suppliers, rating agencies and Competitors

We strongly believe that building strong relationships with our business partners is essential to our success and a key factor in value creation. To maintain these relationships, we prioritize transparent communication, ensuring alignment toward shared goals. At SLI, effective communication is at the core of our partnerships, allowing us to gain a thorough understanding of our partners' risks, challenges, and priorities. This collaborative approach facilitates the alignment of strategies with mutual business objectives, ultimately strengthening the success of our partnerships.

1. GOVERNANCE OF S & R CAPITAL - BUSINESS PARTNER

Commitment to Fair and Equitable Transactions

In alignment with Softlogic Life's internal policies and all applicable laws, regulations, and established guidelines, we are committed to fostering a globally inclusive business environment. We ensure that all transactions with our Business Partners are conducted with fairness, impartiality, and integrity.

2. OUR FIELD STAFF

SLI boasts an exceptional sales team that plays a vital role in driving our business forward. In 2024, We further strengthened our Field Staff by recruiting 3,061 new members. Even in the face of challenges, they remain highly engaged and motivated, guided by strategic and well-structured plans. This dedication has led to remarkable outcomes, enabling SLI to achieve growth rates that have consistently exceeded industry benchmarks over the past decade.

3,023
Field staff

424
Sales staff promotions

4,280
Training Hours

High attrition among the sales staff is natural to the life insurance industry. The main reason is the success rate of new recruits from outside the industry is low.

Training & Development of Field Staff

At Softlogic Life, we recognize that the strength of our sales team is a key driver of our success. As the frontline representatives and primary customer touchpoints, our field staff play a crucial role in shaping the company's first impression. To support their growth, we continuously enhance their skills, confidence, and professional development. To achieve this, we operate a fully equipped training centre dedicated to empowering our sales force. With guidance from some of the industry's best trainers, we provide ongoing development programs that help our staff refine their skills and reach their full potential. In line with this commitment, the company invested Rs. 19 million in field staff training during the year under review. This investment has significantly strengthened the capabilities of our sales force, reinforcing our mission to deliver excellence in customer engagement and service.

Sales Staff Recognition

External Recognition

Our field staff continues to set benchmarks in excellence, demonstrating outstanding performance and dedication. At the SLIM National Sales Awards 2024, two of our exceptional team members were recognized for their remarkable achievements—Mr. Chathura Danangoda, who secured the Gold award, and Mrs. Nilmini Kumari, who earned the Silver award.



Honouring the Trailblazers of Change

At Softlogic Life, we take immense pride in recognizing and rewarding the outstanding contributions of our sales force, who drive change within the company and the insurance sector through their exceptional performance. Our annual Sales Convention is a prestigious event dedicated to appreciating these high achievers.

SLI celebrated the Top 10 Achievers at the Softlogic Life Top 10 Congress, recognizing those who have exceeded expectations, set new benchmarks for success, and inspired everyone around them.



SOFTLOGIC LIFE MDRT FORUM 2024 ELEVATES ASPIRANTS TOWARDS PROFESSIONAL EXCELLENCE

Softlogic Life hosted the MDRT Forum 2024, providing an exclusive opportunity for MDRT aspirants to embark on their first foreign training experience. Guided by industry leaders and visionaries, the event featured Mr. Rajiv Jain, MDRT MCC Zone Chair, India, as the special guest, who shared invaluable insights to inspire and empower participants on their journey toward professional excellence.



MDRT Qualifiers

MDRT (Million Dollar Round Table) qualifiers represent the highest-performing professionals in the life insurance and financial services industry, recognized globally for their exceptional sales performance, ethical standards, and client service. At Softlogic Life, our MDRT qualifiers continue to raise the bar, driving innovation and reinforcing our mission to deliver world-class financial protection to our customers.

Table 38: MDRT qualifiers

Qualifying category	2024	2023
TOT Qualifiers	**3**	8
COT Qualifiers	**13**	9
MDRT Qualifiers	**227**	246
Total Qualifiers	**243**	263



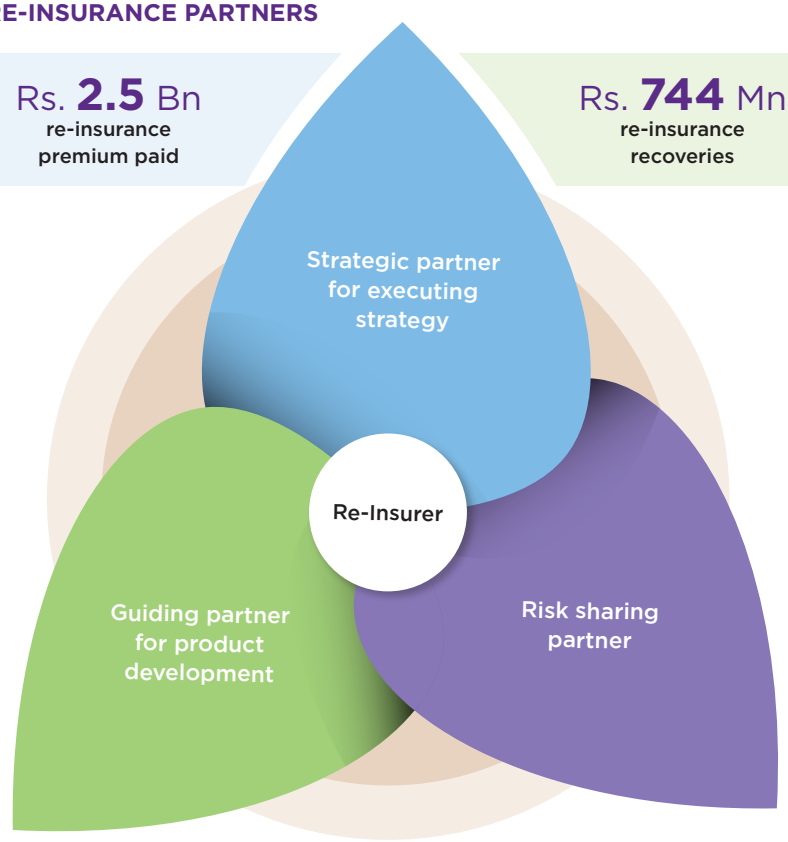
INSPIRING CHANGE IN INSURANCE EXCELLENCE: YOUNGEST SRI LANKAN MDRT COUNTRY CHAIR

Lahiru takes on this pivotal role with a vision to transform Sri Lankan MDRT members into exemplars of global MDRT standards. His leadership embodies the company's spirit of doing things differently, continuously innovating, and uplifting the standards of life insurance in Sri Lanka.

3. RE-INSURANCE PARTNERS

Rs. **2.5** Bn
re-insurance premium paid

Rs. **744** Mn
re-insurance recoveries



Reinsurers serve as vital strategic partners in the value creation process at Softlogic Life Insurance PLC. As a life insurer, we utilize reinsurance as a key risk management tool to distribute risk effectively and optimize capital utilization. By transferring a portion of our risks to trusted reinsurance partners, we enhance our financial stability while ensuring sustainable growth.

Beyond risk mitigation, our reinsurers contribute significantly to innovation by offering insights and new product ideas based on their global expertise. Their guidance has been instrumental in shaping cutting-edge product designs that align with market needs. With well-structured reinsurance arrangements, we have been able to expand within acceptable risk parameters and achieve profitability while supporting our broader business strategy.

We have fostered strong relationships with our reinsurers, built on trust and active engagement. In selecting our reinsurance partners, we prioritize their financial strength, credit ratings, and proven track records. Currently, our reinsurance panel comprises six of the world's most reputable reinsurers, ensuring a solid foundation for long-term success.

4. ACTUARIAL PARTNERS

Softlogic Life Insurance PLC collaborates with internationally recognized actuarial experts, Messrs. Willis Towers Watson India Private Limited, a subsidiary of the global advisory firm Willis Towers Watson. This partnership plays a crucial role in product development, pricing strategies, and liability valuations. By leveraging their global expertise, these actuarial partners contribute significantly to the company's value creation process, ensuring sound financial decision-making and sustainable growth.

5. BANCASSURANCE PARTNERSHIPS

The company actively engages with multiple banks to strengthen its bancassurance operations, which play a key role in generating leads and driving business expansion. These partnerships provide a strong distribution network, enabling wider market reach and enhanced customer accessibility. Softlogic Life remains committed to fostering and maintaining strong relationships with its bancassurance partners, recognizing their pivotal role in ensuring mutual success.

6. SYNERGY WITH SOFTLOGIC GROUP

As part of the highly diversified Softlogic Group, SLI benefits from strong synergies within the group, which play a key role in its value creation strategy. The association provides advantages such as economies of scale through bulk purchasing, brand synergy, and cross-industry opportunities, strengthening SLI's market position and operational efficiency.

7. LENDER PARTNERSHIPS

To further fortify its financial stability, Softlogic Life entered into a subordinated debt agreement with Finnfund and Norfund in 2020, securing USD 15 million to strengthen the company's Tier II capital. This strategic financial arrangement enhances the company's long-term sustainability and growth capacity.

8. REGULATORS

The Insurance Regulatory Commission of Sri Lanka (IRCSL) serves as the primary governing authority overseeing the country's insurance sector. It plays a vital role in supervising the operations of insurance companies, issuing necessary guidelines, and ensuring industry compliance. Softlogic Life remains fully committed to adhering to all IRCSL regulations, ensuring timely submission of monthly, quarterly, annual, and ad-hoc reports as required. The company also actively engages with the regulator, participating in forums and discussions organized by the IRCSL.

Beyond IRCSL compliance, the company aligns with regulatory requirements set forth by other governing bodies, including the Central Bank of Sri Lanka, Securities and Exchange Commission of Sri Lanka, and the Inland Revenue Department, wherever applicable. By

Table 39: Our Reinsurance Panel

Reinsurer	Logo	Credit Rating		Profile (As at 31.12.2023)
		(A.M. Best)	(FITCH)	
Munich Re	Munich RE	A+	AA	144 Years of risk expertise Total assets - Euro 110,049 Mn
SCOR	SCOR	A	A+	53 Years of risk expertise Total assets - Euro 35.5 Bn
AXA PPP Healthcare Ltd	AXA	A+	-	39 Years of risk expertise Total assets – Euro 644 Bn

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maintaining strict adherence to these regulatory frameworks, Softlogic Life strengthens its governance, enhances risk management, and ensures sustainable value creation in the short, medium, and long term.

Association Membership

1. The National Chamber of Commerce Sri Lanka
2. Institute of Chartered Accountants of Sri Lanka
3. Insurance Regulatory Commission of Sri Lanka (IRCSL)
4. Insurance Association of Sri Lanka (IASL)
5. Sri Lanka Insurance Institute (SLII)
6. Colombo Stock Exchange (CSE)
7. Central Bank of Sri Lanka (CBSL)
8. Life Insurance Marketing and Research Association (LIMRA)
9. Employee Federation of Ceylon (EFC)

These affiliations demonstrate our dedication to excellence, adherence to industry standards, and active engagement within the professional community. Being a member of these prestigious associations enables us to remain at the cutting edge of industry developments, share valuable knowledge, and play a role in driving progress within the sector.

9. COMPETITORS

As of the reporting date, Sri Lanka's insurance sector consists of 14 life insurers and 2 composite insurers, creating a highly competitive environment. The industry is marked by intense rivalry due to limited product differentiation and relatively low market penetration. Despite this, we see competition as an essential driver of progress, recognizing that industry benchmarks set by competitors help elevate overall standards. Rather than viewing competition as a challenge, we embrace it as an opportunity for growth and continuous improvement.

10. COMMITMENT TO ETHICAL COMPETITION AND MARKETING

Softlogic Life actively engages in ethical competition, focusing on enhancing internal capabilities rather than attempting to influence external market conditions. Our strategy revolves around strengthening our core competencies to remain ahead in the industry.

In line with this, we uphold ethical marketing practices by ensuring transparency, safeguarding customer data privacy, and responding to customer concerns promptly. We are committed to maintaining integrity in all our communications, refraining from false or exaggerated claims while fostering trust with our customers.

11. SUPPLIERS

We collaborate with a range of suppliers, including equipment providers, technology vendors, and operational support firms, to ensure seamless service delivery. We prioritize partnerships with local suppliers as part of our commitment to empowering the communities we serve. By sourcing locally, we contribute to economic growth, create job opportunities, and strengthen local businesses, fostering long-term sustainability and shared prosperity.

279
No. of Local Suppliers

Rs.2Bn
Payment for local suppliers

12. OTHER BUSINESS PARTNERS

We recognize the crucial role of our consultants, media partners, security services, and carriers in our business ecosystem. By nurturing strong, mutually beneficial relationships with these stakeholders, we enhance our value creation process and reinforce our commitment to operational excellence.

13. RISKS AND CHALLENGES

During the year management of SLI faced many challenges in managing our Business Partner Capital. The impact and action taken are listed below

Risks	SLI Responses
Talent retention and skill gaps: Difficulty in retaining skilled agents due to rising competition.	Introduced career development programs and flexible work models. Strengthened performance-based incentive structures.
Technological changes: Rapid advancements in AI and automation impacting traditional insurance sales models.	We introduced digital tools for agents and customers to improve engagement. Expanded AI-driven underwriting and claims processing.

14. FUTURE FOCUS

Category	Short Term Targets	Medium to Long Term Targets
Business Partners	Manage business partnerships to safeguard growth potential and harmonize business relationships for sustained success.	The company aims to achieve sustained growth by fostering robust partnerships, driving digital transformation, and expanding into new markets. It will prioritize innovation in technology, sustainability, and customer-centric strategies while ensuring regulatory compliance and operational excellence. By building resilient ecosystems with partners, suppliers, and reinsurers, the company seeks to lead the industry in growth potential and market competitiveness, ultimately harmonizing business relationships and ensuring long-term success.
Field Staff	Increase MDRT members Introduce an upskilling program aligned with digital-first trends.	
Reinsurers	Optimize reinsurance arrangements to mitigate risks. Collaborate on climate-resilient insurance products.	
Competitors	Develop proactive strategies to stay ahead in a competitive market by leveraging data analytics.	
Regulators	Ensure full compliance with all legal and regulatory requirements, focusing on transparency.	
Suppliers	Ensure continuous supply and timely payments.	

15. BUSINESS PARTNER CONTRIBUTION TO VALUE CREATION (TRADEOFF)

Relevance to Strategy

PREVENTIVE HEALTH AND WELLNESS
Strong partnerships with healthcare providers, reinsurers, and wellness service providers ensure comprehensive preventive health solutions

DIGITAL TRANSFORMATION AND INSURTECH
Digital platforms streamline interactions with intermediaries, reinsurers, and others ensuring faster service delivery and improved accuracy.

PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES
Strengthening relationships with insurance agents and bancassurance partners improves personalized service delivery.

SUSTAINABILITY AND ESG
Ethical and sustainable business practices are prioritized when selecting and working with business partners.

Creating a Value

We drive sustainable business growth through strategic partnerships and continuous collaboration:

- Mutually beneficial engagements with business partners ensure operational excellence and long-term sustainability.
- Innovative collaborations enhance service quality, leading to greater customer trust and loyalty.
- Continuous investment in partner development (training, tech adoption, and strategic alignment) fosters resilience and competitiveness.
- Strengthened relationships with reinsurers, financial institutions, and technology providers ensure robust risk management and business expansion.

Connectivity and Trade-offs

The organization balances business partner expectations, stakeholder priorities, and long-term value creation:

SOCIAL & RELATIONSHIP CAPITAL
+ 26% increase in operating expenses
+ 1% increase in reinsurance premium

FINANCIAL CAPITAL
+ 20% growth in GWP (Gross Written Premium
- 26% rise in expenses

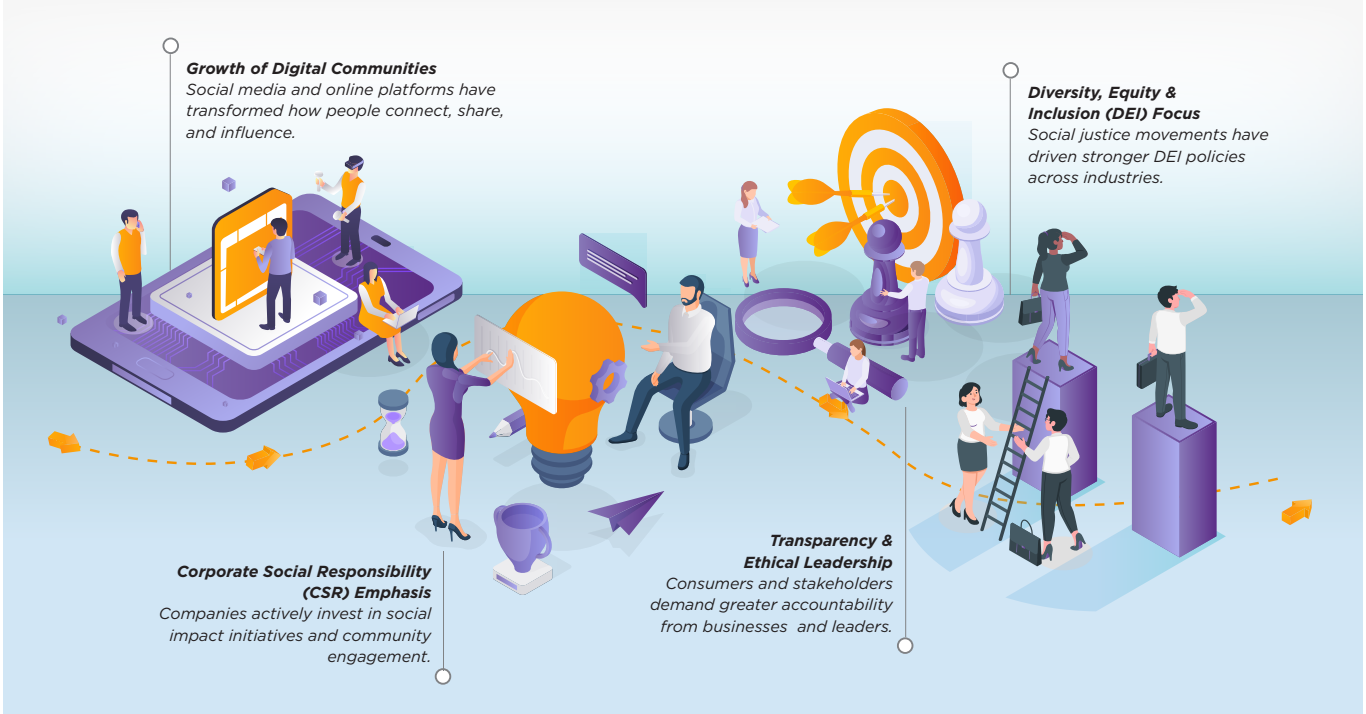
NATURL CAPITAL
+ Increase in green investment opportunities and new investor segments

SOCIAL AND RELATIONSHIP CAPITAL
COMMUNITY

GRI 3-3 | UNGC 1 | 2

EMPOWERING A NATION: STRENGTHENING LIVES, SUPPORTING COMMUNITIES, SECURING FUTURES

We are committed to transforming lives and shaping a brighter future. By challenging traditional perceptions, we empower individuals and communities to change the way they think, embrace progress, resilience, and opportunity. Through innovation and purpose-driven initiatives, we create impact that goes beyond financial security, inspiring a nation to thrive.



CHALLENGE TO CHANGE PROCESS

With a community-first approach, SLI leverages community capital to convert local challenges into collaborative opportunities, building stakeholder trust and cementing its role as a catalyst for positive social change.

The Resources We Used

- 1.1 Commitment to Combating Corruption
- 1.2 Commitment to Preventing Child Labour
- 1.3 Regulatory Compliance Oversight
- 1.4 Non-Discrimination Practices Enforcement

The Steps We Took

- 2.1 Ethical Advertising Practices
- 2.2 Commitment to Responsibility, Accountability, Transparency, and Fairness.
- 3 Protecting Customer Rights and Privacy
- 4 Legal Claims
- 5 Minimizing Negative Operational Impact

The Results We Achieved

- 6 Enhancing Community Economic Well-Being.

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EMPOWERING LIVES, REDEFINE LIFE INSURANCE

SHAPING MINDSETS FOR A BETTER TOMORROW

With initiatives like "Think Wise, Think Twice", we nurture young minds to develop critical thinking and informed decision-making. Our Children's Day message reinforces the importance of shaping a responsible and forward-thinking generation.

MAKING INSURANCE ACCESSIBLE TO ALL

We believe financial security should be for everyone. Through micro-insurance, we provide affordable, innovative solutions, ensuring even underserved communities have access to life protection.

INVESTING IN LONG-TERM GROWTH

Our commitment goes beyond financial security—we invest in education, sports, and entrepreneurship. By providing scholarships, supporting young athletes, and mentoring entrepreneurs, we create lasting community impact.

INSPIRING HOPE, NOT FEAR

We redefine life insurance by shifting from fear-driven messaging to empowerment. Through campaigns, we inspire Sri Lankans to embrace life with confidence and take bold steps toward their future.



1. GOVERNANCE OF S & R CAPITAL - COMMUNITY

We are committed to adhering to all relevant laws and regulations while embracing strong governance practices to foster a positive and socially responsible environment within the community.



OUR ESG POLICY

This policy outlines the company's approach to managing Environmental, Social, and Governance (ESG) risks. ESG considerations are embedded within the Corporate Strategy, utilizing the existing Risk Management Framework and processes. The ESG Framework is fully integrated into the broader Risk Management Framework, operating based on key stakeholder priorities. The primary goal of this policy is to formalize Softlogic Life Insurance PLC's commitment to responsible and strategic management, ensuring ESG factors are consistently incorporated across all operations. This dedication aims to minimize risks while maximizing value creation. The policy encompasses ESG risk assessment, reporting, awareness and training initiatives, and the establishment of a risk appetite statement.

As a socially responsible entity, we pledge to avoid providing insurance coverage or making investments in activities linked to forced or child labour, gambling, casinos and similar businesses, pornography or prostitution, media promoting racism or anti-democratic views, weapons and ammunition, and any actions leading to the displacement of Indigenous Peoples from traditional or culturally significant lands that result in adverse societal consequences.

Integrity is the foundation of a strong and thriving community. As an organization committed to ethical conduct, we recognize that combating corruption is not just a corporate responsibility but a societal imperative that directly impacts trust, fairness, and economic progress. By upholding transparency, accountability, and strict anti-corruption measures, we contribute to a just and equitable society where businesses, individuals, and communities can flourish without fear of exploitation.

1.1 Commitment to Combating Corruption

As a responsible organization, we maintain a strict zero-tolerance stance against frauds, corruption. We uphold rigorous compliance standards, ethical business practices, and non-discrimination principles, all while adhering to our Environmental, Social and Governance Policy. Additionally,

GRI 408-1

we ensure full compliance with Sri Lanka's governance and regulatory requirements, reinforcing our dedication to responsible and ethical conduct.

Anti-Corruption Measures
Our Fraud Risk Management Policy applies uniformly to all employees and directors, ensuring strict compliance. Internally, anti-corruption efforts are managed by the Internal Audit team, while external compliance is monitored by the Compliance Officer. The Human Resources department plays a vital role by addressing internal concerns such as discrimination and corruption through thorough reviews, discussions, and mandatory employee training programs, ensuring awareness and adherence to anti-corruption practices across the organization.

Anti-Corruption Incidents - Business Partners
Softlogic Life's anti-corruption policy extends beyond its employees to include agents and advisors who are authorized to act on the company's behalf. During the reporting period, there were no instances requiring the termination or non-renewal of contracts with business partners due to corruption-related violations. Additionally, no public legal action was initiated against the organization or its employees concerning corruption.

Fraud Prevention and Management
In addition to anti-corruption measures, Softlogic Life maintains a Fraud Risk Management Policy toward fraud. The company has implemented rigorous fraud detection and prevention mechanisms, including internal controls, data analytics, and whistleblower channels to identify and mitigate fraudulent activities. Any suspected fraud is promptly investigated by the Internal Audit and Compliance teams, ensuring accountability and swift action. Employees and business partners are also required to adhere to fraud prevention guidelines, reinforcing a culture of integrity and transparency across the organization.

Ongoing Monitoring of Anti-Corruption and Fraud Prevention Efforts
The internal audit department, in collaboration with the compliance officer, continuously oversees the anti-corruption measures to evaluate its effectiveness, adequacy, and relevance. Regular assessments are conducted to identify areas for enhancement, ensuring the program remains robust and evolves to meet the highest ethical standards.

1.3 Regulatory Compliance Oversight

Softlogic Life's compliance officer diligently monitors all statutory payments and regulatory obligations, delivering monthly reports to the Board. Throughout the year, there were no significant fines or violations related to compliance matters, demonstrating the organization's commitment to strict adherence to regulatory standards.

1.4 Non-Discrimination Practices Enforcement

Softlogic Life is dedicated to fostering an inclusive and equitable work environment where fairness and respect are fundamental. Our HR policies are designed to uphold non-discriminatory practices, ensuring equal opportunities for all employees.

Type	Category	No. of cases received	No of cases settled	Proved as frauds
Customer complaints	Misappropriations	20	17	-
	Misconducts/ misleading	36	36	-
Total		56	53	-
Internal investigations	General Inquiries	17	15	3

1.2 Commitment to Preventing Child Labour

Softlogic Life upholds a strict policy against employing individuals under the age of 18 and maintains a firm stance against child labour in any form. This commitment is embedded in the company's environmental and social policy, which explicitly prohibits business engagements linked to child labour. To reinforce compliance, a policy condition is included in all insurance agreements, ensuring that the company does not support or participate in child labour-related activities. Regulatory Compliance Oversight.

During the reporting period, there were no reported incidents of discrimination, reflecting our strong commitment to maintaining a workplace culture built on diversity, equality, and mutual respect.

2 ETHICAL AND SOCIALLY RESPONSIBLE MARKETING

At Softlogic Life, we are dedicated to an ethical and socially responsible marketing approach that builds trust and respect among our customers while delivering long-term benefits. By integrating social responsibility into our business strategy, we create a positive impact on all stakeholders, including the

community, employees, customers, shareholders, business partners, and regulators. Our commitment to responsible marketing is reflected in our adherence to best practices that promote integrity and ethical business conduct. Notably, throughout the reporting period, there were no instances of non-compliance with regulations, voluntary codes, or guidelines, and no financial losses resulting from legal actions related to marketing communications.

2.1 Ethical Advertising Practices

Advertising plays a crucial role in connecting businesses with customers, especially in an increasingly globalised market. Acknowledging its influence, we place a strong emphasis on ethical advertising to uphold cultural values, create meaningful engagement, and incorporate social and environmental considerations into our promotional efforts. Our advertisements are crafted with integrity, adhering to legal and ethical standards, and ensuring transparency, honesty, and social responsibility. We strictly follow fair competition principles and are committed to avoiding deceptive practices that could mislead consumers or erode public trust.

2.2 Commitment to Responsibility, Accountability, Transparency, and Fairness

We prioritize responsibility, accountability, transparency, and fairness across all our products and services, ensuring ethical interactions with stakeholders. Before introducing any new product to the market, our product forum conducts a thorough review to guarantee compliance with industry standards and consumer expectations. Each product launch is accompanied by a press conference, reinforcing our commitment to openness and accountability. Unlike fear-based marketing tactics, we focus on educating and informing potential customers about the value of insurance and how it can improve their lives.



A good sickness that made the country shine!
Scan this QR Code to see our marketing campaigns

3 PROTECTING CUSTOMER RIGHTS AND PRIVACY

We are committed to safeguarding customer rights, including the right to redress, access to information, and data privacy. Further details on these initiatives can be found in the 'Customer Segment' section of the Social and Relationship Capital report.

4 LEGAL CLAIMS

For a detailed explanation regarding legal claims, please refer to page 385 of this report.

5 MINIMIZING NEGATIVE OPERATIONAL IMPACT

Softlogic Life has established clear operational goals and key performance indicators (KPIs) to ensure our activities do not negatively impact social capital. Our strategic approach emphasizes responsible business practices that contribute positively to society.

We were honoured as one of Sri Lanka's top 25 outstanding corporates at the prestigious LMD Awards Night 2024. This award is a testament to our passion for excellence and the positive impact we have created in insurance for the betterment of all Sri Lankans.



6 ENHANCING COMMUNITY ECONOMIC WELL-BEING

Our commitment to improving community economic prosperity is embedded in our business model. Through micro-distribution channels, we provide life insurance solutions that are affordable, innovative, and relevant, ensuring accessibility for all Sri Lankans. This initiative not only enhances financial security but also creates livelihood opportunities, directly benefiting the community. By offering insurance products tailored to low-income earners, we contribute to elevating living standards and promoting financial inclusion.

Our micro insurance portfolio has played a transformative role in the industry, expanding access to life insurance for those who need it most.

490,073
No. of micro insurance policies sold

Rs. 176 Mn
Claims paid for micro insurance policy holders

7 FUTURE FOCUS

Strategic Focus Area	Short term goals	Medium to Long term goals
Increased CSR Projects	We aim to expand the number of CSR projects, ensuring a wider reach and long-term benefits for society.	Through these efforts, we strive to drive lasting, positive change in communities across Sri Lanka
Environmental Sustainability	We plan to increase projects focused on environmental conservation, promoting sustainability and eco-friendly practices.	
Social Development	Our focus will be on enhancing community well-being through education, healthcare, and empowerment programs.	

8 COMMUNITY CONTRIBUTION TO VALUE CREATION (TRADE OFF)

Relevance to Strategy

PREVENTIVE HEALTH AND WELLNESS
Investments in community health initiatives promote preventive care and well-being, leading to long-term societal benefits.

DIGITAL TRANSFORMATION AND INSURTECH
Tech-enabled social programs create a more inclusive and accessible insurance ecosystem..

PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES
Community engagement helps shape tailored insurance products, addressing unique societal needs.

SUSTAINABILITY AND ESG
Community-focused sustainability efforts drive long-term impact while aligning with global ESG goals.

Creating a Value

We foster sustainable community development through strategic investments and social impact initiatives:

- Community-driven insurance programs provide financial security to underserved populations.
- Health and wellness projects contribute to social well-being and preventive care.
- Strengthening community trust enhances corporate credibility and brand value.
- Active participation in education, awareness, and financial literacy initiatives ensures long-term positive impact.
- Strengthened relationships with reinsurers, financial institutions, and technology providers ensure robust risk management and business expansion.

Connectivity and Trade-offs

The organization balances community expectations, stakeholder priorities, and business objectives:

SOCIAL AND RELATIONSHIP CAPITAL
+ 37% growth in micro insurance business
+ Strong relationship with community

FINANCIAL CAPITAL
+ 20% increase in GWP (Gross Written Premium)

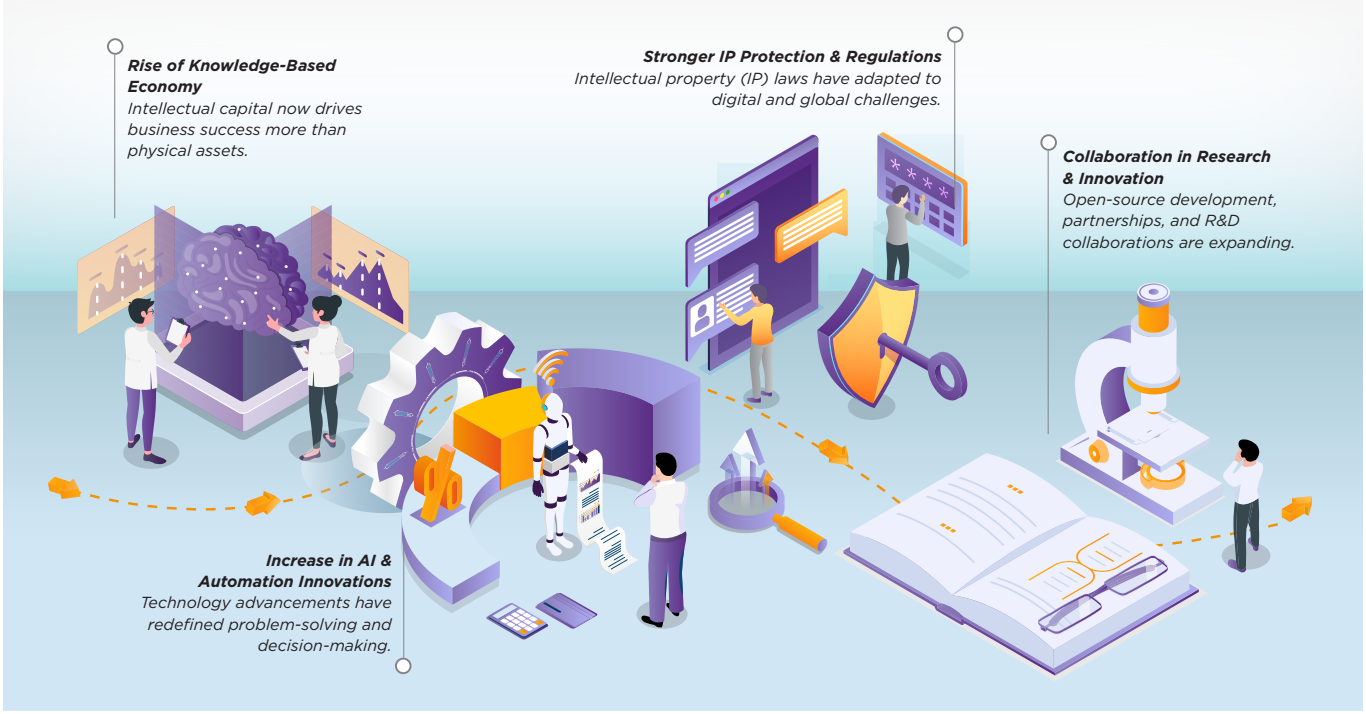
INTELLECTUAL CAPITAL
+ Enhanced brand value
+ Improved customer trust

INTELLECTUAL CAPITAL

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LEVERAGING INTELLECTUAL CAPITAL IN THE MODERN ECONOMY

The modern economy prioritizes knowledge and information over physical assets. Intellectual capital refers to the intangible assets of an organization or individual that create value and competitive advantage. In today's fast-evolving world, our success depends on effectively managing intellectual capital, which includes intangible assets that drive value and competitiveness. Our definition to intellectual capital has shifted from individual expertise to a broader focus on innovation, strategy, and relationships. AI is transforming human capital by integrating specialized skills with AI-driven capabilities, enhancing structural capital through intelligent knowledge systems, and strengthening relational capital by improving customer and partner engagement which we have successfully integrated into our business processes.



CHALLENGE TO CHANGE PROCESS

With the expertise, SLI leverages intellectual capital to turn challenges into opportunities for change, gaining competitive advantage and establishing ourselves as a change-maker in the insurance industry.

The Resources We Used

2.1 Strategic Relationship with stakeholders.

The Steps We Took

2.2 Pioneering Innovation through Research and Development.

2.3 Distribution Channel Expansion

2.4 Leveraging Digital Infrastructure

2.5 Investment in Brand Building

The Results We Achieved

Trailblazer in the industry driving transformative innovations.

4. Industry recognition
5. Brand

INTELLECTUAL CAPITAL

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1 GOVERNANCE OF INTELLECTUAL CAPITAL

As intellectual capital becomes a key driver of our business value creation, a structured governance framework is essential for organizations to effectively manage, measure, protect, and leverage Intellectual Capital.

At SLI, our Digital Innovation Department, lead by the Chief Digital Innovation Officer, spearheads cutting-edge digital initiatives, ensuring our systems remain at the forefront of technology, especially in the field of Artificial Intelligence (AI). While this dedicated team focuses on advancing our digital capabilities, every department is committed to enhancing its intellectual capital by developing and leveraging knowledge-based intangibles. Additionally, our IT policies, as detailed in the Social and Relationship Capital section on page 135, safeguard our data and govern our digital platforms, reinforcing our position as a highly digitalized enterprise.

Our well-defined governance framework ensures that an organization's intellectual capital is aligned with its business goals and corporate strategy. It helps in defining how knowledge, skills, relationships, and processes contribute to competitive advantage and the methodology of using such in a sustainable manner within the agreed procedures.

Above narrative of management of intellectual capital within SLI provide investors and stakeholders insights on how Intellectual capital contributes to business performance while employees can understand how their knowledge and contributions impact the organization.

2 MANAGING OUR INTELLECTUAL CAPITAL

To effectively manage our intellectual capital, we have implemented several initiatives aimed at addressing emerging challenges while executing our strategy to achieve a competitive advantage.

2.1 Strategic Relationship with stakeholders

The basis of our intellectual capital value creation lies in the strong relationships we build with our employees, customers, investors, business partners, and the community. The collective insights gained from these interactions are vital for cultivating even more positive engagements in the future. The cooperative contributions of these stakeholders to our value creation are outlined within the individual capitals, while further details about our interactions can be found in the "Stakeholder Engagement" section on page 97.

2.2 Pioneering Innovation through Research and Development

Our efforts to stay at the forefront of technological advancements are evident in our substantial investments in integrating the latest technologies into our core business processes, including claims processing, underwriting, and customer engagement. Currently, we are on an AI transformation journey, investing in AI initiatives such as Co-pilot and employee upskilling, which are detailed on page 159. These initiatives aim to enhance decision-making, streamline operations, and provide more personalized services to our customers.

At Softlogic Life, Research and Development is integral to our business strategy, driving innovation, customer engagement, and operational efficiency. By leveraging data-driven insights and emerging technologies, we continuously refine our products and strengthen our market presence, ensuring a competitive edge in Sri Lanka's insurance sector.

Brand Health Tracker 2024 Research, a comprehensive study to assess Softlogic Life's brand performance, customer perceptions, and market positioning. Conducted across key regions—Colombo, Kandy, Galle, Kurunegala, and Jaffna. By analysing critical brand health metrics, the study provided actionable insights to enhance customer engagement, refine communication strategies, and reinforce our reputation as Sri Lanka's most trusted and innovative insurer.

CLAIMS THROUGH AI

Softlogic Life has revolutionized claims processing by using AI, beginning with the InstaClaim app for fast and efficient claims. Their new AI system, 'Lifey', processes claims in two minutes, automating document verification and fraud detection. Built on Microsoft Azure OpenAI, it ensures a secure, transparent process, enhancing service for 1.3 million policyholders.

Softlogic Life now uses AI to process claims in about two minutes through its InstaClaim app, enhancing efficiency, accuracy, and customer convenience.



Scan this QR code to read more details

2.3 Distribution Channel Expansion

Market penetration for SLI is challenging due to intense competition and need for extensive strategic business efforts to attract and retain policyholders in a saturated market.

Softlogic Life Insurance PLC operates through three traditional distribution channels: Agency, Alternate, and Micro Mobile designed to meet customer expectations and ensure sustainable growth.

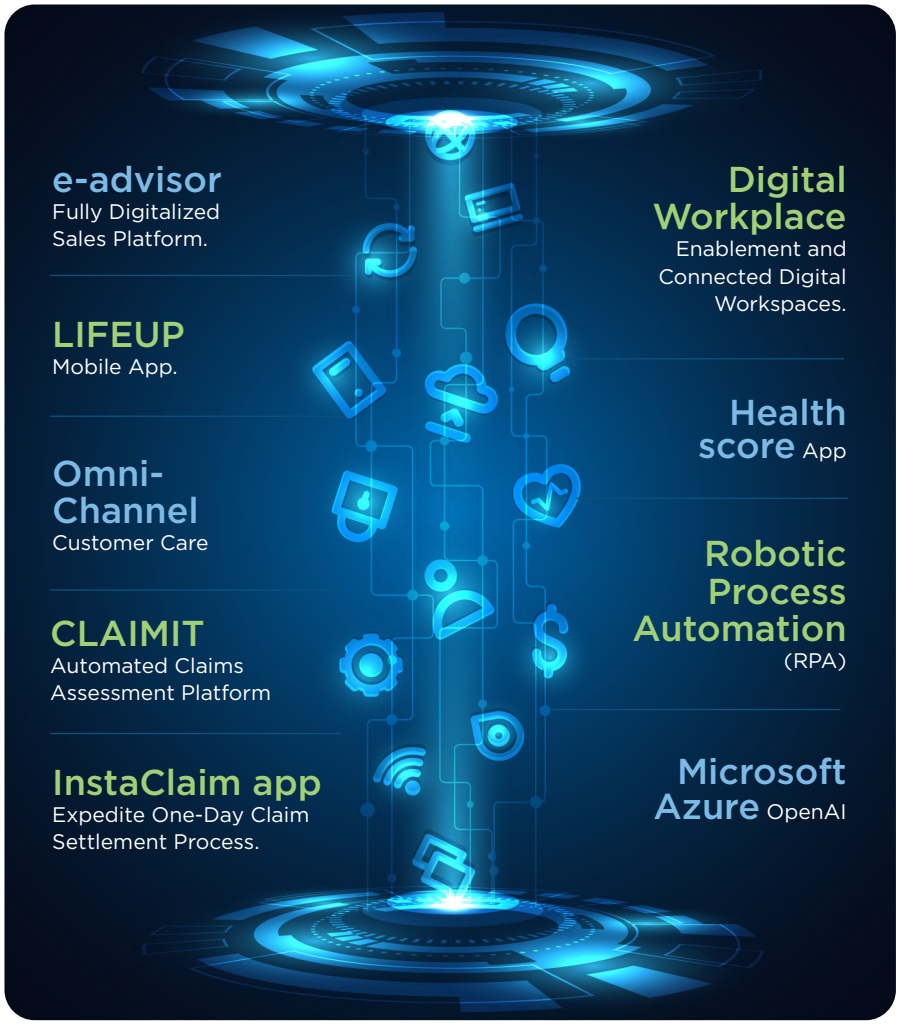
The Agency Channel, serving as the key distribution network, plays a pivotal role in introducing groundbreaking strategies to enhance efficiency and customer satisfaction. In response to evolving customer needs and expectations, we are committed to fostering professional growth, developing a robust talent pool, and ensuring that the insurance industry remains agile and responsive to emerging customer demands. To support this vision, we have introduced two new sub-segments specifically designed to recruit both internal and external Million Dollar Round Table (MDRT) qualifiers. By leveraging their expertise and industry experience, these professionals are well-positioned to drive the acquisition of new customer bases. This initiative has been instrumental in establishing SLI as a leader in the insurance industry.

2.4 Leveraging Digital Infrastructure

Digital infrastructure necessitates innovative breakthroughs to keep pace with evolving customer expectations and stringent regulatory requirements, ensuring seamless operations, enhanced security, and improved user experiences.

Softlogic Life Insurance enhances efficiency, accuracy, trustworthiness, and risk management through digital infrastructure. Cloud-based platforms enable seamless policy issuance, automated underwriting, and instant claims processing, improving service delivery. Automation reduces administrative burdens, lowers costs, and increases productivity. Strong cybersecurity measures ensure data protection and regulatory compliance, while real-time claims management tools speed up processing. By investing in digital infrastructure and intangible assets valued at Rs. 2.5 million, SLI has optimized operations, driven digital transformation, and delivered faster, more secure, and customer-centric services.

The following key digital infrastructures have played a key role in SLI transformation road map.



Process and high-tech solution brought to industry

Ever changing insurance landscape has reflected the need of empowering business processes to meet ever changing customer expectation. We mark 2024 as the year of elevation to mark ourselves as the change maker in insurance industry. Below, we present our disruptive innovations introduced over the period.

AI-Powered Annual report Analyser
Launched Sri Lankas first AI-powered tool that analyses and interprets information from its annual reports.

Health with Face recognition Health score
The AI-powered solution tracks health metrics, provides a Health Score, alerts risks, offers tips, rewards good health of users to manage their well-being effectively.

Fully Automated Savings Plan Journey
Enables hassle-free onboarding, instant premium receipt, and automatic policy document generation to enhances customer convenience and boosts efficiency.

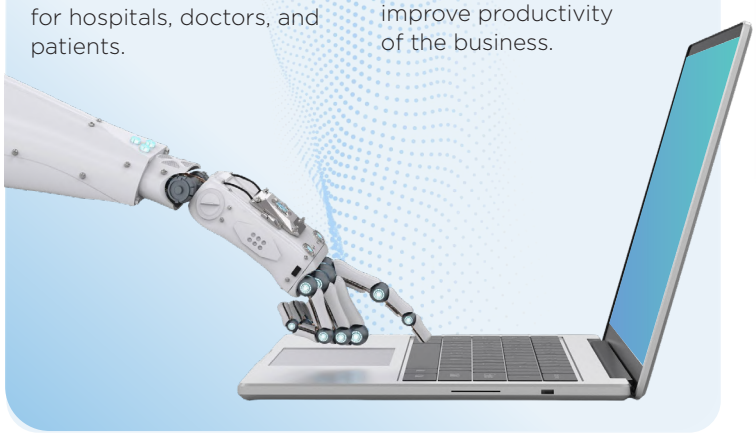
Single Touch Main PowerBI and Qlik Dashboards
Softlogic Life implemented PowerBI and Qlik dashboards for various channels, providing business insights, claims trends, and budgeting. Automated emails and real-time dashboards enhance health claim management for hospitals, doctors, and patients.

Claim settlement through AI
Softlogic life's AI-developed claim process, leveraging Microsoft Azure OpenAI's scalable and high-performance AI capabilities, automates document submission, verification and authorization, ensuring instant payment via CEFT without human intervention.

Automation of Signature Verification
Softlogic Life continued its technology-driven approach by automating signature verification for customer servicing activities. This initiative aims to increase operational efficiency and accuracy, providing customers with smooth and secure experience.

LMS
A 24/7 digital learning platform and e-library have been established, reducing dependency on physical training and materials

Co-Pilot implementation
SLI implemented Co-pilot during the year with a view of bring in Agentic AI automation processes to improve productivity of the business.



2.5 Investment In Brand Building
Given that market conditions remain constant throughout the year, the company implemented a diverse range of strategic and impactful initiatives to enhance brand visibility and recognition. Through these well-planned efforts, Softlogic Life successfully strengthened its market presence, distinguishing itself from competitors. These activities not only elevated brand awareness but also reinforced customer trust and loyalty. As a result, Softlogic Life continues to shine as a leading brand in the industry, setting new benchmarks for excellence.



Scan this QR code to read more details

WHAT MADE US UNIQUE?
- Sponsorship for Olympian Athlete
- Sponsorship for elite school Rugby team in the 2023/24 schools Under 19 Rugby League.
- AR Vesak decoration
- "Better Tomorrow" – Children's Day campaign
- Crowd sourced letter for all presidential candidates
- Drone show – Christmas Eve

OUR "THAT'S A PROMISE" CAMPAIGN
Central to our efforts was the "That's a Promise" campaign, designed to reinforce Softlogic Life's unwavering commitment to policyholders. This campaign highlighted our promise to go to every length to protect our customers, with our core strengths serving as tangible proof of this commitment. The thematic campaign delivered this core message across all platforms, while digital and press channels were utilized to amplify our key differentiators. We strategically aligned our initiatives with the campaign, ensuring relevance and impact.



Scan this QR code to read more details

3 COMPLIANCE AND ETHICS

3.1 Ethical Marketing

Ethical marketing is a cornerstone of our company's values and practices. Before launching any marketing communication, the Marketing and Communications team rigorously assesses all proposals against stringent ethical marketing standards. The Head of Marketing bears ultimate responsibility for ensuring adherence to these principles.

4 INDUSTRY RECOGNITION - AWARDS AND ACCOLADES

Softlogic Life Insurance PLC has been consistently honoured at numerous prestigious award ceremonies, receiving recognition for excellence across various facets of business performance, as detailed below. Refer Page 24.

EXCELLENCE IN CORPORATE REPORTING	EXCELLENCE IN BRANDING	EXCELLENCE IN BUSINESS	EXCELLENCE IN CUSTOMER SERVICE	INNOVATION AND USE OF INSURE TECH
The only stand-alone company to be awarded amongst the TOP 03 for four consecutive years at CA TAGS AWARDS 2024	Most Awarded brand at SLIM DIGIS 2024	Ranked among Sri Lankas Top 40 Businesses by business today magazine.	Emerging Asia Insurance Awards 2024 - two awards for best health insurance coverage and best customer oriented company in Sri Lanka.	Emerging Asia Insurance Awards 2024 - Best innovation led by Technology and Insuretec's
Silver Award for overall excellence in integrated reporting at CMA AWARDS 2024	Dragons of Asia 2024 Awards for Best Innovative marketing campaign in Asia Silver Award	To be recognized among top 25 exemplary corporates in Sri Lanka at LMD AWARDS 2024		
Bronze Award for integrated reporting at SAFA AWARDS 2024	Most awarded brand winning 11 awards at 4A'S Advertising awards 2024			



5 BRAND

5.1 Our Brand Promise

Refer Social and Relationship Capital on page 141 for information of our brand promise.



5.2 Brand Communication

We communicate our brand through;

- Mass Media
- Outdoor Visibility
- Digital Channel
- Social Media

6 FUTURE FOCUS

Softlogic Life Insurance PLC is driving digital transformation through AI-powered automation and customer-centric innovations. It aims to lead Sri Lanka's insurance sector by enhancing preventive healthcare solutions via AI-driven risk analysis. Investments in Microsoft Azure OpenAI, RPA, and blockchain will optimize operations, improve underwriting, and enhance security.

At Softlogic Life, we strategically embrace transformative advancements, continuously adapting to the evolving operational landscape to maintain a competitive edge. As a leader in Sri Lanka's life insurance digitalization and innovation, we proactively integrate emerging technologies. Our dedicated innovation team, including IT experts and data scientists, drives this transformation, with key implementations highlighted in this report.

As part of our strategic initiative to integrate AI-driven processes into our operations, we plan to deploy "agentic AI" utilizing "Co-Pilot Agent" and "Co-Pilot Studios." These agentic AI systems are designed to operate autonomously, analysing data, making decisions, and achieving predefined goals. To ensure optimal application and relevance, each department will utilize specialized AI language models (LLMs) tailored to their specific operational needs. These department-specific LLMs will enhance productivity, decision-making, and innovation within their respective domains. To support this initiative, we aim to educate, train, and enable each department to design and implement their own AI agents.

INTELLECTUAL CAPITAL

The future of Intellectual Capital at Softlogic Life Insurance PLC will likely to be driven by cutting-edge digital transformation, continuous innovation, and human capital development. Here are key trends shaping its future:

Short term targets	Medium to long term target
Dominate the health insurance space with preventive health using AI and technology.	Global market expansion
Enhanced digital infrastructure	Cybersecurity & data privacy enhancements
Further enhance our brand value	Enhancing and preserving our employees and organizational knowledge which gives a value addition to our business model.

7 RISKS AND CHALLENGES

During the year management of SLI faced challenges in managing our Business Partner Capital. The impact and action taken are listed below

Risks	SLI Responses
Cyber security As businesses adopt advanced digital tools and cloud-based platforms, cyber vulnerabilities expand.	Investing in cutting-edge cybersecurity technologies, such as AI-driven threat detection, encryption, and multi-factor authentication, enhances data protection. Cybersecurity awareness programs are conducted to equip employees with the skills to identify and mitigate cyber threats, reducing human error risks.

8 INTELLECTUAL CAPITAL CONTRIBUTION TO VALUE CREATION (TRADE OFF)

Relevance to Strategy

DIGITAL TRANSFORMATION AND INSURTECH
AI-driven analytics, and automation in underwriting and claims to improve efficiency.

PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES
Data-driven insights to improve customer engagement.

PREVENTIVE HEALTH AND WELLNESS
Digital health platforms and AI-powered assessments promote proactive well-being.

Creating a Value

Intellectual capital acts as an intangible asset which facilitates to earn exceptional growth and superior profitability. It creates value by way of innovations, cost savings and facilitating the exceptional growth of the company. It is instrumental in productivity improvements and drive towards value creation.

Connectivity and Trade-offs

The organization continues to balance stakeholder expectations and strategic priorities:

HUMAN CAPITAL
+ Nurturing a unique base of organizational intellect through training and development

FINANCIAL CAPITAL
+ Long-term positive impact through process efficiencies and
- Short-term impact on investments in brand building and employee training

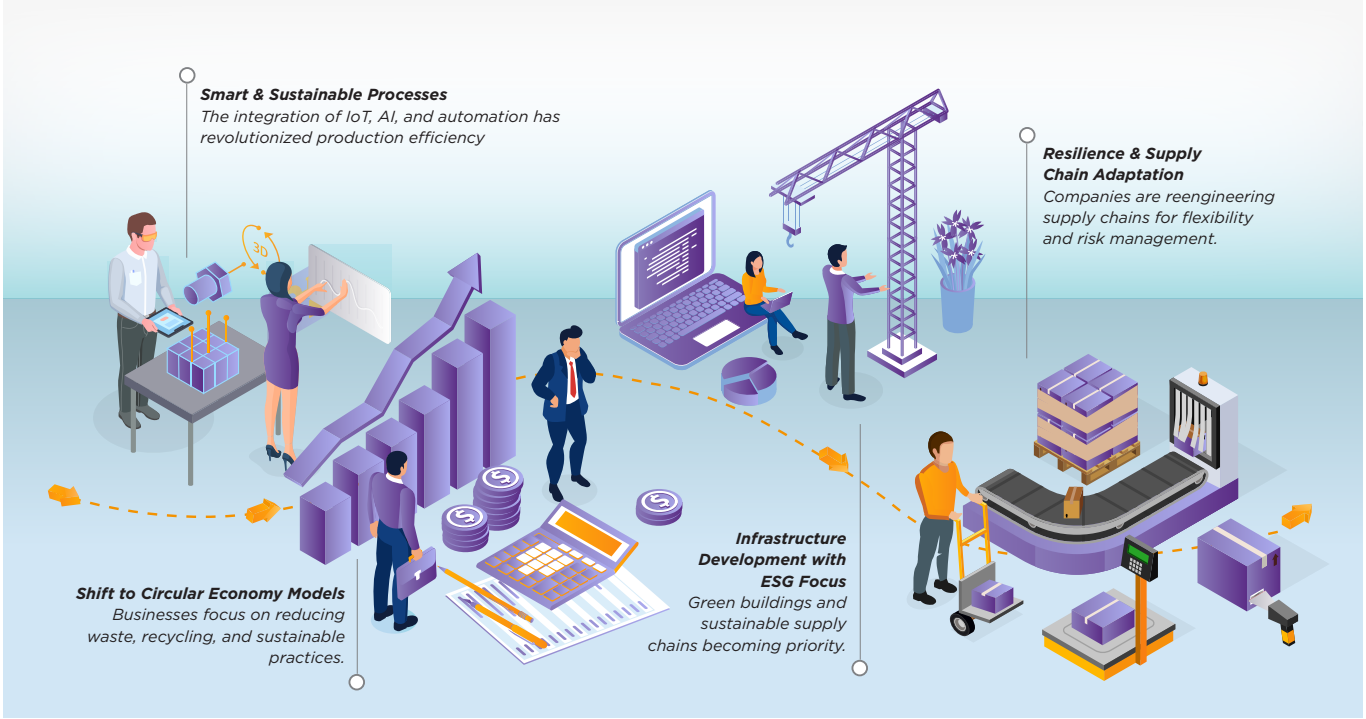
SOCIAL & RELATIONSHIP CAPITAL
+ Leveraging on group synergies, process efficiencies

MANUFACTURED CAPITAL

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DRIVING TRANSFORMATION AT SOFTLOGIC LIFE

At Softlogic Life, we believe that progress is not just about keeping up—it's about leading the change. Our manufactured capital plays a pivotal role in building a future-ready insurance ecosystem, integrating technology, innovation, and sustainability to enhance customer experiences and operational excellence.



CHALLENGE TO CHANGE PROCESS

With state-of-the-art infrastructure, SLI leverages manufactured capital to turn operational challenges into growth opportunities, boosting efficiency and positioning itself as an innovator in the insurance sector.

The Resources We Used

- 2.1 Fixed Asset Composition
- 2.2 Physical Infrastructure
- 2.3 Utilization of Public Infrastructure

The Steps We Took

- 3.1 Digitalization
- 3.2 Maintenance and Certification

The Results We Achieved

- Efficiency Improvement
- Enhanced Customer Satisfaction

MANUFACTURED CAPITAL

GRI 2-23 | 2-27 | 3-3

1 GOVERNANCE OF MANUFACTURED CAPITAL

At Softlogic Life, our Code of Conduct outlines the responsible management and protection of our manufactured capital. All employees, including senior management and the Board of Directors, are required to safeguard the company's physical and digital assets, ensuring their efficient and ethical utilization. Misuse, carelessness, or waste of company resources is strictly prohibited, and all assets must be used solely for legitimate business purposes.

2 OPTIMIZING OUR PHYSICAL ASSET BASE

We efficiently manage our physical assets to achieve outstanding results. Our strategic focus on digitalization and automation enhances the effective utilization of company resources, contributing to overall operational efficiency.

2.1 Fixed Asset Composition

The allocation of our fixed asset is detailed in page 305.

2.2 Physical Infrastructure (Branch Network)

We benefit from an extensive island-wide network of 115 branches including head office, enabling us to effectively serve diverse market segments. Maintaining a broad branch network allows us to expand our customer base, improve accessibility, enhance brand presence, and create employment opportunities for local communities.

This year, we strategically expanded our network by opening four new branches, focusing on high-potential locations where demand for our services is growing. We adopted a targeted approach, ensuring that each new branch is optimally placed to maximize impact. Additionally, as part of our digital transformation strategy, we continue to integrate technology-driven solutions, allowing us to enhance service delivery while maintaining operational efficiency.

Table 40: New Branches

New Branches Province	No. of branches
Northern Province	1
North Central Province	1
Southern Province	1
Western Province	1
Total	4

This strategic expansion reflects the increasing demand for our services beyond the Western Province, reinforcing our commitment to reaching new markets and strengthening our nationwide presence.

2.3 Utilization of Public Infrastructure

We leverage government-provided infrastructure, including roads, water supply, and waste management services. In return, we contribute to economic progress through timely tax payments and by reducing overall tax burdens.

3 ADVANCEMENTS IN OPERATIONS & TECHNOLOGY

3.1 Digitalization

Technology is a key enabler in our journey toward full digital transformation. We continuously innovate to streamline processes, enhance efficiency, and implement advanced digital solutions such as auto-underwriting and digital proposals. Please refer to page no. 158 on our technological improvements

3.2 Maintenance and Certification

We ensure that we extract the utmost value from our manufactured capital through regular maintenance, upgrades, and necessary certifications. SLI currently holds the following certifications.

- ISO certified Internet Service Providers from SLT and Dialog
- "ORACLE" as our ERP system which is one of the best among ERP Systems
- "Enterprise User" of Microsoft

4 RISKS AND CHALLENGES

During the year management of SLI faced challenges in managing our Manufactured Capital. The impact and action taken are listed below

Risk Factor	Impact	SLI Responses
Rapid Technological Advancements	Frequent upgrades have led to increased operational costs.	SLI has invested in scalable and flexible digital infrastructure, including Copilot and ChatGPT.
Cybersecurity Threats	The rapid advancement of digitalization, combined with a strong push for innovation, has created new weaknesses, increasing the likelihood of cyber threats.	We have established strong management and technical controls to enhance oversight and security measures. Continuously assess and upgrade the IT security system to maintain its effectiveness.

5 FUTURE FOCUS

Category	Short term target	Medium to long term target
Digital Transformation	Strengthening IT infrastructure by integrating advanced digital tools for process optimization.	As digitalization expands, we planned to implement AI-driven automation and predictive analytics to enhance decision-making and resource management while simultaneously developing a resilient cybersecurity framework with AI-driven threat detection and proactive defense mechanisms to mitigate rising cyber risks.
Cybersecurity & Risk Management	Enhance security protocols and monitoring systems to mitigate cyber threats.	

6 MANUFACTURED CAPITAL CONTRIBUTION TO VALUE CREATION (TRADE OFF)

Relevance to Strategy

DIGITAL TRANSFORMATION AND INSURTECH
Advanced IT infrastructure enables seamless digital operations, improving data analytics and automation.

PERSONALIZATION & CUSTOMER-CENTRIC PRODUCTS AND SERVICES
High-quality infrastructure ensures faster policy processing, claims management, and personalized customer support.

SUSTAINABILITY AND ESG
Investment in green technology and sustainable infrastructure reduces environmental impact and operational costs.

Creating a Value

Our Manufactured Capital fosters efficiency, scalability, and customer connectivity by:

- **Enhancing operational infrastructure** to optimize business processes and service delivery.
- **Expanding digital capabilities** for seamless and data-driven decision-making.
- **Strengthening physical and digital customer touchpoints** to improve accessibility and engagement.
- **Ensuring quality and reliability** in service delivery through well-structured facilities and lean operations.

Connectivity and Trade-offs

The organization balances investment in infrastructure with stakeholder priorities and long-term profitability:

FINANCIAL CAPITAL

+ Long-term profitability growth through increased business volumes and efficiencies.
- Short-term financial impact due to capital expenditure on infrastructure and technology enhancements.

SOCIAL & RELATIONSHIP CAPITAL

+ Greater accessibility for customers and business partners through expanded service touchpoints.

HUMAN CAPITAL

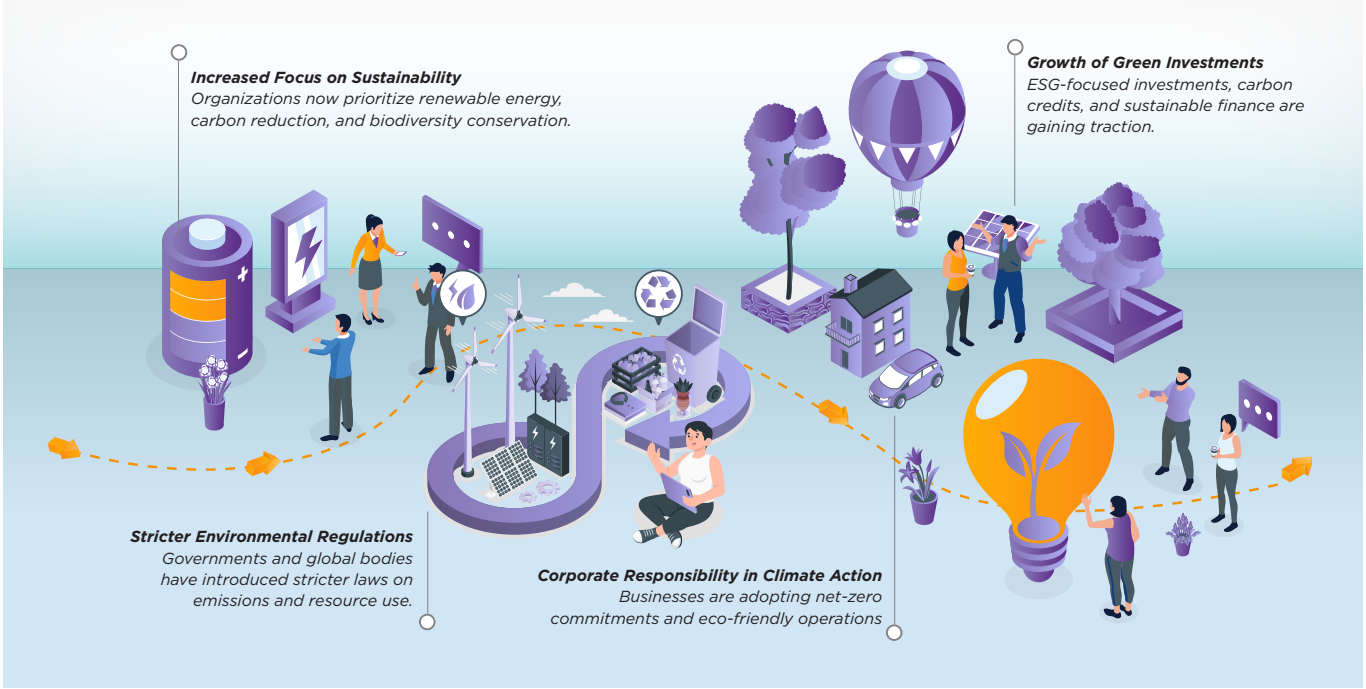
+ Improved employee performance and productivity through enhanced work environments and digital tools.

NATURAL CAPITAL

GRI 2-23 2-27 3-3 | UNGC 1 2 | <IR> 2C

EMBRACING NATURAL CAPITAL FOR A SUSTAINABLE FUTURE

We see natural capital not just as a resource but as a responsibility, a call to act, innovate, and transform. Every step we take towards sustainability is a step towards a greener tomorrow, where progress and preservation go hand in hand.



CHALLENGE TO CHANGE PROCESS

SLI prioritizes responsible resource consumption and utilizes natural capital to promote environmental sustainability, demonstrating our commitment to a greener, cleaner future.

The Resources We Used

1 Governance
2 Our Ecological Footprint
2.1 Energy Consumption within the Organization
2.2 Water Consumption
2.3 Paper Consumption

The Steps We Took

3 Value Creation - Environmental Impact Management
3.1 Measures taken to increase resource efficiency
3.2 Investment in environment sustainability projects

The Results We Achieved

4 Our Carbon Footprint

1 GOVERNANCE OF NATURAL CAPITAL

Our ESG Policy ensures sustainability is at the core of our business. We have established exclusion lists to avoid supporting activities with significant environmental impacts. The policy outlines our commitment to managing environmental risks, and we have remained fully compliant with all regulations, with no fines or penalties incurred during the year.

GRI 302-1 302-3 303-1 303-3 303-5 UNGC 7 8

2 OUR ECOLOGICAL FOOTPRINT (INPUT)

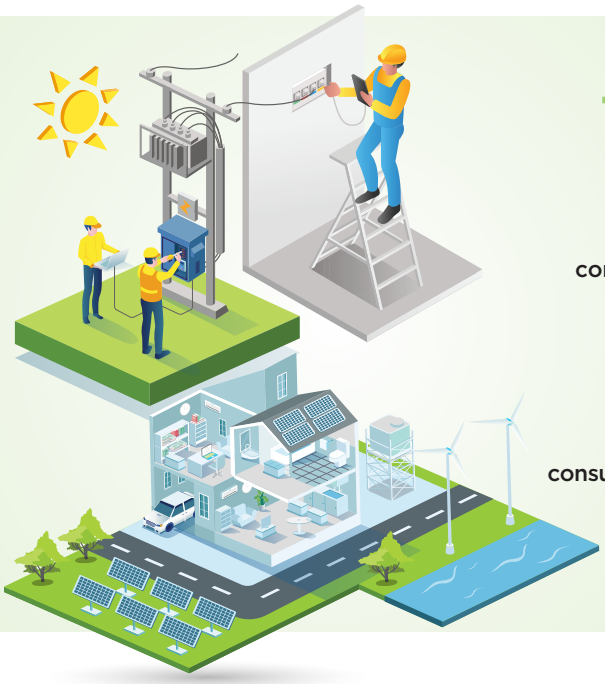
2.1 Energy Consumption within the Organization

Softlogic Life Insurance PLC relies on two primary energy sources for its direct operation: electricity from the national grid and fuel for transportation needs. The company closely monitors its energy consumption through key indicators such as electricity intensity per employee and electricity consumption per million rupees of Gross Written Premium (GWP).

Petrol (Litres)
48,003

Energy intensity – fuel consumption per employee (kJ Mn)
1.68

Energy intensity - fuel consumption per GWP Rs. 1 Mn (kJ Mn)
0.05



Electricity (KJ Mn)

2024	2023
7,971	7,028

Energy intensity - electricity consumption per employee (kJ Mn)

2024	2023
8.42	7.14

Energy intensity - electricity consumption per GWP Rs. 1 Mn (kJ Mn)

2024	2023
0.25	0.27

Softlogic Life Insurance PLC experienced an increase in electricity consumption in 2024, driven by the expansion of digitalized platforms and increased automation. As the company continues to enhance its technological infrastructure, the demand for energy-intensive digital operations, data processing, and IT systems has grown, contributing to higher electricity usage.

2.2 Water Consumption

Softlogic Life Insurance PLC maintains a strong commitment to water conservation, focusing on responsible consumption and sustainable practices.

Total Water Withdrawal (m3)

2024	2023
15,023	14,713

Mineral Water for Drinking Purposes (m3)

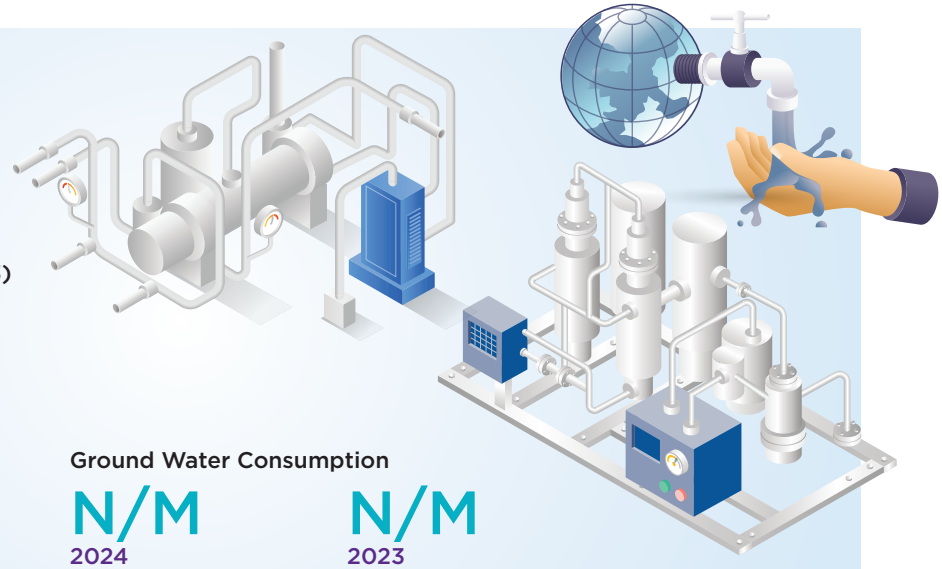
2024	2023
282	266

Pipe Borne Water Consumption (m3)

2024	2023
14,741	14,447

Ground Water Consumption

2024	2023
N/M	N/M



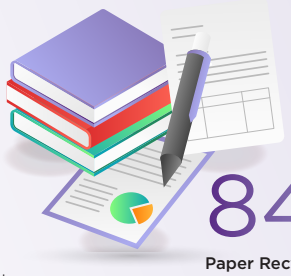
*N/M - Not Measured

UNGC 7 8

Estimation Methodology
For branches where electricity and water bills were unavailable for certain months, the estimated consumption has been calculated by summing the total units recorded for the available months and dividing by the number of those months. This approach is to maintain consistency in reporting and provides a reasonable estimate in the absence of actual data.

2.3 Paper Consumption

Softlogic Life Insurance PLC actively works to reduce paper consumption across its operations as part of its environmental impact management framework. The company has significantly digitalized internal processes, reducing reliance on physical documents and encouraging more efficient workflows.



845Kg
Paper Recycled

12,187Kg 16%
Paper Used

3 ENVIRONMENTAL IMPACT MANAGEMENT

3.1 Measures taken to increase resource efficiency

Softlogic Life Insurance PLC focuses on resource conservation, supply chain impact reduction, and waste management to enhance sustainability. Efforts include optimizing energy and water use, promoting digital solutions to reduce paper consumption, encouraging eco-friendly procurement, and implementing the 4R waste management approach (Refuse, Reduce, Reuse, Recycle). These initiatives contribute to minimizing the company's environmental footprint while improving operational efficiency.

ENERGY

- Installation of timer switches on the Air-Conditioners (A/Cs) at our own office, ensuring they are operational only during working hours
- The implementation of master key switches across all floors of our own office has significantly contributed to achieving greater energy efficiency
- Employees are encouraged to use electricity responsibly in their daily activities. To reinforce this, reminder notices have been placed in every meeting room, prompting them to turn off the lights when leaving the office.



WATER

- The company has installed sensor taps and conducted awareness campaigns to encourage water-saving habits among employees and stakeholders.

PAPER

Reduce paper consumption



EMPLOYEES

- Digitalization of internal processes
- Reusing stationery and fixed assets
- E-learning
- Remote work

CUSTOMERS

- 100% Digital Sales Platform
- LifeUp App

VENDORS AND SUPPLIERS

- Online Supplier Registration Platform
- Authorized recyclers are contracted to provide a total recycling solution

SAVINGS FORM PAPER RECYCLING

17
Trees

4,000
kilowatts of energy

380
gallons of oil

7,000
gallons of water

03
cubie yards of landfill space

GRI 306-3 | UNGC 7 | 8



Waste Management Practices

We are committed to reduce the quantity of waste generated from our operations in a responsible manner.

INITIATIVES

All locations implement waste segregation, with contracted third parties overseeing the safe disposal process. In the last quarter of 2024, we began measuring the daily waste produced in our corporate offices, where a substantial volume of waste is generated. Moving forward, we aim to measure the waste generated across our branch network while continuously enhancing our waste management practices to improve the accuracy of data tracking

Average waste generated per day

Food waste	Paper & Polythene
17kg	7kg

We have planned to launch employee awareness programs on reduction of food waste to minimize waste disposal.

PRACTICES

Reduce, Reuse and Recycle

We continued to partner with Amaana Paper Collection to shred our paper waste in an environmentally friendly manner and achieve reduction of our paper waste.

Plastic waste reduction

We continued to outsource some of the photocopy machines to a third party organization who are certified by the Quality and Environmental Management System (ISO 9001:2008 & ISO 14001) and get refill the print cartridge and use to maximum possible duration indirectly. We reduced plastic usage through the replacement of refillable water flagons.

3.2 Investment in environment sustainability projects

Our brand-building endeavours align closely with green initiatives aimed at promoting environmental sustainability. As part of this commitment, we have invested in a green bond, reinforcing our dedication to financing environmentally responsible projects. This investment supports initiatives that focus on renewable energy, resource conservation, and reducing carbon footprints, further integrating sustainability into our long-term corporate strategy.

4 OUR CARBON FOOTPRINT

We are dedicated to reducing the country's greenhouse gas emissions in alignment with the Sustainable Development Goals (SDGs). Our carbon footprint is meticulously monitored using the GHG Protocol, established by the World Resources Institute and the World Business Council for Sustainable Development, ensuring accuracy and accountability in our emissions tracking. Please refer page 87 for more information.

At Softlogic Life Insurance PLC, we recognize the importance of natural capital in ensuring environmental sustainability while delivering exceptional insurance services. As a company operating in the service sector, our environmental footprint is primarily associated with energy consumption, paper usage, water usage, and carbon emissions. Through responsible resource management, we actively work towards reducing emissions, enhancing operational efficiency, and embracing eco-friendly practices



NATURAL CAPITAL

5 RISKS AND CHALLENGES

During the year management of SLI faced many challenges in managing our Natural Capital. The impact and action taken are listed below

Risks	SLI Responses
Evolving regulatory landscape concerning environmental sustainability	SLI has implemented structured measures, including developing compliance roadmaps, obtaining necessary permissions, enhancing sustainability initiatives, strengthening ESG governance, and engaging with regulatory bodies.

6 FUTURE FOCUS

Category	Short Term Targets	Medium to Long Term Targets
Sustainability and GHG emission reduction	Increase awareness among the employees about sustainability.	SLI has set targets to reduce GHG emissions. For more information, refer page 88

7 NATURAL CAPITAL CONTRIBUTION TO VALUE CREATION (TRADE OFF)

Relevance to Strategy

DIGITAL TRANSFORMATION AND INSURTECH

Minimizing paper usage helps conserve natural resources.

SUSTAINABILITY AND ESG

Sustainable business practices and ESG integration help minimize environmental impact, ensure regulatory compliance, and enhance long-term resilience. Investing in natural capital supports climate adaptation and responsible resource management.

Creating a Value

Our environment supplies a substantial amount of resources that fuel our value creation process. In return, as a responsible corporate citizen, we actively contribute to protecting the environment and ensure its preservation for future generations through sustainable consumption practices.

Connectivity and Trade-offs

Balancing the expectations of all stakeholders and the objectives of the organization;

FINANCIAL CAPITAL

+ Investment income increases as we allocate funds to green bonds.
+ Increased energy efficiency and reductions in paper consumption will lead to long term monetary savings.

SOCIAL AND RELATIONSHIP CAPITAL

+ Foster sustainable ecosystems that enhance community well-being, strengthen stakeholder trust

OUR COMMITMENT TO SUSTAINABILITY DEVELOPMENT GOALS (SDGS)

Integrating SDGs into Corporate Governance

We have seamlessly integrated the SDGs into our ESG Policy, reinforcing our commitment to a sustainable future. As a leading life insurer, we continuously innovate to align our products and services with global sustainability priorities. Through digital innovations, and community-driven health initiatives, we strive to create lasting positive impacts on both society and the environment.

SDG 1: No Poverty

Introduced micro insurance by extending life insurance to low-income populations to provide financial security

For more information -> Page 153

SDG 3: Good Health & Well-being

Health Insurance Solutions – Offers comprehensive coverage

Digital Health Services – Enables telemedicine consultations and AI-driven health risk assessments.

For more information -> Customer capital in page 134 to 143

SDG 4: Quality Education

Skill development for field staff & employees – Provide technical and non-technical training for career growth. -> Page 126

Youth & entrepreneurship support – Offer scholarships. -> Page 171

SDG 5: Gender Equality, SDG 10: Reduced Inequalities

Diversity & Inclusion: Promoting equal opportunities and gender parity in the workforce, end all forms of discriminations -> Refer Human Capital in page 129



SDG 8: Decent Work & Economic Growth

Job Creation & Inclusive Employment: Provides employment opportunities through its nationwide employee, field staff network and provide monetary and non-monetary benefits - > Refer page 122

SDG 9: Industry, Innovation & Infrastructure

Digital Transformation & AI Innovations: Adoption of AI and technology in insurance process - > Refer Intellectual capital in page 156 to 158

SDG 12: Responsible Consumption & Production

Paperless Reporting & Recycling: Significant reduction in paper usage through digitization - > Refer Natural capital in page 166 to 167

SDG 13: Climate Action

GHG emission reduction - GHG emission is measured, and mitigation measures were taken. Emission reduction targets have been set.

Refer page 88

SDG 16: Peace, Justice & Strong Institutions

Governance & Ethics: SLI has strong corporate governance, risk management, and anti-corruption measures.

Refer page 152

CORPORATE SOCIAL RESPONSIBILITY (CSR) AT SLI

INSPIRING ACTIONS TODAY FOR A TRANSFORMED WORLD TOMORROW :

At Softlogic Life, we have transformed Corporate Social Responsibility (CSR) from a traditional obligation into a powerful force for real, lasting change. No longer just about giving back, our CSR initiatives are about empowering communities, redefining possibilities, and reshaping the future.

From fostering financial inclusivity and education to pioneering health and wellness awareness, we have taken bold steps to uplift society in ways that matter the most. Our commitment goes beyond assistance, it's about creating impact, sparking transformation, and changing lives.

We don't just participate in change; we drive it forward. Because at Softlogic Life, we believe that true progress begins when businesses become catalysts for a better, healthier, and more sustainable world.

DRIVING SOCIAL CHANGE: #CHANGETHESTORY INITIATIVE ON CHILDREN'S DAY

As part of our ongoing commitment to CSR, we launched the #ChangeTheStory initiative on Children's Day 2024, advocating for a better future for Sri Lanka's children. This campaign highlighted the importance of nurturing, protecting, and empowering children, ensuring they grow up in a safe, supportive, and opportunity-rich environment.

Through this initiative, we raised awareness of critical issues affecting children and encouraged society to take action for positive change. Committed to social transformation, we continue to inspire communities to shape a better future.

This initiative underscores our unwavering dedication to uplifting society, demonstrating that corporate responsibility goes beyond business. It is about creating lasting, positive impact.

Scan this QR code to watch the video



SOFTLOGIC LIFE SUPPORTS THARUSHI KARUNARATHNE, A GAME-CHANGER IN SRI LANKAN ATHLETIC

As part of our commitment to empowering Sri Lankan talent, Softlogic Life proudly provides medical coverage for Tharushi Karunarathne, the nation's rising athletic star. By supporting her journey on the global stage, we reinforce our dedication to fostering sports excellence and ensuring that Sri Lanka's athletes receive the care and support they need to achieve their dreams.

This initiative reflects our broader mission to drive positive change by uplifting and safeguarding individuals who bring pride to the nation, demonstrating our unwavering commitment to both national development and the well-being of our people.



DRIVING DIGITAL TRANSFORMATION AND EMPOWERING FUTURE LEADERS THROUGH EDUCATION

Strategic Partnerships with Universities

We became the first insurance company in Sri Lanka to partner with the University of Moratuwa through the "Tech Wizards" initiative, fostering digital innovation and real-world problem-solving skills to drive technological advancements in the insurance sector.

Under the "Inspire Future Leaders" program, we engaged with undergraduates from NSBM Green University and the University of Kelaniya, providing hands-on exposure to Finance, Human Resources, and IT in the insurance industry. Students also had the opportunity to interact with top management, gaining insights from their decades of experience and leadership.

Through these initiatives, we continue to empower young talent, bridge academia and industry, and shape the future of corporate innovation.



Educational Assistance Through Our Scholarship Program

At Softlogic Life, we believe that education is the cornerstone of a brighter future. As part of our CSR initiatives, we are committed to supporting students through scholarship programs, enabling them to pursue their academic aspirations without financial barriers.

Through these scholarships, we aim to bridge the gap in educational opportunities by providing financial assistance to deserving students, particularly those who demonstrate excellence in both academic and non-academic fields.

Our program is designed to not only alleviate financial constraints but also motivate and inspire young minds to achieve academic and personal excellence.



BRIDGING THE PROTECTION GAP: FINANCIAL SECURITY FOR SMES

At Softlogic Life, we believe that financial security should be accessible to all. As a company deeply committed to the well-being of our communities, we extend our insurance solutions beyond corporate giants to the backbone of Sri Lanka's economy, small and medium-sized enterprises (SMEs).

Understanding the vital role SMEs play in driving economic growth, we have actively partnered with businesses in this sector to provide tailored insurance coverage for their employees. By ensuring access to health and life insurance, we contribute to their workforce's well-being, fostering a healthier, more secure, and more productive environment. This, in turn, strengthens business continuity, enabling SMEs to thrive even amidst uncertainties.

Through these efforts, we reaffirm our commitment to making insurance more inclusive and impactful, supporting Sri Lanka's entrepreneurial ecosystem in building a resilient and prosperous future.

3,227
No. of SME policies sold

490,073
Lives Covered through micro insurance





OPENING DOORS TO INSURANCE FOR ALL

Through our collaboration with the Sri Lanka Postal Department & Dialog, we introduced the country's first-ever micro insurance solution, ensuring that affordable life and health coverage is accessible to low-income families across the nation.

By leveraging the trusted reach of the postal network, this initiative eliminates traditional barriers to insurance access, providing a simple and inclusive way for individuals to secure their futures. The role of postal officers as community enablers has been instrumental in fostering financial resilience and embedding a culture of protection among vulnerable segments of society.

This practice reflects our deep commitment to social responsibility, aligning with our mission to drive meaningful impact through innovation. By addressing financial inclusivity at the grassroots level, we continue to support Sri Lanka's journey towards a more secure and empowered future for all.

INSPIRING HEALTHY LIVING, CREATING LASTING CHANGE

We believe that good health is the foundation of a thriving community. As part of our commitment to empowering healthier lifestyles, we launched a proactive awareness campaign on heatwave safety and wellness. Through engaging content and impactful messaging, we educated the public on staying hydrated, sun protection, and safe outdoor practices, ensuring they are well-equipped to face extreme weather conditions.

By practicing preventive healthcare, we continue to support communities in making informed choices for their well-being, since a healthier today means a stronger tomorrow.

INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY INDICATORS

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INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF SOFTLOGIC LIFE INSURANCE PLC

We have been engaged by the Directors of Softlogic Life Insurance PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 December 2024. The Sustainability Indicators are included in the Softlogic Life Insurance PLC Integrated Annual Report for the year ended 31 December 2024 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Reasonable Assurance Sustainability Indicators as per the Audited Financial Statements for the Year ended 31 December 2024, dated 04th March 2025 and the Audit report dated 04th March 2025 thereon	Integrated Annual Report Page
Financial Highlights	22-23

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
EESG Performance Table	108 to 109
Information provided on following	
Financial Capital	110 to 117
Human Capital	118 to 133
Social & Relationship Capital	134 to 154
Intellectual Capital	155 to 160
Manufactured Capital	161 to 163
Natural Capital	164 to 168

OUR CONCLUSIONS

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

REASONABLE ASSURANCE SUSTAINABILITY INDICATORS

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 December 2024, in all material respects, has been prepared and presented by the management of Softlogic Life Insurance PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

LIMITED ASSURANCE SUSTAINABILITY INDICATORS

Based on the evidence we obtained from the assurance procedures performed, as described below we are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 December 2024, have not in all material respects, been prepared and presented by the management of Softlogic Life Insurance PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

OUR RESPONSIBILITY

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REASONABLE ASSURANCE OVER REASONABLE ASSURANCE SUSTAINABILITY INDICATORS

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

LIMITED ASSURANCE ON THE SUSTAINABILITY INDICATORS

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;

KPMG

- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;

- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;

- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

PURPOSE OF OUR REPORT

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards and for no other purpose or in any other context.

RESTRICTION OF USE OF OUR REPORT

This report has been prepared for the Directors of Softlogic Life Insurance PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Softlogic Life Insurance PLC Integrated Annual Report for the year ended 31st December 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Softlogic Life Insurance PLC, or for any other purpose than that for which it was prepared.

kpmg

Chartered Accountants
Colombo
5th March 2025

CHANGE CULTURE

GOVERNANCE

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BOARD OF DIRECTORS



MR. ASHOK PATHIRAGE
Chairman



MR. IFTIKAR AHAMED
Managing Director



MR. HARESH KAIMAL
Director



MS. FERNANDA LIMA
Director



MR. V. GOVINDASAMY
Director



MR. RAIMUND SNYDERS
Director



MR. SANJAYA MOHOTTALA
Director



MR. LALITH WITHANA
Director

MR. ASHOK PATHIRAGE
Chairman

Skills and Experience
Mr. Ashok Pathirage is recognised as a visionary leader in Sri Lanka's corporate sector. As the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates, Mr. Pathirage has been instrumental in driving the Group's remarkable achievements and success. Under his leadership, Softlogic Group has grown to encompass over 50 companies, creating employment opportunities for more than 11,000 individuals across Sri Lanka and Australia, reflecting his steadfast commitment to business excellence. With a strategic and pragmatic vision, Mr. Pathirage guides Softlogic Group's operations across all sectors. The Group has established a dominant presence in three core verticals—Retail & Telecommunications, Healthcare Services, and Financial Services—while also making significant strides in non-core areas such as IT, Leisure, and Automobiles. A key highlight of his leadership is the success of the Asiri Hospital chain, which has emerged as Sri Lanka's leading private healthcare provider. Under his guidance, Asiri Hospitals has set new industry benchmarks in medical innovation, playing a crucial role in advancing the country's private healthcare services.

Other Current Appointments
In addition to his role as Chairman and Managing Director of Softlogic Group, Mr. Pathirage holds several prestigious leadership positions in publicly listed companies. He serves as Chairman/Managing Director of Softlogic Holdings PLC, Softlogic Capital PLC, Softlogic Finance PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, and Odel PLC—all of which are listed on the Colombo Stock Exchange. Moreover, Mr. Pathirage is the Chairman of NDB Capital Holdings Ltd., further cementing his influence across Sri Lanka's business landscape.

Previous Appointments
Mr. Pathirage held the position of Deputy Chairman at National Development Bank PLC, completing his full tenure in accordance with regulatory guidelines. His experience in governance and corporate responsibility extends to his role as former Chairman of both Sri Lankan Airlines Limited and Sri Lankan Catering Limited, where the Government of Sri Lanka is the principal shareholder.

MR. IFTIKAR AHAMED
Managing Director

Skills and Experience
Mr. Iftikar Ahamed holds over three decades of experience in a wide range of positions within the financial services industry and has extensive banking experience both in Sri Lanka and overseas. He holds a MBA from the University of Wales, UK.

Other Current Appointments
Mr. Ahamed was appointed as Managing Director of Softlogic Life Insurance PLC in January 2014. He is a Director of Softlogic Stockbrokers (Pvt) Limited, Softlogic Corporate Services (Pvt) Limited, Softlogic Asset Management (Pvt) Limited and Softlogic Australia Pty Limited.

Previous Appointments
Mr. Ahamed has previously held senior management positions as Deputy Chief Executive Officer at Nations Trust Bank PLC, and Senior Associate Director at Deutsche Bank AG.

MR. HARESH KAIMAL
Director

Skills and Experience
Mr. Haresh Kaimal is a co-founder of the Softlogic Group and a Director since its inception. With over 3 decades of experience in IT and Operations, he heads the Group IT division which oversees the entire Group requirements in Information Technology, covering all sectors.

Other Current Appointments
He is an Executive Director of Softlogic BPO Service (Pvt) Ltd, Director of Softlogic Holdings PLC, Softlogic Finance PLC, Odel PLC, Softlogic Capital PLC and many other Group companies.

MS. FERNANDA LIMA
Director

Skills and Experience
Ms. Fernanda Lima has over 20 years of experience in financial services and private equity investing in emerging markets. She has hands-on experience in growing inclusive financial institutions across Asia and has held a number of Board and senior roles in investee companies.

She holds a Master of Science in Environment and Development from the London School of Economics and a Master of Business Administration from the University of London and Imperial College. She was a British Chevening Scholar and speaks fluent Portuguese and Spanish.

Other Current Appointments
Ms. Lima is based in Singapore and a Partner for LeapFrog Investments, the pioneering impact investing private equity firm. LeapFrog has raised over US $2.5Bn from global institutional investors towards its profit-with-purpose funds to deliver essential financial and healthcare tools in some of the world's fastest growing markets.

She is also a board member of bolttech, Pasar Polis, HDBank (Observer) and Save the Children Global Ventures.

Previous Appointments
Ms. Lima previously spent nine years as Managing Director, Asia for US-based Developing World Markets. Prior to that, she was Vice President for AIG Global Investment Group in London and with venture capital firm AFLA/CVC in Sao Paulo, Brazil having started her career with Brazil-based Unibanco/ITAU, largest financial conglomerate in the southern hemisphere.

MR. V. GOVINDASAMY
Director

Skills and Experience
Mr. V. Govindasamy holds a Bachelor of Science in Electrical Engineering and MBA from the University of Hartford, USA. He is a Fellow Member of the Institute of Certified

Professional Managers of Sri Lanka. His international experience coupled with his innate managerial capability and innovative qualities enabled him to transform the plantation business, achieving perceptible improvement in quality, production standards and penetration into new markets.

Other Current Appointments
Mr. V. Govindasamy is the Deputy Chairman of Sunshine Holdings PLC. He pioneered the Group's diversification into newer, but key, economic sectors such as Consumer Business, Healthcare, Plantations, and Dairy. He currently serves as a Member of the Governing Board of the Central Bank of Sri Lanka. He serves as a board member of Sunshine Holdings and its subsidiaries, as well as United Motors Lanka PLC, Dialog Axiata PLC, and Lanka Island Resorts Ltd.

Previous Appointments
He previously held the position of Chairman at the Ceylon Chamber of Commerce (CCC).

MR. RAIMUND SNYDERS
Director

Skills and Experience
Mr. Raimund Snyders holds a Bachelor of Commerce, Bachelor of Laws from Stellenbosch University, as well as Executive Leadership qualifications from the Graduate School of Business, University of Cape Town, and Harvard Business School. He is one of the most seasoned insurance leaders in the industry. His experience in the insurance industry is both vast and deep. Over his career, Raimund has led organic and inorganic expansion, sales, marketing, product development, distribution, bancassurance, investment and wealth management – with responsibilities across retail, institutional and enterprise functions cultivated over 27 years of career with Old Mutual.

Other Current Appointments
Currently, Mr. Snyders sits on the Board of Directors of miLife Insurance Limited and AIICO Limited, both Africa-based insurers.

Previous Appointments
Mr. Snyders served as the CEO of Mutual and Federal, the 185-year- old insurer in the Old Mutual Group, and he led a turnaround of the Company as part of the Old Mutual Group's strategy to establish itself as a leading financial services group across the African continent. Under his leadership, Mutual and Federal was rebranded to become Old Mutual Insure. Prior to this, Mr. Snyders served in executive leadership positions in the Old Mutual Group, leading large multidisciplinary teams in areas of business such as distribution, bancassurance, investments and wealth management key positions included: COO and Head of Distribution for Old Mutual's African operations; Executive General Manager, Old Mutual Life Assurance Co (South Africa); CEO, Old Mutual Life Assurance Co (Namibia); and Managing Director, Old Mutual Investment Services.

MR. SANJAYA MOHOTTALA
Director

Skills and Experience
Mr. Sanjaya Mohottala is a Partner and Director at Boston Consulting Group. He has extensive experience in strategy, mergers & acquisitions and investments, restructuring, operational improvement, sales and marketing, digitisation and advanced analytics. Mr. Mohottala has led multiple merger discussions and post- merger integration efforts. He has also worked on largescale global transformation efforts. He received his MBA from the UCLA Anderson School of Management (Fulbright Scholar, USA), holds a BSc (Hons) from the University of Moratuwa, Management Accountant - CIMA, Diploma in Marketing - CIM.

Previous Appointments
Mr. Mohottala was the former BOI Chairman, was a board member at the Export Development Board, Sri Lankan Airlines and the International Chamber of Commerce –Sri Lanka.

MR. LALITH WITHANA
Director

Skills and Experience
Mr. Lalith Withana holds a Master of Business Administration (MBA) Degree from the University of Sri Jayewardenepura, Colombo and a Bachelor of Arts (BA) Hons. Degree from the University of Manchester Metropolitan, UK. He is a Fellow Member of both Chartered Institute of Management Accountants (FCMA), UK, and the Institute of Chartered Accountants of Sri Lanka (FCA). He is also a Project Management Professional of the Project Management Institute (PMI), USA.

Other Current Appointments
Mr. Withana is currently serving as the Founder and the Managing Director of Agility Consulting Services (Pvt) Ltd, and as a Director of HNB Finance PLC, Citrus Leisure PLC, Waskaduwa Beach Resort PLC, Hikkaduwa Beach resort PLC, Commercial Development Company PLC and Serendipity Leisure (Pvt) Ltd. He serves currently as a Consultant for Deloitte Consulting Overseas Projects LLC as well as Vice President of the Project Management Institute (PMI), local chapter.

Previous Appointments
Mr. Withana has held management positions in the corporate sector for over 25 years, during which he has held senior management positions in Banking, Manufacturing and Trading for more than 25 years. He has worked with many organisations such as Brandix Group, Ernst & Young, Amsterdam Rotterdam (Amro) Bank, IBM World Trade Corporation & Carson Cumberbatch, Ceylon Tea Services Limited, Yamaha Corporation in (USA), Sri Lankan Airlines and Sri Lankan Catering. He had previously served as an Independent Director on the Boards of Bank of Ceylon, Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka PLC, and Seylan Bank. Mr. Withana had also been a Commissioner of the Telecommunications Regulatory Commission.

CORPORATE MANAGEMENT TEAM



IFTIKAR AHAMED
Managing Director



INDU ATTYGALA
Deputy Chief Executive Officer



THILANKA KIRIPORUWA
Chief Corporate Services Officer



AMAL DHARMAPRIYA
Chief Information Officer



SURANGA WADUGE
Chief Actuarial Officer



NUWAN WITHANAGE
Chief Financial Officer



PRANAMA PERERA
Chief Technical Officer



PIYUMAL WICKRAMASINGHE
Chief Distribution Officer - Alternate Channel



INDIKA BAMUNUSINGHE
Chief Human Resources Officer



RUWANTHA ARUKWATTA
Chief Audit And Compliance Officer



SARANGA WIJAYARATHNE
Chief Digital Innovation Officer



RUSHIKA BEMUNUGE
Chief Risk Officer



CHAMINDRI PILIMATALAUWE
Head of Marketing

CORPORATE MANAGEMENT TEAM

IFTIKAR AHAMED
Managing Director

Please refer Profiles of the Board of Directors on Page 177.

INDU ATTYGALA
Deputy Chief Executive Officer

MBA University of Northampton, UK.
30 years of experience in Insurance.

THILANKA KIRIPORUWA
Chief Corporate Services Officer

Master's in Business Studies (UOC), CIM (UK), LLB Hons (UK) Diploma in Human Resources and a Diploma in Information Technology.

24+ years' experience in Human Resources, Customer Service, Logistics, Administration, Facilities Management, Retail, General Operations and Micro Insurance.

AMAL DHARMAPRIYA
Chief Information Officer

B.Sc. in Applied Science, M.Sc. in Computer Science, and an MBA from USJP, along with CISM certification from ISACA.

A seasoned IT leader with 25 years of industry experience, specialising in FinTech, InsurTech, Business Process Automation (BPA), and Digital Transformation (DX) & Customer Experience (CX) solutions.

Former Chair of the Information Technology Committee at the Insurance Association of Sri Lanka (IASL) and recognised among the Top 200 CIOs worldwide in both 2023 and 2024 by the Global CIO Forum.

SURANGA WADUGE
Chief Actuarial Officer

BSc (Hons), MSc (Mathematics and Statistics), MSc (Actuarial Management).

20 years of experience in the Actuarial and Life Insurance.

NUWAN WITHANAGE
Chief Financial Officer

Mr. Withanage is a Fellow Member (FCA) of the Institute of Chartered Accountants of Sri Lanka and holds Associate Memberships from ACCA (United Kingdom), CPA Australia, and is a Fellow Member (FCMA) of CMA Sri Lanka. He earned an MBA in Business Administration from the PIM at the University of Sri Jayewardenepura and holds a Bachelor of Business Management - Finance (Sp.) Degree from the University of Kelaniya, Sri Lanka. He has served as a Governing Council member (elect) at both the CA Sri Lanka and the Open University of Sri Lanka, also chaired the Finance and Technical Committee of the Insurance industry of Sri Lanka (CFO Forum) for five years. He has been honoured with the Best CFO Award and is noted as the youngest CFO recognised by CMA Sri Lanka.

He is actively involved in various committees. His roles include membership in the Financial Reporting Standards Interpretation and Implementation Committee, member in the SLFRS 17 Implementation task force of Sri Lanka, and member of the Sustainability Reporting and Assurance Committee of the South Asian Federation of Accountants (SAFA). He also chairs the Professional Accounting in Business Committee (PAIB) at CA Sri Lanka and contributes to several other committees, including the Task Force to Develop Non-Financial Reporting Practices in Sri Lanka.

With 19 years of experience in finance, insurance, strategy, investor relations, audit, compliance, general management, and overseas business expansion. Mr. Withanage has also authored a research paper titled "Factors to be Considered when Discount Rate is Used for Valuation of Insurance Contract Liability for Financial Reporting Purposes."

PRANAMA PERERA
Chief Technical Officer

ACII Chartered Insurer, MBA Manipal University India

Over 28 Years of Insurance experience holding managerial positions in local as well as multinational companies. He also hold the position of Specified Officer of the Company.

PIYUMAL WICKRAMASINGHE
Chief Distribution Officer - Alternate Channel

B.A (Hons) in Business Management – Middlesex University, London MBA- Cardiff Metropolitan University, Cardiff.

20 years of experience in Insurance.

INDIKA BAMUNUSINGHE
Chief Human Resources Officer

Bachelor of Business- La Trobe University, Australia, Executive Education- The Wharton School, University of Pennsylvania, USA

18 years of experience in Human Resource Management in Insurance and Retail Sectors in Asia pacific region.

He served as the Chair of the HR Sub-Committee of the Insurance Association of Sri Lanka(IASL) from 2022-2024.

RUWANTHA ARUKWATTA
Chief Audit And Compliance Officer

Mr. Arukwatta is a distinguished Chartered Accountant with over two decades of experience in auditing with a specialisation in financial services, where he has cultivated a profound expertise in financial auditing, regulatory compliance, and risk management. His career commenced at KPMG, where he refined his skills in auditing and compliance, establishing a robust foundation in financial reporting and internal controls.

In 2014, Mr. Arukwatta joined Softlogic Life Insurance PLC, where he currently presides over the audit and compliance functions. His primary responsibilities encompass leading internal audits, conducting comprehensive risk assessments, and implementing effective compliance programs and policies. Through strategic planning and exemplary team leadership, Mr. Arukwatta ensures that the company adheres to the highest standards of financial integrity and regulatory compliance.

SARANGA WIJAYARATHNE
Chief Digital Innovation Officer

MBCS, PgISM University of Colombo.

25 years of experience in Technology specialised in Artificial Intelligence.

RUSHIKA BEMUNUGE
Chief Risk Officer

Master's in financial economics, University of Colombo, BSc. Economics, London School of Economics.

16 years of experience in Risk Management with specialist focus on creating value through integrated Risk Management practices in the financial sector.

CHAMINDRI PILIMATALAUWE
Head of Marketing

ACIM, Master of Science (M.Sc) in Business Psychology, London Metropolitan University, UK

10+ Years experience across the apparel, media, and financial sectors, with a focus on strategic brand development.

SALES MANAGEMENT TEAM



ROSHAN PEIRIS
Senior General Manager – National Distribution



SANDAMAL HETTIARACHCHI
Senior General Manager - Agency Transformation



UPUL JAYASEKARA
Senior General Manager



NISHANTHA BANDARA
General Manager



PRIYASHANTHA SIRIWARDENA
General Manager



SUSIL ATAPATTU
General Manager



NISHAN CHAMINDA
General Manager



HIRAN GUNAWARDENA
General Manager



LAHIRU MADURANGA
General Manager



SUMENDRA JAYARAM
General Manager - Sales Training and Development



LUXMAN PEIRIS
Deputy General Manager



NIHAL PERERA
Assistant General Manager



VIRANGA GUNATHILAKA
Assistant General Manager



CHAMINDA WEERAKKODY
Assistant General Manager



CHAMINDA DISSANAYAKE
Sales Manager

SALES MANAGEMENT TEAM

ROSHAN PEIRIS
Senior General Manager – National Distribution

Master of Business Administration (PIM – SJP), Certified Professional Marketer (AMF), Chartered Insurance Agency Manager (LIMRA – USA), Fellow Life Underwriters Council (LIMRA – USA), Certified Moderator (LIMRA – USA)

30 years in Insurance Industry.

SANDAMAL HETTIARACHCHI
Senior General Manager - Agency Transformation

Diploma in Aviation Maintenance, Diploma in Marketing, Diploma in HR, Higher Diploma in Sales Management

38 years of experience in the Insurance Industry and 5 years in Aeronautical Field.

UPUL JAYASEKARA
Senior General Manager

BSc (Physical Science) at University of Colombo, Diploma in Business Management at NIBM.

25 years of experience in the Insurance Industry.

NISHANTHA BANDARA
General Manager

Master of Business Administration at London Metropolitan University, The Programme of "Middle Level Executives "at National Insurance Academy, Pune, India, The Oriental Life Insurance Seminar 2006 November in Tokyo, OLIS ASIA 2007 - Kuala Lumpur on Marketing at the Malaysian Insurance Institute. The Oriental Life Insurance Seminar 2010 Autumn in Tokyo.

34 years in the Insurance Industry.

PRIYASHANTHA SIRIWARDENA
General Manager

MBA from Buckinghamshire New University of UK, Chartered Insurance Agency Manager Degree from CIAM - LIMRA,Post Graduate Diploma in Service Marketing from Netherlands - Business School of Maastricht, Diploma in Marketing – Sri Lanka Institute of Marketing, Diploma in Business Management – Institute of Management Specialist (UK).

33 years of experience in the Insurance Industry.

SUSIL ATAPATTU
General Manager

Doctor of Humanities (American National Business University), Bachelor of Business Administration - BBA (Central American Business University), Master Management Consultant - MMC (American Academy of Project Management), Master of Business Administration - MBA - Azteca University - Chalco, Mexico, AMTC USA.

30 years of experience in the Life Insurance Industry.

NISHAN CHAMINDA
General Manager

Certified AMTC – USA, LUCTF.UK. SIM. Singapore Completed AMTC Management Training Course Life Insurance Conduct by International (USA).

30 years of experience in the Life Insurance Industry.

HIRAN GUNAWARDENA
General Manager

BA (Defense Studies) - Kothalawala Defense University, CIAM (USA), CFM (USA) LUTCF (USA) Dip in Life Insurance Marketing (USA), Certified NLP Business Practitioner (India).

11 years of experience in Defense services and 28 years in the Insurance Industry.

LAHIRU MADURANGA
General Manager

PG Dip in Marketing (SLIMM) ,MBA (Cardiff Met University UK) ,MSC in Strategic Marketing (Queen Magaret University UK).

10 years in Life insurance sales and marketing , 8 years in Life Insurance sales management. MDRT Honor Roll Membership.

SUMENDRA JAYARAM
General Manager - Sales Training and Development

MBA (Sikkim Manipal University of India), Post Graduate Diploma in International Affairs (BCIS), Post Graduate Diploma in Marketing, Specialist Advanced Diploma in Teaching, Training & assessing Learning (City & Guilds - UK), Fellow Member of The Institute of Chartered Professional Managers of Sri Lanka (CPM).

25+ years of corporate experience. 10 years in Telecommunication industry, international business arena. 14 years management experience in Insurance Industry out of which 05 years as Head of Training.

LUXMAN PEIRIS
Deputy General Manager

LUTC & AMTC

23 years in the Insurance Industry.

NIHAL PERERA
Assistant General Manager

Higher National Diploma in Accountancy, LUTCF (USA), LIM "Dip" (USA).

37 years in the Insurance Industry.

VIRANGA GUNATHILAKA
Assistant General Manager

BA University of Ruhuna

30 years in the Insurance Industry.

CHAMINDA WEERAKKODY
Assistant General Manager

BSc (Sp) Hons AGRIC. - University of Peradeniya, Post Graduate Diploma in Business Management- University of Peradeniya, Diploma in Insurance SLII - Sri Lanka Insurance Institute, MBA London Metropolitan University – UK, CPM - Certified Professional Marketer, AWF - CII.UK - Award in Financial Planning - Chartered Insurance Institute UK.

28 years of experience in the Financial Services Industry comprising 6 years in Investment/ Merchant Banking & Finance, 21 years in Insurance.

CHAMINDA DISSANAYAKE
Sales Manager

Master of Business Administration - Cardiff Metropolitan University (UK), Participated in the insurance Training Program of Indian National Insurance Academy in Pune.

22 years of experience in the Insurance industry.

CHAIRMAN'S STATEMENT



NAVIGATING A RAPIDLY EVOLVING BUSINESS LANDSCAPE

The pace of change in the business landscape has never been more dynamic, necessitating an unwavering commitment to the highest standards of governance. As businesses evolve and regulatory expectations heighten, governance frameworks must be robust yet agile to ensure resilience and adaptability. This era of elevated accountability compels businesses to not only meet compliance requirements but to proactively demonstrate their commitment to long-term value creation. At Softlogic Life, we embrace this responsibility, continuously refining our governance practices to foster trust, transparency, and sustainable growth.

BOARD LEADERSHIP & EFFECTIVENESS

A well-skilled and experienced Board provides the strategic direction necessary to navigate an evolving business environment. Our Board is composed of a robust blend of skills, expertise, and perspectives, ensuring comprehensive decision-making processes that align with our long-term vision. The inclusion of independent non-executive directors further enhances impartiality, accountability, and governance integrity, strengthening confidence in our leadership.

GOVERNANCE BEYOND COMPLIANCE

We rigorously adhere to all mandatory regulatory and statutory requirements, including the Regulation of Insurance Industry Act, No. 43 of 2000. In addition, Softlogic Life has fully complied with Section 9 of the Listing Rules of the Colombo Stock Exchange since 2023, even ahead of the mandatory adoption of certain provisions in 2024. Furthermore, we ensured full compliance with these rules throughout 2024, reinforcing our commitment to regulatory excellence and transparency.

Beyond compliance, we voluntarily integrate local and global best practices. We adhere to the Code of Best Practice on Corporate Governance 2023 by CA Sri Lanka, a voluntary local standard that strengthens governance frameworks. Additionally, we align with internationally recognised frameworks such as IIRC standards, UNSDGs, and GRI guidelines, reinforcing our dedication to global best practices.

KEY GOVERNANCE DEVELOPMENTS IN THE REPORTING YEAR

The early adoption of SLFRS S1 and S2 in 2024 further reinforces our commitment to sustainability-focused financial reporting, enhancing transparency, climate-related financial disclosures, and alignment with global sustainability standards.

Reaffirming our commitment to governance excellence, we have strengthened our data protection framework in alignment with the Personal Data Protection Act (PDPA). Key initiatives include enhancing privacy policies, data management practices and appointing a Data Protection Officer to oversee compliance. With these measures in place, we are on track to achieve full compliance ahead of the regulatory effective date in 18th September 2025.

LOOKING AHEAD: FUTURE GOVERNANCE PRIORITIES

The implementation of SLFRS 17 is currently in progress, marking a significant transformation in financial reporting for the insurance industry. Our dedicated project teams are working diligently to facilitate a smooth transition, reinforcing our commitment to best practices in financial governance.

As we progressively integrate artificial intelligence (AI) into our operations, we are also advancing our cybersecurity and data governance frameworks. Investments in AI-driven solutions will enhance decision-making, improve operational efficiencies, and further align with global best practices in digital governance.

RECOGNISED EXCELLENCE IN GOVERNANCE AND REPORTING

Softlogic Life's commitment to governance excellence has been recognised at the highest industry levels. At the TAGS Awards by CA Sri Lanka and the CMA Integrated Reporting Awards, we secured 10 awards, and these accolades reflect our dedication to upholding the highest standards of transparency, accountability, and integrated reporting, further strengthening our reputation as a leader in governance and sustainability.

DECLARATION AND CLOSING REMARKS

In line with our unwavering commitment to ethical leadership, I affirm that, to the best of my knowledge and available information, there have been no material violations of the Code of Business Conduct and Ethics by any Director on the Board.

I extend my heartfelt gratitude to our Board of Directors, management team, employees, and stakeholders for their unwavering commitment and trust. As we navigate an evolving landscape, Softlogic Life remains steadfast in upholding the highest standards of governance, ensuring transparency, accountability, and long-term sustainable growth.

Sgd.
Ashok Pathirage
Chairman

04th March 2025

1. OUR APPROACH TO GOVERNANCE

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1.1 INTRODUCTION

At Softlogic Life Insurance PLC, we recognise that strong governance is fundamental to building trust and ensuring long-term success. We recognise the significant responsibility we hold in managing policyholder funds and ensuring their prudent and effective use. Public trust and confidence remain at the core of everything we do, guiding our decisions and actions.

We believe that responsible behaviour and integrity at every level of the organisation are critical to maintaining effective governance. From the leadership of our Board of Directors at the highest governing body and the members of Corporate Management to the contributions of operational staff, every individual plays a vital role in upholding the principles of accountability and ethical conduct that define our culture. A robust system of corporate governance structure, processes and guidelines supports this effort, ensuring that good governance is maintained and stakeholders' interests are effectively addressed.

At Softlogic Life, we view governance as more than a compliance requirement. It is a collective responsibility that transcends legal and regulatory obligations, reflecting our commitment to excellence and ethical business practices.

Our governance framework has consistently reviewed and updated to align with evolving regulations and global best practices, ensuring that we continue to uphold the highest standards of integrity and transparency. It is underpinned by the principles of ethical Leadership, Integrity, accountability & transparency, sustainable development, stakeholder engagement & fairness and execution & continuous improvement. These principles shape key aspects of our governance approach, including Board oversight, delegation of authority, strategy formulation and resource deployment, performance evaluation, compensation, risk management, internal controls, compliance and financial reporting.

1.2 GOVERNANCE FRAMEWORK

Softlogic Life's governance structure is provided on page 186, which describes the functionality of the Shareholders, Board, Board Committees, Corporate Management Team, and Management Committee. It ensures clear decision-making and accountability across the organisation.

The internal control framework upholds financial integrity and operational efficiency, strengthening further with the internal audit function. The regulatory framework ensures adherence to legal and industry requirements. Additionally, external auditors and the appointed actuary offer independent oversight, reinforcing transparency and safeguarding stakeholder interests. This governance model underscores our commitment to the highest standards of corporate responsibility and business excellence.

1.3 A FRAMEWORK ALIGNED WITH GLOBAL STANDARDS

Softlogic Life aligns with numerous internationally recognised governance frameworks, which are comprehensively detailed in the statement of compliance on page 187.

The International Integrated Reporting Council (IIRC) Framework shapes our approach by connecting governance with sustainability and resource allocation, ensuring a clear alignment between our goals and stakeholder expectations.

Principles rooted in emerging global standards for sustainability and climate-related disclosures, SLFRS S1 and S2, guide us in identifying and managing material risks and opportunities. We are committed to sustainability reporting that effectively highlights our performance and resilience.

Frameworks such as the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (SDGs), and the United Nations Global Compact (UNGC) form an integral part of our approach, ensuring that we uphold transparency, accountability, and stakeholder inclusivity.

Adhering to these globally recognised standards reinforces responsible business practices, strengthens our sustainability commitments, and enhances the trust and confidence of our stakeholders.

1.4 EMERGING TRENDS IN CORPORATE GOVERNANCE 2024 AND COMPANY RESPONSES

Softlogic Life remains proactive in adapting to emerging governance trends that shape the business landscape. One of the most significant trends in 2024 is the growing impact of Artificial Intelligence (AI) and Generative AI on business strategy. Recognising the transformative potential of AI, Softlogic Life has integrated AI-driven tools to enhance decision-making, optimise operations, and deliver personalised customer experiences. Our governance framework ensures that the adoption of AI is guided by ethical considerations, transparency, and accountability, safeguarding stakeholder trust while leveraging this technology's benefits.

Another key trend is the heightened focus on Environmental, Social, and Governance (ESG) principles. We ensure that ESG principles are central to our decision-making, enhancing accountability and aligning with global expectations. This commitment not only fosters stakeholder trust but also reinforces our dedication to sustainable growth.

By addressing these trends with a forward-looking governance approach, Softlogic Life demonstrates its resilience and adaptability, ensuring continued value creation and stakeholder confidence in an evolving corporate environment.

1.5 ENHANCING GOVERNANCE AND SUSTAINABILITY

Softlogic Life has also proactively adopted Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) for Corporate Governance, demonstrating our commitment to forward-thinking governance and long-term strategic planning. Throughout 2024, we have fully adhered to these regulations, reinforcing our strong governance framework and ensuring compliance with evolving best practices.

Another significant corporate action undertaken by the Company was the share buyback amounting to Rs. 6 billion. In executing this corporate action, we have met all regulatory and statutory requirements across multiple legal frameworks, ensuring strict compliance and accountability. The Board has engaged external experts to oversee the process, ensuring that it is conducted responsibly, fairly, and in alignment with corporate governance principles, thereby safeguarding the interests of all shareholders.

By disclosing Future Ready Governance, as outlined on page 190 and page 191, we demonstrate our commitment to transparency and accountability for all stakeholders. This proactive approach reflects our dedication to upholding governance excellence and fostering trust to ensure the long-term sustainability of the organisation.

EXPLORING SOFTLOGIC LIFE'S GOVERNANCE REPORT

As you read this report, you will gain insight into the diverse corporate governance practices at Softlogic Life. Beyond Board leadership and functionality, we have expanded our disclosure to include compliance statements, new governance initiatives, and SLFRS 17 governance aspects.

A dedicated section on governance execution actions further illustrates how key principles are effectively implemented, providing a clear outline of each core element.

The key components of our governance report

	SECTION OF THE REPORT	BRIEF OVERVIEW
1	**OUR APPROACH TO GOVERNANCE** Page 184 - 186	Overview of Softlogic Life governance framework.
2	**STATEMENT OF COMPLIANCE** Page 187	Outlines compliance with compulsory and voluntary governance frameworks.
3	**TRANSFORMATIVE GOVERNANCE INITIATIVES FOR 2024** Page 188 - 189	Outlines key governance initiatives implemented in 2024
4	**FUTURE-READY GOVERNANCE FOR SLFRS 17** Page 190 - 191	Outlines the SLFRS 17 governance framework and implementation readiness.
5	**BOARD LEADERSHIP IN GOVERNANCE** Page 192 - 207	Overview of ethical leadership demonstrated by the Board.
6	**ETHICAL GOVERNANCE EXECUTION** Page 208 - 217	Overview of how governance actions are implemented.
7	**SHAREHOLDER ENGAGEMENT** Page 218 - 219	Overview of Shareholder and Stakeholder Engagement

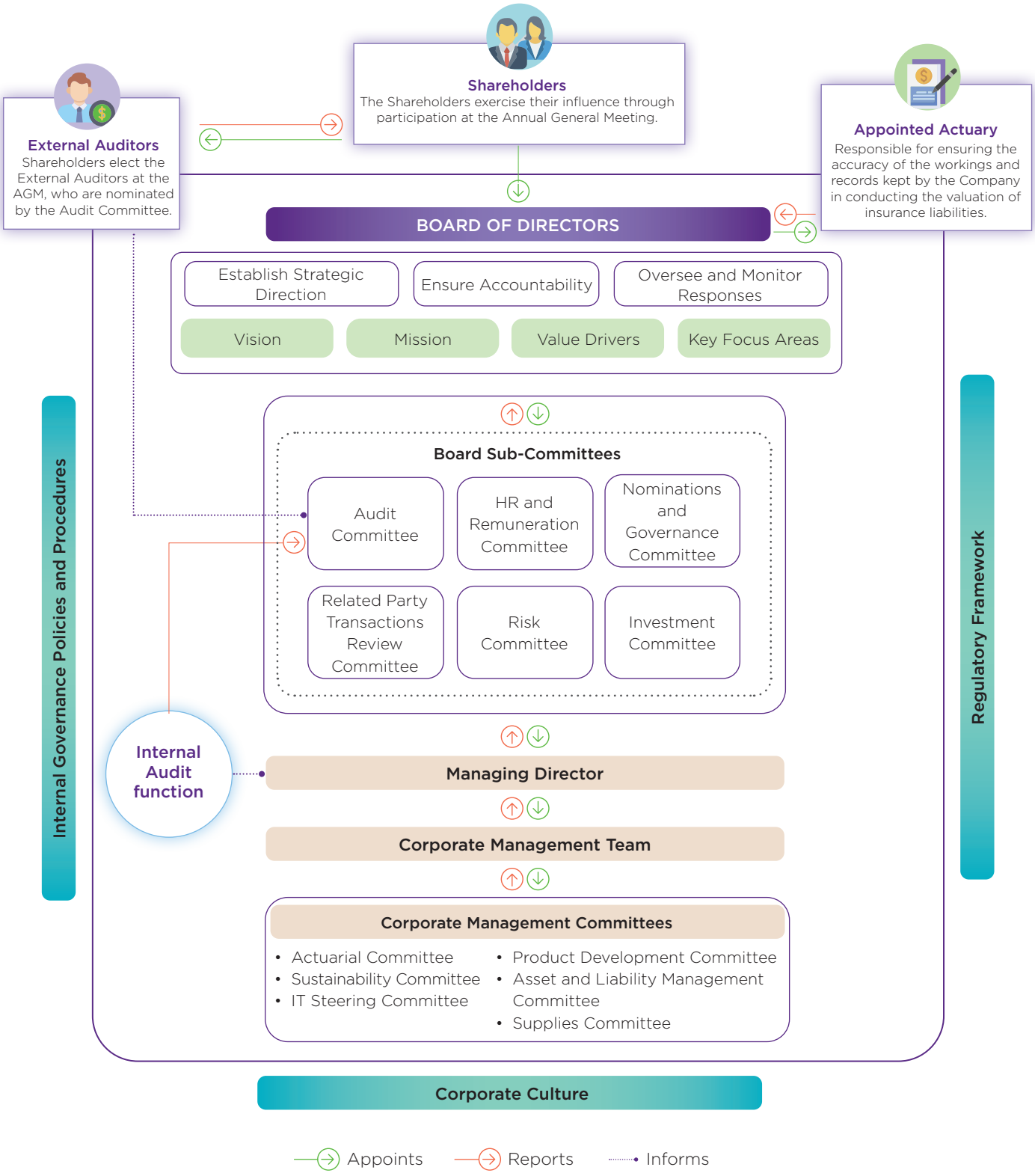
You can further explore insights on Board Reports and adherence to governance codes in the following sections.

Annual Report of Board of Directors	Other Board Reports and Sub-Committee Board Reports	Statutory and Voluntary Governance Codes
Page 220 - 228	Page 229 - 248	Page 249 - 264

1. OUR APPROACH TO GOVERNANCE

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Figure: The Governance Framework of Softlogic Life



2. STATEMENT OF COMPLIANCE

The 2024 Integrated Annual Report reflects the Company's commitment to excellence in financial and non-financial reporting. Both the Financial Statements and the non-financial statements, including sustainability indicators, have been audited. The Independent Auditors' Report for the Financial Statements is provided on pages 272–274, while the assurance reports on both Integrated Reporting (IR) and the Sustainability Reporting Disclosures as provided on pages 102- 103 and 104-106 respectively.

2.1 STATUTORY AND REGULATORY COMPLIANCE

The Company has complied with all relevant statutory and regulatory requirements, including the Companies Act No. 07 of 2007 and the Regulation of Insurance Industry (RII) Act No. 43 of 2000. Key applicable regulations have been identified and summarised in the figure below, providing a concise overview of the compliance focus areas relevant to the Company's operations. Furthermore, the Company has fulfilled all tax and statutory payment obligations to the Government and other regulatory bodies, reinforcing our commitment to meeting the highest standards of regulatory governance and accountability.

2.2 VOLUNTARY STANDARDS ON CORPORATE GOVERNANCE

The voluntary standards we adhere to are outlined below, demonstrating our commitment to upholding the highest corporate governance practices. Softlogic Life follows numerous voluntary codes and international frameworks, ensuring robust governance. Notably, we have achieved 'Fully Compliant' status with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, reinforcing our dedication to maintaining exemplary governance standards.

2.3 ADHERENCE TO INTERNATIONAL ESG AND SUSTAINABILITY STANDARDS

This report incorporates ESG and sustainability principles through the adoption of SLFRS S1 and S2, ensuring a comprehensive and transparent reporting approach. Notably, this marks the first-time adoption of SLFRS S1 and S2 by the Company. We have also obtained an assurance report for SLFRS S1 and S2, further strengthening the credibility and reliability of governance and sustainability disclosures.

2.4 COMMUNICATION STATEMENTS BY TONE FROM THE TOP

The Annual Report of the Board of Directors, along with other Directors' Reports and Committee Reports provided in page 220-248, underscores the Company's commitment to ethical leadership and governance excellence. These reports highlight the tone from the top, emphasising accountability, integrity, and transparency in all aspects of the Company's operations. They provide a clear reflection of the Board's dedication to maintaining the highest standards of governance and ethical conduct.

Details of declaration of independence given by all Directors, in compliance with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, is provided on page 198.

EXTERNAL FRAMEWORK

MANDATORY

- Companies Act No. 07 of 2007 and amendments thereto
- Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto and regulatory guidelines and directives issued under such Act
- CSE listing rules requirements of Section 7 and Corporate Governance rules of Section 9
- Acts, Circulars, and Gazettes issued by the Taxation Authorities

VOLUNTARY

- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka
- SLFRS S1 and SLFRS S2
- Integrated Reporting Framework
- Global Reporting Initiative (GRI)
- UNSDG and UNGC framework

INTERNAL FRAMEWORK

- Articles of Association of the Company
- Terms of Reference and Charters of Board, Board Committees, and Management Committees
- Integrated Risk Management Framework
- Key Operational Governance Policies
- Code of Business Conduct and Ethics
- Business continuity plan
- Integrated Risk Management Framework

3. TRANSFORMATIVE GOVERNANCE INITIATIVES FOR 2024

1 ENHANCING THE SUSTAINABILITY COMMITTEE TO MEET ESG AND SLFRS S1 AND S2 STANDARDS



Focus Area 1 Strengthened Governance and Strategic ESG Integration

The Sustainability Committee, led by the Managing Director, ensures direct leadership and accountability at the highest level. This structure aligns sustainability initiatives with corporate governance, reinforcing the company's commitment to ESG performance.

Focus Area 2 Dual-Channel Reporting for Balanced Decision-Making

Opportunities and Risks related to SLFRS S1 and S2 are systematically evaluated and reported. While risks are escalated to the Board Risk Committee for in-depth analysis, Opportunities are presented through the Sustainability Committee to the Board. This structured approach ensures informed and balanced decision-making with expert insights.

Focus Area 3 Strengthened ESG and Sustainability Integration

By optimising reporting processes, the company enhances its governance framework, ensuring sustainability risks and opportunities are managed effectively. This approach supports a proactive and forward-thinking model that prioritises ESG performance and long-term value creation.

2 DEVELOPING THE IT ROADMAP: A STRATEGIC FOCUS ON ISO STANDARDS



Focus Area 1 Strategic Alignment of Technology with Business Goals

Softlogic Life Insurance PLC is developing a comprehensive IT Roadmap to align technology with its long-term strategic objectives. This initiative reflects the company's commitment to leveraging technology for operational excellence, regulatory compliance, and enhanced governance practices.

Focus Area 2 Integration of ISO 27001:2022 for IT Security and Efficiency

The IT Roadmap prioritises the implementation of ISO 27001:2022 standards, ensuring that IT systems meet international benchmarks for security, quality, and efficiency. This also enhances risk management in areas such as in-house applications, third-party data processing, service dependencies, and business continuity.

Focus Area 3 Enhancing AI Governance and Cybersecurity

A structured approach to AI governance and cybersecurity ensures ethical AI use, risk mitigation, and transparency. By adhering to global standards like ISO, organisations can enhance data integrity, system resilience, and stakeholder trust. This strategy strengthens both AI oversight and cybersecurity, ensuring responsible and secure technological advancement.

3 ALIGNING THE RISK MANAGEMENT FRAMEWORK WITH ESG AND SLFRS S1 AND S2 REQUIREMENTS



Focus Area 1 Integration of ESG Tagging in Risk Management

Softlogic Life Insurance PLC has updated its Risk Management Framework to align with SLFRS S1 and S2 while incorporating ESG tagging. This mechanism systematically maps risks to Environmental, Social, and Governance (ESG) parameters, ensuring a structured approach to identifying and addressing sustainability-related risks.

Focus Area 2 Enhanced Climate Risk Assessment and Mitigation

The company has undertaken a deep analysis of climate-related risks, evaluating their potential impacts from both emerging and active perspectives. Mitigation actions have been designed to comprehensively address these risks, minimising potential adverse effects on the business and strengthening long-term resilience.

Focus Area 3 Strengthened Decision-Making and Strategic Alignment

By integrating ESG considerations into its risk framework, Softlogic Life enhances its ability to categorise risks effectively and align them with broader ESG objectives. This structured approach fosters transparency, accountability, and better decision-making, ensuring that governance practices support sustainable growth and long-term value creation.

4 FUTURE-READY GOVERNANCE FOR COMPLIANCE AND RESILIENCE



Focus Area 1 Proactive Compliance with Enhanced Corporate Governance Rules

The Company has demonstrated leadership in corporate governance by proactively implementing the revised Corporate Governance Rules introduced by the Colombo Stock Exchange (CSE) under Section 9 in 2023. While the legal requirement mandates a phased implementation in 2024, the Company ensured full compliance throughout the year. Details of the compliance status are provided on page 187.

Focus Area 2 Ongoing SLFRS 17 Implementation for Enhanced Financial Transparency

The SLFRS 17 project remains a key regulatory initiative for Softlogic Life, with its effective date set for January 1, 2026. The company continues to make steady progress in aligning its financial reporting framework with the new standard to enhance transparency and comparability of its insurance operations. For detailed updates on the project, refer to 190 on page 191.

Focus Area 3 Elevating Data Privacy Standards Ahead of PDPA

With the Personal Data Protection Act (PDPA) set to take effect in September 2025, Softlogic Life has made significant progress in its implementation. A dedicated working group completed a high-level regulatory assessment, implemented privacy notices, updated agreements, and refined policies. The appointment of a Data Protection Officer further reinforces the company's commitment to compliance and data security.

4. FUTURE-READY GOVERNANCE FOR SLFRS 17

4.1 INTRODUCTION

Building on our ongoing efforts toward SLFRS 17 implementation, we are making steady progress toward full compliance well ahead of the January 1, 2026, effective date. SLFRS 17 replaces SLFRS 4, introducing a more consistent and transparent framework for insurance contract accounting. This new standard enhances comparability across the industry by standardising how insurance contracts are measured and reported, providing stakeholders with greater clarity on financial performance and risk exposure.

As part of our commitment to regulatory compliance and financial reporting excellence, we have made steady advancements in key areas of the project. This update provides insights into our progress, challenges addressed, and the next steps as we move closer to the implementation deadline.

4.2 GOVERNANCE STRUCTURE

The SLFRS 17 implementation project at Softlogic Life continues to be overseen by a well-defined governance structure, ensuring effective decision-making, risk management, and accountability. This structure remains consistent with previous years, maintaining strong oversight and strategic direction.

At the core of the governance framework is the Softlogic Life SLFRS 17 Steering Committee, which comprises key senior executives, including:

- Chief Financial Officer (CFO)
- Chief Actuarial Officer (CAO)
- Chief Information Officer (CIO)
- Chief Technical Officer (CTO)

Supporting the Steering Committee is a dedicated working group that includes representatives from all relevant departments. This group plays a crucial role in executing project-related activities, ensuring alignment with SLFRS 17 requirements, and addressing operational challenges.

The Steering Committee reports directly to the Managing Director while also providing regular updates to the Audit Committee and the Board of Directors. This ensures that key stakeholders are continuously informed on project implementation, financial and operational impacts, and any emerging risk areas, enabling timely decision-making and strategic oversight.

4.3 ENHANCED DATA GOVERNANCE AND DISCLOSURE FRAMEWORK

Data governance is crucial under SLFRS 17 to ensure accuracy, consistency, and transparency in handling the highly detailed data required for compliance. To meet these demands, the Company has implemented robust controls, including cohort-level segmentation and profit testing, ensuring data integrity while supporting the long-term sustainability of the business model.

Effective data governance not only ensures compliance with SLFRS 17 but also facilitates the fulfilment of its comprehensive disclosure requirements.

4.4 STRUCTURED TARGET OPERATING MODEL

As part of the governance framework under SLFRS 17, the Company is developing a Target Operating Model (TOM) to enhance financial reporting and compliance. This model is designed to standardise processes, improve data accuracy, and ensure alignment with regulatory expectations. Once implemented, TOM will enable the Company to generate detailed financial reports that meet both regulatory and management reporting requirements.

4.5 PROGRESS ON SLFRS 17 IMPLEMENTATION

In 2024, Softlogic Life successfully implemented the SLFRS 17 calculation engine following a rigorous vendor selection process to ensure the most suitable system was chosen. Additionally, the Company engaged actuarial and accounting consultants, with Board approval, reinforcing strong governance and strategic alignment.

Key milestones achieved include technical analysis and evaluation of accounting policy choices, shaping a robust financial reporting framework. The finalisation of accounting positions is in progress, establishing policies that will enhance transparency, standardisation, and profit recognition.

Looking ahead, system roll-out, preparation of transition financial statements, and execution of parallel runs remain on track for completion. With major milestones achieved as planned, the Company remains confident in meeting the go-live target of 1st January 2026.

4.6 THREE-TIER GOVERNANCE FRAMEWORK

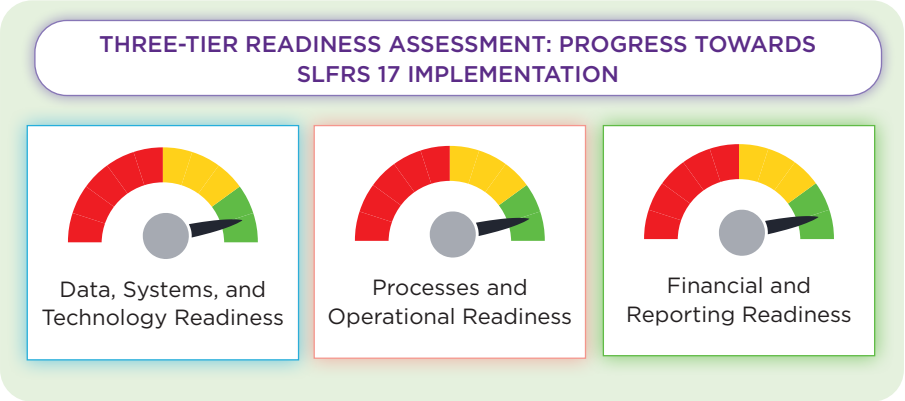
Softlogic Life's SLFRS 17 implementation is guided by a structured three-tier governance framework, ensuring compliance, transparency, and operational efficiency. This framework provides a disciplined approach to managing data, processes, and financial reporting. The approach focuses on:

1. **Data, Systems, and Technology Readiness –**
Strengthening data governance, system integrity, and technology readiness.

2. **Processes and Operational Readiness –**
Standardising processes to ensure smooth operational transitions and compliance.

3. Financial and Reporting Readiness –
Enhancing financial reporting to meet regulatory and disclosure requirements.

This governance-driven approach addresses compliance challenges and supports long-term sustainability. Additionally, key focus areas and relevant response updates are elaborated separately under the 'Governance and Control Strategies for SLFRS 17' section of this report.



KEY FOCUS AREAS AND UPDATES UNDER THE THREE-TIER GOVERNANCE FRAMEWORK OF SLFRS 17

GOVERNANCE TOPIC	KEY FOCUS AREA	RESPONSE UPDATE
Data, Systems, and Technology Readiness	Ensure data availability, granularity, and integrity.	Required data is available
	Implement SLFRS 17-compliant systems for calculation, storage, and reporting.	SLFRS 17 calculation engine is installed
	Integrate actuarial, accounting, and reporting systems.	System changes identified and implementation is in progress
Processes and Operational Readiness	Redesign accounting and actuarial processes to align with SLFRS 17	Planning for process changes
	Define workflows for measurement and disclosures.	Design of measurement policies is in progress
	Develop controls, reconciliations, and governance frameworks	Control framework testing to be performed
Financial and Reporting Readiness	Prepare for SLFRS 17 financial statements and disclosures.	Disclosure requirements identified
	Ensure alignment between finance, risk, and actuarial teams.	Cross-functional workshops to be arranged
	Conduct parallel runs and impact assessments on P&L and balance sheets	Completed with parallel runs

5. BOARD LEADERSHIP IN GOVERNANCE

BOARD OVERVIEW

The Board of Directors of Softlogic Life Insurance PLC plays a pivotal role in governance and leadership, upholding ethical standards, transparency, and accountability. It is responsible for setting the company's strategic direction, defining risk appetite, and overseeing performance while ensuring effective resource use and compliance with industry standards.

Additionally, the Board supervises internal controls and risk management frameworks, ensuring seamless alignment with strategic goals to maintain operational integrity and resilience. The Board is also committed to sustainability, integrating environmental, social, and governance (ESG) priorities into decision-making.

The Board ensures that Directors act in stakeholders' best interests, acting with integrity while leveraging their deep industry expertise. Through strategic foresight and collaborative leadership, the Board has positioned Softlogic Life as a benchmark for governance excellence in Sri Lanka's insurance sector.

Balanced Governance Structure

The Board is designed to ensure effective and accountable governance. With a majority of Non-Executive Directors (7 out of 8), their views and opinions have significant influence, while one-third of the Board comprises Independent Non-Executive Directors, ensuring impartiality in decision-making. Refer composition of Board on page 196-197

Separation of the Roles of Chairman and Managing Director

The Company maintains governance best practices by clearly separating the roles of Chairman and Managing Director. This distinction enhances balanced decision-making, authority, and accountability, preventing excessive concentration of influence within the Board. The distinct responsibilities of the Chairman and Managing Director are outlined in detail on page 194.

Dynamic Board Expertise

The Board brings a wealth of knowledge and experience, with Directors offering insights across various industries, as mentioned on page 196-197. This diverse expertise fosters well-rounded discussions, innovation, and informed decision-making. By integrating multiple perspectives, the Board remains agile in navigating complex challenges, driving long-term growth, and ensuring success in a constantly evolving business landscape.

Financial Acumen of the Board

The Board, with a wealth of financial expertise, ensures strong oversight, fostering sustainable growth and investor confidence. The Directors' statement on financial reporting responsibility on pages 229–230 reaffirms their commitment to accountability.

Fit and Proper Assessment

The Board of Softlogic Life Insurance PLC conducts the Fit and Proper Assessment per Section 9 of the CSE Listing Rules, ensuring that all Directors and the Managing Director meet the required standards of integrity, competence, and financial soundness. This reinforces the company's commitment to ethical leadership, regulatory compliance, and strong governance.

Efficient Board Operation

The Board of the Company follows a structured and transparent governance process, supported by a dedicated Company Secretary. Meetings are well-documented, with senior management providing regular strategic insights to ensure informed decision-making. Additionally, a Directors' and Officers' Liability Insurance Policy safeguards against potential risks, reinforcing the Board's effectiveness and confidence in governance.

Seeking Independent Professional Advice

The Board is authorised to obtain independent professional advice from external experts when necessary, ensuring well-informed and objective decision-making. Access to specialised expertise enhances the Board's ability to address complex matters effectively. To support this, the Company fully reimburses any professional service fees incurred, demonstrating its commitment to strong governance, transparency, and sound strategic oversight.

5.1 POWERS, ROLES AND RESPONSIBILITIES OF THE BOARD (PRINCIPLES A.1.2 TO A.1.7)

The Board has been vested with substantial authority by the Company, enabling it to effectively govern the organisation in accordance with its designated roles, responsibilities, and obligations as stipulated in the Articles of Association and the Companies Act No. 7 of 2007. This authority is both significant and carefully regulated, ensuring the Board can fulfil its duties with efficiency and accountability.

Role of the Board

- Safeguard the interests of shareholders by overseeing Company's strategic direction.
- Provide strategic direction to Management to ensure the successful implementation of business strategies.
- Establish and uphold a strong governance structure to maintain and promote sustainable value creation for shareholders and other stakeholders.
- Ensuring adherence to regulatory frameworks and internal policies.
- Regularly evaluate the Company's overall performance to ensure alignment with strategic objectives.

GRI 2-16

Responsibilities of the Board

The Board of Directors provides strategic leadership within a framework of prudent and effective controls that assess and manage risks. Its key responsibilities align with corporate governance principles and business sustainability, ensuring long-term value creation.

1. Strategic Leadership, Risk, and Governance:

- Drive long-term strategy aligned with ESG risks to secure sustainable value.
- Establish a governance framework with dedicated Sub-Committees for enhanced oversight.
- Implement integrated reporting to boost transparency and stakeholder engagement.
- Maintain resilient systems for data integrity, cybersecurity, business continuity, and risk management.
- Ensure ongoing compliance with legal, ethical, and regulatory standards.

2. Financial Oversight and Performance Monitoring:

- Authorise budgets and capital expenditures to ensure fiscal discipline and strategic investment.
- Define financial authority and enforce robust internal controls.
- Uphold strict compliance with LKAS/SLFRS and accounting standards.
- Approve financial statements that accurately reflect the company's position.
- Monitor performance via KPIs and audits to ensure regulatory compliance.

3. Leadership Development and Succession Planning:

- Appoint and evaluate the MD and senior management for leadership excellence.
- Ensure leaders have the necessary expertise and strategic vision.
- Implement a robust succession plan for key roles to guarantee continuity.

4. Technology, Digital Transformation, and Innovation:

- Align the ICT roadmap with business strategy to drive digital transformation.
- Oversee AI, automation, and digital innovations to maintain a competitive edge.
- Enhance cybersecurity and data privacy to protect critical assets.

5. Stakeholder and Compliance Management:

- Ensure full compliance with IRCSL and relevant regulatory frameworks.
- Integrate ESG risks and sustainability into the core business strategy.
- Maintain transparent, timely disclosures to build stakeholder trust.
- Strengthen operational soundness to safeguard policyholders, shareholders, and other stakeholders.

2024 Update

- The Board has defined and is actively executing a long-term strategy that aligns key initiatives with ESG risks to secure sustainable value. (Detailed measures are outlined on pages 91-96).
- The Board has established a robust governance framework with dedicated Sub-Committees. Refer page 203 for Board Sub-Committee meetings.
- Legal and compliance reviews discussed in Board meetings (Refer Audit Committee Report on pages 235-238).
- In 2024, major capital expenditures, including those incurred for SLFRS 17 implementation and budgets were reviewed and approved through various Board resolutions.
- Conducted Extraordinary General Meeting and passed the resolution of Share repurchase option in 2024.
- The Board approved interim and annual financial statements that accurately reflect the company's financial position.
- Financial Performance, KPI, and budget reviews presented at Board meetings in 2024.
- MD and KMP performance evaluations conducted and documented (Refer page 195).
- Succession planning reviewed and executed by the Nominations and Governance Committee.
- Targeted training programs and leadership development workshops implemented.
- Developed an ICT roadmap aligned with business goals and digital transformation strategies.
- Deployed chatbots and virtual assistants to enhance customer service.

5. BOARD LEADERSHIP IN GOVERNANCE

GRI 2-12

Roles of Key Governance Positions

1 The role of Chairman (Principles A.2 and A.3)

- Provides decisive and impartial leadership to guide the Board effectively.
- Upholds good governance and Board control over company affairs.
- Facilitates the effective discharge of Board duties and responsibilities, ensuring directors fulfil their roles while initiating self-assessment processes to enhance effectiveness and operational efficiency.
- Ensures order and seamless Board operation while presiding over meetings, fostering active participation, and ensuring proper execution of proceedings.
- Encourages director participation, promoting inclusivity while ensuring Board practices align with governance principles to safeguard stakeholder interests.

2 The role of Managing Director (Principles A.2 and A.3)

- Translates Board-approved strategies into actionable plans, ensuring corporate objectives are met.
- Manages daily operations, leads the management team, and optimises resource allocation for efficiency and profitability.
- Oversees risk management, internal controls, cybersecurity, and regulatory compliance, escalating critical issues to the Board.
- Collaborates with the Chairman and Board, providing timely updates on performance, strategy, and key challenges while ensuring effective communication.
- Represents the company to stakeholders, aligning operations with their interests and integrating ESG principles into strategy.
- Fosters accountability, innovation, and ethical conduct, mentoring management and ensuring leadership succession.

3 The role of Independent Non-Executive Directors (Principles A.3.1, A.5 and A.5.1)

- Upholds independence and impartiality, ensuring unbiased objective decision-making.
- Provide neutral perspectives to mitigate conflicts of interest, protecting stakeholder and policyholder interests.
- Offers strategic insights to align business objectives with long-term sustainability.
- Challenges and supports management in performance assessment and accountability.
- Enhances reputation by bringing diverse leadership experience and credibility.
- Elevates governance through active participation in Board Sub-Committees on risk, audit, and compliance.

4 The role of Company Secretary (Principles A.1.4)

- Ensures smooth information flow between the Board, management, and stakeholders.
- Ensures that Board meetings, AGMs, and EGMs are conducted in accordance with the Articles of Association, the Board Charter, and relevant legislation.
- Prepares agendas with the Chairman and MD, aligning discussions with strategic priorities.
- Coordinates Board papers, memoranda, presentations, and accurate recording of meeting minutes.
- Maintains statutory registers and ensures timely filing of statutory returns.
- Communicates with regulators, shareholders, and the CSE, ensuring transparency.
- Oversees related party disclosures and facilitates legal and professional advice.
- Promotes corporate governance best practices and ensures regulatory compliance.
- Manages financial reporting, including Annual and interim reports.

GRI 2-18

5.2 EVALUATION OF BOARD AND BOARD SUB-COMMITTEE PERFORMANCE (PRINCIPLES A.9)

The Board conducts periodic assessments to ensure its effectiveness and alignment with the responsibilities outlined in the Board Charter, in line with Principle A.9 of the Code of Best Practice on Corporate Governance 2023. This evaluation process includes a formal annual self-assessment, where the Board of Directors evaluates its collective performance, as well as that of individual members, committees, and leadership roles, in compliance with CSE Listing Rule Section 9. Each Director is required to complete Performance Evaluation Forms, incorporating relevant criteria specified in the Board Performance Evaluation Checklist.

The Company Secretary compiles these responses and submits them to the Nominations and Governance Committee for review and recommendations, as per CSE Listing Rule Section 9. The Nominations and Governance Committee, which is responsible for overseeing this process in accordance with its written terms of reference, reviews the results of these self-assessments and compiles the collective findings. Based on the evaluation outcomes, the Committee provides recommendations to the Board on areas requiring improvement, including skills balance, governance processes, director engagement, and strategic oversight, ensuring that Board composition aligns with the company's needs in compliance with code and listing rules.

This structured review process ensures that the Board maintains accountability, transparency, and continuous development, in line with the company's corporate governance framework.

BOARD EVALUATION PROCESS

1 Self-Assessment & Performance Review

- The Board, Committees, Chairman, and Directors conduct an annual self-assessment.
- Directors evaluate their engagement, contribution, and governance role.
- A 360-degree appraisal is conducted for Executive Directors and key management.

2 Independent Evaluation by the Nominations & Governance Committee

- The committee compiles self-assessment results and reviews board effectiveness.
- Evaluates governance structures, skills balance, and director performance.
- Identifies and addresses issues to enhance Board effectiveness.
- Findings are discussed in Board meetings.

3 Recommendations & Action Plan

- The committee presents findings and recommendations to the Board.
- Suggests improvements in governance, training, succession, and strategy.
- The Board approves necessary actions for effectiveness.

4 Disclosure & Continuous Improvement

- The evaluation process is documented and disclosed in the Annual Report.
- Findings improve governance, decision-making, and Board development.

5. BOARD LEADERSHIP IN GOVERNANCE

Figure: Board Composition



Mr. Ashok Pathirage
Chairman
Age: 60
(Appointed 9 July 2011)

Sub-Committee Membership

H I N

Skills and Experience:
Experience in managing over 50 companies in Retail, Healthcare, Services, Telecommunications, Financial Services, IT, Leisure, Aviation and Automotive Industry.



Mr. Iftikar Ahamed
Managing Director
Age: 62
(Appointed 9 July 2011)

I

Skills and Experience:
More than 30 years of experience in Financial Services and Banking industries in Sri Lanka as well as overseas.



Mr. Haresh Kaimal
Director
Age: 59
(Appointed 7 March 2018)

Skills and Experience:
His experience spans over 30 years in ICT sector in Management of IT and Operations.



Ms. Fernanda Lima
Director
Age: 52
(Appointed 21 December 2018)

R I

Skills and Experience:
Her experience includes Financial Services and investment in emerging markets for over 20 years.

A Audit Committee R Risk Committee H Human Resource and Remuneration Committee

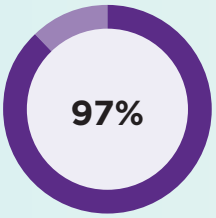
POWER BALANCE

8 Members

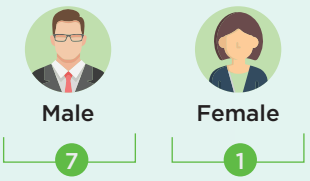


Executive Director | Non-Executive Directors | Independent Non-Executive Director

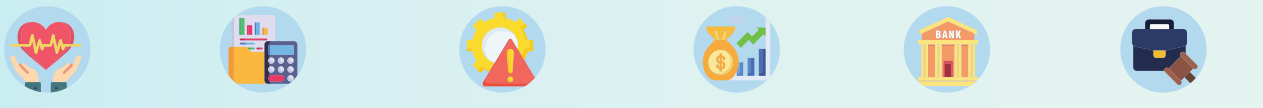
Board Meeting Attendance



Gender



Skills and Experiences / No. of Directors



Insurance	Accounting and Finance	Risk Management	Economics	Banking	Corporate and Commercial Law
4	6	5	2	6	2

GRI 2-9 2-12



Mr. V. Govindasamy
Director
Age: 60
(Appointed 16 January 2020)

A H I T N

Skills and Experience:
He has experience in management in the sectors of Plantations, FMCG, Renewable Energy.



Mr. Raimund Snyders
Director
Age: 60
(Appointed 2 May 2020)

A R I T

Skills and Experience:
He has management experience of over 28 years in Financial Services, Wealth and Investment Management.



Mr. Sanjaya Mohottala
Director
Age: 48
(Appointed 01 July 2021)

I

Skills and Experience:
He has experience in Corporate Finance, Automation, Digitisation, Sales and Marketing.



Mr. Lalith Withana
Director
Age: 63
(Appointed 01 July 2021)

A H T N R

Skills and Experience:
He has management experience of over 25 years in Banking, Manufacturing & Trading sectors.

I Investment Committee
T Related Party Transactions Review Committee
N Nominations and Governance Committee

Age



Below 55
2



Above 55
6

Tenure



Below 8 Years
6



Above 8 Years
2

Nationality



Local
6



Foreign
2



Information Technology
2



International Experience
2



General Management
8



Executive Leadership
1



Sales and Marketing
2



Project Management
1

5. BOARD LEADERSHIP IN GOVERNANCE

GRI 2-19 2-20

Evaluation of Board Sub-Committees (Principle A.9.2)

The Company conducts an annual evaluation of its Board Sub-Committees to ensure they function effectively and efficiently, in compliance with Code of Best Practice on Corporate Governance 2023 and CSE Listing Rule Section 9. This evaluation assesses the structure, composition, performance, and effectiveness of each Sub-Committee in discharging its responsibilities as outlined in its respective Charter.

Additionally, the results of the assessment are reviewed by the Nominations and Governance Committee, which provides recommendations for enhancements to the Board.

The Board Sub-Committee evaluations for the year 2024 are detailed on pages 235–248 of this report, ensuring transparency and accountability in the corporate governance framework.

Evaluation of the Managing Director (Principles A.11)

At the beginning of each fiscal year, the Board, in consultation with the MD, sets financial and non-financial targets that align with the company's short, medium, and long-term objectives. These targets encompass key areas, including financial growth, operational efficiency, regulatory compliance, customer satisfaction, innovation, and sustainability (ESG initiatives), all of which are essential to the success of the company.

At the end of the fiscal year, the Board formally evaluates the MD's performance against these targets. If any objectives are not met, the Board reviews the circumstances to determine whether the shortfall was reasonable and justifiable, considering external market conditions and internal business challenges.

Following this evaluation, in line with Listing Rule, the HR and Remuneration Committee reviews and recommends the remuneration payable to the MD, including performance-based incentives and variable pay components. The HR and Remuneration Committee ensures that the MD's compensation structure aligns with performance outcomes, corporate strategy, and shareholder expectations, as per CSE Listing Rule Section 9.

5.3 BOARD REMUNERATION (PRINCIPLES A.9)

The Company has established a formal, structured, and transparent remuneration procedure that ensures the attraction and retention of high-performing, qualified, and experienced directors who possess the expertise necessary to drive corporate strategic goals.

The Human Resource and Remuneration Board Sub-Committee structures the remuneration framework for both Executive and Non-Executive Directors, benchmarking it regularly with the market to ensure remuneration levels including performance-based incentives and post-employment benefits to remain competitive and aligned with industry best practices. The committee operates under clearly defined terms of reference and follows structured, objective, and transparent procedures in determining remuneration.

The HR and Remuneration Committee consults the Chairman, Managing Director (MD), and other key stakeholders when structuring executive remuneration. The committee has access to both internal and external professional expertise to ensure that remuneration structures are properly benchmarked, performance-linked, and aligned with corporate goals.

The committee is chaired by an Independent Non-Executive Director and consists entirely of Non-Executive Directors, with a majority (2/3) being independent.

Level and Structure of Remuneration

The remuneration of HR and Remuneration Committee members is determined by the Board ensuring that no director participates in setting their own remuneration, thereby mitigating potential conflicts of interest.

Remuneration is structured to reflect directors' skills, experience, responsibilities, and strategic contributions to the Board. The Company recognises all Directors as Key Management Personnel (KMPs), with their remuneration determined in alignment with corporate performance and long-term sustainability objectives in accordance with the remuneration policies of the Company.

Disclosure of Remuneration (Principles B.3)

The breakdown of remuneration paid to Directors is disclosed among the other disclosures regarding remuneration on page 298 in the Annual Report. Remuneration Policy and other key aspects relating to the remuneration of the Directors, senior Management and all employees. Please refer to the Human Resources and Remuneration Committee Report on pages 241-242.

5.4 MAINTAINING THE INDEPENDENCE OF THE BOARD (PRINCIPLES A.5.4 TO A.5.7)

Criteria in Determining the Independence of the Board of Directors

Independence of the Board members are determined based on the CSE listing rule Section 9 and CA Corporate Governance Code 2023.

The analysis of independence criteria for each Director is presented on page 199.

Submission of Independence Declaration

In 2024, all Directors have submitted their formal annual declarations of independence applicable regulations in compliance with CSE Listing Rule Section 9 and Code of Best Practice

on Corporate Governance 2023 issued by CA Sri Lanka.

The Board has thoroughly evaluated these declarations along with other relevant information at its disposal to determine each director's independence in character and judgment. This assessment ensures adherence to the established independence criteria, including potential relationships or circumstances that may affect, or appear to affect, a director's judgment.

All directors' independence has been determined strictly in accordance with the conditions set out in the Listing Rules and the CA Governance Code, with no exceptions applied.

Assessment of Independence

Directors are required to conduct a self-assessment to identify any potential or actual compromises to their independence. This assessment includes evaluating any personal or professional relationships or material interests that may create, or appear to create, a conflict of interest or impair their ability to exercise unbiased judgment.

As part of the Board's oversight process, these self-assessments are reviewed alongside other relevant information to ensure full compliance with the independence criteria outlined in the Code of Best Practice on Corporate Governance 2023 and applicable regulations.

Availability of Information on Board Independence

Shareholders have the right to request and inspect details of companies where Board members hold directorships or Board Committee positions. These records are maintained by the Company Secretary and are made available for shareholder review upon request, ensuring transparency and accountability in corporate governance.

This process reinforces the company's commitment to good governance practices by allowing shareholders to assess potential conflicts of interest and the independence of Board members.

Independence of Directors as at 31st December 2024

Name of the Director	Employment by the Company	Material Business Relationship	Close family member is a KMP	Significant Shareholding	Consecutive service of nine or more years	Business Relationship	Director of another Company	Shareholder in another Company	70 Years of Age
	1	2	3	4	5	6	7	8	9
Mr. Ashok Pathirage	✓	✓	✓	×	×	×	×	×	✓
Mr. Ifthikar Ahamed	×	✓	✓	✓	×	×	×	✓	✓
Mr. Haresh Kaimal	✓	✓	✓	✓	✓	✓	×	×	✓
Mrs. Fernanda Lima	✓	✓	✓	✓	✓	✓	×	✓	✓
Mr. V. Govindasamy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Raimund Snyders	✓	✓	✓	✓	✓	✓	×	✓	✓
Mr. Sanjaya Mohottala	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Lalith Withana	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ Independence Criteria are met × Independence Criteria are not met

Review and Dealing with Conflict (Principle D.6)

The Board of Directors is responsible for reviewing and assessing each case of conflict of interest, ensuring that the independence of character and judgment of the Director concerned remains uncompromised.

To uphold Director independence and mitigate conflicts of interest, the Company has implemented a Three-Way Approach, which ensures continuous oversight at key stages:

Three-way Approach to Eliminate Conflict of Interest

Pre-Appointment Review
Initial assessment of potential conflict before appointment

Ongoing Assessment
Continuous disclosure of emerging conflict during tenure.

Board Meeting Oversight
Regular reviews conducted in Board Meetings to address new conflict

5. BOARD LEADERSHIP IN GOVERNANCE

5.5 PROFESSIONAL DEVELOPMENT OF THE BOARD

The Board recognises the importance of continuous professional development to enhance its knowledge, expertise, and effectiveness in governing the Company. Regular reviews are conducted to assess the learning and development needs of Directors, ensuring they are well-equipped to fulfil their fiduciary responsibilities and contribute effectively to strategic decision-making (Principle A.1.5 and A.1.8).

To support this, Directors have access to:

Independent Professional Advice: Directors may seek independent professional advice at the Company's expense whenever deemed appropriate and necessary to support their decision-making and governance responsibilities (Principle A.1.3).

Internal and External Resources: The Board has direct access to Company Secretaries, Corporate and Sales Management, External and Internal Auditors, industry experts, and other external professional service providers for insights and guidance (Principle A.1.4, A.6.1).

Financial and Performance Information: Directors receive regular updates on financial plans, including budgets, forecasts, and periodic performance reports, enabling informed decision-making and oversight (Principle A.6.1, A.6.2).

Regulatory and Best Practice Updates: The Company ensures Directors are kept informed of changes in relevant regulations, corporate governance best practices, risk management principles, and emerging industry trends that require Board attention (Principle A.1.2, A.1.8).

Ongoing Training and Business Insights: The Board participates in regular training programs, workshops, and presentations conducted by Corporate Management and external subject matter experts, covering key aspects of the business environment, risk landscape, and strategic opportunities (Principle A.1.8).

Latest Professional Development Events Held

The Board received an overview of SLFRS 17 design and implementation, including key actions for a smooth transition. Members also participated in a demonstration of diverse insurance products, assessing their financial and operational impact post-implementation. Additionally, the Board was briefed on the share repurchase option, its implications, benefits, and relevant regulatory requirements.

Empowering the Board through Continuous Learning

At our Company, we foster a culture of continuous learning and strategic growth to ensure the Board remains well-equipped to navigate an ever-evolving business landscape.

The Management regularly updates the Board on major economic shifts, regulatory changes, and governmental policies that may impact business operations and actively participates in brainstorming sessions, exploring emerging business opportunities, innovative risk management strategies, and competitive market trends.

As regulatory environments evolve, the Management ensures that the Board is promptly informed of any new laws, directives, or governance best practices, enabling proactive compliance and strategic decision-making.

5.6 APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

Appointment (Principle A.7.1)

New Board appointments follow a formal, transparent, and structured process, governed by the Articles of Association and the Company's corporate governance policies, ensuring compliance with best practices in corporate governance and regulatory requirements. This process aligns with CSE Listing Rule Section 9, which mandates that Listed Entities maintain a formal procedure for the appointment of new Directors through the Nominations and Governance Committee.

The appointment process is conducted in the following steps:

Step 1: Board Assessment – Evaluate Board expertise, experience, and diversity.

Step 2: Requirement Determination – Identify the need for new skills or expertise.

Step 3: Candidate Evaluation – Assess qualifications, experience, and compliance.

Step 4: Board Recommendation – Submit shortlisted candidates for approval.

Step 5: Selection & Approval – Finalise appointment with Board and shareholder consent.

Step 6: Public Disclosure – Announce the appointment to the market and stakeholders.

Reasoning Behind New Board Appointments:

Strategic Expertise Alignment: Ensuring the Board possesses the skills, expertise, and industry experience necessary to drive the Company's long-term strategic vision and enhance decision-making capabilities.

Enhancing Board Performance and Effectiveness: Strengthening the Board's overall governance, leadership, and risk oversight to improve corporate performance and responsiveness to emerging market challenges.

Addressing Skill Gaps and Diversity Needs: Identifying and appointing Directors with specialised knowledge or expertise that may be underrepresented on the Board, such as financial, regulatory, digital transformation, or risk management expertise.

Ensuring a Rigorous Selection Process: Implementing a comprehensive evaluation to identify candidates who demonstrate integrity, independence, and strategic insight, ensuring alignment with the Company's governance framework and stakeholder interests.

Resignation (Principle A.8.3)

In the event that a Director resigns before completing their appointed term, the resigning Director must submit a formal written communication to the Board, stating their decision to resign and providing a clear justification for the resignation. The Board shall review and document the resignation, ensuring that any governance, regulatory, or succession planning implications are addressed, and the resignation will be promptly disclosed to relevant stakeholders, including the Colombo Stock Exchange (CSE), shareholders, and regulatory bodies, as required.

Summary of Board Appointments, Retirements and Resignations During 2024

No Board appointments, retirements and resignations were reported during 2024.

Re-election of Directors (Principle A.8)

The re-election of Directors is conducted in accordance with the Articles of Association and the Code of Best Practice on Corporate Governance 2023 ensuring a transparent and structured process that upholds shareholder rights and governance integrity.

Re-Election Process:
All Directors, including the Chairman, are subject to election or re-election by shareholders at the first opportunity following their appointment. Thereafter, they must stand for re-election at intervals not exceeding three years.

Rotation and Re-Election of Non-Executive Directors:
The longest-serving Non-Executive Director will offer themselves for re-election by shareholders, based on their tenure since the last appointment or re-election.

This re-election is subject to Board approval to ensure continued alignment with the Company's strategic needs, governance requirements, and performance expectations.

Newly Appointed Directors:
Any Director appointed during the year will step down at the first AGM following their appointment and shall be available for re-election by shareholders at the same meeting.

Disclosure of Directors for Re-Election:
Details of Directors seeking re-election at the AGM on 28th March 2025 are provided in the Notice of the Meeting (page 414).

Board Induction (Principle A.1.8)

A comprehensive induction program is in place for all newly appointed Directors, ensuring they gain a deep understanding of the Company's governance framework, strategic direction, operations, and responsibilities which is facilitated by the Company Secretary.

Below five-step induction framework ensures that Directors integrate effectively into the Board, enabling them to uphold strong governance practices, strategic leadership, and informed decision-making in line with the Best Practice.

Step 1: Introduction to Business & Leadership (A.1.8, A.1.2)

- Newly appointed Directors are introduced to the Company's business model, industry landscape, and Senior Management team.
- Overview of key strategic objectives, financial position, and market positioning.

Step 2: Corporate Values & Ethical Framework (A.1.3, A.1.5)

- Directors are familiarised with the Company's values, corporate culture, and ethical expectations.
- Detailed briefing on the Code of Conduct, conflict of interest policies, and governance best practices.

Step 3: Governance Framework & Regulatory Compliance (A.1.4, A.7.1)

- Introduction to regulatory directions of the IRCSL.
- Explanation of the Company's governance framework, Articles of Association, Board Charters and Corporate governance procedures.

Step 4: Director Responsibilities & Legal Obligations (A.1.2, A.1.6)

- Overview of Directors' fiduciary duties, legal obligations, and governance responsibilities.
- Explanation of the legislative and regulatory environment, including risk management, compliance, and financial reporting standards.

Step 5: Operational & Strategic Familiarisation (A.6.1, A.6.2)

- Directors gain in-depth insights into the Company's operations, business strategy, and internal control mechanisms.
- Detailed briefing on risk management frameworks, audit functions, and financial oversight processes.

In addition to the Board Induction Program, newly appointed Directors will actively participate in Company Strategy Meetings, where the Management provides insights into key business areas, strategic priorities, and operational challenges. These sessions enhance the new Director's understanding of the Company, fostering a stronger engagement with leadership and enabling them to contribute informed perspectives and strategic insights with confidence.

5.7 BOARD MEETINGS

The Board of Directors convenes at the Board Meetings where they may bring their diverse knowledge and experience to bear on various topics under discussion.

The Board is informed about all Board Meetings at the beginning of each year and every Director is given the opportunity to include matters of concern in the agenda.

Information Supply to the Board

Information provided to the Board is of required quality and substance that will enable them to adequately execute their duties.

Information for the Board is uploaded into a mobile application, on a monthly basis, through which Directors are able to view the Board packs and Board papers provided by the management, request additional information and provide their comments and feedback.

All Directors have independent access to the Company Secretary and the discretion to obtain external advice.

The Board Meeting Preparation Process

The Company maintains an efficient and effective process in preparing the Board members for the Board meetings of the Company. In certain situations, where additional Board meetings are required for the discussion of specific issues or topics for urgent matters, these papers are submitted at short notice as an exception to the ordinary Board meeting process.

1. The Chairman prepares the agenda for the meeting in consultation with the Managing Director, Directors and Company Secretary.

2. The Notice of Meeting, Agenda and Board Papers are circulated among the Board members, 07 days in advance by the Company Secretary.

3. Board members utilise the period of the advance notice to review the information, request additional information, study the agenda and prepare for the Board meeting.

Meeting Agenda Circulation

Board meetings and all Sub-Committee meetings receive their agendas one week prior to the meeting date with the exception of the Board Risk Sub-Committee meeting, for which, agendas are given two weeks in advance.

Activities during the Board Meeting

The Board takes on issues under consideration and has access to Key Management Personnel during the

Board meeting, who are called in by the Board for matters relating to their respective areas.

The Directors are also able to join virtually via telephone or video conference calls.

- **The Chairman** facilitates constructive communicate between all Directors at Board meetings while maintaining a balance of power between Executive and Non-Executive Directors. He also ensures effective participation and contribution from all the Directors within their respective capabilities.
- **The Sub-Committee Chairman** provide updates on the matters discussed at the Sub-Committee meetings.
- **The Managing Director** gives a complete and comprehensive update on the operations and financial performance of the Company as well as on industry trends and developments, as required.
- **The Company Secretary** attends the Board meetings, ensures that the applicable rules and regulations are complied with and records the Board meeting Minutes.

Activities after the Board Meeting

The Board follows up and demands information on issues that were brought up at the Board minutes. The information is shared through the Company Secretary by the KMPs of the relevant areas as well as the Directors will be familiarised in any areas of the business operation if the requirement arises.

Any absentee for a meeting would be briefed on the meeting proceeds via circulation of the Board meetings which is done two weeks after the Board meeting took place, by the Company Secretary.

Board Attendance During 2024

The Board met four (4) times during the year. The Board is aware of its Directors' other commitments and is satisfied that all Directors allocate sufficient time to enable them to discharge their responsibilities at Softlogic Life effectively.

Table: Director Participation in Board Meeting and Sub-Committee Meetings ("Attended/Eligible" basis)

	Board Meetings	Audit Committee	Risk Committee	HR and Remuneration Committee	Related Party Transactions Committee	Investment Committee	Nominations and Governance Committee
Independent Non-Executive Directors							
Mr. Sanjaya Mohottala	1/4					1/4	
Mr. Lalith Withana	4/4	4/4	4/5	2/2	4/4		1/1
Mr. V. Govindasamy	4/4	4/4		2/2	4/4	4/4	1/1
Non-Executive Directors							
Mr. Ashok Pathirage	4/4			2/2		4/4	1/1
Mr. Haresh Kaimal	4/4						
Mrs. Fernanda Lima	4/4		5/5			4/4	
Mr. Raimund Snyders	4/4	4/4	5/5		4/4	4/4	
Executive Directors							
Mr. Ifthikar Ahamed	4/4					4/4	
Total Meeting Attendance	97%	100%	93%	100%	100%	88%	100%

Key Activities of the Board During 2024

Key activities carried out by the Board during 2024 has been discussed on page 193.

5.8 BOARD SUB-COMMITTEES

The Company maintains six Board Sub-Committees consisting delegated functions, responsibilities and powers of the Board. The Sub-Committee Chairman is accountable for effective functioning and report to the Board.

Functioning of Sub-Committees

Through the Sub-Committees, the Board is able to deal effectively with complex or specialised issues with strong governance. These issues are researched thoroughly and analysed by the Sub-Committees.

This frees up more time at Board meetings for regular business and enable better communicate between committee members and staff as well as community members on specific topics.

Each Sub-Committee has its own terms of reference and activities included in Sub-Committee reports from pages 235-248.

The Board Secretary acts as the Secretary to each of the Sub-Committees.

5. BOARD LEADERSHIP IN GOVERNANCE

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Figure: Board Sub-Committee Details

AUDIT COMMITTEE

Members	Number of Meetings
Mr. Lalith Withana ✓	4/4
Mr. V. Govindasamy	4/4
Mr. Raimund Snyders	4/4

Committee Objectives

Provide assistance to the Board in overseeing the Governance, Financial Reporting, Internal Audit, External Audit, Accounting Policies and Internal Control aspects of the Company.

Committee Attributes

- 100% Attendance
- 67% Independent Directors Representation
- Refer pages 235-238 for details

RISK COMMITTEE

Members	Number of Meetings
Mr. Raimund Snyders ✓	5/5
Ms. Fernanda Lima	5/5
Mr. Lalith Withana	4/5

Committee Objectives

Design and implementation of an effective Risk Management Framework, Risk measurement, monitoring and management, Compliance with regulatory and internal prudential requirements.

Committee Attributes

- 93% Attendance
- 100% Non-Executive Directors Representation
- Refer pages 239-240 for details

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Members	Number of Meetings
Mr. V. Govindasamy ✓	2/2
Mr. Lalith Withana	2/2
Mr. Ashok Pathirage	2/2

Committee Objectives

Organisation values and code of conduct, Compliance with labour laws, Organisational Structure, HR policies on recruitment, remuneration, benefits and talent management of the Company's employees.

Committee Attributes

- 100% Attendance
- 67% Independent Directors Representation
- Refer pages 241-242 for details

INVESTMENT COMMITTEE

Members	Number of Meetings
Mr. Ashok Pathirage ✓	4/4
Mr. Sanjaya Mohottala	1/4
Mr. V. Govindasamy	4/4
Ms. Fernanda Lima	4/4
Mr. Raimund Snyders	4/4
Mr. Iftikar Ahamed	4/4

Committee Objectives

Design an appropriate investment strategy, monitor investment performance and ensure compliance with investment regulations.

Committee Attributes

- 88% Attendance
- 83% Non-Executive Directors Representation
- Refer pages 243-244 for details

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Members	Number of Meetings
Mr. Lalith Withana ✓	4/4
Mr. V. Govindasamy	4/4
Mr. Raimund Snyders	4/4

Committee Objectives

Ensure that all related party transactions of the Company and its Group are consistent with the regulatory provisions laid out under LKAS 24, the Corporate Governance Directions and Listing Rules issued by the Colombo Stock Exchange.

Committee Attributes

- 100% Attendance
- 67% Independent Directors Representation
- Refer pages 245-246 for details

NOMINATIONS AND GOVERNANCE COMMITTEE

Members	Number of Meetings
Mr. V. Govindasamy ✓	1/1
Mr. Lalith Withana	1/1
Mr. Ashok Pathirage	1/1

Committee Objectives

Selection and appointment of Directors and KMPs as well as maintaining gender diversity, identifying expertise gaps and succession planning.

Committee Attributes

- 100% Attendance
- 67% Independent Directors Representation
- Refer pages 247-248 for details

✓ Committee Chairman

5.9 BOARD INVOLVEMENT IN SUSTAINABILITY MANAGEMENT ESG RISK AND OPPORTUNITY REPORTING

Integrating Sustainability into Corporate Strategy

The Board of Softlogic Life recognises sustainability as a fundamental aspect of corporate strategy and long-term value creation. By taking an active role in sustainability governance, the Board ensures that Environmental, Social, and Governance (ESG) considerations are integrated into all levels of decision-making. The Management Committee, consisting of the Managing Director and key corporate management personnel, plays a vital role in executing sustainability-driven initiatives across the organisation. This leadership-driven approach reinforces sustainability as a core business priority rather than an isolated function.

Implementation of SLFRS S1 and S2

Softlogic Life has successfully implemented SLFRS S1 and S2, introduced by the International Sustainability Standards Board (ISSB), reinforcing its commitment to sustainability-driven financial disclosures. The structured implementation of these standards is supported by a two-pronged approach, where both the Sustainability Committee and the Risk Committee play a crucial role in identifying risks and opportunities related to sustainability. This integrated governance model ensures that sustainability-related financial information is captured through a comprehensive risk assessment while also leveraging opportunities for long-term value creation. By embedding SLFRS S1 and S2 within its corporate reporting framework, the Company enhances transparency, comparability, and strategic alignment between sustainability performance and financial reporting. This approach strengthens Softlogic Life's ability to provide decision-useful information to stakeholders while meeting the evolving regulatory and investor expectations.

Managing Risks and Creating Opportunities in Sustainability

The Company follows a strategic approach to managing sustainability risks and leveraging them as opportunities for long-term growth. An Environmental and Social Risk Policy has been established to assess and mitigate potential risks affecting business sustainability. Carbon footprint reduction initiatives have been implemented to improve operational eco-efficiency while minimising environmental impact. The Company also aligns Corporate Social Responsibility (CSR) efforts with business strategy to maintain a balance between profitability and social impact. By fostering a culture of sustainability, Softlogic Life ensures that employee engagement in sustainability initiatives contributes to a responsible and forward-thinking corporate environment.

Transparency and Stakeholder Engagement

A strong emphasis is placed on transparency and stakeholder engagement in Softlogic Life's sustainability journey. To uphold high reporting standards, the Company has obtained external assurance from Messrs. KPMG on the ESG factors reported in the annual report, This report complies with the Sustainability disclosures follow the Global Reporting Initiative (GRI) standards and align with the Integrated Reporting (IR) Framework, ensuring connectivity between financial and non-financial information.

The Company is also committed to the United Nations Sustainable Development Goals (SDGs), integrating sustainability principles into business operations. Stakeholder feedback mechanisms have been strengthened to ensure an open and inclusive approach to corporate governance, reinforcing the IR Framework's emphasis on stakeholder relationships and long-term value creation.

Ensuring Long-Term Stability through Sustainability Governance

Softlogic Life adopts a precautionary approach to sustainability management, ensuring that economic, environmental, and social risks are proactively addressed. The Company operates on the principle of "Open, Informed, and Democratic" decision-making, ensuring that affected parties are considered in all sustainability initiatives. The implementation of SLFRS S1 and S2 further reinforces this commitment by providing a structured framework for measuring and reporting sustainability-related impacts. As a responsible corporate citizen, Softlogic Life remains dedicated to sustainability-driven growth, reinforcing its position as a leader in corporate responsibility and long-term value creation for all stakeholders.

5.10 CORPORATE MANAGEMENT

The Corporate Management Team of Softlogic Life Insurance operates under the authority delegated by the Board of Directors and Shareholders, ensuring the effective execution of the Company's strategic objectives and operational functions (Principle A.1.1 and A.1.7).

This team holds executive power and is responsible for:

- Overseeing the Company's daily operations while ensuring alignment with the Board-approved strategic direction.
- Managing key business functions and driving performance, compliance, and risk management in accordance with Governance Best Practices.

5. BOARD LEADERSHIP IN GOVERNANCE

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- Providing strategic leadership and ensuring that business activities adhere to regulatory frameworks, internal controls, and corporate governance principles.
- Reporting to the Board of Directors, ensuring transparency and accountability in corporate decision-making.

The organisational structure is available on page 28.

The profiles of Corporate Management team are available on pages 179-180.

Performance Evaluation of the Managing Director and Corporate Management team (Principle A.9.1 and A.9.3)

The Managing Director's Performance Evaluation is available on Page 198.

The Corporate Management Team follows a structured and transparent process, ensuring alignment with the Company's strategic objectives and governance principles. The Corporate Management Team's performance is evaluated by the Managing Director, in accordance with the performance objectives set at the beginning of the year. These objectives are established to align with the strategic targets approved by the Board. Performance assessments consider the achievement of key business objectives, while factoring in external influences such as economic conditions and the operating environment. The evaluation process ensures that corporate leadership remains accountable, fosters continuous improvement, and supports the long-term sustainability and growth of the Company.

Setting Annual Targets for the Managing Director

The Board of Directors, in consultation with the Managing Director (MD), establishes financial and non-financial performance targets that align with the Company's short-term, medium-term, and long-term strategic objectives. These corporate objectives are incorporated into the Company's Annual Corporate Plan, which undergoes review and approval by the Board to ensure alignment with the overall business strategy and governance framework. The Managing Director is responsible for executing the Corporate Plan and achieving the set performance benchmarks, which serve as the basis for annual performance evaluations. The Board continuously monitors progress against these objectives, considering both internal business performance and the external economic environment.

Key Focus Areas of the Annual Corporate Plan:

- Market Share Growth
- Enhancing revenue generation (GWP) through effective underwriting and market expansion.
- Profitability
- Dividend Payout
- Employee Remuneration
- Integrating ESG principles into corporate strategy.

Code of Conduct for Corporate Management

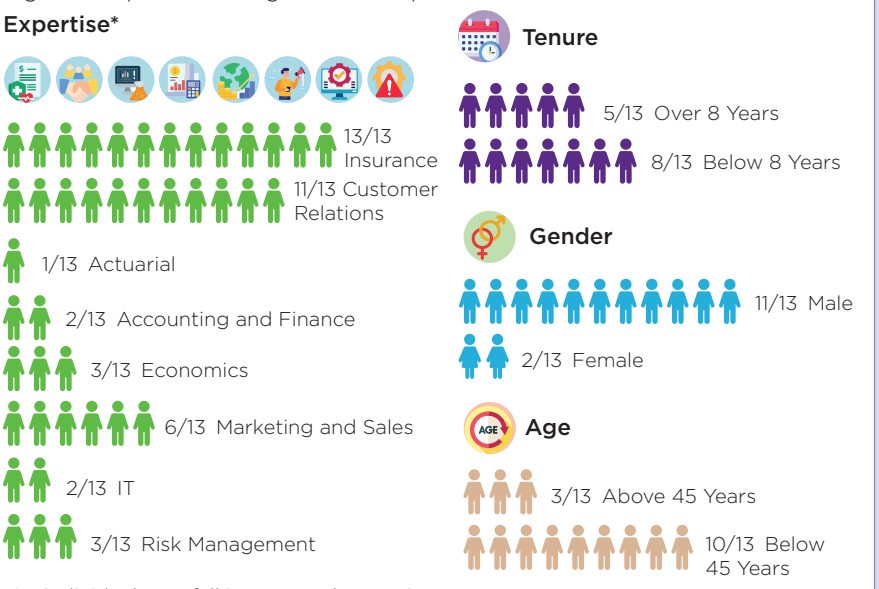
The Corporate Management Team is required to adhere to the Company's Code of Conduct, which outlines the ethical standards, governance principles, and professional responsibilities expected of them. A detailed description can be found on page 208.

Remuneration of the Corporate Management Team.

Diversity is a key driver of sustainable growth and innovation at Softlogic Life, ensuring a well-rounded leadership approach. The Corporate Management Team embodies this diversity across multiple dimensions, including industry expertise, age, tenure, and gender, contributing to a dynamic and forward-thinking leadership structure.

The composition of the Corporate Management Team, as illustrated in the figure below, reflects the Company's commitment to inclusivity and strategic leadership, fostering a resilient and high-performing organisation

Figure: Corporate Management Composition



*An individual may fall into several expertise areas

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Corporate Management Committees

In pursuit of its strategic objectives, the Company has formed various Management Committees to maintain and enhance performance and governance under the leadership of the Managing Director. A summary of the key objectives, members and frequency of these meetings is shown below.

ACTUARIAL COMMITTEE

Members
Managing Director
Consultant Actuary
Chief Technical Officer
Chief Actuarial Officer
Chief Financial Officer

Committee Objectives
Continuously monitor performance of the life fund, product portfolio, and valuation of life fund, expense allocation and regulatory requirements.

Meeting Frequency: Monthly
Meetings Held/Planned: 12/12

PRODUCT DEVELOPMENT COMMITTEE

Members
Deputy Chief Executive Officer
Chief Distribution Officer - Alternate Channel
Chief Actuarial Officer
Chief Technical Officer
Chief Financial Officer
Chief Corporate Services Officer

Committee Objectives
Focus on revamping SLI's existing products in order to compete with prominent products in the industry. Suggestions for new product development are analysed, acting as a medium to convey information from sales.

Meeting Frequency: Quarterly
Meetings Held/Planned: 4/4

SUSTAINABILITY COMMITTEE

Members
Managing Director
Deputy Chief Executive Officer
Chief Financial Officer
Chief Corporate Services Officer

Committee Objectives
Communicate our responsibilities with regards to the policies and practices that relate to the sustainable and holistic growth of the Company, to our stakeholders.

Meeting Frequency: Monthly
Meetings Held/Planned: 12/12

ASSET AND LIABILITY MANAGEMENT COMMITTEE

Members
Managing Director
Chief Financial Officer
Chief Actuarial Officer
Chief Technical Officer
Chief Risk Officer
Head of Investment (Group)

Committee Objectives
To align the Company's Investment Strategy with its Business and Financial Objectives. It also defines the methodologies to assess, monitor and mitigate; Interest Rate Risk, Reinvestment Risk, Maturity, Mismatch Risk, Cash flow Risk and Liquidity Risk.

Meeting Frequency: Monthly
Meetings Held/Planned: 12/12

IT STEERING COMMITTEE

Members
Managing Director
Deputy Chief Executive Officer
Chief Financial Officer
Chief Distribution Officer - Alternate Channel
Chief Information Officer

Committee Objectives
Continuously monitor the progress and productivity of IT and MIS of the Company and designing IT policies with a view to making recommendations to the Board on IT capital expenditure.

Meeting Frequency: Monthly
Meetings Held/Planned: 12/12

SUPPLIERS COMMITTEE

Members
Deputy Chief Executive Officer
Chief Financial Officer
Chief Corporate Services Officer

Committee Objectives
Selecting the right supplier after considering the quality, price and delivery date.

Meeting Frequency: Bi-Annually
Meetings Held/Planned: 2/2

6. ETHICAL GOVERNANCE EXECUTION

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PROMOTING AN ETHICAL GOVERNANCE EXECUTION

A company's ethics and integrity practices are the cornerstone of its corporate culture, ensuring that all business operations are conducted with honesty, fairness, and responsibility. Through effective governance execution, these principles are systematically integrated into leadership, policies, and daily operations, fostering accountability at all levels.

To successfully implement the Company's strategy and sustain resilience, fostering a strong ethical culture is imperative. The Board collectively establishes the ethical tone from the top, guiding all Directors/Key Management Personnel (KMPs), and employees to uphold integrity, transparency, and the highest ethical standards in their actions and decision-making.

Key elements of the company's ethical governance execution includes



A commitment to strong ethics and integrity is vital for a company's long-term success and reputation. By embedding these principles into daily operations, businesses can build trust with employees, customers, and stakeholders, fostering sustained growth and credibility.

6.1. CODE OF BUSINESS CONDUCT & ETHICS OF THE COMPANY (PRINCIPLE D.6)

All Directors/Key Management Personnel, Corporate Management and employees of Softlogic Life Insurance PLC must adhere to the Code of Business Conduct and Ethics (The Code) during official duties, whether at the workplace, external events, or public settings where their actions may impact the Company's reputation. Violations may result in disciplinary measures, including legal action, termination, or other appropriate consequences.

The code:

- Work in an ethical manner at all times, protecting the interest and the image of our company
- Work in the best interest of all our stakeholders
- Safeguard our company assets to the fullest extent
- Comply with laws, rules and regulations of the country in which we operate

The Chairman of the Board officially declares the Board's compliance with the Code of Conduct on page 183.

How Softlogic Life Comply with the Code of Business Conduct & Ethics

Topic	Key policies, Documents and guidelines
Conflict of Interest	• Code of Conduct
Bribery and Corruption	• Anti-Money Laundering & Counter Terrorist Financing Policy
Entertainment and gift	• Code of Conduct
Accurate accounting and record-keeping	• Accounting Policies and Accounting Manuals • Manual of Financial Authority (MOFA)
Fair & transparent procurement policies	• Manual of Financial Authority (MOFA) • Manual of Supplier Evaluation Committee
Corporate Opportunities	• Code of Conduct
Confidentiality	• Privacy Notice Policy • Code of Conduct
Fair Dealing	• Code of Conduct
Protection and proper use of company assets including information assets	• IT Asset Management Policy • Computing Devices Usage Policy • Code of Conduct
Sexual harassment, discrimination and abuse	• Employee Grievance Handling Policy • Whistleblowing Policy
Compliance with laws, rules and regulations (Including insider trading law)	• Code of Conduct
Encouraging the reporting of any illegal, fraudulent or unethical behaviour	• Whistleblowing Policy

Whistleblower Policy (Principle D.6.4)

Purpose of the Policy - Softlogic Life's policy empowers stakeholders to voice concerns or ask questions confidently, ensuring protection from retaliation. Secure and confidential channels are in place for discreet and fear-free reporting.

Methods of Communication - Stakeholders can submit their concerns or complaints through letters, email, or the dedicated 24/7 Whistleblower hotline, which supports voice calls, SMS, WhatsApp, and Viber. Whistleblowers are encouraged to direct their concerns to the designated officers below.

INDEPENDENT RESOURCES:	OFFICERS OF SOFTLOGIC LIFE INSURANCE PLC:		
The Chairman of the Board Audit Committee	Managing Director	Deputy CEO	Chief Corporate Services Officer
Group Director - Human Capital & Taxation	Chief Human Resources Officer	Chief Risk Officer	Chief Audit and Compliance Officer

Investigation Process - The Chief Audit and Compliance Officer leads independent investigations with support from Department Heads as needed. The final report is submitted to the Audit Committee Chairman or Corporate Management Team for a decision. If misconduct is confirmed, the Management Committee enforces disciplinary actions per the Company's Code of Conduct and policies.

New Initiatives for the Whistleblower Policy during the year 2024

- Employee Awareness Survey for all employees.
- Distribution of Whistleblowing Awareness SMS.
- E-Advisor App Pop-up Poster for all sales advisors.
- Email Flyer Distribution for covering all employees.
- Staff Computer Wallpaper Update regularly.

As part of the established procedure, the Audit Committee conducts an annual review of the Whistleblower Policy to address and enhance relevant matters. Based on the issues identified, the committee ensures that information about the Whistleblower hotline is incorporated into the Company's website.



Secure the Personal Data of the Company's Stakeholders

Privacy Notice Policy (Personal Data Protection Act, No. 9 of 2022)

Privacy Notice Policy is established as per the recently enacted Personal Data Protection Act No 9 of 2022. The purpose of this policy is to inform you about our practices relating to the collection, use, maintenance, disclosure and other processing and storage of personal data that may be provided through access to or use of this website or that may otherwise be collected by us.

We collect personal data such as name, contact details, profession, and financial information. As an insurer, we may also process sensitive data, including medical records, claim history, criminal convictions, and biometric data. Additionally, website visits generate technical data, including IP address, browser type, and visit details. Providing this information is voluntary.

Following actions are taken during the year,

- Officially appointed the Data protection officer.
- Privacy notices were implemented across key digital and customer interaction points.

Policies Implemented to Combat Corruption and Bribery.

The Company is dedicated to preventing corruption and bribery by establishing a framework through comprehensive policies and guidelines.

Fraud Risk Management Policy - This policy clarifies that the Company holds a zero tolerance on any fraudulent activity (Corruption, Bribery or Theft) and confirms the management actions.

6. ETHICAL GOVERNANCE EXECUTION

Manual of Financial Authority (MOFA) - The scope and extent of responsibility and accountability relating to maintaining satisfactory financial controls and procedures.

Manual of Supplier Evaluation Committee (MOSEC) - MOSEC is a guideline to "How to proceed" its supplier evaluation & selection process and best practices. The processes and methods described under MOSEC must be strictly adhered and practiced during the cause of business.

Anti-Money Laundering and Counter Terrorist Financing Policy

Softlogic Life is dedicated to ensuring that its business is not used for money laundering or terrorist financing activities. This policy provides a framework of guidelines and regulations for Anti-Money Laundering and Counter-Terrorist Financing ("AML/CTF") in accordance with its regulatory obligations. The AML/CTF policy is mandatory for all Softlogic Life entities and mandates full compliance with all relevant AML/CTF laws and regulations.

New Initiatives for AML/CTF policy during the year 2024.

100 % training provided to new employees.

Additional targeted training provided staff who are dealing directly with the public.

Develop a continuous Learning culture through Digital Learning.

6.2. GOVERNANCE & ETHICAL ENVIRONMENT FOR POLICY HOLDERS, EMPLOYEES & SALES FORCE

The company has implemented various measures to uphold strong governance for its valued internal stakeholders at Softlogic Life Insurance PLC, ensuring transparency and integrity while delivering optimal outcomes.

Policy Holder Governance

The company has fully complied with all regulatory requirements concerning the policyholder, as mandated by the Insurance Regulatory Commission of Sri Lanka (IRCSL). In addition, the company has undertaken certain voluntary actions on behalf of the policyholder.

Maintaining integrity & Transparency of Policy Holders

The Company's investment portfolio supports insurance benefits for long-term policyholders, maintaining a clear separation between Treasury and Risk Management functions. This structure ensures strict adherence to policies and compliance requirements, safeguarding Policyholder funds from any improper use in line with the Direction # 15 issued by IRCSL.

- Internal Treasury Middle Office Investment Policy
- Regulatory guidelines and compliance requirements published by IRCSL

Fair Bonus Allocation to Policyholders

The company has established clear guidelines for distributing bonuses to eligible policyholders, along with strong protocols to guarantee that policyholders receive the full benefits of their policies.

Proper Expense Allocation Using Expense Allocation Framework

This process ensures the fair distribution of benefits across different insurance funds for policyholders over the long term. At the same time, it has improved the transparency in calculating insurance contract liabilities.

Valuation of Insurance Contract Liabilities

Softlogic Life performs quarterly actuarial valuations to determine the total reserves required for future policyholder benefit payments. Certification from the appointed independent actuary is obtained for each of the four quarterly evaluations.

Quarter	Quarter Certified Date
Q1	30-04-2024
Q2	30-07-2024
Q3	30-10-2024
Q4	30-01-2025

Managing the Long-term Solvency Position of the Company

Softlogic Life has implemented a Capital Projection Framework to forecast the long-term Capital Adequacy Ratio (CAR) using scenario-based and stress testing methodologies, enabling more informed decision-making. Softlogic Life Insurance has maintained the stable CAR ratio of 298% compared to required rate of 120%.

The model is validated by the appointed Actuary from Willis Towers Watson India Private Limited.

Asset and Liability Management Framework

The purpose of this framework is to effectively manage overall risk tolerance, risk-return requirements, solvency position, and liquidity needs. As a result, it achieves a harmonious balance between shareholder profitability and enhancing the long-term solvency standing of the Company.

The company has formed the Asset and Liability Management Committee (ALCO) to oversee and manage this

framework effectively. The committee convenes monthly to monitor and mitigate risks associated with the investment strategy. Refer page 207 for details.

Employee Governance.

Employee governance refers to the structured policies, ethical guidelines, and regulatory frameworks that govern the relationship between an organisation and its employees. It ensures fairness, transparency, compliance, and accountability in all employee-related matters, fostering a positive and ethical workplace culture.

Equally Treatment to All Employees

The Company has implemented well-defined policies covering key areas such as recruitment, training and development, transparent communication, reporting structures, performance evaluation, equal career advancement opportunities, talent management, and succession planning.

- Code of Conduct
- Remuneration Policy
- Recruitment & Selection Policy
- Learning & Development Policy
- Employee Grievance Handling Policy
- Disciplinary Policy
- Absence Management Policy
- Study Leave Policy

Creating a Performance-Driven Culture with Transparency.

Performance is a key factor in determining remuneration and career advancement for all employees, from the sales force to executive management members and Managing Director of the Company.

The Human Resource and Remuneration Committee holds the authority to set compensation and benefits for the Managing Director, Executive Management Committee and all the employees based on target achievement.

Additionally, the committee is responsible for approving variable bonuses. The Company fully disbursed these payments in 2024 in accordance with the Target Achievement Matrix. As a result, a robust culture of performance governance has been established at the Board level within the Company.



Recruiting Top Talent and Promoting Equitable Compensation.

The Company has established key policies, including the Remuneration Policy and the Recruitment & Selection Policy, to promote a fair and transparent compensation process and a structured hiring framework. The Internal Audit Department has been performing an annual audit of the company's HR policies in collaboration with an outsourced consultancy firm to confirm compliance.

Its remuneration structure is founded on the principle of fairness, considering factors such as the cost of living, industry standards, internal pay scales, business performance, and both individual and team contributions. This approach fosters a culture of performance excellence within the organisation.

The Human Resource and Remuneration Committee oversees salary and benefits determinations, ensuring equitable compensation. This comprehensive framework includes fixed and variable components, along with additional benefits including followings.

- Fixed Components
- Employee Share Schemes
- Variable Components
- Retirement Benefit
- Other Employee Benefits

Governance for Sales Force

A strong and motivated sales force is essential for business growth, and Softlogic Life ensures their team operates within a high-performance culture. By providing competitive incentives and fostering a results-oriented environment, the company drives continuous success and market leadership.

Fostering a Performance-Oriented Sales Culture.

Softlogic Life's sales force operates under a performance-driven incentive structure and a well-defined career development framework.

We have established comprehensive guidelines for recruiting skilled sales advisors, training and knowledge management, performance-based compensation, and handling

investigations and complaints. Sales incentives are structured within predefined schemes aligned with corporate objectives set at the beginning of each year, ensuring both motivation and value addition to the Company.

Our sales force operates entirely on a virtual platform, facilitating seamless sales operations. They undergo virtual training and development programs to uphold professionalism, enhance knowledge, and deliver exceptional client service.

6.3. SOUND SYSTEM OF INTERNAL CONTROL FRAMEWORK FOR AN ETHICAL ORGANISATION

Maintaining a robust internal control system to safeguard shareholders' investments and company assets is a key responsibility of the Board and Top Management of Softlogic Life Insurance PLC.

Management is responsible for designing, implementing, operating, and monitoring an effective internal control system in accordance with the policies set by the Board. In Accordance with, The Board and Top Management of Softlogic Life Insurance PLC is established a comprehensive control environment to maintain the internal control an ethical environment.

Board of Directors' Evaluation of the Internal Control Process (Principle D.2.2.1)

The company's Board of Directors is responsible for ensuring the establishment of an effective internal control system covering financial, operational, and compliance processes and practices, with regular monitoring.

As outlined in the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, the Softlogic Life Board of Directors reviews the company's internal control processes on a quarterly basis and implements appropriate measures to maintain effective and efficient controls.

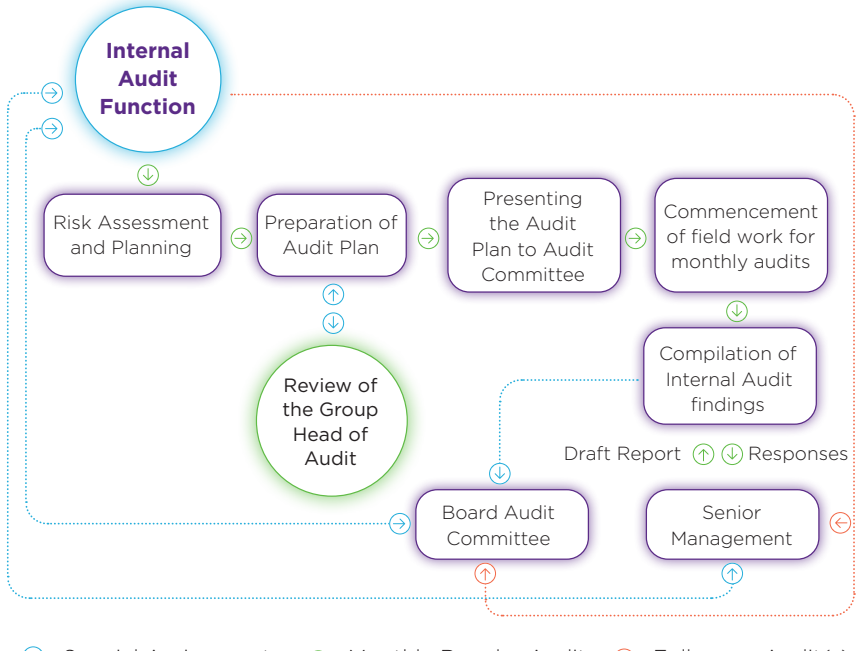
The company's audit committee conducts quarterly reviews of the Internal control process, if any violations are observed, the committee will immediately take the necessary actions to prevent them.

Internal Assurance (Internal Audit)

The Internal Audit Function of Softlogic Life Insurance PLC operates with several objectives; (Principle D.2.2.2)

- Review of the accounting and internal control systems
- Examination of financial and operating information
- Review of the economy, efficiency and effectiveness
- Review of compliance
- Review of the safeguarding of assets
- Review of the implementation of corporate objectives
- Special investigations

Figure : Internal Audit Function



The Internal Audit Strategy

The Internal Audit Function prepares a risk-based Internal Audit Strategy defining the planned approach of the internal audit function determined based on the risks embedded in each process that contributes towards the strategic objectives of the Company. The strategy primarily focuses on the following

- Audit & Assurance reviews.
- Review of areas susceptible for fraud.
- Multi-location reviews.
- Other initiatives to strengthen the internal controls environment

A strong indicator of an effective internal control environment is the timeliness with which management takes action to address reported control deficiencies. For this reason, SLI's Internal Audit has implemented a follow up process in conformance with the International Standards for the Professional Practice of Internal Auditing, to ensure internal audit findings and the related recommendations are properly addressed on a timely basis.

Reporting Structure

The Internal Audit Function operates independently under the oversight of the Audit Committee. Employees within this function report directly to the Chief Audit and Compliance Officer, ensuring autonomy from front-line units and Senior Management.

This function provides the Audit Committee with independent and objective assurance on the appropriateness, effectiveness, and sustainability of the company's internal control system for risk mitigation. Serving as the third line of defense, it conducts independent reviews based on a risk-based audit plan and methodology approved by the Audit Committee.

Through risk-based internal auditing, the function assures the Audit Committee that the company's risk management processes are both effectively designed and properly implemented.

Internal Audit Operating Methodology

Softlogic Life's Internal Audit Function operates through two key units: The Audit and Assurance Unit and the Fraud and Forensic Unit.

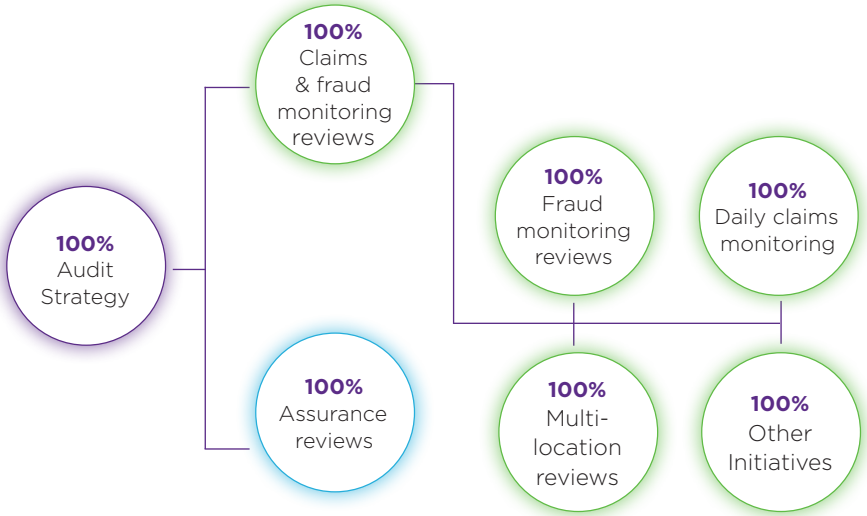
Audit & Assurance Unit

OBJECTIVE - Softlogic Life conducts planned reviews to assess the effectiveness of internal controls, ensure reliable financial reporting, and maintain compliance with laws and regulations. These reviews enhance governance, mitigate risks, and promote operational excellence.

Fraud and Forensic Unit

OBJECTIVE - Softlogic Life's Internal Audit function conducts spot and surprise reviews to help management detect and prevent fraud and misappropriations. Utilising Computer-Aided Auditing Techniques (CAAT) and specialist software, the team ensures efficient and technology-driven audits.

Internal Audit Highlights & Completeness in 2024



Additionally, they provide value-added services, including internal control advisory, branch reviews, and promoting whistleblowing and fraud awareness.

External Assurance (External Audit)

Appointment of Auditors and their Responsibilities

The Company's External Audit function is carried out by Messrs. KPMG, Chartered Accountants. The Audit Committee recommends the appointment, Re-appointment and removal of the External Auditors. Furthermore, the Audit Committee approves the remuneration and terms of engagement of the External Auditors.

The External Auditors are responsible for reporting to the Board Audit Committee on whether the Financial Statements prepared by the Management are fairly presented in conformity with SLFRS and LKAS and also prescribe any corrective measures that need to be taken by the Company, based on the audit findings.

The Board re-appointed Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and authorised the Directors to determine their remuneration at the 2024 AGM.

Independence of the External Auditors

As of the reporting date, no threats compromising auditor independence have been identified. Appropriate measures have been implemented or recommended to mitigate any potential risks to an acceptable level. The engagement team, the firm, and, where applicable, Messrs. KPMG, Chartered Accountants, have complied with all relevant ethical requirements regarding independence.

6. ETHICAL GOVERNANCE EXECUTION

All auditing practitioners are required to adhere to ethical standards, ensuring compliance with relevant ethical codes and implementing necessary safeguards to effectively mitigate any potential threats.

Evaluation of the Independence of External Auditors

The Board Audit Committee conducts an annual assessment to evaluate the independence and objectivity of the External Auditors. Additionally, the Audit Committee establishes guidelines for recommending the engagement of External Auditors for non-audit services.

Quarterly External Audit Assurance Performed by the Company

The Company has declared the surplus for every quarter in 2024 and as a part of the surplus declaration process the Company obtained the relevant figure certification from the external auditor Messrs. KPMG and published the financial statements in CSE.

The Company wishes to bring greater transparency to its Financial Reporting process by doing quarterly audits and expects a positive impact on best governance practices in the long run.

All audit findings and developments are reported to the Audit Committee on a quarterly basis. The Audit Committee reviews the findings of the External Auditors and takes appropriate measures to enhance the company's financial and internal controls.

6.4 REGULATORY AND STATUTORY GOVERNANCE

Softlogic Life Insurance PLC operates within a strong regulatory and statutory framework, ensuring compliance with all applicable laws, regulations, and industry best practices. The company adheres to the governance guidelines set by regulatory bodies, including the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Colombo Stock Exchange (CSE), and other relevant authorities.

Reporting Structure

The Compliance Officer has a direct line of reporting to the Managing Director and a dotted line reporting to the Group Head of Compliance. This process also fulfils the requirements of the Financial Transaction Reporting Act No. 6 of 2006.

Compliance Certification

A quarterly certification is done by the Principal Officer, Chief Financial Officer, Chief Technical Officer and Compliance Officer to the Insurance Regulatory Commission of Sri Lanka ("IRCSL") in accordance with the determinations issued by "IRCSL".

Compliance Certification 'A' Certifies Compliance With:

Softlogic Life complies with Act No. 43 of 2000 and all regulations, determinations, and directions issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL). This includes orders from the Ministry of Finance and Planning, guidelines on reinsurance placements (Section 31(1)), conditions for co-insurance, and all applicable circulars issued by IRCSL. These regulations ensure compliance, transparency, and stability within the insurance industry.

Compliance Certification 'B' Certifies Compliance With:

Softlogic Life adheres to the Financial Transactions Reporting Act No. 6 of 2006, including all provisions related to financial reporting and compliance. The company follows Know Your Customer (KYC) and Customer Due Diligence (CDD) rules issued by the Financial Intelligence Unit (FIU) and complies with Anti-Money Laundering (AML) guidelines set by IRCSL. These measures help ensure regulatory compliance, financial transparency, and fraud prevention in the insurance industry.

Summary of Compliance Requirements and Compliance Status of the Company.

Category	Compliance Requirement	2024 Highlight	2023 Highlight	Status
Investment Governance	Investment in Government Securities should be a minimum of 30% of the Long-Term Insurance Fund.	71% invested in government securities	96% invested in government securities	✓
	Regulatory Determination ratio should be a minimum of 100%	114% in 2024	140% in 2023	✓
Meeting Policyholder Obligations	Maintain a Capital Adequacy Ratio ("CAR") of a minimum of 120%	298% in 2024	367% in 2023	✓
	Life Insurance liabilities should be validated by an independent external actuary in accordance with the Regulation of Insurance Industry Act	The Actuary's Report is available on page 268.	The Actuary's Report is available on page 264 in Annual Report 2023.	✓

Category	Compliance Requirement	2024 Highlight	2023 Highlight	Status
Risk Assessment	The Risk Assessment Report should be submitted on or before 30th April each year to the Insurance Regulatory Commission of Sri Lanka	Submitted before 30th April 2024.	Submitted before 30th April 2023.	✓
Reinsurance Agreement	Insurance companies must enter into reinsurance arrangements with companies which at a minimum have a rating of BBB	All placements are rated above BBB.	All placements are rated above BBB.	✓
Rules on Treatment of One-off Surplus	*"Restricted Regulatory Reserve" must be matched with the specified class of assets (at market value) equal to the said reserved amount on a continuing basis.	Restricted Regulatory Reserve of Rs. 798 Mn and Corresponding Assets are Rs. 1,356 Mn.	Restricted Regulatory Reserve of Rs. 798 Mn and Corresponding Assets are Rs. 1,251 Mn.	✓

*Rules regarding a one-off surplus arising from changes in the regulatory framework.

✓ Complied

Compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange

The CSE has revised the Corporate Governance rules for listed entities, previously in Rule 7.10 and Section 9, consolidating them into a single framework under the updated Section 9 on Corporate Governance in the Listing Rules. Mandatory compliance is required in 2024, with certain provisions implemented in phases.

Softlogic Life Insurance PLC has early adopted the new listing rules issued by the Colombo Stock Exchange (CSE) ahead of schedule last year. During the year 2024, Company has fully complied with the amendments of the Rule 7.10 and Section 9 of the CSE Listing Rules. Detail breakup references in the page no 250-255.

Process for New Regulations and Monitoring of Compliance at Softlogic Life

Softlogic Life's compliance mechanism is built on two key processes. The first involves analysing new statutory and regulatory requirements to assess their impact on the company. The second focuses on monitoring and ensuring the timely fulfilment of statutory and regulatory deadlines.

Together, these processes enable Softlogic Life to effectively manage compliance obligations, stay updated on regulatory changes, and mitigate compliance risks. By conducting thorough regulatory analysis and maintaining strict adherence to deadlines, the company safeguards its reputation, protects stakeholders' interests, and ensures operations remain within legal parameters.

Process for New Regulation

- Compliance Officer obtains information on new regulations
- Assesses the impact analysis from new regulations
- Informs relevant department head and Managing Director
- Provides update on all the new regulations to the Audit Committee on a quarterly basis.

Process for Monitoring the Compliance Status

- Compliance Officer maintains the regulatory requirements and respective deadlines.
- Informs relevant departments on the regulatory requirement in advance.
- Coordinate with the relevant department heads and ensures the deadlines are met.
- Provides an update on a monthly basis to the Managing Director.

6.5 INTERNET OF THINGS AND CYBER SECURITY GOVERNANCE.

At Softlogic Life, the Board has established a comprehensive process to assess how IT devices, both internal and external to the organisation, connect to its network for data transmission and reception. This process includes evaluating potential cybersecurity risks associated with these connections and their impact on business operations.

With the growing use of interconnected devices, Softlogic Life recognises that both internal and external parties may utilise computing systems embedded in everyday objects that can access the company's network. Whether authorised or unauthorised, such connections pose cybersecurity risks that require continuous monitoring and proactive management. By implementing robust security measures and stringent access controls, Softlogic Life ensures the protection of sensitive data, mitigates cyber threats, and upholds the integrity of its business operations.

6. ETHICAL GOVERNANCE EXECUTION

Objectives

Operational Focus -
Improve Company operations via IT integration, management and development.

Risk Management Focus -
To manage all cyber security threats and risks faced.

Board Involvement in IT Governance

The Board has delegated IT Governance related matters to the Board Risk Committee.

Mainly, there will be division into two categories comprising Strategic Focus and Operational Focus. In addition to that, the board will delegate based on the following criteria;

- Risk Management
- Performance Monitoring
- Resource Allocation
- Compliance
- Cybersecurity Oversight

Board Responsibility on IT Security (Principle A 1.2)

The Board of Directors is responsible for maintaining an effective system that secures the integrity of information and manages cyber security risks. To ensure this, the Board will implement appropriate cyber security controls for the company and will monitor the process regularly.

Establishing a dashboard to track the implementation of IT development policies in alignment with the company's business strategies is essential to ensuring that IT initiatives effectively support organisational objectives.

Involvement of the Board and KMPs (Principle G.3)

All IT Policies are reviewed and signed off by the IT Steering Committee and Audit Committee depending on the relevance to each committee.

- The Chief Information Officer (CIO) leads the IT Steering Committee which is a dedicated Management Committee, focused on improving and managing IT interests of the Company.
- The IT Steering Committee is delegated with the authority to ensure the proper implementation of the IT Governance Framework.
- Further, the CIO reports to the Risk Committee with regular updates on IT related issues and material IT projects including governance-related matters.
- The Risk Committee in turn ensures that the risk monitoring and assurance procedures have the capacity to adequately address the risks.

Impact on Group IT

Group IT Risk department is independently involved in evaluating applicable security threats and possible mitigating strategies periodically.

Development of IT Policies

All the IT Policies, Standards, Procedures and Guidelines are developed as per the ISO 27001:2013 Standard and company newly implementing ISO 27001:2022 standard to improve the IT security Governance.

Annually, improving information security policies, procedures and guidelines considering the standard, regulatory requirements, and dynamic threat landscape.

Prudent Expenditure

All IT expenditure falls within the approved budget and in line with the strategic objectives of the business.

Machine Learning, Artificial Intelligent and Data Analytics

The Governance framework also encourages the use of data for improved analysis and forecasting activities, which will contribute to the automation and digitalisation of operations. Company has upgrade the cyber security policy framework to handle the risk related to the artificial Intelligence.

In order to focus on latest technology trends and its best possible adoption to the business, Digital innovation unit was established mainly focusing on the following areas.

- Robotic Process automation – RPA
- AI & Machine Learning algorithm development.
- Data analytics & Business Insights Generation.
- Large Language Models (LLM).

System Development and Modification

All in-house system developments and modifications are made according to well-defined change management procedures. "Softlogic Life Insurance PLC Software Development Policy" contains the procedures to be followed during software development, software change management, software testing and live deployment.

Certain security measures have been taken to improve DevSecOps and have introduced a release-based security testing process.

Cyber Security Risk Management Focus (Principle G.3)

Life Insurance companies generally deal with vast amounts of confidential data belonging to policyholders such as their health-related information and financial information.

Risk Management focus of IT Governance is therefore ensuring the security of the sensitive data of policyholders as well as security of information systems and the digital

devices of the organisation. Privacy Notice Policy is covers the security of the sensitive data of the policy holders relating to the IT systems. Refer page 209 for details.

Communication and Awareness

All the Softlogic Life IT Security policies, standards, procedures and guidelines are published on the Company intranet and users have been requested to read and comply with them.

Regular emails are circulated to the employee base creating awareness of cyber security threats. Following policies are implemented to governed communication methods.

- E-mail Usage Policy
- Internet Usage Policy

In the event of a cyber security risk emerges, the IT security division:

- Takes necessary preventive actions to send a special communication across the Company-wide employee base to enhance awareness.
- Informs the precautionary actions that are needed to be followed by each individual to safeguard the integrity of data and the continuity of operations.
- Parallel to that, necessary IT security mitigation actions are exercised by the IT Security unit in coordination with the IT technical teams.

Independent Periodic Review of Cyber Security Risk. (Principle G.4)

- The Company annually gets security assessments from 3 third-party independent consultancy firms. Based on the consultancy reports provided by these 3 firms, the IT department along with their technical and security units takes remedial actions.
- A post-implementation review is also carried out by these firms which is presented to the Management regarding the progress of the remedial actions taken.
- A strategic partnership is established with a leading cyber security vendor to ensure the implementation of industry best practices, fostering customer trust, compliance with regulations, and safeguarding sensitive information.
- Over the past two years, we have successfully enhanced our Vulnerability Management Program. We were able to bring our vulnerability rate down and have made security an essential part of the development process.

Data Backup and Disaster Recovery (DR)

Softlogic Life prioritises data security and business continuity through periodic data backups, real-time data replication at SLT-IDC, and regular business continuity testing to minimise disruptions. Key initiatives include implementing an SD-WAN solution for enhanced branch security, strengthening information security policies, continuously assessing security risks, and providing staff training on security best practices. These measures ensure robust protection of digital assets and compliance with evolving security standards.

Future Development Plan for the Cyber Security Risk Management.

Softlogic Life Insurance IT department has a developed the Cyber security measurements plan for year 2024 to 2026.

Goal 01
Security Governance:
Ensuring compliance with globally accepted security standards and regulatory requirements, while optimising resource allocation and enhancing performance monitoring.

Goal 02
Effective Information Security Risk Management:
A structured risk management program with clear roles ensures effective oversight and risk-based decision-making. Proactive measures help mitigate threats, minimising financial losses and operational disruptions.

Goal 03
Aligning Information Security with Business Operations :
Information security is integral to business operations, enhancing resilience, operational efficiency, and strengthening incident response and recovery.

Goal 04
Ensuring Data Privacy and Compliance with Industry Standards :
Ensuring compliance with regulatory requirements strengthens data privacy, enhances customer trust and reputation, and optimises costs by mitigating risks and improving data protection measures.

Goal 05
Secure Software Development with DevSecOps and Cloud Adoption :
Embedding security in the SDLC reduces vulnerabilities, ensures compliance, enhances reputation, and accelerates time-to-market.

7. SHAREHOLDERS ENGAGEMENT

7.1 GOVERNANCE OF SHAREHOLDERS ENGAGEMENT

Relations with Shareholders

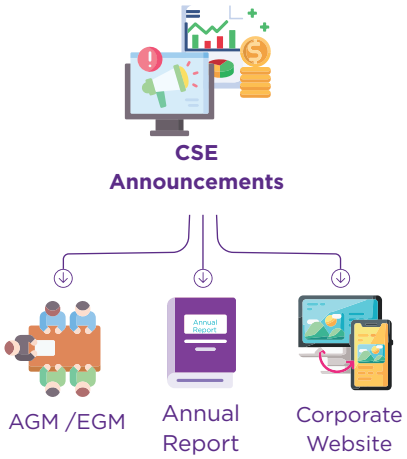
The Board and the Senior Management acknowledge their responsibility to represent the interests of all shareholders and to maximise shareholder value of the Company. Shareholders expect the Board and Senior Management to:

- Create sustainable return on their investment
- Adequate and timely communication
- Comply with statutory and regulatory requirements concerning shareholders
- Manage risk, facilitate transparency, maintain fairness and protect the rights of shareholders.

Details on how the Company addresses shareholder expectations can be found on pages 97-100.

Communication with Shareholders

The Company has implemented multiple methods of communication to maintain an effective relationship with the shareholders of the Company.



Process Established to Make the Board Aware of Major Issues and Concerns of Shareholders

The Company Secretary brings any significant concerns raised by shareholders to the attention of the Board.

Shareholders are encouraged to maintain direct communication with the Board of Directors by contacting the Company Secretary, Softlogic Corporate Services (Pvt) Ltd, through the following channels:

+94 11 5575027
+94 11 5575123

corporateservices@softlogic.lk

Softlogic Corporate Services (Pvt) Ltd,
No 14, De Fonseka Place,
Colombo 05

In Terms of Section 08 of the listing rules, Softlogic Corporate Services (Pvt) Ltd, No 14, De Fonseka Place, Colombo 05 has been appointed as the Company Secretaries of the Company with effect from 01st January 2024 in place of P R Secretaries Services (Private) Limited and communicate to the shareholders on 02nd February 2024 by publishing on CSE website.

Access to Company Financial Reports

Annual and Quarterly reports are available on the Company website as well as the CSE website.

Institutional Shareholders (Principle E-1)

The Company endeavours to foster consistent and organised communication with institutional investors, brokers, and financial analysts. This effort aims to enhance their comprehension of our operations, strategy, and plans, thereby facilitating their increased engagement. By encouraging them to voice any concerns that may impact their perception of the Company's value, we strive to promote transparency and constructive dialogue.

The Board and Management rigorously adhere to statutory and ethical guidelines concerning the confidentiality of price-sensitive information, fulfilling their responsibility to maintain its secrecy.

Individual Shareholders (Principle F.1)

Individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions. Furthermore, Individual shareholders are encouraged to participate in the AGM and exercise their voting rights.

Annual General Meeting (AGM) (Principle F.2)

The AGM provides a forum for all shareholders to directly communicate with the Board of the Company and participate in the decision-making process reserved for the shareholders.

This typically includes proposals to adopt the Annual Report and Accounts, appointment of Directors and Auditors and other matters requiring special resolutions as defined in the Articles of Association or the Companies Act No. 07 of 2007.

The Chairman makes sure that the Chairmen of Board Sub-Committees such as the Audit, Nominations and Governance, HR & Remuneration Committee as well as the Senior Independent Director be present at the AGM, to respond to any inquiries made by the shareholders.

Shareholder Notice
Notice of AGM is circulated to all shareholders 15 working days ahead in compliance with the Companies Act, along with instructions on the voting procedure, including the process for voting via a proxy.

Voting Process at the AGM
Separate resolutions are proposed for each substantially separate issue.

Shareholders can vote, "for", "against" or withhold the vote. Votes withheld are not counted as votes for the calculation.

Voting via Proxy
Each resolution will carry a proxy appointment form, which the shareholder can utilise for voting decisions. The Company makes arrangements to ensure that each valid proxy vote is collected, counted and recorded.

Shareholder Feedback
The Company has provided the shareholders an "Investor Feedback Form" which provides the opportunity for shareholders to comments on their Company. Refer "Annexure 2" on page 419-420 for the feedback form.

25th AGM held in 28th March 2024
The Company held a virtual AGM on the 28th March 2024 via an online platform at Level 16, One Galle Face Tower, Colombo 02.

Matters discussed at the AGM included:

- To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st December 2023 and the Report of the Auditors thereon.
- To re-elect Mr. P.L.P. Withana who retires by rotation in terms of Articles 98 (a) of the Articles of Association of the Company as a Director of the Company.
- To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.

All resolutions in the agenda as detailed above were unanimously passed at the AGM held on 28th March 2024.

Extraordinary General Meeting 2024

In terms of section 7.2 of listing rules, company held Extraordinary Meeting on 17th July 2024 at the auditorium, Central Hospital Limited, 4th Floor , No. 114, Norris Canal road, Colombo 10 to passed the resolution of Share repurchase option. On that date, Companies Shareholders were approving the resolution of Repurchase of shares.

Shareholder Communications during 2024 (Principle E.1.1)

February 2024
- Change of Company Secretary/ Registrar

March 2024
- Interim Dividend for the Financial Year 2023
- Circular to Shareholders - Annual General Meeting

June 2024
- Extraordinary General Meeting - Repurchase of Shares

July 2024
- Announcement of Extraordinary General Meeting

November 2024
- Interim Dividend for the nine months ended 30th September 2024

Artificial Intelligent (AI) Powered Annual Report Analyser

"NO MORE SEARCHING, ANSWERS IN AN INSTANT"

The company launched its inaugural Annual Report Analyser, an AI-powered tool designed to provide shareholders with seamless access to financial data. This innovative tool enables shareholders to submit requests for financial information, which are efficiently processed by the AI system.

During the period, the BOT successfully handled and processed 6,337 requests, ensuring accurate and timely delivery of the requested data.



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

1. PREFACE

The Directors have pleasure in presenting to the shareholders the Integrated Annual Report of Softlogic Life Insurance PLC ("the Company") together with the Audited Financial Statements for the year ended 31st December 2024 and the Independent Auditors' Report on those Financial Statements conforming to all relevant statutory requirements.

Annual Report has been prepared in accordance with SLFRS S1 and S2, for which assurance reports have been obtained. Furthermore, the report aligns with the Global Reporting Initiative (GRI) framework, which has also been externally assured.

The Company has introduced multiple digital formats for the Annual Report, including an HTML version, an interactive PDF, and AI-powered tools. These enhancements improve accessibility, cater to diverse user needs, and leverage modern, interactive methods for information sharing.

2. STRATEGIC THINKING AND REPORTING FRAMEWORK

The Board has established strategic imperatives through its annual strategic planning exercise and continued to execute the required strategies to mitigate risks and exploit opportunities. The Board of Directors reviewed the Company's business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

This Report, where applicable is presented in accordance with the Guiding Principles and Content elements as stipulated by the Integrated Reporting (IR) Framework issued by the International Integrated Reporting Council (IIRC) and GRI Standards published by the Global Reporting Initiative, reflecting our commitment to transparent and objective reporting towards shareholders and other key stakeholders.

The Company effectively communicates its commitment to long-term value creation for all stakeholders through the Business Model. The assessment of ESG factors, including both Risks and Opportunities, plays a central role in evaluating their impact on the Company and its stakeholders. This approach integrates key environmental, social, and governance (ESG) considerations into decision-making processes. Details of the Sustainability Framework, strategic imperatives, and key strategies, business operations, capital report addressing the short, medium, and long-term perspectives are provided on pages 48–49.

3. REGULATORY FRAMEWORK

The Company is a Licensed Insurance Company registered under the Insurance Industry Act No. 43 of 2000 (IIR) and incorporated under the Companies Act No 17 of 1982 and was re-registered under the Registration No. PQ 31, according to the requirements of the Companies Act No. 07 of 2007. The registered office of the Company is situated at Level 16, One Galle Face Tower, Colombo 2, Sri Lanka. The ordinary shares of the Company are quoted on the Diri Savi Board of the CSE since November 2000. The ultimate parent of the Company is Softlogic Holdings PLC, While Softlogic Capital PLC [Parent Company] holds 51% as at 31st December 2024.

This Report provides the information and disclosures as required by the Companies Act No. 07 of 2007, Insurance Industry Act No. 43 of 2000 and amendments thereto, Directions issued by Insurance Regulatory Commission of Sri Lanka, Listing Rules issued by the Colombo Stock Exchange (CSE), the Recommended Best Practices and other relevant regulations.

4. BOARD'S RESPONSIBILITY ON THE ANNUAL REPORT

The Board of Directors has approved and authorised for issue the Financial Statements of the Company for the year ended December 31, 2024, including comparatives for the Financial year 2023. The appropriate number of copies of the Annual Report have been submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) within the statutory deadlines. The "Statement of Directors' Responsibility for Financial reporting" is provided on pages 229-230.

4.1 Directors' Responsibility for Financial Reporting

As per the provisions of Section 150(1), 151, 152 and 153 (1) & (2) of the Companies Act No. 7 of 2007 and amendments thereto, The Board of Directors of the Company are responsible for preparation of the Financial Statements of the Company, which reflect a true and fair view of the financial position and performance of the Company. Accordingly, the Board of Directors wishes to confirm that the Financial Statements and Material Accounting Policies and Notes thereto appearing on pages 275 to 386 have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007 and amendments thereto.

4.2 Directors' Responsibility for Corporate Governance

This Report also provides the information and disclosures on mandatory Corporate Governance regulations required by the Companies Act No. 07 of 2007 and amendments thereto, the Listing Rules of the Colombo Stock Exchange (CSE) and Direction 17 on Corporate Governance for insurance companies under the Regulation of Insurance Industry Act No.43 of 2000 (updated 3rd Feb 2022) issued by The Insurance Regulatory Commission of Sri Lanka (IRCSL) as well as the information and disclosures on voluntary adoption of the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

5. DIRECTORS OF THE COMPANY

The Board of Directors of the Company as at 31st December 2024 consisted of eight Directors (8 Directors in 2023) with wide financial and commercial knowledge and experience as detailed in the 'Board of Directors Profiles' on pages 176-178.

A comprehensive overview of the Board's operations and governance is available on pages 192-205. For an in-depth understanding of the Board's structure and activities, please refer to page 193.

6. EXTERNAL AUDITOR

6.1 Appointment of Auditor

The present Auditors, Messrs. KPMG were appointed as Auditors of the Company at the Annual General Meeting held on 28th March 2024 to carry out the audit of the Company for the year ended 31st December 2024. The retiring Auditors, Messrs. KPMG have signified their willingness to continue to function as the Auditor to the Company. A resolution to reappoint KPMG as Auditors and granting authority to the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting to be held on 28th March 2025.

6.2 Auditors' Remuneration

Expenses incurred in respect of Audit Fees and Fees for other services rendered during the accounting period are given in Note 21 to the Financial Statements on page 298.

6.3 Auditors' Independence

Independence confirmation has been provided by Messers. KPMG as required by the Section 163 (3) of the Companies Act No 07 of 2007, in connection with the audit for the year ended 31st December 2024 confirming that KPMG is not aware of any relationship with or interest in the Company audited by KPMG that in their judgement, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct issued by CA Sri Lanka. The Directors are satisfied as the BAC has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded in respect of each non-audit service or type of non- audit service that the provision of that service or type of service would not impair the independence of Messrs. KPMG.

6.4 Independent Auditors' Report

The opinion expressed by the Company's External Auditors' Messrs. KPMG, is provided in the Independent Auditors' Report on pages 272-274.

7. GOING CONCERN

Having reviewed the business plans and strategies of the Company, the Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

8. CAPITAL ADEQUACY RATIO ("CAR") AND MINIMUM CAPITAL REQUIREMENTS

The Company has maintain a "CAR" of 298% as of 31 December 2024 (2023 - 367%)

Insurance Regulatory Commission of Sri Lanka (IRCSL) by its Gazette dated 07th May 2013 has increased the Minimum Capital requirement for all Insurance companies to Rs. 500 million with effect from 11th February 2015. The Company has an issued and fully paid stated capital of Rs. 1,062.5 million (2023 - Rs. 1,062.5 million) and therefore fulfilled this statutory requirement.

9. TOTAL AVAILABLE CAPITAL (TAC)

In addition to the above, insurance companies are required to maintain minimum of Rs. 500 million as Total Available Capital (TAC) as per solvency margin (Risk Based Capital) rules 2015 with effect from 01st January 2016. The Company maintains Rs. 31,892 million as at 31st December 2024 (2023 - Rs. 37,107Mn.) which is well above the minimum requirement. Details of the TAC is given on page 338 and in Note 39.14 to the Financial Statements.

10. SHARE BUY-BACK

Given the company's strong capital position and with the objective of maximising shareholder returns, the Board of Directors decided to proceed with a share buyback, following shareholder approval obtained during the Extraordinary General Meeting (EGM) held on n 17 July 2024.

The share repurchase was completed on 20th September 2024, with the company acquiring 58,593,750 ordinary voting shares at a price of Rs. 102.40 per share, totalling up to Rs. 6 billion. Following the repurchase, the total number of outstanding shares decreased from 375,000,000 to 316,406,250 shares.

The transaction was carried out in compliance with Section 64 and Section 529 of the Companies Act No. 7 of 2007; CSE Listing Rule No. 7.10.1 and Article 4 of the Articles of Association of the Company.

11. DIVIDENDS

The Company successfully distributed interim dividends during the year under review. This included a dividend of Rs. 3.75 per share from the profits of 2023 and Rs. 4.50 per share from the profits of 2024. Refer Note No.24 Dividend Per Share on Page 301. The Directors have certified that they are satisfied that the Company will, immediately after the said distribution is made, satisfy the solvency test in accordance with the Section 57 of the Companies Act and subsequent to such declaration, the Directors have obtained the Auditors certificate of solvency thereon.

12. ANNUAL GENERAL MEETING

The Twenty Sixth (26th) Annual General Meeting of the Company will be held on Friday, 28th March 2025 at 10.00 a.m. The notice of Annual General Meeting is given on page 414.

13. FOCUS ON NEW REGULATIONS

SLFRS 17 will be effective w.e.f. 1st January 2026 which requires significant changes in our existing operations, IT systems, etc. Most importantly, this will change the way we measure our performance in a logical manner. However, the Company has evaluated the risk of changing SLFRS 4 to SLFRS 17 and has taken key initiatives. Refer Implementation of SLFRS 17 on Page 190.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The recent revisions to Corporate Governance rules by the Colombo Stock Exchange (CSE) have been carefully assessed. The Company has proactively taken measures to ensure full compliance with these updated listing regulations. Refer detailed disclosures on compliance status of CSE Listing Rules Section 9 on page 250 - 255.

The Company has successfully implemented the ISSB's SLFRS S1 and S2 sustainability reporting standards, reinforcing its commitment to sustainability and effectively addressing climate-related risks and opportunities. This strategic integration has enhanced business resilience and empowered the organisation to navigate complex business environments with confidence. Refer to Creating a Resilient Business Model for Sustainability on Page 48 - 49.

14. ADHERENCE TO RELEVANT STATUTES, REGULATIONS, AND GOVERNANCE CODES

The level of compliance with the provisions of Section 168 of the Companies Act No. 7 of 2007 and amendments thereto, and other applicable statutes, is detailed below. Additionally, a comprehensive disclosure regarding compliance with the following mandatory Directions and the voluntary Code on Good Governance is provided on page 249 - 264.

- Compliance with requirements of Section 9 & Section 7.6 of the Listing Rules of the Colombo Stock Exchange (on pages 249 to 255)
- Direction 17 on Corporate Governance for insurance companies under the Regulation of Insurance Industry Act No.43 of 2000 (updated 3rd Feb 2022) issued by The Insurance Regulatory Commission of Sri Lanka (IRCSL) (on pages 256)
- The Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka (on pages 257 to 264)

15. COMPLIANCE WITH THE REQUIREMENTS OF SECTION 168 OF THE COMPANIES ACT NO. 07 OF 2007

A summary of compliance with the requirements of Section 168 of the Companies Act No. 07 of 2007, along with its amendments, is provided below.

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
15.1	The nature of the business of the Company together with any change thereof during the accounting period	Section 168 (1) (a)	Refer Notes to the Financial Statements: Note 1.3: Principal activities and nature of operations of the Company	280
15.2	Signed Financial Statements of the Company for the accounting period completed in accordance with Section 152.	Section 168 (1) (b)	Refer Financial Statements of the Company	275-277
15.3	Auditors' Report on the Financial Statements of the Company.	Section 168 (1) (c)	Refer Independent Auditors' Report	272-274
15.4	Accounting policies of the Company and any change therein.	Section 168 (1) (d)	Refer Notes to the Financial Statements: Note 4: Use of Material Accounting Judgements, Assumptions and Estimates	285
15.5	Particulars of the entries made in the Interests Register of the Company during the accounting period.	Section 168 (1) (e)	An Interest Register was maintained during the accounting period under review. All the Directors of the Company have disclosed their interest in other companies to the Board and those interests are recorded in the Directors interest register confirming to the provisions of the Companies Act No 7 of 2007. Refer Directors' Interest in Contracts with the Company Refer Notes to the Financial Statements: Note 50: Related Party Disclosure	232 382
15.6	Remuneration and other benefits paid to Directors of the Company during the accounting period	Section 168 (1) (f)	Refer Notes to the Financial Statements: Note 50.6: Transactions with KMP	383

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
15.7	Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Refer Notes to the Financial Statements: Note 21: Profit Before Tax	298
15.8	Information on Directorate of the Company during and at the end of the accounting period	Section 168 (1) (h)	Board of Directors (176) Board Composition (196) **Retirement and Re-election** The Directors to retire by rotation at an AGM shall be those who, have served the longest in office, since their last election or appointment as a Director to the Board of Directors of the Company in terms of articles 98 of the Articles of Association of the Company. Accordingly, Mr. P L P Withana was re-elected at the 25th AGM held on 28th March 2024. Refer Notice of Meeting on page 414 for proposed Director re-election for 2025. Refer Appointments, Re-election and Resignation of Directors.	200
15.9	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company	Section 168 (1) (i)	Refer Notes to the Financial Statements: Note 21: Profit Before Tax	298
15.10	Auditors' relationship or any interest with the Company	Section 168 (1) (j)	Messrs. KPMG has confirmed its independence as required by Section 163(3) of the Companies Act No. 07 of 2007, stating no relationships or interests affect its impartiality in auditing the company for the year ending December 31, 2024. Refer External Assurance under Ethical Governance Execution	213
15.11	Acknowledgement of the contents of this Report/ Signatures on behalf of the Board	Section 168 (1) (k)	The Board of Directors have acknowledged the contents of this Annual Report as disclosed in the Annual Report Of The Board of Directors	228

16. OTHER DISCLOSURE REQUIREMENTS

Summary of other disclosure requirements by the Companies Act No. 07 of 2007(C.A), Listing Rules issued by CSE(LR), Recommended Best Practices (RBP), Insurance Industry Act No. 43 of 2000(RII), Central Bank of Sri Lanka(CBSL), and Insurance Regulatory Commission of Sri Lanka(IRCSL) are specified below.

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
16.1	Principal Activity (Section 12 (4))	RII and L.R.7.6 (ii)	The principal business activity of the Company is Life Insurance business which has remained unchanged during the financial year. Refer Notes to the Financial Statements: Note 1.3: Principal activities and nature of operations of the Company	280

C.A - Companies Act No. 07 of 2007
LR - Listing Rules issued by CSE
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ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
16.2	Financial Investments	(Section 25 (1) – RII)	Details of the Company's investment portfolios, their classifications, valuation information and accounting policies has been disclosed in the Notes to the Financial Statements.	
			Note 29: Financial Assets	312
16.3	Capital Expenditure and Ownership of Assets	(Section 30 – RII)	Details of Capital expenditures on Property, Plant, Equipment and Intangible Assets has been disclosed in the Notes to the Financial Statements.	
			Note 25: Intangible Assets	302
			Note 26: Property, Plant, Equipment	303
16.4	Total Available Capital (TAC)	(Section 26 (1) - RII)	The TAC of the Company as at 31st December 2024 was Rs. 31,892 Mn. (2023 - Rs. 37,107Mn.) which is well above the minimum requirement of Rs.500Mn. Details are given on Notes to the Financial Statements.	
			Note 39.14: Solvancy Margin	338
16.5	Loans to Directors	(Section 29 (1) - RII)	Directors are not entitled to obtain any kind of loans from the Company.	242
16.6	Directors' Responsibility for Financial Reporting	(Section 150 and 151 – C.A)	Refer Statement of Directors' Responsibility For Financial Reporting	229
16.7	Auditors' Independence	(Section 163(3) - C.A)	Refer External Assurance under Ethical Governance Execution	213
16.8	Annual General Meeting	(Section 133 & 135 (a) - C.A)	Refer Notice of Annual General Meeting	414
16.9	Directors' Insurance	(Section 218 - C.A)	The Company has paid an insurance premium in respect of an insurance policy for the benefit of the Directors of the Company as defined in the insurance policy during the financial year. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium	242
16.10	Board Responsibility on the Annual Report	(Section 166(1) - C.A)	Annual Report of The Board Of Directors	220
16.11	Valuation of Land and Building	(L.R.7.6 (viii))	All land and buildings owned by the Company has been revalued as per the Company Policy. Refer Notes to the Financial Statements for further information.	
16.12	Market Value of Properties	(L.R.7.6 (xii))	Note 26: Property, Plant, Equipment	303
16.13	Stated Capital	(L.R.7.6 (ix))	During the year the Company offered a share buyback option to it's Shareholders and as a result Stated Capital of the Company changed.	
			Details of the Stated Capital are provided in Notes to the Financial Statements.	
			Note 35: Stated Capital	330
			Tier 2 Capital	
			Details of the Tier 2 subordinate debt capital of the Company are provided in Notes to the Financial Statements.	
			Note 41: Loans and Borrowings	342

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Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
16.14	Issue of Shares	(L.R.7.6 (xiii))	During the year, Company has not issued any shares to raise new capital.	
16.15	Distribution Schedule of Shareholdings	(L.R.7.6 (x))	Information on the Distribution Schedule of Shareholdings,	
16.16	Substantial Shareholdings	(L.R.7.6 (iii))	Ratios, Market Price and Credit rating has been disclosed.	
16.17	Information on Ratios, Market Prices of Shares and Credit Rating	(L.R.7.6(xi)	Refer Investor Relations	395
16.18	New Board Appointments During 2024	(L.R. 8)	There were no new appointments to the Board during 2024. Refer Appointments, Re-election and Resignation of Directors.	200
16.19	Retirement and Re-Election	(L.R. 8 and Direction -17 B (a), B (b) by IRCSL)	Refer Appointments, Re-election and Resignation of Directors.	200
16.20	Directors' Shareholding including Managing Director	(L.R.7.6 (v))	No Director, including the Managing Director has a shareholding in the Company. Refer Investor Relations for further information.	395
16.21	Information on Directors as at 31st December 2024	(L.R.7.6 (i))	Board of Directors Board Composition	176 196
16.22	Internal Controls and Risk Management	(L.R.7.6(vi))	The Company has an ongoing process in place to identify, evaluate and manage the risks that are faced by the Company. The Directors continuously review this process through the Board Risk Committee. Specific steps taken by the Company in managing risks are detailed in the 'Risk Committee Report and Notes to the Financial Statements. Risk Committee Report. Note 48: Risk and Capital Management	 239 354
16.23	Related Party Transactions	(L.R 9.3.2 (L.R.7.6(xvi))	No related party transactions exceeded the limits of 10% of equity or 5% of total assets requiring immediate disclosure to CSE and a separate disclosure in the Annual Report. Directors have disclosed the transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24). Refer Notes to the Financial Statements: Note 50: Related Party Disclosures	 382
16.24	Employee Share Ownership/ Option Plans	(L.R.7.6(xiv))	The Company does not have any employee share ownership/option plans. Refer Human Resource and Remuneration Committee Report	242

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ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
16.25	Compliance with Rules and Regulations	(Section 6(a),(b) & Section 7 of FTRA No. 06 of 2006 Circular No. 03/13)	The Company has fully complied with regulations from the Insurance Regulatory Commission of Sri Lanka (IRCSL), IRD, and other relevant authorities, submitting all required returns and details on time. It also adheres to the Financial Transaction Reporting Act No. 06 of 2006 and the Convention on the Suppression of Terrorist Financing Act No. 25 of 2005 by submitting monthly reports to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka (CBSL). Additionally, quarterly Compliance Reports are submitted to the Audit Committee for confirmation. Refer Audit Committee Report	235-238
16.26	Vision, Mission and Corporate Conduct	RBP	The business activities of the Company have been conducted, maintaining the highest level of ethical standards in achieving our "Vision and Mission", which reflect our commitment to high standards of business conduct and ethics.	16
16.27	Review of Operations of the Company	RBP	The Company's innovation has boosted business momentum, strengthening brand loyalty among customers and stakeholders who take pride in their association with the Company. Refer Chairman's Statement Refer Operational review	183 38 - 46
16.28	Future Outlook	RBP	The Company is optimistic about the economy and industry outlook for 2025, expecting a recovery in Sri Lanka's GDP growth compared to the previous year. Refer Chairman's Statement	183
16.29	Board Meetings and Board Sub-Committee Meetings	RBP	The Board met four times during the year and is confident that all Directors dedicate enough time to fulfil their responsibilities despite other commitments. Refer Board Sub-Committees Refer Board Meeting	203 202
16.30	Statutory Payments	RBP	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments including all taxes, duties and levies payable by the Company due to the Government, other regulatory institutions and related to the employees have been made on time or where relevant provided for.	187
16.31	Equitable Treatment to Shareholders	RBP	The Company has ensured at all times that all shareholders are treated equitably. Refer Shareholders Engagement	218-219
16.32	Focus on New Regulations	RBP	SLFRS 17 will take effect from January 1, 2026, requiring significant operational and IT system changes. Recent revisions to Corporate Governance rules by the Colombo Stock Exchange (CSE) have been thoroughly evaluated, and proactive steps have been taken to ensure full compliance. The International Sustainability Standards Board (ISSB) has introduced SLFRS S1 and S2, emphasising sustainability and climate-related risks Refer Annual Report of The Board of Directors	221
16.33	Outstanding Litigation	RBP	In the opinion of the Directors and in consultation with the Company's lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations.	385

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Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
16.34	Liabilities and Provisions	RBP	The Board of Directors has arranged external actuaries to value the Life Fund and the Gratuity Liability. Refer Notes to the Financial Statements for the basis adopted for provisioning.	
			Note 38: Insurance Contract Liabilities	332
			Note 40: Employee Benefit Liabilities	340
16.35	Corporate Governance	(RBP L.R.7.6 (xv))	The Company has complied with all Mandatory and Voluntary Corporate Governance codes and the extent of compliance is as follows,	
			• Listing Rules issued by CSE	249-255
			• Direction 17 issued by the Insurance Regulatory Commission of Sri Lanka.	256
			• Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka	257-264
16.36	Events After the Reporting Period	RBP	No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements, other than disclosed in Notes to the Financial Statements.	
			Note 52: Events After the Reporting Period	385
16.37	Corporate Social Responsibility (CSR)	RBP	The CSR initiatives of the Company are detailed under 'Management Discussion and Analysis'.	
			Refer Inspiring Actions Today for a Transformed World Tomorrow	170
16.38	Sustainability	RBP	The Company has been a pioneer in adopting sustainability practices and reporting. Its efforts to prioritise sustainability in business strategy formulation are discussed in the 'Management Discussion and Analysis'	
			Refer Strategic Approach to Manage Climate and Sustainability	52-90
16.39	Environmental Protection	RBP	The Company, to the best of their knowledge, has not engaged in any activity, which was detrimental to the environment. Specific measures taken to protect the environment are discussed in the 'Management Discussion and Analysis'	
			Refer Environmental Governance	87-90
16.40	Employment Policy	RBP	The Company policy is to respect the merits of the individuals and provide career opportunities, irrespective of gender, race or religion.	
			The Company's strength of manpower as at 31st December 2024 was 947. (2023 - 985).	
			Medical and Life insurance, under Group cover is available for all employees of the Company, irrespective of their period of service. The Company encourages sports and recreational activities by supporting the Sports Club.	
			Refer Human Capital	118-133
16.41	Technology	RBP	As encapsulated in the Corporate Strategy, our business processes are underpinned by technology. All of our processes involve information technology and we use technology to deliver superior products and services to our customers. Correspondingly, the nature of the business is more heavily intertwined with technology than ever before.	
			Refer Digital transformation and insure tech	95

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ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
16.42	Operational Excellence	RBP	To increase efficiency and reduce operating cost, the Company has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms. Refer Sustainability Management.	38 - 46
16.43	Code of Conduct and Ethics	RBP	The Company has implemented a Code of Business Conduct and Ethics for all employees, mandating strict adherence without exception. Additionally, a Code of Conduct and Ethics for Directors has been adopted. No violations of these codes were reported during the year, and both Directors and Key Management Personnel have declared their compliance with the respective codes. Refer Promoting an Ethical Governance Execution	208
16.44	Bribery and Corruption	RBP	Company has introduced a framework, setting out policies and guidelines to prevent corruption and bribery. Refer Policies implemented to combat corruption and bribery.	209
16.45	Review of Performance of Board	RBP	The performance of the Board is evaluated through a formalised process. Refer Evaluation of Board and Board Sub-Committee Performance	195
16.46	Taxation	RPB	Income taxes are computed based on rates enacted or substantively enacted as at the Reporting Date. The income tax rates applicable to the Company's operations for the year under review was 30%. The Company recognised deferred tax asset extent to which future taxable profits will be available to utilise the available tax losses in foreseeable future. Refer Notes to the Financial Statements: Refer Note 22 – Income Tax Expenses	298
16.47	Reserves	RBP	The reserves consist of Fair Value Reserve, Revaluation Reserve, Restricted Regulatory Reserve and Retained Reserves. Refer Notes to the Financial Statements: Note 36 – Restricted Regulatory Reserve Note 37 – Other Reserves	331 331

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17. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by the Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors does hereby acknowledge the contents of this Annual Report.

Sgd.
Softlogic Corporate Services (Pvt) Ltd
Company Secretary

On behalf of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka
04th March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

This statement outlines the Directors' responsibilities in relation to Softlogic Life Insurance PLC's Financial Statements. The responsibilities of the External Auditors in relation to the Financial Statements are outlined on pages 272-274 of the 'Auditors' Report.

In accordance with Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, the Company's Board of Directors is responsible for ensuring that the Company keeps proper books of account of all transactions and prepares Financial Statements that give a true and fair view of the Company's financial position as at the end of each financial year and of the Company's financial performance for each financial year and presents them to a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31st December 2024, the Statement of Income Statement and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company give a true and fair view of the:

- Financial position of the Company as at 31st December 2024; and
- The financial performance of the Company for the financial year ended.

COMPLIANCE REPORT

The Board of Directors also wishes to confirm that:

a. Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements are provided on pages 280-386 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained.

b. The Financial Statements for the year 2024, are prepared and presented in this Annual Report in agreement with the underlying books of account and are in conformity with the requirements of the following:

   - Sri Lanka Accounting Standards.
   - Companies Act No. 07 of 2007 and amendments thereto.
   - Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
   - Insurance Industry Act No. 43 of 2000 and amendments thereto.
   - Statement of Recommended Practice (SoRP).
   - Listing Rules of the Colombo Stock Exchange (CSE) and;
   - Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.
   - Sustainability Disclosure Standards(SLFRS S1 and S2)

c. These Financial Statements comply with the prescribed format issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) for the preparation of Annual Financial Statements of Insurance Companies.

d. The Directors of the Company have taken appropriate steps to ensure that the Company maintains proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee. The Report of the said Committee is given on pages 235-238.

e. The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.

f. Proper accounting records which correctly record and explain the Company's transactions have been maintained as required by the Section 148 (1) of the Companies Act to determine at any point of time the Company's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements.

g. The Board of Directors accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

h. They have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records. The "Directors' Statement on Internal Control" is given on pages 233-234 of this Annual Report.

i. As required by Section 56 (2) of the Companies Act No. 07 of 2007, they have authorised distribution of the dividends paid and proposed upon being satisfied that the Company satisfies the solvency test after such distributions are made in accordance with Section 57 of the Companies Act No. 07 of 2007

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

and have obtained in respect of dividends paid and proposed, and also for which approval is now sought, necessary certificates of solvency from the External Auditors.

j. As required by Sections 166 (1) and 167 (1) of the Companies Act No. 07 of 2007, the Company has prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed a desire to receive a hard copy or a soft copy (online HTML version) is available on the CSE website "www.cse.lk" and Company's official website "www.softlogiclife.lk" within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

k. All shareholders in each category have been treated equitably in accordance with the original terms of issue.

l. The Company has met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.

m. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the 'Code on Corporate Governance' issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements.

n. The Financial Statements of the Company have been certified by the Company's Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the Company on page 273 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements.

o. The Company's External Auditors, Messrs. KPMG who were appointed in terms of the Section 158 of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 272-274.

p. The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant, provided for.

Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka
04th March 2025

MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Softlogic Life Insurance PLC (the Company) as at 31st December 2024 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Insurance Industry Act No. 43 of 2000 and amendments thereto
- Statement of Recommended Practice (SoRP)
- Listing Rules of the Colombo Stock Exchange (CSE) and
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.
- Sustainability Disclosure Standards(SLFRS S1 and S2)

The formats used in the preparation of the Financial Statements and disclosures made comply with the specified formats prescribed in the SoRP. The Company presents the financial results to its shareholders on a quarterly basis.

The significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied unless otherwise stated in the Notes accompanying the Financial Statements. Application of Significant Accounting Policies and Estimates that involve a high degree of judgement and complexity were discussed with the Audit Committee and Company's External Auditors. Comparative information has been restated to comply with the current presentation, where applicable.

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects; the financial condition, results of the operations and the cash flows of the Company during the year under review.

We are responsible for establishing, implementing and maintaining Internal Controls and Procedures within the Company. We ensure that effective Internal Controls and Procedures are in place, ensuring material information relating to the entity are made known to us for safeguarding assets, preventing and detecting fraud and/or error as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. We have evaluated the Internal Controls and Procedures of the entity for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of the Internal Controls and Procedures, to the best of our knowledge.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and fraud that involves management or other employees. The Company's Internal Audit Function also conducts periodic reviews to ensure that the Internal Controls and Procedures are consistently followed.

The Financial Statements of the Company were audited by Messrs. KPMG, Chartered Accountants and their Report is given on pages 268-270. The Audit Committee pre-approves the audit and non-audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence and objectivity.

The Board Audit Committee (BAC), inter alia, reviewed all the Internal and External Audit and Inspection Programmes, the efficiency of Internal Control Systems and procedures and also reviewed the quality of the Significant Accounting Policies and their adherence to Statutory and Regulatory Requirements. The details of which are given in the 'Board Audit Committee Report' appearing on pages 235-238.

The continuous inspection and audit functions, engagement of firms of Chartered Accountants and effective functioning of the BAC, ensure that the Internal Controls and Procedures are followed consistently. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the BAC to discuss any matter of substance. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

It is also declared and confirmed that the entity has complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required. We confirm that to the best of our knowledge:

a) The Company has complied with all applicable laws and regulations and guidelines and there is no material litigation against the Company other than those disclosed in Note 53 Provisions and Contingencies on pages 385 of the Financial Statements.

b) All taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at 31st December 2024 have been paid, or where relevant provided for.

c) The Company has complied with all the legal and regulatory provisions of the Regulation of Insurance Industry Act.

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Nuwan Withanage
Chief Financial Officer

Colombo, Sri Lanka
04th March 2025

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

In compliance with the disclosure requirements of Section 168 (e) of the Companies Act No 07 of 2007, Directors' interests in contracts or proposed contracts with the Company, both direct and indirect are disclosed as follows, where the Chairman or a Director of the Company is the Chairman or a Director of such entities. Furthermore, to adhere to Rule 9.10.4(e) of the CSE Listing Rules, these entities are categorised as listed, unlisted or foreign, and the Director's role as Executive or Non-Executive is also disclosed. All Directors of the Company have disclosed their interest in other companies to the Board and such interest are recorded in the Directors interest register confirming to Section 192 (1) and 192 of the Companies Act No 07 of 2007.

Summery of Directorships in other Companies

Director Name	Listed	Unlisted	Foreign	Total
Ashok Pathirage	6	11		17
Iftikar Ahamed	1	4		5
Haresh Kaimal	6	13		19
V. Govindasamy	4	9		13
Sanjaya Mohottala		2	2	4
Lalith Withana	5	2		7
Fernanda Lima			15	15
Raimund Snyders			5	5

Directorships in Listed Companies

No.	Position	Company	Capacity
Ashok Pathirage			
1	C/MD	Softlogic Holdings PLC	ED
2	C/MD	Asiri Surgical Hospital PLC	ED
3	C	Odel PLC	ED
4	C/MD	Asiri Hospital Holdings PLC	ED
5	C	Softlogic Capital PLC	NED
6	C	Softlogic Finance PLC	NED
Iftikar Ahamed			
1	MD	Softlogic Capital PLC (Resigned w.e.f. 31.01.2024)	ED
Haresh Kaimal			
1	D	Softlogic Holdings PLC	ED
2	D	Odel PLC	NED
3	D	Softlogic Finance PLC	NED
4	D	Asiri Hospital Holdings PLC	NED
5	D	Softlogic Capital PLC	NED
6	D	Asiri Surgical Hospital PLC	NED
V. Govindasamy			
1	D	Watawala Plantations PLC	NED
2	DC	Sunshine Holdings PLC	NED
3	D	United Motors Lanka PLC	NED
4	D	Dialog Axiata PLC	NED
Lalith Withana			
1	D	HNB Finance PLC	NED
2	D	Commercial Development Company PLC	NED
3	D	Waskaduwa Beach Resort PLC	NED
4	D	Hikkaduwa Beach Resort PLC	NED
5	D	Citrus Leisure PLC	NED

Directorships in Foreign Companies

No.	Position	Company
Fernanda Lima		
1	D	Tumalon Katak Salahkar Pte.Ltd.(Singapore)
2	D	LeapFrog III Holdings (Asia) Pte. Ltd
3	D	Amethyst Inclusion Pte. Ltd.
4	D	LeapFrog III FS Africa No. 1 Pte. Ltd.
5	D	Inclusive Digital Health Pte. Ltd.
6	D	Obsidian Inclusion Pte. Ltd.
7	D	Emerald Inclusion Pte. Ltd.
8	D	Peridot Inclusion Pte. Ltd.
9	D	Topaz Inclusion Pte. Ltd.
10	D	EC Mobility I Pte. Ltd.
11	D	Alstroemeria Investments Pte. Ltd.
12	D	Leucadendron Investments Pte. Ltd.
13	D	Bolttech Holdings Limited
14	D	Carnelian Holdings Pte. Ltd.
15	D	Save the Children Global Ventures Foundation

C - Chairman
DC - Deputy Chairman
ED - Executive Director
MD - Managing Director
D - Director
NED - Non-Executive Director

Directorships in Foreign Companies

No.	Position	Company
Sanjaya Mohottala		
1	D	Alani Bangladesh Pvt Ltd (Bangladesh)
2	D	IFINITY PTE. LTD.
Raimund Snyders		
1	D	AIICO PLC
2	D	Nigerian Insurance Group
3	D	miLife Insurance
4	D	Ghanaian Insurance Company
5	D	Cenfri (Non profit South African Company)

Directorships in Unlisted Companies

No.	Position	Company
Ashok Pathirage		
1	C/MD	Central Hospital Ltd.
2	C/MD	Ceysand Resorts Ltd.
3	C/MD	Softlogic Retail (Pvt) Ltd.
4	C	Softlogic Supermarkets (Pvt) Ltd.
5	C	Softlogic Properties (Pvt) Ltd.
6	C	NDB Capital Holdings Ltd.
7	D	Footwear Retailer Ltd.
8	D	Odel Properties One (Pvt) Ltd.
9	D	Asiri A O I Cancer Centre (Pvt) Ltd.
10	D	Softlogic Retail Holdings (Pvt) Ltd.
11	D	Asiri Port City Hospital (Pvt) Ltd.
Iftikar Ahamed		
1	D	Softlogic Stockbrokers (Pvt) Ltd.
2	D	Softlogic Corporate Services (Pvt) Ltd.
3	D	Softlogic Asset Management (Pvt) Ltd.
4	D	Softlogic Australia (Pty) Ltd.
Haresh Kaimal		
1	D	Softlogic Australia (Pty) Ltd.
2	D	Softlogic Information Technologies (Pvt) Ltd.
3	D	Softlogic BPO Services (Pvt) Ltd.
4	D	Softlogic Retail Holdings (Pvt) Ltd.
5	D	Softlogic Restaurants (Pvt) Ltd.
6	D	Softlogic City Hotels (Pvt) Ltd.
7	D	Softlogic Supermarkets (Pvt) Ltd.
8	D	Softlogic Corporate Services (Pvt) Ltd.
9	D	Softlogic Brands (Pvt) Ltd.
10	D	Odel Properties One (Pvt) Ltd.
11	D	Saber Travel Network Lanka (Pvt) Ltd.
12	D	S R One (Pvt) Ltd
13	D	Softlogic IT Holdings (Pvt) Ltd
V. Govindasamy		
1	C	Sunshine Wilmar (Pvt) Ltd.
2	D	Sunshine Consumer Lanka Ltd.
3	D	Healthguard Pharmacy Ltd.
4	D	Watawala Dairy Ltd.
5	D	Sunshine Healthcare Lanka Ltd.
6	D	Ceylon Property Development Ltd.
7	D	Lanka Island Resorts Ltd.
8	D	Sunshine Tea (Pvt) Ltd.
9	D	Sunshine Foundation for Good
Sanjaya Mohottala		
1	D	Alani Holdings Pvt Ltd
2	D	1976 Corp Pvt Ltd
Lalith Withana		
1	D	Agility Consulting Services (Pvt) Ltd.
2	D	Serendipity Leisure (Pvt) Ltd.

Related party disclosures as per the LKRS 24 on "Related Party Disclosures" are given in Note 50 to the Financial Statements on page 382.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

INTRODUCTION

The following statement fulfils the requirement to publish the Directors' statement on internal controls as per the Code of Best Practices on Corporate Governance issued by the CA Sri Lanka.

RESPONSIBILITY

The Board of Directors ("Board") is accountable for ensuring the adequacy and effectiveness of internal controls in order to protect shareholders' investments and Company assets. The Board has established an enterprise risk management approach to identify the most significant risks to the business and management's mitigation efforts.

However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Company. In light of this, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has created an ongoing process for detecting, evaluating, and managing the Company's major risk, which includes upgrading the Company's internal control system as the business environment and regulatory rules evolve. The Board, through its Audit Committee and Risk Management Committee, with the cooperation of the Internal Auditors, involves setting this process for the year and reviews it on a regular basis.

- Regular IT system audits are conducted by contracted external experts to ensure the integrity of financial information, data security and adequate access controls are in place with regard to processing of data. Further, contemplating robust security measures and risk management, the Company has appointed an independent IT security officer who liaises with the internal audit, external audit and other external experts contracted by the Company. In addition to the above, the External Auditors review critical components of the IT environment as part of the statutory audit.
- The recommendations made by the External Auditors in connection with the internal control system in previous years were reviewed during the year and appropriate steps were taken to implement them.
- Further improvements in line with industry and/or non-industry best practices are also implemented on an on-going basis.
- The Board Risk Management Committee assists the Board in overseeing the risk management framework of the Company. The management has prepared a Risk Register identifying all key risks faced by the Company and there is an ongoing, bottom-up process in place for identifying, evaluating and managing the risks faced by the Company. New risks, mitigating actions and changes of risk status of earlier identified risks are highlighted separately and the implementation of the proposed new controls is followed up by the risk and internal audit department. The report of the Risk Committee is provided on pages 239-240 of the Annual Report.

The management assists the Board in implementing policies and procedures relating to risk and control by identifying and assessing the risks faced by the Company, as well as in the design, operation and monitoring of suitable internal controls to mitigate these risks.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with the relevant accounting principles and regulatory requirements.

Key features of the process adopted in applying and reviewing the design and effectiveness of the Internal Control System on Financial Reporting and the key processes established to review the adequacy and integrity of the system of internal controls related to financial reporting include the following:

- Board Sub-Committees are established by the Board to assist in ensuring,
  - The effectiveness of the Company's daily operations.
  - The Company's operations are in accordance with the business direction/strategies.
  - The Company's operations are in line with the annual corporate budget, and approved policies.
- Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Company's core areas of business. These committees include the Assets and Liability Management Committee, the Internal Investment Committee, the Information Technology Steering Committee, the Internal Risk Management Committee, the Actuarial Committee and the Product Development Committee.
- In assessing the internal control system over financial reporting, identified officers of the Company collated all procedures and controls connected with the significant accounts and disclosures of the Financial Statements of the Company.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

These in turn were observed and checked by the Internal Audit department for suitability of design and effectiveness on an ongoing basis. Since adoption of new Sri Lanka Accounting Standards (SLFRSs and LKASs), progressive improvements in processes to comply with the new requirements of recognition, measurement, classification and disclosures are being made.

CONFIRMATION

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka.

Accounting Standards, requirements of the Company's Act No. 7 of 2007, Regulations of Insurance Industry Act No. 43 of 2000 and the listing rules of the Colombo Stock Exchange.

- The Internal Audit Department of the Company checks for compliance with policies and procedures and the effectiveness of the internal control system on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on all departments and branches, in accordance with the annual audit plan approved by the Audit Committee. The frequency of audits of branches is determined by the level of risk assessed, to provide an independent and objective report.
- The annual audit plan is reviewed and approved by the Audit Committee.
- Findings of the internal audit are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee of the Company reviews internal control issues identified by the Internal Audit Department, regulatory authorities, External Auditors and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit function with particular emphasis on the scope of audits, independence, resources and quality of the same. Minutes of the Audit Committee meetings are tabled at the meetings of the Board of Directors of the Company on a periodic basis. Details of the activities undertaken by the Audit Committee of the Company are set out in the 'Audit Committee Report' which appears on pages 235-238.

On behalf of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Lalith Withana
Chairman – Audit Committee

Colombo, Sri Lanka
04th March 2025

AUDIT COMMITTEE REPORT

The Audit Committee of Softlogic Life Insurance PLC plays a pivotal role in ensuring the integrity of financial reporting, compliance with regulations, and the robustness of internal controls and risk management processes. This report outlines the Committee's activities during the year and key focus areas moving forward.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Audit Committee ("the BAC") comprise of three (03) Non-Executive Directors, out of which, majority (02) of whom are independent. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. Lalith Withana	Independent Non-Executive Director	Chairman	22 Jul 2021	4/4
Mr. Raimund Snyders	Non-Executive Director	Member	15 Feb 2021	4/4
Mr. V. Govindasamy	Independent Non-Executive Director	Member	22 Jul 2021	4/4

Regular Attendees by invitation

Managing Director
Deputy Chief Executive Officer
Chief Financial Officer
Chief Information Officer
Chief Technical Officer
Chief Actuarial Officer
Chief Audit and Compliance Officer
Group Head of Internal Audit & Risk
Head of Finance
Assistant Vice President Internal Audit
Vice President/ Head of Treasury

Coordination Secretary

Chief Audit and Compliance Officer

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

The Committee has actively overseen the SLFRS 17 implementation, ensuring system readiness, technical alignment, and compliance.



EXPERTISE OF THE COMMITTEE

The Chairman of the committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of UK.

He is a Management Consultant with over 25 years of experience in organisation development, business transformation, finance, human resources, manufacturing, supply chain, market development, public sector and project management.

The Committee members also bring a wide range of expertise and knowledge to the Audit Committee, which enables the effective conduct of operations.

Further information on the Committee members' experience, qualifications and expertise are provided in the brief profiles included on pages 176-178 of the Annual Report.

CHARTER OF THE COMMITTEE

The Charter of the BAC approved by the Board, clearly defines the Terms and Reference of the committee and is annually reviewed to ensure that new developments relating to the committee's functions are addressed.

The Charter of the Committee was last reviewed and approved by the Board on 07th November 2024.

The Committee has the cooperation of the management and complete access to information and may invite any Director or executive officer to attend its meetings.

Regulations/Rules Relevant to The Functions of the Committee

The composition, role and the functions of the Board Committee are further regulated by the rules on Corporate Governance under the "Listing of the Colombo Stock Exchange", "Code of Best Practice on Corporate Governance", issued by The Institute of Chartered Accountants of Sri Lanka and the Regulation of Insurance Industry Act, No.43 of 2000. Refer page 187 for details of Compliance.

OBJECTIVES

The Committee is empowered by the Board of Directors to:

- Ensure that the financial reporting system is well managed and effective to provide accurate and timely financial information to the Board of Directors, regulators and shareholders.

- Review the appropriateness of the accounting policies and ensure adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Examine the appropriateness, efficacy, and efficiency of risk management, internal controls, and governance systems established to prevent, mitigate, or transfer present and evolving risks.
- Ensure that the conduct of the business follows the applicable laws and regulations of the country and falls within the policies and procedures of the Company.
- Ascertain that the Company adopts and follows strong corporate governance standards, Confirming the highest ethical standards and best industry practices in the best interests of all stakeholders.
- Monitoring all areas of internal and external audits in order to provide findings and recommendations to management.
- Prior to submission to the Board, review the Company's Interim Financial Statements and Annual Financial Statements to ensure the integrity of the financial statements prepared for disclosure.
- Ensure that the impacts of new accounting standards are discussed and disclosed in the Financial Statements.
- Monitoring and reviewing the activities and performance of the internal, external and outsourced auditor/s, including monitoring their independence and objectivity.

ACTIVITIES IN 2024

1. Meetings

The Audit Committee conducted four (04) meetings during the year. The attendance by the Committee members at each of these meetings is given in the page 203. Representatives of the Company's External Auditor, Messrs. KPMG also participated at those 04 meetings by invitation. The Committee also invited Senior Management of the Company to participate in the meetings from time to time as required.

2. Financial Reporting Oversight

The Committee reviewed the following areas, in consultation with the External Auditors and the management where necessary:

- Reviewed and discussed the Interim Financial Statements of all four (04) quarters and the Annual Financial Statements for the year 2024 prior to publication including the extent of compliance with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters, Listing Rules, Companies Act No. 7 of 2007, Regulation of Insurance Industry Act, SORP and the reasonableness of significant estimates and judgements.
- The Committee also discussed with the External Auditors and management the matters communicated by the External Auditors in their reports to the Committee on the audit for the year.

Review of Impairment on Financial Investments

The Committee reviewed the policy manual of principles and methodologies including Expected Credit Losses (ECL) computations under "SLFRS 9 – Financial instruments" adopted by the management during the year. Further, the Committee reassessed the impairment relating to Debenture investments, Unit Trust Investments and Sovereign bond considered the requirement to make necessary provisions for the expected loss impairment.

Restructuring of ISB investment

The Audit Committee played a key role in evaluating and overseeing the Company's decision-making, regarding the restructuring of International Sovereign Bonds (ISBs) issued by the Government of Sri Lanka. Refer Note 29.11 on Page 324 for detailed impact on financial statements.

Sri Lanka Accounting Standards Compliance

The Committee reviewed the revised policy decisions relating to the adoption of the new and revised Sri Lanka Accounting Standards applicable to the Company and made recommendations to the Board of Directors. The committee would continue to monitor compliance with the relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

Progress in Implementation of SLFRS 17

The Committee has been actively overseeing the implementation of SLFRS 17 – Insurance Contracts, which will be effective for the preparation of financial statements from 1 January 2026. Throughout the year, the Committee reviewed and approved the SLFRS 17 system and technical consultant, including the Contractual Service Margin (CSM) engine, as well as the Financial Advisory Partner. Additionally, it has closely monitored the implementation progress to ensure alignment with the established timelines.

Implementation of SLFRS S1 and S2

The Audit Committee played a crucial role in evaluating and overseeing our approach to identifying and managing material risks and opportunities, guided by SLFRS S1 and S2, the emerging global standards for sustainability and climate-related disclosures. By adhering to frameworks aligned with SLFRS S1 and S2, we ensure robust governance and comprehensive sustainability reporting, demonstrating our performance and resilience.

Going Concern

The Committee reviewed and assessed the going concern status and the adequacy of resources to sustain business operations for the foreseeable future.

3. Internal Controls & Risk Management

Internal Controls

The Committee is assisted by the External Auditor and the Internal Audit Department to closely monitor the procedures designed to maintain an effective internal control mechanism to provide reasonable assurance that this requirement is being complied with.

The Committee also reviewed the Premium Receivable monitoring and follow-up procedures and the internal control procedures in place to ensure

that necessary controls and mitigating measures are available in respect of newly identified risks.

The Committee reviewed and approved the Directors' Statement on Internal Controls over Financial Reporting for disclosure in the Annual Report.

Risk Management

The Risk Management Committee provides information pertaining to the risk management function with the purpose of keeping the Audit Committee abreast of the latest developments and in order to carry out its statutory, regulatory and other responsibilities. A detailed report of the Risk Management Committee is given on pages 239-240.

Cyber Security Review

Softlogic Life has implemented numerous technical solutions and operational enhancements in response to cyber security threats. The Committee reviewed the progress of cyber security reviews.

Operational deficiencies risk and Business Continuity Planning

Operational deficiencies risk together with recommendations were discussed at the Audit Committee. Committee further assessed the adequacy of Business Continuity Planning and Disaster Recovery arrangements for the year under preview.

4. Internal Audit and Control

The Committee monitors the effectiveness of the internal audit function and is responsible for ensuring the effectiveness of the internal control systems of the Company.

During the year, the Committee reviewed the internal audit plan and recommended changes, and the progress were monitored on regular basis.

Internal auditing evaluates the adequacy, effectiveness, and efficiency of internal controls across all Head Office functions and branch activities. It assesses measures to minimise operational and business risks while ensuring compliance with statutory regulations and the company's accounting and operational policies.

The Committee ensures the independence, competency, and professionalism of the Internal Audit function. It conducts an annual evaluation of its independence and resources while assessing the Internal Audit Strategy quarterly, including progress, key audit findings, implementation results, and other key initiatives.

High risk audit findings are discussed in detail at each Committee meeting with the associated recommendations and the responses from the management. During the period, 39 Internal Audit assurance reports were summarised and 641 reviews of areas susceptible to fraud were completed.

5. External Audit Oversight

The Audit Committee assists the Board in assessing independence, evaluating the performance of the External Auditors and making recommendations for engagement of Auditors.

The following activities were carried out by the Audit Committee during 2024;

- Discussed the audit plan, scope and the methodology proposed for adoption in conducting the audit with the Auditors prior to commencement of the annual audit.
- The External Auditors were given adequate access to the Audit Committee as well as to all relevant information required discussed matters relating to the scope of the audit and auditors' independence.
- Reviewed the follow up action points taken by the Management in improving the financial reporting based on the 2023 Management Letter by the External Auditor Messrs. KPMG.
- Reviewed the External Auditors' Management Letter and the Management's responses thereto before it was submitted to the Board and Insurance Regulatory Commission of Sri Lanka.
- Discussed all relevant matters arising from the interim and final audits, and any other matters that the Auditor wished to discuss, including matters that needed to be discussed in the absence of Key Management Personnel.
- The Committee members evaluated the Scope, Deliverables, Resources and Quality Assurance Initiatives of the External Auditor, Messrs. KPMG for the year.

Independence and Objectivity of the External Auditors

The Audit Committee conducted an annual assessment of the External Auditor's independence, objectivity, and the effectiveness of the audit process. To the Committee's knowledge, the auditors have no relationship with the Company other than in their auditing capacity.

In addition, as required by the Companies Act No. 07 of 2007 and Best Practice on Corporate Governance 2023 issued by CA Sri Lanka the Committee has received a declaration from Messrs. KPMG confirming that they do not have any relationship with the Company, which may have a bearing on their independence.

According to the Company policy, the lead Audit Partner is rotated for every seven (07) years.

Provision of Non-Audit Services

The Committee ensured that non-audit services did not affect the External Auditor's independence by assessing their expertise and fees relative to the audit fee, while also confirming that these services were not among those prohibited under the Securities and Exchange Commission of Sri Lanka's guidelines for listed companies.

Re-Appointment of the External Auditors

The Board Audit Committee is in charge of recommending to the Board the appointment, reappointment, or removal of the External Auditor in accordance with professional standards and legislative requirements.

The Audit Committee has recommended that Messrs. KPMG, Chartered Accountants be reappointed as Auditors for the financial year ending December 31, 2025, subject to shareholder approval at the Annual General Meeting. Furthermore, the Committee has presented a recommendation to the Board on the remuneration of the Auditors.

6. Ethics, Compliance & Regulatory Matters

Compliance with Rules And Regulations

The Committee examines the systems and procedures that are in place to ensure compliance with applicable regulatory requirements via the Compliance Report prepared by the Compliance Officer quarterly basis. The Compliance Officer's report details the extent of Compliance with the Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto, the Directions of the Insurance Regulatory Commission of Sri Lanka and any other regulatory and statutory requirements applicable to the Company.

Implementation of the Data Privacy Act

The Audit Committee has played a crucial role in overseeing the Company's adherence to the Data Protection Act by ensuring the implementation of comprehensive data governance policies and security protocols.

AML CFT Monitoring Status

As part of its oversight responsibilities, the Committee conducted a comprehensive review of the Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT) monitoring status to ensure that robust mechanisms are in place to detect, prevent, and report suspicious activities effectively.

Corporate Governance

The Company is fully compliant with the applicable rules on corporate governance under the listing rules of the Colombo Stock Exchange (CSE) and Direction 17 issued by IRCSL In addition, the Company is compliant with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

Implementation of Section 9 of Listing Rules issued by CSE

The Colombo Stock Exchange (CSE) introduced revised Corporate Governance Rules under Section 9, effective from October 1, 2023, with certain provisions being implemented in phases.

The Audit Committee has played a pivotal role in guiding the implementation of these revised governance requirements, ensuring that the Company meets and exceeds the expectations set forth by the CSE.

Ethics, Good Governance and Whistle Blowing

The Committee continuously emphasises the importance of staff members' ethical values. In this regard, a Code of Ethics and a Whistle Blower's Charter was established and implemented with the aim of informing and encouraging all employees to use whistle-blowing as a means of reporting wrongdoing or other irregularities.

7. Areas of Focus in 2024

Throughout 2024, the Audit Committee has actively overseen and guided the implementation of key governance, compliance, and financial reporting initiatives to ensure regulatory adherence, operational resilience, and financial integrity. The Committee has played a pivotal role in strengthening internal controls, risk management frameworks, and compliance structures across multiple critical areas, including:

SLFRS 17 Implementation: The Committee closely monitored the Company's readiness for the implementation of SLFRS 17 – Insurance Contracts, ensuring seamless system integration and technical alignment.

Cybersecurity: Recognising the increasing risks associated with cyber threats, the Committee reviewed and reinforced IT security controls to protect the Company's digital infrastructure, customer data, and business operations.

Impairment of Financial Investments: The Committee conducted a thorough assessment of SLFRS 9 Expected Credit Loss (ECL) computations, ensuring accurate impairment modelling and appropriate provisioning for financial investments.

8. Effectiveness Review & Professional Development

An independent evaluation of the Committee's effectiveness was carried out by the other members of the Board during the year. After considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee was rated as highly effective.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview.

Continuous Professional Development

The Committee recognises the need to keep its knowledge up-to-date and members have attended internal and external presentations and seminars on important themes.

9. 2025 Focus Areas

As part of its commitment to strong corporate governance, risk management, and regulatory compliance, the Audit Committee has identified five key focus areas to ensure the continued enhancement of financial, operational, and sustainability practices:

1. Enhancing Financial Reporting Transparency and Governance Practices.
2. Further Strengthening Cybersecurity Risk Management.
3. Monitoring the Final Phase of SLFRS 17 Implementation.
4. Expanding Oversight of Sustainability Reporting and ESG Disclosures.
5. Strengthening AML/CFT Compliance and Financial Crime Prevention.

10. Conclusion

The Audit Committee confirms the effectiveness of internal controls, risk management, and compliance, ensuring asset protection and financial accuracy. It affirms the External Auditors' independence and that proper accounting policies ensure true and fair financial statements.

Sgd.
Mr. Lalith Withana
Chairman - Audit Committee

Colombo, Sri Lanka
04th March 2025

RISK COMMITTEE REPORT

The Risk Committee of Softlogic Life Insurance PLC plays a crucial role in overseeing the company's risk management framework, ensuring the identification, assessment, and mitigation of key risks that could impact business operations. This report outlines the Committee's activities during the year and key focus areas for the future.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Risk Committee ("the Committee") consists of Three Non-Executive Directors, out of which one is independent. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. Raimund Snyders	Non-Executive Director	Chairman	05 Feb 2019	5/5
Mrs. Fernanda Lima	Non-Executive Director	Member	15 Feb 2019	5/5
Mr. Lalith Withana	Independent Non-Executive Director	Member	15 Aug 2023	4/5

Regular Attendees by invitation

Managing Director
Deputy CEO
Head of Group Risk and Audit
Chief Financial Officer
Chief Distribution Officer
Chief Technical Officer
Chief Information Officer
Chief Actuarial Officer
Chief Corporate Services Officer
Chief Audit and Compliance Officer
Chief Risk Officer
Senior Vice President - Treasury
Manager–IT Risk and Security

Coordination Secretary

Chief Risk Officer

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

Offered guidance and feedback on assessed risks using an Environmental, Social, and Governance (ESG) framework, strengthening oversight of sustainability reporting by aligning disclosures with global standards such as S1 and S2.



CHARTER OF THE COMMITTEE

The Board Risk Committee ("the Committee") is a Sub-Committee of the Board of Directors, tasked with overseeing the company's risk management framework and related initiatives. Appointed by the Board, the Committee exercises supervisory functions over risk mitigation strategies and any other risk-related matters as determined by the Board. It formally reports on its proceedings, particularly when significant decisions are made, ensuring transparency and accountability. Additionally, the Committee provides recommendations to the Board as deemed appropriate, reinforcing the organisation's commitment to effective risk governance.

The profiles of the Committee members are given on pages 176-178.

Authority of the Board Risk Committee

The Board Risk Committee, as a Sub-Committee of the Board of Directors, is vested with the authority to directly access and receive regular reports from Senior Management on risk-related matters. The Committee is entitled to obtain any information it deems necessary for effective risk oversight and decision-making. Additionally, it has the discretion to engage independent professional advisors on matters within its scope, ensuring robust risk governance and strategic guidance.

OBJECTIVES

- **Risk Management Oversight:** Monitor and evaluate the effectiveness of the company's risk management framework, including policies, processes, and procedures.
- **Risk Governance Structure:** Establish and maintain the organisation's risk governance framework, defining roles and responsibilities of key individuals and departments.
- **Risk Appetite & Tolerance:** Assist in defining and approving the organisation's risk appetite and tolerance levels.
- **Risk Identification & Mitigation:** Oversee management processes for identifying significant risks and assess the adequacy of prevention, detection, and reporting mechanisms.

RISK COMMITTEE REPORT

- **Major Risk Assessment:** Review and assess major risks facing the organisation, including identifying, analysing, and prioritising risks based on their potential impact.
- **Business & Economic Environment :** Review changes in the economic and business environment, emerging trends, and other factors relevant to the company's risk profile.
- **ESG & Climate Risk Management :** Identify and analyse material ESG and climate risks that could affect financial performance, reputation, and long-term sustainability. Evaluate potential opportunities arising from positive ESG practices.
- **ESG Policy & Strategy :** Provide input on the development and implementation of ESG policies and strategies, ensuring alignment with the company's risk management framework.
- **ESG & Climate Best Practices :** Monitor developments and emerging best practices related to ESG and climate risk identification, mitigation, and opportunities.
- **Reinsurance Oversight :** Conduct an annual review of reinsurance treaties and advise the Board on their sustainability and effectiveness.
- **Policy Review & Approval :** Review and approve all policies under the purview of the Risk Governance Framework.

ACTIVITIES IN 2024

- Reviewed and assessed the adequacy and effectiveness of the Company's existing risk management controls, including continuous monitoring of economic and political risks and their potential impacts.
- Approved the Company's risk appetite and relevant parameters for FY 2024, ensuring alignment with the evolving risk landscape.
- Provided guidance and feedback on evaluated risks using an "Environmental, Social, and Governance" (ESG) approach, enhancing oversight of sustainability reporting by aligning disclosures with global standards such as S1 and S2.
- Evaluated the bi-annual Risk Control Self-Assessment (RCSA) findings to assess the effectiveness of risk controls and identify areas for improvement.
- Ensured management accountability by reviewing actions taken to address high-risk items and maintain strong governance.
- Evaluated the impacts of various risks, including economic and political, persistency, and claims risks, with a focus on mitigation actions, liability valuations, and assumptions changes.
- Monitored claims risks by line of business, type of illness, and other key factors, to refine mitigation strategies and assess the severity and frequency of claims.
- Closely followed updates on Foreign Currency Debt Restructuring and assessed the potential impact on the Company's net operating profit (NOP).
- Addressed persistency risk arising from macroeconomic conditions and advised on tighter mitigation measures.
- Focused on managing staff turnover, with targeted mitigation actions for both sales and non-sales staff.
- Reviewed the IT Security Strategy for 2025-26, which focuses on enhancing cyber resilience through zero-trust architecture, AI-driven threat intelligence, and cloud security improvements.
- Regularly monitored IT risks and their potential impact on business continuity, resulting in specific mitigation actions to safeguard operations.
- Provided guidance on compliance with the Data Protection Bill
- Reviewed and approved all policies under the Risk Governance Structure

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Committee acknowledges the importance of staying informed on emerging risk management trends. Throughout the year, members actively participated in both internal and external presentations and seminars, focused on key themes relevant to the company's risk landscape.

THE YEAR AHEAD

Looking ahead, the Committee will maintain a proactive approach in reviewing the company's risk identification, mitigation, and monitoring mechanisms.

It will assess the impacts of previously identified risks to ensure the company operates within its defined risk appetite.

Additionally, the Committee will focus on enhancing the company's risk framework by continuously benchmarking it against international best practice standards to drive improvement and maintain alignment with global trends.

Committee will enhance oversight of sustainability reporting by aligning disclosures with global standards such as SLFRS S1 and S2, ensuring transparency, risk identification, and responsible business practices in ESG initiatives.

Further Committee will deepen its oversight of cybersecurity frameworks, ensuring robust data protection, IT security controls, and proactive risk mitigation strategies.

Sgd.
Raimund Snyders
Chairman - Risk Committee

Colombo, Sri Lanka
04th March 2025

HUMAN RESOURCE AND REMUNERATION COMMITTEE REPORT

The Human Resource and Remuneration Committee of the Company oversees remuneration, talent management, and organisational policies. It determines executive and KMP compensation, sets performance goals, and ensures market-aligned pay structures. The Committee also handles promotions, succession planning, and disciplinary matters. This report summarises its key activities over the past year and future strategic priorities.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Human Resource and Remuneration Committee ("the Committee") consists of three Non-Executive Directors, a majority of whom are independent. The profiles of the Board Human Resources and Remuneration Committee are given on pages 176-178. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. V. Govindasamy	Independent Non-Executive Director	Chairman	01 Jul 2021	2/2
Mr. Ashok Pathirage	Non-Executive Director	Member	09 Jul 2011	2/2
Mr. Lalith Withana	Independent Non-Executive Director	Member	01 Jul 2021	2/2

Regular Attendees by invitation
Managing Director*
Chief Human Resources Officer

* The Managing Director took part in all deliberations except when his own interest, performance and compensation were discussed.

Secretary to the Committee
Softlogic Corporate Services (Pvt) Ltd

External agencies will be engaged in 2025 to conduct salary surveys, evaluating staff compensation against market benchmarks to support informed salary decisions.



CHARTER OF THE COMMITTEE

The Committee is vested with power to evaluate, assess, decide and recommend to the Board of Directors, any matter that may influence the Human Resource Management of the entity and shall particularly incorporate.

Regulations/Rules Relevant to The Functions of the Committee

The Board established the Remuneration Committee in accordance with Rule 7.10.5 of the Colombo Stock Exchange's Listing Rules, and its composition and powers are in accordance with the Listing Rules.

THE KEY OBJECTIVES, RESPONSIBILITIES, AND DUTIES OF THE COMMITTEE

- Determining the remuneration of the Chairman, Deputy Chairman, Managing Director and other members of the Board of Directors of the Company, while ensuring that no Director is involved in setting his or her own compensation.
- Determining the compensation and benefits of the KMP and establishing performance parameters in setting their individual goals and targets.
- Formulating guidelines, policies and parameters for the remuneration structures for all
- Executive Staff of the entity and overseeing the implementation thereof.
- Reviewing information related to executive pay from time to time, to ensure same it is on par with the market/industry rates or as per the strategy of the Company.
- Evaluating the performance of the Managing Director and KMP against the pre-agreed targets and goals.
- Making recommendations to the Board of Directors from time to time, of the additional/ new expertise required by the Company.
- Assessing and recommending promotions of KMP to the Board of Directors, addressing succession planning and issues connected to the organisational structure.
- Approving annual increments, bonuses and changes in prerequisites and incentives.
- Making sure that employee remuneration packages of employees are linked to individual performance, responsibility, expertise and contribution to team and overall Company objectives.

HUMAN RESOURCE AND REMUNERATION COMMITTEE REPORT

- Recommend, decide, or direct on disciplinary matters involving key management personnel that result in significant financial loss to the company.

ACTIVITIES IN 2024

- Approving performance Bonus payable for previous year (2023) determined by the Committee according to the Variable Pay Plan (VPP) for Executive staff.
- Approved the annual increments to the Executive staff based on their performance during 2024.
- Approved the performance bonus scheme applicable for 2024.
- The Committee reviewed the performance of the Corporate Management members including that of the Managing Director and Deputy Chief Executive Officer for the previous financial year (2023).
- Evaluation of the organisational structure and succession planning for critical functions in the organisation.
- Approving the continuation of interim allowance for 2024 considering the economic situation.
- Approved to engage External agencies in year 2025 to conduct salary surveys, evaluating staff compensation against market benchmarks to support informed salary decisions.

REMUNERATION POLICY

The Remuneration Policy of the Company aims to attract, motivate and retain Executive Directors, KMP and other employees with appropriate professional, managerial and operational expertise necessary to achieve the Company's objectives.

It is the Committee's aim to ensure that the total remuneration package is competitive not just in the industry but to attract talent from other industries as well.

REMUNERATION PACKAGES

The total aggregate remuneration paid to all Non-Executive and Executive Directors, including the Managing Director and Chairman, is disclosed in Note 50.6.1 on page 383 of this report.

1. Non-Executive Directors

Remuneration
No remuneration is paid to Non-Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-Committee meetings.

Retirement Benefits
Non-Executive Directors are not entitled to retirement benefits.

Share Option Plans for Directors
The Company does not have a share option plan for Directors.

Personal Loans for Directors
No Director is entitled to Company loans.

2. Managing Director

The Remuneration Committee Policy is to place the basic salaries broadly around the market median with other variable components which reflect the Company's business strategies and the challenges it faces.

The Managing Director's remuneration is decided by the Board annually on the recommendation of the Remuneration Committee based on the achievement of Company objectives and individual performance.

Retirement Benefits
The Managing Director is entitled to retirement benefits.

Personal Loans
The Managing Director is not entitled to Company loans.

Share Option Plans
The Company also does not have a share option plan for the Managing Director.

3. Employees

The remuneration packages of employees consist of a fixed component, a variable component and other benefits as noted below:

Fixed Components
Basic salary and fixed allowances are the fixed component in the package which is based on the scope and complexity of the role and this is reviewed annually.

Annual performance appraisals are conducted, and increments and promotions are granted based on results of such appraisals. Overall competence and performance are key factors that determine an individual's base pay.

Variable Components
The main component of our variable pay is the annual bonus to employees at all levels based on individual performance as evaluated at the annual performance appraisals and the performance of the Company. In addition, the distribution management team is entitled to a production and quality incentive scheme based on achievement of business targets under predetermined criteria.

Other Employee Benefits
Benefits provided to employees include examination loans and various insurance benefits.

Retirement Benefits
There are no retirement benefits to employees other than gratuity.

Employee Share Schemes
There are also no Employee Share Schemes for employees.

COMMITTEE EVALUATION

The Committee completed the evaluation process with self-assessment in 2024, which was conducted by the Chairman and Committee members and was deemed to be satisfactory.

PROFESSIONAL ADVICE

The Committee has the authority to engage independent professional advisors on matters within its purview.

THE YEAR AHEAD

The Committee will continue to review the Remuneration Policy and Remuneration structures for its KMP and its other employees and make recommendations on the above mentioned in order to ensure the Company is in a position to attract, motivate and retain the best of human resources.

Sgd.
V. Govindasamy
Chairman – Human Resource and Remuneration Committee

Colombo, Sri Lanka
04th March 2025

INVESTMENT COMMITTEE REPORT

The Investment Committee of Softlogic Life Insurance PLC oversees investment policy, ensures compliance, and monitors portfolio performance. It reviews economic trends, assesses investment risks, and approves strategic investments. Key activities include evaluating debt restructuring impacts, approving policy updates, and ensuring compliance with best practices. This report highlights the Committee's key activities and future priorities.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Investment Committee ("the Committee") consists of Managing Director and six Non-Executive Directors, The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. Ashok Pathirage	Non-Executive Director	Chairman	09 Jul 2011	4/4
Mr. Iftikar Ahamed	Managing Director	Member	09 Jul 2011	4/4
Mrs. Fernanda Lima	Non-Executive Director	Member	15 Feb 2019	4/4
Mr. V. Govindasamy	Independent Non-Executive Director	Member	16 Jan 2020	4/4
Mr. Raimund Snyders	Non-Executive Director	Member	05 Feb 2020	4/4
Mr. Sanjaya Mohottala	Independent Non-Executive Director	Member	22 Jul 2021	1/4

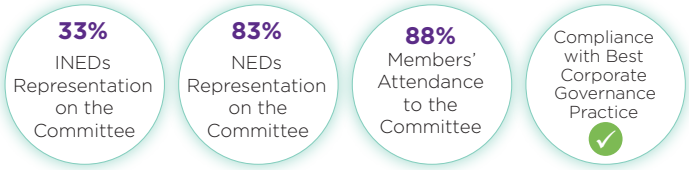
Regular Attendees by invitation

Chief Financial Officer
Head of Group Investment
Chief Risk Officer
Senior Vice President – Treasury
Investment Officer - Leapfrog Investments
Senior Manager – SSB Research
Assistant Manager – Softlogic Asset Manager

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

The Committee assessed the ISB restructuring process in alignment with external auditors' recommendations, ensuring adherence to best practices for foreign bond settlements and minimising financial risks.



EXPERTISE OF THE COMMITTEE

The Committee possesses in depth expertise and knowledge of Investments, Finance and Risk Management as well as being industry experts which is vital in performing its functions. Refer pages 176 -178 for profiles.

CHARTER OF THE COMMITTEE

The Investment Committee ("the Committee") will assist the Board of Directors in fulfilling their oversight responsibility for the Investments of the Company. The Investment Committee is responsible for formulating the overall investment policies of the Company, subject to approval by the Board of Directors as deemed necessary and for establishing investment guidelines in furtherance of those policies.

The Committee evaluates the impact of macroeconomic trends on profitability, liquidity, balance sheet, and capital through sensitivity and scenario analysis

It also recommends and approves research initiatives and investments to enhance analytical capabilities.

ROLES AND RESPONSIBILITY OF THE COMMITTEE

The Committee's responsibilities comprise recommending an investment policy to the Board for approval, ensuring that investments are made in accordance with the policy, and monitoring performance on a quarterly basis.

INVESTMENT COMMITTEE REPORT

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee meets quarterly to review progress on strategic and significant investment decisions, market developments, and economic outlook, while defining investment objectives, asset allocation, investment horizons, and potential returns.

The Committee reviews the written reports from the appointed Investment Team. Based on these reports, from time to time Committee would issue instructions to Treasury/ Fund management team and the executive management of the Company on investment related activities.

PROFESSIONAL ADVICE

The Investment Committee will decide if and when expert external advice is necessary and seek such advice when required.

ACTIVITIES IN 2024

- The Committee reviewed data on the economic outlook covering Inflation, Interest Rates, Equity markets, Exchange Rates etc.
- The Committee reviewed the Investment Portfolio, Performance of Fixed Income Securities, Performance of Equity Securities, Fund Wise Performance and Strategic Aspects.
- The Committee conducted an evaluation and assessment of the risks associated with the Company's investment portfolio in light of the implications arising from Debt Restructuring
- The Committee evaluated and approved the requests made by the Fund Management Team on special Investments as well as investments beyond the internal risk limits. Further the Committee approved the Softlogic Life Investment Policy Annual Review 2024.
- The Committee reviewed the ISB restructuring process in line with external auditors' recommendations, ensuring compliance with best practices for foreign bond settlements and mitigating financial risks.
- The Committee was apprised of tourism and remittance recovery, highlighting strong arrivals, earnings growth, and sustained remittance inflows supporting economic stability.

COMMITTEE EVALUATION

The Committee completed the evaluation process with self assessment in 2024, which was conducted by the Chairman and Committee members and was deemed to be satisfactory.

THE YEAR AHEAD

The Committee would continue to make decisions and recommendations which meet the risk, ALM and other applicable parameters for investments and ensure acceptable implementation of risk/reward strategies to achieve budgeted returns for the year. The Committee focus during the year will be on product and fund-wise asset and liability management while maximising the yields on the investments.

Sgd.
Ashok Pathirage
Chairman – Investment Committee

Colombo, Sri Lanka
04th March 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions (RPT) Committee of Softlogic Life Insurance PLC ensures transparency and compliance in transactions involving related parties. It reviews transactions, assesses their fairness, and determines approval requirements. The Committee also advises the Board on market and annual report disclosures, ensuring adherence to CSE Listing Rules while safeguarding the interests of the Company and its shareholders.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Related Party Transactions Review Committee ("the Committee") consists of three Non-Executive Directors, a majority of whom are independent. The profiles of the Related Party Transactions Review Committee are given on pages 176-178.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. Lalith Withana	Independent Non-Executive Director	Chairman	22 Jul 2021	4/4
Mr. Raimund Snyders	Non-Executive Director	Member	22 Jul 2021	4/4
Mr. V. Govindasamy	Independent Non-Executive Director	Member	22 Jul 2021	4/4

Regular Attendees by invitation
Managing Director
Chief Audit and Compliance Officer
Chief Financial Officer
Manager Compliance

Secretary to the Committee
Softlogic Corporate Services (Pvt) Ltd

Reviewed all Related Party Transactions for four quarters and confirmed that such transactions occurred at arm's length price.

- **67%** INEDs Representation on the Committee
- **100%** NEDs Representation on the Committee
- **100%** Members' Attendance to the Committee
- Compliance with the CSE Rules ✓
- Compliance with Code of Best Practice ✓

CHARTER OF THE COMMITTEE

The Related Party Transactions (RPT) Review Committee was established by the Board of Directors to assist the Board in reviewing all related party transactions carried out by the Company in terms of the CSE Listing rules which required mandatory compliance with effect from 1st January 2016.

The Committee is responsible for independent reviewing of transactions between the Company and its Related Parties, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction, save and except transactions exempted under the CSE Rules.

Annual review of the Related Party Transactions Review Committee comprises of minimum 3 Directors, out of which 2 are Independent, under CSE listing rule 9.14.2 (1).

THE OBJECTIVES, RESPONSIBILITIES, AND DUTIES OF THE COMMITTEE

- Reviewing all transactions between the Company and its Related Parties, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Assessing whether the transactions are in the best interests of the Company and its shareholders as a whole.
- Evaluating whether the transactions fall within the ambit of a normal business relationship and determining whether transactions that are to be entered into by the Company require the approval of the Board or Shareholders.
- Advising the Board in making immediate market disclosures on applicable RPT as required by Section 9.14.7 of the Listing Rules of the CSE.
- Advising the Board in making appropriate disclosures on RPT in the Annual Report as required by Section 9.14.8 of the Listing Rules of the CSE.

METHODOLOGY OF THE COMMITTEE

In accordance with the guiding principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company for the purpose

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

of identifying parties related to the Directors and KMP. Hence the Company adopts a disclosure-based approach in identifying the related parties.

Based on the information furnished in these declarations, the Company has set up a process which enables the Company to generate data on related party transactions throughout the Company's network.

The Committee is supported in its task of reviewing Related Party Transactions by the Management's confirmation reports on Related Party Transactions that took place during each quarter.

These reports primarily confirm to the Committee if a Related Party Transaction occurred based on at arm's length basis or not and the reasons for conducting such transactions with a related party.

If a member has a material personal interest in a matter being considered or a RPT involves directly or indirectly one of the members of this Committee, the conflicted member informs the Committee immediately and excludes himself at the meeting and such member is not present while the matter is being considered at the meeting and abstains from voting on the matter.

ACTIVITIES IN 2024

The Committee met four times during the financial year ended 31st December 2024, and the proceedings of the Committee meetings have been regularly reported to the Board of Directors during the financial year.

There were no non-recurrent or recurrent RPT that exceeded the respective thresholds mentioned in the Listing Rules of the CSE.

The annual review of the RPT policy was carried out during the year 2024, and same has been submitted for the Board approval.

Reviewed all Related Party Transactions for four quarters and confirmed that such transactions occurred at arm's length price.

Reviewed and approved the management's confirmation reports on Related Party Transactions for all four quarters.

The committee advised maintaining records of the comparative rates for similar services that had been obtained by the Management for reference.

RELATED PARTY TRANSACTIONS/DISCLOSURES DURING THE YEAR

The value of non-recurrent RPTs during the year was below the threshold for immediate disclosure in terms of Rule 9.14.6 of the Listing Rules or disclosure in the Annual Report as per Rule 9.14.7 (a) of the Listing Rules.

The aggregate value of recurrent Related Party Transactions entered into during the year was below the threshold for disclosure in the Annual Report as per Rule 9.14.7 (b) of the Listing Rules.

The aggregate value of all RPTs during the year is disclosed in Note 50 to the Financial Statements in terms of LKAS 24 – Related Party Disclosures.

PROFESSIONAL ADVICE

The Committee has assessed and/or ensured that they have access to internal and external resources and may seek the advice of the External Auditors of the Company, counsellor such other independent advisers, consultants or specialists as to any matter pertaining to the powers or responsibilities of the Committee with respect to any Related Party Transactions and obtain such advice as and when necessary.

GUIDING PRINCIPLES OF THE COMMITTEE

The RPT Review Committee in ensuring that all transactions with related parties of the Company are treated on par with other shareholders and constituents of the Company, issues guidelines to the Senior Management setting the necessary processes to identify, approve, disclose and monitor all transactions with related parties and the threshold limits and agreed upon terms and conditions with respect to RPT.

DECLARATION

A declaration by the Board of Directors, affirming compliance with the Listing Rules pertaining to related party transactions, is provided on page 225 of the Annual Report of the Board of Directors.

Additionally, the Company has established mechanisms to obtain regular declarations from all Directors upon joining the Board , every Bi annually, and annually thereafter. These declarations, submitted to the Company Secretary as the primary contact point, inform the Company of any existing or potential related party transactions (RPT) conducted by the Directors or their Close Family Members (CFM). Individuals update declarations quarterly for any changes to previously disclosed related party positions or transactions.

THE YEAR AHEAD

The Committee will continue to review RPT in order to ensure the Company is in compliance with its stipulated framework governing Related Party Transactions.

Sgd.
Lalith Withana
Chairman – Related Party Transactions Review Committee

Colombo, Sri Lanka
04th March 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations Committee of Softlogic Life Insurance PLC ensures that Directors meet the required fit and proper criteria to hold office. It reviews and recommends new Director appointments, providing guidance to the Board and Chairman on suitable candidates. Through a structured evaluation process, the Committee upholds governance standards, strengthens Board composition, and ensures effective leadership continuity.

COMPOSITION AND ATTENDANCE OF THE COMMITTEE

The Board Nominations and Governance Committee ("the Committee") consists of three Non-Executive Directors, a majority of whom are independent. The profiles of the Nominations and Governance Committee are given on pages 176 - 178. The attendance and Directorship status are given in the below table.

Name	Directorship Status	Membership Status	Appointment Date	Attendance
Mr. V. Govindasamy	Independent Non-Executive Director	Chairman	01 Jul 2021	1/1
Mr. Ashok Pathirage	Non-Executive Director	Member	09 Jul 2011	1/1
Mr. Lalith Withana	Independent Non-Executive Director	Member	01 Jul 2021	1/1

Regular Attendees by invitation
Managing Director
Chief Human Resources Officer

Secretary to the Committee
Softlogic Corporate Services (Pvt) Ltd

The Committee received declarations from all Directors confirming their independence status and conflict of interest.

- **67%** INEDs Representation on the Committee
- **100%** NEDs Representation on the Committee
- **100%** Members' Attendance to the Committee
- Compliance with the CSE Rules ✓
- Compliance with Code of Best Practice ✓

CHARTER OF THE COMMITTEE

The Board Nominations Committee was established by the Board of Directors to ensure the Board's oversight and control over the selection of Directors, Chief Executive Officer (MD), and Key Management Personnel of the Company.

Evaluate the leadership requirements for both executive and non-executive roles, ensuring the organisation's long-term sustainability, strategic growth, and ability to compete effectively in a dynamic market environment.

THE TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference state the purpose of the Committee, its composition, authority, scope and scheduling of meetings.

The Nominations and Governance Committee was established to consider and make recommendations to the Board of the suitability of a Director's appointment and/or re-election as a Director to the Board.

The recommendation of the Committee on new appointments will cover areas such as qualifications, competencies, independence, relationships which have potential to give rise to conflict of interest.

Committees possess a balanced mix of skills, experience, independence, diversity, and knowledge to effectively fulfil their duties. For details on Board diversity, refer to Board Leadership in Governance on page 196-197 of the Annual Corporate Governance Report.

METHODOLOGY OF THE COMMITTEE

The Committee meets as and when necessary in order to assess the suitability of individuals for appointment as Directors and Key Management Personnel as well as to conduct such other affairs which the Charter of the Committee mandates the Committee to carry out.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

OBJECTIVES, RESPONSIBILITIES AND DUTIES

- To ensure that the Directors are fit and proper persons to hold office.
- To review and recommend any appointment of new Directors to the Board of Directors of the Company.
- To provide advice and/ or recommendations to the Board or the Chairman on new appointments to the Board.
- To consider and recommend the re-election of the Director/s eligible for re-election by considering their performance and the contribution made by them towards the overall discharge of their responsibilities on the Board and Board appointed committees.
- The Board appointment process includes evaluating the Board's needs, assessing and recommending candidates, obtaining necessary approvals, and making an official announcement. This structured approach ensures transparency and compliance. Refer to Reasoning Behind New Board Appointments on page no. 201 for the detailed process.
- To set criteria such as qualifications, competencies, experience, independence, conflict of interest and other key attributes required for eligibility for appointment or promotion to the post of key management positions.
- Review the structure, composition and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- A member of the Nominations Committee shall opt out of decisions relating to his own appointment.
- To consider and recommend from time to time the succession planning arrangement for retiring Directors and Key Management Personnel.
- To make recommendations on any other matter/s referred to the Committee by the Board of Directors.

ACTIVITIES IN 2024

The Committee had recommended the re-election of Mr. P.L.P Withana who was due to retire by rotation as a Director of the Company in terms of Article 98 (a) of the Articles of Association of the Company, at the 25th Annual General Meeting held on 28th March 2024, based on their performance and the contribution made by them towards the overall discharge of the Board's responsibilities.

The Committee obtained declarations from all the Directors through a prescribed format confirming their status of independence and status of conflict of interest.

The Committee has reviewed and approved senior management appointments made during the year as part of its commitment to strengthening corporate governance. In this regard, the appointment of Ms. Chamindri Pilimatalauwe, as the Head of Marketing was duly considered and approved by the Committee.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice on matters within its purview, whenever required.

THE YEAR AHEAD

The Nominations and Governance Committee will lead the process for Board appointments and make recommendations to the Board and will assist the Board of Directors in fulfilling its corporate governance responsibilities regarding all matters related to the appointment and termination of the Directors, their performance evaluation, t raining, etc.

Sgd.
V. Govindasamy
Chairman – Nominations and Governance Committee

Colombo, Sri Lanka
04th March 2025

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

The Company has fully complied with all applicable provisions of Section 7.6 of the CSE Listing Rules, ensuring that all disclosure requirements for a Listed Entity are met in its Annual Report and Financial Statements.

✓ Complied

Rule No.	Disclosure requirement	Page No.	Status
7.6			
i)	Throughout the financial year, eight (8) directors served on the board, and their profiles have been provided for reference. Refer Annual Report of Board of Directors	220	
ii)	The principal activities of the Company during the year are given in the Annual Report Refer to Note 1.3 on the Principal activities and nature of operations of the Company	280	
iii)	The names, shareholdings, and percentage of shares held by the 20 largest holders of voting and non-voting ordinary shares are provided. Refer Investor Relations	395	
v)	A statement detailing each Director's and the Managing Director's (Chief Executive Officer's) shareholding in the entity at the beginning and end of each financial year is provided. Refer Investor Relations	395	
vi)	Information regarding the entity's material foreseeable risk factors is provided. Refer Integrated Risk Management	56	
vii)	The Company did not encounter any issues related to employees or industrial relations during the year 2024.	-	
viii)	The details of the extent, locations, valuations, and number of buildings of the Entity's land holdings and investment properties are provided. Refer to Note 26 on Property Plant and Equipments	303	
ix)	The details of the shares issued by the Company are provided. Refer to Note 35 on Stated Capital	330	✓
x)	The distribution schedule outlining the number of shareholders and the percentage of their total holdings in each category is provided. Refer Investor Relations	395	
xi)	The list of applicable ratios and the market price information is provided Refer Investor Relations	395	
xii)	There were no significant changes in the entity's fixed assets, and the market value of land does not substantially differ from its book value. Refer to Note 26 on Property Plant and Equipments	303	
xiii)	The Company did not raise funds through an initial public offering or additional security issuance during the year.	-	
xiv)	There are no 'Employee Share Ownership Schemes' in the Company	-	
xv)	The Company has fully complied with the Corporate Governance disclosure requirements as outlined in Section 9 of the CSE Listing Rules, ensuring adherence to best practices and transparency in governance. Refer Annual Report of Board of Directors	222	
xvi)	There were no Related Party transactions exceeding 10% of equity or 5% of the entity's total assets, as per the audited financial statements, whichever is lower. Details of investments in related party transactions are provided. Refer to Note 50 on the Related Party Disclosures	382	

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

The Company proactively adopted certain provisions of the updated Section 9 ahead of the required timeline. While it complied with Rule 7.10 until October 1, 2023, the full transition to the revised regulations was completed by October 1, 2024, reinforcing its commitment to strong governance.

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9	**Corporate Governance**		
9.1	**Applicability of Corporate Governance Rules**		
	The Company has complied with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules. Refer Annual report Board of Directors	220	✓
9.2	**Policies**		
9.2.1	The Company has implemented the policies below, which have been disclosed on the Company website along with information regarding their existence and implementation details. a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk Management and Internal Controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption		✓
9.2.2	The Company has fully complied with the Internal Code of Business Conduct and ethics Refer Ethical Governance Execution	208-217	
9.2.3- 9.2.4	The policies have been disclosed on the company website, and no changes have been made to them throughout the year. All policies are accessible to shareholders upon a written request. Refer Transformative Governance Initiatives for 2024	188-189	
9.3	**Board Committees**		
9.3.1- 9.3.2	The Company maintains 6 Board Sub-Committees including 4 mandatory committees required by CSE listing rules. Refer respective committee reports. a) Nominations and Governance Committee b) Human Resource and Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee The composition, responsibilities, and disclosures required in respect of the above-Board committees have been disclosed.	247-248 241-242 235-238 245-246	✓
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	204	✓

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders.**		
9.4.1	The Company maintains information required by 9.4.1 and the required information has been provided to the Exchange and/or the SEC upon request. Refer Shareholder Engagement	218-219	
9.4.2	The company has established a policy to effectively communicate with shareholders and investors, which is outlined in both the annual report and on the website. Additionally, a designated contact person is provided for communication purposes. The policy ensures that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns are transparently addressed in the annual report and on the website. The details of 25th virtual AGM held is disclosed in Shareholder Engagement Refer Notice of Meeting for details of 26th AGM	 219 414	✓
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	The Company has adopted policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1 Refer Board Leadership in Governance	194	✓
9.5.2	The Company has adopted the Policy on matters relating to the Board of Directors. Refer Governance Structure and Leadership	192-207	
9.6	**Chairperson and CEO**		
9.6.1 – 9.6.4	The roles of Chairperson and CEO/MD are occupied by distinct individuals; hence the Company has not designated a Senior Independent Director (SID)	194	✓
9.7	**Fitness of Directors and CEOs**		
9.7.1 – 9.7.2	Every member of the Director Board is a fit and proper person to act as Director CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	192	
9.7.3 – 9.7.5	A fit and proper assessment process has been implemented, and all directors are assessed bi-annually. Annual director declarations are re-evaluated and updated to align with this assessment in accordance with Rule, as well as IRCSL regulations.	192	✓
9.8	**Board Composition**		
9.8.1- 9.8.2	The Board consists of 8 (Eight) Directors and 3 (Three) are independent. Hence 1/3 of the total number of Directors are independent, as required.	203	✓
9.8.3- 9.8.4	The criteria for determining independence have been disclosed. Refer the Independence of Director as at 31st December 2024	198	
9.8.5	Directors have annually submitted the formal declaration of independence. The Board has reviewed these annual declarations and other available information to verify adherence to the criteria for assessing independence.	198	✓
9.9	**Alternate Director**		
	The Company was not required to appoint an Alternate Director during the period.	-	✓
9.10	**Disclosures relating to Directors**		
9.10.1	The maximum no of Directorships is in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	196-205	✓
9.10.2	There were no new appointments to the Board during 2024.	201	
9.10.3	There were no changes to the composition of the Board Committees referred to in Rule 9.3	204	✓
9.10.4	All information required in relation to Board of Directors under this rule has been disclosed under Board Leadership in Governance.	192-205	

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9.11	**Nominations and Governance Committee**		
9.11.1-9.11.3	The Company has established a Nominations and Governance Committee, which follows a formal procedure for appointing new Directors and re-electing existing Directors to the Board. The Committee operates under a set of written terms of reference that clearly define its scope, authority, and responsibilities. Refer to Nominations and Governance Committee report	247-248	
9.11.4	Composition of the Committee: The Nominations and Governance Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson. The committee composition has been disclosed. Refer to Nominations and Governance Committee report	247-248	✓
9.11.5	Functions of the Committee: The Committee fulfils its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. Re-elections and new appointments have been disclosed. Refer to Nominations and Governance Committee report	247-248	
9.11.6	Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) The names of the Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and Managing Director (CEO) performance evaluations; i) Independent Directors' major entity issues awareness; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions. All the relevant details available have been disclosed in the Committee Report.	247-248	✓
9.12	**Human Resource and Remuneration Committee**		
9.12.1 – 9.12.5	The Company has a Remuneration Committee in place and follows a formal and transparent process for developing policies on Executive Directors' remuneration and determining individual Directors' remuneration packages. No Director is involved in deciding their own remuneration. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum. Refer Human Resource and Remuneration Committee Report	241-242	✓

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9.12	**Human Resource and Remuneration Committee (Contd.)**		
9.12.6	Composition of the Committee: The Company operates with a separate Remuneration Committee. The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson. Refer Human Resource and Remuneration Committee Report	241-242	
9.12.7	Functions of the Committee: The committee, recommends and assesses the relevance of the remuneration payable to the Executive Directors of the Company. Refer Human Resource and Remuneration Committee Report	241-242	✓
9.12.8	Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) Chairperson and members of the Remuneration Committee and their Directorships. b) Statement on remuneration policy. c) Aggregate remuneration of Executive and Non-Executive Directors. For (a) and (b) refer Committee Report For (c) refer Financial Statement Disclosure	241-242	
9.13	**Audit Committee**		
9.13.1- 9.13.2	The Company has established an Audit Committee as a separate Board Sub-Committee to oversee Risk Management and Internal Controls. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties. Refer Audit Committee Report	235-238	
9.13.3	Composition of the Committee: The Audit Committee comprises of Two [2] Independent Non- Executive Directors and One [1] Non-Executive Director. During the year the Committee met four [4] times with the participation of the Managing Director, CFO, and Chief Audit and Compliance Officer by invitation. An Independent Director serves as the Chairperson. Refer Audit Committee Report.	235-238	✓
9.13.4	Functions of the Committee: The committee oversees the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities. Refer Audit Committee Report	235-238	

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9.13.5	Disclosures: a) Chairperson and Audit Committee members' details, b) Risk management status for the Company. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details. All the relevant details available have been disclosed in the Committee Report.	235-238	✓
9.14	**Related Party Transactions Review Committee**		
9.14.1	The Company has established a Related Party Transactions Review Committee and complies with the requirements outlined in Rule 9.14. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties. Refer the Related Party Transaction Review Committee Report	245-246	
9.14.2	Composition of the Committee: The Committee comprises of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. The Managing Director and Chief Financial Officer regularly attend meetings by invitation. An Independent Director serves as the Chairperson. Refer the Related Party Transaction Review Committee Report	245-246	
9.14.3	Functions of the Committee: The Company has set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations. Refer the Related Party Transaction Review Committee Report	245-246	✓
9.14.4	General requirements: The Committee convenes quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings. Refer the Related Party Transaction Review Committee Report	245-246	
9.14.5 – 9.14.6	The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. Refer the Related Party Transaction Review Committee Report	245-246	

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9.14.7	Disclosures: There were no non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets. There were no recurrent related party transactions which exceeded aggregate value of the 10% of the gross revenue/ income (or equivalent term in the Income Statement) during the year. The Board confirms that the Company has disclosed transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules. Refer Related Party Transaction Review Committee Report	245-246	
9.14.8	Disclosures in the Annual Report: There were no transactions in the aggregate value of the non- recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements. Refer Annual Report of Board of Directors	225	✓
9.14.9	Acquisition and Disposal of Assets from/to related parties: No substantial acquisitions or disposals occurred during the year. Refer Note 50 Related Party Disclosure	382	
9.14.10	Exempted Related Party Transactions: The Company has noted the definition given under exempted related party transactions when determine the related party transactions of the Company.	382	
9.16	**Additional disclosures**		
	i) The Board of Directors has disclosed all material interests in Entity contracts and refrained from voting on such matters. Refer Annual Report of the Board of Directors	220-228	
	ii) The Board has reviewed internal controls and obtained reasonable assurance of effectiveness. Any inability to declare is explained. Refer Annual Report of the Board of Directors	220-228	✓
	iii) The Board stays informed about applicable laws, rules, and regulations. Refer Annual Report of Board of Directors	220-228	
	iv) The Board discloses instances of non-compliance and material fines in Entity-operated jurisdictions. Refer Annual Report of Board of Directors	220-228	

DIRECTION ON CORPORATE GOVERNANCE FOR INSURERS ISSUED BY THE INSURANCE REGULATORY COMMISSION OF SRI LANKA

The Insurance Regulatory Commission of Sri Lanka has issued Direction 17 on Corporate Governance for insurance companies under the Regulation of Insurance Industry Act No.43 of 2000 (updated 3rd Feb 2022). The Company has already complied with the directive as shown in the table below.

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
A.	**Adherence of the Code of Best Practice on Corporate Governance 2024**		
	Refer the Code of Best Practice on Corporate Governance.	257-264	✓
B.1	**A minimum of two Directors of the Board must be citizens and residents of Sri Lanka**		
	The Board comprises of [Eight] 8 Directors, and [Six] 6 of them are citizens and residents of Sri Lanka. Refer the Composition of the Board.	196-197	✓
B.2	**Total service period of a Non-Executive Director [NED] shall not exceed nine [9] years**		
	There are no Non-Executive Directors who exceed nine years of total service period. Mr. Ashok Pathirage [Chairman] is considered a Major Corporate Shareholding Director of the Company with more than a 50% shareholding and this rule shall not be applicable to him. Refer the Composition of the Board.	196-197	✓
B.3	**Age of a person who serves as a Director of the Company, shall not exceed 75 years**		
	The Directors who serve on the Board are not older than 75 years. Refer The Composition of the Board.	196-197	✓
B.4	**Adherence to the Section 9 of the Listing Rules of the CSE**		
	Refer "Listing Rules Issued by the Colombo Stock Exchange [CSE] on Corporate Governance and Related Party Transactions".	249-255	✓
B.5	**Appointments in Other Boards**		
	The Directors of the Company do not hold directorship of more than 20 Companies, inclusive of subsidiaries or associate companies of the insurer/ Company. Of such 20, a maximum of 10 companies shall be classified as Specified Business Entities. Refer Directors' Interest in Contracts with the Company.	232	✓
B.6	**Disclosed compliance status as required in Section 9 of the Listing Rules of the CSE**		
	Refer "Listing Rules Issued by the Colombo Stock Exchange [CSE] on Corporate Governance and Related Party Transactions".	249-255	✓
B.7	**Any non-compliance status in respect of principle B of this direction**		
	Compliance requirements set by the "IRCSL Direction 17" specific to Principle B as mentioned above on Corporate Governance are successfully achieved as required. Refer the Statement of Compliance.	187	✓
B.8	**In the case of a Director older than 70 years continuing in service**		
	None of the Directors on the Board are older than 70 years and if any Director wishes to serve beyond the age of 70, the Company should provide a certification and written confirmation through the Company Secretary to the IRCSL, which has been duly approved by passing a resolution at the general meeting and/or not prohibited by the Articles of Association of the Company. Refer the Composition of the Board.	196-197	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

The Company has voluntarily adopted the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. We have disclosed the status of compliance and how the Company complied with each requirement of the code, in this section.

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
A.	**DIRECTORS**		
A.1	**The Board**		
	The Board of Directors provides leadership and strategic direction to the Company, within the parameters of a prudent and effective governance framework as the representatives of the shareholders.	192	✓
A.1.1	**Board Meetings**		
	The Board met Four (4) times during the year to discuss matters related to different areas such as strategy, compliance, performance, risk management and resource allocation. Refer Board Meetings and Attendance.	203	✓
A.1.2	**Roles & Responsibilities**		
	The Board of Directors have multiple roles which are in line with the requirements of the Code, in order to achieve the targeted performance and to bring their valuable input to the decision-making process of the Company.	192	✓
	Ensure formulation and implementation of a sound business strategy: 2024 - 2026 a three-year plan has been approved by the Board.		
	Ensuring that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy: The Managing Director & Senior Corporate Management team which include 12 members of professionally qualified individuals with sufficient knowledge, skills and experience are giving utmost direction to implement strategies in order to achieve ultimate objectives.		
	Ensuring the adoption of an effective CEO and Key Management Personnel succession strategy: Talent management approach of the Company was enhanced with additional processes to refine the approach and create greater momentum in the building of succession talent pools.		
	Approving budgets and major capital expenditures: The Budget and the Corporate Plan for the year 2024 was evaluated and approved.		
	Determining the matters expressly reserved to the Board and those delegated to the management including limits of authority and financial delegation: While the Board decides on the matters expressly reserved to the Board such as setting the strategy and risk appetite, it also overlooks the delegated operational functions. Determining matters delegated to the Management such as the Manual of Financial Authority (MoFA), which is revised by the Board on an annual basis, also falls within the purview of the Board.		
	Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management: The Company has established a sound internal audit process, risk management process and ensures that IT Controls are properly established.		
	The Company aligns the ICT roadmap with the Company's business strategy and monitors implementation progress via the ICT dashboard.		

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
A.1.2	**Roles & Responsibilities (Contd.)**		
	Ensuring all stakeholder interests are considered in corporate decisions: The Board considers the views/impact on all stakeholders when making decisions.		
	Recognising sustainable business development in Corporate Strategy, decisions and activities and considering the need for adopting "integrated reporting": The Corporate Strategy is designed for 3 years and performance is discussed regularly at Board Meetings. The Company adopts "Integrated Reporting" in its Annual Reports. Refer Key Activities in the Board during the year 2024.		
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations: The Board of Directors is responsible for the preparation of financial statements whilst the Audit Committee ensures compliance with the financial regulations of the financial statements.		
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks: The Board has met Four (4) times during the year to evaluate overall performance and financial performance. Throughout the year the Board and its Sub-Committee have continuously reviewed and monitored the progress of the business.	192	✓
	Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company: The Company issues and uploads quarterly and annual financial statements together with the relevant disclosures, on the CSE and Company websites.		
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned: The Board is capable of providing the right direction; the Board comprises of members who have expertise in different areas.		
A.1.3	**Act in accordance with the laws of the Country**		
	The Board has confirmed that the Company has been compliant with the provisions set by the Companies Act No. 07 of 2007, Regulation of Insurance Industry (RII) Act No. 43 of 2000, Direction 17 on Corporate Governance by the Insurance Regulatory Commission of Sri Lanka ("IRCSL"), and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. Refer to Statement of Compliance	187	✓
A.1.4	**Access to advice and services of the Company Secretary**		
	Softlogic Corporate Services (Pvt) Ltd ensures that Board procedures are compliant and in accordance with the relevant applicable rules and regulations. The Company has paid an insurance premium in respect of an insurance policy for the benefit of the Directors of the Company. Refer the Role of Company Secretary.	194	✓
A.1.5	**Independence judgment**		
	The Board consists of diverse high-calibre professionals, capable of exercising independent judgment in the effective discharge of their duties and responsibilities on matters of strategy, compliance, performance and resource allocation.	198	✓
A.1.6	**Dedicate adequate time and effort to matters of the Company**		
	The Board of Directors are committed to discharging their duties as Directors of the Company and ensuring that adequate time and attention is given in the Board meetings to make an effective contribution in the decision-making process. Refer "The Board Meetings and Attendance" Refer "Roles & Responsibilities of the Board"	203 192	✓

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
A.1.7	**Procedures relating to Directors' Matters in the best interests of the Company**		
	Procedures are in accordance with the specific provisions set out by the Articles of Association of the Company and the Code for best practice on Corporate Governance.	230	✓
A.1.8	**Board induction and training**		
	The Company Secretary facilitates a comprehensive induction program for newly-appointed Directors while the Board regularly reviews the requirement for continuous development and knowledge-enhancement for existing Directors. Refer Board induction and training.	201-202	✓
A.2	**Position of Chairman and CEO/MD vested by separate persons**		
	The position of the Chairman and MD have been separated in line with the code and their roles and responsibilities are clearly defined in order to maintain balance of power and authority. The Chairman of the Company is Mr. Ashok Pathirage and the MD of the Company is Mr. Iftikar Ahamed.	194	✓
A.3	**Chairman's Role in preserving Good Corporate Governance:**		
	The Chairman provides leadership to the Board and facilitates the effective discharge of duties in the best interests of the Board; maintains smooth functioning of the Board, presides at the Directors' and Shareholders' meetings to ensure Director participation and proper execution of Board proceedings and promotes and carries out his responsibilities in the best interests of good governance. Refer the Chairman's Message on Corporate Governance. Refer the Chairman's role in the Conduct of Board Meetings.	183 194	✓
A.4	**Financial Acumen and Knowledge**		
	All the Directors have extensive experience and financial acumen, although their experience lies in different industries.	196-197	✓
A.5	**The Board Balance**		
	The Board consists of Seven [7] Non-Executive Directors (NED). Three [3] of them are independent. The independent declaration was submitted by each Director about their independence, based on certain criteria as set out in this code and the CSE Listing Rules 9.8.5. The Chairman holds meetings with the NEDs as and when necessary, and any matter which cannot be resolved unanimously is recorded in the Board Minutes by the Secretary of the Company during the year. All matters discussed at the Board meetings have the consent of each Director. Refer the Section on Directors Independence. As the Chairman and Managing Director/CEO represent distinct individuals, the Company has not designated a Senior Independent Director. Refer the Composition of the Board.	198-199 196-197	✓
A.6	**Supply of Information**		
	The Management provides appropriate and timely information to the Directors not less than seven [7] days prior to the meetings. Meeting Minutes are circulated within 14 days from the meeting date. A complete and comprehensive update on the Operational and Financial performance of the Company was submitted to the Senior Management of the Company including the Managing Director [MD].	202	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
A.7	**Appointment to the Board**		
	The Nominations and Governance Committee annually assesses the experience, expertise and diversity of the current Board and recommends suitable candidates to the Board through a formal and transparent process which is governed by the Articles of Association and which complies with Company policy.		
	There were no new appointments to the Board during the year.		
	Refer Nominations and Governance Committee Report.		✓
	The Committee is tasked with establishing succession plans for the CEO and Key Management Personnel, as well as assessing the training needs of potential successors.		
	Refer Nominations and Governance Committee Report	247-248	
	Refer Human Resource and Remuneration Committee Report	241-242	
A.8	**Re-election and Resignation of Directors**		
	The re-election of Directors is governed by the Articles of Association and is performed at the AGM. The offices of Chairman and MD are not subject to retirement by rotation. No Director terminated his office prior to the completion of his term.		✓
	Refer the Composition of the Board	201	
A.9	**Appraisal of Board Performance**		
	The Board and Committees conduct their performance evaluation annually to review the participation, contribution and engagement of each Director in discharging their duties and responsibilities satisfactorily. Outcomes identified during the process were submitted to the Nominations and Governance Committee to make further improvements in Board effectiveness.		✓
	Refer the section on "Board Competency Evaluation".	195	
A.10	**Disclose Information in Respect of Directors as Specified in the Code**		
	Profiles including qualifications, expertise, and appointments.	170-178	
	Material business interests of Directors.	232	
	Whether Executive, Non-Executive and/or Independent Director.	203	✓
	Total number of Board seats held by each Director in other companies.	232	
	Number/percentage of Board meetings of the Company attended during the year.	203	
	Members of Committees and attendance at Board meetings and committee meetings.	203	
A.11	**Appraisal of the Chief Executive Officer [CEO]/MD**		
	The performance of the MD is evaluated annually based on the agreed objectives set by the Board in consultation with MD.		✓
	Refer the section on Performance Evaluation of the MD.	195	
B	**DIRECTORS' REMUNERATION**		
B.1	**Remuneration Procedure**		
	The Human Resource and Remuneration Committee [consisting of two [2] Independent Non-Executive Directors and One [1] Non-Executive Directors is responsible for establishing the remuneration framework for Directors of the Company and for recommending and assisting the Board with regards to the remuneration policy for Executive and Corporate Management. No remuneration is paid to the NEDs other than fees paid for the attendance of each Director at Board and Board Sub-Committee meetings.		✓
	Refer Board remuneration.	198	
	Refer the Human Resource and Remuneration Committee Report.	241-242	

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
B.2	**The level and make-up of remuneration**		
	The Board is mindful of the fact that the remuneration of Executive Director and KMPs should reflect market expectations as compared to other companies, in order to attract and retain high calibre personnel for the long-term success of the Company. The Remuneration Committee possesses extensive knowledge with regard to setting the best levels of remuneration in the Company, taking into consideration the performance and risk factors associated with the job. The remuneration levels of the NEDs are also based around their time commitment and the responsibilities of their role. No Director has been granted share options as part of his remuneration. Other issues such as the approach taken in cases of early termination, where the initial contract does not explicitly provide for compensation, commitment and involvement in designing a scheme of performance-related remuneration and best practices applied throughout the process, are discussed in the Human Resource and Remuneration Committee report. The committee reviews the CEO's and senior management's performance yearly, pays for the benefits and performance-based incentives based on goals. Refer the Human Resource and Remuneration Committee report.	241-242	✓
B.3	**Disclosure of Remuneration Policy**		
	Refer the Human Resource and Remuneration Committee report. Remuneration paid to Board of Directors – Refer Note 50.6.1 to Financial Statements. There were 12 key management personnel who directly reported to the CEO/MD during the year and the aggregate remuneration was Rs. 244 Mn.	241-242 383	✓
C	**RELATIONS WITH SHAREHOLDERS**		
C.1	**Constructive use of the Annual General Meeting [AGM] and conduct of General Meetings**		
	The Notice of the AGM and instructions for voting procedures, including the process for voting via a proxy, are circulated to all shareholders within a minimum of 15 days prior to the AGM. Separate resolutions are proposed for each substantially separate issue, including the adoption of the Financial Statements. The Chairmen of Sub-Committees was encouraged to participate and make themselves available at the AGM to respond to queries made by the shareholders. The Secretary of the Company is responsible for recording and counting all valid votes properly. Refer Notice of Meeting. Refer the Form of Proxy.	414 415-416	✓
C.2	**Communication with Shareholders**		
	The Company has implemented multiple channels of communication with its shareholders. The Secretary of the Company acts as a median/contactable body regarding responding to queries raised by shareholders and brings the attention of the Board to significant issues. Important announcements are published through multiple channels to disseminate accurate information in a timely manner, in order to maintain an effective relationship with the shareholders. Refer the Communication with Shareholders.	218	✓
C.3	**Disclosure of major and material transactions**		
	Complying with Section 185 of the Companies Act No.07 of 2007 all major transactions to be approved by shareholders through a special resolution. During the year there were no major and material transactions which affected the Company's net asset base and all related party transactions as defined in the LKAS 24 are disclosed in the Annual Report. Refer the Communication on Significant Material Transactions.	246	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
D	**ACCOUNTABILITY AND AUDIT**		
D.1	**Present a balanced and understandable assessment of the Company's financial position, performance and prospects**		
	The Board has made every effort and taken responsibility for ensuring that the Annual Report, including the Financial Statements, presents a fair and balanced view of the Company's financial position, performance and prospects, combining narrative and visual elements to facilitate readability and comprehension. All statutory requirements have been complied with in the Annual Report and the Company's governance practices have been disclosed.		
	The following disclosures as required by the code are included in the Annual Report;		
	Management Discussion and Analysis.	15-174	
	Annual Report of the Board of Directors.	220-228	
	Statement of Directors' Responsibility.	229-230	✓
	Directors' Statement on Internal Controls.	233-234	
	Managing Director's/CEO and Chief Financial Officer's Responsibility Statement.	231	
	The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Auditors Report.	272-274	
	Note 50 to Financial Statements - Related Party Disclosures.	382	
	Periodic reporting on the progress of remedial actions is not applicable as the Company's net assets have not fallen below 50% of the shareholders' funds	-	
	ESG/sustainability risk and opportunities, business model, and outlook	48-49	
D.2	**Risk management and internal control to safeguard shareholders' investments and Company assets.**		
	The Board of Directors is responsible for maintaining effective and sound internal controls to safeguard the shareholders' investments and Company assets. The Board has structured an enterprise risk management process to identify the principal risks which impact the business and take mitigating actions while forecasting and analysing the future performance, solvency and liquidity of the Company. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The Audit Committee in consultation with the in-house Internal Audit Department, periodically reviews the effectiveness of internal controls over financial reporting.		✓
	Refer Risk Governance and Management.	56-60	
	Refer the Audit Committee Report.	235-238	
	Refer Internal Assurance [Internal Audit].	212	
D.3	**Audit Committee**		
	The Audit Committee consists of 2 [Two] Independent Non-Executive Directors and 1 [one] Non-independent Non-Executive Director. The Audit Committee assists the Board in executing its oversight responsibility for the integrity of the financial statements of the Company. The Audit Committee also ensures internal control and risk management systems of the Company and its compliance with legal and regulatory requirements and assesses the external auditors' performance, qualifications and independence.		✓
	Refer the Audit Committee Report.	235-238	
	Refer Internal Assurance.	212	

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
D. 4	**Risk Committee**		
	The Risk Committee consists of 2 [Two] Non-Executive Directors and 1 [one] Independent Non-Executive Director. The Chief Risk Officer serves as the coordination secretary and oversees matters concerning the committee, while the secretary to the committee is responsible for documenting meeting minutes. The committee convened on Seven occasions during the year. The Risk Committee has established terms of reference delineating its authority and duties. These include defining the risk management framework, reviewing outcomes and mitigation actions, overseeing insurance and information security, monitoring ESG risks, and ensuring a robust disaster recovery plan. It will provide regular reports to the Board and conduct annual reviews of the risk management framework, processes, and practices. Refer the Risk Committee report.	239-240	✓
D.5	**Related Party Transactions Review Committee**		
	The Committee consists of 2 [Two] Independent Non-Executive Directors and 1 [One] Non-independent Non-Executive Director. The core objective of the Related Party Transactions Review Committee is to ensure that the interests of shareholders are taken into consideration when entering into related party transactions and that the Company is compliant with the rules. The Company carried out transactions in the ordinary course of business on an arm's length basis with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard – LKAS 24. The quarterly submission of declarations pertaining to the director of related parties and related party transactions is being actively pursued. Additionally, the Company is independently identifying declarations and investigating entities classified as related parties according to the standard. Refer the Related Party Transactions Committee report. Refer Note 50 on Financial Statements - Related Party Disclosures.	245-246 382	✓
D.6	**Adoption of Code of Business Conduct and Ethics for Directors and all other employees**		
	All Directors, KMPs and employees are bound by the Code of Business Conduct and Ethics in order to act ethically and with integrity in the best interest of the Company. Establishing an accurate reporting framework, fair and transparent procurement practice interprets the effectiveness of internal controls and accuracy of Financial Statements. The Company ensured that they avoided conflict of interest, discrimination, harassment, bribery and corruption while maintaining compliance with all applicable laws and regulations. The Company has placed a process to identify and report material and price-sensitive information in accordance with relevant regulations. All Directors, KMPs and employees are required to disclose details of any share purchase or shareholding positions in the Annual Report. Refer the Code of Conduct and Ethics for Directors. Refer the Chairman's Statement on Corporate Governance. Refer Investor Relations. The Company has established a process to handle complaints from whistle-blowers, including employees, customers, and suppliers, regarding violations of the company's code of business conduct and ethics. New employees are trained on these guidelines during onboarding, and all employees confirm compliance annually.	208 183 395 209	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
D.7	**Corporate Governance Disclosures**		
	Softlogic Life follows an Integrated Corporate Governance framework which ensures that the Company maintains the best interests of all stakeholders and keeps to the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance 2023, Section 9 published by CSE and relevant provision of Companies Act. Refer Annual Report of the Board of Directors.	220-228	✓
E	**INSTITUTIONAL INVESTORS**		
	Shareholders have been identified as key players in our prioritisation matrix. The Company makes every effort to maintain a constant dialogue with institutional investors in order to improve their understanding of Company operations, strategies and performance. Individual investors are encouraged to get adequate analysis or seek advice on investing/divesting decisions. Also, they are summoned to exercise their voting rights at the AGM. Refer Investor Relations.	395-399	✓
F	**OTHER INVESTORS**		
	The information disseminated by the Company is adequate for individual shareholders to undertake an analysis of the Company and/or seek independent investment advice regarding the prospects of the Company. Notice of AGM is circulated to all shareholders along with instructions on the voting procedure and including the process for voting via a proxy. Refer the Annual Financial Statements. Refer the Form of Proxy.	275-386 415	✓
G	**INTERNET OF THINGS AND CYBER SECURITY**		
	The Board ensures that the required level of expertise is available and that management and technical controls are established for the connectivity of any device configured by the IT department. A separate IT Security system implemented within the Company is reviewed periodically to ensure the effectiveness of system controls and compliance with regulatory requirements. All IT risks are discussed and engaged with appropriate actions by the Risk Committee. Regulatory requirements where system controls can be incorporated to the system are communicated to the IT department by the Risk, Legal and Audit departments so that they can be embedded in the system. Refer IT Governance. Refer the Risk Committee Report.	215 239-240	✓
H	**SUSTAINABILITY: ESG RISK AND OPPORTUNITIES**		
	The Board of Directors regularly assesses the Company's internal strengths and weaknesses along with environmental and social factors to identify the extensive impact of risk and opportunities on the performance of the Company. Risk strategy and risk management objectives rely on the Company's Risk Governance structure, which manages risks in all aspects of ESG. Refer Sustainability - Related Risks and Opportunities. Refer the Risk Governance structure. Refer Integrated Risk Management.	52-90 57 56	✓
I	**SPECIAL CONSIDERATIONS FOR LISTED ENTITIES**		
	The Company upholds governance policies and oversees the implementation details as per the section 9.2.1 in CSE Listing rules. Refer the company website Refer Listing Rules Issued by CSE	 249-255	✓

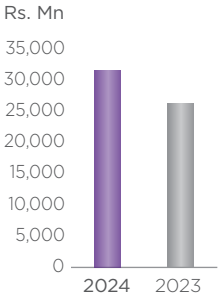
CHANGE ACTIVIST

FINANCIAL STATEMENTS

Financial Highlights **266** | Actuary's Report **268** | Report on the Liability Adequacy Test (LAT) **269** | Financial Calendar **270** | Financial Statement Table of Contents **271** | Independent Auditor's Report **272** | Income Statement **275** | Statement of Profit or Loss and Other Comprehensive Income **276** | Statement of Financial Position **277** | Statement of Changes in Equity **278** | Statement of Cash Flows **279** | Notes to the Financial Statements **280**

FINANCIAL HIGHLIGHTS

GROSS WRITTEN PREMIUM

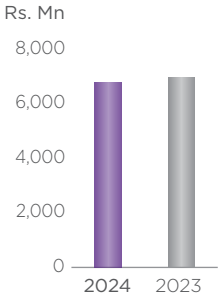


19.86%

Rs. 31,573 Mn 2024

Rs. 26,341 Mn 2023

FINANCE INCOME

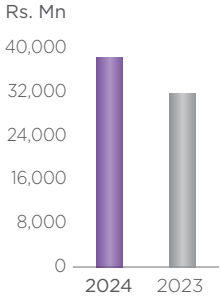


-2.67%

Rs. 6,791 Mn 2024

Rs. 6,977 Mn 2023

TOTAL NET REVENUE

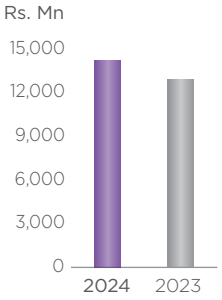


20.90%

Rs. 38,444 Mn 2024

Rs. 31,799 Mn 2023

NET INSURANCE BENEFITS AND CLAIMS

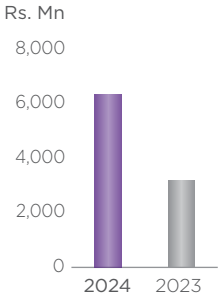


10.00%

Rs. 14,188 Mn 2024

Rs. 12,898 Mn 2023

PROFIT BEFORE TAXATION

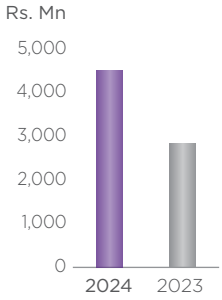


98.06%

Rs. 6,332 Mn 2024

Rs. 3,197 Mn 2023

PROFIT AFTER TAXATION

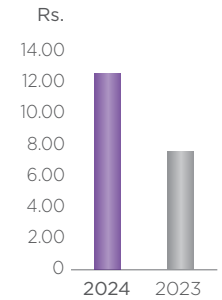


59.31%

Rs. 4,522 Mn 2024

Rs. 2,838 Mn 2023

EARNING PER SHARE

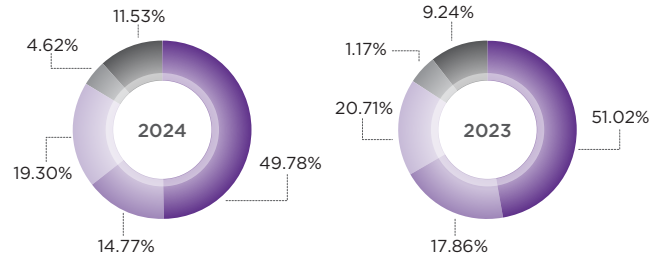


66.58%

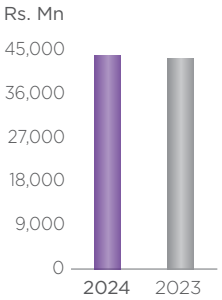
RS. 12.61 2024

RS. 7.57 2023

UTILIZATION OF NET REVENUE INCOME



FINANCIAL INVESTMENTS

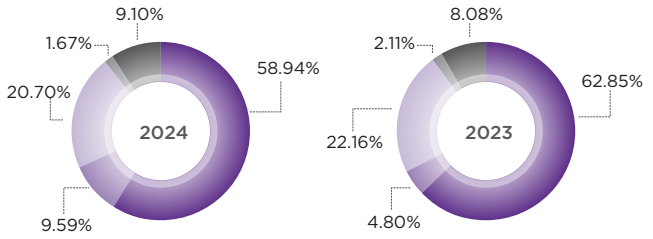


1.01%

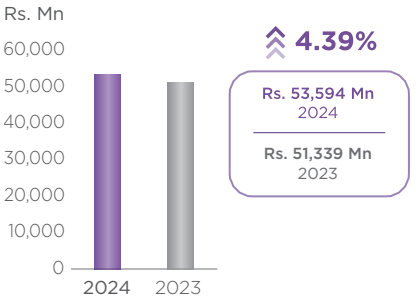
Rs. 43,938 Mn 2024

Rs. 43,500 Mn 2023

FINANCIAL INVESTMENTS - ASSET CLASS WISE



TOTAL ASSETS

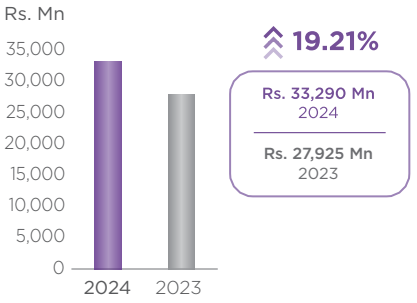


4.39%

Rs. 53,594 Mn 2024

Rs. 51,339 Mn 2023

INSURANCE CONTRACT LIABILITIES

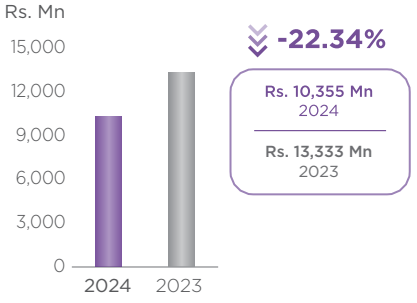


19.21%

Rs. 33,290 Mn 2024

Rs. 27,925 Mn 2023

TOTAL EQUITY

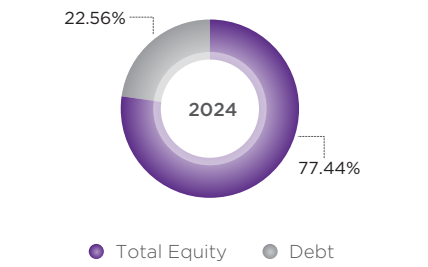


-22.34%

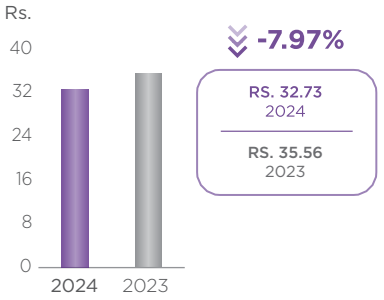
Rs. 10,355 Mn 2024

Rs. 13,333 Mn 2023

CAPITAL STRUCTURE



NET ASSET PER SHARE

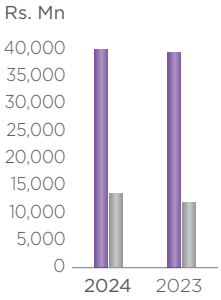


-7.97%

RS. 32.73 2024

RS. 35.56 2023

SEGEMENT TOTAL ASSETS



1.34%

Rs. 39,927 Mn 2024

Rs. 39,400 Mn 2023

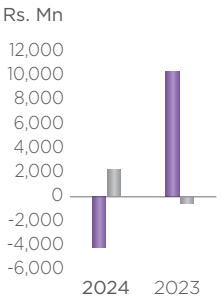
14.48%

Rs. 13,668 Mn 2024

Rs. 11,939 Mn 2023

Policyholder Fund Shareholder Fund

SEGEMENT OPERATING CASH FLOWS



-281.77%

Rs. -4,148 Mn 2024

Rs. 2,282 Mn 2023

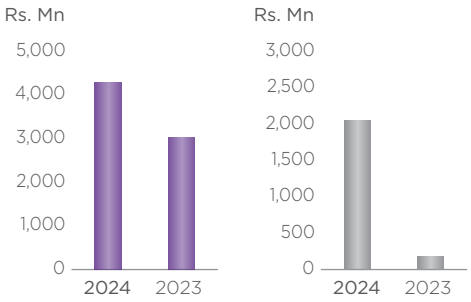
-1,833.16%

Rs. 10,295 Mn 2024

Rs. 594 Mn 2023

Policyholder Fund Shareholder Fund

SEGMENT PROFIT BEFORE TAXATION



Policyholder Fund

Shareholder Fund

42.20%

Rs. 4,287 Mn 2024

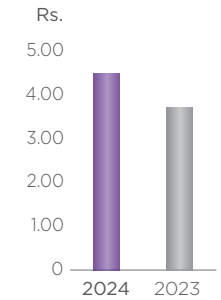
Rs. 3,015 Mn 2023

1,023.63%

Rs. 2,045 Mn 2024

Rs. 182 Mn 2023

DIVIDEND PER SHARE

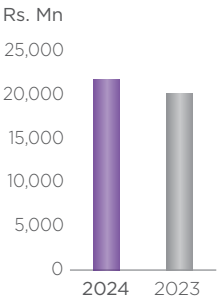


20.00%

Rs. 4.50 2024

Rs. 3.75 2023

MARKET CAPITALISATION

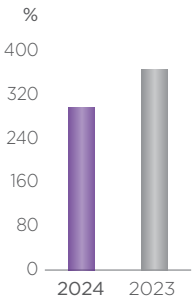


8.05%

Rs. 21,800 Mn 2024

Rs. 20,175 Mn 2023

CAPITAL ADEQUACY RATIO (CAR)



-18.80%

298% 2024

367% 2023

ACTUARY'S REPORT

4th March 2025

The Board of Directors of Softlogic Life Insurance Plc
Level 16, One Galle Face Tower,
Colombo 02, Sri Lanka

Certificate of the Actuary for the Actuarial valuation of the Long term Business

I, Kunj Behari Maheshwari, being the Actuary for the life insurance business, to the best of my knowledge certify the following:

(a) that proper records have been kept by Softlogic Life Insurance Plc in conducting the valuation of liabilities for the purpose of Section 48 of the Regulation of Insurance Industry Act No. 43 of 2000, and the Solvency Margin (Risk Based Capital) Rules, 2015;

(b) that I have taken all reasonable steps to ensure the accuracy and completeness of the records mentioned in item (a) above;

(c) that I have complied with the provisions of the said act in item (a) above;

(d) that I have complied with provisions of the Solvency Margin (Risk Based Capital) Rules, 2015 and guidance notes / guidelines prescribed by the IRCSL there under in the determination of the net amount of liabilities as at 31 December 2024;

(e) that the Surplus amount distributed / approved to transfer from the non-participating fund to shareholder fund for the period 1 January 2024 to 31 December 2024 amounted to LKR 4,287 million (3,417 million up to Q3 and 870 for Q4) ; and

(f) that the Surplus amount distributed to life insurance policyholders who share in the profits (with respect to reversionary bonus declared) as provided in the Regulation of Insurance Industry Act, No 43 of 2000, amounted to 607 million as at 31 December 2024.

Name and address of actuary with phone number and e-mail:

Kunj Behari Maheshwari, FIA, FIAI
Director, Insurance Consulting and Technology, India,
WTW
7th Floor, Emaar Capital Tower 2,
Sector 26, Mehrauli-Gurgaon Road,
Gurgaon 122002, India
Telephone: +91 124 432 2800
Email: kunj.maheshwari@wtwco.com

Signature:

Place: Gurugram, India

Date: 4th March 2025

Willis Towers Watson India Private Limited

Registered Office:
7th Floor Emaar Capital Tower 2
Sector 26, Mehrauli-Gurgaon Road
Gurgaon-122002
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CIN – U67190HR1996PTC051336

REPORT ON THE LIABILITY ADEQUACY TEST (LAT)

4th March 2025

The Board of Directors of Softlogic Life Insurance Plc
Level 16, One Galle Face Tower,
Colombo 02,
Sri Lanka

Liability Adequacy Test

1.1. The Sri Lanka Accounting Standard 'SLFRS 4, Insurance Contracts' prescribes that an insurer shall assess at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash-flows under its insurance contracts. Willis Towers Watson has undertaken a liability adequacy test for long term insurance provisions maintained within the life fund of Softlogic Life Insurance Plc as contemplated by SLFRS 4.

1.2. In carrying out the liability adequacy test, we have compared the provisions held as per the audited accounts with the actuarial liability. For this purpose, the principles laid out within the risk-based capital framework as prescribed by the IRCSL, whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all the cash in- and out-flows required to settle the obligations related to existing in-force insurance contracts are used as a starting point to assess the actuarial liability published by Softlogic Life in its financial statements. Adjustments made to and differences between the regulatory liability under the risk-based capital framework and the accounting liability under SLFRS basis have been suitably considered in providing this certification.

1.3. The projections are based on in-force policies and riders as at 31 December 2024.

1.4. Based on the checks undertaken, I certify:

- that the valuation of actuarial liability is based on internationally accepted actuarial methods and adheres to the requirements under SLFRS 4;
- that the assumptions used for such valuation are reasonable estimates based on available experience studies and after allowing for prescribed risk margins for adverse deviation; and
- that the long term insurance provisions maintained within the life fund of Softlogic Life Insurance Plc as per the audited accounts of the Company for the year ended 31 December 2024 is in excess of the liabilities computed in the above mentioned manner.

Kunj Behari Maheshwari, FIA, FIAI

Director, Insurance Consulting and Technology, India,

WTW

Signature:
Place: Gurugram, India
Date: 4th March 2025

Willis Towers Watson India Private Limited

Registered Office:
7th Floor Emaar Capital Tower 2
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CIN – U67190HR1996PTC051336

FINANCIAL CALENDAR

Annual Report publication Calender

Annual Report and Accounts signed/to be signed

For the year 2024	For the year 2025
On March 4, 2025	In March 2026

Annual General Meeting to be held

Annual General Meeting to be held

For the year 2024	For the year 2025
On March 28, 2025	In March 2026

Interim Financial Statements Calendar

	2024 Submitted on	2025 To be submitted
For the three months ended/ ending March 31	10-May-24	15-May-25
For the six months ended/ending June 30	09-Aug-24	15-Aug-25
For the nine months ended/ ending September 30	08-Nov-24	14-Nov-25
For the year ended/ending December 31	10-Feb-25	27-Feb-26

Dividend Calendar

	2024	2025
Interim dividend declared for the year	On 26-Nov-24	In March 2026

Follow the link for Trilingual Executive Statements and Financial Statements



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INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Softlogic Life Insurance PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Softlogic Life Insurance PLC ("the Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out in pages 275 to 386.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Insurance Contract Liabilities

Refer to Note 39 (page 332) to these Financial Statements.

Risk Description	Our Response
The Company has recognized insurance contract liabilities amounting to Rs. 33.29 billion as at December 31, 2024. The Company's insurance contract liabilities represent 77 percent of the Company's total liabilities. This is an area that involves significant judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities. Financial assumptions, including discount rate, inflation, and operating assumptions including mortality, morbidity, future claims administration expenses, fund yield and persistency are key inputs used to estimate the long-term liabilities. These liabilities are measured on a market consistent basis with appropriate assumptions by the appointed actuary. Further, valuation of insurance contract liabilities depends on the accuracy of data used in calculating insurance liabilities or forming judgments over key assumptions, that would have a material impact on the valuation of insurance contract liabilities.	**Our procedures among others included** • Assessing the competence, capabilities, and objectivity of management's expert and company's staff involved in the policy holders liability valuation process. • Assessing the controls adopted by the company in providing accurate and complete information to the independent appointed actuary for the purpose of the policy holders liability valuation. • Reconciling the movement in policyholder liabilities during the year with the movements in the financial results reported in separate funds.

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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

Risk Description	Our Response
Accordingly, due to the value of the liability balance relative to the total liabilities, subjectivity of the significant judgments involved and estimation uncertainty associated with the valuation, we considered Insurance contract liabilities as a Key Audit Matter.	• Testing management controls over the accuracy of data used in the life fund valuation and reconciling the data used to the underlying systems. • Reviewing the accuracy of methods and assumptions used in the valuation models by the Management appointed actuary, to determine the life fund balance. • Using KPMG specialists to Assess and challenge the key methods/ models and assumptions, used in driving the value of the insurance liabilities by, » Comparing the assumptions used by the management to expectations based on, current trends, market observable data and our own industry knowledge, » Evaluating the level of prudence applied and compared this to prior periods, » Applying their industry knowledge to the Company's reserving methodologies assumptions, and estimates of losses. • Assessing the adequacy of the disclosures pertaining to insurance contract liabilities in the financial statements.

IT Systems and controls

Risk Description	Our Response
Many financial reporting controls of the Company depend on the correct functioning of operational and financial IT systems. For example interfaces between policy administration and financial reporting systems, or automated controls that prevent or detect inaccurate or incomplete transfers of financial information etc. If these systems or controls fail, a significant risk of error in reported financial information can arise from the failure to transfer data appropriately between systems and/or inappropriate changes being made to financial data or systems. Due to the dependency and complexity of the IT systems this is identified as a Key Audit Matter.	**Our audit procedures among others included** Use of our own IT audit specialists to assist us in performing procedures in this area which include: • Assessing the governance and high-level controls in place across the IT environment, including the approach to policy design, review, awareness, and IT Risk management practices • Testing controls over specific application controls which are required to be operating effectively to mitigate the risk of misstatement in the financial statements. • Testing general IT controls involving restrictions on system access, permissions and responsibilities of the authorized users, process for approving changes to the systems in relation to key application controls. • Testing compensating controls, such as reconciliations between systems and other information sources and performed additional substantive testing such as using extended sample sizes and performing data analysis routines over the full population of transactions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

As required by Section 47(2) of the Regulation of Insurance Industry Act, No.43 of 2000 and amendments thereto, as far as appears from our examination, the accounting records of the Company have been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka, to clearly indicate the true and fair view of the financial position of the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1798.

Chartered Accountants

Colombo, Sri Lanka

04 March 2025

INCOME STATEMENT

For the year ended 31 December	Page (Sustainability and climate impact)	Note	Page	2024 Rs. '000	2023 Rs. '000	Change %
Gross written premiums	73, 74	6	289	31,573,467	26,341,321	20
Premiums ceded to reinsurers	73	7	290	(2,509,698)	(2,490,889)	1
Net written premiums	73, 74	8	290	29,063,769	23,850,432	22
Other revenue						
Finance income	75	9	290	6,790,924	6,977,443	(3)
Net realised gains	75	10	292	2,938,156	227,391	1192
Net fair value gains / (losses)	75	11	292	(354,957)	733,445	(148)
Other operating income		12	293	6,548	9,885	(34)
Total other revenue				9,380,671	7,948,164	18
Total net revenue				38,444,440	31,798,596	21
Net benefits, claims and expenses						
Net insurance benefits and claims paid	72	13	293	(14,187,893)	(12,898,161)	10
Net change in insurance claims outstanding	72	14	294	(61,820)	54,823	(213)
Change in insurance contracts liabilities	72	15	295	(5,270,740)	(2,828,082)	86
Underwriting and net acquisition cost (net of reinsurance)	73	16	295	(5,790,389)	(5,486,208)	6
Other operating and administration expenses	74	17	296	(6,440,335)	(5,111,111)	26
Derecognition loss on restructuring of ISB/SLDB	76	18	297	(2,237,532)	(86,522)	2,486
Impairment (charge)/ reversal on financial investments	76	19	297	3,004,984	(995,255)	402
Finance cost	75	20	297	(1,128,396)	(1,250,909)	(10)
Total benefits, claims and expenses				(32,112,121)	(28,601,425)	12
Profit before tax		21	298	6,332,319	3,197,171	98
Income tax expenses		22	298	(1,810,522)	(358,768)	405
Profit for the year				4,521,797	2,838,403	59
Profit attributable to;						
Owners of the Company				4,521,797	2,838,403	
Non controlling interest				-	-	
				4,521,797	2,838,403	59
Earnings per share						
Basic earnings per share (Rs.)		23	300	12.61	7.57	67
Diluted earnings per share (Rs.)		23	301	12.61	7.57	67

The accounting policies and notes appearing on pages 280 to 386 form an integral part of these Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000	Change %
Profit for the year			4,521,797	2,838,403	59
Other comprehensive income					
Items that will not be reclassified to Income Statement					
Equity investments at FVOCI - net change in fair value	37.2.2	332	925,328	606,708	
Equity investments at FVOCI - net change in fair value - Life fund	37.2.2	332	571,318	43,133	
Re-measurement losses on defined benefit liabilities	40.9	341	(51,141)	(20,844)	
Gains on revaluation of land and building	37.3.2	332	-	43,783	
Related tax / deferred tax			-	-	
			1,445,505	672,780	115
Items that are or may be reclassified subsequently to Income Statement					
Debt investments at FVOCI - net change in fair value	37.2.2	332	(404,912)	42,641	
Debt investments at FVOCI - net change in fair value - Life fund	37.2.2	332	288,664	218,387	
Debt investments at FVOCI - reclassified to Income Statement	37.2.2	332	232	711	
Related tax / deferred tax			-	-	
			(116,016)	261,739	(144)
Total other comprehensive income for the year, net of tax			1,329,489	934,519	42
Total comprehensive income for the year, net of tax			5,851,286	3,772,922	55
Total comprehensive income attributable to:					
Owners of the Company			5,851,286	3,772,922	
Non - controlling interests			-	-	
			5,851,286	3,772,922	55

The accounting policies and notes appearing on pages 280 to 386 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December	Page (Sustainability and climate impact)	Note	Page	2024 Rs. '000	2023 Rs. '000
Assets					
Intangible assets		25	302	3,955	2,364
Property, plant and equipment		26	303	689,233	707,427
Right of use assets		27	308	1,193,764	611,661
Deferred tax assets		28	310	468,263	838,938
Financial investments	75	29	312	43,938,018	43,500,215
Loans to life policyholders	76	30	327	350,134	331,301
Reinsurance receivables	73	31	328	518,316	465,211
Premiums receivables	74	32	328	2,904,513	2,449,089
Receivables and other assets	76	33	329	1,658,300	1,333,537
Cash and cash equivalents	76	34	330	1,869,652	1,099,679
Total assets				53,594,148	51,339,422
Equity and liabilities					
Equity					
Stated capital		35	330	1,062,500	1,062,500
Restricted regulatory reserve		36	331	798,004	798,004
Other reserves		37	331	(764,262)	(2,144,892)
Retained earnings		38	332	9,258,312	13,617,734
Total equity				10,354,554	13,333,346
Liabilities					
Insurance contract liabilities	72	39	332	33,290,278	27,925,474
Employee benefit liabilities		40	340	372,315	276,302
Loans and borrowings	75	41	342	3,016,443	5,014,997
Reinsurance payables	73	42	343	754,059	718,855
Income tax liabilities		43	343	979,770	927,170
Other liabilities		44	343	4,458,414	2,766,588
Bank overdraft	75	34	330	368,315	376,690
Total liabilities				43,239,594	38,006,076
Total equity and liabilities				53,594,148	51,339,422
Net asset per share (Rs.)				32.73	35.56
Net asset per share (Rs.) - excluding one-off surplus				30.20	33.43

The accounting policies and notes appearing on pages 280 to 386 form an integral part of these Financial Statements.

Certification

These Financial Statements are in compliance with the requirements of the Companies Act No 07 of 2007.

Sgd.
Nuwan Withanage
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Colombo
4th March 2025

STATEMENT OF CHANGES IN EQUITY

	Note	Stated capital Rs. '000	Restricted regulatory reserve Rs. '000	Other reserves		Retained earnings Rs. '000	Total Rs. '000
				Fair value reserve Rs. '000	Revaluation reserve Rs. '000		
Balance as at 1 January 2023		1,062,500	798,004	(3,229,988)	129,733	12,112,675	10,872,924
Profit for the year						2,838,403	2,838,403
Other comprehensive income for the year							
Equity investments at FVOCI - net change in fair value	37.2.2	-	-	606,708	-	-	606,708
Equity investments at FVOCI - net change in fair value - Life fund	37.2.2	-	-	43,133	-	-	43,133
Debt investments at FVOCI - net change in fair value	37.2.2	-	-	42,641	-	-	42,641
Debt investments at FVOCI - net change in fair value - Life fund	37.2.2	-	-	218,387	-	-	218,387
Debt investments at FVOCI - reclassified to income statement	37.2.2	-	-	711	-	-	711
Re-measurement gains / (losses) on defined benefit liabilities	40.9	-	-	-	-	(20,844)	(20,844)
Gains on revaluation of land and building	26.10	-	-	-	43,783	-	43,783
Total other comprehensive income, net of tax		-	-	911,580	43,783	(20,844)	934,519
Total comprehensive income for the year		-	-	911,580	43,783	2,817,559	3,772,922
Transactions with owners of the Company							
Contributions and distributions							
Interim dividend - 2022	24.3	-	-	-	-	(1,312,500)	(1,312,500)
Total transactions with owners of the Company		-	-	-	-	(1,312,500)	(1,312,500)
Balance as at 31 December 2023		1,062,500	798,004	(2,318,408)	173,516	13,617,734	13,333,346
Profit for the year		-	-	-	-	4,521,797	4,521,797
Other comprehensive income for the year							
Equity investments at FVOCI - net change in fair value	37.2.2	-	-	925,328	-	-	925,328
Equity investments at FVOCI - net change in fair value - Life fund	37.2.2	-	-	571,318	-	-	571,318
Debt investments at FVOCI - net change in fair value	37.2.2	-	-	(404,912)	-	-	(404,912)
Debt investments at FVOCI - net change in fair value -Life fund	37.2.2	-	-	288,664	-	-	288,664
Debt investments at FVOCI - reclassified to income statement	37.2.2	-	-	232	-	-	232
Re-measurement gains / (losses) on defined benefit liabilities	40.9	-	-	-	-	(51,141)	(51,141)
Gains on revaluation of land and building	26.10	-	-	-	-	-	-
Total other comprehensive income, net of tax		-	-	1,380,630	-	(51,141)	1,329,489
Total comprehensive income for the year		-	-	1,380,630	-	4,470,656	5,851,286
Transactions with owners of the Company							
Contributions and distributions							
Interim dividend - 2023	24.2	-	-	-	-	(1,406,250)	(1,406,250)
Interim Dividend - 2024	24.2	-	-	-	-	(1,423,828)	(1,423,828)
Repurchase of Shares	35.4	-	-	-	-	(6,000,000)	(6,000,000)
Total transactions with owners of the Company		-	-	-	-	(8,830,078)	(8,830,078)
Balance as at 31 December 2024		1,062,500	798,004	(937,778)	173,516	9,258,312	10,354,554

The accounting policies and notes appearing on pages 280 to 386 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December	Page (Sustainability and climate impact)	Note	Page	2024 Rs. '000	2023 Rs. '000
Cash flows from operating activities					
Profit before taxation				6,332,319	3,197,171
Adjustments for :					
Depreciation of property, plant and equipment		26.10	305	139,075	133,393
Amortisation of intangible assets		25.8	303	859	722
Amortisation of right of use asset		27.8	309	372,655	305,520
Interest expenses on lease liabilities and borrowings		41.6/44.4.3	343/344	692,050	727,743
Provision for employee benefit liabilities		40.7	341	72,318	67,029
Gain on sale of property, plant and equipment		12.2	293	(90)	(141)
Net realised gains	75	10.2	292	(2,938,156)	(227,391)
Net fair value (gain) / loss	75	11	292	354,957	(733,445)
Net unrealised loss on foreign currency transactions	79	20.2	297	300,593	402,348
Net amortisation of financial investments	75	29.10	323	(2,056,433)	(1,931,198)
Derecognition loss on restructuring of ISB/SLDB	75	18		2,237,532	86,522
Impairment (charge)/ reversal on financial investments	75	19	297	(3,004,984)	995,255
				2,502,695	3,023,528
Change in operating assets					
Increase in loans to life policyholders	76			(18,833)	(66,241)
Decrease / (increase) in reinsurance receivables	73/76			(53,105)	103,168
Increase in premiums receivables	74/76			(455,424)	(685,701)
Increase in receivables and other assets	76			(366,784)	(257,296)
				(894,146)	(906,070)
Change in operating liabilities					
Increase in insurance contract liabilities	72			5,546,939	2,742,320
Increase / (decrease) in reinsurance payables				48,884	(1,371,949)
Increase / (decrease) in other liabilities				1,108,009	(78,348)
				6,703,832	1,292,023
Net cash generated from operations	77			8,312,381	3,409,480
Gratuity paid		40.7	333	(27,446)	(20,530)
Income tax Paid				(1,516,665)	(1,101,542)
Interest paid		41.6	343	(621,210)	(599,383)
Net cash flows from operating activities				6,147,060	1,688,026
Cash flows from investing activities					
Acquisition of investment securities		29.10	323	(84,856,891)	(41,617,616)
Proceeds from sale of investment securities				90,379,250	42,206,744
Acquisition of property, plant and equipment		26.10	305	(120,941)	(217,679)
Net Acquisition of Right of Use Asset				(69,280)	(79,116)
Proceeds from the sale of property and equipment				150	141
Acquisition of intangible assets		25.8	303	(2,450)	(520)
Net cash flows used in investing activities				5,329,838	291,954
Cash flows from financing activities					
Dividend paid to equity holders		24.3	301	(2,830,078)	(1,312,500)
Principal Payment of lease liabilities		44.4.3.1	344	(414,472)	(376,117)
Repurchase of ordinary voting shares				(6,000,000)	-
Repayment of long term borrowings				(1,454,000)	-
Net cash flows used in financing activities				(10,698,550)	(1,688,617)
Net increase in cash and cash equivalents				778,348	291,363
Net cash and cash equivalents as at 1 January				722,989	431,626
Net cash and cash equivalents as at 31 December				1,501,337	722,989
Analysis of cash and cash equivalents					
Cash in hand and at bank		34.3	330	1,869,652	1,099,679
Bank overdrafts		34.3	330	(368,315)	(376,690)
Total cash and cash equivalents as at 31 December		34.3	330	1,501,337	722,989

The accounting policies and notes appearing on pages 280 to 386 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

Softlogic Life Insurance PLC ("the Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The Company is regulated under the Insurance Industry Act No. 43 of 2000 and amendments thereto. The Company was re-registered under the Companies Act No. 07 of 2007 and the registered office is situated at Level 16, One Galle Face Tower, Colombo - 02. The ordinary shares of the Company have a primary listing on the CSE.

1.2 Parent entity and ultimate parent entity

The parent entity of the Company is Softlogic Capital PLC. In the opinion of the Board of Directors, the ultimate parent undertaking and controlling entity is Softlogic Holdings PLC which is incorporated in Sri Lanka. The Financial Statements of parent and ultimate parent of the entity are available for public use.

1.3 Principal activities and nature of operations of the Company

The principal business activity of the Company is providing Life Insurance solutions for both individual and corporate customers. Life Insurance is a protection against financial losses that would result from an insured event adversely affecting the insured. In such situations, the nominated beneficiary receives the proceeds and is thereby safeguarded from financial impacts of the insured event. The benefit paid by a life insurer is consideration for premium payments made by the insured. There were no significant changes in the nature of the principal activities during the financial year under review.

1.4 Number of employees

The staff strength of the Company as at 31 December 2024 is 947 (2023 was 985).

1.5 Financial statements

The Financial Statements for the year ended 31 December 2024 comprise only "the Company" referring to Softlogic Life Insurance PLC. Corporate information is given in page 417 of this Annual Report.

2. BASIS OF ACCOUNTING

2.1 Presentation of Financial Statements

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Practices (SoRP) and Financial Reporting Guidelines issued by CA Sri Lanka and These SLFRSs and LKASs are available at the website of CA Sri Lanka www.casrilanka.com.

2.2 Statement of compliance

Financial Statements of the Company are in compliance with the requirements of the Companies Act No. 07 of 2007, the Regulation of Insurance Industry (RII) Act No. 43 of 2000 and amendments thereto, and rules and regulations of the Insurance Regulatory Commission of Sri Lanka. It also provides appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Company has fully complied with SLFRSs and LKASs and has not adopted any inappropriate accounting treatments that violate these regulations governing the preparation of Financial Statements.

2.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of Financial Statements as per the Sri Lanka Accounting Standards and provisions of the Companies Act No. 07 of 2007.

The Board of Directors acknowledge their responsibility for Financial Statements as set out in the 'Annual Report of the Board of Directors', 'Statement of Directors' Responsibility' for the financial reporting and the certification on the Statement of Financial Position on pages 220, 229 and 277 respectively.

These Financial Statements include following components:

Component	Contents and page reference
Income Statement and Statement of Profit or Loss and Other Comprehensive Income	Providing the information on the financial performance of the Company for the year under review (Refer pages 275 and 276).
Statement of Financial Position	Providing the information on the financial position of the Company as at the year-end (Refer page 277).
Statement of Changes in Equity	Depicting all changes in shareholders' equity during the year under review of the Company (Refer page 278).
Statement of Cash Flows	Providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of entity to utilise those cash flows (Refer page 279).
Notes to the Financial Statements	Comprising material accounting policies and other explanatory information (Refer pages 280 to 386).

2.4 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Company for the year ended 31 December 2024 (including comparatives for 2023), were approved and authorised for issue by the Board of Directors on 4 March 2025.

2.5 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items stated in the Statement of Financial Position.

Category	Items	Basis of measurement	Note	Page reference
Assets	Financial instruments measured at fair value through profit or loss including derivative financial instruments	At fair value	29.3.5	315
	Financial instruments measured at fair value through other comprehensive income	At fair value	29.3.4	314
	Land and building	Initially measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	26.24.3	307
Liabilities	Employee benefit liabilities	Actuarially valued and recognised at present value of the defined benefit obligation	40	340
	Insurance contract liabilities	Appointed Actuary determined values based on the guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), SLFRSs and LKASs	39	332

2.6 Going concern basis of accounting

In determining the basis of preparing the Financial Statements for the year ended 31 December 2024, management has considered all available information, the consequences of current macro-economic conditions of the country, climate related risks, other events and conditions. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's' ability to continue to operate as a going concern due to the improving operating environment, developments to product strategies and actions taken to mitigate the impact of economic crisis in the past.

Further, in determining the going concern, the Management performed multiple stress tested scenarios; considering cost management practices, cash reserves, ability to secure additional funding to finance the adverse effects to the cash flows, ability to secure required human resources, expected revenue streams, credit and collection management practices and expense management.

Accordingly, the Management has assessed its ability to continue as a going concern and is satisfied that it has adequate resources to continue in the business for the foreseeable future. Further, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company are continued to be prepared on a going concern basis.

2.7 Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). Accordingly, these Financial Statements including supplementary information are presented in Sri Lankan Rupees (LKR), the Company's functional and presentation currency.

There was no change in the Company's presentation and functional currency during the year under review.

2.8 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern as explained by Statement of Recommended practice (SoRP) on the insurance contracts.

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.9 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 Presentation of Financial Statements.

2.10 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclosed in the accounting policies of the Company.

2.11 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 including recent amendments thereto. The company has also voluntarily followed the best practices laid down in the IFRS Practice Statement 2 on Making Materiality Judgements.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different nature or functions.

2.12 Supplementary Statements - Statement of Financial Position – Life Fund

Supplementary Statement of Financial Position of Life Insurance Fund together with notes are disclosed in pages 388 to 390 as per the requirement laid down in the SoRP on Insurance Contracts.

2.13 Financial period

The Financial Statements are prepared for the twelve months period ended and as at 31 December 2024.

2.14 Comparative information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

● - High Impact ● - Moderate Impact ● - No Impact

3.1 New standards and amendments: applicable on or after 1 January 2024

The following new and amended standards apply for the first time to financial reporting periods commencing on or after 1 January 2024 and have not resulted in a material impact on the Company's Financial Statements.

When there is an impact on the Financial Statements of the Company, such amendments are incorporated in the Financial Statements

New SLFRS / amendment to the existing SLFRS	Summary of the requirements	Possible impact to the Financial Statements	Impact on the Financial Statements
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to LKAS 1)	The amendments clarify that the classification of liabilities as current or non-current shall be based on rights that are in existence at the end of the reporting period. It specifies that such classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). It also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	When the Company classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which the Company is required to comply with; within twelve months of the reporting date, informative disclosures need to be provided in the notes that enables users of Financial Statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including: » carrying amount of the liability; » information about the covenants;	●

New SLFRS / amendment to the existing SLFRS	Summary of the requirements	Possible impact to the Financial Statements	Impact on the Financial Statements
Amendments to LKAS 1 (Contd.)		» facts and circumstances, if any, that indicate the entity may have difficulty in complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period. The Company has provided the relevant disclosures on the Tier II loan in Note 41 on page 342.	
Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)	The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This narrow-scope amendments to the requirements for sale and leaseback transactions in SLFRS 16 Leases explain how an entity accounts for a sale and leaseback after the date of the transaction.	This could particularly impact sale and leaseback transactions, where the lease payments include variable payments that do not depend on an index or a rate. The company has not entered into sale and lease back transactions during the year and the lease liabilities are disclosed in Note 44.4.3 on page 344.	
Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)	Objective of the new disclosures is to provide information about Supplier Finance Arrangements (SFAs) that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.	The new disclosures include: » Terms and conditions of SFAs; » Carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented; » Carrying amount of the financial liabilities for which suppliers have already received payment from the finance providers; » Range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements; » Non-cash changes in the carrying amounts of financial liabilities; » Access to SFA facilities and concentration of liquidity risk with finance providers. The amendment does not have a material impact on the Financial Statements of the Company due to non-availability of supplier finance arrangements.	
International Tax Reform - Pillar Two Model Rules (Amendments to LKAS 12)	The amendments introduce: » A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and » Disclosure requirements for affected entities to help users of the Financial Statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date including separate disclosure of resulting current tax expense / (income).	Clarify the application of LKAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The amendment does not have a material impact on the Financial Statements of the Company.	

3.2 New standards and amendments: applicable on or after 1 January 2025 (Forthcoming requirements)

The Company intends to adopt the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements, if applicable, when they become effective and also considers voluntary early application as stated below:

● - High Impact ● - Moderate Impact ● - No Impact

New SLFRS / amendment to the existing SLFRS and the effective Date	Summary of the requirements	Possible impact to the Financial Statements	Possible impact on the Financial Statements
SLFRS 17 Insurance Contracts In Sri Lanka effective on or after 01 January 2026 with early adoption permitted with SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers. The Company has early adopted SLFRS 9 effective from the year 2019 and intends to reassess the business model along with the adaption of SLFRS 17.	SLFRS 17 supersedes SLFRS 4 Insurance contracts (which permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities) with new measurement model for all insurance contracts. SLFRS 17 requires liabilities for insurance contracts to be recognised as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a contractual service margin (CSM) that is equal and opposite to any day - one gain arising on initial recognition in other words it is considered as the amount of deferred profit. Losses are recognised directly to the Income Statement. For the measurement purposes, contracts are grouped together into contracts of similar risk profitability profile and issue year, with further divisions for contracts that are managed separately. Revenue is recognised as services are provided, not when premiums are received. The standard mandates a clear separation of insurance, investment, and deposit components. Profit for insurance contracts under SLFRS 17 is represented by the recognition of the service provided to policyholders in the period (release of CSM), realise from non-economic risk (realise of risk adjustment) and investment profit. The CSM is released as profit over the coverage period of the insurance contract, reflecting the delivery of services to the policyholder. SLFRS 17 requires, the CSM to be calculated as if the standards had applied retrospectively. If this is not practical, an entity is required to choose either a modified retrospective approach or determine the CSM by reference to the fair value of the liabilities at transition date. The approach for determining the CSM will have a significant impact on both shareholders' equity and on the amount of profit on in - force business in future reporting periods. Refer pages 410 to 413 for the summary on SLFRS 17 implications on the Financial Statements.	SLFRS 17 is expected to have a substantial change in the presentation of the Financial Statements and disclosures, as the requirements of the new standard are complex and requires a fundamental change to accounting for insurance contracts as well as the application of significant judgement and new estimation techniques. The effect of changes required to the Company's accounting policies as a result of implementing these standards are currently uncertain, but these changes can be expected to, among other things, alter the timing of profit recognition. The Company has an implementation programme underway to implement SLFRS 17. The programme is responsible for setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate date and implementing actuarial and finance system changes. Refer pages from 235 - 238 for further details. Accordingly, the Company has completed a substantial progress in phase 2 in line with the new effective date of the standard with the technical and system consultant. Hence, the system implementation is in progress and the technical positions are being finalised. Further, the Company intends to reassess the classification and measurement of financial assets under SLFRS 9 to ensure alignment with the new insurance contract measurement model. This reassessment will consider changes in the business model, contractual cash flow characteristics, and risk management strategies. Additionally, the Company intends to evaluate the accounting policy choices available under SLFRS 9 for presenting changes in fair value of financial assets either in profit or loss or other comprehensive income (OCI). In this respect, for assets backing insurance contract liabilities under SLFRS 17, the Company intends to align its classification approach to minimise accounting mismatches. The option to recognise fair value changes in OCI will be considered where it better reflects the economic relationship with insurance liabilities measured under the fair value approach.	●

New SLFRS / amendment to the existing SLFRS and the effective Date	Summary of the requirements	Possible impact to the Financial Statements	Possible impact on the Financial Statements
Lack of exchangeability (Amendments to LKAS 21) Effective on or after 01 January 2025 with early adoption permitted.	These disclosures might include: » nature and financial impacts of the currency not being exchangeable; spot exchange rate used; » estimation process; and » risks to the Company because the currency is not exchangeable.	Companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the Financial Statements. The amendment is not expected to have a material impact on the Financial Statements of the Company since the Company has not entered into transactions in terms of the currencies that have lack of exchangeability.	●
SLFRS S 1 - General Requirements for Disclosure of Sustainability-related Financial Information Effective on or after 01 January 2026 with early adoption permitted. The Company has voluntarily early adopted the Standard during 2024.	SLFRS S1 outlines the general requirements for companies to disclose sustainability-related financial information, focusing on Environmental, Social, and Governance (ESG) factors. It emphasises the integration of sustainability-related disclosures into financial reporting, ensuring that stakeholders have comprehensive information on how sustainability risks and opportunities affect the financial performance and position of an organisation	Disclosures will be expanded to include sustainability-related financial information, offering greater transparency on ESG risks and opportunities. Companies will be required to account for sustainability risks that could influence asset impairments, liabilities, and cash flow projections. Costs related to sustainability initiatives, such as compliance and carbon credits, will affect both the Income Statement and Cash Flow Statements. Additionally, governance and internal control structures surrounding sustainability will be disclosed, which will shape the overall perception of the company's financial health. Ultimately, SLFRS S 1 seeks to integrate sustainability into financial reporting, making it a crucial standard for businesses aiming to ensure long-term value creation and transparency in the Financial Statements. Refer S1 and S2 index on page 407 for further details.	●
SLFRS S 2 - Climate-related Disclosures Effective on or after 01 January 2026 with early adoption permitted. The Company has voluntarily early adopted the Standard during 2024.	SLFRS S 2 is a standard that aligns with the global push for transparency regarding the financial impacts of climate-related risks and opportunities. This standard is designed to help companies disclose how climate-related factors affect their financial performance, position, and cash flows	It requires to disclose the financial impacts of climate risks and opportunities on the Financial Statements. It affects the Statement of Financial Position by potentially impairing assets and recognising climate-related liabilities, the Income Statement through increased expenses for compliance and sustainability investments, and the Cash Flow Statement by reflecting cash flows from climate-related activities. The standard also mandates enhanced disclosures for transparency on how climate risks influence financial performance and decision-making, helping stakeholders better understand a company's climate-related financial exposure and strategies. Refer S1 and S2 index on page 407 for further details.	●

4. USE OF MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

In preparing the Financial Statements of the Company in conformity with SLFRSs and LKASs, the Management has made judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The most significant areas of estimation uncertainty and critical judgements, in applying accounting policies that have material effect on the amounts recognised in the Financial Statements of the Company are stated in the Notes 4.1 and 4.2:

4.1 Material accounting judgements

Information about judgments made in applying accounting policies that have material effects on the amounts recognised in these Financial Statements is included in the following notes.

Critical judgements	Note	Page
Classification of financial assets	29.3	313
Critical accounting policies of the Company provides scope for financial assets to be classified and subsequently measured into different categories as: Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL), based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as set out in Notes 29.1 and 29.15.3 on pages 312 to 327.		
Lease terms - extension options		
At the lease commencement date, assessment is made on whether it is reasonably certain to exercise the extension options if there is a significant event or significant changes in circumstances within its control. The extension options held are exercisable only by the Company and not by the lessors. Based on the assessment on the potential extension options for each lease agreement, management has decided that possibility of extending of the same lease agreement is remote due to the operating structure of the Company. Refer Note 27 on Page 308 for the disclosures on the right of use assets.		
Classification of insurance, reinsurance, and investment contracts: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features	39.3	333
Impairment assessment including establishing criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition	29.8.2	317
At each reporting date, financial investments are reviewed to assess whether an impairment loss should be provided in the Income Statement. Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. Accordingly, individual impairment and collective impairment is made as disclosed in Note 29.8 on page 317 and Note 29.15 to 325 respectively.		

4.2 Accounting assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a risk of resulting in material adjustments for the year ended 31 December 2024 are included in the following notes.

Critical judgements	Note	Page
Insurance contract liabilities, Liability Adequacy Test (LAT) and key actuarial assumptions	39.5 & 39.15	335-338
• Liability is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. • All contracts are subject to a liability adequacy test (LAT), which reflect management's best estimate of future cash flows. • Main assumptions used in relation to mortality, morbidity, longevity, investment returns, expenses, and discount rates are further detailed in Table 04 on Page 357. • For those contracts that ensure risk related to longevity and prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to lifestyle, which could result in significant changes to the expected future mortality exposure. • Estimates are also made as to future investment income arising from the assets backing life insurance contracts based on current market returns, as well as expectation about future economic and financial developments. • Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate.		

Critical judgements	Note	Page
• Lapse and surrender rates are based on the Company's historical experience. • Discount rates are based on current market rates by considering timing and liquidity nature of the insurance liabilities. • Details on the actuarial valuation, LAT and the actuary is set out in Note 39.4 and 39.15 on page 334 and 338 respectively. • Carrying amount of Insurance contract liabilities, assumptions and estimates used to determine Insurance contract liabilities are disclosed in Note 39 on pages 332 to 340. Refer Note 48.7.5 (Table 33) on page 379 for sensitivity analysis.		
Discount rate used for valuation of insurance contract liabilities	39.5.1	335
Fair value of financial instruments with significant unobservable inputs	47.7	350
The determination of fair values of financial assets and financial liabilities recorded in the Statement of Financial Position, for which there is no observable market price are determined using a variety of valuation techniques that include use of mathematical models. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. Methodologies used for valuation of financial instruments and fair value hierarchy are stated in Note 29.15.1 on page 326.		
Impairment measurement of financial assets: determination of inputs into the Expected Credit Loss (ECL) measurement model, including key assumptions and incorporation of forward-looking information	29.8.5	317
• The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. The Company's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models include: The Company's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so, allowances for financial assets measured on a Life Time Expected Credit Loss (LTECL) basis; • The segmentation of financial assets when their ECL is assessed on a collective basis; • Development of ECL models, including the various statistical formulas and the choice of inputs; • Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD); • Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs in to the ECL models. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions (including policy rates, inflation, growth in gross domestic product, sovereign rating, effect from uncertain volatile macro-economic conditions, etc.). The accuracy of the provision depends on the model assumptions and parameters used in determining the collective provision. Refer Note 29.8 and 29.15 on pages 317 to 318 and 325 to 327 respectively.		
Fair value of land and building	26.24	306
The Company measures land and buildings at revalued amounts with changes in fair value being recognised in equity through Other Comprehensive Income (OCI). Valuations are performed in every alternate year to ensure that the fair value of a revalued asset does not differ materially from the carrying amount. The Company engages independent professional valuer Mr. Anuradha Senevirathne, Chartered Valuation Surveyor to assess fair value of land and buildings in terms of SLFRS 13 on Fair Value Measurement. Based on the valuation techniques and inputs used, land and building were classified at level 3 in the fair value hierarchy. The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the land and building, and sensitivity analysis are provided in the Notes as stated here.		

4.2 Accounting assumptions and estimation uncertainties (Contd.)

Critical judgements	Note	Page
Useful life-time of property, plant and equipment	26.9	304
The Company reviews the residual values, useful lives, and methods of depreciation of property, plant and equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 26 on page 304 for more details.		
Measurement of defined benefit obligation: key actuarial assumptions	40.6	341
The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The Company engages independent professional actuary Mr. M. Poopalanathan, AIA of Messrs. Actuarial & Management Consultants (Pvt) Ltd to measure defined benefit obligation. Refer Note 40.6 on pages 341 for the assumptions used to determine the defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 40.12 on page 342.		
Recognition of deferred tax asset	28.6	311
Deferred tax assets are recognised in respect of deductible temporary differences and brought forward tax losses to the extent that it is probable that future taxable profit will be available and can be utilised against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Refer Note 28 on pages 310 to 312 for estimates and assumptions used by the company in assessing recoverability of deferred tax assets.		
Estimating the incremental borrowing rate for lease liabilities	27.3	308
As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure the lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific adjustments.		
Provisions and contingencies	53	385
Whenever the Company receives legal claims in the normal course of business, the Management exercises judgments as to the likelihood of any claim succeeding along with defending actions through legislative process. If it is not probable that a material liability will arise in the judgement of the management, no provision has been made in the Financial Statements, but a disclosure has been made.		
Impairment of non-financial assets	29.8.12	318

5. MATERIAL ACCOUNTING POLICIES AND NOTES

The material accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company, unless otherwise indicated in relation to the reported values in the Financial Statements with additional Notes and explanations thereon. Due consideration has been drawn in the disclosure of "material" rather than "significant" accounting policies.

5.1 Material accounting policies and explanatory notes under key categories

Income Statement related notes	Note	Page
Gross written premiums	6	290
Premiums ceded to reinsurers	7	290
Net written premiums	8	290
Finance income	9	290
Net realised gains / (losses)	10	292
Net fair value gains / (losses)	11	292
Other operating income	12	293
Net insurance benefits and claims paid	13	293
Net insurance benefits and claims outstanding	14	293
Change in valuation of insurance contract liabilities	15	295
Underwriting and net acquisition cost	16	295
Other operating and administration expenses	17	296
Loss arising from derecognition of ISB and SLDB	18	297
Impairment (charge)/ reversal on ISB, SLDB and other financial investments	19	297
Finance (gains) / cost	20	297
Profit before tax	21	298
Income tax and deferred tax	22	298
Earnings Per Share (EPS)	23	300
Dividend Per Share (DPS)	24	301

Statement of Financial Position related notes	Note	Page
Intangible assets	25	302
Property, plant and equipment	26	303
Right of use assets	27	308
Deferred taxation	28	310
Financial assets including impairment	29	312
Loans to life policyholders	30	327
Reinsurance receivables	31	328
Premiums receivables	32	328
Receivables and other assets	33	329
Cash and cash equivalents	34	330
Stated capital	35	330
Restricted regulatory reserve	36	331
Other Reserves	37	331
Retained Earnings	38	332
Insurance contract liabilities	39	332
Employee benefit liabilities	40	340
Loans and borrowings	41	342
Reinsurance payables	42	343
Income tax liabilities	43	343
Other liabilities	44	343
Financial liabilities	45	346

Other disclosure notes	Note	Page
Foreign currency transactions	46	346
Fair value of financial instruments	47	346
Risk and Capital Management	48	354
Operating segments	49	380
Related party transactions	50	382
Capital and other commitments	51	385
Events after the reporting date	52	385
Provisions and contingencies	53	385

5.2 Changes in the material accounting policies

The Company has not made any changes in material accounting policies during the current annual reporting period.

The details of the new and amendments to existing SLFRSs effective from 01 January 2024 which have been duly considered in the preparation of the Financial Statements of the Company have been disclosed in Note 3.1 on page 282. Further, the Company has voluntarily early adopted SLFRS S1 and S2 standards during the current period as disclosed in Note 3.2 on page 284.

6. GROSS WRITTEN PREMIUMS

Accounting Policy

6.1 General

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Gross written premiums on life insurance contracts are recognised as revenue when payable by the policyholder (policies within the 30-day grace period are considered as due for endowment products). Premiums received in advance are not recorded as revenue and recorded as liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognised as income. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies. For single premium business, revenue is recognised on the date on which the policy is effective.

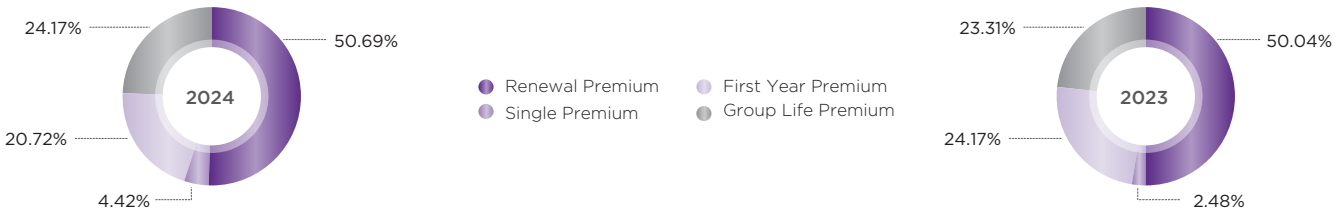
All products sold by the Company are insurance contracts and therefore classified as insurance contracts. Thus, the Company does not have any investment contracts within its portfolio as at the reporting date.

6. GROSS WRITTEN PREMIUMS (CONTD.)

6.2 Premium income by major classes of business

For the year ended 31 December	2024			2023		
	Individual business Rs. '000	Corporate business Rs. '000	Total Rs. '000	Individual business Rs. '000	Corporate business Rs. '000	Total Rs. '000
Renewal premium	16,006,226	-	16,006,226	13,181,096	-	13,181,096
Single premium	1,393,994	-	1,393,994	653,208	-	653,208
First year premium	6,540,525	-	6,540,525	6,366,477	-	6,366,477
Group life premium	-	7,632,722	7,632,722	-	6,140,540	6,140,540
Total gross written premium	23,940,745	7,632,722	31,573,467	20,200,781	6,140,540	26,341,321

GROSS WRITTEN PREMIUMS



7. PREMIUMS CEDED TO REINSURERS

Premium ceded to reinsurers represents the premium paid by the Company to its reinsurers in order to manage its underwriting risks.

Accounting Policy

7.1 General

Reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurer and accounted on an accrual basis.

7.2 Premium ceded to reinsurers

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Treaty	2,509,698	2,490,009
Facultative	-	880
Total premium ceded to reinsurers	2,509,698	2,490,889

8. NET WRITTEN PREMIUMS

This represents the net written premium for the financial year subsequent to the deduction of reinsurance premium from gross written premium.

8.1 Analysis of the net written premium

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Gross written premium	31,573,467	26,341,321
Less: Premiums ceded to reinsurers	(2,509,698)	(2,490,889)
Net written premium	29,063,769	23,850,432

9. FINANCE INCOME

Finance income consists of interest income and dividend income generated by the Company from its various financial assets held throughout the reporting period.

Accounting Policy

9.1 Interest income

Interest income is recognised in the Income Statement as it accrues and is calculated by using the effective interest rate by applying to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). The calculation of interest income of credit-impaired financial assets does not revert to a gross basis, even if the credit risk of the asset improves. Investment related expenses consist of costs relating to investment such as custodian fee, bank guarantee fee and brokerage fee, etc. These expenses are recognised on an accrual basis.

Accounting Policy

9.1.1 Effective interest rate (EIR)

The EIR is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial assets or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial assets or liabilities. When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses. For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using estimated future cash flows including Expected Credit Losses (ECL). The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the EIR includes all transaction costs and fees that are an integral part of EIR. Transaction costs includes incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the EIR of the instrument.

Financial instrument	Interest calculation method
Fair value through profit or loss (FVTPL)	EIR Method
Amortised cost (AC)	
Fair value through other comprehensive income (FVOCI)	

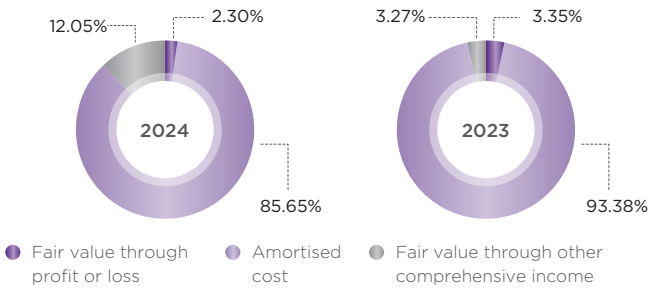
9.2 Dividend income

Dividends on equity investments are recognised in the Income Statement when the right to receive payment is established which is on the date at which the investment is priced 'ex dividend". Dividends are presented under net finance income in the Income Statement.

9.3 Analysis of finance income

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Interest income from:			
Financial assets classified at FVTPL	9.4.a	155,528	233,623
Financial assets classified at amortised cost	9.4.c	5,816,988	6,515,689
Financial assets classified at FVOCI	9.4.d	743,665	228,131
		6,716,181	6,977,443
Dividend Income From;			
Equity shares classified at FVTPL	9.4.b	18	-
Equity shares classified at FVOCI	9.4.e	74,725	-
		74,743	-
Total finance income		6,790,924	6,977,443

FINANCE INCOME



9.4 Detail analysis of finance income

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
a. Interest income - Financial assets classified at FVTPL		
Treasury bonds	53,725	39,948
Perpetual debentures	101,048	193,675
Commercial papers	755	-
Total interest income from FVTPL assets	155,528	233,623
b. Dividend income - Equity shares	18	-
Total finance income from financial assets classified at FVTPL	155,546	233,623
c. Interest income - Financial assets classified at amortised cost		
Debentures	697,542	787,117
Commercial papers	290,789	420,805
Securitised paper	30,667	72,785
Term deposits	117,036	121,613
Sri Lanka development bonds	-	132,874
International sovereign bonds	1,140,205	1,046,135
Repo	272,963	310,806
Loans to life policyholders	65,639	52,862
Treasury bonds	3,167,488	3,438,657
Treasury bills	34,659	132,035
Total finance income from financial assets classified at amortised cost	5,816,988	6,515,689

9.4 Detail analysis of finance income (Contd.)

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
d. Interest income - Financial assets classified at FVOCI		
Treasury bonds	535,679	228,131
Treasury bills	5,335	-
International sovereign bonds	202,651	-
Total interest income FVOCI assets	743,665	228,131
e. Dividend income - Equity shares	74,725	-
Total finance income from financial assets classified at FVOCI	818,390	228,131
Total finance income	6,790,924	6,977,443

10. NET REALISED GAINS / (LOSSES)

Accounting Policy

10.1 General

Realised gains and losses recorded in the Income Statement on investments include gains and losses on disposal of financial assets except for equity instruments classified at FVOCI.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

On derecognition of an investment other than equity classified as FVOCI, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the Income Statement.

On derecognition of equity investments classified at FVOCI, the cumulative gain or loss previously recognised in the OCI is transferred to retained earnings from fair value reserve in the Statement of Changes in Equity.

10.2 Analysis of realised gains / (losses)

For the year ended 31 December	2024 Realised gains / (losses) Rs. '000	2023 Realised gains / (losses) Rs. '000
Financial assets classified at FVTPL		
Unit trusts	805,689	227,391
Quoted equity securities	(4,532)	-
Total financial assets classified at FVTPL	801,157	227,391
Financial assets classified at FVOCI		
Treasury bills	(108)	-
Total financial assets classified at FVOCI	(108)	-
Financial assets classified at amortised cost (Note 10.3)		
Treasury bond	2,137,107	-
Total financial assets classified at amortised cost	2,137,107	-
Total net realised gains/(losses)	2,938,156	227,391

10.3 Net gain / (loss) arising from derecognition of financial assets measured at amortised cost

For the year ended 31 December	2024 Realised gains / (losses) Rs. '000	2023 Realised gains / (losses) Rs. '000
Financial assets classified at amortised cost		
Treasury bonds (Note 10.3.1)	2,137,107	-
International Sovereign Bonds (ISB) (Note 10.3.2)	(2,237,532)	-
Sri Lanka Development Bonds (SLDB) (Note 10.3.3)	-	(86,522)
Total financial assets classified at amortised cost	(100,425)	(86,522)

10.3.1 Derecognition of treasury bonds at amortised cost

During the financial year 2024, the Company divested treasury bonds with a face value of Rs. 5,650 Million, which were carried at an amortised cost of Rs. 4,670 Million. The transaction was executed at a total settlement value of Rs. 6,807 Million, resulting in a derecognition gain of Rs. 2,137 Million. This sale was part of the Company's funding strategy to facilitate the share buyback programme, as disclosed in Note 35.4 on page 331.

10.3.2 Restructuring of ISBs

Impact of the ISB restructuring, including the derecognition loss, has been detailed in Note 29.11.1 on page 324.

10.3.3 Restructuring of SLDBs (DDO)

Impact of the Domestic Debt Optimisation (DDO) of SLDB during the year 2023 has been disclosed in the Note 29.11.2 on page 325.

These transactions have not led to any change in the Company's business model and are not expected to recur.

11. NET FAIR VALUE GAINS / (LOSSES)

Accounting Policy

11.1 General

Fair value gains and losses recorded in the Income Statement on investments include fair value gains / (losses) on financial assets measured at FVTPL.

11.2 Fair value gains / (losses) on FVTPL investments

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Treasury bonds	11,807	101,563
Unit trusts*	(317,565)	464,428
Perpetual debentures	(49,199)	533
Derivatives	-	166,921
Total net fair value gains/(losses)	(354,957)	733,445

*The fair value loss recorded during the period is attributable to the reversal of previously recognised fair value gains, arising from the disposal of unit trust investments. The corresponding amount has been reclassified to net realised gains.

12. OTHER OPERATING INCOME

Accounting Policy

12.1 Recognition

Other income is recognised on an accrual basis. It is comprised of fees, disposal gains/(losses) on property, plant and equipment and miscellaneous income.

12.1.1 Gains or losses on disposal of an item of property, plant and equipment (PPE)

Any gain or loss on disposal of an item of PPE (calculated as the difference between net proceeds from disposal and carrying amount of the item at the time of disposal) is recognised as 'other income' in the Income Statement in the year in which the Company transfers control of the asset to the buyer. When revalued assets are sold, any related amount included in the revaluation reserves are transferred to retained earnings.

12.2 Analysis of the other income

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Gain on sale of property, plant and equipment	90	141
Miscellaneous income	6,458	9,744
Total other income	6,548	9,885

13. NET INSURANCE BENEFITS AND CLAIMS PAID

Accounting Policy

13.1 Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts. Maturities and annuity payments are recorded when due. Death claims, accident, hospitalisation and surrenders are recorded on the basis of notifications received.

13.2 Reinsurance recoveries

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

13.3 Net insurance benefits and claims

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Claims		
Gross claims paid	10,986,558	10,237,565
Claims recovered from reinsurers	(671,212)	(592,422)
	10,315,346	9,645,143
Benefits		
Gross benefits paid	3,872,547	3,253,018
	3,872,547	3,253,018
Total net insurance benefits and claims paid (Note 13.4)	14,187,893	12,898,161

13.4 Analysis of net insurance benefits and claims paid

For the year ended 31 December	2024			2023		
	Gross claims and benefits paid Rs. '000	Recovered from reinsurers Rs. '000	Net benefits and claims paid Rs. '000	Gross claims and benefits paid Rs. '000	Recovered from reinsurers Rs. '000	Net benefits and claims paid Rs. '000
Claims						
Death, disability and other riders - Endowment	4,800,118	(245,017)	4,555,101	4,678,046	(290,690)	4,387,356
Death and hospitalisation - Group life	4,819,128	(370,503)	4,448,625	3,970,473	(239,299)	3,731,174
Death - Decreasing Term Assurance (DTA)	1,367,312	(55,692)	1,311,620	1,589,046	(62,433)	1,526,613
	10,986,558	(671,212)	10,315,346	10,237,565	(592,422)	9,645,143
Benefits						
Policy maturities / surrenders - Investment products	2,144,945	-	2,144,945	1,785,941	-	1,785,941
Policy maturities - Endowment	1,100,764	-	1,100,764	764,084	-	764,084
Policy surrenders - Endowment products	626,838	-	626,838	702,993	-	702,993
	3,872,547	-	3,872,547	3,253,018	-	3,253,018
Total net insurance benefits and claims Paid	14,859,105	(671,212)	14,187,893	13,490,583	(592,422)	12,898,161

14. NET CHANGE IN INSURANCE CLAIMS OUTSTANDING

Accounting Policy

14.1 General

Differences between the estimated cost and subsequent settlement of claims or re-estimated costs are recognised in the income statement in the year in which they are settled or in which the insurance contract liabilities are re-estimated. Net change in insurance claims outstanding is recognised in the Income Statement.

14.2 Net change in insurance claims and benefits outstanding

For the year ended 31 December	2024			2023		
	Gross change in outstanding claims and benefit	Change in reinsurance recoverable	Net change in outstanding claims and benefits	Gross change in outstanding claims and benefit	Change in reinsurance recoverable	Net change in outstanding claims and benefits
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Claims						
Death, disability and other riders - Endowment	66,778	(38,382)	28,396	(17,933)	39,021	21,088
Death and hospitalisation - Group life	(4,684)	(6,274)	(10,958)	(16,148)	7,752	(8,396)
Death - Decreasing Term Assurance (DTA)	72,393	(28,011)	44,382	(59,860)	(7,655)	(67,515)
	134,487	(72,667)	61,820	(93,941)	39,118	(54,823)
Total net change in insurance claim and benefits outstanding	134,487	(72,667)	61,820	(93,941)	39,118	(54,823)

14.3 Total net insurance claims and benefits expense

For the year ended 31 December	2024			2023		
	Gross change in outstanding claims and benefit	Change in reinsurance recoverable	Net change in outstanding claims and benefits	Gross change in outstanding claims and benefit	Change in reinsurance recoverable	Net change in outstanding claims and benefits
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Claims						
Death, disability and others riders - Endowment	4,866,895	(283,398)	4,583,497	4,660,113	(251,669)	4,408,444
Death and hospitalisation - Group life	4,814,445	(376,777)	4,437,668	3,954,325	(231,548)	3,722,777
Death - Decreasing Term Assurance (DTA)	1,439,704	(83,703)	1,356,001	1,529,186	(70,087)	1,459,099
	11,121,044	(743,878)	10,377,166	10,143,624	(553,304)	9,590,320
Benefits						
Policy maturities / surrenders - Investment products	2,144,945	-	2,144,945	1,785,941	-	1,785,941
Policy maturities - Endowment	1,100,764	-	1,100,764	764,084	-	764,084
Policy surrenders - Endowment products	626,838	-	626,838	702,993	-	702,993
	3,872,547	-	3,872,547	3,253,018	-	3,253,018
Total net insurance claim and benefits expenses	14,993,591	(743,878)	14,249,713	13,396,642	(553,304)	12,843,338

15. CHANGE IN VALUATION OF INSURANCE CONTRACT LIABILITIES

Accounting Policy

15.1. General

In Note 39.4 on page 334 to these Financial Statements explain in detail about methodology of valuation of the insurance contract liabilities. Changes in the valuation of insurance contract liabilities are recognised in the Income Statement under change in contract liabilities.

15.2 Actuarial valuation of life insurance fund

The Directors agree to the provision relating to long term insurance contract liability of the Company at the year-end on the recommendations of the Appointed Actuary following his annual investigation of the life insurance business. The actuarial valuation takes into account all liabilities and is based on assumptions recommended by the appointed actuary.

15.3 Change in contract liabilities - Life fund

For the year ended 31 December	Note	2024			2023		
		Gross change in outstanding claims and benefit	Change in reinsurance recoverable	Net change in outstanding claims and benefits	Gross change in outstanding claims and benefit	Change in reinsurance recoverable	Net change in outstanding claims and benefits
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net premiums written	8	31,573,467	(2,509,698)	29,063,769	26,341,321	(2,490,889)	23,850,432
Insurance benefits and claims incurred	14.3	(14,993,591)	743,878	(14,249,713)	(13,396,642)	553,304	(12,843,338)
Underwriting and net acquisition costs (including reinsurance)	16	(6,149,325)	358,936	(5,790,389)	(5,779,524)	293,316	(5,486,208)
Other operating, selling and administrative expenses attributable to policyholders		(6,609,093)	-	(6,609,093)	(5,446,630)	-	(5,446,630)
Investment and other income attributable to policyholders		7,143,166	-	7,143,166	5,768,826	-	5,768,826
Surplus from life insurance fund transferred to life shareholder's fund	39.12	(4,287,000)	-	(4,287,000)	(3,015,000)	-	(3,015,000)
Change in contract liabilities - Life fund	39.8.2	6,677,624	(1,406,884)	5,270,740	4,472,351	(1,644,269)	2,828,082

The Appointed Actuary's report is provided on page 268.

A reconciliation of the change in insurance contract liabilities is reflected in Note 39.8.2 on page 337 to these Financial Statements.

16 UNDERWRITING AND NET ACQUISITION COST (NET OF REINSURANCE)

Accounting Policy

16.1 General

All acquisition costs are recognised as an expense when incurred. Reinsurance commission income on outward reinsurance contracts is recognised when receivable.

16.2 Underwriting and net acquisition cost (net of reinsurance)

For the year ended 31 December	2024	2023
	Rs. '000	Rs. '000
Underwriting and policy acquisition cost	6,149,325	5,779,524
Reinsurance commission including profit commission	(358,936)	(293,316)
Total underwriting and net acquisition cost	5,790,389	5,486,208

17. OTHER OPERATING AND ADMINISTRATION EXPENSES

Accounting Policy

17.1 General

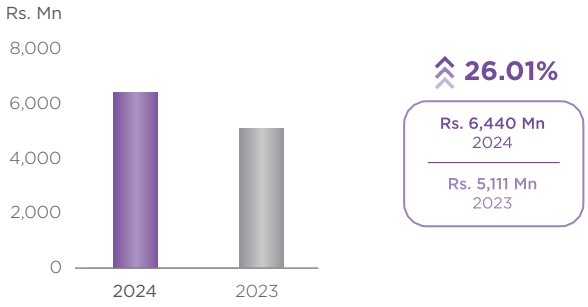
Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the Income Statement, the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

17.2 Expenses Analysis

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Employee benefits expenses			
Short term employee benefits	17.3.5	3,203,214	2,393,901
Long term employee benefits - Defined benefit plan cost	40.8	72,318	67,029
Other long term employee benefits and termination benefits		-	-
Total employee benefits expenses		3,275,532	2,460,930
Administration and establishment expenses		2,451,335	1,959,445
Selling expenses		713,468	690,736
Total other operating and administration expenses		6,440,335	5,111,111

OTHER OPERATING AND ADMININSTRATION EXPENSES



17.3 Short Term Employee Benefits

Accounting Policy

17.3.1 General

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

17.3.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Income Statement in the periods when they are incurred.

17.3.3 Employee Provident Fund (EPF)

All employees of the Company are members of the Employees' Provident Fund. The Company and employees contribute 12% and 8% respectively of the salary to EPF.

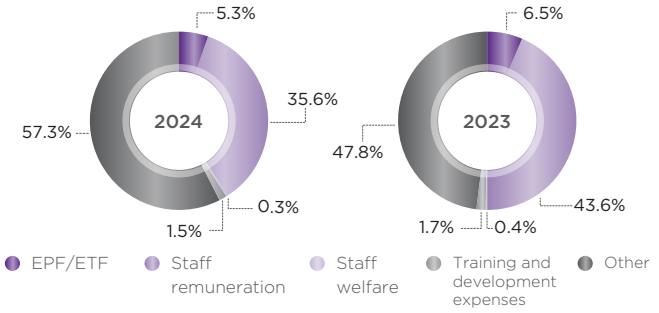
17.3.4 Employees Trust Fund (ETF)

All employees of the Company are members of the Employees Trust Fund. The Company contributes 3% of the salary of each employee to ETF.

17.3.5 Short term employee benefits expenses

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Contributions to defined contribution plans			
EPF	40.2	136,837	125,011
ETF	40.2	34,209	31,251
		171,046	156,262
Staff remuneration		1,139,894	1,041,757
Staff welfare		10,578	10,681
Training and development expenses		47,770	40,219
Other short term employee benefits expenses		1,833,926	1,144,982
Total short term employee benefits expenses		3,203,214	2,393,901

EMPLOYEE BENEFITS



17.4 Other statutory expenses

17.4.1 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1 April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

17.4.2 CESS Levy

As per the Section 7 of the Regulation of Insurance Industry Act (No. 43 of 2000), CESS is payable at 0.2% on the Net Written Premium (NWP) and to be remitted to the IRCSL on quarterly basis.

17.4.3 Stamp Duty

In terms of the Stamp Duty (Sp. Provisions) Act No. 12 of 2006 and the amendments thereto, Stamp Duty shall be charged on every specified instrument at specified rates and to be remitted to the Department of Inland Revenue on quarterly basis.

17.5 Write-downs

There were no write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversal of such write-downs

17.6 Impairment on revalued assets

During the period, there were no impairment losses or reversal on revalued assets (2023 – Nil).

18. DERECOGNITION LOSS ON RESTRUCTURING OF ISB AND SLDB

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Haircut on ISBs at restructuring	(567,220)	-
Initial recognition loss on restructured ISBs	(1,670,312)	-
Initial recognition loss on treasury bonds exchanged for SLDBs under DDO	-	(86,522)
Derecognition gain/(loss) on restructured financial investments	(2,237,532)	(86,522)

Initial recognition loss on restructured financial investments has arisen from ISB restructured financial assets during 2024 as disclosed in Note 29.11.1 on page 324 and from treasury bonds exchanged for SLDBs under Domestic Debt Optimisation (DDO) as disclosed in Note 29.11.2 on page 325 during 2023.

19. IMPAIRMENT (CHARGE)/REVERSAL ON FINANCIAL INVESTMENTS

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Financial investments at amortised cost		
Sri Lanka development bonds	-	139,875
International sovereign bonds (Note 29.11.1)	3,214,321	(1,144,481)
Other financial investments	(199,488)	9,351
	3,014,833	(995,255)
Financial investments at FVOCI		
International sovereign bonds - restructured PDI bond	(9,849)	-
Total (Note 29.15.1)	3,004,984	(995,255)

20. FINANCE (GAINS)/COST

Accounting Policy

20.1 General

Interest expense is recognised in the Income Statement as it accrues and is calculated by using the EIR method. Accrued interest is included within the carrying value of the interest-bearing financial liability. The Company's finance cost includes lease interest expense, interest expenses on long-term borrowing and other interest expenses. As at the reporting date, the Company has classified all financial liabilities under the amortised cost category as disclosed in Note 45 on page 346.

20.2 Analysis of finance cost/(gains)

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Financial liabilities at amortised cost,			
Interest expenses on lease liabilities	44.4.3.1	112,807	111,448
Interest expenses on long term borrowings	41.6	579,243	616,295
Other interest expenses		135,753	120,818
Net exchange losses on financial assets and financial liabilities measured at amortised cost		300,593	402,348
Total finance cost		1,128,396	1,250,909

21. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Director fee and emoluments	50.6.1	92,167	86,584
Auditors remuneration			
Auditor's fees and related expenses		5,651	2,925
Audit related services and related expenses		11,217	6,928
Non audit services and related expenses		5,343	-
Costs of Employee Benefits			
Defined contribution plan cost - EPF	40.2	136,837	125,011
Defined contribution plan cost - ETF	40.2	34,209	31,251
Defined benefit plan cost	40.8	72,318	67,029
Staff training and development cost	17.3.5	47,770	40,219
Other staff expenses		2,984,398	2,197,420
Provision / (reversal) for impairment of			
Financial instruments	19	(3,004,987)	995,255
Loans to life policyholders		-	-
Other			
Legal fees		20,576	18,018
Depreciation of property, plant and equipment	26.10	139,075	133,393
Amortisation of right of use of assets	27.8	372,655	305,520
Amortisation of intangible assets	25.8	859	722
Research and development costs		-	-
(Profit) / loss on sale of property, plant and equipment & intangible assets	12.2	90	141
CSR expenses		2,722	7,100
Donations		-	-
Operating lease expenses		450	-

21.1 Director fee and emoluments

Directors' emoluments represent the salaries and fees paid to both Executive and Non-Executive Directors of the Company and is explained in Note 50.6.1 on page 383.

21.2 Utilisation of Income

Graphical presentation for utilisation of income is given in the financial highlights section on page 266.

22. INCOME TAX EXPENSES

Accounting Policy

22.1 General

Income tax expense comprises current tax and deferred tax and is recognised in the Income Statement. Current tax and deferred tax relating to items recognised directly in equity is recognised in equity and for items recognised in OCI that shall be recognised in the OCI.

The Company has determined that the interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

22.2 Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset only if certain criteria are met.

22.3 Tax Exposures

In determining the amount of current tax and deferred tax, the Company considers the impact of tax exposure, including whether additional taxes and penalties are due. Finalisation of the tax liability with authorities may change the position already recorded in the Financial Statements and such changes to tax liabilities could impact the tax expense either as an over or under provision in the period in which such a determination is made.

22.4 Deferred Tax

22.4.1 General

Accounting policy and detail analysis relating to deferred tax is disclosed in Note 28 on page 310.

22.5 Applicable tax law and the tax rates

The gains and profits from the life insurance business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017 and as amended subsequently by the Inland Revenue (Amendment) Act, No. 45 of 2022.

22.5.1 Currently applicable tax rates

Gains and profits on which tax payable is the aggregate of:

Taxable income source	Applicable tax rate
Surplus distributed to shareholders from the life insurance policyholders fund as certified by the actuary	30%
Investment income of the shareholder fund less any expenses incurred in the production of such income	30%
Dividend paid out of profit (Note 22.9.1 on page 300)	15%
Surplus distributed to a life insurance policyholder who shares the profits of a person engaged in the business of life insurance	30%

22.6 Impact on changes in the applicable income tax rate

As per the Inland Revenue (Amendment) Act No 45 of 2022, corporate tax rates have been revised with effect from 01 October 2022. Accordingly, over provision of income tax for the year 2022 has been adjusted during the year 2023 (Note 22.7 on page 299).

For the deferred tax purpose, the tax rate of 30% was applied for the year ended 31 December 2024 as well as for the previous year.

22.7 Amounts recognised in the Income Statement

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Current tax expense			
Income tax expense on current year's profits		1,439,847	1,229,617
Under / (over) provision in respect of the previous year		-	(31,911)
Current tax expense / (reversal)		1,439,847	1,197,706
Deferred tax expenses			
Origination of deferred tax assets from the ISB	28.8	(468,263)	(838,938)
Reversal of previously recognised deferred tax assets upon ISB restructuring	28.8.2	838,938	-
Deferred tax expense / (reversal)	22.8	370,675	(838,938)
Income tax expense recognised in income statement		1,810,522	358,768
Other comprehensive income			
Deferred tax charge / (reversal)			
Relating to origination and reversal of temporary differences of deferred tax assets		-	-
Income tax expense recognised in other comprehensive income		-	-
Income tax expense recognised in the other comprehensive income		-	-

22.8 Reconciliation of the accounting profit to income tax expense

For the year ended 31 December	2024 %	2024 Rs. '000
Accounting profit before tax		6,332,319
Tax using the Company's domestic tax rate*	30	1,899,696
Income exempt from tax	(22)	(1,387,435)
Aggregate allowable expenses	(1)	(43,380)
Aggregate dis-allowable expenses	20	1,275,737
Business lose claimed on ISB haircut at the time of restructuring (Note 28.6 on page 311)	(5)	(304,771)
Under / (over) provision in respect of the previous year	-	-
Net deferred tax asset (origination)/reversal	6	370,675
Income tax expense recognised in the Income Statement at the average effective income tax rate	29	1,810,522

For the year ended 31 December	2023 %	2023 Rs. '000
Accounting profit before tax		3,197,171
Tax using the Company's domestic tax rate*	30	959,151
Income exempt from tax	(10)	(319,725)
Other Income	-	-
Aggregate allowable expenses	(1)	(34,567)
Aggregate disallowable expenses	20	624,758
Under / (over) provision in respect of the previous year	(1)	(31,911)
Net deferred tax asset (origination / reversal) of deferred tax assets	(26)	(838,938)
Income tax expense recognised in the Income Statement at the average effective income tax rate	12	358,768

*Tax using the Company's domestic tax rate represents effective tax rate applied during the year 2024 and 2023 respectively.

22.9 Income tax computation as per IRD Act No 24 of 2017 and amendment to Act, No. 10 of 2021 and Act. No. 45 of 2022

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Surplus distributed to shareholder from the life insurance policyholders fund (Refer page 268 for the Actuary's Report)	4,287,000	3,015,000
Investment income of the shareholder fund less expenses	2,204,699	2,149,474
Surplus distributed to policyholders (par bonus) - refer page 268 for the Actuary's Report	607,117	517,829
Income exempt from tax (refer Note 22.9.1)	(1,387,435)	(1,065,754)
Business income	5,406,610	4,616,549
Deductions under Section 19 of the IRD Act	(304,771)	-
Total assessable income	5,406,610	4,616,549
Income tax rate on assessable income @ 30% (excluding tax on par bonus)	1,439,848	1,229,616
Income tax rate on assessable income @ 30% (including tax on par bonus	1,621,983	1,384,965
Income tax on dividend income @ 15%	-	-
Tax liability	1,621,983	1,384,965

22.9.1 Income exempt from tax

As per the Inland Revenue (Amendment) Act, No. 10 of 2021, and amendment there to, Investment Income from Sri Lanka Government International Sovereign Bond, Sri Lanka Development Bond till 14 August 2023 (refer Note 29.11.1 on page 324 for the restructuring of ISB investment) and interest income received from savings and fixed deposits which are denominated in foreign currency have been considered as exempt income.

Dividend income received to the extent that dividend income is attributable to or derived from, another dividend received by the relevant dividend paid company or another resident company. Such dividend income shall be exempted from Income tax under the section 9 of the Inland Revenue Act, no 24 of 2017.

Accordingly, the Company has considered the above investment income of the shareholder fund as exempt income for the purpose of computation of income tax liability for the year ended 31 December 2024.

Dividend income received on which withholding tax has already been deducted shall be a final withholding payment under section 88 of the Inland Revenue Act no 24 of 2017. Hence, it will not be taxed again.

22.9.2 IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

IFRIC 23 interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it has assessed whether the interpretation had an impact on its financial statements. The Company is of the view that it is probable that its tax treatments will be accepted by the taxation authorities. Hence, the interpretation did not have an impact on the Financial Statements of the Company. The Company reviewed its income tax treatments and concluded that no additional provisions are required and disclosures relating to contingent liabilities have been made under Note 53.

23. EARNINGS PER SHARE (EPS)

Accounting Policy

23.1 General

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The EPS calculations have been prepared in accordance with LKAS 33 – Earnings Per Share, ensuring that the impact of the share repurchase is accurately reflected. The repurchased shares have been excluded from the total number of outstanding shares from the date of repurchase, as required by the standard.

23.2 Basic earnings per share

For the year ended 31 December	2024	2023
Amount used as the numerator: Profit attributable to ordinary shareholders of the Company (Rs. 000)	4,521,797	2,838,403
Number of ordinary shares used as the denominator: Weighted average number of ordinary shares as at 31 December (refer Note 23.2.1)	358,510,502	375,000,000
Basic earnings per share (Rs.)	12.61	7.57

23.2.1 Weighted average number of ordinary shares

For the year ended 31 December	2024	2023
Issued ordinary shares as at 1 January	375,000,000	375,000,000
Effect of the share repurchase	(16,489,498)	-
Weighted Average number of ordinary shares as at 31 December	358,510,502	375,000,000

Along with the share repurchase arrangement completed on 20 September 2024 to buy-back 58,593,750 number of shares of the Company (as disclosed in Note 35.4 on page 331), the impact on the weighted average number of shares has been considered in the basic EPS calculation.

23.3 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is same as basic earnings per share shown in the Note 23.2.

24. DIVIDEND PER SHARE (DPS)

Accounting Policy

24.1 General

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's Board of Directors in accordance with the Articles of Association of the Company.

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as an event after the reporting period in accordance with the Sri Lanka Accounting Standard – LKAS 10 on "Events after the reporting period".

24.2 Dividend declared from recorded profit

For the year ended 31 December	Interim dividend declared for the 2024 profit	Interim dividend declared for the 2023 profit
Number of ordinary shares	316,406,250	375,000,000
DPS (Rs.)	4.50	3.75
Gross dividend (Rs. '000)	1,423,828	1,406,250
WHT deducted (Rs. '000)	(194,328)	(210,937)
Net dividend (Rs. '000)	1,229,500	1,195,313

24.3 Dividend paid during the year

For the year ended 31 December	DPS (Rs.)	2024 (Rs. '000)	2023 (Rs. '000)
Gross Interim Dividend for the year 2024	4.50	1,423,828	-
Gross Interim Dividend for the year 2023	3.75	1,406,250	-
Gross Interim Dividend for the year 2022	3.50	-	1,312,500
Total		2,830,078	1,312,500

24.4 Compliance with the Direction No: 4 of 2024 issued by IRCSL

The dividend declared and paid during the year out of the current year profits is complied with the Direction No: 4 of 2024 issued by IRCSL dated 8 May 2024, which has superseded the previous Direction and the amendment thereto.

24.5 Compliance with the Section 56 and 57 of the Companies Act No. 7 of 2007

As required by the Section 56 of the Companies Act, No. 7 of 2007, the Board of Directors of the Company needs to satisfy the solvency test in accordance with the Section 57, prior to recommending the dividend. A statement of solvency duly completed and signed by the Directors when declaring the dividends during the current year as well as in the comparative year has been reviewed by Messrs. KPMG.

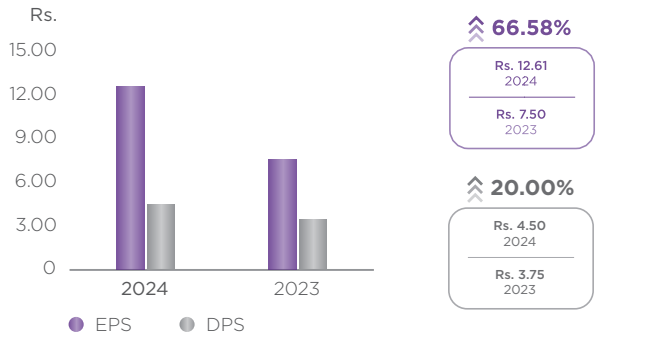
24.6 Tax implications

Refer Note 22.5 and 22.9.1 on pages 298 and 300 for the details on the applicable Withholding tax (WHT) / Advance income tax (AIT).

24.7 Non-cash assets distributed to owners

During the period ended 31 December 2024, the Company did not distribute non cash assets to its owners (2023 - Nil).

EPS and DPS



25. INTANGIBLE ASSETS

Accounting Policy

25.1 Recognition

An intangible asset is recognised, if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with LKAS 38 - 'Intangible Assets".

25.2 Basis of measurement - Software

Software acquired by the Company is initially measured at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset, when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and accumulated impairment losses.

25.3 Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

25.4 Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from the de-recognition of such intangible assets is included in other operating income in the Income Statement when the item is derecognised.

25.5 Treatment of research and development cost

Research costs are expensed as incurred. Development expenditure on an individual project are recognised as an intangible asset, when the Company can demonstrate:

- The technical feasibility of completing the intangible asset, so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

25.6 Useful economic life, amortisation and impairment

25.6.1 Intangible assets with finite lives

Intangible assets with finite life are amortised over their useful economic life, from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful life, amortisation method and residual values of an intangible asset with a finite useful life are reviewed at each reporting date and changes in the expected useful life or the expected future economic benefits embodied in the asset are considered to modify the useful lives, method, or residual values as appropriate, and are treated as changes in accounting estimates.

25.6.2 Amortisation expenditure

The amortisation expense on intangible assets with finite lives is recognised in the Income Statement under other operating and administration expenses.

25.6.3 Useful life, residual value and amortisation method

Intangible asset	Estimated useful life / amortisation period	Residual value	Amortisation method
Computer software	5 Years	Nil	Straight-line basis over the estimated useful life of the software, from the date that it is available for use.

25.6.4 Intangible assets with indefinite useful life

The Company does not have intangible assets with indefinite useful life as at the reporting date. (2023 - Nil).

25.6.5 Research and development cost

There are no research and development cost incurred during the year which is eligible for capitalisation in the Financial Statements.

25.7 Internally-generated intangible assets and separately acquired intangible assets

All intangible assets are separately acquired and there are no such internally generated intangible assets.

25.8 Reconciliation of carrying amounts of intangible assets

As at 31 December	2024 Rs. '000	2023 Rs. '000
Computer software		
Cost		
Balance as at 1 January	95,325	94,805
Acquisition during the year	2,450	520
Balance as at 31 December	97,775	95,325
Accumulated amortisation and impairment losses		
Balance as at 1 January	92,961	92,239
Amortisation for the year	859	722
Balance as at 31 December	93,820	92,961
Carrying value as at 31 December	3,955	2,364

25.9 Other changes to intangible assets

Other than disclosed in the Note 25.8 above, there were no other changes to the intangible assets during the period under review (2023 – Nil).

25.10 Acquisition of intangible assets during the year

During the financial year, the Company paid Rs. 2.5 Million (2023 - Rs. 0.5 Million) to purchase intangible assets.

25.11 Fully amortised intangible assets in use

Fully amortised intangible assets in use as at reporting date were Rs. 91.6 Million. (2023: Rs. 91.4 Million).

25.12 Title restrictions on intangible assets

There are no restrictions that existed on the title of the intangible assets of the Company as at the reporting date.

25.13 Intangible assets pledged as securities

There were no items pledged as securities for liabilities as at the reporting date (2023 - Nil).

25.14 Assessment of impairment of intangible assets

The Board of Directors has assessed potential impairment loss of intangible assets as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of intangible assets (2023 - Nil).

25.15 Capitalisation of borrowing costs

There were no capitalised borrowing costs relating to the acquisition of intangible assets during the year 2024 (2023 - Nil).

25.16 Individually material / significant intangible assets

There are no individual intangible assets that are material to the Financial Statements as at 31 December 2024 (2023 – Nil).

25.17 Amount of contractual commitment for acquisition of intangible assets

There are no contractual commitment for acquisition of intangible assets as at the reporting date..

25.18 Intangible assets acquired by way of government grants

As at reporting date, the Company has not acquired Intangible assets by way of government grants.

25.19 Revaluation of intangible assets

Since, cost model has been followed, there is no revaluation adjustment for intangible assets

26. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

26.1 Recognition and measurement

The Company applies the requirements of the LKAS 16 'Property, Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

26.2 Basis of recognition

Property, plant and equipment are recognised, if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

26.3 Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day - to - day servicing).

26.4 Subsequent measurement

26.4.1 Cost model

The Company applies the cost model to all property, plant and equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

26.4.2 Revaluation model

The Company applies the revaluation model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land and buildings of the Company are revalued by independent professional valuers in every two years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date.

26. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Accounting Policy (Contd.)

On revaluation of an asset, any increase in the carrying amount is recognised in the revaluation reserve in equity through OCI or is used to reverse a previous loss on revaluation of the same asset, which was charged to the Income Statement. In this circumstances, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the Income Statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

Methods and significant assumptions including unobservable market inputs employed in estimating the fair value together with the sensitivity of the same are given in Note 26.4.4 on page 307.

26.4.3 Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the Income Statement as incurred.

26.4.4 Repairs and maintenance

Repairs and maintenance costs are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

26.5 Capital work in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on property, plant and equipment, awaiting capitalisation.

26.6 Cost of dismantling

The estimated costs of dismantling, removing, or restoring items of property, plant and equipment is Nil.

26.7 Carrying value

The carrying value of an asset or significant component of assets within a class is assessed annually with its fair value and where the fair value is less than the carrying value the asset is written down to its fair value. The consequent adjustment is recognised in the Income Statement.

The residual values of assets that are not insignificant are reassessed annually.

All classes of property, plant, and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Note 26.10.

26.8 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other operating income in the Income Statement in the year in which the asset is derecognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

26.9 Useful economic life, residual values and depreciation

26.9.1 Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in other operating and administration expenses in the Income Statement.

26.9.2 Useful economic lives, depreciation rate and residual values

Class of asset	Depreciation percentage per annum	Estimated useful life	Residual value
Building	5%	20 years	Nil
Office equipment	20%	05 Years	Nil
Computer equipment	20%	05 Years	Nil
Furniture and fittings	10%	10 Years	Nil
Fixtures and fittings	20%	05 Years	Nil
Motor vehicles	25%	04 Years	Nil

26.10 Reconciliation of gross carrying amount of property, plant and equipment

	Freehold land	Freehold building	Computer hardware	Office equipment	Furniture and fittings	Fixtures and fittings	Motor vehicles	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost / revaluation								
Balance as at 1 January 2023	160,000	128,132	217,181	282,240	222,131	573,867	94	1,583,645
Additions during the year	-	-	41,595	57,350	46,536	72,198	-	217,679
Surplus on revaluation	20,000	23,784	-	-	-	-	-	43,784
Transferred of accumulated depreciation on revalued assets	-	(20,916)	-	-	-	-	-	(20,916)
Disposals during the year	-	-	(88)	(39)	-	-	-	(127)
Balance as at 31 December 2023	180,000	131,000	258,688	339,551	268,667	646,065	94	1,824,065
Balance as at 1 January 2024	180,000	131,000	258,688	339,551	268,667	646,065	94	1,824,065
Additions during the year	-	-	17,489	18,881	22,260	62,311	-	120.941
Surplus on revaluation	-	-	-	-	-	-	-	-
Transferred of accumulated depreciation on revalued assets	-	-	-	-	-	-	-	-
Disposals during the year	-	-	(172)	-	-	-	-	(172)
Balance as at 31 December 2024	180,000	131,000	276,005	358,432	290,927	708,376	94	1,944,834

	Freehold land	Freehold building	Computer hardware	Office equipment	Furniture and fittings	Fixtures and fittings	Motor vehicles	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accumulated depreciation and impairment losses								
Balance as at 1 January 2023	-	10,458	167,174	236,330	126,699	463,533	94	1,004,288
Depreciation for the year	-	10,458	21,751	25,739	20,382	55,063	-	133,393
Transferred of accumulated depreciation on revalued assets	-	(20,916)	-	-	-	-	-	(20,916)
Disposals during the year	-	-	(88)	(39)	-	-	-	(127)
Balance as at 31 December 2023	-	-	188,837	262,030	147,081	518,596	94	1,116,638
Balance as at 1 January 2024	-	-	188,837	262,030	147,081	518,596	94	1,116,638
Depreciation for the year	-	12,813	23,138	25,817	22,368	54,939	-	139,075
Transferred of accumulated depreciation on revalued assets	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-
Disposals during the year	-	-	(112)	-	-	-	-	(112)
Balance as at 31 December 2024	-	12,813	211,863	287,847	169,449	573,535	94	1,255,601
Carrying value as at 31 December 2024	180,000	118,187	64,142	70,585	121,478	134,841	-	689,233
Carrying value as at 31 December 2023	180,000	131,000	69,851	77,521	121,586	127,469	-	707,427

26.11 Other changes to property, plant and equipment

Other than disclosed in Note 26.19, there was no impact to property, plant and equipment from any other sources, such as, assets classified as held-for-sale, acquisitions through business combinations, increases resulting from impairment losses reversed in OCI or in the Income Statement, and from exchange differences during the period ended 31 December 2024 (2023 - Nil).

26.12 Title restrictions on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Company as at the reporting date.

26.13 Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 121 Million (2023 - Rs. 218 Million) by means of cash.

26.14 Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2024 (2023 – Nil).

26.15 Amount of contractual commitment for acquisition of property, plant and equipment

Refer Note 51 for contractual commitment for acquisition of property, plant and equipment as at the reporting date.

26.16 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date. (2023 - Nil).

26.17 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant and equipment (2023 - Nil).

26.18 Compensation from third parties for items of property, plant and equipment

There was no compensation received / receivable from third parties for items of property, plant and equipment that were impaired, lost or given up as at the reporting date.

26.19 Property, plant and equipment under construction

As at the reporting date, there was no property, plant and equipment under construction (2023 – Nil).

26.20 Property, plant and equipment pledged as security for liabilities

None of the property, plant and equipment has been pledged as securities for liabilities as at the reporting date (2023 - Nil).

26.21 Property, plant and equipment retired from active use

There were no property plant and equipment which are retired from active use as at the reporting date (2023 - Nil).

26.22 Permanent fall in value of property, plant and equipment

There has been no permanent fall in the value of property, plant and equipment which require an impairment provision recognised in the Financial Statements as at 31 December 2024 (2023 - Nil).

26.23 Fully depreciated property, plant and equipment in use

As at 31 December	2024 Rs. '000	2023 Rs. '000
Computer hardware	159,034	132,142
Office equipment	243,887	195,222
Furniture and fittings	63,439	50,549
Fixtures and fittings	491,533	355,296
Motor vehicles	94	94
Total	957,987	733,303

26.24 Fair value of property, plant and equipment

The carrying amount of property, plant and equipment disclosed in Note 26.10 approximate their fair value as at the reporting date.

26.24.1 Revaluation of property, plant and equipment

Latest revaluation was carried out by the Company for its all freehold land and freehold building as at 31 December 2023 (Next revaluation date will be due on 31 December 2025).

26.24.2 Fair value hierarchy

Fair value of the land and building was determined by an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer involved in the aforesaid valuation possesses the relevant professional and academic qualifications and service records In compliance of the Circular no: 30 (in the year dated 2014) issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), which specifies the qualifications of valuers to value land and buildings of the insurance companies.

The valuer provides the fair value of the land and building. Based on the valuation techniques used, it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 26.24.4.

26.24.3 The details of freehold land and buildings which are stated at valuation

(As required by the Rule No. 7.6 (viii) of the " Continuing Listing Requirements" of the Colombo Stock Exchange)

Location	Number of land & buildings	Extent perches (Land)	Square feet (Building)	Method of valuation	Effective date of valuation	Name of the independent professional valuer / location and address	Revalued amount		Net book value of before revaluation		Revaluation gain on	
							Land	Building	Land	Building	Land	Building
							Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Land	1	12	N/A	Market comparable method and Investment Method	31 December 2023	Mr. Anuradha Senevirathne Chartered Valuation Surveyor No: 59/3, Urapola, Pilimalawa, Kandy	180,000	131,000	160,000	107,216	20,000	23,783
Building Situated at No. 283, R. A De Mel Mawatha, Colombo - 03	1	N/A	11,824									

26.24.4 Valuation techniques and significant unobservable inputs used in measuring fair value

(As required by the Rule No. 7.6 (viii) of the "Continuing Listing Requirements" of Colombo Stock Exchange)

The following table shows the valuation techniques used in measuring fair values, the significant unobservable inputs and sensitivity of the fair value measurement to changes in significant unobservable inputs.

Property	Effective date of valuation	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement	Sensitivity of the fair value measurement to inputs
Land (Situated at No. 283, R. A De Mel Mawatha, Colombo - 03)	31 December 2023	**Market comparable method** This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated, since the price may not adequately reflect the fair market value.	Market value per perch	Rs. 15 Million (Estimated price per perch)	Positive correlated sensitivity	Estimated fair value would increase/ (decrease) if price per perch would increase / (decrease)
Building (Situated at No. 283, R. A De Mel Mawatha, Colombo - 03) (Number of Building - 01)"	31 December 2023	**Investment method** This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.	Price per square foot for building	Rs. 125 - 300 (Estimated price per square foot)	Positive correlated sensitivity	Price per square foot would increase/ (decrease) if gross annual rentals would increase / (decrease)

26.25 Revaluation surplus

Class of asset	2024		
	Land Rs. '000	Building Rs. '000	Total Rs. '000
Revalued amount	180,000	131,000	311,000
Carrying value (prior to revaluation)	160,000	107,216	267,216
Revaluation surplus for 2023 Recognised in the OCI	20,000	23,783	43,783
Revaluation surplus for 2023 Recognised in Income Statement	-	-	-

According to the Company's policy on revaluation model as described above, no revaluation was carried out resulting no gain or loss recognised in the financial statements for the year ended 31 December 2024.

26.26 If land and Building ware stated at historical cost, the amounts would have been as follows:

Class of asset	2024	
	Land Rs. '000	Building Rs. '000
Cost	85,620	121,167
Accumulated depreciation	-	(60,584)
Carrying value	85,620	60,583

Class of asset	2023	
	Land Rs. '000	Building Rs. '000
Cost	85,620	121,167
Accumulated depreciation	-	(54,525)
Carrying value	85,620	66,642

26.27 The effect of revaluation of freehold buildings on the Income Statement in the subsequent period is as follows:

Class of asset	2024 Rs. '000	2023 Rs. '000
Cost	12,778	12,778
Accumulated depreciation	10,458	10,458
Carrying value	2,320	2,320

26.28 Investment properties

As at the reporting date, the Company has not invested in investment properties (2023 - Nil)

27. RIGHT OF USE ASSETS

Accounting Policy

27.1 General

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for the leases of property and equipment, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company applies the cost model for subsequent measurement of the ROU asset and accordingly, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lessor transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

27.2 Amortisation expenses

Amortisation expenses has been charged to Income Statement under other operating and administration expenses.

27.3 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Incremental borrowing rate ranges between 9.2% to 17.40%.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured, when there is a change in:

- future lease payments arising from a change in an index or rate,
- the Company's estimate of the amount expected to be payable under a residual value guarantee,
- the Company's assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment. guarantee,
- its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

27.4 Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

27.5 Presentation of ROU asset and lease liabilities

The Company presents right-of-use assets that do not meet the definition of investment property in separate line as 'Right-of-use assets' and lease liabilities within 'Other Liabilities' in the Statement of Financial Position.

27.6 Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

27.7 Nature of the leasing activities

Information about leases for which the Company is a lessee is presented below;

The Company has lease contracts for the head office, branches and motor vehicles, typically made in between 1 to 5 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

27.8 Reconciliation of carrying amounts of Right-of-Use assets

As at 31 December	2024			2023		
	Building	Motor Vehicle	Total	Building	Motor Vehicle	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 1 January	600,973	10,688	611,661	539,477	17,438	556,915
Additions to right-of-use assets	954,758	-	954,758	360,266	-	360,266
Amortisation charge for the year	(365,905)	(6,750)	(372,655)	(298,770)	(6,750)	(305,520)
Derecognition of right-of-use assets	-	-	-	-	-	-
Modification	-	-	-	-	-	-
Balance as at 31 December	1,189,826	3,938	1,193,764	600,973	10,688	611,661

27.9 Amounts recognised in profit or loss

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest expense on lease liabilities	112,807	111,448
Variable lease payments not included in the measurement of lease liabilities	-	-
Amortisation of right-of-use assets	372,655	305,520
Income from sub-leasing right-of-use assets presented in other operating income	-	-
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	-
	485,462	416,968

27.10 Amounts recognised in statement of cash flows

Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities. The Company has classified the principal portion of lease payments within financing activities and the interest portion within operating activities. During the period, the Company did not receive cash from leases as the Company is the lessee.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Total cash out flow for leases	414,472	376,117

27.11 Lease Terms - Extension Options

Refer Note 4.1 on page 286.

27.12 Impairment of ROU assets

As at the reporting date, no impairment loss has been recognised by the Company in respect of impairment of right of use assets, since each business unit is operating under the business continuity plans as per the Company risk management strategy.

27.13 Lease liabilities and related disclosures

The information relating to the movement of lease liabilities, maturity analysis and other related disclosures are provided in Notes 44.4.3.1, 44.4.3.2 and 44.4.3.4 respectively on pages 344 and 345.

27.14 Lease commitment for short term leases

As at the reporting date, there were no commitment for short term leases.

27.15 Restrictions and covenants imposed by the leases

There were no restrictions or covenants imposed under lease agreements which required to be disclosed in these Financial Statements.

27.16 Sale and lease back transaction

The Company does not have sales and leased back transactions as at the reporting date (2023 - Nil).

27.17 Sub lease

The Company does not have sub leased properties as at the reporting date (2023 - Nil).

28. DEFERRED TAXATION

Accounting Policy

28.1 General

Deferred tax is recognised by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the Income Statement. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

28.2 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary difference to the extent that it is probable that future taxable profit will be available against which they can be utilised. If taxable temporary differences are insufficient, the entity assesses future taxable profits (excluding those arising from deductible temporary differences) based on reliable business forecasts and budgets.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reduction are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

28.3 Recognition of deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss:

28.4 Deferred tax is not recognised for;

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

28.5 Computation of income tax of the Company

The computation of income taxes based on the specified rates are explained in Note 22.5 on page 298.

28.6 Recognition of deferred tax assets

The recognised deferred tax asset during the year 2023 on the impairment provision of the ISBs have been reversed since the ISB restructuring was completed (as explained in Note 29.11 on Page 324) with a 10% haircut on 70% of existing ISB principle amount which has been claimed for income tax, as a deduction of realised losses in the current Financial Statements. (Refer Note 22.8 on page 299 on the Income tax expense).

Further, a deductible temporary difference has been recognised on the initial recognition loss at the initial recognition of the restructured ISBs resulting in a deferred tax asset since any resulting gain or loss at the time of realisation will be subject to income tax at the time of realisation, despite the income of the restructured ISB is exempt for income tax. Details of the ISB restructuring in included in the Note 29.11.1 page 324.

The Directors are of the view that there will not be material temporary differences arising which will result in deferred tax liabilities to be recognised as at the reporting date (2023 - Nil).

28.7 Impact from the change in corporate income tax rate

There were no change in the corporate tax rate during the year.

28.8 Analysis of the deferred tax assets and liabilities including the movement during the year

As at 31 December	2024 Rs. '000	2023 Rs. '000
Deferred tax assets (refer Note 28.8.1)	468,263	838,938
Deferred tax liabilities	-	-
Net deferred tax asset	468,263	838,938

28.8.1 Analysis of recognised deferred tax assets / liabilities in the Statement of Financial Position

As at 31 December	2024		2023	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
Deferred tax assets on;				
Carry forward tax losses	-	-	-	-
Other deductible temporary differences (Note 28.8 on page 311)	1,560,877	468,263	2,796,460	838,938
	1,560,877	468,263	2,796,460	838,938
Deferred tax liabilities on;				
Taxable temporary differences	-	-	-	-
	-	-	-	-
Net recognised deferred tax assets	1,560,877	468,263	2,796,460	838,938

28.8.2 Movement of deferred tax assets and liabilities

As at 31 December		2024					
	Balance as at 1-Jan Rs. '000	Recognised in Income Statement Rs. '000	Recognised in OCI Rs. '000	Utilised against tax on bonus declared to participating policyholders Rs. '000	Net balance Rs. '000	Deferred tax assets Rs. '000	Deferred tax liabilities Rs. '000
Deferred tax assets on;							
Carry forward tax losses	-	-	-	-	-	-	-
Other deductible temporary differences (refer Note 28.8)	838,938	(370,675)	-	-	468,263	468,263	-
Deferred tax liabilities on;							
Taxable temporary differences	-	-	-	-	-	-	-
Net recognised deferred tax assets	838,938	(370,675)	-	-	468,263	468,263	-

28.8.2 Movement of deferred tax assets and liabilities (Contd.)

As at 31 December	Balance as at 1-Jan	2023					
		Recognised in Income Statement	Recognised in OCI	Utilised against tax on bonus declared to participating policyholders	Net balance	Deferred tax assets	Deferred tax liabilities
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deferred tax assets on;							
Carry forward tax losses	-	-	-	-	-	-	-
Other deductible temporary differences (refer Note 28.8)	-	838,938	-	-	838,938	838,938	-
Deferred tax liabilities on;							
Taxable temporary differences	-	-	-	-	-	-	-
Net recognised deferred tax assets	-	838,938	-	-	838,938	838,938	-

28.9 Unrecognised deferred tax liabilities

As at the reporting date, there is no unrecognised deferred tax liabilities (2023 - Nil).

28.10 Deferred tax and income tax on items directly recognised in equity

During the period ended 31 December 2024, the Company did not recognise any deferred tax and income tax expenses on transactions which are directly recorded in equity (2023 - Nil).

28.11 Unrecognised deferred tax assets

As at the reporting date, there is no unrecognised deferred tax assets (2023 - Nil).

28.12 Unrecognised tax losses and unused tax credits

As at the reporting date, there was no unrecognised tax loss as the Company has fully recognised all available tax losses during the year 2022. Further, there were no unused tax credits for the Company to recognise a differed tax asset as at the reporting date.

28.13 Offsetting of deferred tax assets and liabilities

The Company does not offset any deferred tax assets and liabilities in its Statement of Financial Position.

29. FINANCIAL ASSETS

Accounting Policy

29.1 Date of recognition

The Company initially recognises all financial assets (including assets designated at fair value through profit or loss) on the trade date on which the Company becomes a party to the contractual provisions of the instrument.

29.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments.

A financial asset is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9.

Transaction cost in relation to financial assets at fair value through profit or loss are dealt with the Income Statement.

When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below:

29.2.1 Initial recognition (Day 1) profit or loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gains/(losses) from trading. In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in income statement when the inputs become observable, or when the instrument is derecognised.

29.3 Classification and subsequent measurement of financial assets

As per SLFRS 9, the Company classifies all its financial assets based on the business model for managing the assets (refer Note 29.3.1) and the assets' contractual terms (refer Note 29.3.2) measured at either;

- Amortised cost (AC) - Refer Note 29.3.3 and 29.9.1 on page 314 and 319
- Fair value through other comprehensive income (FVOCI) - Refer Note 29.3.4 and 29.9.2 on page 314 and 321
- Fair value through profit or loss (FVTPL) - Refer Note 29.3.5 and 29.9.3 on page 315 and 322

Subsequent measurement of financial assets depends on the classification of each category of the financial asset. Refer Note 29.3.3.3, 29.3.4.4 and 29.3.5.3 on pages 314 to 315.

29.3.1 Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on an instrument-by-instrument basis, as this best reflects the way the business is managed and how information is provided to management.

As part of this assessment, the Company considers:

- Stated policies and objectives for the portfolio and how these policies operate in practice. Specifically, the Company evaluates whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of financial assets with the duration of liabilities funding those assets, realising cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the management;
- Risks that affect the performance of the business model and the financial assets held within it, along with how these risks are managed ;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- Frequency, volume, and timing of sales in prior periods, along with the reasons for such sales and expectations for future sales activity. However, sales activity is not considered in isolation but as part of an overall assessment of how the Company's stated objective for managing financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios, without considering 'worst-case' or 'stress-case' scenarios. If actual cash flows after initial recognition differ from the Company's original expectations, the classification of the remaining financial assets held in that business model does not change. However, the Company incorporates such information when assessing newly originated or newly purchased financial assets in the future.

29.3.2 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. For the purpose of this assessment, "Principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period.

In contrast, contractual terms that introduce a more than the minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.
- prepayment and extension terms

Refer Notes 29.9.1, 29.9.2 and 29.9.3 on pages 318, 321 and 322 for details on different types of financial assets recognised on the Statement of Financial Position.

29. FINANCIAL ASSETS (CONTD.)

Accounting Policy (Contd.)

29.3.3 Financial assets measured at amortised cost

29.3.3.1 General

As per SLFRS 9 'Financial Instruments', a financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

29.3.3.2 Initial measurement

Financial instruments classified as amortised cost are initially measured at fair value plus transaction costs that are directly attributable to acquisition or issue of such instrument.

29.3.3.3 Subsequent measurement

After the initial measurement, these assets are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment).

29.3.3.4 Gain or loss on derecognition

Gains and losses are recognised in the Income Statement when the investments are derecognised or impaired, as well as through the amortisation process.

29.3.3.5 Amortised cost and gross carrying amount

The "amortised cost" of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

29.3.3.6 Securities purchased under resale agreements (Repo)

When the Company purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is accounted for as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the Company. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income/ receivable being recognised as interest income in the Income Statement.

29.3.4 Financial investments - Fair value through other comprehensive income

29.3.4.1 General

As per SLFRS 9, FVOCI comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.

29.3.4.2 Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

29.3.4.3 Initial measurement

Financial Instruments classified as FVOCI are initially measured at fair value plus transaction costs that are directly attributable to acquisition or issue of such instrument.

29.3.4.4 Subsequent measurement

Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income, foreign exchange gains and losses, ECL and reversals are recognised in Income Statement. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to Income Statement.

Equity instruments designated at FVOCI

Upon initial recognition, the Company elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Dividends are recognised in Income Statement as investment income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

29.3.4.5 Gain or loss on derecognition of equity instruments designated at FVOCI

Gains and losses on these equity instruments are never recycled to Income Statement, instead directly transferred to Retained earnings from the fair value reserve at the time of derecognition.

29.3.5 Financial investments - Fair Value through Profit or Loss (FVTPL)

29.3.5.1 General

All financial assets other than those classified at amortised cost or FVOCI are classified at FVTPL. Financial assets at FVTPL include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss.

29.3.5.2 Initial measurement

These investments are initially recorded at fair value.

29.3.5.3 Subsequent measurement

Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded under 'Fair value gains and losses' in the Income Statement.

Interest is accrued and presented in finance income using the Effective Interest Rate (EIR). Dividend income is recorded in the "Finance Income" when the right to the payment has been established.

Net gains and losses, including any interest or dividend income, are recognised in the Income Statement.

29.3.5.4 Financial assets designated at FVTPL

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

Certain investments are designated as at FVTPL because their performance is actively monitored and they are managed on a fair value basis.

Financial assets designated at FVTPL are recorded in the Statement of Financial Position at fair value. Changes in fair value are recorded under the net fair value gain or loss on financial assets designated at FVTPL in the Income Statement.

The Company has not designated any financial assets upon initial recognition as FVTPL as at the end of the reporting period.

29.3.6 The Company's existing non-derivative financial assets and their classifications

Financial asset	Note	Category		
		AC	FVOCI*	FVTPL
Treasury bonds **		✓	✓	✓
Treasury bills		✓	-	-
Debentures *		✓	-	-
Perpetual debentures		-	-	✓
Restructured ISB **	29.11.1	-	✓	-
Commercial papers		✓	-	✓
Securitised papers		✓	-	-
Term deposits		✓	-	-
Repo		✓	-	-
Unit trusts		-	-	✓
Quoted shares		-	✓	-
Unquoted shares (till 09 January 2024)	47.6	-	✓	-
Loans to life policyholders		✓	-	-
Cash and cash equivalents		✓	-	-
Reinsurance receivables		✓	-	-
Premium receivables		✓	-	-
Other receivables		✓	-	-

*The Company classifies quoted debentures under amortised cost category since there is no active market for these instruments even though such instruments are listed.

**Since the Company's objective is to either hold the restructured ISBs and treasury bonds received under the DDO (both ISB and SLDB) until maturity or sell them, these instruments have been classified at FVOCI in accordance with SLFRS 9.

29.4 Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal, or termination of a business line.

29.4.1 Timing of reclassification of financial assets

Consequent to a change in the business model, the Company reclassifies all affected assets prospectively from the first day of the first reporting period following the change in the business model (the reclassification date). Accordingly, prior periods are not restated.

29. FINANCIAL ASSETS (CONTD.)

Accounting Policy (Contd.)

29.4.2 Reclassification of financial assets

Reclassification from	Reclassification to	Basis of reclassification
FVTPL	Amortised cost	The fair value on reclassification date becomes the new carrying amount. The Effective Interest Rate (EIR) is calculated based on the new gross carrying amount.
	FVOCI	The fair value on reclassification date becomes the new gross carrying amount. The EIR is calculated based on the new gross carrying amount. Subsequent changes in the fair value are recognised in OCI.
FVOCI	Amortised cost	The financial asset is reclassified at fair value. The cumulative balance in OCI is removed and is used to adjust fair value on the reclassification date. The adjusted amount becomes the amortised cost.
	FVTPL	The accumulated balance in OCI is reclassified to profit and loss on the reclassification date.
Amortised Cost	FVOCI	The asset is remeasured to fair value, with any difference recognised in OCI. EIR determined at initial recognition is not adjusted as a result of reclassification.
	FVTPL	The fair value on the reclassification date becomes the new carrying amount. The difference between amortised cost and fair value is recognised in profit and loss.

29.5 Derecognition of financial assets

The Company derecognises a financial asset (or where applicable a part of thereof) when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in the income statement.

However, cumulative gain / loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in the Income Statement on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions because the Company retains all or substantially all risks and rewards of ownership of such assets.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

29.6 Modification of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Income Statement.

29.7 Fair value of financial investments

Fair value measurement of financial instruments including the fair value hierarchy and valuation techniques is explained in Note 47 on pages 346 to 353.

29.8 Impairment of financial and non-financial assets

29.8.1 Overview of the ECL principles

Stage 1

A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).

Stage 2

If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Company records an allowance for life time (LTECL).

Stage 3

If a financial asset is credit impaired, it is moved to Stage 3 and the Company recognises an allowance for life time (LTECL), with probability of default at 100%.

Details of the ECL calculation are given in Note 29.15 on page 325.

29.8.2 Significant increase in credit risk (SICR)

Key judgements and assumptions adopted by the Company in addressing the requirements of SLFRS 9:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and expert credit assessment and including forward looking information.

Accordingly, the assessment of credit risk and the estimation of ECL are unbiased and probability-weighted and incorporates all available information relevant to the assessment, including information about past events, current conditions, and reasonable and supportable forecasts of economic conditions at the reporting date considering the time value of money as well.

The Company individually reviews, financial assets above a predefined threshold at each reporting date to identify whether the credit risk has increased significantly since origination, before an exposure is in default. Such indicators include:

- when reasonable and supportable forecasts of future economic conditions directly affect the performance of the instruments.
- when there is a significant change in the geographical locations or natural catastrophes that directly impact the performance of the instruments.

Exposures which have one or more of the above indicators are treated as SICR and assessed accordingly in the ECL computations. The Company regularly monitors the effectiveness of the criteria used to identify the SICR to confirm that the criteria is capable of identifying SICR before an exposure is in default.

For debt instruments having an external credit rating, which are measured at amortised cost or at FVOCI, the Company determines SICR based on the generally accepted investment / non-investment grade definitions published by international rating agencies. Debt instruments are moved to stage 2, if their credit risk increases to the extent that they are no longer considered in investment grade.

29.8.3 Default and credit impaired assets

The Company classifies the financial investments under Stage 3, when the external credit rating assigned to the particular investment is "default".

29.8.4 Movement between the stages

Financial assets can be transferred between the different categories depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2, if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments. Financial instruments are transferred out of stage 3, when they no longer exhibit any evidence of credit impairment as described above.

29.8.5 Impairment charges on financial investments

The Company does not have historical loss experience on debt instruments at amortised cost and debt instruments at FVOCI. Thus, the Company considers the probability of default (PDs) published by the external sources. (i.e. Bloomberg and S & P).

Loss given default (LGD) for debt securities issued by the Government of Sri Lanka in rupees is considered as 0%. However, LGD for foreign currency denominated securities [Sri Lanka Development Bonds (SLDBs) and International Sovereign Bonds (ISBs)] issued by the Government of Sri Lanka is considered as 20% till 14 August 2023 for SLDBs and for ISBs as 64% till 30 November 2024 (until SLDBs and ISBs are restructured). For all other financial investments, LGD is considered as 45% due to lack of detail inputs; similar to the guideline issued by the Central Bank of Sri Lanka (CBSL) for the banking sector.

Exposure at default (EAD) of a debt instrument is considered to be its gross carrying amount.

29. FINANCIAL ASSETS (CONTD.)

Accounting Policy (Contd.)

29.8.6 Forward-looking information

The Company incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Quantitative economic factors are based on economic data and forecasts published by the CBSL and other reliable sources.

Quantitative drivers of credit risk	GDP growth
	Exchange rate
Qualitative drivers of credit risk	PDs published by the external sources
	Regulatory impact
	Government policies

29.8.7 The calculation of ECLs

The Company measures loss allowance at an amount equal to LTECL, except for following, which are measured as 12 months ECL:

- Debt instruments on which credit risk has not increased significantly since the initial recognition;
- Debt instruments that are determined to have low credit risk at the reporting date.

The Company considers a debt instrument to have a low credit risk, when they have an "investment grade" credit risk rating.

29.8.8 Purchased or originated credit impaired (POCI) financial assets

Impairment allowance on credit-impaired financial assets assessed on individual basis is computed as the difference between the asset's gross carrying amount and the present value of estimated future cash flows. The expected future cash flows are based on the estimates made by the Company as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. The Company regularly reviews the assumptions for projecting future cash flows.

Financial assets which are credit impaired on initial recognition are categorised within Stage 3 with a carrying value already reflecting the LTECL (Refer Note 29.8.10 on page 318 for credit impaired financial assets).

29.8.9 Financial assets that are not credit impaired at the reporting date

The Company calculates 12-months ECL allowance based on the expectation of a default occurring in the 12-months following the reporting date. These expected 12-month default probabilities are applied to EAD and multiplied by the economic factor adjustment, expected LGD and discounted by an approximation to the original EIR. When financial assets have shown a SICR since origination, the Company records an allowance for LTECLs based on PDs estimated over the lifetime of the instrument.

29.8.10 Financial assets that are credit-impaired at the reporting date

Impairment allowance on credit-impaired financial assets assessed on individual basis is computed as the difference between the asset's gross carrying amount and the present value of estimated future cash flows. The expected future cash flows are based on the estimates made by the Company as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. The Company regularly reviews the assumptions for projecting future cash flows.

The Company has not recognised any credit impaired financial assets as at the reporting date.

29.8.11 Write-off of financial assets

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

29.8.12 Impairment of non - financial assets

At each reporting date, the Company reviews the carrying amounts of its non- financial assets (other than biological assets, investment property, inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For Impairment testing, assets are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGU). Goodwill arising from a business combination is allocated to the CGUs or companies of CGUs, that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets or CGU.

An impairment loss is recognised, if the carrying amount of an assets or CGU exceeds its recoverable amount. Impairment losses are recognised in the Income Statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reserved only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

29.9 Comparison of the fair values of the financial investments to their carrying values

As at 31 December	Note	2024		2023	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Amortised Cost (AC)	29.9.1	25,129,878	29,157,554	33,698,659	38,067,039
Fair Value Through Other Comprehensive Income (FVOCI)	29.9.2	13,552,944	13,552,944	5,174,882	5,174,882
Fair Value through Profit or Loss (FVTPL)	29.9.3	5,255,196	5,255,196	4,626,674	4,626,674
Total financial investments		43,938,018	47,965,694	43,500,215	47,868,595

29.9.1 Financial investments measured at amortised cost

As at 31 December	Note	2024		2023	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Fixed deposits	29.9.1.a	733,467	733,478	919,403	919,524
Debentures	29.9.1.b	5,988,905	5,921,998	6,552,746	6,233,015
Treasury bonds		14,355,429	18,249,992	18,408,368	22,990,696
Treasury bills		704,527	704,521	553,716	555,087
International sovereign bonds		-	-	3,928,615	4,032,845
Commercial papers		2,206,628	2,406,643	1,713,352	1,713,358
Securitised Papers		-	-	577,371	577,426
Repo		1,140,922	1,140,922	1,045,088	1,045,088
Total		25,129,878	29,157,554	33,698,659	38,067,039

Gross and net carrying amount of above financial investments are given in Note 29.15.1 on page 326.

29.9.1.a Fixed deposits

As at 31 December	2024		2023	
	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Licensed commercial banks	705,041	705,052	919,403	919,524
Licensed finance company	28,426	28,426	-	-
Total	733,467	733,478	919,403	919,524

29.9.1.b Debentures

As at 31 December	Issue Rating	Maturity Date	Interest Rate %	No. of Debentures	2024 Carrying value Rs. '000	2024 Fair value Rs. '000	2023 Carrying value Rs. '000	2023 Fair value Rs. '000
Banks								
Commercial Bank of Ceylon PLC	BBB+	22-Jul-28	12.50	1,267,000	133,698	133,729	133,677	133,729
Commercial Bank of Ceylon PLC	BBB+	11-Dec-29	27.00	88,600	8,984	13,952	8,982	14,130
Commercial Bank of Ceylon PLC	BBB+	19-Dec-28	15.00	216,400	21,738	21,747	21,727	21,747
Commercial Bank of Ceylon PLC	BBB+	9-Jul-29	13.00	661900	70,157	70,316	-	-
DFCC Bank PLC	BBB	29-Mar-25	13.00	2,000,000	219,436	219,732	219,390	219,732
DFCC Bank PLC	BBB	23-Oct-25	9.00	5,500,000	559,023	559,357	558,852	559,357
DFCC Bank PLC	A-	28-Mar-29	13.90	1,564,100	172,702	157,328	172,673	157,328
DFCC Bank PLC	BBB	24-Sep-27	12.00	344500	35,512	35,560	-	-
Hatton National Bank PLC	BBB+	22-Sep-26	12.80	1,077,200	111,329	111,497	111,310	111,497
Hatton National Bank PLC	BBB+	28-Jul-31	9.50	10,357,600	1,076,744	1,077,814	1,076,445	1,077,814
Hatton National Bank PLC	A	14-Dec-24	8.33	500,000	-	-	49,991	37,693
Hatton National Bank PLC	BBB+	26-Aug-29	13.00	4000000	417,216	416,547	-	-
National Development Bank	BBB	24-Sep-25	9.50	3,000,000	307,398	307,652	307,282	307,652
National Development Bank	BBB	1-Dec-29	13.00	4600000	464,464	464,918	-	-
Nations Trust Bank PLC	BBB	23-Dec-26	12.90	1,500,000	150,393	150,424	150,369	150,424
Nations Trust Bank PLC	BBB	9-Jul-26	9.15	2,891,600	301,542	301,846	301,493	301,846
Nations Trust Bank PLC	BBB	23-Dec-24	12.80	1,500,000	-	-	150,365	150,421
Sampath Bank PLC	BBB+	28-Feb-24	13.90	2,000,000	-	-	223,048	223,306
Seylan Bank PLC	BBB	18-Apr-24	15.00	1,500,000	-	-	165,797	154,644
Seylan Bank PLC	BBB	29-Mar-25	13.20	1,000,000	103,314	103,432	103,304	103,432
Seylan Bank PLC	BBB	16-Jul-29	13.25	260400	27,564	27,628	-	-
					4,181,214	4,173,479	3,754,705	3,724,752
Capital Goods								
Hayleys PLC	AAA	26-Aug-24	13.00	3,651,100	-	-	381,463	438,872
					-	-	381,463	438,872
Diversified Financials								
First Capital Holdings PLC	A	7-Feb-26	12.00	2,188,300	243,226	242,428	243,886	242,356
First Capital Treasuries PLC	A-	30-Jan-25	12.75	500,000	52,676	52,995	52,665	57,714
HNB Finance Limited	BBB-	30-Dec-24	13.20	1,000,000	-	-	99,994	100,036
LOLC Holdings PLC	A	24-Feb-31	12.00	8,000,000	881,043	815,353	880,644	580,837
LOLC Holdings PLC	A	27-Sep-24	15.00	3,000,000	-	-	311,461	287,712
Singer Finance PLC	BBB	25-Jun-26	8.96	2,000,000	213,079	218,655	222,134	218,655
Siyapatha Finance PLC	BBB-	8-Aug-24	13.33	500,000	-	-	52,535	56,808
					1,390,024	1,329,431	1,863,319	1,544,118
Food Beverage & Tobacco								
Kotagala Plantations PLC	CCC-	31-Aug-24	7.50	92,750	-	-	9,428	9,508
Kotagala Plantations PLC	CCC-	31-Aug-25	7.50	92,750	8,547	9,508	9,314	9,508
					8,547	9,508	18,742	19,016
Insurance								
Softlogic Capital PLC	BBB-	19-Dec-24	15.00	1,000,000	-	-	100,368	71,574
					-	-	100,368	71,574
Telecommunication Services								
Sri Lanka Telecom PLC	A	19-Apr-28	12.75	2,250,000	244,744	245,120	244,705	245,120
Sri Lanka Telecom PLC	A	19-Apr-28	12.75	1,603,700	164,376	164,460	164,350	164,460
					409,120	409,580	409,055	409,580
Consumer durables and apparel								
Abans PLC	AA-	19-Dec-24	12.50	250,000	-	-	25,094	25,103
					-	-	25,094	25,103
Total					5,988,905	5,921,998	6,552,746	6,233,015

Sector classifications are based on the classifications published by the Colombo Stock Exchange (CSE).

29.9.1.2 Maturity analysis

The maturity analysis of financial assets measured at amortised cost is given in Note 48.4.3.1 (Table 20) on page 370.

29.9.1.1 Re-classification of financial Instruments at amortised cost

During the year, the Company did not re-classify any financial instruments from or to amortised cost.

29.9.2 Financial investments - Fair value through other comprehensive income (FVOCI)

As at 31 December	Note	2024		2023	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Treasury bonds		5,959,358	5,959,358	3,087,969	3,087,969
International Sovereign Bonds (ISBs)	29.9.2.a	3,378,691	3,378,691	-	-
Equity securities	29.9.2.b	4,214,895	4,214,895	2,086,913	2,086,913
Total		13,552,944	13,552,944	5,174,882	5,174,882

29.9.2.a International Sovereign Bonds

As at 31 December	Note	Maturity Date	Face Value USD	2024		2023	
				Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
ISIN							
XS2966242682 (Step-up bond)	29.11.1.1	15-Jun-38	13,941,900	2,597,627	2,597,627	-	-
XS2966242500 (PDI bond)	29.11.1.1	15-Apr-28	2,816,264	781,064	781,064	-	-
Total			16,758,164	3,378,691	3,378,691	-	

29.9.2.b Equity securities

As at 31 December	2024				2023			
	Market price Rs.	No. of Shares	Cost Rs. '000	Carrying value / Fair value Rs.'000	Market price Rs.	No. of Shares	Cost Rs. '000	Carrying value / Fair value Rs. '000
Unlisted								
Cargills Bank Limited	-	-	-	-	-	26,600,000	369,700	326,914
				-	-	26,600,000		326,914
Listed								
Banks								
National Development Bank PLC	113.25	31,009,658	3,669,976	3,511,844	64.90	20,023,117	3,038,640	1,299,500
Cargills Bank PLC	8.50	26,600,000	369,700	226,100	-	-	-	-
		57,609,658	4,039,676	3,737,944		20,023,117	3,038,640	1,299,500
Diversified Financials								
Softlogic Finance PLC	5.90	15,688,030	297,498	92,559	5.90	15,688,030	297,498	92,560
		15,688,030	297,498	92,559		15,688,030	297,498	92,560
Healthcare Equipment & Services								
Asiri Hospitals Holdings PLC	25.70	14,956,877	273,127	384,392	24.60	14,956,877	273,127	367,939
		14,956,877	273,127	384,392		14,956,877	273,127	367,939
Total investments in equity securities			4,610,301	4,214,895			3,609,265	2,086,913

29.9.2.b Equity securities (Contd.)

In 2024, the equity market demonstrated a significant positive performance compared to the previous year. The All Share Price Index (ASPI) rose from 10,654.16 in 2023 to 15,944.61 in 2024, positively impacting the company's equity portfolio. A detailed assessment of equity-related risks is provided under "Equity Risk" in Note 48.4.4.3 on page 375.

The table above presents the company's investment in equity securities, for which fair value changes have been recognised in Other Comprehensive Income (OCI). This classification was elected as the investments are intended to be held for long-term strategic purposes.

29.9.2.1 Fair value of unlisted financial instruments

In accordance with SLFRS 9, all equity instruments, including unlisted investments, are required to be measured at fair value. Accordingly, the fair value of the company's investment in Cargills Bank was assessed in 2023 based on the net assets per share, adjusted for illiquidity. Following the listing of Cargills Bank shares on the Colombo Stock Exchange (CSE) on January 9, 2024, the fair value of the investment has been determined based on the listed market prices, as detailed in Note 47.3 on Page 347.

Please Refer Note 47.7.2 on page 351 for valuation method and techniques followed by the Company in determining the fair value of unlisted financial instruments for the year 2024.

29.9.2.2 Derecognition of equity investments classified at FVOCI

No investments were disposed of during 2024, and there were no transfers of any cumulative gain or loss within equity relating to those instruments.

29.9.2.3 Reclassification of financial investments at FVOCI

During the financial year, the Company has not re-classified any financial instruments from or to this category.

29.9.2.4 Maturity analysis

The maturity analysis of financial investments at FVOCI is given in Note 48.4.3.1 (Table 20) on page 370.

29.9.3 Financial investments - Fair value through profit or loss (FVTPL)

As at 31 December	Note	2024		2023	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Treasury bonds		358,684	358,684	318,208	318,208
Unlisted perpetual debentures		722,416	722,416	794,476	794,476
Commercial papers		175,755	175,755	-	-
Unit trusts	29.9.3.a	3,998,341	3,998,341	3,513,990	3,513,990
Total		5,255,196	5,255,196	4,626,674	4,626,674

29.9.3.a Unit trusts

As at 31 December	2024				2023			
	Unit price Rs.	No. of Shares	Cost Rs. '000	Carrying value / Fair value Rs. '000	Unit price Rs.	No. of Shares	Cost Rs. '000	Carrying value / Fair value Rs. '000
Unlisted								
Capital Alliance - Investment Grade Fund	35.54	36,975,883	1,138,669	1,314,237	31.78	36,975,883	807,348	1,175,064
Capital Alliance Fixed Income Opportunities Fund	37.29	40,270,364	1,361,942	1,501,585	32.93	40,270,364	1,165,783	1,326,023
NDB Wealth Money Fund	35.13	22,693,262	785,227	797,294	31.69	17,437,790	546,532	552,569
First Capital Money Market Fund	3,281.91	117,378	378,413	385,225	-	-	-	-
Softlogic Money Market Fund	-	-	-	-	152.73	3,014,051	328,109	460,334
Total investment			3,664,251	3,998,341			2,847,772	3,513,990

29.9.3.1 Maturity analysis

The maturity analysis of financial assets at FVTPL is given in Note 48.4.3.1 (Table 20) on page 370.

29.9.3.2 Fair value measurement

Methodologies and assumptions used to determine the fair value of the financial investments are disclosed in Note 47 on page 346 to 353 to the Financial Statements.

29.10 Movement of financial investments during the year

As at 31 December	Amortised cost Rs. '000	Fair value through other comprehensive income Rs. '000	Fair value through profit or loss Rs. '000	Total Rs. '000
As at 1 January 2023	37,065,567	2,082,779	3,451,509	42,599,855
Purchases	37,026,900	2,089,354	2,501,362	41,617,616
Maturities	(36,615,397)	-	(601,898)	(37,217,295)
Disposals	(3,396,021)	-	(1,366,037)	(4,762,058)
ECL adjustment as per SLFRS 9	(995,255)	-	-	(995,255)
Initial recognition loss on restructured financial investments	(86,522)	-	-	(86,522)
Foreign exchange gains / (losses)	(1,201,691)		-	(1,201,691)
Fair value gains / (losses) recorded in the Income Statement	-	-	702,787	702,787
Fair value gains / (losses) recorded in the OCI	-	911,580	-	911,580
Amortisation adjustment	1,901,078	91,169	(61,049)	1,931,198
As at 31 December 2023	33,698,659	5,174,882	4,626,674	43,500,215
As at 1 January 2024	33,698,659	5,174,882	4,626,674	43,500,215
Purchases	66,239,590	9,738,984	8,878,317	84,856,891
Maturities	(66,126,741)	-	(10,000)	(66,136,741)
Disposals	(10,549,874)	(2,896,294)	(7,858,185)	(21,304,353)
ECL adjustment as per SLFRS 09	3,014,833	(9,849)	-	3,004,984
Initial recognition loss on restructured financial investments	(2,237,532)	-	-	(2,237,532)
Foreign exchange gains / (losses)	(834,278)	21,287	-	(812,991)
Fair value gains / (losses) recorded in the Income Statement	-	-	(369,518)	(369,518)
Fair value gains / (losses) recorded in the Other Comprehensive Income	-	1,380,630	-	1,380,630
Amortisation adjustment	1,925,221	143,304	(12,092)	2,056,433
As at 31 December 2024	25,129,878	13,552,944	5,255,196	43,938,018

29.11 Debt restructuring programme and the impact to the Company

29.11.1 Restructuring of the ISB investment

On July 26, 2024, the Ministry of Finance, Planning, and Economic Development formally announced the restructuring of ISBs. This announcement followed negotiations conducted under the joint working framework with ISB holders. Subsequently, the Government of Sri Lanka issued an Invitation Memorandum (IM) to ISB holders and finalised the restructuring process by issuing new bonds in December 2024. As outlined in the IM, ISB holders were offered 2 settlement options namely local bonds option and global bonds option and the Company decided to proceed with the local bonds option.

As part of the local bonds option in the restructuring process, 4 types of bonds were issued for exchanging the existing bonds. These included a USD Step-up Bond (accounting for 70% of the principal amount of the existing bonds) and LKR Bonds (comprising the remaining 30%). Additionally, a PDI Bond was issued to cover accrued unpaid interest on the existing bonds and an exchange fee Bond which matured on 20 December 2024.

A key aspect of this restructuring was the application of a 10% reduction to the face value of the USD Step-up Bond, while the LKR Bonds were issued at their full value without any reduction. Such 10% reduction as the haircut has been claimed for income tax.

Description	Note	Page
Loss arising from derecognition of ISB	18	297
Maturity years and interest rates of restructured USD and LKR bonds	29.11.1.1	324
Impact under the ISB restructuring plan	29.11.1.2	324
Income tax implications from the haircut	22.7	299
Sensitivity on the discount factor for Impact on the initial recognition gain/ (loss)	29.11.1.3	325
Impairment implications	29.15	325

29.11.1.1 Maturity years and interest rates of restructured USD and LKR bonds

Bond Type	USD Step-up Bond (ISIN No - XS2966242682)		LKR Bonds	USD PDI Bond (ISIN No - XS2966242500)
Face Value (In USD)		13,941,900	6,639,000	2,816,264
Maturities		15-Jun-2029 to 15-Jun-2038	15-Mar-2036 to 15-Sep-2043	15-Oct-2024 to 15-Apr-2028
Interest Rates	2024-2025	1.00%	SLFR + 0.5%	4%
	2026	1.50%		
	2027	1.75%		
	2028	2.00%		
	2029-2030	2.25%		
	2031-2032	2.75%		
	2033-2035	3.00%		
	2036-2038	3.50%		

29.11.1.2 Impact to the Company under the ISB restructuring plan

Caption	Amount in USD' 000				Amount in LKR'000			
	USD Step-up Bond	LKR Bond	PDI Bond	Total	USD Step-up Bond	LKR Bond	PDI Bond	Total
Gross carrying value (before haircut)	15,491	6,639	3,189	25,319	4,497,186	1,927,382	935,088	7,359,656
Haircut	(1,549)	-	(373)	(1,922)	(449,719)	-	(117,501)	(567,220)
Gross carrying value (after haircut)	13,942	6,639	2,816	23,397	4,047,467	1,927,382	817,587	6,792,436
Initial recognition loss	(5,425)	-	(328)	(5,753)	(1,574,957)	-	(95,355)	(1,670,312)
Initial recognition value of restructured ISBs	8,517	6,639	2,488	17,644	2,472,510	1,927,382	722,232	5,122,124

29.11.1.3 Sensitivity on the discount factor for Impact on the initial recognition gain/(loss) from the ISB restructuring

As at 31 December 2024	Impact on initial recognition gain/(loss) from the ISB restructuring		
	USD Step-up bond Rs. '000	USD PDI bond Rs. '000	Total Rs. '000
Change in Discount Factor:			
1% increase	(187,955)	(15,433)	(203,388)
1% decrease	207,806	16,015	223,821

29.11.2 Restructuring of the SLDB investment

On 15 August 2023, under the Domestic Debt Optimisation Programme (DDO) for Sri Lanka Development Bonds (SLDB), five series of Treasury Bonds at SLFR + 1% was offered which have been recognised under FVOCI category.

29.12 Collateral for financial investments

Refer Note 48.4.2.4 on page 363 for collateral details for Repo investment held at the reporting date.

Refer Note 36.3 on page 331 for composition of investments supporting the Restricted Regulatory Reserve as per the direction issued by the IRCSL dated 20 March 2018.

29.13 Fair value of financial instruments

Valuation techniques, fair value hierarchy, methodologies and assumptions used to determine the fair value of the financial investments are disclosed in Note 47 on pages 346 to 353 of these Financial Statements.

29.14 Disclosure of financial risk

The Company's exposure to credit, currency and interest rate risks related to investments are disclosed in Note 48.4 on pages 359 to 376 of these Financial Statements.

29.15 Allowance for expected credit loss (ECL)/ impairment

As the default data set is low or near zero for the investment portfolio, company used external ratings for assessment of forward looking Probability of Defaults (PD) to estimate ECL. The 12-month PD estimates were obtained from Fitch/Moody's/S&P's ratings corresponding to the external ratings of the instrument. For the computation of forward looking adjustments, the Company used Vasicek's model (Vasicek's, 2007) to calculate point in time PD. GDP Growth Rate is considered as one of the key macroeconomic input factors for arriving at forward looking point in time PDs. Long term issuer default rating of Sri Lanka it is considered for adjusted for sovereign PD has been upgraded from 'RD' to 'CCC+' by Fitch ratings during the year.

Following the completion of the ISB restructuring, the existing ISBs were derecognised, and the related impairment provision was reversed. Till the conditions which led to change the Stage 2 classification continued during the year 2023 was not been changed; the Company has not upgraded the USD denominated restructured ISB (Step up and PDI bond) during the year 2024 as well despite of not having a significant increase in the credit risk. Further, the LKR denominated ISB restructured treasury bonds as well as the USD denominated Step up bond due to its LKR settlement option have not been subject to ECL provisioning upon the restructuring. However, an impairment provision based on the country's sovereign rating has been considered in measuring ECL for the PDI bond amounting to Rs. 9.8 Million. Refer 29.11.1 on page 324 for the further details on the ISB restructuring.

Further, till the execution of DDO as stated above, the company had continued to recognise the SLDB at stage 1 during the year 2023 till its derecognition.

29.15.1 Movement in the carrying values of the financial investments subject to ECL allowance during the year

As at 31 December	2024								
		ECL							
	Gross carrying amount	As at 1 January 2024	Stage 1	Stage 2	Stage 3	Recognised in income statement	Recognised in OCI	As at 31 December 2024	Net carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial investment at amortised cost									
Fixed deposits	733,478	121	(110)	-	-	(110)		11	733,467
Debentures	5,990,181	1,631	(1,048)	693	-	(355)		1,276	5,988,905
Treasury bonds	14,355,429	-	-	-	-	-		-	14,355,429
Treasury bills	704,527	-	-	-	-	-		-	704,527
International sovereign bonds	-	3,214,321	-	(3,214,321)	-	(3,214,321)		-	-
Commercial papers	2,406,643	6	9	200,000	-	200,009		200,015	2,206,628
Securitised papers	-	56	(56)	-	-	(56)		-	-
Repo	1,140,922	-	-	-	-	-		-	1,140,922
Total amortised cost	25,331,180	3,216,135	(1,205)	(3,013,628)	-	(3,014,833)		201,302	25,129,878
Financial investment at FVOCI									
Treasury bonds	5,959,358	-	-	-	-	-	-	-	5,959,358
International sovereign bonds	3,378,691	-	-	(9,849)	-	(9,849)	9.849	-	3,378,691
Total FVOCI	9,338,049	-	-	(9,849)	-	(9,849)	9,849	-	9,338,049

As at 31 December	2023								
		ECL							
	Gross carrying amount	As at 1 January 2023	Stage 1	Stage 2	Stage 3	Recognised in income statement	Recognised in OCI	As at 31 December 2023	Net carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial investment at amortised cost									
Fixed deposits	919,524	22	99	-	-	99	-	121	919,403
Debentures	6,554,377	10,609	(2,941)	(6,037)	-	(8,978)	-	1,631	6,552,746
Treasury bonds	18,408,368	-	-	-	-	-	-	-	18,408,368
Treasury bills	553,716	-	-	-	-	-	-	-	553,716
Sri Lanka development bonds	-	139,875	(139,875)	-	-	(139,875)	-	-	-
International sovereign bonds	7,142,936	2,069,840	-	1,144,481	-	1,144,481	-	3,214,321	3,928,615
Commercial papers	1,713,358	51	(45)	-	-	(45)	-	6	1,713,352
Securitised papers	577,427	483	(427)	-	-	(427)	-	56	577,371
Repo	1,045,088	-	-	-	-	-	-	-	1,045,088
Total	36,914,794	2,220,880	(143,189)	1,138,444	-	995,255		3,216,135	33,698,659
Financial investment at FVOCI									
Treasury bonds	3,087,969	-	-	-	-	-	-	-	3,087,969
Total FVOCI	3,087,969	-	-	-	-	-	-	-	3,087,969

29.15.2 Sensitivity analysis

Effect of significant changes in the gross carrying amount

Following table illustrates the impact to loss allowance due to changes in the gross carrying amounts of financial instruments.

As at 31 December 2024	Increase/ (decrease) in loss allowance			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
5 % increase in gross carrying amount	18	21,132	-	21,150
5 % decrease in gross carrying amount	(18)	(21,132)	-	(21,150)

As at 31 December 2023	Increase/ (decrease) in loss allowance			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
5 % increase in gross carrying amount	78	160,729	-	160,807
5 % decrease in gross carrying amount	(78)	(160,729)	-	(160,807)

Refer Note 48.4.2.8 on page 367 for sensitivity of ECL to future economic conditions.

29.15.3 Reconciliation to gross carrying amounts by class of financial instrument and impairment allowances

Refer Notes 48.4.2.6 to 48.4.2.7 on pages 365 to 366 for reconciliation.

30. LOANS TO LIFE POLICYHOLDERS

Accounting Policy

30.1 General

Policyholder loans are granted up to 90% of the surrender value of a life insurance policy at a rate equivalent to market rate. Policyholder loans are initially measured at fair value of the loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit.

30.2 Movement of the Loans to policyholders

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 01 January	331,301	265,060
Loans granted during the year	128,652	146,660
Repayments and cancellations during the year	(175,458)	(119,758)
Change in interest receivable	65,639	39,339
Balance as at 31 December	350,134	331,301

30.3 Maturity analysis

Maturity analysis of the loans to policyholder is given in Note 48.4.3.1 (Table 20) on page 370.

30.4 Collateral details

The surrender value of the policy loans granted to policyholders as at 31 December 2024 amounted to Rs. 544 Million. (2023 - Rs. 500 Million).

30.5 Financial risk disclosure on loans to life policyholders

If the total receivable of the loan including interest due and accrued exceeds the cash surrender value; the policy terminates and becomes void. The Company has the first lien on all policies which are subject to policy loans. This mitigates the Company's credit exposure on policy loans. For more information please refer risk management in Note 48.4.2.10 on page 367.

30.6 Fair value of loans to life policyholders

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates.

30.7 Concentration risk of loans to life policyholders

There is a lower concentration of credit risk with respect to policyholders as the Company has a large number of dispersed receivables. Refer Note 48.3.2 on page 356 for risk management related disclosures.

30.8 Number of policy loans

Number of policy loans due as at 31 December 2024 was 1,639 (2023 - 1,563).

30.9 Impairment of loans to life policyholder

Policyholder loans are reviewed for impairment at each reporting date. The Board of Directors has assessed potential impairment loss as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of loans to life policyholders.

31. REINSURANCE RECEIVABLES

Accounting Policy

31.1 General

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

31.1.1 Impairment of reinsurance receivables

Reinsurance assets are reviewed for impairment based on the ECL model at each reporting date. The impairment loss, if any is recorded in the Income Statement.

31.2 Breakup of the reinsurance receivables

As at 31 December	2024 Rs. '000	2023 Rs. '000
Reinsurance receivables on settled claims (Note 32.2.1)	341,076	360,639
Reinsurance receivables on outstanding claims	177,240	104,572
Total Reinsurance Receivables	518,316	465,211

31.2.1 Age analysis of the reinsurance receivables on settled claims

As at 31 December	2024 Rs. '000	2023 Rs. '000
Up to 180 days	308,509	330,555
More than 180 days	32,567	30,084
Total	341,076	360,639

31.2.2 Reinsurance receivables on outstanding claims

This includes reinsurance reserves on claims that have not been paid and the reinsurance receivables that have not been received.

31.3 Collateral details

The Company does not hold any collateral as security against potential default by reinsurance counter parties.

31.4 Impairment of reinsurance receivables

The Board of Directors has assessed potential impairment loss of reinsurance receivables as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of reinsurance receivables.

31.5 Fair value of reinsurance receivables

The carrying value of reinsurance receivables approximate the fair value as at the reporting date.

31.6 Reinsurance receivables overdue but not subject to impairment (on paid claims)

As at 31 December 2024, there were no impairment provision on reinsurance receivable over 180 days due (2023 - Nil), since these relate to parties where there were no recent history of default.

31.7 Risk management practices

Risk management practices on reinsurance receivables are discussed under Note 48.4.2.11 on page 368.

32. PREMIUMS RECEIVABLES

Accounting Policy

32.1 General

Premiums receivable are recognised when due and measured on initial recognition at the fair value of the consideration receivable. The carrying value of premiums receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Impairment losses on premiums receivable are the difference between the carrying amount and the recoverable amount. The impairment losses are recognised in the Income Statement.

The life insurance premiums for policies within 30 days grace period are considered as due premium, subject to a provision for premium default. Premium default ratio is computed by analysing the default history. Commission and reinsurance premium relating to that accrued income are also recorded in the same manner.

32.1.1 Impairment of premiums receivables

Impairment losses on premium receivables are calculated based on the simplified model in line with SLFRS 9 and recognised in the Income Statement.

32.2 Analysis on the premiums receivables

As at 31 December	2024 Rs. '000	2023 Rs. '000
Individual debtors	411,811	375,346
Institutional debtors	2,560,395	2,152,202
Gross premium receivables (Note 32.2.1)	2,972,206	2,527,548
Impairment provision (Note 32.3)	(67,693)	(78,459)
Total Premiums Receivables	2,904,513	2,449,089

32.2.1 Age analysis of premiums receivables

As at 31 December	2024 Rs. '000	2023 Rs. '000
Less than 30 days	2,503,521	2,197,906
30 - 60 days	173,877	158,668
60 - 90 days	145,906	107,880
90 - 365 days	137,184	45,977
Over 365 days	11,718	17,117
Total	2,972,206	2,527,548

32.3 Impairment of premiums receivables

The Board of Directors has assessed potential impairment loss of premium receivables of the Company as at 31 December 2024. Based on the assessment, the details of the impairment is stated below.

	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	78,459	42,042
Provision/ (reversal) during the year	(10,766)	36,417
Balance as at 31 December	67,693	78,459

32.4 Collateral details

The Company does not hold any collateral as security against potential default by the policyholders.

32.5 Fair value of premiums receivables

The carrying value disclosed above approximates the fair value as at the reporting date.

32.6 Risk management initiatives relating to premiums receivables

Risk management practices on premium receivables are discussed under Note 48.4.2.12 on page 368.

33. RECEIVABLES AND OTHER ASSETS

Accounting Policy

33.1 Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is generally determined by reference to weighted average cost. Net realisable value is estimated market price in the ordinary course of business less any estimated expenses to sell.

33.2 Other receivables and other assets

All other receivables and other assets excluding inventories are recognised at cost less accumulated impairment losses.

33.3 Analysis of receivables and other assets

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Financial assets			
Refundable deposits		87,772	70,315
Receivable from Fairfirst Insurance Ltd		-	1,800
Total financial assets		87,772	72,115
Non financial assets			
Inventories		13,728	9,141
Tax recoverable	33.3.1	22,778	16,787
Advances and prepayments		965,924	882,560
Others*		568,098	352,934
Total non financial assets		1,570,528	1,261,422
Total receivables and other assets		1,658,300	1,333,537

*Others include the interest receivable on financial investments.

33.3.1 Tax recoverable

As at 31 December	2024 Rs. '000	2023 Rs. '000
Withholding Tax receivable	22,778	16,787
	22,778	16,787

33.4 Maturity analysis

Refer Note 48.4.3.1 (Table 20) on page 370 for maturity analysis of other financial assets.

33.5 Fair value of receivables and other assets

Other financial receivables are carried at notional amounts, and are generally settled within one year. The notional and fair value amounts do not vary significantly.

33.6 Loans granted to directors

No loans have been granted to the Directors of the Company.

33.7 Security for liabilities

None of the inventories have been pledged as securities for liabilities as at the reporting date (2023 - Nil).

33.8 Impairment of receivables and other assets

The Board of Directors has assessed potential impairment loss of receivables and other assets as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of receivables and other assets (2023-Nil).

34. CASH AND CASH EQUIVALENTS

Accounting Policy

34.1 General

Cash and cash equivalents comprise cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Bank overdrafts, if any, which form an integral part of cash management, are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows. In the Statement of Financial Position, bank overdrafts are included under the liabilities.

34.2 Analysis of cash and cash equivalents

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cash in hand	8,700	7,978
Cash at bank	1,860,952	1,091,701
Total cash and cash equivalents	1,869,652	1,099,679

34.3 Cash and cash equivalents in the Statement of Cash Flows

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cash in hand and at bank	1,869,652	1,099,679
Bank overdrafts used for cash management purpose	(368,315)	(376,690)
Cash and cash equivalents in the Statement of Cash Flows	1,501,337	722,989

34.4 Fair value of cash and cash equivalents

The carrying amounts disclosed above reasonably approximates to fair value at the reporting date.

34.5 Risk management initiatives relating to cash and cash equivalents

Refer Note 48.4.2.4 on page 369 for risk management initiatives relating to cash and cash equivalents.

34.6 Unutilised bank facilities

Refer Note 48.4.3.3 on page 371 for unutilised bank facilities that are available as at the reporting date. There are no restrictions on the use of these facilities.

34.7 Non-cash investing and financing activities

During the year, the Company has entered into new leases of Rs. 955 Million (2023 - Rs. 360 Million).

35. STATED CAPITAL

Accounting Policy

35.1 General

The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

35.2 Rights of ordinary shareholders

The shares of Softlogic Life Insurance PLC are quoted in the Colombo Stock Exchange (CSE) Diri Savi Board. All issued shares are fully paid. There is one class of ordinary shares. All shares issued carry equal voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the Company.

35.3 Movements in ordinary voting shares

As at 31 December	Note	No. of Shares	Amount Rs. '000
Fully paid ordinary shares			
As at 1 January 2023		375,000,000	1,062,500
Share issue / (Re purchase)		-	-
Own shares acquired in the year		-	-
As at 31 December 2023		375,000,000	1,062,500
Share issue / (Re purchase)	35.4	(58,593,750)	-
Own shares acquired during the year		-	-
As at 31 December 2024		316,406,250	1,062,500

35.4 Share Repurchase

As approved by the Board of Directors and subsequently by the shareholders at an Extraordinary General Meeting (EGM) held on 17 July 2024, the Company successfully completed its share repurchase programme on 20 September 2024 with the objective of optimising the Company's capital structure while maintaining regulatory compliance. Accordingly, the Company repurchased 58,593,750 ordinary voting shares at a price of Rs. 102.40 per share, amounting to a total consideration of Rs. 6,000 Million.

Following the repurchase, the total number of outstanding shares was reduced from 375,000,000 to 316,406,250. The effect of weighted average number of shares is disclosed in Note 23.2.1 on page 301.

The accounting treatment and presentation of this transaction is complied with Sri Lanka Accounting Standards LKAS 1 "Presentation of Financial Statements" and LKAS 33 "Earnings per Share", reflecting its impact on basic and diluted earnings per share. The transaction was carried out in compliance with Section 64 and Section 529 of the Companies Act No. 7 of 2007; CSE Listing Rule No. 7.10.1 and Article 4 of the Articles of Association of the Company. Refer share information section on page 331 for more information on the composition of shares in issue as at 31 December 2024.

36. RESTRICTED REGULATORY RESERVE

36.1 Nature and purpose of reserve

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No. 16 on 20 March 2018 on "Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the new Direction. Based on the guideline, Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to Shareholder Fund as at the reporting year ended 31 December 2017. The transfer has been presented as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with the Direction 16. The distribution of One-off Surplus to shareholders as dividend shall remain restricted until the requirements disclosed in Note 39.16.5 are met. As required by the said Direction, the Company received the approval for this transfer on 29 March 2018.

36.2 Analysis of the restricted regulatory reserve

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	798,004	798,004
Transfer of One-off Surplus from the policyholder fund	-	-
Balance as at 31 December	798,004	798,004

36.3 Composition of investments supporting the restricted regulatory reserve

As per the IRCSL Direction 16 following the transfer of one off surplus to the Shareholder Fund, the Shareholder Fund is required to maintain such investment in government debt securities and deposits to fully support the amount of one off surplus at any given time. Accordingly, the Company has allocated adequate assets to support the restricted reserve as at 31 December 2024 as follows.

As at 31 December	Face value 2024 Rs. '000	Market value 2024 Rs. '000
ISIN No		
LKB00628A153	100,000	128,814
LKB00628A153	110,000	141,695
LKB00628A153	100,000	128,814
LKB00628A153	100,000	128,814
LKB00931E153	100,000	133,446
LKB00931E153	100,000	133,446
LKB00931E153	120,000	160,137
LKB00931E153	100,000	133,446
LKB00931E153	100,000	133,446
LKB00931E153	100,000	133,446
Total market value of the assets		1,355,504
Restricted regulatory reserve		798,004
Excess assets		557,500

37. OTHER RESERVES

37.1 Composition of the other reserves

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Fair value reserve	37.2	(937,778)	(2,318,408)
Revaluation reserve	37.3	173,516	173,516
Total other reserves		(764,262)	(2,144,892)

37.2 Fair value reserve

37.2.1 Nature and purpose of fair value reserve

The Company has adopted SLFRS 9 "Financial Instruments" Accounting Standard with effect from 1 January 2019. Accordingly, the fair value reserve comprises the balance transferred from available for sale reserve as a result of transition to SLFRS 9 from LKAS 39 "Financial Instruments - Recognition and measurement" as at 1 January 2019 and cumulative net change in fair value of financial assets measured at FVOCI until such investments are derecognised or impaired.

37.2.2 Movement of the FVOCI reserve

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	(2,318,408)	(3,229,988)
Net fair value gains / (losses) on remeasuring financial assets at FVOCI;		
Equity instruments	1,496,646	649,841
Debt instruments	(116,248)	261,028
Reclassification from OCI to income statement - Debt instruments	232	711
Reclassification of realised gain from fair value reserve to retained earning - Equity instruments	-	-
Balance as at 31 December	(937,778)	(2,318,408)

37.2.3 Asset wise break down of the FVOCI reserve

As at 31 December	2024 Rs. '000	2023 Rs. '000
Treasury bonds	(615,847)	(426,124)
International sovereign bonds	73,475	-
Debentures	-	(232)
Equity investments	(395,406)	(1,892,052)
Total	(937,778)	(2,318,408)

37.3 Revaluation reserve

Accounting Policy

37.3.1 General

The revaluation reserve relates to revaluation of freehold land and buildings and represents the fair value changes of the land and buildings as at the date of revaluation.

37.3.2 Movement of the revaluation reserve

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		173,516	129,733
Gain on revaluation of land and building	26.25	-	43,783
Balance as at 31 December		173,516	173,516

37.3.3 Nature and purpose of revaluation reserve

On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the Income Statement. In this circumstance, the increase is recognised as income only to the extent of the previous written down value. Any decrease in the carrying amount is recognised as an expense in the Income Statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

38. RETAINED EARNINGS

38.1 Movement of the retained earnings

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	13,617,734	12,112,675
Realised gain on equity instruments directly recognised in equity	-	-
Profit for the year	4,521,797	2,838,403
Defined benefit plan actuarial gain / (losses) on net of tax	(51,141)	(20,844)
Dividend paid	(2,830,078)	(1,312,500)
Repurchase of shares	(6,000,000)	-
Balance as at 31 December	9,258,312	13,617,734

39. INSURANCE CONTRACT LIABILITIES

Accounting Policy

39.1 Recognition, measurement and derecognition

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 (RBC) with effect from 1 January 2016, issued under Sections 105 and 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

As per RBC rules, with effect from 1 January 2016, the value of the life insurance liabilities are determined as follows;

Life insurance liabilities = Best Estimate long term Liability (BEL) + Risk Margin for adverse deviation (RM)

Best estimate liability is measured at the sum of the present value of all future best estimate cash flows calculated as per the RBC principles and the discount rate estimated as per the clarification note issued by CA Sri Lanka on financial reporting.

Measurement is usually done based on the prospective method, by determining the difference between the present values of future benefits and future premiums. The actuarial assumptions used for the calculation includes, in particular, assumptions relating to;

- mortality rates
- persistency rates
- morbidity rates
- expense and future inflation
- participating fund yield
- discount rates

Assumptions are estimated on a realistic basis at the end of the financial year with a provision for adverse deviation to make allowance for the risks of change and random fluctuations. Further, in valuing the policy liabilities, provisions for reinsurance have been allowed in accordance with applicable reinsurance terms as per current reinsurance arrangements.

There are no implicit or explicit surrender value floor has been assumed for the value of liabilities for a contract. Instead, in accordance with the guidelines, the impact of surrender value deficiency is captured in the risk charge capital calculation through the Surrender Value Capital Charge (SVCC). However, any negative liabilities that arise have been zerorised at product level when determining the aggregate liability.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by performing the liability adequacy test.

The liability is derecognised when the contract is expired, discharged or cancelled.

39.2 Subsequent classification

Once a contract has been classified as an insurance contract, it remains as an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after the inception if the insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features.

39.2.1 Discretionary participating features (DPF)

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following criteria:

- constitute a significant portion of the total contractual benefits;
- amount or timing is contractually at the discretion of the issuer;
- contractually based on at least one of the following factors;
  - » performance of a specified pool of contracts or a specified type of contract;
  - » realised and/or unrealised investment returns on a specified pool of assets held by the issue;
  - » profit or loss of the company, fund, or other issuing entity.

IRCSL regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders) and the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the appointed actuary. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities as appropriate.

39.3 Accounting judgements

39.3.1 Product classification

39.3.1.1 Insurance contracts

SLFRS 4 requires the contracts written by insurers to be classified as either insurance contracts or investment contracts depending on the level of insurance risk transferred. Insurance contracts are contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Significant insurance risk exists, if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Company issues and reinsurance contracts that the company holds.

39.3.1.2 Investment contracts

Investment contracts are those contracts that transfer significant financial risks and no significant insurance risks. Financial risk is the risk of a possible future change in one or more of specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, index of price or rates, credit ratings, credit index or other variables; provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

39. INSURANCE CONTRACT LIABILITIES (CONTD.)

Accounting Policy (Contd.)

39.4 Methodology used in determination of market value of liability

Discounted cash flow approach, equivalent to a gross premium valuation methodology has been used for calculating the liabilities for the existing business as at 31 December 2024.
In determining the policy liabilities, provisions for reinsurance have been allowed according to the applicable reinsurance terms as per the current agreements.

Negative policy reserves for long term insurance contracts are acceptable and the value of the liabilities held have been floored to zero at a product level for accounting standards purpose in arriving at the surplus calculation.

No implicit or explicit surrender value floor has been assumed for the value of liabilities for a contract. Instead, in accordance with the guidelines, the impact of surrender value deficiency is captured in the risk charge capital calculation through the Surrender Value Capital Charge (SVCC).

39.4.1 Details of calculation of policy liability and net cash flows for each class of products

Details of product category	Basis of determinants of policy liability	Basis of calculating net cash flows
Individual traditional non-participating products discounting "net cash flows" using a discount rate	Discounting "net cash flows" using a discount rate	Future premium income (-) Death benefit outgo (+) Rider benefit outgo (+) Surrender benefit outgo (+) Maturity benefit outgo (+) Commission expense outgo (+) Policy expense outgo (+) Reinsurance recoveries (-) Reinsurance premium outgo (+) Reinsurance commission (-)
		Net cash flows = sum of the above
Individual traditional participating products	Max (guaranteed benefit liability, Total benefit liability)	Future premium income (-) Death benefit outgo inclusive of dividend accumulations (+) Rider benefit outgo (+) Surrender benefit outgo inclusive of dividend accumulations (+) Maturity benefit outgo inclusive of dividend accumulations (+) Commission expense outgo (+) Policy expense outgo (+)
		Net cash flows = sum of the above
Individual universal life non-participating products	Discounting "net cash flows" using a discount rate	Future premium income (-) Death benefit outgo inclusive of dividend accumulations (+) Rider benefit outgo (+) Surrender benefit outgo inclusive of dividend accumulations (+) Maturity benefit outgo inclusive of dividend accumulations (+) Commission expense outgo (+) Policy expense outgo (+)
	Max (account value, discounted cash flow liability)	Reinsurance recoveries (-) Reinsurance premium outgo (+) Reinsurance commission (-)
		Net cash flows = sum of the above
Group traditional non-participating products - group term (life) and per day insurance	Discounting "net cash flows" using a discount rate	Future premium income (-) Death benefit outgo (+) Rider benefit outgo (+) Commission expense outgo (+) Policy expense outgo (+) Reinsurance recoveries (-) Reinsurance premium outgo (+) Reinsurance commission (-)
		Net Cash flow = Sum of the above
Group traditional non-participating products - group hospitalisation cover	Policy liability has been set equal to unearned premium reserve (UPR)	Not applicable

39.5 Key assumptions used in determinations of Best Estimate Liability (BEL)

Details of the key assumptions used and basis of arriving the same are summarised below:

Assumption	Basis of estimation
Economic assumptions	
Discount rate	Top down approach has been used and discount rate assumptions are disclosed in Note 39.5.1.
Participating fund yield	Based on the weighted average of projected asset mix and based on the expected yields for various asset types.
Operating assumptions	
Mortality rate	A67/70 Mortality rates table was used. Calibrated to experience of the products.
Morbidity rates	The morbidity rates have been set based on loss ratios whereby loss ratio is calculated as the ratio of settled and pending claims to earned premiums.
Expenses	Based on the expenses incurred during 2024.
	For the purpose of the expense study, a functional split of expenses between acquisition or maintenance costs have been done on the basis of inputs from various department heads of each cost centre to determine a reasonable activity-based split of expense. These have been further identified as either being premium or policy-count driven based on the nature of expenses to determine a unit cost loading for use in the valuation.
Bonus rates	Bonus rate scale assumed has been arrived based on bonus declared as at 31 December 2024, based on the Company management's views on policyholder reasonable expectations. This assumes that company is expecting to maintain the current bonus levels into the future and is unchanged from the previous valuation.
Persistency ratio	The discontinuance assumptions have been set with reference to actual experience and vary by policy duration.

39.5.1 Discount rate

Insurance contract liabilities shall be measured in terms of SLFRS 4 by applying current market interest rates where any changes to be recognised in Income Statement. In arriving at such rates, CA Sri Lanka has issued a guidance note allowing insurers to apply professional judgment in applying the current market interest rates by way of considering timing and liquidity nature of the insurance liability.

39.5.1.1 Methodology

Noting the potential difficulties in establishing an appropriate 'liquid risk free yield curve' from the observable Sri Lankan market data, a 'top-down approach' is adopted for the determining the appropriate discount rates. Under such approach, the yield curve is constructed to represent yields implicit in a fair value measurement of a reference portfolio of assets whilst attempting to eliminate any factors that are not relevant to the insurance contracts.

39.5.1.2 Assumptions and bases of estimation used in arriving the discount rate

Assumption	Basis of estimation
Choice of reference portfolio	The current assets backing the Life Fund are taken as the initial reference portfolio. Assets within the life fund are split between participating, universal life and non-participating funds.
Rates of return implicit in a fair value measurement of the reference portfolio	Fair value of existing assets for the purpose of discount rate construction is assessed on a consistent basis as the fair value assessed for these assets in the Statement of Financial Position. Implied returns for existing assets are taken as the yields that would be required that would result in the discounted present value of asset flows to be equal to the reported fair value in the Statement of Financial Position.

39.5.1.2 Assumptions and bases of estimation used in arriving the discount rate (Contd.)

Assumption	Basis of estimation
Adjustment for credit risk	Fair value of corporate bonds include an allowance for potential credit risk of the issuer. Allowance for risk of default within the corporate bond spreads has been removed from the implied yields as it is not relevant for valuation of the insurance contracts. Total spread is assumed to comprise a spread for default risk and illiquidity – the spread in respect of default risk is estimated by isolating the illiquidity premium.
Assets representing future (re) investments	The initial reference portfolio of existing assets is extended to include future (re)investments of net positive future cash flows required to cover any subsequent shortfalls. These (re)investments are assumed to generate a risk-adjusted return, determined by: • considering historical mean reversion trends of published government bond yields over the short to medium term. • applying a long-term Ultimate Forward Rate (UFR) assumption. • assuming a 40-year convergence period, during which the short/medium-term historical average yields gradually transition toward the ultimate forward rate over the long term.
Yield curve	A complete term structure is derived based on the effective overall 'time-weighted rate of return' for the reference portfolio assets.

39.6 Financial reinsurance arrangement

39.6.1 Recognition of initial commission

Reinsurance commission income is recognised in the Income Statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Accordingly, initial commission income generated from life quota share agreement is recognised when it is received or due in full.

39.6.2 Subsequent amortisation

Initially the Company has made one off release from the initial reinsurance commission to absorb into the new business strain arising from newly launched non-participating universal life product. The remaining unallocated surplus arising from initial commission of reinsurance agreement will be released to the Income Statement over the period (as best estimate duration) of quota share agreement on equal instalments.

39.7 Valuation of life insurance fund

Long duration contract liabilities included in the life insurance fund, primarily consist of traditional participating and non-participating life insurance products. The actuarial reserves have been certified by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Willis Towers Watson India Private Limited as at 31 December 2024.

39.8 Insurance contract liabilities in the Financial Statements

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Life insurance fund		31,233,665	26,145,333
Surplus created due to change in valuation method from NPV to GPV	39.16.2	1,056,535	1,056,535
Life fund with one-off surplus	39.8.1	32,290,200	27,201,868
Claims payables	39.18	1,000,078	723,606
Total insurance contract liabilities		33,290,278	27,925,474

39.8.1 Details of policy liabilities for the participating and non-participating funds

As at 31 December	2024			2023		
	Participating Rs. '000	Non-participating Rs. '000	Total Rs. '000	Participating Rs. '000	Non-participating Rs. '000	Total Rs. '000
Policy liabilities	12,405,995	18,827,670	31,233,665	10,783,705	15,361,628	26,145,333
One-off surplus	1,056,535	-	1,056,535	1,056,535	-	1,056,535
Total policy liabilities	13,462,530	18,827,670	32,290,200	11,840,240	15,361,628	27,201,868

39.8.2 Movement in life insurance fund

As at 31 December	Note	2024			2023		
		Insurance contract liabilities (Gross)	Reinsurance	Net	Insurance contract liabilities (Gross)	Reinsurance	Net
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 1 January		33,257,424	(6,055,556)	27,201,868	28,879,985	(4,411,287)	24,468,698
Premiums received	8	31,573,467	(2,509,698)	29,063,769	26,341,321	(2,490,889)	23,850,432
Liabilities released for payments on death, surrender and other terminations in the year	14.3	(14,993,591)	743,878	(14,249,713)	(13,396,642)	553,304	(12,843,338)
Net finance and other income		7,143,166	-	7,143,166	5,768,826	-	5,768,826
Net acquisition and other expenses		(12,758,691)	358,936	(12,399,755)	(11,226,154)	293,316	(10,932,838)
Surplus distributed to shareholders	39.12	(4,287,000)		(4,287,000)	(3,015,000)	-	(3,015,000)
Change in contract liabilities life fund	15.3	6,677,624	(1,406,884)	5,270,740	4,472,351	(1,644,269)	2,828,082
Tax on policyholder bonus		(182,135)		(182,135)	(94,912)	-	(94,912)
Balance as at 31 December		39,752,640	(7,462,440)	32,290,200	33,257,424	(6,055,556)	27,201,868

39.9 Analysis of the expected maturity profile of reserves for insurance contracts, net of reinsurance

As at 31 December	2024	2023
	Rs. '000	Rs. '000
< 1 year	1,517,706	855,192
1 to 3 years	2,731,507	2,374,545
> 3 years	16,323,458	11,955,754
Total	20,572,671	15,185.491

39.10 Impact of uncertain macro economic conditions

Refer risk management report on pages 56 and 84 for more details on the risk and risk management initiatives on uncertain macro economic conditions

39.11 Sensitivity analysis

Sensitivity analysis of life insurance fund is provided in Note 48.3.1 on page 356.

39.12 Recommendation of surplus transfer

The valuation of life insurance fund as at 31 December 2024 was made by the appointed actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Willis Towers Watson India Private Limited. Based on the recommendation, the Company transferred surplus from the policyholder fund to the shareholder fund as follows;

As at 31 December	2024	2023
	Rs. '000	Rs. '000
Participating life insurance fund to the shareholder fund	-	-
Non-participating life insurance fund to shareholder fund	4,287,000	3,015,000
Total	4,287,000	3,015,000

Subsequent to the transfer the surplus transfer of Rs. 4,287 Million (2023 - Rs. 3,015 Million), life fund stands as Rs. 32,290 Million as at 31 December 2024 (2023 - Rs. 27,202 Million), including the liability in respect of bonuses and dividends declared up to and including for the year 2024 as well as surplus created due to change in valuation method of policy liabilities from NPV to GPV in the participating fund.

39.13 Taxation on surplus distributed to the life insurance policyholder who shares the profits

According to the Section 67 (2) of the Inland Revenue Act No. 24 of 2017, the surplus distributed to the life insurance policyholder who shares the profits of a person engaged in the business of life insurance in a given year, as provided in the Regulation of Insurance Industry Act, No. 43 of 2000, shall be deemed as gains and profits of that person from the business and subject to tax at 30% from 01 October 2022 as described in the Note 22.5 on page 298.

As recommended by the Appointed Actuary Mr. Kunj Behari Maheshwari. FIA, FIAI of Messrs. Willis Towers Watson India Private Limited, the Company has declared a bonus of Rs 607 Million (2023 - Rs. 518 Million). Please refer point (f) of the Actuarial report provided on page 268 for the year 2024 to life insurance policyholders who participating in the profit of life insurance business. Accordingly, the Company has adjusted the tax liability in to the life insurance fund.

39.14 Solvency margin

The Company maintains a Capital Adequacy Ratio (CAR) 298% on regulatory basis and Total Available Capital (TAC) of Rs. 31,892 Million as at 31 December 2024, which exceed the minimum requirement of 120% and Rs. 500 Million respectively as per the Solvency Margin (Risk Based Capital) Rules 2015 requirement prescribed under section 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

39.15 Liability Adequacy Test (LAT)

Accounting Policy

39.15.1 General

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test as laid out under SLFRS 4 "Insurance Contracts". The liability value is adjusted to the extent that it is sufficient to meet future benefits and expenses.

In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on management's prudent expectation of current market interest rates.

Any deficiency shall be recognised in the Income Statement by setting up a provision for liability adequacy.

39.15.2 Valuation

A liability adequacy test for life insurance contract liability was carried out by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited as at 31 December 2024. When performing the LAT, the Company discounted all contractual cash flows and compared this amount with the carrying value of the liability.

According to the Actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31 December 2024.

No additional provision was required against the LAT as at 31 December 2024.

Details of the LAT report is provided on page 269.

39.16 Surplus created due to change in valuation method - One-off surplus zeroed at product level

Accounting Policy

Refer Note 39.1 for the accounting policy

39.16.1 Basis of measurement

Surplus created due to change in valuation method of policy liabilities from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) is measured based on the difference in the policy liability valuation by the independent Actuary based on NPV and GPV bases valuation as at 31st December 2015 according to the Direction 16 'Identification and treatment of one-off surplus' issued by IRCSL. According to Direction 16, Company has determined the One-off Surplus as the difference between NPV Solvency basis liability and GPV Distribution basis liability for both Participating business and other than Participating business.

39.16.2 One-off surplus

	Participating fund Rs. '000	Non-participating fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on Independent Actuary - NPV as at 31 December 2015	3,866,780	2,472,575	6,339,355
Less: Value of Insurance contract liability based on Independent Actuary - GPV 31 December 2015	2,810,245	1,674,571	4,484,816
Surplus created due to Change in Valuation Method - One-off Surplus as at 1 January 2016	1,056,535	798,004	1,854,539

39.16.3 Transfer of one-off surplus from non participating fund to shareholder fund

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on "Guidelines/Directions for Identification and Treatment of One-off Surplus" and has instructed all life insurance companies to comply with the direction. Based on the guidelines, life insurance companies are directed to transfer one-off surplus attributable to policyholder non-participating fund to shareholder fund as at the reporting year ended 31 December 2017. The transfer has been presented as a separate line item in the Income Statement as "change in contract liability due to transfer of one-off surplus" and as a separate reserve in the Statement of Financial Position as "restricted regulatory reserve" under Equity in accordance with the above Direction.

Further, distribution of one-off surplus to shareholders, held as part of the restricted regulatory reserve, is subject to meeting governance requirements (Refer Note 39.16.5).

stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The one-off surplus in the shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 36.3 on page 331 as per the Directions of the IRCSL.

The financial ratios have been determined in accordance with Sri Lanka Accounting Standards. Additionally, the Company has voluntarily presented financial ratios without considering the one-off surplus impact.

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholder fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000".

39.16.4 Movement of one-off surplus after transfer

	Participating fund Rs. '000	Non-participating fund Rs. '000	Total Rs. '000
Surplus created due to change in valuation method - One-off surplus as at 1 January 2016 (Note 39.16.2)	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve	-	(798,004)	(798,004)
Remaining One-off Surplus in insurance contract liabilities as at 31 December 2024	1,056,535	-	1,056,535

39.16.5 Distribution of one-off surplus

The distribution of one-off surplus to shareholders as dividends shall remain restricted until a company develops appropriate policies and procedures for effective management of its business, as listed below:

- Expense allocation policy setting out basis of allocation of expenses between the shareholder fund and the policyholder fund as well as between different lines of business within the policyholder fund, particularly participating and non-participating;
- Dividend declaration policy for universal life business;
- Bonus policy for the participating business, which should include treatment of one-off surplus for the purpose of bonus declaration;
- Asset-liability management policy;
- Policy on internal target capital adequacy ratio;
- Considerations for transfer of funds from policyholder fund to shareholder fund.

These policies should be approved by the Board of Directors of the Company and must also comply with any relevant guidance issued by IRCSL from time to time. Further IRCSL will reconsider the distribution of one-off surplus when the RBC rules are revised. The IRCSL will permit distribution of one-off surplus subject to yearly distribution caps on a case-by-case basis.

39.17 Disclosures as required by Direction 16 issued by IRCSL

Disclosure in financial statements	Compliance with the requirement	Note	Page
Equity and statement of changes in equity to include as a new line item called 'Restricted Regulatory Reserve' with value equal to one - off surplus for other than participating business. Adequate disclosure to be made with regards to 'Restricted Regulatory Reserve'.	Compiled		339
The transfer of one - off surplus to be treated as a release permitted by the IRCSL during the relevant period and accounted through Income Statement.	N/A for current year		
Income Statement to carry a new line item 'change in contract liability due to transfer of one - off surplus'.	N/A for current year		
Disclosure stating 'distribution of one - off surplus to shareholders', held as 'Restricted Regulatory Reserve', is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon approval from the IRCSL.	Complied	39.16.5	339
The basis of computation of one - off surplus. Any deviation from the direction in respect of determining the 'minimum one - off surplus'.	Complied	39.16	338
One-off surplus relating to participating and other than participating should be disclosed separately	Complied	39.16	338
Financial ratios, excluding the impact of transfer of one - off surplus may be disclosed separately.	Complied		
Disclosure on composition of investments supporting the restricted regulatory reserve.	Complied	36.3	331

39.18 Direction 18 - Unclaimed benefits of long term insurance business

Unclaimed benefits of long term insurance business are recorded in the life insurance fund. There were no transfer of any unclaimed benefits from the policyholder fund to shareholder fund during the period ended 31 December 2024 (31 December 2023 - Nil) are as follows:

As at 31 December	2024 carrying value Rs. '000	2023 fair value Rs. '000
Unclaimed benefits	106,093	79,766
Other claim payables	893,985	643,840
Total	1,000,078	723,606

40. EMPLOYEE BENEFIT LIABILITIES

40.1 Defined contribution plans - Provision for employee benefit liabilities

Accounting Policy

40.1.1 General

Refer Note 17.3 for the accounting policy. On the defined contribution plans.

Following contributions have been made to Employees Provident Fund and Employee Trust Fund during the year.

40.2 Contributions to EPF and ETF

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Employees' provident fund		
Employer's contribution (12%)	136,837	125,011
Employees' contribution (8%)	91,225	83,341
Employees' trust fund		
Employer's contribution (3%)	34,209	31,251

40.3 Defined benefit plans - Provision for employee benefit liabilities

Accounting Policy

40.3.1 General

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded and is a final salary defined benefit plan. The calculation is performed annually by a qualified independent actuary using the Projected Unit Credit method.

40.3.2 Recognition of actuarial gain / (losses), current services cost and interest cost

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit or Loss and Other Comprehensive Income. Current services cost and interest cost related to defined benefit plans in employee benefit are expensed in the Income Statement.

When the benefits of a plan is changed or when a plan is curtailed, resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

40.4 Valuation of employee benefit liabilities

The actuarial valuation involves making assumptions. Further, the Company has considered the impact of the economic crisis on the defined benefit obligations. Due to the complexity of the valuation and the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

40.5 Risks exposed by the defined benefit plans

Type of the risk	Exposure
Interest risk	Present value of the defined benefit plan liability is calculated using a discount rate determined by reference to long term interest rate. Accordingly, a decrease in the long-term interest rate will increase the plan liability.
Longevity risk	Present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

An actuarial valuation of the retirement gratuity payable as at 31 December 2024 was carried out by Mr. M. Poopalanathan, AIA, of Messrs Actuarial & Management Consultants (Pvt) Ltd., a firm of professional Actuaries. The valuation method used by the Actuaries to value the liability is the 'Projected Unit Credit Method (PUC)', the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on 'Employee Benefits'.

40.6 Actuarial assumptions and criteria for the valuation of retirement gratuity

Actuarial assumptions	Criteria	2024	2023	Description
Demographic assumptions	Mortality - In service			1967/70 Mortality table issued by the Institute of Actuaries, London.
	Staff turnover	22%	25%	The staff turnover rate at an age represents the probability of an employee leaving within one year of that age due to reasons other than death, ill health and normal retirement.
	Normal retirement age	60	60	The employees who are aged over the specified retirement age have been assumed to retire on their respective next birthdays.
Financial assumptions	Rate of discount	9.0%	13.5%	In the absence of a deep market in long term bonds in Sri Lanka, a long term interest rate has been used to discount future liabilities considering anticipated long term rate of inflation.
	Salary increases	10%	10%	In respect of active employees.

40.7 Analysis of the employee benefit liabilities

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Present value of unfunded obligation		372,315	276,302
Defined benefit obligations as at 1 January		276,302	208,959
Expenses recognised in income statement	40.8	72,318	67,029
Actuarial (gain) / losses recognised in statement of profit or loss and other comprehensive income	40.9	51,141	20,844
Other			
Gratuity payments during the year		(27,446)	(20,530)
Defined benefit obligations as at 31 December		372,315	276,302

40.8 Expenses recognised in the Income Statement

As at 31 December	2024 Rs. '000	2023 Rs. '000
Interest cost	37,301	38,657
Current service costs	35,017	28,372
Total expenses recognised in income statement	72,318	67,029

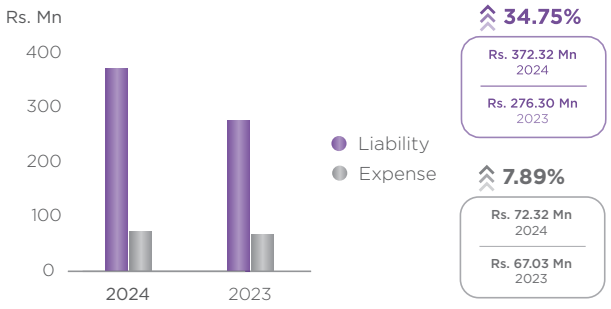
40.9 Actuarial (gain) / losses recognised in statement of profit or loss and other comprehensive income

As at 31 December	2024 Rs. '000	2023 Rs. '000
Actuarial (gain) / loss arising from;		
Change in demographic assumptions	2,345	5,844
Change in financial assumptions	51,403	9,066
Change in experience adjustment	(2,607)	5,934
Total	51,141	20,844

40.10 Maturity analysis of the payments

As at 31 December	2024 Rs. '000	2023 Rs. '000
Within next 12 months	85,097	87,233
Between 1 to 2 years	113,049	95,092
Between 2 to 5 years	80,493	53,683
Between 5 to 10 years	70,482	33,507
Beyond 10 years	23,194	6,787
Total expected payments	372,315	276,302
Weighted average duration of defined benefit obligation	3.93 years	3.00 years

EMPLOYEE BENEFIT LIABILITY



40.11 Expected contributions to defined contribution and defined benefit plans

For the year ended 31 December	2025 Rs. '000
Employees' provident fund	
Employer's contribution (12%)	164,886
Employees' contribution (8%)	109,924
Employees' trust fund	
Employer's contribution (3%)	41,221
Defined benefit plans	57,381

40.12 Sensitivity of assumptions used in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the discount rate and salary increment rates assuming all other variables held constant in the employment benefit liability measurement.

As at 31 December	2024	
	Effect on defined benefit liability Rs. '000	Estimated defined benefit liability Rs. '000
Discount rate		
1% increase in discount rate	(12,968)	359,347
1% decrease in discount rate	14,046	386,361
Salary increment rate		
1% increase in salary increment rate	15,540	387,855
1% decrease in salary increment rate	(14,616)	357,699

As at 31 December	2023	
	Effect on defined benefit liability Rs. '000	Estimated defined benefit liability Rs. '000
Discount rate		
1% increase in discount rate	(7,045)	269,257
1% decrease in discount rate	7,478	283,780
Salary increment rate		
1% increase in salary increment rate	8,984	285,286
1% decrease in salary increment rate	(8,579)	267,723

40.12.1 Methods and assumptions used in preparing the sensitivity analysis

The above sensitivity analysis are based on a change in significant assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The Company has used "Projected Unit Credit method (PUC)" when calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions as at 31 December 2024.

The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior period.

40.13 Employee benefits for key management personnel

Employee benefits of key management personnel is disclosed in Note 50.6 on page 383.

41. LOANS AND BORROWINGS

Accounting Policy

41.1 General

Refer Note 45 on page 345 for the accounting policy.

41.2 Nature and purpose the transaction

The Company entered into a long-term financing agreement with the Finnish Fund for Industrial Cooperation Ltd (Finnfund) and the Norwegian Investment Fund for Developing Countries for USD 15 Million Tier II subordinated debt transaction to provide funding to future development of business objectives of the Company. The facility was signed on 24 August 2020.

41.3 Tier II capital securities

Tier II capital securities are either perpetual or dated subordinated securities on which there is an obligation to pay coupons. According to the RBC rule, the Company's subordinated debt securities are included within the Company's regulatory capital base as Tier II capital.

41.4 Security and repayment terms

Item	Details
Nominal Interest rate	6 months SOFR + CAS + margin
Repayment terms	The loan shall be repaid in full on the maturity date
Carrying value of collaterals	None of assets have been pledged as securities for these liabilities
Interest payable frequency	Bi annually
Allotment date	2 October 2020
Maturity Date	2 October 2025

41.5 Defaults and breaches

The Company did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the years ended 31 December 2024 (2023 - Nil).

41.6 Loan movement during the year

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 01 January	5,014,997	5,643,918
Cash movement		
Loans obtained / (capital repayments)*	(1,454,000)	-
Interest payments	(621,210)	(599,383)
Non cash movement		
Interest expenses	579,243	616,295
Exchange rate adjustments	(502,587)	(645,833)
Balance as at 31 December (Note 41.6.1)	3,016,443	5,014,997

*As stated above, the Company has early settled USD 5 Million during the year.

41.6.1 Analysis of the repayable period

As at 31 December	2024 Rs. '000	2023 Rs. '000
Repayable within one year	3,016,443	155,338
Repayable after one year	-	4,859,659
Total	3,016,443	5,014,997

41.7 Maturity analysis

The maturity analysis of loans and borrowings is given in Note 48.4.3.1 (Table 20) on pages 370.

42. REINSURANCE PAYABLE

Accounting Policy

42.1 General

Reinsurance payable represents balances due to reinsurance companies. Payable amounts are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs in a manner consistent with the related insurance contracts.

Reinsurance liabilities are derecognised when the contractual liabilities are extinguished or expired, or when the contract is transferred to other party.

42.2 Movement of the reinsurance payable

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
As at 1 January	718,855	2,246,237
Arose during the year	2,509,698	2,490,889
Utilised during the year	(2,474,494)	(4,018,271)
Balance as at 31 December	754,059	718,855

43. INCOME TAX LIABILITIES

As at 31 December	2024 Rs. '000	2023 Rs. '000
Income tax payable	979,770	927,170
	979,770	927,170

44. OTHER LIABILITIES

Accounting Policy

44.1 Financial liabilities

Refer Note 45 for accounting policy relating to financial liabilities.

44.2 Other liabilities

Other liabilities include accruals and advances. These liabilities are recorded at the amounts that are expected to be paid.

44.3 Analysis of the financial and non-financial liabilities

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Financial liabilities			
Commission / Incentive payable	44.4.1	1,024,457	923,022
Premium deposits		363,778	300,384
Amounts due to related parties	44.4.2	21,836	15,846
Other payables		1,364,683	634,499
Lease liabilities	44.4.3	1,190,336	606,519
Total financial liabilities		3,965,090	2,480,270
Non financial liabilities			
Accruals		156,806	166,269
Tax and other statutory payables	44.5.1	336,518	120,049
Total non financial liabilities		493,324	286,318
Total other liabilities		4,458,414	2,766,588

44.4 Financial liabilities

44.4.1 Commission / Incentive payable

Movement of the provision during the year is stated below:

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
As at 01 January	923,022	1,024,564
Provision made during the year	2,115,879	4,256,368
Payments made during the year	(2,014,444)	(4,357,910)
Balance as at 31 December	1,024,457	923,022

44.4.2 Amounts due to related companies

Amounts due to related companies represents fund management fees and rent payable to group companies as follows.

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Softlogic Asset Management (Pvt) Ltd	50.11.1.2	21,836	15,846
Total		21,836	15,846

44.4.3 Lease liabilities

Accounting Policy

Please refer Note 27 for accounting policy relating to leases under SLFRS 16.

44.4.3.1 Analysis of the lease liabilities

As at 31 December	2024			2023		
	Leasehold properties Rs. '000	Motor Vehicles Rs. '000	Total Rs. '000	Leasehold properties Rs. '000	Motor Vehicles Rs. '000	Total Rs. '000
Lease liabilities as at 1 January	603,297	3,222	606,519	581,650	8,389	590,039
Recognition of new lease agreement during the period*	885,482	-	885,482	281,150	-	281,150
Interest Expenses	112,716	91	112,807	110,933	515	111,448
Payment of lease liabilities	(411,159)	(3,313)	(414,472)	(370,436)	(5,682)	(376,118)
Modification	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-
Cumulative lease liabilities as at 31 December	1,190,336	-	1,190,336	603,297	3,222	606,519

*Rent prepayments has been recognised as right-of-use (RoU) assets and therefore additions to lease liabilities are not equivalent to newly recognised RoU assets.

44.4.3.2 Maturity analysis – Contractual undiscounted cash flows

As at 31 December	2024 Rs. '000	2023 Rs. '000
Less than one year	341,347	357,402
Between one and five years	1,145,400	437,477
More than five years	-	-
Total undiscounted lease liabilities as at 31 December	1,486,747	794,879
Lease liabilities included in the Statement of Financial Position as at 31 December	1,190,336	606,519
Undiscounted cash flows		
Current	341,347	357,402
Non current	1,145,400	437,477
Total	1,486,747	794,879

44.4.3.3 Maturity Analysis – Discounted cash flows

Refer Note 48.4.31 on (Table 20) page 370.

44.4.3.4 Sensitivity analysis of lease liabilities

The following table demonstrate the impact arising from the possible changes in the incremental borrowing rate on the lease liabilities of the Company as at 31 December 2024 and 2023 assuming all other variables are remain constant.

As at 31 December	2024		2023	
	Effect on Profit Before Tax Rs. '000	Estimated lease liabilities Rs. '000	Effect on Profit Before Tax Rs. '000	Effect on Profit Before Tax Rs. '000
1% increase in discount rate	(14,949)	1,175,387	(7,216)	599,303
1% decrease in discount rate	15,403	1,205,740	7,428	613,947

44.4.4 Maturity Analysis

Maturity schedules of other financial liabilities are disclosed in Note 48.4.3.1 (Table 20) on page 370.

44.5 Non-financial liabilities

44.5.1 Tax and other statutory payables

As at 31 December	2024 Rs. '000	2023 Rs. '000
Stamp duty	1,517	1,300
Crop insurance levy	10,712	3,504
EPF / ETF payable	22,362	20,455
CESS payable	18,324	14,329
PAYE tax payable	70,216	65,010
WHT Payable	212,143	14,207
Other	1,244	1,244
Total	336,518	120,049

45. FINANCIAL LIABILITIES

Accounting Policy

45.1 Initial recognition and measurement

Financial liabilities are initially recognised, when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, except in the case of financial liabilities at fair value through profit or loss as per SLFRS 9.

45.2 Classification

The Company classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at FVTPL, and within this category as Held for trading; or designated at FVTPL;
- Financial liabilities measured at amortised cost.

45. FINANCIAL LIABILITIES (CONTD.)

Accounting Policy (Contd.)

45.3 Subsequent measurement

Subsequent measurement of financial liabilities depends on their respective classification.

45.3.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest expense, are recognised in the Income Statement.

The Company does not have financial liabilities classified at FVTPL as at the reporting date (2023 - Nil).

45.3.2 Financial liabilities measured at amortised cost

All other financial liabilities are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gain or loss on derecognition, interest expense and foreign exchange gains and losses are recognised in the Income Statement.

45.4 Reclassification of financial liabilities

Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

45.5 Derecognition of financial liabilities

The Company derecognises a financial liability, when its contractual obligations are discharged, cancelled or expired.

45.6 Modification of financial liabilities

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with the modified terms is recognised in the Income Statement.

45.7 Financial liabilities of the Company by categories

As at 31 December	Note	2024	
		Amortised cost	
		Carrying value Rs. '000	Fair value Rs. '000
Loans and borrowings	41.6	3,016,443	3,016,443
Reinsurance payable	42.2	754,059	754,059
Bank overdraft	34.3	368,315	368,315
Other liabilities	44.3	3,965,090	3,965,090
Total financial liabilities		8,103,907	8,103,907

As at 31 December	Note	2023	
		Amortised cost	
		Carrying value Rs. '000	Fair value Rs. '000
Loans and borrowings	41.6	5,014,997	5,014,997
Reinsurance payable	42.2	718,855	718,855
Bank overdraft	34.3	376,690	376,690
Other liabilities	44.3	2,480,270	2,480,270
Total financial liabilities		8,590,812	8,590,812

46. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the date of each transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency as at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate as at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences are generally recognised in the Income Statement.

47. FAIR VALUE MEASUREMENT

Accounting Policy

47.1 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability is settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or,
- In the absence of the principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 29 : Financial instruments (Page 312 to 327);
- Note 26 : Freehold property measured at fair value (Page 303 to 308).

47.2 Fair value hierarchy and the techniques

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the assets or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

47.2.1 Level 1

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active, if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

47.2.2 Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly

This category includes instruments valued using:

- quoted prices in active markets for similar instruments;
- quoted prices for identical or similar instruments in markets that are considered to be less active; or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

47.2.3 Level 3

Inputs that are unobservable

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs which have a significant effect on the instrument's valuation.

Accordingly, it is applicable for instruments that are valued based on quoted prices of similar instruments for which significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government securities such as treasury bills and treasury bonds. Availability of observable prices and model inputs reduce the need for management judgement and estimation, while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ("Day 1" profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

As disclosed in Note 29.11.1 on page 324, the company has recorded an initial recognition loss on the ISB restructured financial instruments in the current year financial statements and on SLDB restructured financial instruments on the previous year as stated in Note 29.11.2 on page 325.

47.3 Fair value measurement of the Company

Instrument category	Fair value basis	Fair value hierarchy
Government securities		
Treasury bills and bonds	Valued using the market yield	Level 1
ISB	Valued using the market yield	Level 2*
Investment in shares		
Listed shares	Closing market prices	Level 1
Unlisted shares	Adjusted net assets for Illiquidity	Level 3
Investment in units		
Investment in unlisted redeemable units	Published Net Assets Values (NAV)	Level 2
Corporate debt		
Listed debentures	Published Market Prices	Level 2**
Unlisted perpetual debentures	Adjusted interest rate for Illiquidity	Level 3
Commercial papers	Adjusted interest rate for Illiquidity	Level 3
Land and Building	Market Comparable Method and Investment Method	Level 3

*ISBs even upon the restructuring have been classified under level 2 in the fair value hierarchy, since there is no active secondary market with sufficient frequency yet for the said instrument. Please refer Note 29.11.1 on page 324 for ISB restructuring.

**Listed debentures have been classified under level 2 in the fair value hierarchy since there is no active market for these instruments even though such instruments are listed.

47.3.1 Valuation techniques used in measuring Level 2 and 3 fair value

Same valuation techniques as mentioned in the above table have been used by the Company in measuring Level 2 and 3 fair values for the current and comparative financial period.

47.3.2 Financial assets and liabilities not considered for fair value measurement

It is assumed that the carrying amount of following financial assets and liabilities are reasonable approximation of fair value since they are short-term in nature or are re-priced to current market rates frequently:

Assets	Liabilities
Sri Lanka development bonds (prior to DDO)	Loans and borrowings
International sovereign bonds (prior to ISB restructuring)	Reinsurance creditors
Fixed deposits	Other liabilities (Excluding government levies and accruals)
Commercial papers	Bank overdraft
Securitised papers	
Repo	
Cash and cash equivalents	
Loans to life policyholders	
Reinsurance receivables	
Premium receivables	

47.3.3 Carrying amounts of the Company's financial assets and financial liabilities

Carrying amounts and classification of the Company's financial assets and financial liabilities are given in Note 29 on page 312 and Note 45 on page 345 respectively.

47.4 Valuation framework of the Company

The Company has an established control framework for the measurement of fair values. This framework includes involving a valuation team i.e. Treasury Back Office (TBO) which is an independent from Treasury Front Office (TFO), which reports to the Chief Financial Officer, with overall responsibility for overseeing and independently verifying all significant fair value measurements. Significant valuation issues are reported to the Audit Committee.

Specific controls include:

- Verification of observable pricing.
- Re-performance of model valuations.
- A review and approval process for new models and changes to models.
- Bi-annual calibration and back-testing of models against observed market transactions.
- Analysis and investigation of significant daily valuation movements.
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month.

When third party information (e.g. broker quotes, pricing services or independent property valuations) is used to measure fair value, the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the SLFRS.

This includes:

- Verifying that the broker, pricing service or independent property valuer is approved by the Company for use in pricing the relevant type of asset or liability;
- Understanding how the fair value has been arrived at, the extent to which it reflects actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- When prices for similar assets or liabilities are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the asset or liability subject to measurement; and
- If a number of quotes for the same asset or liability have been obtained, then understanding how fair value has been determined using those quotes.

47.5 Assets measured at fair value and the level in the fair value hierarchy

As at 31 December	Note	Page	2024				2023			
			Level 1	Level 2	Level 3	Total fair value/ carrying value	Level 1	Level 2	Level 3	Total fair value/ carrying value
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-financial assets										
Land and building	26.10	305	-	-	298,187	298,187	-	-	311,000	311,000
Total non-financial assets at fair value			-	-	298,187	298,187	-	-	311,000	311,000
Financial assets										
Financial investments at FVTPL										
Treasury bonds	29.9.3	322	358,684	-	-	358,684	318,208	-	-	318,208
Perpetual debentures	29.9.3	322	-	-	722,416	722,416	-	-	794,476	794,476
Unit trusts	29.9.3	322	-	3,998,341	-	3,998,341	-	3,513,990	-	3,513,990
Commercial papers			-	-	175,755	175,755	-	-	-	-
			358,684	3,998,341	898,171	5,255,196	318,208	3,513,990	794,476	4,626,674
Financial investments at FVOCI										
Treasury bonds	29.9.2	321	5,959,358	-	-	5,959,358	3,087,969	-	-	3,087,969
International sovereign bonds	29.9.2	321	-	3,378,691	-	3,378,691	-	-	-	-
Equity shares - listed	29.9.2	321	4,214,895	-	-	4,214,895	1,759,999	-	-	1,759,999
Equity shares - unlisted	29.9.2	321	-	-	-	-	-	-	326,914	326,914
			10,174,253	3,378,691	-	13,552,944	4,847,968	-	326,914	5,174,882
Total financial assets at fair value			10,532,937	7,377,032	898,171	18,808,140	5,166,176	3,513,990	1,121,390	9,801,556
Total assets at fair value			10,532,937	7,377,032	1,196,358	19,106,327	5,166,176	3,513,990	1,432,390	10,112,556

47.6 Transfer between levels

The Company has transferred the Unlisted Equity shares investment in Cargills Bank Ltd from level 3 into level 1 during the year 2024 as Cargills Bank Ltd share was listed on Colombo Stock Exchange on 09th January 2024. (2023 - Nil).

47.7 Level 3 fair value measurement

Reconciliation of fair value measurements of level 3 financial instruments

The Company carries unquoted equity shares, unquoted perpetual debentures, commercial papers and land and building in Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements except for the land and building is summarised below:

As at 31 December	2024			2023		
	Equity shares at FVOCI (Unlisted)	Commercial papers at FVTPL	Unquoted perpetual debentures at FVTPL	Equity shares at FVOCI (Unlisted)	Commercial papers at FVTPL	Unquoted perpetual debentures at FVTPL
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1 January	326,914	-	794,476	265,734	-	782,067
Purchases / (disposals)	-	175,000	-	-	-	-
Fair value gains / (losses)						
Recognised in the income statement - net fair value gains	-	-	(49,199)	-	-	534
Recognised in OCI - In equity investments at FVOCI	-	-	-	61,180	-	-
Net amount reclassified to the income statement	-	-	-	-	-	-
Amortisation adjustment	-	755	(22,861)	-	-	11,875
Transfers into / out of Level 3	(326,914)	-	-	-	-	-
Balance as at 31 December	-	175,755	722,416	326,914	-	794,476

*As stated in the Note 47.6 on page 349, investment in the Cargills Bank PLC has been moved from the level 3 to level 1 with the listing in the CSE.

47.7.1 Land and building at level 3 in the fair value hierarchy

Reconciliation from the opening balance to the ending balance and revaluation reserve pertaining to the Land and Building in Level 3 of the fair value hierarchy is available in Note 37.3.2 on page 322 and Note 26.24.3 on page 307 respectively.

47.7.2 Unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised in the Level 3 of the fair value hierarchy.

As at 31 December	Fair value		Valuation technique	Range of estimates (weighted average) for significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
	2024 Rs. '000	2023 Rs. '000			
Debt securities					
Perpetual debentures	722,416	794,476	Adjusted interest rate for illiquidity	Credit spread 3% to 4%	Estimated fair value would increase/ (decrease), if credit spread would (decrease) / increase
Commercial Papers	175,755	-	Adjusted interest rate for illiquidity	Credit spread 3% to 4%	Estimated fair value would increase/ (decrease), if credit spread would (decrease) / increase
Equity securities					
Unlisted equity securities	-	326,914	Adjusted net assets for illiquidity	"Illiquidity premium 5% - 10%"	Estimated fair value would increase/ (decrease), if Illiquidity premium would (decrease) / increase
Property, plant and equipment					
Land and building	298,187	311,000	Refer Note 26.24.4 on page 307		

47.7.3 Development of significant unobservable inputs

Debt securities	Credit spreads are derived from internally developed model and adjustments have been made to reflect the illiquidity condition of the instruments.
Unlisted equity securities	When deciding illiquidity premium the Company has considered the fact that recent acquisition of finance companies had taken place at more than the net asset value of target investee.
Land and Building	Refer Note 26.24.4 on page 307

47.7.4 Sensitivity analysis of financial assets classified at Level 3

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in fair value of the level 3 financial instruments and significant unobservable inputs.

Sensitivity analysis of land and building classified at Level 3 is given in Note 26.24.4 on page 307.

As at 31 December	Significant unobservable input	2024			2023		
		Impact on income statement Rs. '000	Impact on OCI Rs. '000	Impact on equity Rs. '000	Impact on income statement Rs. '000	Impact on OCI Rs. '000	Impact on equity Rs. '000
Unlisted Equity Securities							
1% Increase in adjustment for illiquidity	Illiquidity premium	-	-	-	-	(3,458)	(3,458)
1% Decrease in adjustment for illiquidity	Illiquidity premium	-	-	-	-	3,458	3,458
Commercial Paper							
1% Increase in credit spread	Credit spread	(12,784)	-	(12,784)	-	-	-
1% Decrease in credit spread	Credit spread	14,965	-	14,965	-	-	-
Perpetual debentures							
1% Increase in credit spread	Credit spread	(59,117)	-	(59,117)	(52,090)	-	(52,090)
1% Decrease in credit spread	Credit spread	71,128	-	71,128	60,483	-	60,483

47.8 Financial instruments not measured at fair value and fair value hierarchy

Methodologies and assumptions used to determine fair value of financial instruments which are not already recorded at fair value in the Statement of Financial Position are as follows:

Fixed rate financial investments - Government securities

The fair value of fixed rate government securities carried at amortised cost are estimated by using daily market rate published by Central Bank of Sri Lanka.

Variable rate financial investments - Government securities

The fair value of variable rate government securities carried at amortised cost are estimated by using daily market rate published by Central Bank of Sri Lanka

Fixed rate financial investments - Unquoted and quoted debt securities

For quoted debt issued, the fair values are determined based on quoted market prices. For those issued where quoted market prices are not available, discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

Sensitivity of significant unobservable inputs used to measure fair value of fixed rate financial instruments.

A significant increase / (decrease) in the market interest rate would result in lower / (higher) fair value being disclosed.

Assets for which fair value approximate carrying value

Fixed rate financial investments for financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity period.

The following table sets out the estimated fair values of financial assets and liabilities not measured at fair value and hence reflected at the carrying amounts in Financial Statements and the fair value hierarchy used:

As at 31 December	Note	2024					2023				
		Level 1	Level 2	Level 3	Total fair value	Total carrying value	Level 1	Level 2	Level 3	Total fair value	Total carrying value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets											
Financial investments – Amortised cost											
Treasury bonds	29.9.1	18,249,992	-	-	18,249,992	14,355,429	22,990,696	-	-	22,990,696	18,408,368
Treasury bills	29.9.1	704,521	-	-	704,521	704,527	555,087	-	-	555,087	553,716
International sovereign bonds*	29.9.1	-	-	-	-	-	-	4,032,845	-	4,032,845	3,928,615
Debentures**	29.9.1	-	5,921,998	-	5,921,998	5,988,905	-	6,233,015	-	6,233,015	6,552,746
Fixed deposits	29.9.1	-	-	733,478	733,478	733,467	-	-	919,524	919,524	919,403
Commercial paper	29.9.1	-	-	2,406,643	2,406,643	2,206,628	-	-	1,713,358	1,713,358	1,713,352
Securitised Papers	29.9.1	-	-	-	-	-	-	-	577,426	577,426	577,371
Repo	29.9.1	-	-	1,140,922	1,140,922	1,140,922	-	-	1,045,088	1,045,088	1,045,088
Other financial assets											
Cash and cash equivalents	34.2	-	-	1,869,652	1,869,652	1,869,652	-	-	1,099,679	1,099,679	1,099,679
Loans to life policyholders	30.2	-	-	350,134	350,134	350,134	-	-	331,301	331,301	331,301
Reinsurance receivables	31.1	-	-	518,316	518,316	518,316	-	-	465,211	465,211	465,211
Premiums receivables	32.2	-	-	2,904,513	2,904,513	2,904,513	-	-	2,449,089	2,449,089	2,449,089
Receivable and other assets	33.3	-	-	87,772	87,772	87,772	-	-	72,115	72,115	72,115
Total financial assets not at fair value		18,954,513	5,921,998	10,011,430	34,887,941	30,860,265	23,545,783	10,265,860	8,672,791	42,484,434	38,116,054
Financial liabilities											
Loans and borrowings	41.6	-	-	3,016,443	3,016,443	3,016,443	-	-	5,014,997	5,014,997	5,014,997
Reinsurance payables	42.2	-	-	754,059	754,059	754,059	-	-	718,855	718,855	718,855
Other liabilities	34.3	-	-	3,965,091	3,965,091	3,965,091	-	-	2,480,270	2,480,270	2,480,270
Bank overdraft	44.3	-	-	368,315	368,315	368,315	-	-	376,690	376,690	376,690
Total financial liabilities not at fair value		-	-	8,103,908	8,103,908	8,103,908	-	-	8,590,812	8,590,812	8,590,812

*ISB investment mentioned in the year 2023 has been classified under level 2 in the fair value hierarchy, since there is no active secondary market with sufficient frequency for such instrument. However, restructured ISB has been classified as FVOCI as disclosed in Note 29.3.6 on page 315.

**Listed Debentures have been classified under level 2 in the fair value hierarchy since there is no active market for these instruments, even though such instruments are listed.

48. RISK AND CAPITAL MANAGEMENT

Overview

Insurance contracts expose the Company to underwriting risk, product design risk, reinsurance risk and claim risk. In addition, the Company is exposed to various types of risks including credit, market, liquidity and operational risks which are inherent in the Company's activities. Managing these risks are critical for the sustainability of the Company and plays a pivotal role in all activities of the Company. Risk Management function strives to identify potential risks in advance, analyse them and take precautionary steps to mitigate the impact of risk whilst optimising risk-adjusted returns within the risk appetite of the Company.

Disclosure requirement under SLFRS 4 - Insurance contracts and SLFRS 7 - Financial instruments

As required by SLFRS 4 and SLFRS 7, this note presents qualitative and quantitative information about the Company's exposure to each of the Insurance risks, Financial risks, Operational risk and the Company's objectives, policies and processes for measuring and managing such risks.

Risk management objectives, policies and process

Refer risk management report on page 56 to 84 of this report to obtain a complete overview of the risk landscape that Softlogic Life Insurance PLC is exposed to and its objectives, policies, process and methodologies adopted for managing those risks.

48.1 Risk management framework

The primary objective of the Company's risk and financial management framework is to protect its shareholders from events that could hinder the sustainable achievement of financial objectives, including the failure to exploit opportunities.

The overall responsibility and oversight of the risk management framework of the Company is vested with the Board of Directors (BOD). The Risk Management Committee, a subcommittee set up by the Board, in turn is entrusted with the development of the Company's risk management policies and monitoring of due compliance of same through the Risk Management Committee. The committee reports regularly to the Board of Directors on its activities.

The risk management policies spell out the risk appetite of the Company and have incorporated risk exposure limits and controls to monitor adherence to the limits in force. These policies and systems are reviewed regularly to reflect the changing market conditions and the products and services offered.

The Company's risk management team, comprise of the members of the senior management who oversee the risk management activities of the Company. The activities cover areas such as the evaluation of business processes, design and implementation of the risk strategy and risk policies, review and update of the risk profile, delegation of authority, monitoring of risk mitigation activities, etc.

The Audit Committee oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Company. The Company strives to inculcate a risk management culture through continuous training, work ethics and standards.

48.1.1 Regulatory framework

The IRCSL is primarily interested in protecting the rights of policyholders and monitor them closely in line with the Regulation of Insurance Industry Act No.43 of 2000 and amendments thereto to ensure that the Company is satisfactorily managing its affairs for the benefits of policyholders.

At the same time, IRCSL is monitoring whether the Company complies with rules with respect to the solvency position and determination requirements to meet risk arising from unforeseeable events.

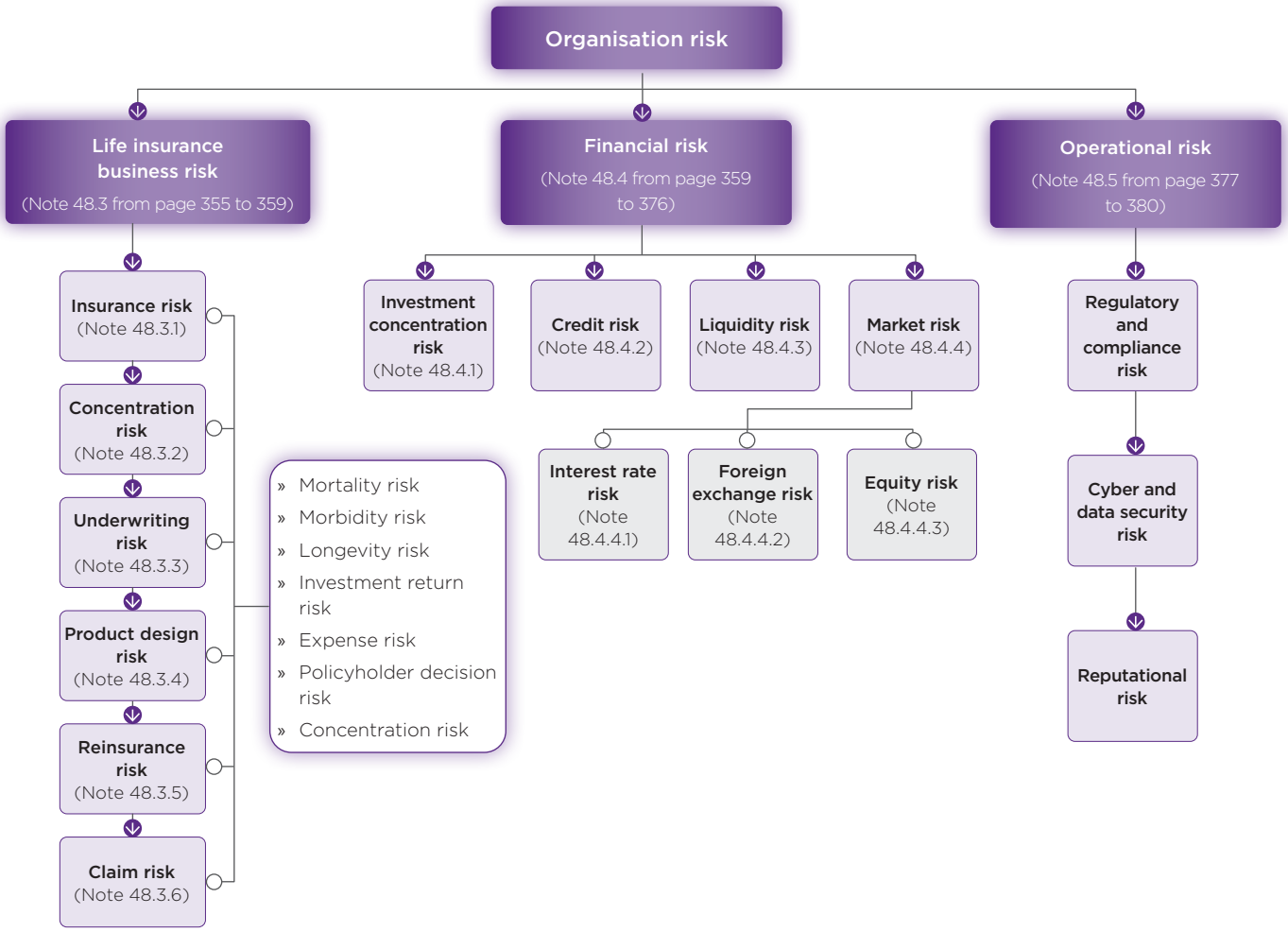
48.1.2 Compliance with regulatory framework

Refer Note 48.7.2 to 48.7.5 on pages 378 to 379 for the compliance status of the Company under RBC Rules.

48.2 Risk landscape of Softlogic Life Insurance PLC

Overview of the risks faced by the Company

The risk landscape of the Company is provided below:



48.3 Life insurance business risk

48.3.1 Insurance risk

Risk exposure	• Likelihood of an insured event occurring, requiring the insurer to pay a claim which is transferred to the company through the underwriting process. • Deviation of actual claims and benefit payments (or their timing) from expectations which is influenced by: frequency of claims, severity of claims, actual benefits paid, subsequent development of long-term claims. • Profitability of the insurance business also susceptible to broader business risks, including unexpected changes in expenses, policyholder behaviour, and fluctuations in new business volumes.
Risk response	• Underwriting Strategy: Careful selection and implementation of underwriting guidelines; • Reinsurance: Engaging in external reinsurance arrangements; • Reserving Processes: Establishing robust reserving practices; • Diversification: Spreading insurance contracts across various geographical areas;
Sustainability and climate impact	Refer page 72 to 74

Refer Note 40.6 on page 341 for Key assumptions used in determining the insurance contract liabilities.

48.3.1 Insurance risk (Contd.)

Table 01 - Sensitivities to insurance contract liabilities

	Participating fund	2024 Impact on liabilities Rs. '000	2023 Impact on liabilities Rs. '000
Mortality	+10%	588,527	549,367
	-10%	(549,052)	(517,254)
Morbidity	+10%	1,645,389	799,491
	-10%	(337,491)	(225,859)
Discount rate	+50 basis points	(1,683,151)	(1,450,438)
	-50 basis points	1,846,684	1,592,964
Expenses	+10%	964,096	878,934
	-10%	(964,395)	(869,822)

The above analysis is performed for reasonably possible movements in key assumptions with all other variables held constant, showing the impact on insurance contract liabilities. The method used for deriving sensitivity information and significant assumptions made has not been changed from the previous period.

48.3.2 Concentration risk

Risk exposure	• Risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. • May arise with respect to business written within a geographical or a type of policies issued by the Company. • Observing best estimate assumptions on cash flows related to benefits of insurance contracts gives some indication of the size of the exposure to risks and the extent of risk concentration.
Risk response	• Product development (Refer page 48) • Market segmentation (Refer page 137) • Ensure compliance (solvency margin RBC) requirements imposed by the regulator (IRCSL) (Refer Note 48.7.2 on page 378) • Continuously monitor maturity analysis of assets and liabilities in order to meet future cash flows requirements.
Sustainability and climate impact	Refer page 73

Table 02 - Mix of the insurance contract liabilities

As at 31 December	2024 Insurance contract liabilities Rs. '000	%	2023 Insurance contract liabilities Rs. '000	%
Maximum exposure	33,290,278		27,925,474	
Participating fund	13,651,438	41	11,998,752	43
Non-participating fund	13,827,573	42	11,584,362	42
Universal life fund	5,811,267	17	4,342,360	15
Total	33,290,278	100	27,925,474	100

48.3.3 Underwriting risk

Risk exposure	• Arising from an inaccurate assessment of the risk entailed in underwriting the policy resulting in the policy might cost much more than premiums earned.
Risk response	• Continuous training for underwriting staff • Adherence to the social and environmental policy at the time of underwriting • Establishing a clearly defined pricing policy • Establishing limits for underwriting authority • Motivation of underwriting staff on insurance academic studies by providing scholarships to staff. • Use of systematic underwriting limits • Comply with the money laundering policies
Sustainability and climate impact	Refer page 73

48.3.3.1 Management of underwriting risk

The Board of directors sets the Company's strategy for accepting and managing underwriting risk. Specific underwriting objectives (e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters) are prepared and reviewed by Chief Technical Officer (CTO). The Board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present by themselves.

Prices charged for the cost of insurance risk are set through a process of financial analysis, including comparisons of the Company's experience with industry experience and benchmarking of prices against other product providers in the same markets. Individual contracts are examined and reviewed by underwriting staff with the aim of ensuring that the premiums charged and the annuitisation rates applied reflect evidence of the current health condition and family medical history of the applicants.

Mortality, morbidity and longevity risks are mitigated by the use of reinsurance. Reinsurers are selected from the list of approved reinsurers of the Company. The aggregation of risk ceded to individual reinsurers is monitored at Company level.

Table 03 - GWP by province

As at 31 December	2024 Rs. '000	2023 Rs. '000
Western Province	22,530,797	18,178,764
Southern Province	2,676,597	2,321,042
North Western Province	2,042,343	1,860,322
Central Province	1,589,297	1,381,213
Sabaragamuwa Province	1,034,644	936,121
North Central Province	565,952	484,255
Uva Province	482,919	443,456
Northern Province	467,605	516,667
Eastern Province	183,313	219,481
Total	31,573,467	26,341,321

The above table sets out the gross written premium of the Company by the province of issue.

48.3.4 Product design risk

Risk exposure	• Largely depending on futuristic hypothetical assumptions since there is a risk of introducing unprofitable product to the market due to inappropriate use of assumptions or judgments. • Participating, Non Participating and Universal Life insurance contracts are issued by the Company. Hence, the nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design.
Risk response	• The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Company.
Sustainability and climate impact	Refer page 72 to 74

Table 04 - Assumptions used in the product development

Risk	Description	Assumptions used / risk response
Mortality risk	Risk of loss arising due to policyholders' death experience being different from expected.	Use of standard table A 67/70 mortality rates with adjustments to reflect the Company's mortality experience.
Morbidity risk	Risk of loss arising due to policyholders' accident/ sickness experience condition being different from expected.	Assumptions are based on the Company's own experience.
Longevity risk	Risk that annuitants (a person who receives and annuity payment) live longer than expected.	The policy terms and conditions and the disclosure requirements contained in insurance applications are designed to mitigate the risk arising from non-standard and unpredictable risks.
Investment return risk	Risk of loss arising from actual returns being different from expected.	Investment decisions are being made to comply with RBC framework and Determination rules issued by IRCSL.
Expense risk	Risk of loss arising from the actual expense experience being different from expected.	The best estimate expense assumptions have been set based on the expense investigation carried out as at 31 December 2024 based on the expenses incurred during 2024.
Policyholder discontinuance risk	Risk of loss arising due to policyholders' experiences (lapses and surrenders) being different from expected.	Lapses and surrender rates are projected according to the Company's past experience. Introduction of convenient premium payment methods and granting option to active lapsed policies less medical requirements.
Concentration risk	Risk of losses due to maintaining inadequate product portfolio/ mix.	The risk exposure is mitigated by diversification across a large portfolio of insurance contracts in to different classes. Developing a proper product mix in line with the Company strategy.

Refer Note 48.3.2 (Table 2) on page 356 for the disclosure on the concentration of the participating, non participating and universal life funds position.

48.3.4 Product design risk (Contd.)

Table 05 - Overall risk mitigation approach in the life insurance Business

Product	Key Risk	Risk Mitigation
Traditional participating	Market risk: Investment return on underlying items falling below guaranteed minimum rates	Management discretion to determine amount and timing of policyholder bonuses (within limits)
Non participating	Market risk: Insufficient fees to cover cost of guarantees and expenses	Derivative hedging programme Surrender penalties
Universal life	Interest rate risk: Differences in duration and yield of assets and liabilities	Matching of asset and liability cash flows
	Investment credit risk	Investing in investment grade assets

48.3.5 Reinsurance risk

Risk exposure	Exposure at varying degrees to various risks inherent such as: • Legal risk - may arise when the terms of the contract do not accurately reflect the intent of the insurer or when the contract cannot be legally enforced; • Liquidity risk - may arise from the possible lag time between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable. • Counterparty risk - may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism to honour its obligations towards the ceding insurer.
Risk response	• Reviewing the Company's reinsurance strategy and arrangements on an annual basis as approved by the Board Risk Committee. • Conducting detail studies on the adequacy of reinsurance arrangements for catastrophic events. • Ensuring that reinsurance transactions are conducted with parties which meet IRCSL rating requirements. • Ensuring minimum concentration amongst reinsurance parties. • Review of reinsurance credit worthiness regularly.
Sustainability and climate impact	Refer page 73

Table 06 - Reinsurance exposure

For the year ended 31 December	2024 Rs. '000	% from the GWP	2023 Rs. '000	% from the GWP
Gross written premiums	31,573,467		26,341,321	
Reinsurance	(2,509,698)	8	(2,490,889)	9
Net written premiums	29,063,769		23,850,432	

Accordingly, the Company's premium ceded to reinsurers is approximately 8% - 9% of the gross written premium.

Table 07 - Reinsurance recoveries

For the year ended 31 December	2024 Rs. '000	% from the GWP	2023 Rs. '000	% from the GWP
Gross claims paid	14,859,105		13,490,583	
Claims recovered from reinsurers	(671,212)	5	(592,422)	4
Net claims paid	14,187,893		12,898,161	

Accordingly, The Company has recovered approximately 4% - 5% of the gross claims paid from reinsurers during the period under review.

Refer Note 48.4.2.11 on page 368 for the analysis of credit risk relating to reinsurance receivables. Further, refer Table 18 on page 368 for the rating analysis of reinsurance receivables.

48.3.6 Claim risk

Risk exposure	• Possibility of adverse variance in claim pattern of the product which is not expected at the product development stage.
Risk response	• Obtaining adequate reinsurance cover. • Adequate information is gathered to confirm the event occurred prior to processing the claims. • Claim reserves are closely monitored by the Chief Technical Officer (CTO).
Sustainability and climate impact	Refer page 72

Refer Note 13.4 and 14.2 on page 293 and 294 for the claims paid and outstanding during the period under review.

48.3.7 Determination of the Life Insurance Contract Liabilities

Gross premium valuation (GPV) methodology, has been used for calculating the insurance contract liabilities as at 31 December 2024. Gross and net of reinsurance liabilities have been calculated as required in the RBC regulations. In determining the policy liabilities, provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the current agreements.

Judgments and assumptions are required in determining the insurance contract liabilities. Assumptions are evaluated on a continuous basis to ensure realistic and reasonable valuation of insurance contract liabilities.

The valuation model is reviewed by Messrs. Willis Towers Watson India Private Limited and they have provided assurance on the following aspects:

- The Prophet models capture all material product features;
- The calculations in the model are performed in accordance with the intended methodology; and
- All relevant calculations performed in the model are materially accurate, robust and fit-for-purpose.

48.4 Financial risk

48.4.1 Investment concentration risk

Risk exposure	Arising due to concentration of a single counterparty, sector, one geographic area or one type of security. It also may be defined as less diversification of investment portfolio.
Risk response	• Clearly defined single party limits are continuously monitored and periodically reviewed. • Assets allocation limits are regularly reviewed by the Risk Officer. • The Company ensures that an acceptable level of risk diversification is maintained on an ongoing basis.
Sustainability and climate impact	Refer page 75

INVESTMENT EXPOSURE

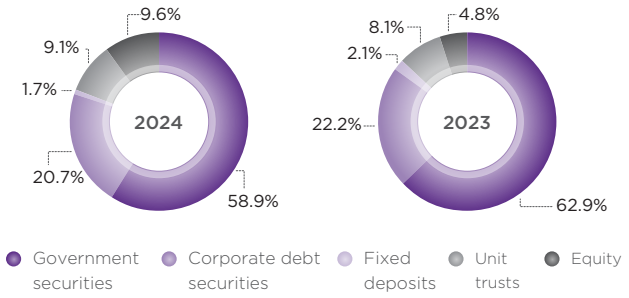


Table 08 - Maximum exposure to the investment concentration risk and diversification of the investment portfolio

As at 31 December	2024		2023	
	Rs. '000	%	Rs. '000	%
Maximum exposure to investment concentration risk	43,938,018		43,500,215	
Government securities				
Treasury bonds	20,673,471		21,814,545	
Treasury bills	704,527		553,716	
International sovereign bonds	3,378,691		3,928,615	
Repo	1,140,922		1,045,088	
	25,897,611	59	27,341,964	63
Corporate debt securities				
Banks	4,903,630		4,549,182	
Capital goods	200,137		781,857	
Diversified financials	3,572,270		3,753,647	
Food beverage and tobacco	8,547		18,742	
Insurance	-		100,368	
Telecommunication	409,120		409,055	
Consumer durables and apparel	-		25,094	
	9,093,704	21	9,637,945	22
Fixed deposits				
Licensed commercial banks	705,041		919,403	
Licensed finance companies	28,426		-	
	733,467	2	919,403	2
Unit trusts				
Debt securities	3,998,341		3,513,990	
	3,998,341	9	3,513,990	8
Investment in equity				
Banks	3,737,944		1,626,414	
Diversified financials	92,559		92,560	
Healthcare equipment and services	384,392		367,939	
	4,214,895	9	2,086,913	5
Total exposure	43,938,018	100	43,500,215	100

48.4.2 Credit risk

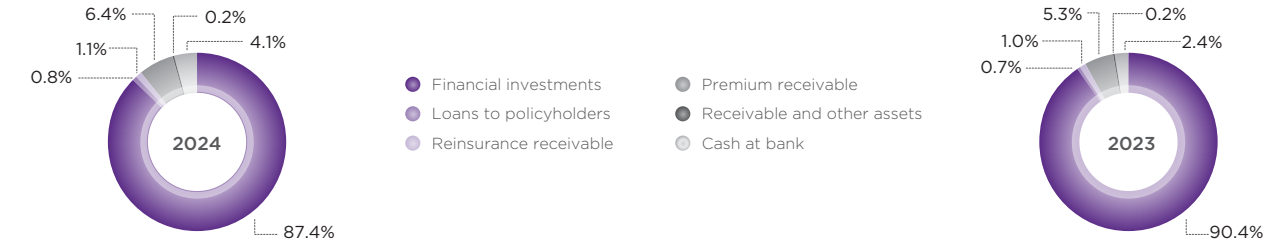
48.4.2.1 Maximum exposure to credit risk

Table 09 - Credit risk exposure through financial investments

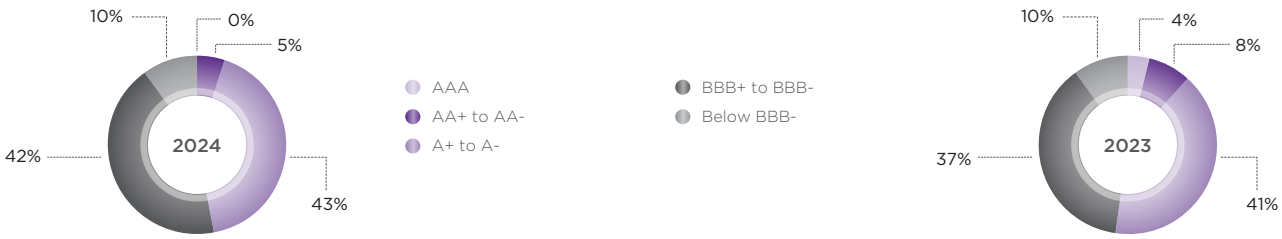
As at 31 December	Note	2024		2023	
		Rs. '000	%	Rs. '000	%
Financial investments*	48.4.2.3	39,723,123	87.4	41,413,302	90.4
Loans to life policyholders	48.4.2.10	350,134	0.8	331,301	0.7
Reinsurance receivables	48.4.2.11	518,316	1.1	465,211	1.0
Premium receivables	48.4.2.12	2,904,513	6.4	2,449,089	5.3
Receivables and other assets	48.4.2.13	87,772	0.2	72,155	0.2
Cash at bank	48.4.2.14	1,860,952	4.1	1,091,701	2.4
Maximum exposure to credit risk		45,444,810	100.0	45,822,759	100.0

*The Financial investment amount does not include equity investments since equity investments are not exposed to credit risk.

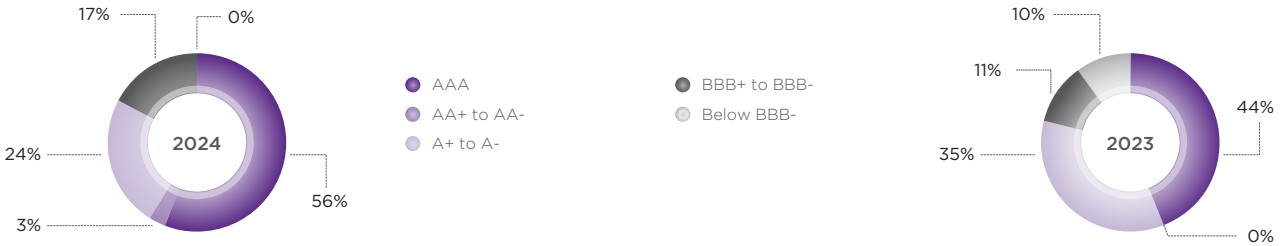
TOTAL EXPOSURE TO CREDIT RISK



CREDIT QUALITY OF DEBT INSTRUMENTS



CREDIT QUALITY OF UNIT TRUST INVESTMENTS



48.4.2.2 Concentration of credit risk

The Company monitors concentrations of credit risk by industry / sector wise. The Company ensures that an acceptable level of risk diversification is maintained on an ongoing basis and the limits are reviewed by the Risk Officer.

The following tables demonstrate the sector wise maximum exposure to credit risk in respect of each item of financial assets in the Statement of Financial Position as at 31 December 2024 and 31 December 2023.

Table 10 - Sector wise exposure to credit risk

For the year ended December	2024					2023				
		Diversified areas					Diversified areas			
	Total assets exposure to credit risk	Government of Sri Lanka	Financial services	Other listed entities	Other	Total assets exposure to credit risk	Government of Sri Lanka	Financial services	Other listed entities	Other
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amortised cost										
Treasury bonds	14,355,429	14,355,429	-	-	-	18,408,368	18,408,368	-	-	-
Treasury bills	704,527	704,527	-	-	-	553,716	553,716	-	-	-
International sovereign bonds	-	-	-	-	-	3,928,615	3,928,615	-	-	-
Debentures	5,988,905	-	5,571,238	417,667	-	6,552,746		5,618,024	934,722	-
Commercial papers	2,206,628	-	2,006,491	200,137	-	1,713,352	-	1,312,958	400,394	-
Securitised Papers	-	-	-	-	-	577,371	-	577,371	-	-
Fixed deposits	733,467	-	733,467	-	-	919,403	-	919,403	-	-
Repo	1,140,922	1,140,922	-	-	-	1,045,088	1,045,088		-	-
Loans to life policyholders	350,134	-	-	-	350,134	331,301	-	-	-	331,301
Reinsurance receivables	518,316	-	-	-	518,316	465,211	-	-	-	465,211
Premium receivables	2,904,513	-	-	-	2,904,513	2,449,089	-	-	-	2,449,089
Receivable and other assets	87,772	-	-	-	87,772	72,155	-	-	-	72,155
Cash at bank	1,860,952	-	1,860,952	-	-	1,091,701		1,091,701	-	-
Total Amortised cost	30,851,565	16,200,878	10,172,148	617,804	3,860,735	38,108,116	23,935,787	9,519,457	1,335,116	3,718,150
Fair value through OCI										
Treasury bonds	5,959,358	5,959,358	-	-	-	3,087,969	3,087,969	-	-	-
International sovereign bonds	3,378,691	3,378,691	-	-	-	-	-	-	-	-
Total FVOCI	9,338,049	9,338,049	-	-	-	3,087,969	3,087,969	-	-	-
Fair value through P&L										
Treasury bonds	358,684	358,684	-	-	-	318,208	318,208	-	-	-
Unlisted perpetual debenture	722,416	-	722,416	-	-	794,476	-	794,476	-	-
Commercial papers	175,755	-	175,755	-	-	-	-	-	-	-
Unit Trusts	3,998,341	-	3,998,341	-	-	3,513,990	-	3,513,990	-	-
Total FVTPL	5,255,196	358,684	4,896,512	-	-	4,626,674	318,208	4,308,466	-	-
Total financial assets exposure to credit risk	45,444,810	25,897,611	15,068,660	617,804	3,860,735	45,822,759	27,341,964	13,827,923	1,335,116	3,317,716

*The table does not include equity investments since equity investments are not exposed to credit risk.

48.4.2.3 Credit risk on financial investments

Risk exposure	• Refers as the risk of financial loss to the Company if a counterparty of a financial instrument fails to meet their contractual obligations. • Exposed from its operating activities and from its investment activities, including debt securities with banks and financial institutions, foreign exchange transactions and other financial instruments.
Risk response	• Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. • Establishing the authorisation structure for the approval and renewal of credit facilities, intermediaries and reinsurers in line with credit policies. Authorisation limits are allocated to business units. • Limiting concentrations of exposure to counterparties, industries, issuer credit rating limitations and market liquidity. • Clearly defined single party exposure limits based on the credit ratings and regulatory requirements and monitoring them closely at different levels. • Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk. • Continually reviewing and assessing the credit risk. • Prohibiting non-graded investments, unless specifically authorised through the Company's investment policy. • Taking appropriate actions when the investments are expected to be at high credit risk.
Sustainability and climate impact	Refer pages 76 to 77

The Company is also exposed to credit risk through its financial investments. The credit worthiness of the financial instruments are assessed using the credit ratings assigned to each security and fixed deposits. This rating provides the Company the indication of the financial stability of the investment.

Table 11 - Credit quality analysis of financial investments

For the year ended December	2024				2023			
	Amortised cost	FVOCI	FVTPL	Total	Amortised cost	FVOCI	FVTPL	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maximum exposure to credit risk,	25,129,878	9,338,049	5,255,196	39,723,123	33,698,659	3,087,969	4,626,674	41,413,302
Government securities	16,200,878	9,338,049	358,684	25,897,611	23,935,787	3,087,969	318,208	27,341,964
Debt instruments having credit ratings								
AAA	-	-	-	-	381,463	-	-	381,463
AA+ to AA-	28,426	-	504,521	532,947	25,094	-	794,476	819,570
A+ to A-	3,693,374	-	393,650	4,087,024	4,326,275	-	-	4,326,275
BBB+ to BBB-	4,221,590	-	-	4,221,590	4,007,074	-	-	4,007,074
Below BBB-	985,610	-	-	985,610	1,022,966	-	-	1,022,966
Unit trust**								
AAA	-	-	2,224,186	2,224,186	-	-	1,536,858	1,536,858
AA+ to AA-	-	-	115,581	115,581	-	-	-	-
A+ to A-	-	-	972,990	972,990	-	-	1,248,198	1,248,198
BBB+ to BBB-	-	-	684,082	684,082	-	-	380,822	380,822
Below BBB-	-	-	1,502	1,502	-	-	348,112	348,112
Total	25,129,878	9,338,049	5,255,196	39,723,123	33,698,659	3,087,969	4,626,674	41,413,302

*The table does not include equity investments since equity investments are not exposed to credit risk.

**Credit ratings of unit trust investments are based on the ratings on underline instruments of the respective unit funds.

As at 31 December 2024, corporate debt instruments including fixed deposits comprise 22% (2023-24%) from the total financial investments, out of which 47% (2023 – 54%) were rated "A" or better.

The above has been derived as per the Company's risk management policy of using the carrying values in the Statement of Financial Position. There were no off - balance sheet exposures as at the date. This does not include the exposure that would arise in the future as a result of changes in values.

48.4.2.4 Collateral held for Repo investments

Repo investments which fall under government securities is backed by treasury bills and bonds which are provided as collateral. The management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. A haircut of 10% is maintained at all times. As at the reporting date, the Company hold Rs. 1,298 Million (2023 - Rs. 1,205 Million) worth of treasury bills and treasury bonds as collateral to support repo investments amounting to Rs. 1,141 Million (2023 - Rs. 1,045 Million).

The Company has not sold securities received as collaterals for the period ended 31 December 2024. (2023 - Nil).

48.4.2.5 Maximum exposure to credit risk by risk rating (as per SLFRS 9)

The following table sets out information about the credit quality of financial investments measured at amortised cost, measured at FVOCI and measured at FVTPL.

Table 12 - credit risk by risk rating

As at 31 December 2024	Risk status	Gross Carrying Value		ECL					Net carrying value
		Not subject to ECL (Gross carrying amount)	Exposure to ECL (Gross carrying amount)	12 months ECL (Stage 1)	Life time ECL - Not credit impaired (Stage 2)	Life time ECL - credit impaired (Stage 3)	Recognised OCI	Total	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost									
Government securities									
Treasury bonds	Risk Free	14,355,429	-	-	-	-	-	-	14,355,429
Treasury bills	Risk Free	704,527	-	-	-	-	-	-	704,527
International sovereign bonds	Risk Free	-	-	-	-	-	-	-	-
Repo	Risk Free	1,140,922	-	-	-	-	-	-	1,140,922
		16,200,878	-	-	-	-	-	-	16,200,878
Debentures									
AAA to AA-	Low Risk	-	-	-	-	-	-	-	-
A+ to A-	Low Risk	-	5,767,558	(279)	-	-	-	(279)	5,767,279
BBB+ to BBB-	Low Risk	-	213,122	(43)	-	-	-	(43)	213,079
Below BBB-	High Risk	-	9,501	-	(954)	-	-	(954)	8,547
		-	5,990,181	(322)	(954)	-	-	(1,276)	5,988,905
Commercial paper									
A+ to A-	Low Risk	-	2,006,506	(15)	-	-	-	(15)	2,006,491
Below BBB-	High Risk	-	400,137	-	(200,000)	-	-	(200,000)	200,137
		-	2,406,643	(15)	(200,000)	-	-	(200,015)	2,206,628
Deposits									
AA+ to AA-	Low Risk	-	28,426	-	-	-	-	-	28,426
A+ to A	Low Risk	-	705,052	(11)	-	-	-	(11)	705,041
		-	733,478	(11)	-	-	-	(11)	733,467
Total Amortised cost		16,200,878	9,130,302	(348)	(200,954)	-	-	(201,302)	25,129,878
Fair value through other comprehensive income									
Treasury bonds	Risk Free	5,959,358	-	-	-	-	-	-	5,959,358
International sovereign bonds	Low Risk	2,597,627	781,064	-	(9,849)		9,849	-	3,378,691
Total FVOCI		8,556,985	781,064	-	(9,849)	-	9,849	-	9,338,049
Fair value through profit or loss									
Treasury bonds	Risk Free	358,684	-	-	-	-	-	-	358,684
Unlisted perpetual debentures	Low Risk	722,416	-	-	-	-	-	-	722,416
Commercial papers	Low Risk	175,755	-	-	-	-	-	-	175,755
Unit trusts	Low Risk	3,998,341	-	-	-	-	-	-	3,998,341
Total FVTPL		5,255,196	-	-	-	-	-	-	5,255,196
Maximum exposure to credit risk		30,013,059	9,911,366	(348)	(210,803)	-	9,849	(201,302)	39,723,123

48. RISK AND CAPITAL MANAGEMENT (CONTD.)

As at 31 December 2023	Risk status	Gross Carrying Value		ECL					Net carrying value
		Not subject to ECL (Gross carrying amount)	Exposure to ECL (Gross carrying amount)	12 months ECL (Stage 1)	Life time ECL - Not credit impaired (Stage 2)	Life time ECL - credit impaired (Stage 3)	Recognised in OCI	Total	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost									
Government securities	Risk Free	18,408,368	-	-	-	-	-	-	18,408,368
Treasury bonds	Risk Free	553,716	-	-	-	-	-	-	553,716
Treasury Bills	Low Risk	-	-	-	-	-	-	-	-
International sovereign bonds	High Risk	-	7,142,936	-	(3,214,321)	-	-	(3,214,321)	3,928,615
Repo	Risk Free	1,045,088	-	-	-	-	-	-	1,045,088
		20,007,172	7,142,936	-	(3,214,321)	-	-	(3,214,321)	23,935,787
Debentures									
AAA to AA-	Low Risk	-	406,560	(3)	-	-	-	(3)	406,557
A+ to A-	Low Risk	-	5,653,481	(1,066)	-	-	-	(1,066)	5,652,415
BBB+ to BBB-	Low Risk	-	475,332	(301)	-	-	-	(301)	475,031
Below BBB-	High Risk	-	19,004	-	(261)	-	-	(261)	18,743
		-	6,554,377	(1,370)	(261)	-	-	(1,631)	6,552,746
Commercial paper									
A+ to A-	Low Risk	-	1,312,964	(6)	-	-	-	(6)	1,312,958
Below BBB-	Low Risk	-	400,394	-	-	-	-	-	400,394
		-	1,713,358	(6)	-	-	-	(6)	1,713,352
Securitised paper									
A+ to A-	Low Risk	-	577,427	(56)	-	-	-	(56)	577,371
		-	577,427	(56)	-	-	-	(56)	577,371
Deposits									
A+ to A	Low Risk	-	919,524	(121)	-	-	-	(121)	919,403
		-	919,524	(121)	-	-	-	(121)	919,403
Total Amortised cost		20,007,172	16,907,622	(1,553)	(3,214,582)	-	-	(3,216,135)	33,698,659
Fair value through other comprehensive income									
Treasury bonds	Risk Free	3,087,969	-	-	-	-	-	-	3,087,969
Total FVOCI		3,087,969	-	-	-	-	-	-	3,087,969
Fair value through profit or loss									
Treasury bonds	Risk Free	318,208	-	-	-	-	-	-	318,208
Unlisted perpetual debentures	Low Risk	794,476	-	-	-	-	-	-	794,476
Derivative financial asset	Low Risk	-	-	-	-	-	-	-	-
Unit trusts	Low Risk	3,513,990	-	-	-	-	-	-	3,513,990
Total FVTPL		4,626,674	-	-	-	-	-	-	4,626,674
Maximum exposure to credit risk		27,721,815	16,907,622	(1,553)	(3,214,582)	-	-	(3,216,135)	41,413,302

Issuer credit rating of the investment is considered as the risk rating for the purpose of ECL computation. Further to the disclosure on ISB in the Note 29.11.1 on page 324, along with the restructuring newly restructured ISB restructured instruments and SLDB under DDO have been recognised under FVOCI category. The impairment related disclosures are stated in the Note 29.15 on Page 325.

48.4.2.6 Reconciliation from the opening balance to the closing balance of the carrying amounts by class of financial instruments.

Following note presents the reconciliation of financial investments at amortised cost and FVOCI which were subject to ECL.

Table 13 - Movement of financial investment amortised cost and FVOCI Subject to ECL

As at 31 December	2024				2023			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial investments at amortised cost								
Balance at 1 January	29,751,301	3,947,358	-	33,698,659	32,212,585	4,852,982	-	37,065,567
Transfer to stage 1	(400,394)	-	-	(400,394)	-	-	-	-
Transfer to stage 2	-	400,394	-	400,394	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
New assets originated or purchased	66,239,590	-	-	66,239,590	37,026,900	-	-	37,026,900
Financial assets derecognised	(71,544,519)	(7,369,628)	-	(78,914,147)	(40,088,317)	(9,623)	-	(40,097,940)
Net remeasurement of loss allowance	1,205	3,013,628	-	3,014,833	143,189	(1,138,444)	-	(995,255)
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates	(60,486)	(773,792)	-	(834,278)	(397,877)	(803,814)	-	(1,201,691)
Amortisation adjustment	934,496	990,725	-	1,925,221	854,821	1,046,257	-	1,901,078
Balance as at 31 December	24,921,193	208,685	-	25,129,878	29,751,301	3,947,358	-	33,698,659
Financial investments at FVOCI								
Balance at 1 January	3,087,969	`	-	3,087,969	645,708	-	-	645,708
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
New assets originated or purchased	5,912,906	3,194,742	-	9,107,648	2,089,354	-	-	2,089,354
Financial assets derecognised	(2,896,294)	-	-	(2,896,294)	-	-	-	-
Net remeasurement of loss allowance	-	(9,849)	-	(9,849)	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
Effects of movements in exchange rates	-	21,287	-	21,287	-	-	-	-
Fair value gain/ (losses) recorded in OCI	(189,724)	73,475		(116,249)	261,027			261,027
Amortisation adjustment	44,501	99,036	-	143,537	91,880	-	-	91,880
Balance as at 31 December	5,959,358	3,378,691	-	9,338,049	3,087,969	-	-	3,087,969
Total balance as at 31 December	30,880,551	3,587,376	-	34,467,927	32,839,270	3,947,358	-	36,786,628

Refer Note 29.11.1 on Page 324 for the details on the ISB restructuring.

48.4.2.7 Reconciliation from the opening balance to the closing balance of the loss allowance by class of financial instruments

No impairment provision has been recognised in the Financial Statements in respect of financial investments at amortised cost and FVOCI to extent of investments have been made in the risk-free government securities and investment in equity securities as there is no credit risk exposure. Please refer Note 29.15 on page 325 for the impairment related disclosures on ISB restructured financial investments.

Table 14 - ECL Movement

As at 31 December	2024				2023			
	Stage 1 Rs. '000	Stage 2* Rs. '000	Stage 3 Rs. '000	Total Rs. '000	Stage 1 Rs. '000	Stage 2* Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial investments at amortised cost								
Balance at 1 January	1,553	3,214,582	-	3,216,135	144,742	2,076,138	-	2,220,880
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	(921)	200,767	-	199,846	(1,711)	1,138,444	-	1,136,733
New assets originated or purchased	71	-	-	71	132	-	-	132
Financial assets derecognised	(355)	(3,214,395)	-	(3,214,750)	(141,610)	-	-	(141,610)
	348	200,954	-	201,302	1,553	3,214,582	-	3,216,135
Financial investments at FVOCI								
Balance at 1 January	-	-	-	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
New assets originated or purchased	-	(9,849)	-	(9,849)	-	-	-	-
Financial assets derecognised	-	-	-	-	-	-	-	-
Recognised in other comprehensive income	-	9,849	-	9,849				
	-	-	-	-	-	-	-	-
Balance as at 31 December	348	200,954	-	201,302	1,553	3,214,582	-	3,216,135

Overview of the ECL principles and key inputs were disclosed in Note 29.15 on page 325.

No loan commitments or financial guarantee contracts exist as at the reporting date (2023 - Nil).

48.4.2.8 Sensitivity of the ECL to future economic conditions

The Company has estimated the impairment provision on financial investments as at 31 December 2024, subject to various assumptions. The following table demonstrates the sensitivity of the impairment provision of the Company as at 31 December 2024 and 2023 to a feasible change in the following variables assuming all other variables remain constant.

Table 15 - Sensitivity of the ECL

As at 31 December	2024		2023	
	Effect on SoFP Rs. '000	Effect on PBT Rs. '000	Effect on SoFP Rs. '000	Effect on PBT Rs. '000
Change in PD :				
10% increase	(23,396)	(23,396)	(272,480)	(272,480)
10% decrease	23,394	23,394	321,632	321,632
Change in macro economic variables:				
10% increase	407	407	70,263	70,263
10% decrease	(409)	(409)	(70,263)	(70,263)

48.4.2.9 Credit-impaired financial assets

There is no credit impaired financial assets as at 31 December 2024 (2023 - Nil)

48.4.2.10 Credit risk relating to loans to life policyholders

Risk exposure	Refers to the credit risk arises due to non settlement of loans obtained by policyholders.
Risk response	• Loan granted amount is limited to surrender value of the insurance policy. • Regular monitoring and limiting of credit exposures by individual counterparty and related counterparties through the aggregated exposure across the various types of credit risk for that counterparty. • Regular reporting by the Risk Officer on the largest exposures by rating category to the Risk Committee of the Board.
Sustainability and climate impact	Refer page 76

The credit risk exposure arising from loans granted to life policyholders are as follows.

Table 16 - Credit risk exposure

As at 31 December	2024 Rs. '000	2023 Rs. '000
Maximum exposure to credit risk	350,134	331,301
Total	350,134	331,301
Impaired	Nil	Nil

As at the reporting date, the value of policy loans outstanding amounts to Rs. 350 Million (2023 - Rs. 331 Million) and its related surrender value is Rs. 544 Million (2023 - 500 Million).Further to the credit risk analysis as stated in the Note 48.4.2.10 on page 367 the credit risk analysis, refer Note 30 on page 327 for more information.

48.4.2.11 Credit risk on reinsurance receivables

Risk exposure	Refers to the risk of financial loss to the Company, if a reinsurer fails to meet its contractual obligations towards the Company.
Risk response	Management assesses the credit worthiness of reinsurers to update the reinsurance strategy on an annual basis and ascertains the suitable allowance for impairment of reinsurance assets.
Sustainability and climate impact	Refer page 76

Table 17 - Age analysis of reinsurance receivable

As at 31 December	2024				2023			
	On paid claims Rs. '000	On claims outstanding Rs. '000	Total Rs. '000	%	On paid claims Rs. '000	On claims outstanding Rs. '000	Total Rs. '000	%
Up to 180 days	308,509	177,242	485,751	94	330,555	104,572	435,127	94
Over 180 days	32,565	-	32,565	6	30,084	-	30,084	6
Maximum exposure to credit risk	341,074	177,242	518,316	100	360,639	104,572	465,211	100
Past due but not impaired	Nil				Nil			

Outstanding reinsurance receivables are reviewed on a monthly basis to ensure that all dues are collected or set off against payables resulting no impairment loss at the year end. (2023 - Nil).

Further to the credit risk analysis as stated in the Note 48.4.2.11 on page 368, refer Note 31 on page 328 for more information on the reinsurance receivable balances.

Table 18 - Rating analysis of credit risk on reinsurance receivables

As at 31 December	Rating agency	2024					2023			
		Rating	On paid claims Rs. '000	On claims outstanding Rs. '000	Total Rs. '000	%	On paid claims Rs. '000	On claims outstanding Rs. '000	Total Rs. '000	%
Munich Re	Fitch	AA	205,950	145,052	351,002	68	267,342	89,059	356,401	77
SCOR Re	Fitch	A+	42,303	24,953	67,256	13	26,364	14,550	40,914	9
TOA Re	S&P	A	31	-	31	-	18,667	-	18,667	4
AXA PPP Healthcare Limited	S&P	AA-	92,790	7,237	100,027	19	48,266	963	49,229	10
Total			341,074	177,242	518,316	100	360,639	104,572	465,211	100

48.4.2.12 Credit risk on premium receivables

Risk exposure	In life insurance, credit risk on premium receivables is minimal, since premium is collected before the policy is issued. However, the Company is exposed to credit risk on premium receivables from intermediary institutions.
Risk response	Regular follow ups for outstanding receivables balance. Entering into agreements with intermediary institutions committing them to settle dues within a specified time period.
Sustainability and climate impact	Refer page 76

Further to the credit risk analysis on the credit risk analysis, refer Note 32 on page 328 for more information on the premium receivable balances.

48.4.2.13 Credit Risk on the receivables and other assets

Financial losses could arise due to non settlement of amounts due from counter parties

Risk exposure	Financial losses could arise due to non settlement of amounts due from counter parties.
Risk response	Regularly review credit worthiness of counterparties and take necessary actions if required.
Sustainability and climate impact	Refer page 76

48.4.2.14 Credit risk on the cash at bank

Following table presents rating strength of the financial institutions of which the Company has held cash and cash equivalents.

Risk exposure	Refers to the risk that the bank will default on its contractual obligations, which could result in financial loss for the company.
Risk response	The Company maintains a strict policy to maintain cash deposits at counter parties with sound ratings and future outlooks, the company also maintains exposure limits to ensure that the Company has a diverse range of counter parties to ensure low concentration risk.
Sustainability and climate impact	Refer page 76

Table 19 - Rating strength of counterparties on cash at bank

As at 31 December	2024		2023	
Rating	Amount Rs. '000	%	Amount Rs. '000	%
AAA to AA-	800	-	4,875	5
A+ to A-	1,782,342	96	1,002,187	92
BBB+ to BB+	77,810	4	84,639	3
Maximum exposure to credit risk	1,860,952	100	1,091,701	100

Further to the credit risk analysis as stated in the Note 48.4.2.14 on page 369 the credit risk analysis, refer Note 34 on page 330 for more information on the cash at bank balances.

48.4.3 Liquidity risk

Risk exposure	Refers to the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due. The Company could also experience a maturity mismatch with respect to unexpected large claims and expected reinsurance recoveries from insurers. The Company's objective when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
Risk response	• Regular review by the Company's asset and liability management committee. • Maintaining a diversified funding base and appropriate contingency facilities. • Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows. • Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position. • Monitoring of duration on fixed income portfolios by the Treasury Team. • Regular reviews of cash flow projections. • Adhering to defined limits on maturity gaps as per approved risk limits and adhering to compositions of investments as per the investment policy. • Reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments in the event claims exceed a certain amount. • Availability of stand by overdraft facility to be used in the event of an emergency.
Sustainability and climate impact	Refer page 77

48.4.3.1 Maturity analysis of financial assets and liabilities

Table 20 - Contractual discounted cash flows of financial assets and liabilities

Remaining Contractual period to maturity of the assets and liabilities of the Company as at date of Statement of Financial Position is detailed below.

As at 31 December	Contractual Discounted Cash Flows									
	2024					2023				
	No maturity	Less than 1 year	1- 3 years	More than 3 years	Total	No maturity	Less than 1 year	1- 3 years	More than 3 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maximum exposure to liquidity risk	-	8,722,136	3,512,365	16,442,077	28,676,578	-	4,308,712	7,443,911	12,023,680	23,776,303
Financial assets										
Amortised cost	-	7,138,999	1,756,217	16,234,662	25,129,878	-	5,907,461	8,172,772	19,618,426	33,698,659
Fair value through other comprehensive income	4,214,895	449,414	430,040	8,458,595	13,552,944	2,086,913	-	433,912	2,654,057	5,174,882
Fair value through profit or loss	722,416	4,270,301	30,898	231,581	5,255,196	794,476	3,513,990	126,104	192,104	4,626,674
Loans to life policyholders	-	-	-	350,134	350,134	-	-	-	331,301	331,301
Reinsurance receivables	-	518,316	-	-	518,316	-	465,211	-	-	465,211
Premium receivables	-	2,904,513	-	-	2,904,513	-	2,449,089	-	-	2,449,089
Other financial assets	-	87,772	-	-	87,772	-	72,155	-	-	72,155
Total financial assets	4,937,311	15,369,315	2,217,155	25,274,973	47,798,754	2,881,389	12,407,906	8,732,788	22,795,888	46,817,971
Financial liabilities										
Insurance contract liabilities - Maturities	-	1,517,706	2,731,507	16,323,458	20,572,671	-	855,192	2,374,545	11,955,754	15,185,491
Reinsurance payable	-	754,059	-	-	754,059	-	718,855	-	-	718,855
Loans and borrowing	-	3,016,443	-	-	3,016,443	-	155,338	4,859,659	-	5,014,997
Lease liabilities	-	290,858	780,858	118,619	1,190,335	-	328,886	209,707	67,926	606,519
Other financial liabilities	-	2,774,755	-	-	2,774,755	-	1,873,751	-	-	1,873,751
Bank overdraft	-	368,315	-	-	368,315	-	376,690	-	-	376,690
Total financial liabilities	-	8,722,136	3,512,365	16,442,077	28,676,578	-	4,308,712	7,443,911	12,023,680	23,776,303
Excess assets/(liabilities)	4,937,311	6,647,179	(1,295,210)	8,832,896	19,122,176	2,881,389	8,099,204	1,288,877	10,772,208	23,041,668

Table 21 - Contractual Undiscounted Cash Flows of financial assets and liabilities

As at 31 December	Contractual Undiscounted Cash Flows									
	2024					2023				
	No maturity	Less than 1 year	1- 3 years	More than 3 years	Total	No maturity	Less than 1 year	1- 3 years	More than 3 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maximum exposure to liquidity risk	-	8,832,534	4,244,608	81,652,385	94,729,527	-	4,429,768	8,199,366	72,328,091	84,957,225
Financial assets										
Amortised cost	-	10,365,381	7,309,418	24,628,879	42,303,678	-	10,442,621	18,960,590	31,764,761	61,167,972
Fair value through other comprehensive income	4,214,895	1,350,580	2,198,057	16,914,531	24,678,063	2,086,913	375,596	1,138,498	6,522,835	10,123,842
Fair value through profit or loss	4,698,341	326,023	81,870	392,575	5,498,809	4,213,990	41,400	180,850	388,600	4,824,840
Loans to life policyholders	-	-	-	350,134	350,134	-	-	-	331,301	331,301
Reinsurance receivables	-	518,316	-	-	518,316	-	465,211	-	-	465,211
Premium receivables	-	2,904,513	-	-	2,904,513	-	2,449,089	-	-	2,449,089
Other financial assets	-	87,772	-	-	87,772	-	72,155	-	-	72,155
Total financial assets	8,913,236	15,552,585	9,589,345	42,286,119	76,341,285	6,300,903	13,846,072	20,279,938	39,007,497	79,434,410
Financial liabilities										
Insurance contract liabilities - Maturities	-	1,577,615	3,261,370	81,490,223	86,329,208	-	909,321	3,062,193	72,168,128	76,139,642
Reinsurance payable	-	754,059	-	-	754,059	-	718,855	-	-	718,855
Loans and borrowing	-	3,016,443	-	-	3,016,443	-	155,338	4,859,659	-	5,014,997
Lease liabilities	-	341,347	983,238	162,162	1,486,747	-	357,402	277,514	159,963	794,879
Other financial liabilities	-	2,774,755	-	-	2,774,755	-	1,873,751	-	-	1,873,751
Bank overdraft	-	368,315	-	-	368,315	-	376,690	-	-	376,690
Total financial liabilities	-	8,832,534	4,244,608	81,652,385	94,729,527	-	4,391,357	8,199,366	72,328,091	84,918,814
Excess assets/(liabilities)	8,913,236	6,720,051	5,344,737	(39,366,266)	(18,388,242)	6,300,903	9,454,715	12,080,572	(33,320,594)	(5,484,404)

48.4.3.2 Financial assets available to support future funding

The table below summarises the availability of the Company's financial assets to support future funding:

Table 22 - Assets available as collateral

As at 31 December	2024			2023		
	Pledged as collateral	Available as collateral	Total	Pledged as collateral	Available as collateral	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial investments at,						
Amortised cost	-	25,129,878	25,129,878	-	33,698,659	33,698,659
Fair value through other comprehensive income	-	13,552,944	13,552,944	-	5,174,882	5,174,882
Fair value through profit or loss	-	5,255,196	5,255,196	-	4,626,674	4,626,674
Loans to life policyholders	-	350,134	350,134	-	331,301	331,301
Reinsurance receivables	-	518,316	518,316	-	465,211	465,211
Premium receivables	-	2,904,513	2,904,513	-	2,449,089	2,449,089
Receivables and other assets	-	87,772	87,772	-	72,115	72,115
Cash at bank	-	1,860,952	1,860,952	-	1,091,701	1,091,701
Total	-	49,659,705	49,659,705	-	47,909,672	47,909,672

46.4.3.3 Unutilised bank overdraft facilities

Unutilised bank overdraft facilities as at 31 December 2024 amounted to Rs. 150 Million (2023 - Rs. 200 Million).

48.4.4 Market risk

Risk exposure	Refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk principally arises on the Company's equity investments, interest-bearing financial assets and financial liabilities, and financial assets and financial liabilities denominated in foreign currencies, although these exposures are largely offset by similar exposures arising from insurance and reinsurance contracts. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk. Market risk comprises 3 types of risks i.e. interest rate, foreign currency and equity risks.
Risk response	The Board of Directors sets the Company's strategy for managing market risk and delegates responsibility for overseeing the implementation of this strategy to the Company's asset and liability committee (ALCO). Following policies and procedures are in place within the Company to mitigate the Company's exposure to market risk. • The ALM framework seeks to match assets liability cash flows while achieving the optimum long-term investment return on its financial investments for an acceptable level of risk; • Setting limits both for each type of risk in aggregate across the Company and for individual portfolios; • Monitoring market risk on a day-to-day basis by Treasury Middle Officer
Sustainability and climate impact	Refer pages 75, 78 & 79

Table 23 - Exposure to market risk

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Financial assets exposure to;			
Interest rate risk	48.4.4.1	39,723,123	41,413,302
Foreign exchange risk	48.4.4.2	4,111,648	4,496,605
Equity risk	48.4.4.3	4,214,895	1,759,999
Financial liabilities exposure to;			
Interest rate risk	48.4.4.1	(3,384,758)	(5,391,687)
Foreign exchange risk	48.4.4.2	(3,309,116)	(5,338,974)

48.4.4.a Sensitivity analysis

Assumptions and methods:

- All other variables are remain constant at the time of preparing sensitivity analysis.
- Sensitivity of the Statement of Financial Position item mainly relates to debt and equity instruments.
- Sensitivity of the relevant Income Statement item is the effect of the assumed changes in respective market risks.
- The analysis is based on the carrying value of the financial assets and financial liabilities as at the reporting date.

The Company has used the same method and assumptions in preparing the sensitivity analysis for both current and comparative periods. Sensitive analysis are provided in the Notes 48.4.4.2.1 (Table 24), 48.4.4.2.a (Table 28) and 48.4.4.3.a (Table 31) on pages 373, 375 and 376.

48.4.4.1 Interest rate risk

Risk exposure	Interest rate risk on financial instruments arises primarily from the Company's investments in debt securities. These investments are exposed to the risk of adverse changes in fair values or future cash flows because of a change in market interest rates. Floating rate instruments typically expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.
Risk response	• The Company manages interest rate risk by closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets. The Company monitors its interest rate risk exposure through periodic reviews of asset and liability positions. Additionally, estimates of cash flows and the impact of interest rate fluctuations are modelled and reviewed in every quarter. Following policies and procedures are in place within the Company to mitigate the Company's exposure to market risk. • A regular track of macroeconomic indicators is kept by the Risk unit as well as the Treasury Department. These indicators together with their forecasts are reported to the Internal Risk Committee, the Board Risk Committee and the Investment Committee. • Regular meetings and monitoring of risks by the ALCO • Adhering to limits set on interest rate risk through the risk policy. • The Company monitors its interest rate risk exposure through periodic reviews of asset and liability positions.
Sustainability and climate impact	Refer page 75

Table 24 - Exposure to interest rate risk

For the year ended December	2024				2023			
	Variable interest rate Rs. '000	Fixed interest rate Rs. '000	Non interest bearing Rs. '000	Total Rs. '000	Variable interest rate Rs. '000	Fixed interest rate Rs. '000	Non interest bearing Rs. '000	Total Rs. '000
Financial assets at,								
Amortised cost	456,305	24,673,573	-	25,129,878	466,020	33,232,639	-	33,698,659
Fair value through other comprehensive income	3,568,000	5,770,049	4,214,895	13,552,944	1,987,887	1,100,082	2,086,913	5,174,882
Fair value through profit or loss	4,720,757	534,439	-	5,255,196	4,308,466	318,208	-	4,626,674
Total	8,745,062	30,978,061	4,214,895	43,938,018	6,762,373	34,650,929	2,086,913	43,500,215
Financial liabilities								
Loans and borrowing	(3,016,443)	-	-	(3,016,443)	(5,014,997)	-	-	(5,014,997)
Bank overdraft	(368,315)	-	-	(368,315)	(376,690)	-	-	(376,690)
Total	(3,384,758)	-	-	(3,384,758)	(5,391,687)	-	-	(5,391,687)
Maximum exposure to interest rate risk	5,360,304	30,978,061	4,214,895	40,553,260	1,370,686	34,650,929	2,086,913	38,108,528

48.4.4.1.2 Sensitivity analysis

The following table illustrates the estimated impact on profitability and shareholder equity by the fluctuation of interest rates assuming that all other variables remain constant on the following financial assets. Floating rate instruments expose the Company to cash flow fluctuations, whereas fixed interest rate instruments expose the Company to changes in fair values.

48.4.4.1.2 Sensitivity analysis (Contd)

Table 25 - Estimated impact on profitability and equity by the fluctuation of interest rates

For the year ended December	2024				2023			
	Fixed-rate		Variable-rate		Fixed-rate		Variable-rate	
	Impact on profit before tax Rs. '000	Impact on equity Rs. '000	Impact on profit before tax Rs. '000	Impact on equity Rs. '000	Impact on profit before tax Rs. '000	Impact on equity Rs. '000	Impact on profit before tax Rs. '000	Impact on equity Rs. '000
Increase in 100 basis points Financial assets/liabilities at,								
Financial assets at Amortised cost	-	-	4,564	4,564	-	-	4,208	4,208
Financial assets at FVOCI	-	(116,149)	43,575	(120,347)	-	(61,726)	20,894	(43,499)
Financial assets at FVTPL	(12,616)	(12,616)	46,983	46,983	(9,611)	(9,611)	42,140	42,140
Financial liabilities at amortised cost	-	-	(29,267)	(29,267)	-	-	(48,597)	(48,597)
Total	(12,616)	(128,765)	65,855	(98,067)	(9,611)	(71,337)	18,645	(45,748)
Decrease in 100 basis points Financial assets/liabilities at,								
Financial assets at Amortised cost	-	-	(4,564)	(4,564)	-	-	(4,208)	(4,208)
Financial assets at FVOCI	-	127,137	(43,575)	135,192	-	68,430	(20,894)	47,219
Financial assets at FVTPL	13,569	13,569	(46,983)	(46,983)	10,470	10,470	(42,140)	(42,140)
Financial liabilities at amortised cost	-	-	29,267	29,267	-	-	48,597	48,597
	13,569	140,706	(65,855)	112,912	10,470	78,900	(18,645)	49,468

48.4.4.2 Foreign exchange risk

Risk exposure	The risk of an investment's value changing due to changes in currency exchange rates. Foreign exchange risk primarily arises when transactions with reinsurers and investments in securities denominated in foreign currencies are taking place.
Risk response	• The Treasury officer analyses the market conditions of foreign exchange and analyse the utilisation of cash flows. • Regularly reviews the timing of foreign currency cash inflows and outflows to ensure optimal management of currency exposure in minimising the impact of exchange rate fluctuations on the company's financial position. • Explores the possibility of using forward contracts, providing a hedge against potential adverse movements in exchange rates.
Sustainability and climate impact	Refer page 79

Table 26 - Exposure to foreign exchange risk

As at 31 December	2024		2023	
	Amount in USD. '000	Amount in LKR Rs. '000	Amount in USD. '000	Amount in LKR Rs. '000
USD Assets	14,049	4,111,648	13,879	4,496,605
USD Liabilities	(11,307)	(3,309,116)	(16,479)	(5,338,974)
Maximum exposure to foreign exchange risk	2,742	802,532	(2,600)	(842,369)

Table 27 - Exchange rates applied by the Company

As at 31 December	2024		2023	
	Closing rate	Average rate	Closing rate	Average rate
USD/LKR	292.67	291.72	323.98	326.71

48.4.4.2.a Sensitivity to the foreign exchange risk

The following table shows the estimated impact on profitability and shareholder equity by fluctuation of exchange rates assuming that all the other variables remain constant.

Table 28 - Sensitivity analysis

As at 31 December	2024		2023	
	Impact on PBT Rs. '000	Impact on equity Rs. '000	Impact on PBT Rs. '000	Impact on equity Rs. '000
5% - Increase in exchange rate USD				
Financial investments	205,582	205,582	224,827	224,827
Financial liabilities	(165,456)	(165,456)	(266,941)	(266,941)
Net impact	40,126	40,126	(42,114)	(42,114)
5% - Decrease in exchange rate USD				
Financial investments	(205,582)	(205,582)	(224,827)	(224,827)
Financial liabilities	165,456	165,456	266,941	266,941
Net impact	(40,126)	(40,126)	42,114	42,114

48.4.4.3 Equity risk

Risk exposure	The company's exposure to equity risk stems from its investments in equity securities and collective investment schemes that primarily allocate funds to equities. Equity risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices of equities.
Risk response	The Company manages the equity risk through diversification and placing limits on individual and total equity portfolio investments to mitigate potential losses, and optimise risk-adjusted returns in line with the overall business objectives and risk appetite. The Company's equity risk management policies include; • Adherence to the investment policy which includes stringent guidelines on risk exposures. • Investment decisions are based on in depth macroeconomic and industry analysis as well as research reports on company performance. • Any purchases in excess of Investment guideline issued by IRCSL require prior approval from the investment committee. • Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.
Sustainability and climate impact	Refer page 78

48.4.4.3 Equity risk (Contd.)

Table 29 - Listed equity investments in the policyholder fund and shareholder fund

As at 31 December	2024		2023	
	Amount Rs. '000	%	Amount Rs. '000	%
Policyholder fund	1,706,610	40	732,334	38
Shareholder fund	2,508,285	60	1,027,665	62
Maximum exposure to equity risk (Note - 29.9.2.b)	4,214,895	100	1,759,999	100

Table 30 - Portfolio diversification of listed equity investments (Sector analysis)

As at 31 December	2024		2023	
	Amount Rs. '000	%	Amount Rs. '000	%
Banks	3,737,944	89	1,299,500	74
Diversified financials	92,559	2	92,560	5
Healthcare equipment and services	384,392	9	367,939	21
Total	4,214,895	100	1,759,999	100

48.4.4.3.a Sensitivity analysis of equity risk

The following table shows the estimated impact on profitability and shareholder equity by the fluctuation of stock market prices at the reporting date, assuming that all the other variables remain constant.

Table 31 - Sensitivity analysis

As at 31 December	Type of classification	2024		2023	
		Impact on PBT Rs. '000	Impact on equity Rs. '000	Impact on PBT Rs. '000	Impact on equity Rs. '000
10% decline in stock prices	FVOCI	-	(421,489)	-	(176,000)
10% Increase in stock prices	FVOCI	-	421,489	-	176,000
10% decline in stock prices	FVTPL	-	-	-	-
10% Increase in stock prices	FVTPL	-	-	-	-

48.5 Operational risks

Risk exposure	Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as the risks of mis-selling of products, modelling errors and non-compliance with legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective in managing operational risk is to balance the avoidance of financial losses and damage to the Company's reputation with overall cost-effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements. The Board of Directors has delegated responsibility of operational risk to the Risk Committee, the committee is responsible for the development and implementation of controls to address the operational risk.
Risk response	• Segregation of duties, including independent authorisation of transactions; • Reconciliation and monitoring of transactions. • Compliance with regulatory and other legal requirements • Documentation of controls and procedures. • Periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified. • Requirements for the reporting of operational losses and proposed remedial actions. • Development of contingency plans. • Training and professional development. • Risk mitigation, including insurance where this is cost-effective. • Compliance with the Company standards is supported by a programme of periodic reviews undertaken by internal audit. • The results of internal audit reviews are discussed, with the Audit Committee and management.
Sustainability and climate impact	Refer pages 80 & 81

48.6 Risks associated with change in new accounting standard (SLFRS 17) and risk mitigation actions

It is clear that operational risk associated with SLFRS 17 implementation will extend beyond the process, people and technology. Therefore it has significant influence on the organisation's risk management framework and its role. The steering committee is responsible of setting strategies and objectives of SLFRS - 17 implementation of the company and setting up proper governance structure and manage cultural changes smoothly. The steering committee has identified and assessed risks associated with SLFRS - 17 implementation and relevant mitigation actions as prescribed in the below table.

Risk Type	Management Focus	Risk Source	Risk Description	Risk Mitigation Action
Operational risk	Change management	Data	Data management	• Develop a secured data room and limited access to authorised persons • Enter into non -disclosure agreements where necessary
		Systems	Risk of new IT systems	• Establish criteria for evaluation of vendors • Deployment of appropriate expertise to sign off the BRD (Business Requirements Document) • Perform UAT (User Acceptance Testing) before the deployment
		Processes	Changes in actuarial and accounting processes	• Analyse options available under standard and assess the impact on actuarial and accounting practices • Identify system modifications and take necessary actions to redesign the existing data fields as necessary.

Risk Type	Management Focus	Risk Source	Risk Description	Risk Mitigation Action
		People	Lack of capabilities	• Formulate the project team representing necessary expertise. • Obtain consultancy service from experts. • Conduct extensive workshops to focus groups to enhance capabilities.
		Project management	Uncertain timelines	• Develop a Gantt chart with relevant timelines and continuously monitor the progress.
Financial risk	Financial management	Financial stability	Increased Balance Sheet volatility	• Formulate a clear capital management framework. • Select the best transition approach. • Re-evaluate financial assets classifications at the point of transition.
		Financial performance	Risk of lower profits	• Modify product features of onerous contracts to improve profitability. • Apply transition approaches that maximise the Company value. • Conduct proper asset-liability management.
Strategic risk	Strategic management	Investor confidence	Increased of investor scrutiny and pressure	• Develop BRD incorporating corporate key priorities • Educate investors about key financial metrics impacted by SLFRS 17 implementation.
		Performance management	Change of prevailing KPIs	• Communicate proactively about new KPIs and their impact. • Identify and develop new Key performance indicators (KPIs) aligned with organisational objectives.
Regulatory Risk	Stakeholder Management	Regulator	Increased influence and governance	• Identify changes for the regulatory reporting framework • Approach relevant authorities for required clearance. • Redesign data fields in the system to support changes in the Risk-Based Capital
		Competitors	Comparison of Financial Statements	• Maintain consistency of policies used for the SLFRS 17 implementation. • Advocate for common industry-level consistent metrics for insurers.

Follow the link for SLFRS 17
Effect on the Company's Financial Statements

48.7 Capital management

48.7.1 Objectives, policies and processes for capital management

The Company's policy / objective is to maintain a strong capital base:

- to safeguard the ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain investor, creditor and market confidence and to sustain the future development of the business;
- to maintain required and optimal capital levels of the Company to reduce the cost of capital and comply with regulatory requirements;
- to support new business growth of the Company.

The management of the Company uses regulatory capital ratios to monitor the Company's capital base.

48.7.2 Regulatory capital - Risk Based Capital (RBC) Framework

As a regulator of the industry, Insurance Regulatory Commission of Sri Lanka has implemented a Risk Based Capital (RBC) Framework to monitor insurance companies in the country.

This framework, based on emerging international standards and good practices in developed countries, is risk-focused. It reflects the relevant risks that the insurance companies face. The minimum capital prescribed under the framework, which includes a consistent approach to the valuation of assets and liabilities,

will serve as an effective buffer to absorb losses. With greater transparency, it will facilitate comparisons across insurance companies. It will also provide clearer information on the financial strength of the Company.

The valuation regime makes a fundamental shift away from the current philosophy, which is built upon estimations of asset and liability values with undisclosed margins and approximations, to one that emphasises greater transparency and provides a more accurate picture of the insurer's financial position. This is achieved by using more realistic valuation methodology and bases. More assumptions will need to be made in the valuation process.

48.7.3 Risks involved in order to comply with new RBC Framework

- How to invest into capacity building of internal skill sets.
- Changing business strategy to align with the new regulatory environment
- Increase in the compliance cost

48.7.4 Risk response to capital management

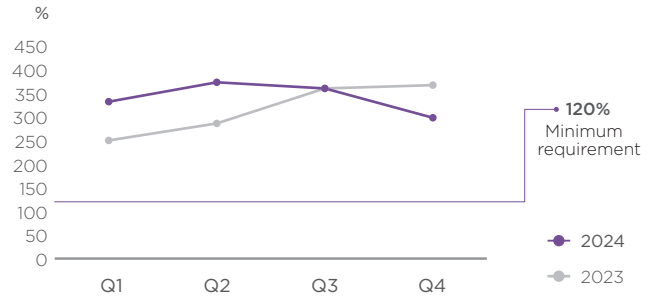
- Continuous training provided to the staff of the Company
- Compliance with recommended action plans are supported by periodic reviews undertaken by the Head of Actuarial of the Company.
- Further, in preparation for the adoption of the RBC Framework, the Company already uses the appointed actuary's service.
- Closely follow up RBC guideline issued by IRCSL.

Summary of Company's compliances to the Risk Based Capital (RBC) framework is provided in the following table.

Table 32 - compliances with RBC framework

As at 31 December	2024 Rs. '000	2023 Rs. '000
Total Available Capital (TAC)	31,891,701	37,106,543
Risk Based Capital requirement (RCR)	10,704,486	10,113,424
Risk-based Capital Adequacy Ratio (CAR)	298%	367%
Minimum Risk-based Capital Adequacy Ratio requirement (CAR)	120%	120%
Minimum Capital Requirement (MCR)	500,000	500,000
Capital Adequacy Satisfied?	Yes	Yes

QUARTERLY CAPITAL ADEQUACY RATIO (CAR)



Capital adequacy ratio (CAR) has decreased during 2024 mainly due to the share repurchase, partial settlement of Tier II loan and the interim dividend paid during the year.

48.7.5 Sensitivity analysis of Capital Adequacy Ratio (CAR)

The following table shows the estimated impact on CAR ratio due to various predicted scenario testing.

Table 33 - Impact on CAR ratio

Variable	Change in assumptions	Estimated CAR Ratio (Regulatory)
Expenses	10%	280%
	-10%	307%
Discount Rate	0.50%	307%
	-0.50%	280%
First 3 years Termination	Up	291%
First 3 years Termination	Down	297%
Mass Termination	Up	267%
Mass Termination	Down	328%
Mortality	10%	287%
	-10%	300%
Morbidity	10%	269%
	-10%	317%

48.7.6 Measurement of gearing of the company

The company's policy is to maintain a strong capital base in order to maintain investor, policyholder and market confidence and also to sustain future business development. Management continuously monitors the return on capital, as well as the level of dividends to the shareholders.

Accordingly, the Company monitors capital on the basis of the following gearing ratio:

Table 34 - Gearing ratio

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cash and cash equivalents	1,869,652	1,099,679
Liquid Investments	11,858,738	9,421,452
Bank overdrafts	(368,315)	(376,690)
Borrowings (excluding bank overdrafts)	(3,016,443)	(5,014,997)
Lease liabilities	(1,190,336)	(606,520)
Net debt	9,153,296	4,522,924
Total Equity	10,354,554	13,333,346
Net debt to equity ratio	0.88	0.34

Debt to equity ratio without adjusting for the cash and cash equivalents is presented as the Debt to Equity Ratio under Investor Relations on page 396.

Details of the dividends of the Company are provided in Note 24 on page 301.

49. OPERATING SEGMENTS

Accounting Policy

49.1 General

An operating segment is a part of the Company that conducts business activities, generating revenue and incurring expenses, including those from transactions with other activities of the Company. The segment's operating results are regularly reviewed by the Company's Key Management Personnel (KMP), acting as the chief operating decision maker (CODM), to allocate resources and assess business performance. Additionally, the segment has separately available financial information.

The segment results reported to the Key Management Personnel (KMP) include items that are directly attributable to a segment, as well as those that can be reasonably allocated. There were no unallocated items, ensuring that all income, expenses, assets, and liabilities are appropriately assigned. Segment capital expenditure represents the total costs incurred by the Company during the year for acquiring property, plant, equipment, and intangible assets.

49.2 Basis for segmentation

For management purposes and regulatory compliance, the Company is structured into business units based on its products and services, with two reportable operating segments. These segments are managed independently due to differences in their operational requirements, risk management approaches, and marketing strategies.

The following summary describes the products and services that each segment offers;

Reportable segment	Product and services
Life policyholder fund	Policyholder fund represents all long term insurance business related products and riders and known as the Life Insurance Fund.
Shareholder fund	Shareholder fund represents the investment income and their attributable profits.

49.3 Aggregation

No operating segments have been aggregated to form the above reportable segments.

Graphical representation of segment information are provided in the financial highlights on page 266 to 267.

49.4 Geographic information

Activities of the Company are located in Sri Lanka. The economic environment in which the Company operates is not subject to risks and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

49.5 Information about reportable segments

Segment performance and reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items are summarised below. Segment profit before tax, as included in the management reports reviewed by the KMP of the Company is used to measure performance of the segments as this information is the most relevant in evaluating the results of individual segments.

49.6 Summary of segment financial performances and reconciliation of information on reportable segments to the amounts reported in the Financial Statements

For the year ended December	2024				2023			
	Policyholder fund Rs. '000	Shareholder fund Rs. '000	Unallocated/ eliminations Rs. '000	Consolidated Rs. '000	Policyholder fund Rs. '000	Shareholder fund Rs. '000	Unallocated/ eliminations Rs. '000	Consolidated Rs. '000
Segment Revenue (Gross written premiums)	31,573,467	-	-	31,573,467	26,341,321	-	-	26,341,321
Premiums ceded to reinsurers	(2,509,698)	-	-	(2,509,698)	(2,490,889)	-	-	(2,490,889)
Segment net written premiums	29,063,769	-	-	29,063,769	23,850,432	-	-	23,850,432
Segment other revenue	7,143,166	2,237,505	-	9,380,671	5,768,826	2,179,338	-	7,948,164
Inter segment revenue		-	-	-	-	-	-	-
Segment total net revenue	36,206,935	2,237,505	-	38,444,440	29,619,258	2,179,338	-	31,798,596
Net claims and benefits expenses	(14,249,713)	-	-	(14,249,713)	(12,843,338)	-	-	(12,843,338)
Change in contract liability - life	(5,270,740)	-	-	(5,270,740)	(2,828,082)	-	-	(2,828,082)
Underwriting and net acquisition costs (including reinsurance)	(5,790,389)	-	-	(5,790,389)	(5,486,208)	-	-	(5,486,208)
Other operating and administrative expenses	(6,320,917)	(119,418)	-	(6,440,335)	(5,054,455)	(56,656)	-	(5,111,111)
Impairment (charge) / reversal on financial investments	791	766,661	-	767,452	42,194	(1,123,971)	-	(1,081,777)
Finance costs	(288,967)	(839,429)	-	(1,128,396)	(434,369)	(816,540)	-	(1,250,909)
Segment profit before tax	4,287,000	2,045,319	-	6,332,319	3,015,000	182,171	-	3,197,171
Income tax expense		(1,810,522)		(1,810,522)	-	(358,768)	-	(358,768)
Segment profit for the year	4,287,000	234,797	-	4,521,797	3,015,000	(176,597)	-	2,838,403

49.7 Evaluation of segment performance

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Company's Financial Statements.

49.8 Summary of segment financial position and reconciliation of information on reportable segments to the amounts reported in the Financial Statements

For the year ended December	2024				2023			
	Policyholder fund Rs. '000	Shareholder fund Rs. '000	Unallocated/ eliminations Rs. '000	Consolidated Rs. '000	Policyholder fund Rs. '000	Shareholder fund Rs. '000	Unallocated/ eliminations Rs. '000	Consolidated Rs. '000
Total assets	39,926,580	13,667,568	-	53,594,148	39,400,301	11,939,121	-	51,339,422
Total equity	(47,764)	10,402,318	-	10,354,554	(856,820)	14,190,166	-	13,333,346
Liabilities	39,974,344	3,265,250	-	43,239,594	40,257,120	(2,251,044)	-	38,006,076
Total equity and liabilities	39,926,580	13,667,568	-	53,594,148	39,400,300	11,939,122	-	51,339,422
Capital expenditure	-	(123,392)	-	(123,392)	-	218,199	-	218,199

49.9 Summary of segment cash flows

For the year ended December	2024			2023		
	Policyholder funds Rs. '000	Shareholder fund Rs. '000	Total Rs. '000	Policyholder fund Rs. '000	Shareholder fund Rs. '000	Total Rs. '000
Cash flows from,						
Operating activities	(4,148,231)	10,295,291	6,147,060	2,281,986	(593,960)	1,688,026
Investing activities	5,346,548	(16,710)	5,329,838	(1,627,498)	1,919,452	291,954
Financing activities	(411,068)	(10,287,300)	(10,698,368)	(370,437)	(1,318,180)	(1,688,617)

49.10 Major customers

The Company doesn't have any major customers.

49.11 Impairment

For the year ended December	2024			2023		
	Policyholder funds Rs. '000	Shareholder fund Rs. '000	Total Rs. '000	Policyholder fund Rs. '000	Shareholder fund Rs. '000	Total Rs. '000
Impairment losses / (reversal) recognised in profit or loss	(791)	(766,661)	(767,452)	(42,194)	1,123,971	1,081,777

49.12 Financial assets pledged as collateral for liabilities

There was no financial investment pledged as collateral for liabilities or contingent liabilities (2023 - Nil).

50. RELATED PARTY DISCLOSURE

Accounting Policy

The Company carried out transactions in the ordinary course of business on arm's length basis with parties who are defined as related parties as per the Sri Lanka Accounting Standard – LKAS 24 'Related Party Disclosures'.

50.1 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of business. Outstanding balances at year end are unsecured and interest free. Settlement will take place in cash.

50.1.1 Guarantees

No guarantees given or received during the period (2023 - Nil).

50.2 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 December 2024 audited Financial Statements, which require additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.14.7 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

50.3 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue of the Company as per 31 December 2024 audited Financial Statements, which require additional disclosures in the 2023 Annual Report under Colombo Stock Exchange listing Rule 9.14.7 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

50.4 Parent and ultimate controlling party

The parent entity of the Company is Softlogic Capital PLC. In the opinion of Directors, the ultimate parent undertaking and controlling entity is Softlogic Holdings PLC which is incorporated in Sri Lanka.

50.5 Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures", Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

50.6 Transactions with KMP

Please refer Note 50.1 for the terms and conditions of transactions.

50.6.1 Compensation of KMP

As at 31 December For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Short term employment benefits	75,288	70,518
Post-employment benefits	6,619	5,806
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Fees paid	10,260	10,260
Total	92,167	86,584

50.6.2 Transactions with KMP recorded in Income Statement

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Insurance premiums		6,671	2,089
Compensation to KMP	50.6.1	92,167	86,584
Total		98,838	88,673

50.6.3 Transactions with KMP Recorded in Statement of Financial Position

As at the reporting date, there were no receivable/payable amount relating to KMP.

Therefore, no Impairment losses have been recorded against balances outstanding from KMP.

50.6.4 Loans to directors

No loans have been granted to the Directors of the Company.

50.7 Transactions, arrangements and agreements involving KMP and their Immediate Family Members (IFM)

Immediate Family Members (IFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP domestic partner and dependents of the KMP or the KMP domestic partner. IFM are related parties to the Company.

There are no transactions with IFM of KMP of the Company during the year (2023 - Nil).

50.8 Share-based transactions of KMP and their Immediate Family Members (IFM)

There were no share-based transaction with KMP and IFM during the reporting period. (2023- Nil).

50.9 Changes to the board of directors

During the year, there have been no any changes to the board of directors of the Company.

50.10 Transactions with parent and ultimate parent

Please refer Note 50.1 for terms and conditions of transactions.

50.10.1 Transactions in the Statement of Financial Position

For the year ended 31 December Nature of transactions	Recurrent / Non-recurrent	Transactions with parent (Softlogic Capital PLC)		Transactions with ultimate parent (Softlogic Holdings PLC)	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Insurance premiums	Recurrent	886	607	10,787	5,835
Receiving of services	Recurrent	305,137	270,267	1,192	1,840
Interest income	Recurrent	14,565	14,999	54,752	111,269
Total		320,588	285,873	66,731	118,944

50.10.2 Transactions recorded in the Statement of Financial Position

For the year ended 31 December Nature of transactions	Recurrent / Non-recurrent	Transactions with parent (Softlogic Capital PLC) 2024 Rs. '000	Transactions with parent (Softlogic Capital PLC) 2023 Rs. '000	Transactions with ultimate parent (Softlogic Holdings PLC) 2024 Rs. '000	Transactions with ultimate parent (Softlogic Holdings PLC) 2023 Rs. '000
Dividend paid	Recurrent	1,463,684	678,810	1,325	615
Investments	Recurrent	-	100,368	200,137	400,394
Insurance premium receivable	Recurrent	114	8	20	-
Repurchase of ordinary voting shares	Non-recurrent	3,103,132	-	2,809	-
Other receivable		-	-	12,466	
Total		4,566,930	779,186	216,757	401,009

Impairment

The Company has charged an expense of Rs. 200 Million during the year as impairment provision on the commercial paper investment in Softlogic Holdings PLC (2023 – Nil).

The Company has entered into a share pledge agreement with Softlogic Holdings PLC, whereby the listed equity of Softlogic Finance PLC is pledged as collateral for the commercial paper investment. Pursuant to the agreement, the holding in Softlogic Finance PLC must be maintained at three times the outstanding balance of the commercial paper investment. A total of 203,389,831 shares, with a market value of Rs. 1,200 Million, are held as collateral as of 31 December 2024.

The listed debenture investment in Softlogic Capital PLC matured in December 2024, resulting in the reversal of the corresponding impairment provision amounting to Rs. 107,778 in the Financial Statements for 2024 (2023 – Impairment reversal of Rs. 24,557).

Except for above, there is no impairment losses have been recorded (2023 - Nil) on the above outstanding balances from parent and ultimate parent.

50.11 Transactions with other related entities

50.11.1 Transactions with subsidiary companies of the parent and ultimate parent

Please refer Note 50.1 for terms and conditions of the transactions.

Nature of the relationship

Other related entities are those which are controlled, directly or indirectly by key management personnel of the Company and transactions with companies under common control.

Further, Directors' interest in contracts with the company have been disclosed on page 232.

50.11.1.1 Transactions in the Income Statement

As at 31 December Nature of the transaction	Recurrent / Non-recurrent	2024 Rs. '000	2023 Rs. '000
Insurance premiums	Recurrent	178,439	91,646
Dividend received	Recurrent	22,435	-
Expenses	Recurrent	432,432	350,659
Total		633,306	442,305

50.11.1.2 Transactions in the Statement of Financial Position

As at 31 December Nature of the transaction	Recurrent / Non-recurrent	2024 Rs. '000	2023 Rs. '000
Investments	Recurrent	476,951	460,499
Insurance premium receivable	Recurrent	36,443	48,149
Purchases of property plant and equipment	Recurrent	-	31,573
Other receivable	Recurrent	46,625	-
Other payable (Note 44.4.2)	Recurrent	21,836	15,846
Total		581,855	556,067

Impairment

The Company has recognised an impairment reversal on insurance premium receivable amounting to Rs. 27.7 Million during the year (2023 - Rs. 24.8 Million) resulting in a provision balance of Rs. 20.61 Million as at 31 December 2024 (2023 - Rs. 48.33 Million).

Except for above, there is no impairment losses have been recorded (2023 - Nil) on the above outstanding balances from other related entities.

50.12 Purchase of its own shares

Please refer Note 35.4 for the details on the share repurchase during the year (2023 - Nil).

51. CAPITAL AND OTHER COMMITMENTS

51.1 Capital commitments

The Company has commitments for acquisition of property, plant and equipment incidental to the ordinary course of business which have been approved by the Board of Directors, the details of which are as follows.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Approved and contracted for	12,450	53,581
Total capital commitments	12,450	53,581

51.2 Bank guarantees

Following Bank Guarantees have been provided as at 31 December 2024.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Relating to tax	-	88,860
Relating to others	26,006	28,650

52. EVENTS AFTER THE REPORTING PERIOD

Accounting Policy

52.1 General

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements.

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements.

53. PROVISIONS AND CONTINGENCIES

Accounting Policy

53.1 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets". Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognised in the Income Statement.

53.2 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured.

53.2.1 Use of judgements and estimates provisions and contingencies

Refer Note 4.2 on page 286 for use of judgements and estimates relating to provisions and contingencies.

The contingent liability of the Company relates to the following:

Assessments in respect of Value Added Tax (VAT)

1) VAT assessments have been issued by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commission (TAC) in 2019. Out of total 11 assessments, 08 assessments were determined in favour of Commissioner General of Inland Revenue (CGIR) amounting to Rs. 46.5 Million including the penalty and 03 assessments were determined in favour of the Company amounting to Rs. 24.8 Million including the penalty.

The Company transmitted the former case to the Court of Appeal being dissatisfied with the determination which determined in favour of the CGIR and case is stated for the opinion of the Honourable Court of Appeal. The Total tax exposure of this appeal is Rs. 46.5 Million including the penalty.

The CGIR, transmitted the latter case to the Court of Appeal being dissatisfied with the determination which determined in favour of the Company and the case is stated for the opinion of the Honourable Court of Appeal.

Assessments in respect of Value Added Tax on Financial Services (VAT on FS)

2) The CGIR issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2014/15, 2016/17 and 2017/18 under the Value Added Tax Act amounting to Rs. 68.7 Million, Rs. 28 Million and Rs. 102.4 Million respectively, in favour of the CGIR.

For the Y/A 2014/15 and 2017/18, the Company has received the determinations of the TAC also in favour of the Company. However, the CGIR has transmitted the said cases to the Court of Appeal being dissatisfied with the determinations which determined in favour of the Company and cases are stated for the opinion of the Honourable Court of Appeal.

The Company is in the process of hearing the other appeal on the Y/A 2016/17 with TAC, on the basis that the underlying computation includes items which are out of scope of the VAT Act.

3) Assessment has been issued for the Company under the Value Added Tax Act, in relation to the Y/A 2019/20 and 2021/22 amounting to Rs. 433.16 Million including the penalty. The company has appealed for the assessments on the same basis as above and is awaiting the CGIR determination.

Assessments in respect of Nation Building Tax on Financial Services (NBT on FS)

4) An assessment has been issued under the Nation Building Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 9.7 Million. The Company has filed an appeal to the CGIR on the basis that the underlying computation includes items which are out of scope of the NBT Act. The Company is awaiting the CGIR's determination.

Assessments in respect of life insurance taxation

5) The TAC issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2010/11 amounting to Rs. 0.68 Million, in favour of the Company and the CGIR has transmitted this case to the Court of Appeal being dissatisfied with the said determination of TAC and case is stated for the opinion of the Honourable Court of Appeal. The Company is awaiting the decision of the Court of appeal.

6) The TAC issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2011/12 and 2012/13 amounting to Rs.10.1 Million and Rs. 12.4 Million respectively, in favour of CGIR and The Company has transmitted the cases to the Court of Appeal being dissatisfied with the said determination of TAC and cases are stated for the opinion of the Honourable Court of Appeal. The Company is awaiting the decisions of the Court of appeal.

7) The CGIR issued its determination on the appeal filed by the Company relating to the assessments raised for the Y/A 2014/15, 2015/16, 2016/17 and 2017/18 amounting to Rs. 681.7 Million along with penalty, in favour of the CGIR. For the Y/A 2014/15 and 2017/18, the Company has received the determinations of the TAC in favour of the Company. However, cases are stated in the Honourable Court of Appeal by the CGIR. The Company is in the process of hearing the appeals with Tax Appeals Commission for the Y/A 2015/16 and 2016/17.

8) The CGIR issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2018/19, 2019/20 and 2020/21 amounting to Rs. 2,180.47 Million along with penalty, in favour of the CGIR. The Company has submitted a petition of appeal with TAC.

9) The Company has received an Assessment on PAYE Tax for the Y/A 2016/17 amounting to Rs. 0.9 Million along with penalty for which company has duly submitted an appeal.

The Directors are of the view that it has followed due process and acted in accordance with the prevailing laws in its tax submission and therefore, the probability of company having to settle any of this tax assessments are very low. In addition, there are no litigations and claims involving the Company that may have a material effect on the financial statements in the Directors' view.

CHANGE STRATEGIST

SUPPLEMENTARY INFORMATION

Statement of Financial Position-Life Insurance Fund **388** | Insurance Revenue Account **388** | Notes to the Statement of Financial Position of the Life Insurance Fund **389** | Quarterly Analysis **391** | Decade at a Glance - Financial Performance **392** | Decade at a Glance - Financial Position **393** | Simplified Insurance Financials **394** | Investor Relations **395** | Horizontal and vertical analysis of statement of financial position over five years **400** | Horizontal and vertical analysis of Income Statement over five years **402** | GRI - Content Index **403** | Integrated Reporting - Content Index **406** | SLFRS S1 and S2 Disclosures Content Index **407** | Glossary of Insurance Terms **408** | SLFRS 17 Implementation effect on Company's Financial Statements **410** | Corporate Information **415** | Notice of Meeting **416** | Form of Proxy - Annexure 1 | Investor/Stakeholder Feedback Form - Annexure 2

STATEMENT OF FINANCIAL POSITION-LIFE INSURANCE FUND

As at 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000
Assets				
Property, plant and equipment	1	385	298,187	311,000
Right of use assets	2	385	1,189,826	600,973
Financial investments	3	385	31,721,103	33,092,231
Loans to life policyholders	30	323	350,134	331,301
Reinsurance receivables	31	324	518,316	465,211
Premium receivables	32	324	2,904,513	2,449,089
Receivables and other assets	4	386	1,078,748	1,063,438
Cash and cash equivalents	5	386	1,865,751	1,087,058
Total assets			39,926,578	39,400,301
Equity and liabilities				
Equity				
Other reserves			(47,764)	(856,820)
Total equity			(47,764)	(856,820)
Liabilities				
Insurance contract liabilities	39	328	33,290,278	27,925,474
Employee benefit liabilities	40	336	372,315	276,302
Reinsurance payables	42	339	754,059	718,855
Other liabilities	6	386	5,189,375	10,959,800
Bank overdraft	5	386	368,315	376,690
Total liabilities			39,974,342	40,257,121
Total equity and liabilities			39,926,578	39,400,301

INSURANCE REVENUE ACCOUNT

As at 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000
Life insurance - Policyholder fund				
Gross written premiums	6	285	31,573,467	26,341,321
Premiums ceded to reinsurers	7	286	(2,509,698)	(2,490,889)
Net written premiums	8	286	29,063,769	23,850,432
Other revenue				
Finance and other income			7,143,166	5,768,826
Net benefits and claims expenses	14.3	290	(14,249,713)	(12,843,338)
Change in insurance contract liabilities	15	291	(5,270,740)	(2,828,082)
Underwriting and net acquisition costs (Including reinsurance)	16	291	(5,790,389)	(5,486,208)
Expenses			(6,609,093)	(5,446,630)
Surplus from life insurance fund			4,287,000	3,015,000
Income tax on surplus			(1,286,100)	(904,500)
Surplus after tax			3,000,900	2,110,500
Shareholder fund				
Finance and other income not attributable to policyholders			2,237,505	2,179,338
Expenses not attributable to policyholders			(192,186)	(1,997,168)
Profit before tax - shareholder fund			2,045,319	182,171
Income tax on shareholder profit			(524,422)	545,732
Profit /(loss) from shareholder fund			1,520,897	727,903
Profit for the year - Company			4,521,797	2,838,403

NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE LIFE INSURANCE FUND

1. PROPERTY, PLANT AND EQUIPMENT

Refer accounting policies set out in Note 26 on page 303.

	Freehold land	Freehold building	2024 Rs. '000	2023 Rs. '000
Cost / Revaluation				
Balance as at 1 January	180,000	131,000	311,000	288,132
Additions during the year	-	-	-	-
Surplus on revaluation	-	-	-	43,784
Transferred of accumulated depreciation on revalued assets	-	-	-	(20,916)
Balance as at 31 December	180,000	131,000	311,000	311,000
Accumulated depreciation and impairment losses				
Balance as at 1 January	-	-	-	10,458
Depreciation for the year	-	12,813	12,813	10,458
Transferred of accumulated depreciation on revalued assets	-	-	-	(20,916)
Balance as at 31 December	-	12,813	12,813	-
Carrying value as at 31st December 2024	-	-	298,187	-
Carrying value as at 31st December 2023	-	-	-	311,000

2. RIGHT OF USE ASSETS

Refer accounting policies set out in Note 27 on page 308.

Reconciliation of carrying amounts of Right-of-Use assets

As at 31 December	2024 Rs. '000	2023 Rs. '000
As at 1 January	600,973	539,477
Additions to right-of-use assets	954,758	325,392
Depreciation charge for the year	(365,905)	(263,896)
Derecognition of right-of-use assets	-	-
Change in fair value	-	-
Modification	-	-
Balance as at 31 December	1,189,826	600,973

3. FINANCIAL INVESTMENTS

Refer accounting policies set out in Note 29 on page 312.

As at 31 December	Notes	2024 Rs. '000	2023 Rs. '000
Amortised Cost (AC)	3.1	21,428,853	25,575,900
Fair Value Through Other Comprehensive Income (FVOCI)	3.2	6,065,750	3,710,869
Fair Value through Profit or Loss (FVTPL)	3.3	4,226,500	3,805,462
Total financial investments		31,721,103	33,092,231

3.1 Amortised Cost (AC)

Refer accounting policies set out in Note 29.3.3 on page 313.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Debentures	4,900,397	5,239,003
Treasury bonds	13,066,594	17,122,440
Treasury bills	704,527	553,717
Fixed deposits	639,226	826,458
Securitised paper	-	150,435
Commercial papers	1,229,564	658,033
Repo	888,545	1,025,814
Total	21,428,853	25,575,900

3.2 Fair Value Through Other Comprehensive Income (FVOCI)

Refer accounting policies set out in Note 29.3.4 on page 314.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Equity - quoted	1,706,610	732,335
Treasury bonds	4,359,140	2,978,534
Total	6,065,750	3,710,869

NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE LIFE INSURANCE FUND

3.3 Fair Value through Profit or Loss (FVTPL)

Refer accounting policies set out in Note 29.3.5 on page 315.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Treasury bonds	169,259	144,337
Unlisted perpetual debenture	365,229	408,325
Unit trust	3,516,257	3,252,800
Commercial papers	175,755	-
Total	4,226,500	3,805,462

4. RECEIVABLES AND OTHER ASSETS

Refer accounting policies set out in Note 33 on page 329.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Financial assets		
Refundable deposits	173,699	159,937
Receivable from Fairfirst Insurance Ltd (Net of provisions)	-	1,800
Total financial assets	173,699	161,737
Non financial assets		
Tax recoverable	16,692	7,414
Advances and prepayments	888,357	894,287
Total non financial assets	905,049	901,701
Total receivables and other assets	1,078,748	1,063,438

5. CASH AND CASH EQUIVALENTS

Refer accounting policies set out in Note 34 on page 330.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cash in hand	8,700	7,978
Cash at bank	1,857,051	1,079,080
Total cash in hand and at bank	1,865,751	1,087,058
Bank overdraft	368,315	376,690

6. OTHER LIABILITIES

Refer accounting policies set out in Note 44 on page 343.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Financial liabilities		
Commission / Incentive payable	1,024,457	923,022
Premium deposits	277,620	248,911
Amounts due to related parties	7,594	8,373
Other payables	801,891	8,096,394
Lease liabilities	1,190,336	603,296
Total financial liabilities	3,301,898	9,879,996
Non financial liabilities		
Accruals	1,570,800	778,063
Tax and others statutory payables	316,677	301,741
Total non financial liabilities	1,887,477	1,079,804
Total other liabilities	5,189,375	10,959,800

QUARTERLY ANALYSIS

INCOME STATEMENT

2024	1 Quarter Jan - Mar Rs. '000	2 Quarter Apr - Jun Rs. '000	3 Quarter July - Sep Rs. '000	4 Quarter Oct - Dec Rs. '000	Total 2024 Rs. '000
Gross written premiums	7,162,827	7,373,670	7,418,230	9,618,740	31,573,467
Premiums ceded to reinsurers	(635,640)	(651,254)	(647,327)	(575,477)	(2,509,698)
Net written premiums	6,527,187	6,722,416	6,770,903	9,043,263	29,063,769
Other revenue					
Finance income	1,764,710	1,663,506	1,522,207	1,840,501	6,790,924
Net realised gains	581,700	1,276,344	1,007,076	73,036	2,938,156
Net fair value gains / (losses)	(427,083)	1,141	66,648	4,337	(354,957)
Other operating income	1,945	1,222	1,632	1,749	6,548
Total other revenue	1,921,272	2,942,213	2,597,563	1,919,623	9,380,671
Total net revenue	8,448,459	9,664,629	9,368,466	10,962,886	38,444,440
Net benefits, claims and expenses					
Net insurance benefits and claims paid	(3,367,726)	(3,397,714)	(3,658,023)	(3,764,430)	(14,187,893)
Net change in insurance claims outstanding	(57,416)	(27,083)	26,373	(3,694)	(61,820)
Change in insurance contracts liabilities	(557,262)	(1,375,849)	(1,178,190)	(2,159,439)	(5,270,740)
Underwriting and net acquisition cost (net of reinsurance)	(1,490,712)	(1,427,852)	(1,486,495)	(1,385,330)	(5,790,389)
Other operating and administration expenses	(1,495,699)	(1,373,572)	(1,631,119)	(1,939,945)	(6,440,335)
Net loss arising from derecognition of financial assets measured at amortised cost	-	-	-	(2,237,532)	(2,237,532)
Impairment (charge) / reversal on ISB, SLDB and other financial investments	117,878	(180,293)	(37,927)	3,105,326	3,004,984
Finance cost	(401,350)	(158,596)	(289,967)	(278,483)	(1,128,396)
Total benefits, claims and expenses	(7,252,287)	(7,940,959)	(8,255,348)	(8,663,527)	(32,112,121)
Profit before tax	1,196,172	1,723,670	1,113,118	2,299,359	6,332,319
Income tax expenses	(342,559)	(521,075)	(319,659)	(627,229)	(1,810,522)
Profit for the year	853,613	1,202,595	793,459	1,672,130	4,521,797

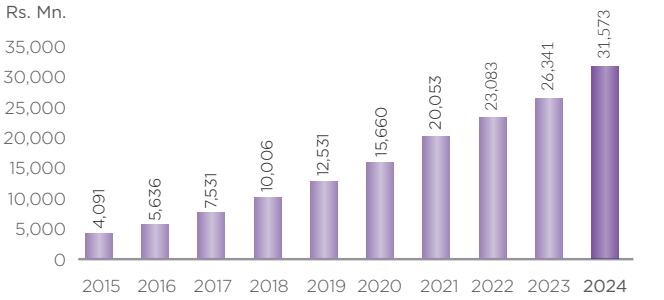
2023	1 Quarter Jan - Mar Rs. '000	2 Quarter Apr - Jun Rs. '000	3 Quarter July - Sep Rs. '000	4 Quarter Oct - Dec Rs. '000	Total 2023 Rs. '000
Gross written premiums	5,984,618	6,487,574	6,076,894	7,792,235	26,341,321
Premiums ceded to reinsurers	(639,612)	(642,690)	(597,671)	(610,916)	(2,490,889)
Net written premiums	5,345,006	5,844,884	5,479,223	7,181,319	23,850,432
Other revenue					
Net finance income	1,732,591	1,732,563	1,743,799	1,768,490	6,977,443
Net realised gains	39	14,551	88,383	124,418	227,391
Net fair value gains / (losses)	207,236	278,319	234,405	13,485	733,445
Other operating income	2,562	2,516	1,832	2,975	9,885
Total other revenue	1,942,428	2,027,949	2,068,419	1,909,368	7,948,164
Total net revenue	7,287,434	7,872,833	7,547,642	9,090,687	31,798,596
Net benefits, claims and expenses					
Net insurance benefits and claims paid	(3,188,942)	(3,227,241)	(3,116,593)	(3,365,385)	(12,898,161)
Net change in insurance claims outstanding	47,830	(35,822)	(64,388)	107,203	54,823
Change in insurance contracts liabilities	65,026	(903,991)	(531,579)	(1,457,538)	(2,828,082)
Underwriting and net acquisition cost (Net of reinsurance)	(1,371,103)	(1,309,820)	(1,348,381)	(1,456,904)	(5,486,208)
Other operating and administration expenses	(1,261,235)	(1,352,838)	(1,347,631)	(1,149,407)	(5,111,111)
Impairment (provision)/Reversal on financial investments	(156,114)	52,814	(131,687)	(846,790)	(1,081,777)
Finance cost	(602,136)	(386,791)	(57,888)	(204,094)	(1,250,909)
Total benefits, claims and expenses	(6,466,674)	(7,163,689)	(6,598,147)	(8,372,914)	(28,601,425)
Profit before tax	820,760	709,144	949,495	717,772	3,197,171
Income tax expenses	(319,124)	(203,731)	(249,020)	413,107	(358,768)
Profit for the year	501,636	505,413	700,475	1,130,879	2,838,403

DECADE AT A GLANCE - FINANCIAL PERFORMANCE

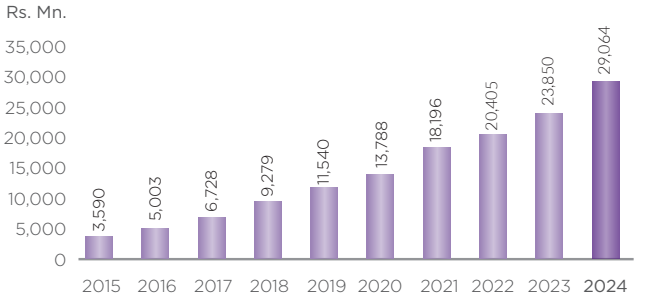
For the year ended 31 December	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000
Gross written premiums	31,573,467	26,341,321	23,083,425	20,053,302	15,660,116	12,531,283	10,005,733	7,530,935	5,635,701	4,091,042
Net Written Premiums	29,063,769	23,850,432	20,404,622	18,195,507	13,787,500	11,539,828	9,279,175	6,728,473	5,002,748	3,589,571
Other revenue	9,380,671	7,948,164	5,120,191	2,775,629	2,276,114	1,584,114	953,383	1,069,179	753,005	867,754
Net income	38,444,440	31,798,596	25,524,813	20,971,136	16,063,614	13,123,942	10,232,558	7,797,652	5,755,753	4,457,325
Net insurance benefits and claims	(14,249,713)	(12,843,338)	(8,393,585)	(5,902,068)	(3,566,797)	(2,996,112)	(2,339,004)	(1,222,501)	(1,072,166)	(433,732)
Net acquisition cost	(5,790,389)	(5,486,208)	(4,955,888)	(4,050,033)	(3,269,454)	(2,968,714)	(2,044,220)	(1,830,773)	(1,580,473)	(992,572)
Expenses	(6,801,279)	(7,443,797)	(4,427,882)	(3,909,935)	(3,497,047)	(3,385,862)	(3,253,983)	(2,322,492)	(1,848,586)	(1,072,007)
Operating surplus before transfer to insurance provision	(26,841,381)	-25,773,343	(17,777,355)	7,109,100	5,730,316	3,773,254	2,595,351	2,421,886	1,254,528	1,959,014
Change in insurance contracts liabilities	(5,270,740)	(2,828,082)	(3,717,074)	(4,143,426)	(3,599,969)	(1,169,696)	(1,500,589)	(517,365)	(287,685)	(966,452)
Profit before tax	6,332,319	3,197,171	4,030,384	2,965,674	2,130,347	2,603,558	1,094,762	1,904,521	966,843	992,562
Income tax (expenses) / reversal	(1,810,522)	(358,768)	(1,347,508)	(860,806)	(608,864)	(430,715)	2,241,483	420,000	-	-
Profit for the year	4,521,797	2,838,403	2,682,876	2,104,868	1,521,483	2,172,843	3,336,245	2,324,521	966,843	992,562

**Represents life insurance segment result when composite company.*

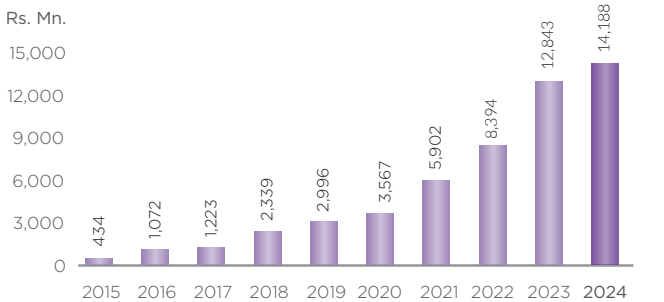
GROSS WRITTEN PREMIUMS



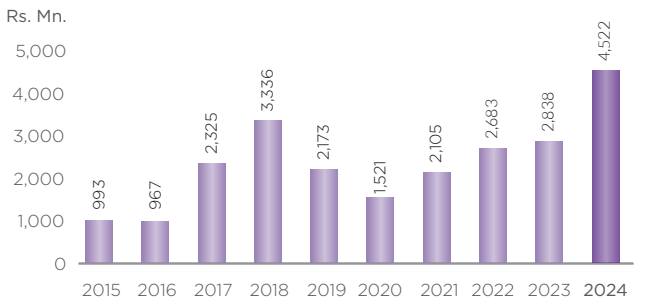
NET EARNED PREMIUM



NET INSURANCE BENEFITS AND CLAIMS



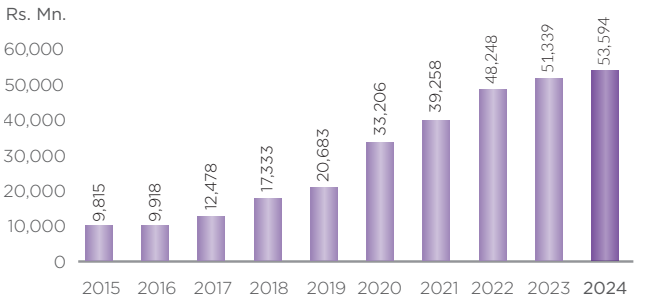
PROFIT FOR THE YEAR



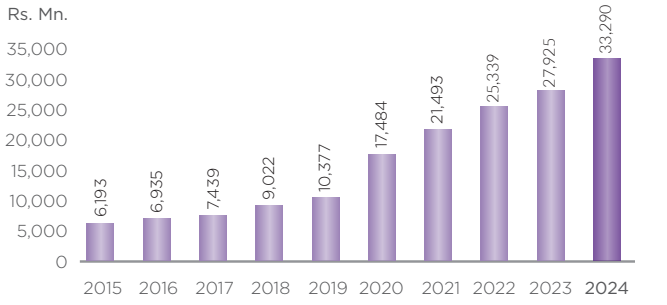
DECADE AT A GLANCE - FINANCIAL POSITION

As at 31 December	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000
Assets										
Intangible assets	3,955	2,364	2,566	1,356	404	444	2,089	7,145	13,236	21,982
Property, plant and equipment	689,233	707,427	579,357	617,745	660,928	675,468	619,059	577,705	485,014	427,519
Right of use assets	1,193,764	611,661	556,915	616,417	752,393	408,044	-	-	-	-
Deferred tax assets	468,263	838,938	-	675,164	1,621,904	2,230,768	2,750,962	420,000	-	-
Investments in subsidiary	-	-	-	-	-	-	-	-	-	800,000
Financial investments	43,938,018	43,500,215	42,599,855	34,217,429	27,367,792	14,910,744	12,065,241	9,994,488	8,218,287	7,744,020
Loans to life policyholders	350,134	331,301	265,060	224,198	234,462	224,672	161,001	140,385	162,448	143,640
Reinsurance receivables	518,316	465,211	568,379	231,587	323,288	188,131	154,802	149,548	85,940	62,643
Premium receivables	2,904,513	2,449,089	1,763,388	983,657	856,281	743,549	507,434	290,821	92,318	67,274
Receivables and other assets	1,658,300	1,333,537	1,172,879	993,325	834,388	923,961	691,109	579,409	627,810	355,424
Cash and cash equivalents	1,869,652	1,099,679	739,944	696,920	554,362	377,093	381,270	318,945	232,554	192,118
Total assets	53,594,148	51,339,422	48,248,343	39,257,798	33,206,202	20,682,874	17,332,967	12,478,446	9,917,607	9,814,620
Equity and liabilities										
Equity										
Stated capital	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500	1,062,500
Restricted regulatory reserve	798,004	798,004	798,004	798,004	798,004	798,004	798,004	798,004	-	-
Other reserves	(764,262)	(2,144,892)	(3,100,255)	(1,725,658)	(1,214,604)	(1,405,801)	(1,464,958)	(916,620)	(1,323,610)	(470,220)
Retained earnings	9,258,312	13,617,734	12,112,675	10,453,584	9,290,347	7,764,216	6,275,417	2,942,245	2,223,276	1,845,655
Total equity	10,354,554	13,333,346	10,872,924	10,588,430	9,936,247	8,218,919	6,670,963	3,886,129	1,962,166	2,437,935
Liabilities										
Insurance contract liabilities	33,290,278	27,925,474	25,338,502	21,492,757	17,483,705	10,377,102	9,021,521	7,438,592	6,935,047	6,192,615
Employee benefit liabilities	372,315	276,302	208,959	192,629	182,332	151,027	107,404	86,693	73,436	45,796
Loans and borrowings	3,016,443	5,014,997	5,643,918	3,064,994	2,852,245	-	-	-	-	-
Reinsurance payables	754,059	718,855	2,246,237	1,040,255	636,060	428,557	320,824	236,265	139,262	92,972
Current tax liabilities	979,770	927,170	801,030	-	-	-	-	-	-	269,700
Other liabilities	4,458,414	2,766,588	2,828,455	2,588,183	1,890,223	1,330,998	841,833	754,027	676,230	414,338
Bank overdraft	368,315	376,690	308,318	290,550	225,390	176,271	370,422	76,740	131,466	361,264
Total liabilities	43,239,594	38,006,076	37,375,419	28,669,368	23,269,955	12,463,955	10,662,004	8,592,317	7,955,441	7,376,685
Total equity and liabilities	53,594,148	51,339,422	48,248,343	39,257,798	33,206,202	20,682,874	17,332,967	12,478,446	9,917,607	9,814,620

TOTAL ASSETS



INSURANCE CONTRACT LIABILITIES



SIMPLIFIED INSURANCE FINANCIALS

Insurance Accounting is different from the accounting for a manufacturing or trading organisation, due to the uniqueness of the business and terminology associated with the transactions.

Summary of the extract of Income Statement is as follows:

Income Statement	Note	2024 Rs. '000
Gross written premiums	A	31,573,467
Less: Premium ceded to reinsurers	B	(2,509,698)
Net written premiums	C	29,063,769
Net insurance benefits and claims	D	(14,249,713)
Net acquisition cost	E	(5,790,389)
Increase in life fund	F	(5,270,740)

Summary of the extract of Statement of Financial Position is as follows:

Liabilities	Note	2024 Rs. '000
Life insurance fund	G	31,233,665
Surplus created due to change in valuation method from NPV to GPV	H	1,056,535
Claim payable / unclaimed benefits		1,000,078
Life insurance contract liabilities		33,290,278

Note: Only the insurance specific part of the Income Statement is extracted above

Gross written premiums >>> / NOTE A

Gross Written Premium (GWP) represents the price charged by insurance companies in order to pay claims or benefits applicable under the Life Insurance policy. GWP is comparable with the 'turnover' of a trading or manufacturing organisation. However, GWP is accounted on an accrual basis.

Premium ceded to reinsurers >>> / NOTE B

Reinsurance is the process whereby part of the risk(s) undertaken by the Insurance Company is transferred to another entity called the reinsurance company, for which the Insurance Company pays a premium known as the 'Reinsurance Premium'.

Net written premiums >>> / NOTE C

This is the portion of premium which is applicable for the financial year and earned by the insurer. This represents the amount of GWP less reinsurance outgo that is relevant to the accounting period.

Net insurance benefits and claims >>> / NOTE D

If the incident against which the insurance cover was obtained occurs, the Insurance Company indemnifies the insured with an agreed sum, which is known as a claim. If the customer survives till the policy expiration date, the maturity proceed will be paid. If customer requests proceeds before the maturity date, accumulated fund is paid which is called Surrenders.

Part of the claim payment is reimbursed by the reinsurance company to the Insurance Company based on the proportion of risk(s) transferred. This is known as the Reinsurance Recoveries.

The benefits and claims net of reinsurance recoveries are treated as net benefits and claims.

Net acquisition cost >>> / NOTE E

This consists of commission, franchise fee, deferred acquisition expenses net of Reinsurance commission.

Increase in Life fund >>> / NOTE F

For the purpose of meeting the policyholders' future liabilities, the insurer is required to maintain a separate fund with sufficient assets to cover an actuarially determined provision which is known as the Long Term Insurance Fund. The amount added to the fund during the current year will appear in the Statement of Income as change in Insurance Contract liability - Life Fund.

Life Insurance Fund >>> / NOTE G

In Long Term insurance business, due to the longer duration of the policy period, insurance companies are required to maintain a separate fund to meet future policyholders' obligations. This is known as the 'Long Term Policy Liability'. The size of the fund that needs to be maintained is determined by the actuarial valuation.

This process estimates the excess of the assets over the policyholder's liabilities of the fund after distribution of dividends to the policyholders as at the year-end. The excess is generally known as the Life Surplus and referred to as Transfer to Shareholders Funds in the Financial Statements.

Surplus created due to change in valuation method from NPV to GPV >>> / NOTE H

This represents a change in the valuation method from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV). As directed by the Insurance Regulatory Commission of Sri Lanka, these reserves are maintained under Life Fund until 2016.

However, as at 31 December 2024, Life fund only includes One-off surplus relating to the participating fund.

INVESTOR RELATIONS

Dear Stakeholders,

"Investor Relations" serves as the cornerstone of our commitment to transparency, communication, and trust, enabling us to build and maintain strong relationships with both existing and potential shareholders. In a constantly evolving market environment, we recognise the critical importance of fostering open and constructive engagement with our investors. Throughout the reporting year, we remained dedicated to providing timely and accurate information, ensuring that our shareholders are well-informed about our financial performance, strategic initiatives, sustainability initiatives, and corporate governance practices. By maintaining regular communication channels, we aim to enhance understanding of our business operations, future prospects, and long-term sustainability goals.

At Softlogic Life, our commitment to excellence in Investor Relations underscores our dedication to transparency, good governance, and sustainable growth. In alignment with our sustainability strategy, we actively integrate environmental, social, and governance (ESG) considerations into our business operations and decision-making processes. We continuously strive to strengthen our collaboration with shareholders, fostering loyalty and confidence in the company while reinforcing our role as a responsible corporate citizen. This section of the report presents comprehensive information on the company's shareholding structure and the performance of its listed shares during the reporting year, further reinforcing investor trust, engagement, and our commitment to sustainable value creation.

STOCK EXCHANGE LISTING

Softlogic Life Insurance PLC is a public quoted company which has listed ordinary shares in Colombo Stock Exchange (CSE). SLI ordinary shares are effectively traded in Diri Savi Board of the Colombo Stock Exchange under the symbol of AAIC.N0000.

SUBMISSION OF FINANCIAL STATEMENTS TO THE CSE

The audited Company Income Statements for the year ended 31 December 2024 and the audited Statement of Financial Position (Balance Sheet) at that date have been submitted to the Colombo Stock Exchange within three months of the Balance Sheet date. The interim financial statements of 4th Quarter for the year/ quarter ended 31 December 2024 were submitted within stipulated time lines.

NAMES OF DIRECTORS

The names of persons who held the positions of Directors during the year are provided in the Annual Report of the Board of Directors on pages 176 to 178.

THE PRINCIPLE ACTIVITIES OF THE COMPANY

The principal activities of the company during the year are given in the Annual Report of the Board of Directors and Note 1.3 in accounting policies on page 280.

STOCK MARKET PERFORMANCE

In 2024, Sri Lanka's economy demonstrated significant recovery, driven by key financial and political developments. The resurgence of tourism, successful debt restructuring, and the upgrade of the Long-Term Issuer Default Rating from 'RD' to 'CCC+' by Fitch Ratings played a pivotal role in restoring economic stability. Additionally, the peaceful transition of power further strengthened investor confidence and improved the overall investment climate.

Reflecting these positive developments, the Colombo Stock Market achieved historic milestones in 2024. The All Share Price Index (ASPI) recorded an exceptional year-on-year growth of 49.66%, reaching 15,944.61 as of 31 December 2024. Meanwhile, the S&P SL20 Index, representing the 20 largest and most liquid companies, posted a notable year-on-year increase of 58.48%, reaching 4,862.10. These indices served as key indicators of market performance and price movements within publicly traded companies.

The Colombo Stock Exchange reported an aggregate turnover of approximately LKR 537.64 billion, with a daily average turnover of LKR 2,240.15 million. However, reduced foreign investor interest in selected sectors led to a net foreign outflow of approximately LKR 10.48 billion (USD 35.82 million) for the year.

Despite these challenges, the overall economic outlook remained positive, with strong market performance and increased investor confidence signalling a path toward sustained growth and stability.

PERFORMANCE OF SOFTLOGIC LIFE SHARE

Aligned with Sri Lanka's economic recovery in 2024, Softlogic Life Insurance sustained its growth momentum across both financial and non-financial aspects, outperforming industry competitors. The company's strong performance reinforced its position on the Colombo Stock Exchange (CSE), with its stock price fluctuating between a high of Rs. 74.10 (on December 27) and a low of Rs. 52.30 (on January 30). Reflecting an upward trajectory, the company's share price closed at Rs. 68.90 on December 31, 2024, compared to Rs. 53.80 at the end of 2023.

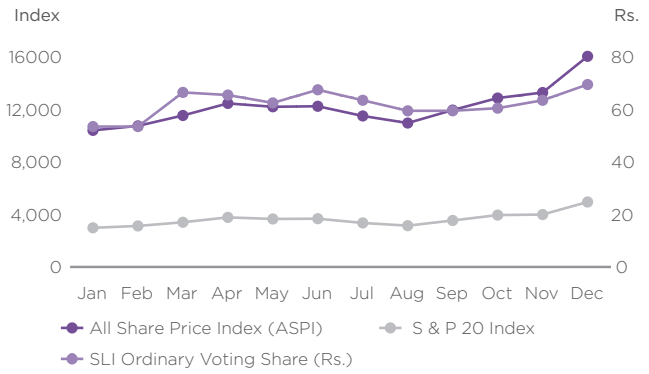
During the year, Softlogic Life successfully executed a share repurchase program, reducing total outstanding shares from 375 million to 316.4 million. This strategic initiative underscores the company's commitment to enhancing shareholder value by effectively utilising capital to repurchase shares from the open market. The reduction in outstanding shares aimed to improve earnings per share (EPS) and demonstrated confidence in the company's financial stability and long-term growth potential. Consequently, total share transactions declined from 81,431 to 32,590, while the total volume of shares traded decreased from 80.6 million to 32.9 million. The total turnover of traded shares amounted to Rs. 2,070.45 million during the year.

Softlogic Life's market capitalisation reached Rs. 21,800 million as of December 31, 2024, marking an 8% increase from Rs. 20,175 million in the previous year. Despite macroeconomic challenges, the company demonstrated resilience and adaptability, maintaining a strong financial position while delivering sustainable value to its stakeholders.

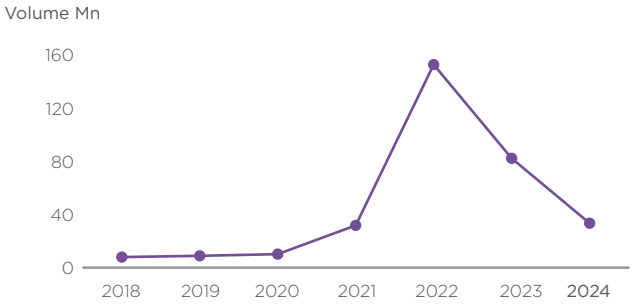
INVESTOR RELATIONS

Performance of the Softlogic Life Insurance PLC's Ordinary Share with market performance in 2024

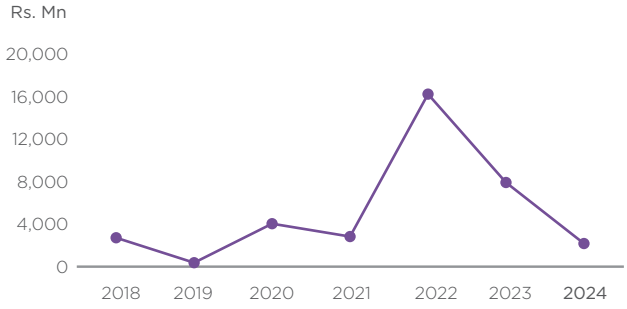
PERFORMANCE OF THE SOFTLOGIC LIFE INSURANCE PLC'S ORDINARY SHARE WITH MARKET PERFORMANCE IN 2024



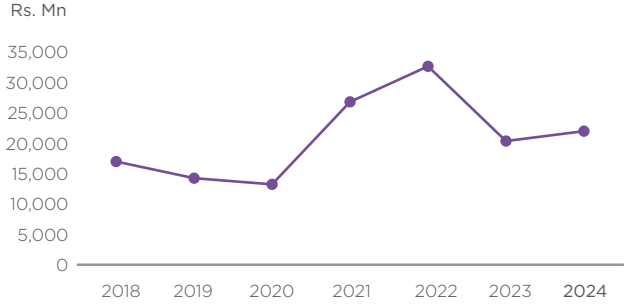
NUMBER OF SHARE TRANSACTIONS



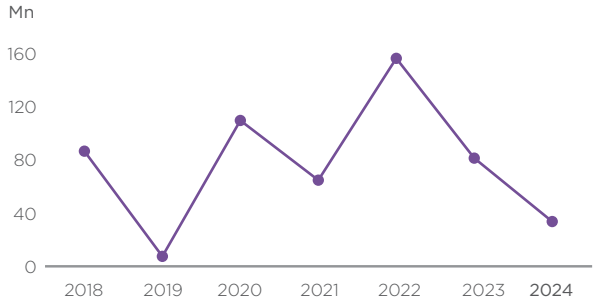
VALUE OF SHARES TRADED



MARKET CAPITALISATION



NUMBER OF SHARES TRADED (MN)



The details relating to the performance of the share are given below.

As at 31 December	2024	2023
MARKET VALUE		
Highest Price (Rs.)	74.10	136.00
Lowest Price (Rs.)	52.30	53.50
Year-end price (Rs.)	68.90	53.80
TRADING STATISTICS		
Number of shares traded	32,852,881	80,563,197
Value of Shares traded (Rs. Mn)	2,070	7,810
Number of Share transactions	32,590	81,431
Market Capitalisation – SLI (Rs. Mn)	21,800	20,175
Percentage of total market Capitalisation	0.38%	0.47%
VALUATION RATIOS		
Number of shares as at 31 December	316,406,250	375,000,000
Basic earnings per share (Rs.)	12.61	7.57
Net Assets per share (Rs.)	32.73	35.56
Price per book Value (Times) – per share	2.1	1.5
Return on Equity (%)	38.2	23.5
Price Earnings Ratio (Times)	5.5	7.1
Earning yield (%)	18.3	14.1
Dividend per Share (Rs.)	4.50	3.75
Dividend payout (%)	35.7	49.5
Dividend yield (%)	6.5	7.0
Debt to Asset Ratio (%)	5.6	9.8
Debt to Equity Ratio (%)	29.1	37.6
Interest Cover (Times)	10.8	5.7
Equity Asset Ratio (%)	19.3	26.0

Basic Earnings Per Share (EPS)

In 2024, the company reported an earnings per share of Rs. 12.61, compared to Rs. 7.57 in the previous year (2023). When compared to the prior year, this is a 66.58% improvement predominantly as a result of the spike in profit that was achieved during the year.

Price Earnings Ratio (P/E Ratio)

Price earnings ratio of the company has decreased to 5.5 times in 2024 compared with 7.1 times recorded in 2023. There is a 22.54% deterioration in Price Earnings Ratio in 2024 against the previous year.

Free float

The CSE defines the free float of a company as the percentage of shareholders, excluding Directors shareholdings, who hold less than 3% stake in the company. According to this definition, the SLI free float is 11.323% in 2024. (2023 -10.23%).

Float Adjusted Market Capitalisation

As at 31 December 2024 the Float Adjusted Market Capitalisation of SLI is Rs. 2,468,458,230. The Company is complied with minimum public holding requirement as at the reporting date based on the "Option 2" of Rule 7.13.1.b.

SHAREHOLDER BASE

The shareholder base of Softlogic Life is diverse, both geographically and in terms of the proportion of individual investors to those of institutional investors. During 2024, Softlogic Life successfully completed a share buyback program resulting in a reduction of the total number of outstanding shares, further consolidating ownership among existing shareholders and reinforcing the company's commitment to enhancing shareholder value. As of the 31st of December 2024, there were 4,847 shareholders in total, which is an decrease over the previous year's total of 4,909 shareholders. By the end of the year 2024, Softlogic Life had a total of 4,570 registered individual shareholders, which was equivalent to 94.29% of the total number of shareholders. It is estimated that roughly 93% of Softlogic Life's ordinary share capital is held by institutional shareholders. The overwhelming majority of the company's individual shareholders are citizens or permanent residents of Sri Lanka and as of the 31st of December 2024, there were 4,822 shareholders who were registered as living in the country, accounting for 99.48% of the total shareholders. 60.49% of the owners have fewer than 1,000 shares each in their possession. The top twenty shareholders hold 91.75% of Softlogic Life's shares capital.

Table 1 - Distribution of total number of holders and percentage of holding

No of Shares	As at 31 December 2024			As at 31 December 2023		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
1-1,000	2,932	774,680	0.24	2,922	811,407	0.22
1,001-10,000	1,374	5,114,238	1.62	1,390	5,364,439	1.43
10,001-100,000	485	14,550,598	4.60	525	15,269,485	4.07
100,001-1,000,000	50	14,496,691	4.58	66	15,877,175	4.23
1,000,001 & Over	6	281,470,043	88.96	6	337,677,494	90.05
Total	4,847	316,406,250	100.00	4,909	375,000,000	100.00

Table 2 - Distribution of number of holders and percentage of holding based on residency

No of Shares	Non Resident			Resident		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
1-1,000	11	3,865	0.00	2,921	770,815	0.24
1,001-10,000	6	26,022	0.01	1,368	5,088,216	1.61
10,001-100,000	5	212,757	0.07	480	14,337,841	4.53
100,001-1,000,000	1	740,000	0.23	49	13,756,691	4.35
1,000,001 & Over	2	119,063,580	37.63	4	162,406,463	51.33
Total	25	120,046,224	37.94	4,822	196,360,026	62.06

INVESTOR RELATIONS

Table 3 - Composition of holders based on residency

Composition	As at 31 December 2024			As at 31 December 2023		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
Resident	4,822	196,360,026	62.06	4,884	231,588,600	61.76
Non Resident	25	120,046,224	37.94	25	143,411,400	38.24
Total	4,847	316,406,250	100.00	4,909	375,000,000	100

Table 4 - Composition of holders based on category

Composition	As at 31 December 2024			As at 31 December 2023		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
Individual	4,570	22,507,639	7.11	4,612	26,264,780	7.01
Institutional	277	293,898,611	92.89	297	348,735,220	92.99
Total	4,847	316,406,250	100.00	4,909	375,000,000	100.00

Table 5 - Public shareholding

Composition	As at 31 December 2024			As at 31 December 2023		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
Public Shareholding - Ordinary Voting	4,841	35,827,362	11.32	4,903	38,378,690	10.23
Public Shareholding - Ordinary - Non-Voting	Nil	Nil	Nil	Nil	Nil	Nil

Table 6 - Directors' shareholding

Name	As at 31 December 2024		As at 31 December 2023	
	No of shares	% of Total Holding	No of shares	% of Total Holding
Mr. A. K. Pathirage (Chairman)	Nil	Nil	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil	Nil	Nil
Mr. H. K. Kaimal - Director	Nil	Nil	Nil	Nil
Ms. Fernanda Lima - Director	Nil	Nil	Nil	Nil
Mr. V. Govindasamy - Director	Nil	Nil	Nil	Nil
Mr. R. Snyders - Director	Nil	Nil	Nil	Nil
Mr. P.L.P. Withana - Director	Nil	Nil	Nil	Nil
Mr. S.W. Mohottala - Director	Nil	Nil	Nil	Nil

Table 7 - 20 largest shareholders

As at 31 December, Name of the Shareholder	2024 No of Shares	2024 %
Softlogic Capital PLC	161,367,187	51.00
Dalvik Inclusion Private Limited	59,531,790	18.81
Milford Ceylon (Pvt) Ltd	59,531,790	18.81
Commercial Bank of Ceylon PLC/W. Jinadasa	1,039,276	0.33
Seylan Bank PLC/Eagle Crest (Pvt) Ltd	996,250	0.31
Mr. G.C Goonetilleke	893,629	0.28
Senkadagala Finance PLC/L.A.J.F. Morais	772,604	0.24
EMFI Capital Limited	740,000	0.23
Seylan Bank PLC/ARRC Capital (Pvt) Ltd	715,556	0.23
People's Leasing & Finance PLC/Mrs. H. A.J. Wickramasena	692,000	0.22
Mr. W.A.A.T.M. Jayawickrama	484,886	0.15
Seylan Bak PLC/Pinnaduwage Aravinda De Silva	482,388	0.15
Mr. D. Balasundaram	444,444	0.14
Mr. A.P.P.M. Abeyrathne	434,185	0.14
Hatton National Bank PLC/Gerad Shamil Niranjan Peiris & Indranee Roshani Peiris	399,459	0.13
Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	394,523	0.12
Seylan Bank PLC/G. Abhanuka Harischandra	375,400	0.12
Dialog Finance PLC/D.S. Nakandala	356,760	0.11
Mr. J.M.I. Jayaweera	324,545	0.10
Assetline Finance Limited / R.S.P. Samaranayake	316,882	0.10
	290,293,554	91.75
Other shareholders	26,112,696	8.25
Total Shareholders	316,406,250	100.00

As at 31 December, Name of the Shareholder	2023 No of Shares	2023 %
Softlogic Capital PLC	193,945,760	51.72
Dalvik Inclusion Private Limited	71,250,000	19.00
Milford Ceylon (Pvt) Ltd	71,250,000	19.00
Commercial Bank of Ceylon PLC/W. Jinadasa	1,231,734	0.33
Mr. G.C Goonetilleke	979,765	0.26
Mr. L.A.J.F. Morais	764,980	0.2
Mrs. H.N.R Bharati	625,000	0.17
Mr. A.P.P.M. Abeyrathne	519,647	0.14
EMFI Capital Limited	517,707	0.14
Seylan Bank PLC/Eagle Crest (Pvt) Ltd	412,500	0.11
People's Leasing & Finance PC/Mrs. H. A.J.Wickramasena	403,787	0.11
Mr.J.M.I Jayaweera	388,427	0.10
Seylan Bank PLC/Shermal Hemaka Jayasuriya	375,603	0.10
Assetline Finance Limited / R.S.P.Samaranayake	374,991	0.10
Mr. M.K. De Livera	370,003	0.10
Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	362,602	0.10
Dialog Finance PLC/D.S.Nakandala	356,760	0.10
Mr. J.A.D.K.R. Jayasuriya	342,690	0.09
Mr. S.H. Jayasuriya	329,000	0.09
Mr. W.A.A.T.M. Jayawickrama	328,570	0.09
	345,129,526	92.05
Other shareholders	29,870,474	7.95
Total Shareholders	375,000,000	100.00

HORIZONTAL AND VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION OVER FIVE YEARS

Horizontal Analysis

As at 31st December	2024		2023		2022		2021		2020	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Assets										
Intangible assets	4	100	2	(33)	3	200	1	236	-	-
Property, plant and equipment	689	(3)	707	22	579	(6)	618	(7)	661	(2)
Right of use assets	1,194	95	612	10	557	(10)	616	(18)	752	84
Deferred tax assets	468	(44)	839	-	-	(100)	675	(58)	1,622	(27)
Financial investments	43,938	1	43,500	2	42,600	24	34,217	25	27,368	84
Loans to life policyholders	350	6	331	25	265	18	224	(4)	234	4
Reinsurance receivables	518	11	465	(18)	568	145	232	(28)	323	72
Premium receivables	2,905	19	2,449	39	1,763	79	984	15	856	15
Receivables and other assets	1,658	24	1,334	14	1,173	18	993	19	834	(10)
Cash and cash equivalents	1,870	70	1,100	49	740	6	697	26	554	47
Total assets	53,594	4	51,339	6	48,248	23	39,258	18	33,206	61
Equity and liabilities										
Equity										
Stated capital	1,063	-	1,063	-	1,063	-	1,063	-	1,063	-
Retained earnings	9,258	(32)	13,618	12	12,113	16	10,454	13	9,290	20
Restricted regulatory reserve	798	-	798	-	798	-	798	-	798	-
Other reserves	(764)	(64)	(2,145)	(31)	(3,100)	80	(1,726)	42	(1,215)	(14)
Total equity	10,355	(22)	13,333	23	10,873	3	10,588	7	9,936	21
Liabilities										
Insurance contract liabilities	33,291	19	27,925	10	25,339	18	21,493	23	17,484	68
Employee benefit liabilities	372	35	276	32	209	8	193	6	182	21
Loans and borrowings	3,016	(40)	5,015	(11)	5,644	84	3,065	7	2,852	-
Reinsurance payables	754	5	719	(68)	2,246	116	1,040	64	636	48
Income tax liabilities	980	6	927	15	801	100	-	-	-	-
Other liabilities	4,458	61	2,767	(2)	2,828	9	2,588	37	1,890	42
Bank overdraft	368	(2)	377	22	308	6	291	29	225	28
Total liabilities	43,239	14	38,006	2	37,375	30	28,669	23	23,270	87
Total equity and liabilities	53,594	4	51,339	6	48,248	23	39,258	18	33,206	61

Vertical Analysis

As at 31st December	2024		2023		2022		2021		2020	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Assets										
Intangible assets	4	-	2	-	3	-	1	-	-	-
Property, plant and equipment	689	1	707	1	579	1	618	2	661	2
Right of use assets	1,194	2	612	1	557	1	616	2	752	2
Deferred tax assets	468	1	839	2	-	-	675	2	1,622	5
Financial investments	43,938	82	43,500	85	42,600	88	34,217	87	27,368	82
Loans to life policyholders	350	1	331	1	265	1	224	1	234	1
Reinsurance receivables	518	1	465	1	568	1	232	1	323	1
Premium receivables	2,905	5	2,449	5	1,763	4	984	3	856	3
Receivables and other assets	1,658	3	1,334	3	1,173	2	993	3	834	3
Cash and cash equivalents	1,870	4	1,100	2	740	2	697	2	554	2
Total assets	53,594	100	51,339	100	48,248	100	39,258	100	33,206	100
Equity and liabilities										
Equity										
Stated capital	1,063	2	1,063	2	1,063	2	1,063	3	1,063	3
Retained earnings	9,258	17	13,618	27	12,113	25	10,454	27	9,290	28
Restricted regulatory reserve	798	1	798	2	798	2	798	2	798	2
Other reserves	(764)	(1)	(2,145)	(4)	(3,100)	(6)	(1,726)	(4)	(1,215)	(4)
Total equity	10,355	19	13,333	27	10,873	23	10,588	27	9,936	30
Liabilities										
Insurance contract liabilities	33,291	62	27,925	54	25,339	53	21,493	55	17,484	53
Employee benefit liabilities	372	1	276	1	209	-	193	-	182	1
Loans and borrowings	3,016	6	5,015	10	5,644	12	3,065	8	2,852	9
Reinsurance payables	754	1	719	1	2,246	5	1,040	3	636	2
Income tax liabilities	980	2	927	1	801	1	-	-	-	-
Other liabilities	4,458	8	2,767	5	2,828	6	2,588	7	1,890	6
Bank overdraft	368	1	377	1	308	1	291	1	225	1
Total liabilities	43,239	81	38,006	73	37,375	77	28,669	73	23,270	70
Total equity and liabilities	53,594	100	51,339	100	48,248	100	39,258	100	33,206	100

HORIZONTAL AND VERTICAL ANALYSIS OF INCOME STATEMENT OVER FIVE YEARS

Horizontal Analysis

As at 31st December	2024		2023		2022		2021		2020	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Gross written premiums	31,573	20	26,341	14	23,083	15	20,053	28	15,660	25
Net written premiums	29,064	22	23,850	17	20,405	12	18,196	32	13,788	19
Other revenue	9,380	18	7,948	55	5,120	84	2,776	22	2,276	44
Net revenue	38,444	21	31,799	25	25,525	22	20,971	31	16,064	22
Net insurance benefits and claims	(14,249)	11	(12,843)	53	(8,394)	42	(5,902)	65	(3,567)	19
Net acquisition cost	(5,790)	6	(5,486)	11	(4,956)	22	(4,050)	24	(3,269)	10
Expenses	(6,801)	(9)	(7,444)	68	(4,428)	19	(3,726)	7	(3,497)	3
Operating surplus before transfer to insurance provision – Life	11,604	93	6,025	(22)	7,747	6	7,293	24	5,730	52
Change in insurance contracts liabilities	(5,271)	86	(2,828)	(24)	(3,717)	(10)	(4,143)	15	(3,600)	208
Profit before tax	6,333	98	3,197	(21)	4,030	36	2,966	39	2,130	(18)
Income tax (expenses) / reversal	(1,811)	404	(359)	(73)	(1,348)	57	(861)	41	(609)	41
Profit for the year	4,522	59	2,838	6	2,682	27	2,105	38	1,521	(30)

Vertical Analysis

As at 31st December	2024		2023		2022		2021		2020	
	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Gross written premiums	31,573	100	26,341	100	23,083	100	20,053	100	15,660	100
Net written premiums	29,064	92	23,850	91	20,405	88	18,195	91	13,788	88
Other revenue	9,380	30	7,948	30	5,120	22	2,776	14	2,276	15
Net revenue	38,444	122	31,799	121	25,525	111	20,971	105	16,064	103
Net insurance benefits and claims	(14,249)	(45)	(12,843)	(49)	(8,394)	(36)	(5,902)	(29)	(3,567)	(23)
Net acquisition cost	(5,790)	(18)	(5,486)	(21)	(4,956)	(21)	(4,050)	(20)	(3,269)	(21)
Expenses	(6,801)	(22)	(7,444)	(28)	(4,428)	(20)	(3,910)	(19)	(3,497)	(22)
Operating surplus before transfer to insurance provision – Life	11,604	37	6,025	23	7,747	34	7,119	36	5,730	37
Change in insurance contracts liabilities	(5,271)	(17)	(2,828)	(11)	(3,717)	(16)	(4,143)	(21)	(3,600)	(23)
Profit before tax	6,333	20	3,197	12	4,030	17	2,966	15	2,130	14
Income tax (expenses) / reversal	(1,811)	(6)	(359)	(1)	(1,348)	(6)	(861)	(4)	(609)	(4)
Profit for the year	4,522	14	2,838	11	2,682	12	2,105	10	1,521	10

GRI - CONTENT INDEX

Statement of use	Softlogic Life Insurance PLC has reported the information cited in this GRI content index for the period 01 January 2024 to 31 December 2024 with reference to the GRI Standards
GRI 1 used	Foundation 2021

GRI Standards	Disclosure	SDG Goal	SDG Target	UN Global Compact	Location
The organisation and its reporting practices					
GRI 2_ General Disclosures 2021	2-1 Organisational details				9-10
	2-2 Entities included in the organisation's sustainability reporting				9-10
	2-3 Reporting period, frequency and contact point				10
	2-4 Restatements of information				289
	2-5 External assurance				13
Activities and workers					
GRI 2_ General Disclosures 2021	2-6 Activities, value chain and other business relationships				17
	2-7 Employees		8.5, 10.3		118-133
	2-8 Workers who are not employees		8.5		144-149
Governance					
Disclosure GRI 2_ General Disclosures 2021	2-9 Governance structure and composition		5.5, 16.7		186
	2-10 Nomination and selection of the highest governance body		5.5, 16.7		247
	2-11 Chair of the highest governance body		16.6		Non Executive chairman is the chair of the highest
	2-12 Role of the highest governance body in overseeing the management of impacts		16.7		192-193
	2-13 Delegation of responsibility for managing impacts				186
	2-14 Role of the highest governance body in sustainability reporting				192
	2-15 Conflicts of interest				208
	2-16 Communication of critical concerns				208
	2-17 Collective knowledge of the highest governance body				196
	2-18 Evaluation of the performance of the highest governance body			6	195
	2-19 Remuneration policies			6	242
	2-20 Process to determine remuneration			6	198
Strategy, policies and practices					
GRI 2_ General Disclosures 2021	2-22 Statement on sustainable development strategy				91-96
	2-23 Policy commitments		16.3	1,2	110-168
	2-27 Compliance with laws and regulations				110-168
	2-28 Membership associations				119

GRI - CONTENT INDEX

GRI Standards	Disclosure	SDG Goal	SDG Target	UN Global Compact	Location
Stakeholder engagement					
GRI 2_ General Disclosures 2021	2-29 Approach to stakeholder engagement				97-100
	2-30 Collective bargaining agreements		8.8	3	Not available
Disclosures on material topics					
GRI 3_ Material Topics 2021	3-1 Process to determine material topics				50-51
	3-2 List of material topics				50-51
	3-3 Management of material topics				110-168
Topic Specific Disclosure					
GRI 201_ Economic Performance 2016	201-1 Direct economic value generated and distributed		8.1, 8.2, 9.1, 9.4		17
	201-2 Financial implications and other risks and opportunities due to climate change		13.1	7,8	52-90
	201-3 Defined benefit plan obligations and other retirement plans			6	122
	201-4 Financial assistance received from government				No assistance received
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community		8.5	6	121
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers		12.7		148, 296, 343
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		16.5	10	151-152
	205-2 Communication and training about anti-corruption policies and procedures		16.5	10	151-152
	205-3 Confirmed incidents of corruption and actions taken		16.5	10	151-152
GRI 207: Tax	207-1 Approach to tax		17.1		298-300, 310-312
	207-2 Tax governance, control, and risk management		17.1		298-300, 310-312, 354-380
	207-3 Stakeholder engagement and management of concerns related to tax		17.1		298-300, 310-312
	207-4 Country-by-country reporting		17.1		280
GRI 302: Energy 2016	302-1 Energy consumption within the organisation		7.2, 7.3, 8.4, 12.2, 13.1	7,8	165
	302-3 Energy intensity		7.3, 8.4, 12.4, 13.1	7,8	165
GRI 303: Water and Effluents 2018	GRI 303: Water and Effluents 2018		6.3, 6.4, 12.4	7,8,9	165
	303-3 Water withdrawal		6.4	7,8	165
	303-5 Water consumption			7,8	165

GRI Standards	Disclosure	SDG Goal	SDG Target	UN Global Compact	Location
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		6.1, 14.2, 15.1, 15.5	7,8,9	No premise is managed
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		3.9, 12.4, 13.1, 14.3, 15.2	7,8	87
	305-2 Energy indirect (Scope 2) GHG emissions		3.9, 12.4, 13.1, 14.3, 15.2	7,8	87
	305-3 Other indirect (Scope 3) GHG emissions		3.9, 12.4, 13.1, 14.3, 15.2	7,8	87
	305-4 GHG emissions intensity		13.1, 14.3, 15.2	7,8	87
306-3 Waste generated	a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste. b. Contextual information necessary to understand the data and how the data has been compiled.		12.4, 12.5	7,8	167
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		5.1, 8.5, 10.3	6	123-124
	401-2 Benefits provided to full-time employees that are not provided to temporary or part time employees		3.2, 5.2, 8.5	6	122
	401-3 Parental leave		5.1, 5.4, 8.5	1,6	129
GRI 403 Occupational Health and Safety	403-1 Occupational health and safety management system		8.8	1	119
	403-9 Work-related injuries		8.8	1	119
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		4.3, 4.4, 4.5, 5.1, 8.1, 8.5, 10.3	6	126
	404-2 Programs for upgrading employee skills and transition assistance programs		8.2, 8.5	6	126-127
	404-3 Percentage of employees receiving regular performance and career development reviews		5.1, 8.5,10.3	6	125
GRI 405: Diversity and Equal Opportunity2016	405-1 Diversity of governance bodies and employees		5.1, 5.5, 8.5	6	121
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		5.1, 8.8	6	122
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour		5.2, 8.7, 16.2	5	151,152
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		16.3, 16.10	1	136

INTEGRATED REPORTING - CONTENT INDEX

IR Reference	Para. No;	Description	Page No; / Note
1G	1.2	An integrated report should include a statement from those charged with governance	12
2B	2.4	Value created, preserved or eroded by an organisation over time manifests	48
2C	2.2	All organisations depend on various forms of capital for their success	110 - 171
2D	2.2	The process through which value is created, preserved or eroded is depicted	28, 118
3A	3.3	Strategic focus and future orientation	101
3B	3.6	Connectivity of information	Maintained throughout the report
3C	3.1	Stakeholder relationships	97 - 100
3D	3.17	Materiality	50 - 51
3E	3.28	Prioritising important matters	Concise IR report on pages 9 - 106
3F	3F	Reliability and completeness	External Assurance on IR reporting is available on pages 102 - 103
3G	3G	Consistency and comparability	KPIs set last year evaluated on pages 38 - 46
4A	4.4, 4.5, 4.6, 4.7	Organisational overview and external environment	15, 38
4B	4.8	Governance	176
4C	4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17	Business model	48 - 49
4D	4.23, 4.24, 4.25, 4.26	Risks and opportunities	52 - 90
4E	4.27, 4.28, 4.29	Strategy and resource allocation	91 - 96
4F	4.31, 4.32, 4.33	Performance	17
4G	4.35, 4.36, 4.37, 4.38, 4.39	Outlook	101
4H	4.41, 4.42, 4.43, 4.44, 4.45, 4.46, 4.47	Basis of preparation and presentation	9 - 10, 50 - 51

SLFRS S1 AND S2 DISCLOSURES CONTENT INDEX

SLFRS S1 & S2 Section	SLFRS S1 / S2 reference	Summary of Requirements	Page Reference
Governance	S1: 26–27 S2: 5–6	Describe the governance structures, roles, processes, controls, and procedures for managing sustainability-related and climate-related risks and opportunities, including how they are monitored, managed, and overseen.	53 -55
Strategy	S1: 28-42 S2: 8-23	Explain how sustainability-related and climate-related risks and opportunities impact the business model, strategy, and financial planning over the short, medium, and long term, including the following key areas.	
		- Identification of Sustainability-related Risks and Opportunities	64 - 71
		- Impact on Business Model and Value Chain	61 / 72 -82
		- Effects on Strategy and Decision-Making	62 - 64
		- Implications for Financial Position, Performance, and Cash Flows	63 - 64 / 83 - 84
		- Resilience	61 - 84
		- Climate Transition Plan	63
Risk Management	S1: 43-44 S2: 24-26	Disclose the processes used to identify, assess, prioritize, and monitor sustainability-related and climate-related risks and opportunities, including how these processes are integrated into and inform the entity's overall risk management framework	56 - 60
Martics and Targets	S1: 45-53 S2: 27-28	Disclose the metrics and targets used to assess the entity's performance in relation to sustainability-related and climate-related risks and opportunities, including progress toward the targets set by the entity and the extent to which they have been achieved.	85 - 86
GHG Emissions & Climate Metrics	S2:29	Disclose Scope 1, 2, and 3 greenhouse gas (GHG) emissions, including the methodologies, assumptions, and intensity ratios used in the calculation. The GHG emissions calculation should cover the full scope as defined in the GHG Protocol: A Corporate Accounting and Reporting Standard (2004)	87 - 90
Scenario Analysis & Climate Resilience	S2:22	Describe the resilience of the entity's strategy and business model to climate-related changes, developments, and uncertainties, taking into consideration the identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to conduct this assessment.	67 -69
Materiality	S1: 17-18	Disclose material information about sustainability-related and climate-related risks and opportunities that could reasonably be expected to influence the assessments and decisions of primary users of financial reports.	50 - 51

GLOSSARY OF INSURANCE TERMS

A

Acquisition Expenses

Direct and indirect variable outlays incurred by an insurer at the time of selling or underwriting an insurance contract (both new and renewal). The costs may be in the form of brokerage, underwriting costs or medical expenses etc.

Actuary

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

Actuarial Valuation

A determination by an actuary at a specific date of the value of a life insurance company's assets and its liabilities. The purpose of a valuation is to determine, if the Company holds adequate assets to fund the Company's liabilities.

Admissible Assets

Assets that may be included in determining an insurer's statutory solvency. Such assets are specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.

Annualised new business premium

The regular premium policies are annualised to allow comparisons of new business achieved in a specific period.

Annuity

A series of regular payments. Annuities include annuities certain, where payments are made at definite times, and life annuities, where payments depend on the survival of an annuitant. A life annuity is a contract that provides a regular payment typically monthly during the lifetime of the policyholder or a fixed period if less. If the payments start at the outset of the contract, it is an immediate annuity. If they start at some point in the future, it is a deferred annuity.

Average Premium per Policy

Measure of Total premium divided by number of policies. This is a measure to understand market segment that the company is accessing.

B

Beneficiary

A person named by the policyholder as the recipient of the sum insured and other benefits due in the event of a policyholder's death.

Bonus

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company. A bonus is an enhancement to the basic sum assured under a contract and is declared as a percentage of the sum assured.

C

Claim Outstanding

The amount provided to cover the estimated ultimate cost of settling claims arising out of events which have been notified by the reporting date being the sums due to beneficiaries together with claims handling expenses, less amounts already paid in respect of those claims.

Claim Ratio (Net loss ratio)

$$\frac{\text{Net claims incurred}}{\text{Net written premiums}}$$

Claims

The amount payable under a contract of insurance arising from the occurrence of an insured event such as destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured and gratuity claims.

Claims Incurred

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

Clause

A section of a policy contract or endorsement dealing with a particular subject.

Commission

The part of an insurance premium paid by the insurer to an agent or broker for his services in procuring and servicing the insurance.

Combined Ratio

Measure of profitability used by an insurance company to assess how well it is performing in its daily operations.

Calculated by taking the sum of incurred losses and expenses and then dividing them by the earned premium.

D

Dividend Cover

Profits after tax divided by dividend. Measures the number of times dividends are covered by distributable profits for the period.

Determination Ratio

Life fund backed by admissible assets (Admissible assets classified as per IRCSL)

E

Earnings Per Share (EPS)

Profits of the Company after tax and after the transfer to life fund divided by the number of issued ordinary shares.

Embedded Value

The combination of the present value of the future profits of the existing book of business and net assets.

Endowment

Life insurance payable to the policyholder if living on the maturity date stated in the policy or to a beneficiary if the insured dies before that date.

Ex-Gratia Payment

A payment made to an insured where there is no liability to pay under the terms of the policy. In some cases, an insurer may feel there has been a mistake or a misunderstanding and it may pay claim, even though he does not appear to be liable.

Expense Ratio

Measure of profitability.

Calculated by dividing the expenses associated with acquiring, underwriting, and servicing premiums by the net premiums earned by the insurance company.

F

Facultative Reinsurance

Oldest form of reinsurance.

This is the reinsurance of an individual risk on terms and conditions agreed with the reinsurer specifically for that risk. Particulars of each risk are submitted by the ceding company to the reinsurer who may accept or decline at will. This is useful when dealing with risks outside the ceding company's treaty arrangements

G

Gross Written Premium

Premium to which the insurer is contractually entitled and received in the accounting period.

Gross/Net

The terms gross and net mean before and after deduction of the portion attributable to business ceded in reinsurance. Instead of "net," the term "for own account" is sometimes used.

I

Insurance Contract

Insurance is a contract whereby one party the insurer, in return for a consideration i.e. the premium, undertakes to pay to the other party the insured sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

Insurance Provision - Long Term

The fund or funds to be maintained by an insurer in respect of its long term insurance business in accordance with the Regulation of Insurance Industry Act No 43 of 2000.

Investment Contract

A contract, which contains significant financial risk and may contain insignificant insurance risk, but does not meet the definition of insurance.

L

Lapsed Policy

A policy terminated at the end of the grace period because of non-payment of premiums.

Liability Adequacy Test

An annual assessment of the sufficiency of insurance and/or investment contract with liabilities, to cover future insurance obligations.

Life Fund

Net Assets kept to meet the obligation towards life policyholders.

Life Surplus

The Excess of the assets over the liabilities as determined by the actuary (taking into account solvency requirements) and after distribution of dividends to policyholders.

M

Market Capitalisation

Number of shares in issue multiplied by the market value of each share as at the Balance Sheet date.

Maturity

The time at which payment of the sum insured under a life insurance policy falls due at the end of its term.

Mortality

The ratio of deaths to the entire population or to a particular age group. It is globally expressed in numbers or rates and set out in mortality tables.

N

Net Assets Per Share

Net assets attributable to Shareholders' equity divided by the number of ordinary shares issued.

Net Combined Ratio

$$\frac{\text{Net Claims Incurred + Other Expenses}}{\text{Non-participating Business}}$$

Life Insurance business where policyholders are not entitled to share in the surplus of the relevant life fund.

P

Participating Business

Life Insurance business where the policy holders are contractually entitled to share in the surplus of the relevant life fund.

Persistency Ratio

The ratio of life insurance policies receiving timely premiums in the year and the number of net active policies.

Policy

The printed document issued to the policyholder by the company stating the terms of the insurance contract.

Premium

The payment or one of the regular periodic payments, that a policyholder makes to own an insurance policy.

Price Earning Ratio

Market price of a share divided by earnings per share.

Policy Loan

Under an insurance policy, the amount that can be borrowed on the security of the surrender value of a life insurance policy at a specific rate of interest from the issuing company by the policyholder, who used the value of the policy as collateral for the loan. In the event the policyholder dies with the debt partially or fully unpaid, the insurance Company deducts the amount borrowed, plus any accumulated interest, from the amount payable.

Premium Ceded to Reinsurers

The premium paid by the ceding Company to the reinsurer in consideration for all or part of the risk assumed by the reinsurer.

R

Reinsurance

Transfer of all or part of the risk assumed by an insurer under one or more insurances to another insurer, called the reinsurer.

Reinsurance Commission

Commission received or receivable in respect of premium paid or payable to a reinsurer.

Reinsurance Premium

The premium payable to the reinsurer. Reinsurance is an arrangement whereby one party (the reinsurer), in consideration for a premium, agrees to indemnify another party (the cedent) against part or all of the liability assumed by the cedent under a policy or policies of insurance.

Retention

That part of the risk assumed, which the insurer/reinsurer does not reinsure/retrocede, i.e. retained net for own account.

Rider

An amendment to an insurance policy that modifies the policy by expanding or restricting its benefits or excluding certain conditions from coverage.

Risk Based Capital (RBC)

Amount of required capital that the insurance company must maintain based on the inherent risks in the insurer's operations. These risks include asset depreciation risk, credit receivables risk, underwriting risk and off-balance-sheet risk.

Risk-based Capital Adequacy Ratio (CAR)

The CAR is a measurement of available capital expressed as a percentage of risk-weighted credit exposures.

CAR = (Total Available Capital/Risk Based Capital Required) * 100

S

Surrender

Termination of an insurance policy by the insured before the expiry of its term (more common in the life insurance).

Surrender Value

The sum payable by an insurance Company upon the surrender of a life insurance policy before it has run its full course.

T

Total Available Capital (TAC)

Measures the actual available capital held by an insurer eligible to calculate capital adequacy.

U

Underwriting

The process of classifying applicants for insurance by identifying such characteristics as age, sex, health, occupation and hobbies. People with similar characteristics are grouped together and are charged a premium based on the group's level of risk. The process includes rejection of unacceptable risks.

Underwriting Margin

Consists of the earned premium remaining after claims/benefits have been paid and administrative expenses have been deducted. It does not include any investment income earned on held premiums.

SLFRS 17 IMPLEMENTATION EFFECT ON

EFFECTS ON THE STATEMENT OF FINANCIAL POSITION

MEASUREMENT OF INSURANCE CONTRACTS

SCENARIO			EXPECTED EFFECTS OF SLFRS 17	
			Insurance contract liabilities	Equity
Current or historical Assumptions	Currently used discount rate (i.e. historical rate)	If historical rate is lower than current rate	Decrease	Increase
		If historical rate is higher than current rate	Increase	Decrease
Risk Margins	Currently used Risk margin	If risk margin is higher than risk adjustment in SLFRS 17	Decrease	Increase
		If risk margin is lower than risk adjustment in SLFRS 17	Increase	Decrease
Financial options and guarantees	Current value of minimum interest rate guarantees	If doesn't fully reflect in measurement of insurance contracts	Increase	Decrease
		If fully reflects in measurement of insurance contracts	Low effect	Low effect
Acquisition Cost	Existing treatment on acquisition costs	If expensed as incurred (i.e. the current treatment)	Decrease	Increase
			Depends	Depends

General model (Building Block Approach - BBA)	Complex: requiring calculation of a Unearned Premium at a granular level at inception and tracked over life of the contract	Default approach for the measurement of insurance contracts
Premium allocation approach (PAA)	Simplified: similar to current accounting but with liability valuation based a model which is similar to discounting and risk margin	Generally, used for the contracts with duration of less than 12 months
Variable fee approach (VFA)	Similar to the general model, but with an obligation to pay policyholders an amount equal to the fair value of underlying items, less an insurer's fee which is variable.	Used for the contracts with direct participation features

PRESENTATION OF INSURANCE CONTRACTS

Indicator	Caption	SLFRS 4	SLFRS 17
◀ ▶	Insurance contract liabilities	Present separately	Present separately
	Reinsurance contract assets		
✓	Insurance contract assets	Net with insurance contract liabilities	Present separately on the Statement of Financial Position
	Reinsurance contract liabilities	Net with reinsurance contract assets	
X	Deferred acquisition costs	Present separately	Include under Insurance contract liabilities and provide a reconciliation from the opening to closing balances of insurance acquisition cash flows (CFS) as a disclosure note.
	Value of business acquired		Include in the measurement of insurance contracts and disclose value of contracts acquired on initial recognition. Subsequently, this value will be included within the contractual service margin.
	Policy loans		Include in the measurement of insurance contracts and disclose if they are a key metric for the company financial statement users.
	Premiums receivable	Present separately as financial assets	Include in the measurement of insurance contracts and disclose premiums received for insurance contracts issued in a reconciliation from the opening to closing balances of insurance contracts.
	Unearned premiums	Present separately for non-life insurance contracts	Include in the measurement of insurance contracts and are disclosed as specified in premium receivable.
	Claims payable	Present separately as financial liabilities	Include in the measurement of insurance contracts and disclose claims paid in a reconciliation from the opening to closing balances of insurance contracts.

◀ ▶ Line items unchanged (for presentation purposes) ✓ Expected 'new' line items X Line items not required by either SLFRS 4 or SLFRS 17

COMPANY'S FINANCIAL STATEMENTS

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EFFECTS ON THE STATEMENT OF COMPREHENSIVE INCOME

		SLFRS 4	SLFRS 17
Presentation of Premium	Deposit component	Include within premiums (as income) and within change in insurance contract liabilities (as expense)	Exclude from insurance revenue and from incurred claims and other expenses
	Insurance Revenue	Gross written premium represents the insurance revenue	Insurance revenue including components of: allocation of CSM, release of risk adjustment for non-financial risk, release of expected CFS, recovery of insurance Acquisition CFS (If available based on deferment)
Presentation of insurance finance expense	Time value of money	When relevant, include within change in insurance contract liabilities	Accretion of interest on insurance contract liabilities include within insurance finance expenses and maybe a part record in OCI based on accounting policy choice.
Recognition of the contractual service margin and risk adjustment	Contractual Service Margin	Release with change in insurance contract liabilities	Recognise the contractual service margin in profit or loss over the coverage period based on the coverage units, reflecting the expected duration and size of the contracts benefits in the group.
	Risk Adjustment	Include an implicit risk margin and release it with change in insurance contract liabilities	Include an explicit risk adjustment which reflects company's own assessment of risk and release as a part of insurance revenue.

Amount recognised in the Profit or Loss

Changes to the financial assumptions

Effects of changes in discount rates	Scenarios	
	Increase in risk-free rate	Increase in asset default risk
Value of financial assets measured at fair value	▼ Decrease	▼ Decrease
Value of insurance contract liabilities	▼ Decrease	◀ ▶ No change
Effect on profit– SLFRS 4	▼ Decrease	▼ Decrease
Effect on profit– SLFRS 17	◀ ▶ No effect if matched	▼ Decrease

Treatment for estimation changes in fulfillment cash flows

Effects of changes in estimation of fulfilment CFs	Initial Recognition	Subsequent Measurement
Results net outflow (onerous contracts)	Charge loss immediately to the Profit or Loss (P&L)	Recognise additional losses to the P&L
Results net inflow (Profitable and contracts can become onerous subsequently)	Recognise the contractual service margin and releases it to the P&L based on coverage units over the period.	Adjust contractual service margin and if it becomes zero, recognise the additional charge to P&L.

Illustration of Financial Statements

SLFRS 4

Premiums	xx
Investment income	xx
Incurred claims and expenses	(xx)
Change in insurance contract liabilities	xx
Profit or loss for the year	xx
Other comprehensive income	xx
Total comprehensive income	xx

SLFRS 17

Insurance revenue	xx
Incurred claims and expenses	(xx)
Insurance service result	xx
Investment income	xx
Insurance finance expenses	xx
Net financial result	xx
Profit or loss for the year	xx
Other comprehensive income	xx
Total comprehensive income	xx

EFFECTS ON DISCLOSURE NOTES

EXPLANATION ON AMOUNT RECOGNISED IN FINANCIAL STATEMENTS

Disclosure requirements	What's new?
Insurance Contract Liabilities	
Reconciliation of the net carrying amounts of contracts analysed by: • The net liabilities (assets) for remaining coverage excluding the loss component • Any loss component • The liabilities for incurred claims • The estimates of the present value of the future cash flows • The risk adjustment for non-financial risk • The CSM	●
Insurance Finance Income or Expense (IFI or IFE)	
Explanation of the relationship between insurance finance income or expenses and the investment return on assets	●
Assets for insurance acquisition cash flows	
Reconciliation of assets for insurance acquisition cash flows including: • Recognition of impairment losses and reversals • Quantitative disclosure of when the entity expects to derecognise an asset for insurance acquisition cash flows in appropriate time bands	●
Contracts not measured under the PAA	
• An analysis of insurance revenue • An analysis of the effect of contracts initially recognised in the period • Quantitative disclosure of when the entity expects to recognise the remaining CSM in profit or loss in appropriate time bands	●
Direct participating contracts	
• The composition of underlying items and their fair values • The effect of the risk mitigation option • For any change in the basis for disaggregating IFI or IFE (Why change is required, amount of adjustment, impact on carrying amount)	●
Transition amounts	
For contracts measured under the modified retrospective approach or the fair value approach: • Reconciliation of the CSM • Amounts of insurance revenue separately under each approach • How the entity determined the measurement of the contracts at the date of transition • If IFI or IFE are disaggregated between P&L and OCI, a reconciliation of the cumulative amounts included in OCI for related financial assets at FVOCI	●

SIGNIFICANT JUDGEMENTS MADE WHEN APPLYING SLFRS 17

Disclosure requirements	What's new?
Estimation techniques	
• Methods used to measure insurance contracts and processes for estimating the inputs to those methods • Any changes in methods and processes for estimating inputs used to measure contracts, the reason for each change and the type of contracts affected • Approach used to identify changes in discretionary cash flows for contracts without direct participation features	●
• If IFI or IFE are disaggregated between P&L and OCI, an explanation of the methods used to determine the amounts recognised in P&L. • If a technique other than the confidence level technique is used to determine the risk adjustment for non-financial risk (RANFR) , disclosure of the technique used and the confidence level that corresponds to the results of that technique	●
Assumptions	
• Determine the risk adjustment for non-financial risk, including whether changes therein are disaggregated into an insurance service component and an insurance finance component • Determine discount rates • Determine investment components	●
• Determine the relative weighting of the benefits provided by insurance coverage and investment services	●
Inputs	
Yield curve (or range of yield curves) used to discount cash flows that do not vary based on the returns on underlying items	●
Confidence level used to determine the risk adjustment for non- financial risk	●

NATURE AND EXTENT OF RISKS ARISING FROM INSURANCE CONTRACTS

Disclosure requirements	What's new?
Information about the effect of the regulatory frameworks If contracts are included within the same group as a result of law or regulation	●
Information about risk concentrations	●
For each type of risks:	
• The exposures to risks, how they arise and changes therein • The entity's objectives, policies and processes for managing the risks, methods used to measure the risks and changes therein • Summary quantitative information about exposure to the risk at the reporting date, based on information provided internally to key management personnel or, when this is not provided, based on the specific disclosure requirements provided	
Insurance and market risks	
For insurance risk, a sensitivity analysis that shows the effect for insurance contracts issued, before and after risk mitigation by the reinsurance	●
Methods and assumptions used in preparing the sensitivity analyses, changes therein and the reasons for such changes	●
If an entity discloses an alternative sensitivity analysis in place of any of those specified above, explanations of the method used and its objective, the main parameters and assumptions, and any limitations that may result in the information provided	●
For each type of market risk, a sensitivity analysis that explains the relationship between the sensitivities from insurance contracts and those from financial assets	●

Disclosure requirements	What's new?
Insurance risk	
Claims development – i.e. actual claims compared with previous estimates of the undiscounted amount of the claims	●
Credit risk	
The entity's maximum exposure to credit risk	●
Information about the credit quality of reinsurance contract assets	●
Liquidity risk	
A description of how liquidity risk is managed	●
Maturity analyses that show, as a minimum, net cash flows for each of the first five years after the reporting date and in aggregate beyond the first five years, which may be based on the estimated timing of: • The remaining contractual undiscounted net cash flows; or • The estimates of the present value of the future cash flows	●
Amounts that are payable on demand and their relationship with the carrying amounts of the related portfolios of contracts	●

New disclosure ● Existing requirement ●

Expanded requirement - Similar disclosure more detailed or specific under SLFRS 17 ●

COMPANY'S FINANCIAL STATEMENTS

EFFECTS ON KEY FINANCIAL METRICS

	Metric	Common method of calculation	Effects - SLFRS 17	Explanation
Volume Metrics	Earned premiums (SLFRS 4) and insurance revenue (SLFRS 17)	As reported in financial statements (measurement methods vary when applying SLFRS 4)	●	Depends on existing insurance accounting practices. For companies that currently include within earned premiums any deposit component on long-term insurance contracts, when they apply SLFRS 17, insurance revenue is expected to be significantly lower. "
	Gross premiums (or premiums written)	Premiums expected to be collected over the contracts' duration (ie not only premiums already received)	■	This metric could be disclosed in the notes to the financial statements, but is not permitted to be presented on the face of the statement of comprehensive income as a measure of insurance revenue.
	Premiums due	Invoiced or receivable premiums, which are unconditionally due to the insurer	■	The premiums-due metric is similar to the premiums received in a period. When applying SLFRS 17, premiums received for insurance contracts issued are required to be disclosed in the notes to the financial statements, but are not permitted to be presented on the face of the statement of comprehensive income as a measure of insurance revenue.
Profitability Metrics	Contractual service margin added from new contracts	Contractual service margin initially recognised in the period	▲	This will be a new metric provided by all insurers in a consistent manner. SLFRS 17 requires its disclosure in the notes to the financial statements. This metric is similar to the value added from new business, a metric provided by some insurers within their embedded value reporting.
	Insurance service result	As reported applying SLFRS 17	▲	This will be a new metric comprising insurance revenue less insurance service expenses.
	Profit or loss	As reported applying SLFRS Standards	●	Depends on the existing insurance accounting practices applied by a company.
	Return On Equity (ROE)	$\frac{\text{Profit or loss}}{\text{Equity}}$	●	Depends on the effects on profit or loss and on equity, which depend on the existing insurance accounting practices applied by a company.
	Earnings Per Share (EPS)	$\frac{\text{Profit or loss}}{\text{Number of shares outstanding}}$	●	Depends on the effects on profit or loss, which depend on the existing insurance accounting practices applied by a company. SLFRS 17 does not change the denominator.
	Net investment return	Investment return less insurance finance expenses	▲	The investment margin earned in the period will be presented in the statement of comprehensive income and will provide an important new profitability measure.
	Operating profit and underlying profit	Various methods—earnings from ordinary activities before income taxes, excluding earnings from investments	●	The effects of applying SLFRS 17 will depend on the existing insurance accounting practices applied by a company and on the nature of the adjustments made to profit or loss reported applying SLFRS Standards.
	Combined ratio	$\frac{\text{Incurred claims and other expenses}}{\text{Earned premiums}}$	●	Incurred claims will be reported discounted and adjusted for risk. The change in ratio will depend on particular facts and circumstances.
Liquidity Metrics	Net operating cash flow	Various methods—cash flow from operating activities does not include cash related to equity and borrowing	●	Insurers are expected to review the cash flow classification in their operating, financing and investing activities in the light of the changes introduced by SLFRS 17 in the presentation of information about insurance contracts in the statement of comprehensive income.

▲ New metric ■ No change ● Depends

THE ESSENTIAL INSURANCE JARGONS

SLFRS 4	SLFRS 17	SLFRS 4	SLFRS 17	SLFRS 4	SLFRS 17
Claim or loss reserves	Liability for incurred claims-LIC	Value in force-VIF	Contractual service margin-CSM	Unearned premium reserves-UPR	Liability for remaining coverage-LRC
Underwriting profit	Insurance service result	New business profit	Contractual service margin-CSM	Experience variances -life	Experience adjustments and change in estimates
Earned premiums	Insurance revenue	Premiums due	Premiums received	Premiums written	Present value of new business premiums

NOTES

CORPORATE INFORMATION

GENERAL

Name of the Company
Softlogic Life Insurance PLC

Legal Form
A Public Limited Liability Company Incorporated and domiciled in Sri Lanka in 1999 and registered under Companies Act No. 7 of 2007. The Company regulated under the Insurance Act No 43 of 2000 and amendments thereto.

Company Registration Number
PQ 31

Tax Payer Identification Number (TIN)
134008202

Principal Activities
Life Insurance Business

Stock Exchange Listing
The Ordinary Shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange. Stock Exchange code for the Company share is "AAIC"

Accounting Year End
31st December

Board of Directors
Ashok Pathirage - Chairman - Non Executive Director

Iftikar Ahamed - Managing Director/ Executive Director

Haresh Kumar Kaimal – Non-Executive Director

Fernanda Lima – Non-Executive Director

Visvanathamoorthy Govindasamy - Independent Non-Executive Director

Raimund Synders – Non-Executive Director

Lalith Withana - Independent Non-Executive Director

Sanjaya Mohottala - Independent Non-Executive Director

BOARD SUB COMMITTEES

Board Audit Committee
Lalith Withana - Chairman - Independent Non - Executive Director

Raimund Synders

Visvanathamoorthy Govindasamy

Board Risk Committee
Raimund Snyders - Chairman - Non Executive Director

Fernanda Lima

Lalith Withana

Board HR & Remuneration Committee
Visvanathamoorthy Govindasamy - Chairman - Independent Non-Executive Director

Ashok Pathirage

Lalith Withana

Board Investment Committee
Ashok Pathirage - Chairman - Non Executive Director

Iftikar Ahamed

Visvanathamoorthy Govindasamy

Fernanda Lima

Raimund Snyders

Sanjaya Mohottala

Board Related Party Transactions Review Committee
Lalith Withana - Chairman – Independent Non-Executive Director

Raimund Snyders

Visvanathamoorthy Govindasamy

Board Nomination and Governance Committee
Visvanathamoorthy Govindasamy - Chairman - Independent Non-Executive Director

Ashok Pathirage

Lalith Withana

Registered office and Principle Place of Business
Softlogic Life Insurance PLC, Head Office,

Level 16, One Galle Face Tower,

Colombo 02, Sri Lanka

Telephone : + 94112018800

Internet : www.softlogiclife.lk

Email : info@softlogiclife.lk

Actuaries
Messrs. Willis Towers Watson India Private Limited

Gratuity
Actuarial and Management Consultants (Pvt) Ltd

Auditors
Messrs. KPMG (Chartered Accountants)

Secretaries
Softlogic Corporate Services (Pvt) Ltd.

Tax Consultant
Amerasekera & Co.

Chartered Accountants

Principal Officer
T. M. Iftikar Ahamed

Chief Financial Officer
Nuwan Withanage

Specified Officer
Pranama Perera

Compliance Officer
Ruwantha Arukwatta

Lawyers
Paul Rathnayake Associates

Nithya Partners

Sarravanan Neelakandan Law Associates

Reinsurance Panel
Munich Re
SCOR Re
AXA PPP Healthcare Limited

Bankers
Bank of Ceylon
Cargills Bank PLC
Commercial Bank PLC
DFCC Bank PLC
Dialog Finance PLC
Hatton National Bank PLC
HDFC Bank
Merchant Bank of Sri Lanka & Finance PLC
National Development Bank PLC
National Savings Bank
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Regional Development Bank
Sampath Bank PLC
Sanasa Development Bank PLC
Seylan Bank PLC
State Mortgage and Investment Bank

For any clarification on this regard please write to;
Chief Financial Officer
Level 16, One Galle Face Tower,
Colombo 02, Sri Lanka
Telephone : + 94112018713
Fax : +94 11 2372937
E Mail : nuwan.withanage@softlogiclife.lk

NOTICE OF MEETING

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Sixth (26th) Annual General Meeting of SOFTLOGIC LIFE INSURANCE PLC (the Company) will be held on Friday, **28th March 2025 at 10.00 a.m. at the Auditorium, Central Hospital Limited, 4th Floor, No. 114, Norris Canal Road, Colombo 10** for the following purposes;

AGENDA

1. To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st December 2024 and the Report of the Auditors thereon.
2. To re-elect **Mr. S. W. Mohottala,** who retires by rotation in terms of Articles 98 (a) of the Articles of Association of the Company as a Director of the Company.
3. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS OF
SOFTLOGIC LIFE INSURANCE PLC

Sgd.
SOFTLOGIC CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

At Colombo, this 04th March 2025

Notes:

- Shareholder entitled to attend and vote at the Annual General meeting, is entitled to appoint a Proxy to attend and vote instead of him/her.
- A Proxy need not be a shareholder of the Company.
- A Form of Proxy accompanies this notice.
- The completed Form of Proxy must be forwarded via e mail to corporateservices@softlogic.lk or deposited at Softlogic Corporate Service (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05 not less than forty- eight (48) hours before the time appointed for holding of the meeting.

FORM OF PROXY

Annexure 1

FORM OF PROXY- 26TH ANNUAL GENERAL MEETING

I/We ..... of

..... being Member / Member* of the above

named Company, hereby appoint (1) ..... of ..... failing him / her.

(2) Mr. A. K. Pathirage	or failing him	(6) Mr. V. Govindasamy	or failing him
(3) Mr. T. M. Iftikar Ahamed	or failing him	(7) Mr. Raimund Snyders	or failing him
(4) Mr. H.K. Kaimal	or failing him	(8) Mr. P.L.P. Withana	or failing him
(5) Ms. Fernanda Lima	or failing her	(9) Mr. S.W. Mohottala	or failing him

As my / our* Proxy to represent me / us* and vote and speak for me / us* on my / our* behalf at the **Twenty Sixth (26th) Annual General Meeting** of the Softlogic Life Insurance PLC to be held on Friday, **28th March 2025 at 10.00 a.m. at the Auditorium, Central Hospital Limited, 4th Floor, No. 114, Norris Canal Road, Colombo 10** and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof

I / WE INDICATE MY/OUR VOTE ON THE RESOLUTIONS BELOW AS FOLLOWS;

		For	Against
1.	To receive and consider the Report of the Directors on the State of Affairs of the Company and the Statement of Audited Accounts for the year ended 31st December 2024 and the Report of the Auditors thereon		
2.	re-elect **Mr. S. W. Mohottala,** who retires by rotation in terms of Articles 98 (a) of the Articles of Association of the Company as a Director of the Company.		
3.	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration		

.....

Signature of shareholder Signed this ..... day of ..... 2025.

Note:

(i) Please delete the inappropriate words.

(ii) Instructions for completion of Proxy are noted below.

(iii) A Proxy need not be a shareholder of the Company.

(iv) Please mark ¨X¨ in appropriate cages, to indicate your instructions as to voting

FORM OF PROXY

Instructions as to completion

1) Kindly perfect the Form of Proxy by filing in legibly your Full name, National Identity Card/ Passport/ Company Registration Number, your address and your instructions as to voting and by signing in the space provided and filing in the date of signature. Please ensure that all details are legible.

2) Please mark "X" in appropriate cages, to indicate your instructions as to voting on each resolution. If no indication is given, the Proxy holder in his/her discretion will vote as he/her thinks fit.

3) To be valid, the completed Form of Proxy must be forwarded via e mail to corporateservices@softlogic.lk or deposited at Softlogic Corporate Services (Pvt) Ltd, No. 14, De Fonseka Place, Colombo 05, Sri Lanka on not less than 48 hours before the time appointed for the holding of the meeting to ensure that the proxies reach the Company's Registrars before the date of the AGM. No registration of proxies shall be accommodated after the deadline.

4) If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details (1) overleaf and initial against this entry.

5) In the case of a Company/Corporation, the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by Articles of Association/ Act of Incorporation.

6) In the case of a Proxy signed by an Attorney, a certified copy of the Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company

INVESTOR/STAKEHOLDER FEEDBACK FORM

Annexure 2

To request information to submit a comment / query to the company, please provide the following details and return this page to -

Chief Financial Officer
Softlogic Life Insurance PLC
Level 16,
One Galle Face Tower,
Colombo 2,
Sri Lanka.

T - +94 (11) 2018713
F - +94 (11) 2327257

Email : investor.relations@softlogiclife.lk

Name : .....

Permanent Mailing Address : .....

Contact Number/s : .....

Tel : .....

Fax : .....

E-Mail : .....

Name of Company (If Applicable) : .....

Designation (If Applicable) : .....

Company Address (If Applicable) : .....

Queries / Comments

.....

.....

.....

.....

.....

.....

.....

INVESTOR/STAKEHOLDER FEEDBACK FORM

Your opinion matters. Please share your views with us.

Which stakeholder groups do you belong to?

(You may tick more than one)

☐ Employee ☐ Customer ☐ Shareholder
☐ Community ☐ Investor

Does the report address issues of greatest interest to you?

☐ Comprehensively ☐ Partially ☐ Not at all

Please identify any additional issues that you think should be reported on :

.....

.....

Do you have any additional comments on the report - or on Softlogic Life's performance in general?

.....

.....

Please tick here if we may include your comments in any future reports?

☐ Yes ☐ No

Would you like to be consulted when we prepare our next sustainability report?

☐ Yes ☐ No

Your name, email address and / or other contact details

.....

.....

Designed & produced by
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Digital Plates & Printing by
Softwave Printing and Packaging (Pvt) Ltd



Softlogic Life Insurance PLC
Level 16, One Galle Face Tower,
Colombo 2, Sri Lanka.

www.softlogiclife.lk