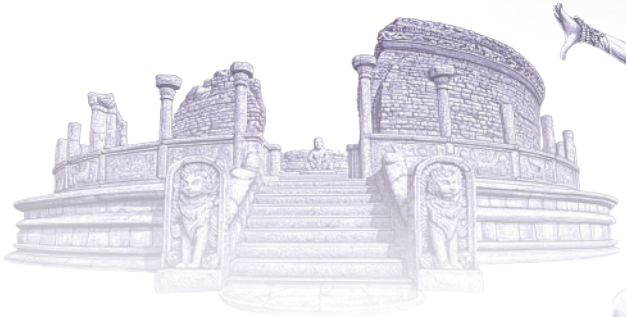
BIG MOVES BIG IMPACT

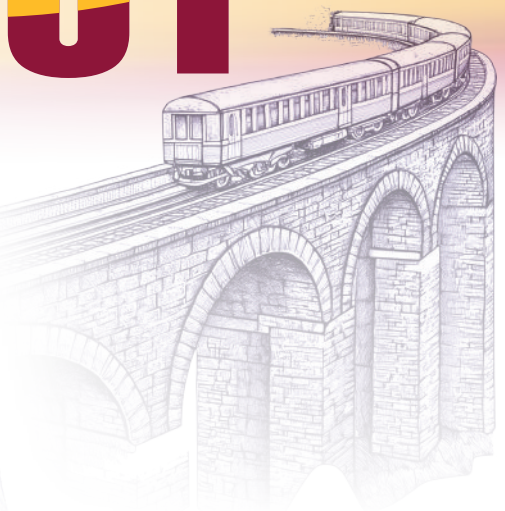












softlogic LIFE

BIG MOVES BIG IMPACT

At Softlogic Life, life thrives when the stars align.

We are in the business of protection, and over the years, we have built a robust network of stakeholders that come together, like the stars, to create an unbreakable constellation of trust that enables that protection in its most stable manifestation.

In the year under review, we have taken further steps to widen our reach and increase the strength of our constellation of trust. As the nation's prominent insurance provider, we know that true health is the greatest wealth, and pursue our overarching goal: to create wealth for our customers. To do this, we rely upon our best instincts and enable collective action, and as every player in our network comes together, the picture is made whole, and life can thrive.

Together, our Wealth Network aligns futures and changes lives.





softlogic LIFE

Scan the QR code with your smart device to view this report online

CONTENTS





32 | Reflections from Our Chairman

36 | Reflections from Our Managing Director

INTEGRATED REPORT (Page 15 to 120)

ABOUT US

About Our Integrated Report

Driving Global Sustainability Standards, Delivering Local Impact / 4

How to Read this Annual Report – A Quick Guide / 5

Our Reporting Universe / 6

Our Integrated Annual Report / 8

About Softlogic Life

Overview of Softlogic Life / 15

Our History / 21

Financial Highlights / 22

ESG Performance Indicators / 24

Year at a Glance / 26

Awards and Accolades / 28

Organisational Structure / 30

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

MANAGEMENT DISCUSSION & ANALYSIS

The Winning Formula for Sustainable Growth

Reflections from Our Chairman / 32

Reflections from Our Managing Director / 36

Operational Review / 40

Driving Long-Term Value Through Big Moves

Business Model / 52

Operating Environment / 54

Our Interaction with Stakeholders / 58

Material Matters Assessment / 62

Strategy and Resource Allocation / 65

Our Risk Matrix and Opportunities Ahead / 71

Managing Climate and Sustainability Related Risk and Opportunities / 72

Outlook / 120

Independent Practitioners' Limited Assurance for the Integrated Report / 121

Independent Practitioners' Limited Assurance Report on SLFRS S1 and S2 / 124

SLFRS S1 & S2 REPORT

Big Moves in Resource Management for Big Impact
Financial Capital / 130
Human Capital / 138
Social and Relationship Capital / 157
Customer / 158
Business Partner / 168
Community / 176
Intellectual Capital / 182
Manufactured Capital / 190
Natural Capital / 194
The path of prosperity: our moonstone of sustainability / 200
From Coverage to Care: Making Every Life Count In 2025 / 201
Corporate Social Responsibility (CSR) at SLI / 202
Independent Assurance Report on GRI Indicators / 203

STEWARDSHIP

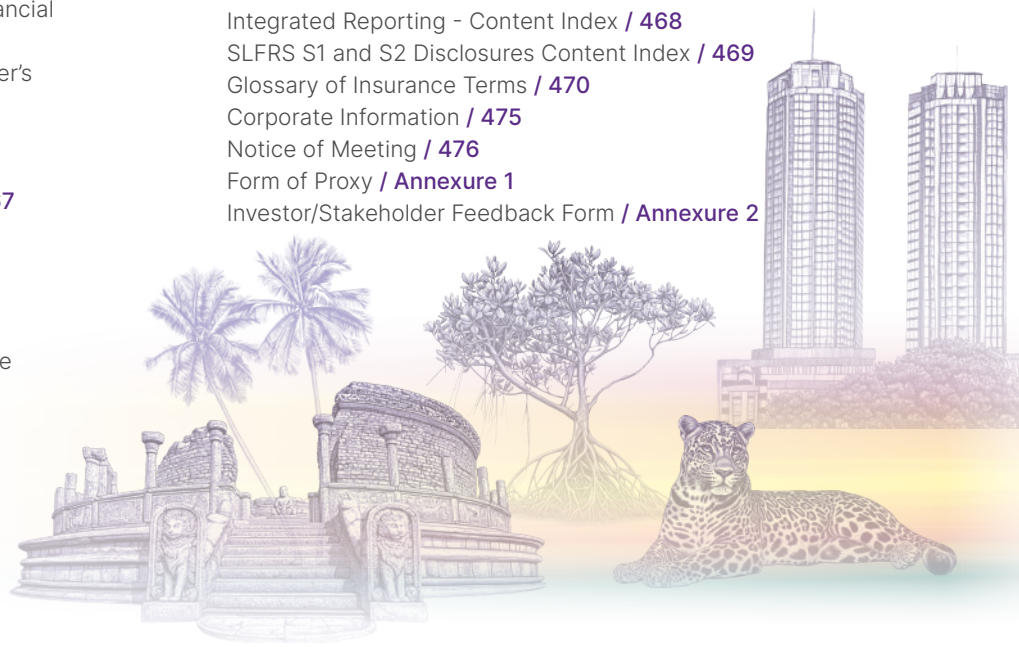
Board of Directors / 210
Corporate Management Team / 213
Sales Management Team / 215
Chairman's Statement / 217
Corporate Governance at Softlogic Life / 218
Statement of Compliance / 221
Corporate Governance Highlights – 2025 / 222
Value Creation from the Governance / 223
Governance for SLFRS 17 Implementation / 224
The Acquisition and Integration of Softlogic Life Insurance Lanka Limited / 225
Leadership & Strategic Stewardship / 226
Responsible Conduct & Stakeholder Trust / 244
Risk, Accountability & Assurance / 251
Annual Report of the Board of Directors on the Affairs of the Company / 254
Statement of Directors' Responsibility for Financial Reporting / 263
Managing Director's and Chief Financial Officer's Responsibility Statement / 265
Directors' Interest in Contracts with the Company / 266
Directors' Statement on Internal Controls / 267
Audit Committee Report / 269
Risk Committee Report / 275
Remuneration Committee Report / 278
Investment Committee Report / 281
Related Party Transactions Review Committee Report / 283
Nominations and Governance Committee Report / 286
Compulsory Governance Codes / 288
Voluntary Governance Codes / 296

FINANCIAL INFORMATION

Financial Highlights / 306
Actuary's Report / 308
Report on the Liability Adequacy Test (LAT) / 309
Financial Calendar / 310
Financial Statements Table of Contents / 311
Independent Auditor's Report / 312
Income Statement / 315
Statement of Profit or Loss and Other Comprehensive Income / 316
Statement of Financial Position / 317
Statement of Changes in Equity / 318
Statement of Cash Flows / 320
Notes to the Financial Statements / 321

SUPPLEMENTARY INFORMATION

Statement of Financial Position-Life Insurance Fund / 438
Insurance Revenue Account / 438
Notes to the Statement of Financial Position of the Life Insurance Fund / 439
Quarterly Analysis / 442
Decade at a Glance - Financial Performance / 443
Decade at a Glance - Financial Position / 444
Simplified Insurance Financials / 445
Investor Relations / 446
SLFRS 17 - Investor Perspective / 448
SLFRS 17 Implementation Effect on Company's Financial Statements / 451
Horizontal and Vertical Analysis of Statement of Financial Position Over Five Years / 462
Horizontal and Vertical Analysis of Income Statement Over Five Years / 464
GRI - Content Index / 465
Integrated Reporting - Content Index / 468
SLFRS S1 and S2 Disclosures Content Index / 469
Glossary of Insurance Terms / 470
Corporate Information / 475
Notice of Meeting / 476
Form of Proxy / Annexure 1
Investor/Stakeholder Feedback Form / Annexure 2



DRIVING GLOBAL SUSTAINABILITY STANDARDS, DELIVERING LOCAL IMPACT

GLOBAL STANDARDS, LOCAL ACTION: Our strategy is proudly aligned with the UN Sustainable Development Goals (SDGs), ensuring we contribute to a better world, right from Sri Lanka.

PIONEERING CLIMATE ACTION: We're Sri Lanka's first life insurer to join PCAF, the global partnership for carbon accounting. It's a milestone in our journey toward full transparency.

ACCOUNTING FOR OUR FOOTPRINT: What gets measured, gets managed. That's why we track every Scope 1, 2, and 3 emission.

DALY: MEASURING SUSTAINABILITY THROUGH HEALTHY LIVES

Introducing a new dimension to sustainability.

5,000 DALYs saved | **USD 58 Mn** economic value created | **USD 15 Mn** reduction in public healthcare expenditure.

A TRULY CARBON NEUTRAL REPORT: It is independently certified as carbon neutral, demonstrating our commitment in every detail.



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 52)

Understand core business activity , downstream and upstream value chain

Strategic approach to manage climate (CRRO) and sustainability (SRRO) risk and opportunities (Page 71)

Identifying and assessing SRRO and CRRO

Stakeholder Engagement (Page 58-61)

Identify stakeholder concerns and consider for strategy setting

Materiality in Focus (Page 62-64)

The process we used and basis of measurement of material matters

Strategy and Resource Allocation (Page 65-70)

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

Capital Reports (Page 130-199)

Value creation through our business to stakeholders

Governance (Page 210-304)

Our overarching governance framework that ensures transparency and accountability

Financial Statements (Page 306)

Comprehensive financial results disclosures as per the SLFRS and LKAS standard

CLIMATE AND SUSTAINABILITY IMPACT REPORTING

Governance (Page 74-78) — Governance of CRRO and SRRO

Risk Management (Page 107-113) — Integrated risk management process of Softlogic Life

Strategy (Page 78-106) — Below sub sections have been detailed

Identifying SRROs through PESTEL analysis [Page 55]

Climate physical risks
Identifying CRROs through climate scenario analysis [Page 92-98]

Climate transition risks [Page 97]

Prioritise material risk and opportunities and consider for strategy setting

Metrics and Targets (Page 113-119) — Below sub sections have been detailed

Metrics and targets for SSROs are derived through strategy setting [Page 115-116]

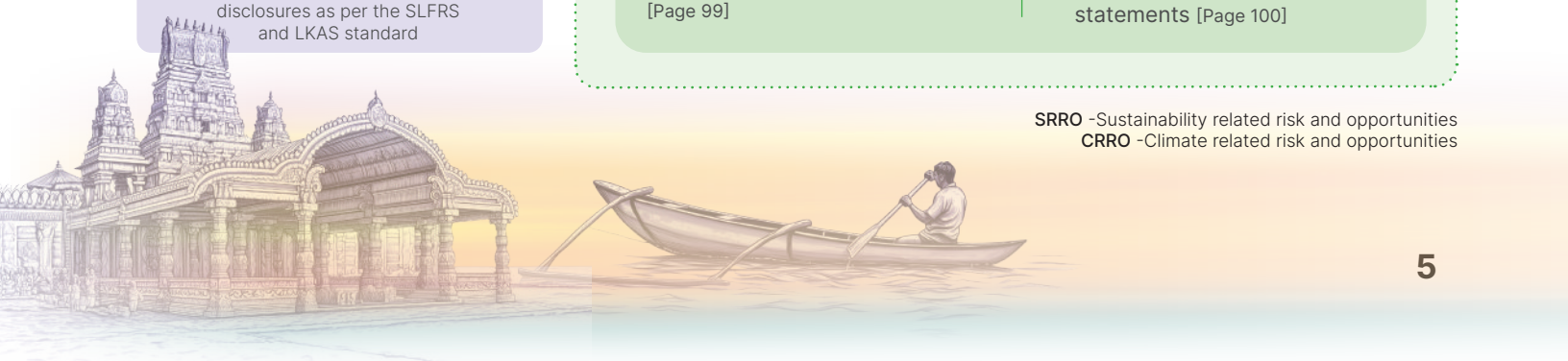
Climate related metrics [Page 116]

Climate target [Page 118]

Assessment of financial impact due to CRRO and SRRO [Page 99]

Sensitivity analysis of key CRROs and SRROs on financial statements [Page 100]

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



OUR REPORTING UNIVERSE

UNLOCKING THE UNIVERSE

Over the past decade, Softlogic Life has continuously redefined Sri Lanka's corporate reporting landscape. What began as digital enhancement has evolved into a fully integrated intelligence ecosystem combining accessibility, analytics, personalisation, and structured data readiness to deliver reporting that is deeper, smarter, and more connected.

This year is about doing **Big Moves and creating Big Impacts**, introducing bold advancements that transform information into intelligence and insight into measurable value. Each innovation represents more than a feature, it is a decisive step forward strengthening transparency, elevating stakeholder engagement, and shaping the future of intelligent, technology enabled reporting.



A DECADE OF REPORTING INNOVATION

From delivering Sri Lanka's first-time breakthroughs to advancing an intelligence-led reporting ecosystem, each milestone reflects our commitment to structured reporting, transparency, stakeholder engagement, and technology-enabled governance excellence.



2017 **Video version** of Annual Report

2019 Annual report access through **mobile application**

2020 **External assurance** on Integrated reporting

2021 Introduction of **futuristic reporting** practices by providing 3-year KPI projections.

2022 **Content specific** report generation

Interactive dashboard for investor information

2023 Introduction of "Lifey" – the **AI-powered, voice-enabled** annual report analyser

2024 Introduction of **Gamification** and a **Live, Actionable Dashboard**

AI Powered Quiz Game

Live, Actionable Dashboard

Dedicated Micro Site

Video Version of Annual Report

Quarterly Reports

Shareholder Meetings

Trilingual Executive & Financial Statements

WHERE REPORTING MEETS **INTELLIGENCE**

AI-POWERED, PREDICTIVE & INTELLIGENT

This year, Softlogic Life advances beyond traditional digital reporting to deliver a fully AI-powered intelligence ecosystem. By integrating predictive analytics, dynamic personalisation, trend analysis, multilingual accessibility, and real-time stakeholder sentiment measurement, our Annual Report evolves from a static disclosure into an intelligent, interactive experience.

AI-Optimised Annual Intelligence Report

Step into the next era of corporate reporting. Experience a fully AI-integrated Annual Report, enabling seamless connectivity with global financial research platforms and AI-driven ecosystems for deeper financial intelligence.

Scan the QR code to explore future-ready reporting architecture.

Predictive Intelligence Analyser

Go beyond traditional reporting. Experience deeper insight, broader context, and forward-looking insights all within a unified intelligent interface.

Scan the QR code to explore advanced reporting intelligence.



Adaptive Intelligence Engine

Create a reporting experience tailored to your priorities. Access structured, decision-ready intelligence aligned with your specific informational needs.

Scan the QR code to generate your personalised insights.

Stakeholder Sentiment Intelligence

Your voice matters. Share your valuable feedback to shape the future of corporate reporting through AI-powered sentiment intelligence and meaningful stakeholder insights.

Scan the QR code to share your insights.

Annual Report Audio Intelligence

Listen to our Annual Report anytime, anywhere. Engage with key financial and strategic insights in a clear, accessible, and convenient format.

Scan the QR code to start listening.

ABOUT OUR INTEGRATED ANNUAL REPORT

<IR> 4H

Softlogic Life Insurance PLC presents its 13th Integrated Annual Report for the year ended 31 December 2025. This Report is our main communication to shareholders, lenders, and capital providers, but it also contains information relevant to other stakeholders. It provides a transparent and comprehensive account of our financial performance, capital position, risk governance, sustainability related exposures and long term strategic direction.

In an increasingly complex macroeconomic and climate environment, we recognise that institutional investors require clarity on financial resilience, governance robustness and sustainability integration. This Report has therefore been prepared to demonstrate how we safeguard capital, manage risk prudently and position the Group for sustainable growth over short, medium and long term.

REPORTING BOUNDARY, PERIOD AND CONSISTENCY

This Integrated Annual Report covers the financial year from 1st January 2025 to 31 December 2025 and includes material events up to Board approval on 6 March 2026.

The report provides information regarding Softlogic Life Insurance PLC, a publicly listed company on the Colombo Stock Exchange, together with its subsidiary, Softlogic Life Insurance Lanka Limited (collectively referred to as the Group).

CHANGES TO REPORTING BOUNDARY

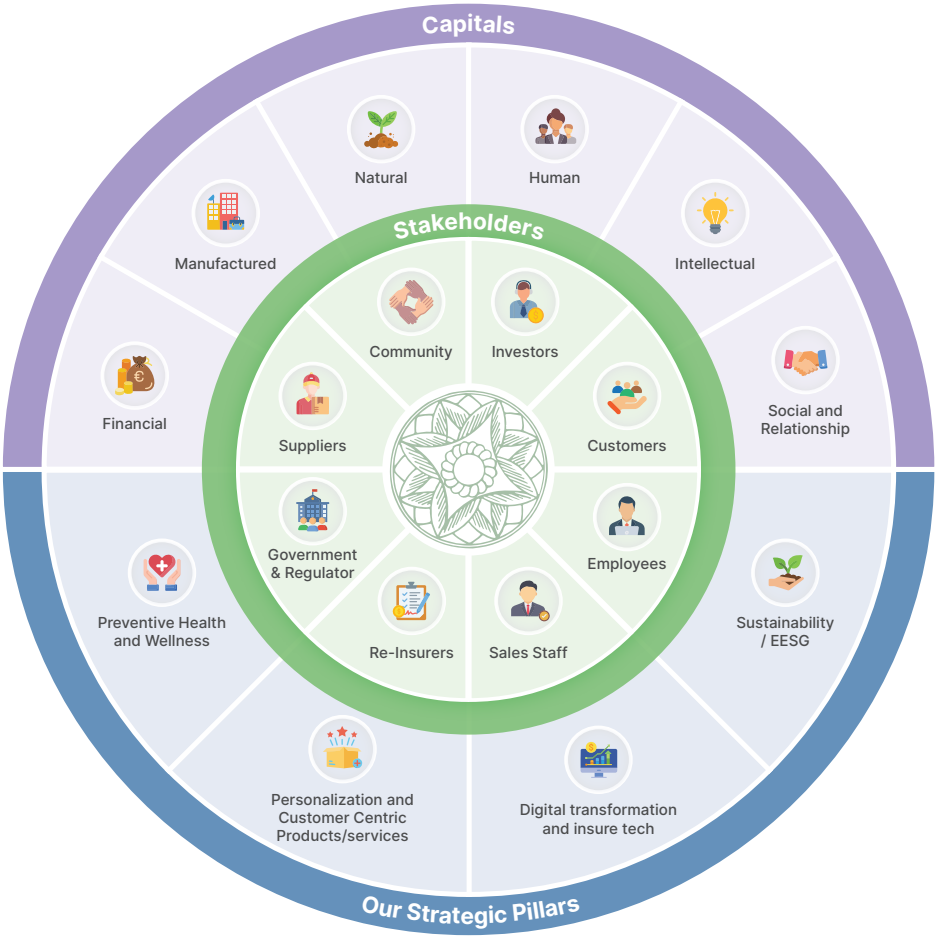
During the year, the Group expanded its operational boundary through the acquisition of 100% stake in Softlogic Life Insurance Lanka Limited (Formerly known as Allianz Life Insurance Lanka Limited), a Life insurance company operating in Sri Lanka. The acquisition strengthens the Group's presence in life insurance market and enhances its value creation capabilities through expansion of sales advisors approximately by 1,000 and expanding market presence through widespread branch network. Since the date of acquisition, the subsidiary has been fully consolidated into the Group's financial statements, and a phase-out plan for the consolidation of operational processes has been implemented.

Financial Reporting Boundary	Sustainability and Integrated Reporting Boundary	GHG Emission Reporting Boundary
Covers the operations of the Group prepared in accordance with SLFRSs.	The scope includes the Group's activities, as well as its associated upstream and downstream value chain, considering its operating environment and stakeholder concerns in alignment with SLFRS S1 & S2.	Covers operational control over 9 corporate offices and 124 branches.

INTEGRATED THINKING AND VALUE CREATION AND REPORTING

Our strategy development and value creation processes are integrated across the enterprise and form the foundation of this Report. Oversight is exercised by the Board of Directors and the management, supported by functional leadership and reinforced through a robust combined assurance framework.

ICON NAVIGATION



CONNECTING PURPOSE TO PERFORMANCE

This framework translates our purpose led strategy into tangible financial and sustainability outcomes by addressing the value themes that matter most.

MACRO ENVIRONMENT

MACRO & MARKET FORCES

- Macroeconomic volatility
- Regulatory developments (IRCSL / SLFRS 17)
- Demographic shifts
- Digital acceleration
- Climate & sustainability risks

Purpose-Led Strategy
Delivering protection with trust, innovation and financial strength

STAKEHOLDER EXPECTATIONS

- Policyholder protection
- Shareholder returns
- Responsible investment
- Product competitiveness
- Transparency & governance

DOUBLE MATERIALITY FRAMEWORK

FINANCIAL MATERIALITY
Matters impacting earnings, Capital and solvency

IMPACT MATERIALITY
Matters impacting customers, communities & environment

MATERIAL VALUE THEMES

Sustainable business performance	Rising customer expectations	Employee expectations	Increasing regulatory compliances	Advisor Productivity	Cyber risk	Managing market risks	Climate risk

INTEGRATED REPORTING OUTPUTS

- Financial Statements
- Sustainability-related Financial Disclosures
- Risk & Capital Management
- Governance Reporting

GOVERNANCE & INTEGRITY FRAMEWORK

Board Oversight	Enterprise Risk Management Framework	Internal & External Audit	Board Committees	Management committee

ABOUT OUR INTEGRATED ANNUAL REPORT

OUR INTEGRATED THINKING

We apply INTEGRATED THINKING to recognise 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 capitalise 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.

COMPLIANCE WITH SLFRS S1 AND S2

Following the voluntary adoption of SLFRS S1 and S2 last year, the Group has this year transitioned to mandatory compliance, extending its reporting obligations accordingly

MATERIALITY

We apply a formal and documented materiality assessment process aligned with SLFRS S1 and S2 to identify sustainability-related risks and opportunities that could reasonably influence the decisions of investors and other primary users of general-purpose financial reports.

Our materiality determination incorporates:

- Financial Materiality – Potential impact on profitability, capital adequacy, liquidity or financial position.
- Impact Materiality – Significant effects on customers, society or the environment that may translate into financial or reputational risk.

TIME HORIZONS

The group had adopted following time horizons

Purpose	Time Horizons	Basis
Financial reporting, planning and sustainability reporting	Short Term: 2026 Medium Term: 2027 & 2028 Long Term: Beyond 2028	Align to financial planning cycle .
Climate related impacts assessment and reporting	Short Term: 2030 Medium Term: 2030 & 2050 Long Term: Beyond 2050	Align to Sri Lankas climate commitments to Paris agreement

QUALITATIVE OVERLAY

Qualitative considerations may elevate matters to material status irrespective of size where they involve:

- Regulatory or supervisory scrutiny
- Governance or control deficiencies
- Reputational sensitivity
- Strategic significance

Material matters are integrated into:

- Enterprise risk management
- Strategic planning and capital allocation
- Performance management and executive oversight
- Board monitoring processes

This ensures that sustainability-related financial disclosures are proportionate, focused and aligned with long-term enterprise value protection.

EXEMPTIONS APPLIED

Last year, the group voluntarily implemented SLFRS S1 and S2. This year, we are presenting sustainability-related financial disclosures, including comparative information.

In accordance with transitional provisions:

- Relief from comprehensive climate-related scenario analysis has been applied.

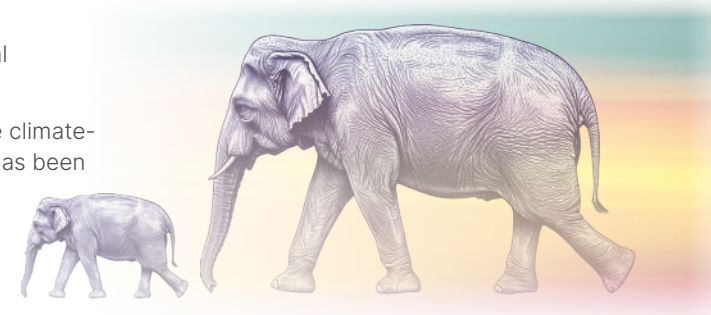
Despite these reliefs, we have strengthened processes over sustainability related information to support progressive enhancement in future reporting cycles.

DISCLAIMER ON FUTURE ACTIONS.

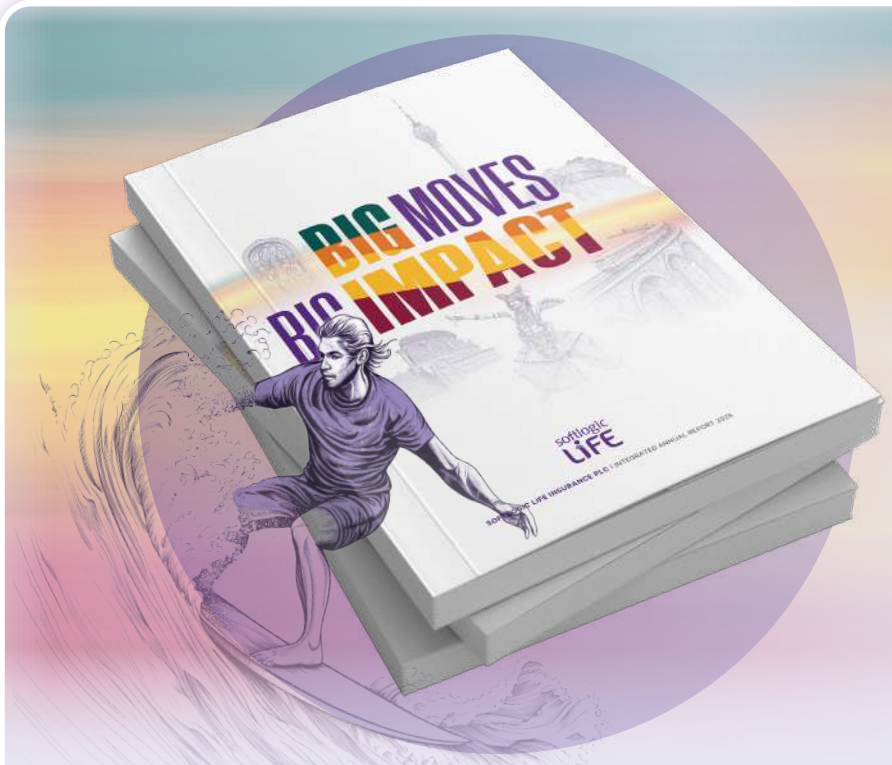
This report may contain forward looking statements concerning the Group's future performance and prospects. While these statements reflect our current expectations, it is essential to recognise that various risks, uncertainties, and other significant factors could cause actual results to differ materially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

RESTATEMENTS

The Group's comparative figures for financed emissions have been restated following changes in assumptions. Over the year, the Group became a member of PCAF (Partnership for Carbon Accounting Financials) and, under their guidance, applied PCAF emission factors to calculate financed emissions. To enhance comparability, last year's figures have also been revised based on the same methodology.



SMARTER CONTENT, DEEPER CONNECTIONS:
2025 REPORT INNOVATIONS





USER FRIENDLINESS

AI-Optimised Intelligence Report
An improved AI capacity for precise analysis of information

Predictive Intelligence Analyser
Enhanced predictive capacity through algorithms

Adaptive Intelligence Engine
Enhanced digital accessibility of the report

Stakeholder Sentiment Intelligence
Adoption of AI powered sentiment intelligence

Annual Report Audio Intelligence
Listen to our Annual Report anytime, anywhere

TRANSPARENCY

Six-year KPIs (3Y future / 3Y past)
The only company to disclose future three-year KPIs. This year, we further expanded the number of KPIs to cover broader aspects of our business.

Budget vs actual analysis
Variance analysis for 2025 targets was conducted, with findings closely aligned to our broader business perspective.

External assurance for SLFRS S1 and S2 / Integrated reporting / GRI indicators
An independent assurance for enhanced credibility

Extended future targets on human capital management
Set three year future target for human capital

CLIMATE FRIENDLINESS

A Carbon neutral annual report
Carbon neutral annual report for the second consecutive year

Partner with PCAF for financed emissions calculation
Aligned financed emission calculation with PCAF emission factors to improve transparency

CONTENT

Linking financial with non-financial information
Enhanced connections between financial data and sustainability metrics by implementing direct cross-referencing.

Enhanced disclosure of value chain impact due to SRRO and CRRO
As this marked mandatory reporting under SLFRS S1 & S2, we conducted an in depth analysis of material risks and opportunities, gaining improved visibility into value chain impacts supported by clear visual presentations.

Quantified current and future financial impact due to SRRO and CRROs
Quantified financial impacts both current and projected over three years were disclosed, based directly on the effects considered in our corporate plan.

OUR INTEGRATED ANNUAL REPORT

REPORTING STANDARDS AND FRAMEWORKS

The following reporting standards and frameworks were applied or referenced in the preparation of this report.

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	• Integrated Reporting Framework • Guidelines for Presentation of Annual Reports issued by the Institute of Chartered Accountants of Sri Lanka
Sustainability Reporting	
• Sri Lanka Sustainability Disclosure Standards S1 – General Requirements of sustainability-related financial information. • Sri Lanka Sustainability Disclosure Standards S2 – Climate Related Disclosures. • The Preparer's guide to SLFRS S1 and S2 issued by CA Sri Lanka.	• 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) • Exposure draft from IRSCL on implementing ESG and green financing initiatives in insurance sector
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	**GHG Emissions**
• 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.	Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard

CONNECTIVITY WITH FINANCIAL STATEMENTS

The sustainability report and financial statements have been prepared in accordance with SLFRSs and LKASs as issued by CA Sri Lanka, covering the same reporting period. To provide greater clarity on the integration of our value creation journey with financial outcomes, both the sustainability-related financial disclosures and financial statements should be reviewed concurrently. Relevant references to the financial statements are included within the sustainability report to facilitate better understanding.

EXTERNAL ASSURANCE

The following external assurances have been obtained for this annual report.

Annual report section	Nature of assurance	Independent Assurance provider	Page of the assurance report
Financial reporting	Reasonable assurance	Messrs. KPMG	312-314
Integrated reporting	Limited assurance		121-123
SLFRS S1 and S2 reporting	Limited assurance		124-127
GRI indicators	Limited assurance		203-208
GHG Emissions	Reasonable assurance	Climate Fund in line with ISO 14064-1(2018): Greenhouse gases	119

REPORT PREPARATION PROCESS

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 Group provide oversight and guidance for the processes, particularly in the reporting approach and content planning.
- Majority of the report content was developed through AI software's including ChatGPT, Copilot etc. and manual intervention is made to verify the AI generated content for accuracy.
- Cross-functional collaboration involves key departments in the report preparation process, ensuring accurate and complete disclosures.
- The Group'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.

BOARD RESPONSIBILITY FOR SUSTAINABILITY PRACTICES

The Board of Directors of Softlogic Life Insurance PLC holds ultimate responsibility for ensuring the integrity of this Integrated Annual Report. We confirm that the Report for the year ended 31 December 2025 addresses all material matters and presents a fair and balanced representation of the Group's integrated and sustainability-related performance.

The Report has been prepared in accordance with the International Integrated Reporting Framework (as amended in January 2021) and in compliance with Sri Lanka Financial Reporting Standards SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures. In assessing compliance, management evaluated the Report against the Guiding Principles and Content Elements of the Integrated Reporting Framework.

The Board has reviewed and approved the disclosures contained in this Report and authorises it for publication.

Sgd.
Nuwan Withanage
Chief Financial Officer

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Ashok Pathirage
Chairman

(On behalf of the Board of Directors)

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 479. 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

Abbreviations used in this report

GWP	-	Gross written premium
ANBP	-	Annualised new business premium
EV	-	Embedded value
VONB	-	Value of new business
SRRO	-	Sustainability related risk and opportunities
CRRO	-	Climate related risk and opportunities
GHG	-	Green house gas
EESG	-	Economic, Environment, Social and Governance
BRC	-	Board risk committee
BAC	-	Board audit committee
BIC	-	Board investment committee
CAR	-	Capital adequacy ratio
AV	-	Appraisal value



ABOUT SOFTLOGIC LIFE

Enduring Strength. Enduring Impact.

Built on layered expertise and reinforced over time and performance, our foundation at Softlogic Life is strengthened through a steadfast commitment to policyholders. Each layer of our journey adds depth to our story that ultimately positions us as an institution designed to create enduring impact.

Dambulla's cave temples, preserved across centuries, reflect Sri Lanka's layered craftsmanship and unwavering dedication to legacy that endures across seasons.

OVERVIEW OF SOFTLOGIC LIFE

<IR> 4A

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.

Rs. 40.1 Bn
Gross Written Premium
2024 - 31.6 Bn
2023 - 26.3 Bn

18.4%
Market Share
2024 - 17.2%
2023 - 17.2%

39.0%
Return on Equity
2024 - 38.2%
2023 - 23.5%

245%
Capital Adequacy Ratio
2024 - 298%
2023 - 367%

Rs. 13.6 Bn
Gross regular claims paid
2024 - 11.1 Bn
2023 - 10.1 Bn

1.5 Mn
No of Lives Covered
2024 - 1.3 Mn
2023 - 1.3 Mn



Rs. 13.0 Bn
Capital Employed
2024 - 12.9 Bn
2023 - 17.5 Bn

Rs. 68.6 Bn
Total Assets
2024 - 53.6 Bn
2023 - 51.3 Bn

5,254
Sales Staff
2024 - 3,487
2023 - 3,214

1,144
Employees
2024 - 944
2023 - 985

67
No of Products
(Including riders)
2024 - 67
2023 - 64

159
Branches
2024 - 115
2023 - 116

OVERVIEW OF SOFTLOGIC LIFE

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.

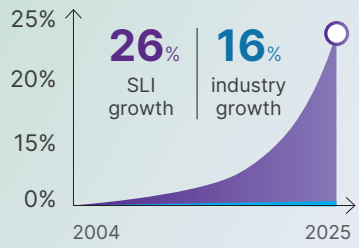
Nurturing the spirit of **Innovation** to upgrade customer life styles.

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



Softlogic Life Insurance PLC (SLI) has cemented its position as a transformative force in Sri Lanka's life insurance sector through a powerful combination of exceptional growth, pioneering innovation, and operational excellence. This success is rooted in our commitment to redefining every aspect of the business, enabled by a streamlined organisational structure, a vibrant corporate culture, and forward thinking leadership.

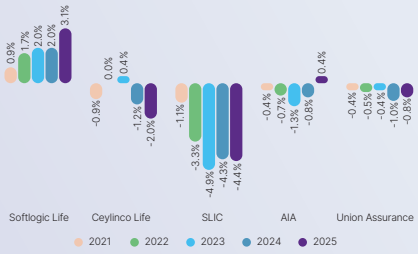
Over the past decade, SLI has sustained an impressive growth trajectory, rapidly ascending to become the second largest insurer in the nation. Achieving a growth rate consistently double the industry average has been key to this remarkable ascent. Today, we command a 18.4% market share a figure we continue to grow year after year, even amidst a challenging external environment.



Softlogic Life has consistently outpaced the industry, sustaining a growth rate nearly double the market average year-on-year. This decade long outperformance has driven our rapid ascent to become the second-largest life insurer, capturing a strong 18.4% market share.



We leapfrogged from 5th to 2nd largest insurer in just five years (2018-2022), driven by sustained growth. This unprecedented milestone remains unmatched in Sri Lanka's life insurance industry no other company has come close.



Amidst unprecedented economic, social, and political turmoil, Softlogic Life stood alone as the only insurer to grow its market share over the past five years. Unwavering resilience.



2.6 Billion » 4.7 Billion
Doubling PAT within last 4 Years

Market Leader in **health** insurance with

35%

Market share



20 Billion » 40 Billion
Doubling GWP within last 4 Years

REDEFINING PROTECTION: WHERE INNOVATION MEETS SOCIETAL IMPACT

We are moving beyond traditional insurance to create meaningful change. Through cutting edge innovation and purpose driven solutions, we're not just protecting lives we're enhancing them, building a healthier and more resilient Sri Lanka for generations to come.

DALY - A New Parameter for Sustainability Impact Assessment

Throughout the year, the company engaged an independent external consultant to evaluate the impact we made customers. As part of this assessment, Disability Adjusted Life Years (DALY) were calculated.

1 DALY represents one year of healthy life lost due to illness, disability, or premature death.

Outcome of the Study

Through our insurance solutions and comprehensive coverage, SLI has contributed to 5,000 DALYs averted to our customer base. Additionally, Softlogic's efforts have helped reduce the burden on Sri Lanka's public healthcare system by approximately $15 million.

Softlogic policies averted up to 5,000 DALYs in 2025

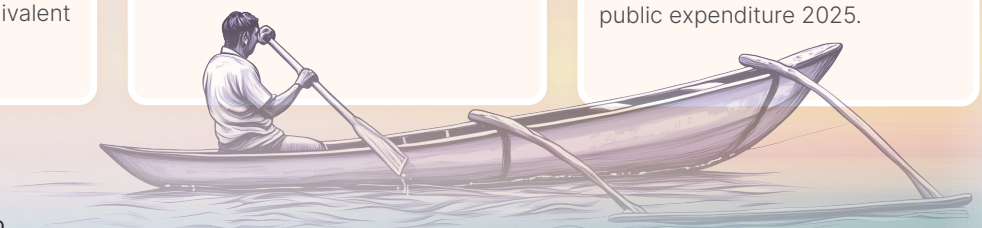
Softlogic policies averted up to **5,000 Disability-Adjusted Life Years (DALYS)** in 2025. This represents **c.2.5** days of healthy life gained in one year for the average policyholder compared to the average individual in Sri Lanka. Given value of health to individuals, this has an equivalent economic value of up to **$58million** in 2025.

All Softlogic polices cover majority of DALYs within Sri Lanka

There is a strong baseline of health protection across Softlogic's offerings. All policy types provide good coverage for the majority of conditions contributing to Sri Lanka's overall DALY burden, with each covering between **76%** to **82%** of the total burden.

Softlogic helps to relieve pressure on the public healthcare system in Sri Lanka

Despite individuals having good access to public healthcare, without Softlogic's policies, there would be additional pressure on the public system equivalent to **304,000** additional public sector interactions and **$15million** in public expenditure 2025.



Scan to watch our DALY impact video

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.



OVERVIEW OF SOFTLOGIC LIFE

PIONEERING IDEAS. UNMATCHED IMPACT.

SLI promotes a culture of innovation by effectively incorporating AI and other advanced technologies to enhance operations, as illustrated in the diagram below.

UNDERWRITING

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.

CLAIMS

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 customised algorithms.

SALES

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 within the Softlogic Life brand promise.

STAKEHOLDER ENGAGEMENT

AI powered customer feedback analysis

SLI launched a digital platform to gather stakeholder feedback and used AI to organise and summarise input. Customer feedback was also incorporated into operations, involving customers directly.

FINANCIAL REPORTING

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

SERVICING

Sentiment analysis

An AI module has been developed to evaluate customer sentiment from calls or emails and prioritise responses accordingly.

PREVENTIVE HEALTH

Health Score

SLI has introduced an AI-powered Health Score using facial recognition and predictive analytics. This solution enables proactive health monitoring, rewards well-being, supports informed decisions, and enhances customer risk assessment and engagement across internal processes.



HOW WE CREATE AND DISTRIBUTE VALUE TO OUR STAKEHOLDERS AND ECONOMY

The creation and the distribution of the Economic Value Generated and Distributed (EV G&D) provide the economic profile of Softlogic Life and shows how the Company has created and distributed the wealth to its stakeholders. We are contributing to national economic development while managing the interests of our stakeholders.

Rs. Mn

Net Revenue

2025	37,338
2024	29,064

Investment & other income

2025	7,571
2024	9,381

EV Generated

2025	44,909
2024	38,444

EV G&D

EV Distributed

2025	41,653
2024	36,753

EV Retained

2025	3,256
2024	1,692

As depreciations

2025	384
2024	373

In reserves

2025	2,872
2024	1,319

Value Distributed Rs. Mn

To Employees as Salaries and Other Benefits

2025	3,745
2024	3,276

To Shareholders as dividends

2025	1,424
2024	2,830

To Sales Staff as Commission & Incentives

2025	7,240
2024	5,790

To Policyholders as Benefits & Claims

2025	23,689
2024	19,520

To Government Taxes

2025	2,210
2024	2,002

To intermediaries as Operating Costs

2025	3,340
2024	3,334

Our Impact

No of Employees

2025	1,144
2024	944

No of Field Staff

2025	4,679
2024	3,023

No of Customers

2025	748,334
2024	780,160

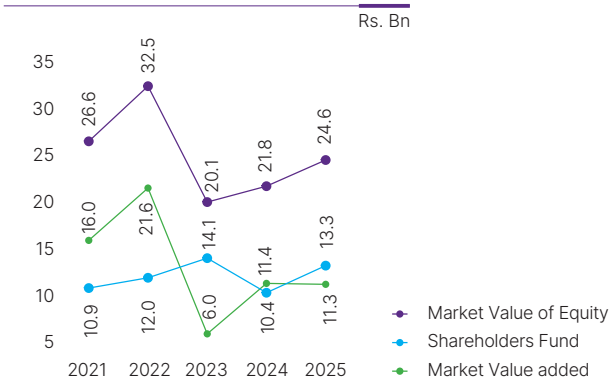
No of Shareholders

2025	5,645
2024	4,847

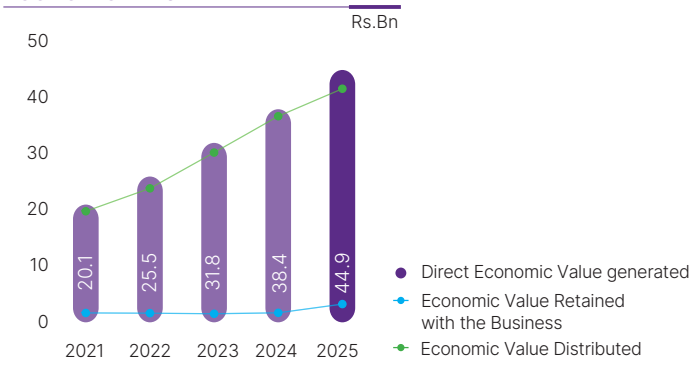
No of Regulatory Bodies

2025	05
2024	05

MARKET VALUE ADDED

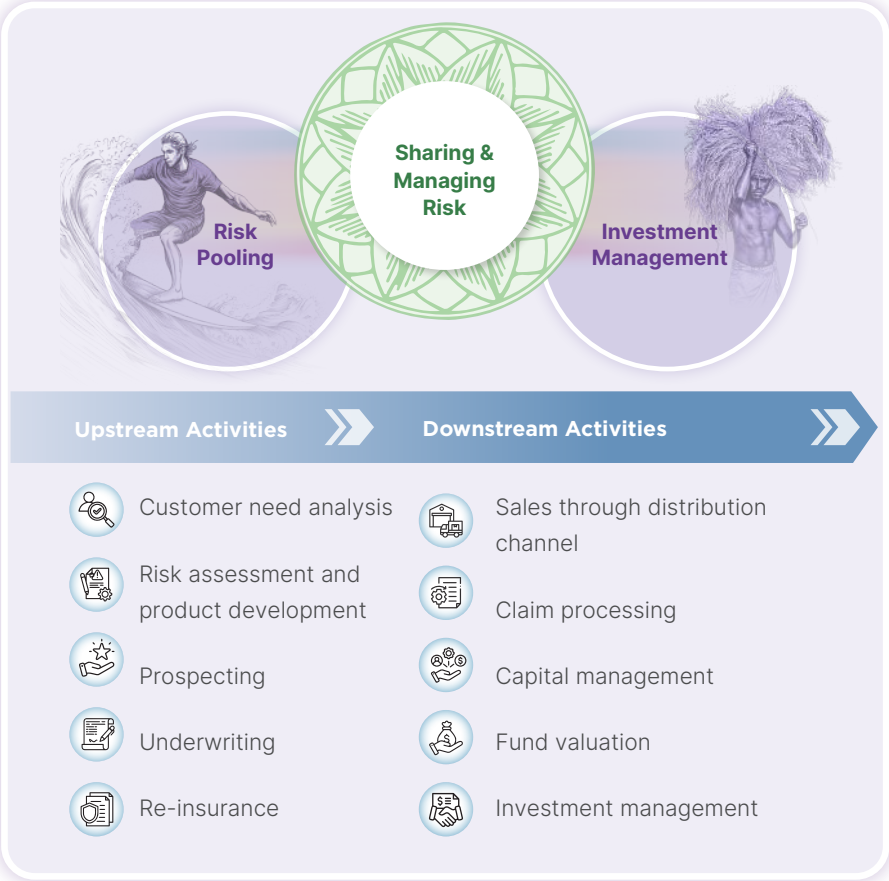


ECONOMIC VALUE ADDED



OVERVIEW OF SOFTLOGIC LIFE

THE CORE OF OUR BUSINESS



At the heart of Softlogic Life's operations lies the fundamental mechanism of Risk Pooling, where we accept customer risks at a carefully determined price and provide financial assistance when unfortunate events occur. This is made possible through the Life Fund a large collective pool to which many policyholders contribute, effectively transferring their individual risks to the Company. This risk pooling mechanism represents one of our core value creating activities.

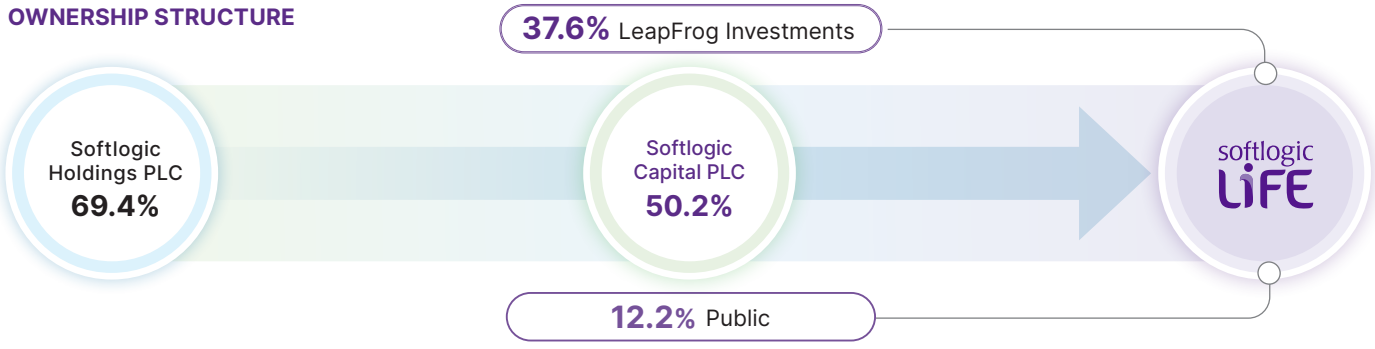
Complementing risk pooling is Investment Management, where the accumulated funds are strategically invested to generate returns. These earnings are credited back to customers in the form of bonuses or dividends, ensuring that policyholders receive not only protection but also investment value upon maturity.

Our business is executed through a comprehensive value chain encompassing both upstream and downstream activities:

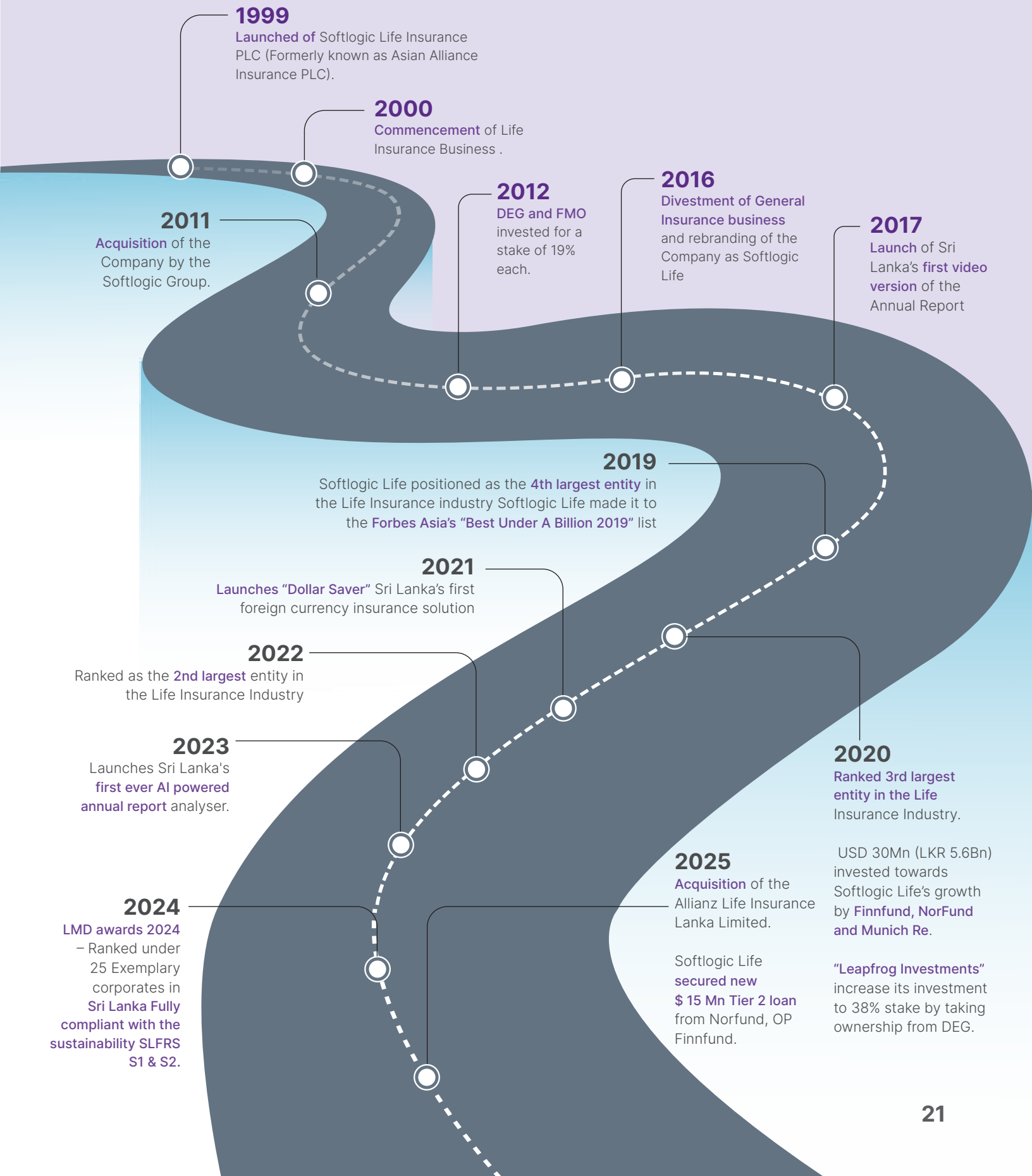
Upstream Activities begin with customer need analysis to understand insurance requirements and financial capacity. This informs risk assessment and product development, where market needs are analysed, product features designed, and regulatory approvals obtained. IT systems are modified accordingly to support new offerings. Our field teams conduct prospecting through sales interviews to match customers with suitable products, followed by underwriting to assess risk profiles and ensure appropriate pricing. Where policyholder risks exceed the Company's risk appetite, re-insurance arrangements either facultative or treaty are activated with our reinsurance panel.

Downstream Activities commence with sales through diverse distribution channels, including field staff, banks, Dialog's mobile platform, Sri Lanka Postal Department, and insurance brokers. When claims arise, our teams conduct claim processing through rigorous validation against policy criteria, enabling real-time payments. Prudent capital management ensures maintenance of adequate capital as per IRCSL guidelines. The Life Fund undergoes regular fund valuation by our Appointed Actuary, with differences between pricing assumptions and current experience recognised as surplus. Finally, investment management ensures assets are matched to liabilities across short, medium, and long-term horizons, generating adequate yields on the investment fund while maintaining security and stability for policyholders. This integrated model ensures sustainable value creation for all stakeholders.

OWNERSHIP STRUCTURE



OUR HISTORY



1999
Launched 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
Launches Sri Lanka's **first ever AI powered annual report** analyser.

2024
LMD awards 2024 – Ranked under 25 Exemplary corporates in **Sri Lanka Fully compliant with the sustainability SLFRS S1 & S2.**

2025
Acquisition of the Allianz Life Insurance Lanka Limited.

Softlogic Life **secured new $ 15 Mn Tier 2 loan** from Norfund, OP Finnfund.

FINANCIAL HIGHLIGHTS

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Financial Performance and Ratios		2025	2024	2023	(%)
Gross Written Premium	Rs. Mn	40,075	31,573	26,341	26.9
Net Written Premiums	Rs. Mn	37,338	29,064	23,850	28.5
Underwriting Results (Operating profit)	Rs. Mn	10,702	9,024	5,521	18.6
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs. Mn	7,603	7,537	4,365	0.9
Profit Before Taxation (PBT)	Rs. Mn	6,616	6,332	3,197	4.5
Income Tax Expense	Rs. Mn	1,935	1,811	359	6.8
Profit After Taxation (PAT)	Rs. Mn	4,680	4,522	2,838	3.5
Dividend Paid	Rs. Mn	1,424	2,830	1,313	(49.7)
Retained Profits	Rs. Mn	3,256	1,692	1,526	92.5
Financial Position as at the year end					
Financial Investments	Rs. Mn	56,962	43,938	43,500	29.6
Total Debt	Rs. Mn	-	3,016	5,015	(100.0)
Total Assets	Rs. Mn	68,585	53,594	51,339	28.0
Equity and Reserves	Rs. Mn	13,668	10,355	13,333	32.0
Retained Earning	Rs. Mn	11,909	9,258	13,618	28.6
Insurance Contract Liabilities	Rs. Mn	46,611	33,290	27,925	40.0
Total Liability	Rs. Mn	54,917	43,240	38,006	27.0
Share Information					
Market value per share					
- Highest value recorded during the year	Rs.	86.4	74.1	136.0	16.6
- Lowest value recorded during the year	Rs.	64.0	52.3	53.5	22.4
- Value as at end of the year	Rs.	77.6	68.9	53.8	12.6
No of shares in issue	Million	316	316	375	-
Market Capitalisation	Rs. Mn	24,553	21,800	20,175	12.6
Profitability Ratios					
Underwriting Margin / Gross Profit / Operating Profit Margin	%	26.7	28.6	21.0	(6.6)
Return on Total Assets	%	7.4	8.7	5.7	(15.0)
Return on Capital Employed (ROCE)	%	54.5	46.2	23.1	18.0
Investment Yield	%	14.9	21.4	18.4	(30.3)
Liquidity Ratios					
Current Ratio	Times	4.9	2.3	3.5	109.9
Quick Assets Ratio	Times	4.6	2.3	3.5	101.1
Equity Ratios					
Net Assets Value Per Share	Rs.	43.2	32.7	35.6	32.0
Basic Earnings Per Share (EPS) / Diluted Earning Per Share	Rs.	14.8	12.6	7.6	17.3
Dividend Per Share (DPS)	Rs.	4.50	4.50	3.75	0.00
Effective Dividend Rate (Dividend Yield)	%	5.8	6.5	7.0	(11.2)
Dividend Payout Ratio	%	30.4	35.7	49.5	(14.7)
Dividend Cover	Times	3.3	2.8	2.0	17.3
Price Earnings Ratio	Times	5.2	5.5	7.1	(4.0)
Earning Yield Ratio	%	19.1	18.3	14.1	4.1
Return On Equity	%	39.0	38.2	23.5	2.1

Financial Performance and Ratios		2025	2024	2023	(%)
Efficiency Ratios					
Total Asset Turnover ratio	Times	0.7	0.7	0.6	0.0
Fixed Asset Turnover Ratio	Times	51.9	45.2	40.9	14.8
Debt Ratios					
Debt to Asset Ratio	%	-	5.6	9.8	(100.0)
Debt to Equity Ratio	%	-	29.1	37.6	(100.0)
Interest Cover	Times	17.7	10.9	6.0	62.3
Equity Assets Ratio	%	19.9	19.3	26.0	3.1
Industry Specific Ratios					
Capital Adequacy Ratio (Minimum requirement 120%)	%	245	298	367	(17.7)
Determination Ratio (Minimum requirement 100%)	%	113	114	140	(0.7)
Investment in Government Securities (Minimum 30%)	%	79	71	96	11.9
Premium Growth Ratio	%	26.9	19.9	14.1	35.6
Investments, Supporting One-off Surplus (Restricted Regulatory Reserve) - Minimum requirement Rs. 1,516 Mn	Rs. Mn	1,686	1,356	1,251	24.3
Reinsurance Expense Ratio	%	6.8	7.9	9.5	(14.1)
Acquisition Cost to GWP	%	18.1	18.3	20.8	(1.5)
Operational Expenses to GWP*	%	17.2	18.5	20.3	(7.3)
Net Claims Ratio (without maturities and surrenders)	%	34.6	35.7	40.2	(3.2)
Net Claim Ratio (Net Claims / Net Earned Premium)	%	51.9	49.0	53.8	6.0
Total Expense Ratio (Expense to NEP)	%	39.3	42.9	49.0	(8.3)
Combined Ratio (without maturity & surrenders)	%	73.9	78.6	89.2	(6.0)
Combined Ratio (with maturity & surrenders)	%	91.3	91.9	102.8	(0.7)
Reinsurance Claim Recovery Ratio (Re-Insurance Recovery / Gross Claims)	%	3.6	5.0	4.1	(26.8)
Key Value Drivers					
Annualised New Business Premium	Rs. Mn	8,972	6,466	6,000	38.8
Average Premium Per Policy (Endowment)	Rs.	194,381	195,995	176,872	(0.8)
Annualised New Business Premium per Agent	Rs. Mn	1.9	2.1	2.1	(10.4)
Premium Persistency Ratio Year 1	%	86	83	83	4.0
Premium Persistency Ratio Year 2	%	66	61	61	7.9
Premium Persistency Ratio Year 3	%	54	51	54	5.9

FINANCIAL GOALS AND ACHIEVEMENTS

Indicator (%)	Goal	Achievement		
		2025	2024	2023
Gross Written Premium Growth	Over 20%	27	20	14
Annualised New Business Premium Growth	Over 20%	39	8	2
Profit After Tax Growth	Over 15%	4	59	6
Return On Equity	Over 20%	39.0	38.2	23.5

* Adjusted for performance based expenses

ESG PERFORMANCE INDICATORS

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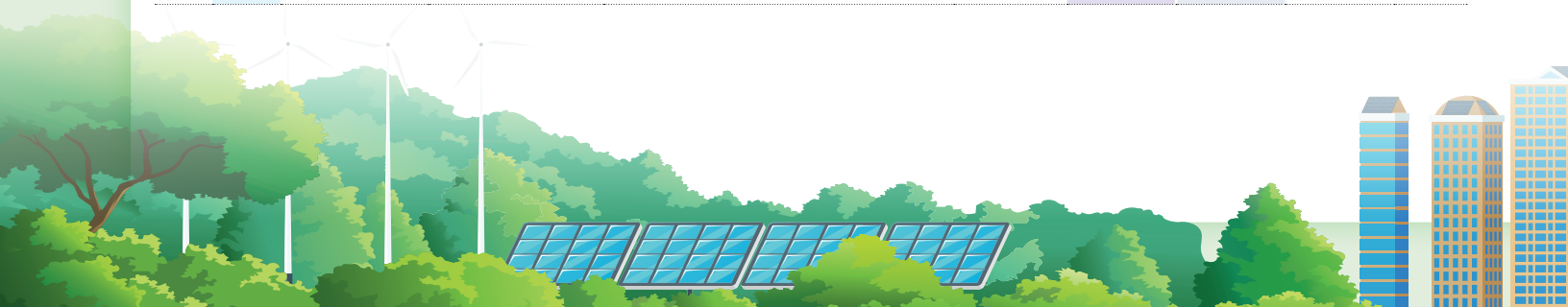
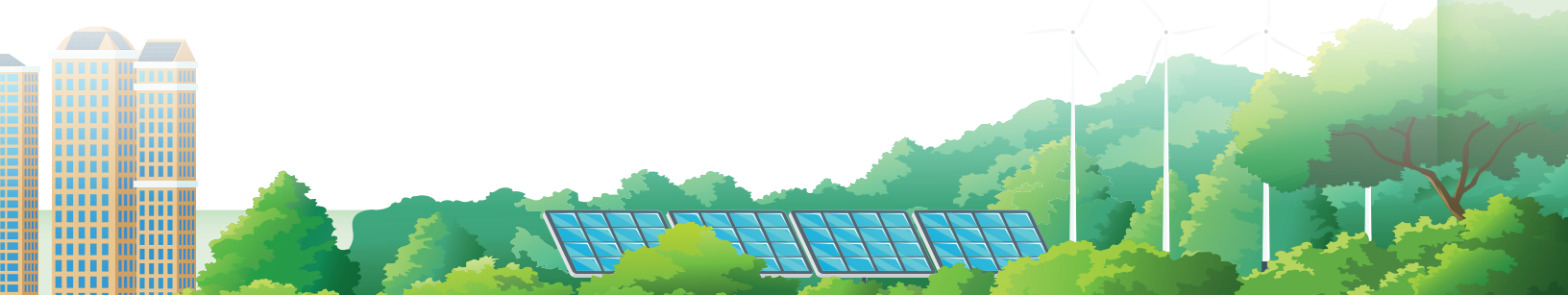
No.	EESG	Capital	Value-Chain Stage	KPI / Metric	Unit	2025	2024	2023	Trend
1	S	Human	People & Talent	Total Workforce	No.	**6,033**	4,116	4,012	↑
2	S	Human	People & Talent	Total Employees	No.	**1,144**	944	985	↑
3	S	Human	People & Talent	Field Staff	No.	**4,679**	3,023	2,864	↑
4	S	Human	People & Talent	New Talents Onboarded	No.	**394**	224	316	↑
5	S	Human	People & Talent	Employee Retention Rate	%	**79%**	73%	69%	↑
6	S	Human	People & Talent	Sales Staff Attrition Rate	%	**22%**	39%	N/A	↓
7	S	Human	People & Talent	Non-Sales Attrition Rate	%	**16%**	19%	N/A	↓
8	S	Human	People & Talent	Return-to-Work (parental leave)	%	**100%**	100%	100%	
9	S	Human	DEI	Female Representation - Employees	%	**35%**	33%	32%	↑
10	S	Human	DEI	Female Representation - Field staff	%	**43%**	36%	26%	↑
11	S	Human	DEI	Equal Pay Ratio (M:F)	Ratio	**1:1**	1:1	1:1	
12	S	Human	People & Talent	Total Training Hours	Hours	**5,562**	3,451	661	↑
13	S	Human	People & Talent	Avg Training Hours per Employee	Hrs	**4.86**	3.64	1.3	↑
14	S	Human	People & Talent	Investment in Training	Rs Mn	**57**	19	N/A	↑
15	S	Human	People & Talent	Defined Benefit Plan Contributions	Rs Mn	**97**	72	67	↑
16	S	Human	People & Talent	Total Payment for Employees	Rs Bn	**3.6**	3.2	2.4	↑
17	S	Human	Operations	Workplace Fatalities	No.	**-**	-	-	
18	S	Human	Operations	Workplace Injuries	No.	**-**	-	-	
19	S	Customer	Customer Value	Net Promoter Score (NPS)	Score	**+57**	+68	+42	↓
20	S	Customer	Customer Value	One-Day Claims Settlement Ratio	%	**98%**	97%	75%	↑
21	S	Customer	Customer Value	Claims Paid to Policyholders for Life and Health Coverage	Rs Bn	**13.6**	11.1	10.1	↑
22	S	Customer	Customer Value	Customer Retention Rate	%	**88.7%**	85.4%	81.90%	↑
23	S	Customer	Customer Value	Complaint Resolution Rate	%	**92%**	95%	95%	↓
24	S	Customer	Customer Value	Claims related Complaints-to-Claim Ratio		**0.10**	0.09	0.11	↑
25	S	Customer	Societal Output	DALYs Averted	DALYs	**~5,000**	~4,225	N/A	↑
26	S	Customer	Societal Output	Societal Value Created through DALY	USD Mn	**~58**	~49	N/A	↑
27	S	Community	Societal Output	Public Health Pressure Relieved throughout Service	USD Mn	**~15**	~13	N/A	↑
28	S	Business Partner	Operations	MDRT Total Qualifiers	No.	**302**	243	263	↑



No.	EESG	Capital	Value-Chain Stage	KPI / Metric	Unit	2025	2024	2023	Trend
29	S	Business Partner	Operations	Payments to Local Suppliers	Rs Bn	**2.9**	2	N/A	↑
30	S	Community	Societal Output	Micro-Insurance Policies	No.	**471,717**	490,073	502,590	↓
31	S	Community	Societal Output	Micro-Insurance Claims Paid	Rs Mn	**385**	176	117	↑
32	S	Intellectual	Operations	Agentic AI Agents in Production	No.	**300+**	N/A	N/A	
33	S	Intellectual	Operations	R&D / Digital Investment	Rs Mn	**96**	67	N/A	↑
34	S	Manufactured	Capital Input	Total Branches	No.	**159**	115	116	↑
35	S	Manufactured	Capital Input	New Branches Opened	No.	**8**	4	13	↑
36	S	Manufactured	Capital Input	Customer Access Points Expanded via Acquisition	No.	**38**	N/A	N/A	
37	G	Human	DEI	Female Board Members	No.	**1**	1	1	
38	G	Human	Governance	Discrimination Incidents	No.	**-**	-	-	
39	G	Human	Governance	HR Non-Compliances	No.	**-**	-	-	
40	G	Customer	Governance	Data Privacy Breaches	No.	**-**	-	-	
41	G	Community	Governance	Corruption Incidents	No.	**-**	-	-	
42	G	Community	Governance	AML/CTF Regulatory Breaches	No.	**-**	-	-	
43	G	Community	Governance	Marketing Non-Compliance Incidents	No.	**-**	-	-	
44	E	Natural	Environment	Total Energy Consumption	kJ Mn	**22,169**	9,561	7,028	↑
45	E	Natural	Environment	Electricity Consumption	kJ Mn	**8,388**	7,971	7,028	↑
46	E	Natural	Environment	Total Fuel	kJ Mn	**13,781**	1,590	N/A	↑
47	E	Natural	Environment	Energy Intensity per Rs 1 Mn GWP	kJ Mn/ GWP	**0.57**	0.30	0.27	↑
48	E	Natural	Environment	Total Water Withdrawal	ML	**18.68**	15.02	14.71	↑
49	E	Natural	Environment	Paper Consumed	Kg	**12,232**	12,187	14,449	↑
50	E	Natural	Environment	Paper Recycled	Kg	**1,900**	845	5,253	↑
51	E	Natural	Environment	Waste Generated	MT	**10.25**	N/A	N/A	
52	E	Natural	Environment	GHG Scope 1 Emissions	tCO2e	**1,053**	181	193	↑
53	E	Natural	Environment	GHG Scope 2 Emissions	tCO2e	**972**	945	835	↑
54	E	Natural	Environment	GHG Scope 3 Emissions	tCO2e	**12,309**	11,359	977	↑
55	E	Natural	Environment	Financed Emission	tCO2e	**10,223**	9,342	N/A	↑
56	E	Natural	Environment	GHG emission Intencity	tCO2e / GWP (Mn)	**0.36**	0.40	N/A	↓
57	E	Natural	Governance	Environmental Fines / Penalties	Rs	**-**	-	-	



YEAR AT A GLANCE



JANUARY
Employee Townhall meeting
The townhall meeting facilitated open dialogue, providing employees with the opportunity to voice concerns and engage directly with management, while enabling leadership to communicate the company's strategic direction - fostering transparency, alignment, and mutual understanding.

JANUARY
We kicked off 2025 by shattering records, with our Agency Channel exceeding Rs. **1 Billion in Annualised New Business Premium (ANBP)** in January alone.



FEBRUARY
Cricket carnival
The Agency Premier League served as a vibrant testament to our high-performance culture, where our teams displayed the same 'infinite' passion and energy on the field as they do in business.



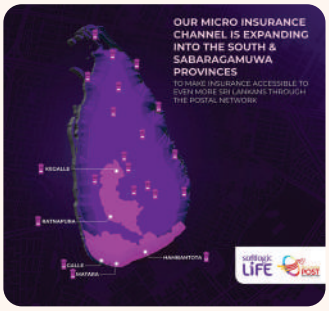
MARCH
4her Initiative
As part of the 4Her initiative, inspirational sessions were conducted with Milani Salpitikorala, focusing on the critical intersection between women's legal rights and personal confidence, empowering participants to take ownership of their professional and personal journeys.





APRIL
Sales convention
We recognised the relentless drive of our top scorers, inspiring the entire sales force to aim for infinite possibilities in the race for MDRT 2025.





Micro Insurance

The initiative was expanded into the Southern and Sabaragamuwa provinces, leveraging the postal network to connect communities and ensure that insurance is accessible to everyone.



Investor meeting

We represented the insurance sector at the Invest Sri Lanka Forum held at Conrad Singapore Marina Bay, joining global investors and industry leaders to showcase the nation's growth potential and explore new investment frontiers.

NOVEMBER

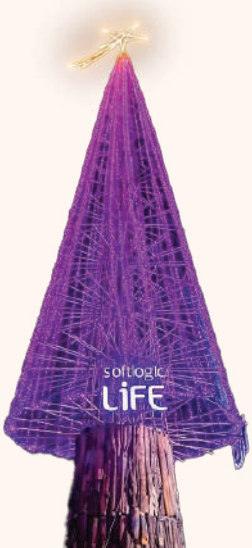
Dengu prevention Campaign

We organised a community engagement program to clean up mosquito-prone areas, in collaboration with local schools and committed community leaders









DECEMBER

South Asia's tallest Christmas tree

Together with the Catholic Society of the Sri Lanka Ports Authority, we lit South Asia's tallest Christmas tree at Galle Face Green as part of the "Lights of Hope" initiative. This beacon of resilience and hope was dedicated to supporting lives affected by the "Ditwah" crisis, standing as a testament to our commitment to the community during challenging times.



Lifey AI

Lifey AI

"Lifey". We launched our revolutionary AI-powered platform, www.lifey.lk, to redefine customer convenience.

BIG MOVES OF THE YEAR

Acquisition of Allianz Life Insurance Lanka Limited

SLI acquired a 100% stake in Allianz Life, further expanding its market share. This strategic move also positions SLI for future growth by increasing our advisor base by an additional 1,000 and adding 200 staff members.



ASIA'S BEST AI INITIATIVE

The Company was honoured with the AI Initiative of the Year award at the 29th Asia Insurance Industry Awards, recognising Asia's most outstanding AI initiative among leading insurance giants. This achievement highlights our leadership in digital innovation and reinforces our commitment to delivering faster, smarter, and more customer-centric insurance solutions.



Business Today Top 40:

Softlogic Life secured a place among Sri Lanka's Top 40 Corporates in the Business Today Top 40 rankings, reaffirming our resilience, sustained growth, and strong contribution to the nation's corporate landscape.



AWARDS AND ACCOLADES



Among overall top 3 for **five consecutive** years



Among overall top 3 for **six consecutive** years

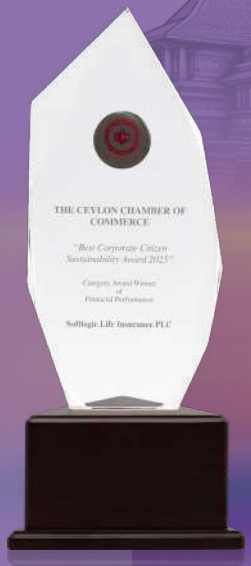
CA Sri Lanka
- Silver - Overall excellence in corporate reporting
- Gold - Digitally transformative reporting
- Gold - Insurance sector
- Silver - Integrated reporting
- Silver - Sustainability reporting

CMA Sri Lanka
- Gold - Overall excellence in integrated reporting
- Winner - Insurance sector
- Winner - Best disclosure on strategic focus
- Winner - 10 Best integrated reports
- Winner - Best disclosure on capitals

SLIM
- Service brand of the year 2025

Asia Insurance Awards
- AI initiative of the year

6th Emerging Asia Insurance Awards
- Best strategies for insurance coverage for the year
- Best innovations led by technology and Insurtech's Sri Lanka









National recognition for financial excellence

Sri Lanka **best Service brand** of the year 2025

Asia **best AI initiative** of the year 2025



- Best life insurance company of the year
- Company with the best health insurance coverage of the year
- Women in insurance leadership

Best Corporate Citizen Sustainability Awards
- Category Award Winner – Financial Performance

Brand Finance
- Youngest in the top 50 most valuable brand
- 2nd best ranked insurance brand in Sri Lanka

EFFIS
- Five Finalist Awards

Dragons of Sri Lanka 2025
- Gold for children's day campaign - "Change the story"

Dragons of Asia 2025
- Gold for children's day campaign - "Change the story" - Media category

SAFA
- Life Insurance - Bronze

Business Today - Top 40
- Ranked 33

ORGANISATIONAL STRUCTURE

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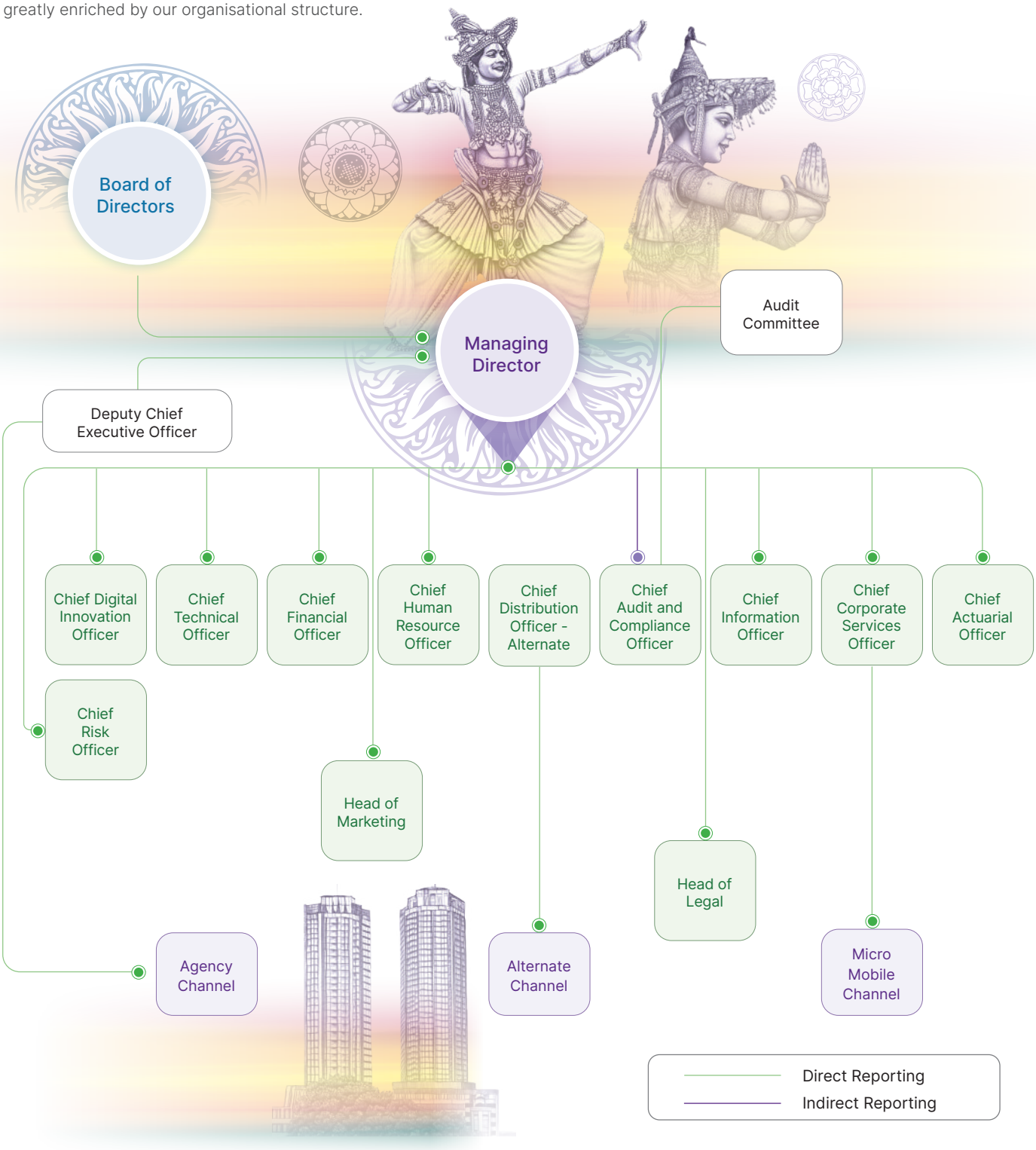
IMPORTANCE OF ORGANISATIONAL STRUCTURE IN VALUE CREATION

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.





THE WINNING FORMULA FOR SUSTAINABLE GROWTH

Bold Moves. Bold Results.

At Softlogic Life, growth is engineered through strategy, investment and a formula built on innovation and discipline. Like a bold ascent carved from ambition, our trajectory reflects fearless execution that elevates performance while strengthening policyholders' protection.

Sri Lanka's iconic Sigiriya stands as a testament to strategic brilliance, embodying a vision transformed into an evergreen symbol of triumph, strength and scale.

REFLECTIONS FROM OUR CHAIRMAN



The year's performance reflects not only exceptional financial outcomes, but also reinforced capital resilience, strategic expansion and the restoration of international investor confidence. Over the past four years, Softlogic Life has doubled its GWP, a testament to the scalability of our distribution network.

ASHOK PATHIRAGE
Chairman

It is my pleasure to welcome you to the 27th Annual General Meeting of Softlogic Life Insurance PLC and to present the Company's Integrated Annual Report and Audited Financial Statements for the year ended 31 December 2025. This period represents a defining chapter in the evolution of Softlogic Life, marking the completion of a full business cycle under a renewed national context and within an industry that has regained confidence, stability and forward momentum.

The year's performance reflects not only exceptional financial outcomes, but also reinforced capital resilience, strategic expansion and the restoration of international investor confidence. Over the past four years, Softlogic Life has doubled its GWP, a testament to the scalability of our distribution network, technology infrastructure, and customer-centric strategy. Building on this momentum, 2025 marked another record breaking year with 27% year-on-year growth, while maintaining the underwriting discipline and capital strength that have become our hallmarks. Our performance this year serves as a powerful validation of our business model, delivering superior value to our shareholders while reinforcing our long-term financial stability.

A TRANSFORMATIONAL ACQUISITION

Among the most transformative events of 2025 was the 100% acquisition of Allianz Life Insurance Lanka Limited, a landmark transaction that enhances scale, fortifies distribution and accelerates market share expansion. Allianz, globally recognised as a leading insurance brand, created a rare strategic opportunity by exiting the Sri Lankan market. Softlogic Life's consistent performance, deep local expertise, and enduring commitment to the domestic market positioned it as the natural custodian of Allianz's operations and customer relationships. The synergies from this acquisition are projected to be exponential: expanded salesforce strength, broader distribution reach, enhanced bancassurance capabilities, and deeper technical expertise, combined with AI-driven analytics across underwriting, claims and customer engagement. This integration will accelerate productivity per advisor, improve persistency, and bolster long-term profitability. Strategically, these developments position Softlogic Life to play a pivotal role in advancing the vision of the Insurance Regulatory Commission of Sri Lanka (IRCSL) to significantly increase the insurance penetration by 2030.

A YEAR OF POWERHOUSE RESULTS

Indeed, 2025 will be remembered as a year in which Softlogic Life firmly consolidated its position as a leading force in Sri Lanka's life insurance industry. Growth was deliberate, disciplined, and sustainable. On a Group basis, GWP reached Rs. 40 billion (2024: Rs. 31.6 billion), while Profit After Tax increased to Rs. 4.7 billion (2024: Rs. 4.5 billion).

Table 1: Financial Indicators

		2025	2024
Gross Written Premium	Rs Bn	**40.1**	31.6
Profit Before Tax	Rs Bn	**6.6**	6.3
Profit After Tax	Rs Bn	**4.7**	4.5
Earnings per Share	Rs	**14.8**	12.6
Return on Equity	%	**39.0**	38.2
Operating Expense Ratio	%	**17.2**	*18.5*

Earnings Per Share rose to Rs. 14.79 (2024: Rs. 12.6) and Return on Equity improved to 39% (2024: 38.2%). Operating expense ratios remained disciplined, reflecting both operational efficiency and the benefits of scale. Importantly, 2025 was not merely a year of earnings growth, but one of structural consolidation. The Company successfully completed the full and timely repayment of its Tier 2 loan facility in October 2025 without delays or additional costs, a milestone that reaffirmed Softlogic Life's disciplined financial stewardship and credibility as a trusted counterparty. Following this repayment, development finance institutions including Norfund and Finnfund renewed their engagement with the Company, culminating in a fresh USD 15 million funding agreement expected to be drawn down in the first half of 2026. Such renewed international confidence is particularly significant in light of Sri Lanka's broader sovereign risk environment.

OPERATING LANDSCAPE

Sri Lanka's macroeconomic environment in 2025 marked a significant departure from prior volatility. Real GDP growth ranged between 4.5–5%, inflation moderated to 2–3%, and Treasury bill rates returned to single digits, easing monetary conditions. Resurgent tourism, remittance inflows and improved financial liquidity strengthened consumer confidence and facilitated market recovery. This economic stabilisation has significantly enhanced the disposable income of the middle market segment, allowing for a shift in consumer behaviour from immediate subsistence to long term financial protection and planning. While overall economic output remains slightly below pre crisis benchmarks, the restoration to near 2019–2020 levels, represents a substantial milestone in national recovery. The transition to a lower interest rate environment has prompted a strategic rebalancing of our investment portfolio,

focusing on optimising yields while maintaining the highest standards of liquidity and capital preservation.

The broader life insurance industry recorded growth of approximately 24% in 2025 in contrast with the Group's notable 27% growth. This consistent out-performance has further consolidated our market share, positioning Softlogic Life as the primary driver of growth within the life insurance sector.

Nonetheless, climate-related disruptions such as Cyclone Ditwah underscored the necessity of resilient risk management. While the life insurance portfolio remained relatively insulated from direct exposure, such events reinforced our strategic focus on climate risk preparedness and mitigation.

INNOVATION AND THE FUTURE OF INSURANCE

Technology and artificial intelligence continue to redefine insurance globally. In high volume, process driven operations, AI enables profound gains in efficiency, accuracy and customer experience. Softlogic Life's leadership in innovation was regionally recognised in 2025, with awards including 'AI Initiative of the Year' by Asia Insurance Review and 'Best Innovation Led by Technology and Insuretech in Sri Lanka' at the Emerging Asia Insurance Awards. These accolades validate our commitment to embedding advanced technologies at the core of our operations. Looking ahead, AI will drive underwriting precision, predictive analytics, fraud detection and personalised customer engagement, creating scalable growth, enhanced profitability and measurable societal impact.

In a pioneering initiative, Softlogic Life quantified the societal health impact of insurance protection through Disability Adjusted Life Years (DALYs), a globally recognised metric. Approximately 5,000 DALYs were averted across our customer base, translating to USD 58 million in economic value creation and reducing the public healthcare burden by USD 15 million. This initiative positions Softlogic Life at the forefront of demonstrating the tangible societal value of life insurance.

SUSTAINABILITY AND CLIMATE RESILIENCE

Sustainability is integral to our long term strategy. Softlogic Life's ESG policy, aligned with SLFRS S1 and S2, the UN Sustainable Development Goals, and the UN Global Compact, guides decision making across governance, operations, products and investments. Concurrently, exploration of green investment portfolios aligns asset allocation with environmental objectives. Climate related risks, amplified by events such as Cyclone Ditwah, remain central to strategic planning. Geographic diversification, capital buffers, and liquidity discipline underpin both growth and resilience, with regional expansion pursued as a deliberate risk mitigation strategy. Softlogic Life's sustainability track record demonstrates proactive leadership: early adoption of ESG reporting frameworks, recognition for digital and AI innovation and the DALY-based societal health impact initiative reinforce that sustainability is a core driver of long-term, measurable value.

GOVERNANCE AND FORWARD-LOOKING RISK MANAGEMENT

Strong governance underpins all that we do. The Board provides independent oversight over strategy, capital allocation and risk management. No regulatory violations occurred during the year. Ahead of mandatory requirements, Softlogic Life adopted SLFRS S1 and S2 sustainability disclosure standards, integrating ESG metrics directly into Key Performance Indicators and enterprise risk management frameworks. This approach embeds sustainability into capital allocation decisions and ensures the Company is well-positioned to capture emerging opportunities while mitigating climate and ESG related risks.

A primary focus of our governance framework during the year was the finalisation of our transition to SLFRS 17. We have successfully implemented the sophisticated actuarial modelling and data architecture required for this transition, ensuring that our reporting reflects a more granular and transparent view of the long-term profitability of our insurance contracts.

Softlogic Life strictly adheres to best practices in corporate governance, with no violations of the code of best practices whatsoever and complied beyond minimum regulatory requirements. Our Annual Report have consistently ranked among the top three corporates in Sri Lanka at the CA Sri Lanka TAGS Awards consecutively for five years, In 2025, at the 60th CA TAGS Awards the company won five awards including the Silver Award for Overall Excellence in Corporate Reporting, the Insurance sector Gold award and a further Gold for Digitally Transformative Reporting, Silver Awards for Sustainability Reporting and Integrated Reporting. This recognition underscores our unwavering focus on governance excellence.

Table 2: Non-Financial Indicators

Measure	Unit	2025	2024
DALY averted	Years	**5,000**	4,200
Female participation across total head count	%	**35**	33
Claims paid to underserved community	Rs Mn	**385**	176
Emission intensity	(tCo2e / GWP Mn)	**0.36**	0.40

DELIVERING SUSTAINABLE SHAREHOLDER VALUE

Our commitment to shareholders is anchored in disciplined capital stewardship, prudent risk management and a focus on sustainable, long term value creation. Dividend policy is calibrated to reward shareholders while preserving capacity for reinvestment in digital transformation, AI capabilities, talent development, product innovation and regional expansion. Our performance in 2025 demonstrates not only strong earnings but sustainability, resilience and structural strength. High returns on equity, low gearing and capital adequacy above regulatory thresholds underscore a robust franchise capable of multi cycle growth. Our objective remains steadfast: to generate superior risk adjusted returns, enhance embedded value and position Softlogic Life for enduring leadership in Sri Lanka's life insurance sector.

ACCELERATING DIVERSITY AND FINANCIAL INCLUSION

Diversity, Equity and Inclusion (DEI) are not peripheral commitments, but strategic imperatives embedded within our long term growth model. Structured DEI frameworks, developed in collaboration with international development finance institutions, ensure that inclusion is supported by measurable targets, governance oversight and institutional accountability. Financial inclusion remains central to our purpose. Out of our approximately 1.5 million customers, nearly 400,000 originate from underserved communities that previously lacked access to formal insurance protection. Extending risk protection to these segments not only strengthens social resilience but also expands the national protection net, aligning inclusive growth with sustainable business expansion. By integrating underserved populations into the formal insurance ecosystem, we create enduring economic value while reinforcing the stability of households and communities.

Within our organisation, we are committed to advancing gender parity across leadership and workforce representation. We target to maintain 30% female representation at Senior Manager level and above, and 45% female representation across total headcount, excluding sales. In parallel, we will implement at least one structured initiative annually to recruit and develop female sales professionals, strengthening representation within our frontline distribution force. These commitments build upon our ongoing 'For Her' leadership development programme, which is designed to cultivate female business leadership and expand pathways for career progression. Collectively, these initiatives position Softlogic Life not merely as a participant in the inclusion agenda, but as an active architect of a more equitable and financially empowered society.

STRATEGIC OUTLOOK FOR 2026 AND BEYOND

Short term strategic priorities

In the near term, our focus will be the seamless integration of subsidiary operations, embedding governance, cultural alignment, and operational discipline across all entities during 2026. This will create a unified platform to enhance operational efficiency, risk management, and customer experience. The first full implementation of SLFRS 17 will provide enhanced transparency, reflecting the long-term profitability of insurance contracts through Contractual Service Margins. Simultaneously, SLFRS S1 and S2 adoption will continue to strengthen ESG governance, integrating sustainability metrics into strategic and operational decision making. Artificial Intelligence and digital innovation remain central to our transformation agenda. By deepening AI across underwriting, claims, and customer engagement, we will achieve efficiency gains, operational precision, and enhanced customer outcomes. These advancements, coupled with data driven insights, will drive scalable growth in GWP, profitability, and societal impact, as evidenced by our pioneering DALY initiative.

LONG TERM STRATEGIC PRIORITIES

Over the longer term, measured expansion into selective offshore markets will diversify earnings streams and reduce concentration risk, while innovation in product design, technology and sustainable investments will continue to differentiate Softlogic Life. Anchored in a balanced, protection led model, we remain committed to delivering sustainable impact across the industry and the economic and social fabric of the nation.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend my sincere gratitude to the insurance regulator and the leadership of the Insurance Regulatory Commission of Sri Lanka 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, capitalise on emerging opportunities, and continue delivering exceptional value to all stakeholders.

Sgd.
Ashok Pathirage
Chairman

Colombo, Sri Lanka.
6 March 2026

REFLECTIONS FROM OUR MANAGING DIRECTOR



The year 2025 will go down in the annals of our history as one in which we fundamentally redefined our trajectory. Softlogic Life entered the year with ambition, clarity and momentum, and exited it with a stronger market position, a larger footprint, a sharper strategy and a far more powerful platform for the future

IFTIKAR AHAMED
Managing Director

The year 2025 will go down in the annals of our history as one in which we fundamentally redefined our trajectory. Softlogic Life entered the year with ambition, clarity and momentum, and exited it with a stronger market position, a larger footprint, a sharper strategy and a far more powerful platform for the future. This was a year in which we shaped market conditions by pursuing transformation with intent, discipline and speed. Most importantly, we demonstrated that Softlogic Life is not only resilient, but aggressively future ready.

The big move during the year was acquisition of Allianz Life Insurance Lanka Limited, a defining moment in our expansion strategy. This transaction added immediate scale, strengthened our balance sheet and significantly enhanced our human capital base.

STANDING OUT FROM THE CROWD

Softlogic Life delivered a year of outstanding financial performance in 2025, underpinned by disciplined execution, strong capital management and a clear focus on sustainable growth. On a Group basis, the Company achieved Rs 40 billion of Gross Written Premium over achieving the budget set for the year and delivering year-on-year growth of 27%. Over the past decade, we have achieved a compounded annual revenue growth rate of 26%, highlighting the effectiveness of our strategies. Our profitability surpassed expectations, with a strong profit after tax totalling Rs. 4.7 billion and an impressive Return on Equity (ROE) of 39%. The 10-year average ROE stands at 32%, reflecting the sustainability of our business. These results were made possible by improvements in operational efficiency, evident in the reduction of our expense ratio to 17.2% from 18.5% last year a clear signal that scale and efficiency are now working together in our favour. These are not numbers that happened by chance they are the outcome of a deliberately crafted strategy that balances aggressive growth with strong financial governance and one that prioritises productivity over volume, relentlessly focused on creating long-term shareholder value

This strong operating performance was underpinned by a highly robust capital position and disciplined financial management. As at 31 December 2025, Softlogic Life reported a capital adequacy ratio of 245%, significantly above regulatory requirements. Total assets stood at Rs 68.5 billion recording substantial growth during the year, further strengthened by the addition of the Allianz Life portfolio, enhancing both balance sheet depth and long term earnings capacity.

A notable financial milestone was the successful repayment of a Tier 2 loan facility originally contracted five years ago. This facility was settled in full, on schedule and without any delays or additional charges, reinforcing Softlogic Life's reputation for financial prudence, strong liquidity management and disciplined capital planning. It continues to attract sustained confidence from international development finance institutions. During the year, Softlogic Life entered into new financing agreements amounting to USD 15 million with Norfund and OP Finnfund, with drawdowns expected in the first half of 2026. These partnerships reflect continued international endorsement of our governance standards, strategic direction and long-term growth potential, even within a complex sovereign risk environment.

CHANGING OUR STRATEGY TO DEFINE OUR FUTURE

2025 proved to be year of strategic recalibration. We made deliberate shifts across our core growth engines agency, alternate distribution, digital and health and these decisions are already reshaping the future profile of the company.

AGENCY: WINNING THE MIDDLE MARKET

One of the most successful strategic moves of the year was our renewed focus on the middle income segment. Through the introduction of a new product suite tailored specifically for this segment, we successfully captured a market that remains largely underserved but highly scalable. This strategy delivered immediate results.

Softlogic Life Insurance Lanka Limited (the Subsidiary) delivered GWP of Rs 3.4 billion in 2025, representing one of the highest growth rates in its history at around 22.5%. For the group results we account for Rs 1.7 billion due to effective acquisition in mid 2025. This performance continued uninterrupted despite the transition, a strong vote of confidence in both the portfolio and the Softlogic Life platform. The acquisition contributed approximately Rs 8.6 billion in life funds, increasing the Group's total consolidated life fund base to nearly Rs 46.6 billion. More importantly, over 1,000 advisors and 200 permanent staff joined our organisation, injecting experience, depth and distribution power that will be critical in accelerating future growth.

ALTERNATE CHANNEL

Our alternate distribution channel delivered one of the strongest performances of the year, achieving Rs 12.5 billion in GWP a growth of around 25%. This channel now holds market leading positions across international health, group health and the DTAP (credit life) segment. The resurgence of private sector credit, combined with strong banking partnerships, including public and private banks, created powerful momentum.

MICRO MOBILE

Micro Mobile, our third distribution channel, recorded GWP of Rs 2.5 billion, representing growth of about 35%. What makes this channel unique is its partnership ecosystem. Collaborations with Dialog Telecom and the Sri Lanka Postal Department give us direct access to millions of customers across the country, including segments that are traditionally difficult to reach. These partnerships also enable cost-efficient premium collection and digital engagement, making Micro Mobile one of our most scalable and inclusive growth platforms.

At Softlogic Life, we focus on four strategic pillars: digital transformation and insurtech, preventive health and wellness, personalisation and customer-centric products and services, and sustainability. We have effectively implemented our strategy around these pillars, as outlined below.

DIGITAL TRANSFORMATION AND INSURTECH

At Softlogic Life, digitalisation is the core engine of future competitiveness. The period under consideration marked a decisive shift from traditional digitisation to full-scale digital transformation. Artificial intelligence is now deeply embedded across multiple layers of our business from claims processing and customer servicing to marketing, underwriting and analytics.

Our AI-powered claims platform, "Claim-It", has dramatically reduced processing times, improved accuracy and enhanced customer satisfaction. AI-generated marketing has strengthened campaign effectiveness while reducing cost. Predictive analytics now supports better risk selection and product design.

This relentless focus on applied innovation was internationally recognised when Softlogic Life won the "AI Initiative of the Year" award from Asia Insurance Review competing against global giants. For a Sri Lankan insurer to win this award is not only a corporate achievement, but a national one.

PREVENTIVE HEALTH AND WELLNESS

One of the most exciting strategic breakthroughs of 2025 was our entry into preventive health. We launched Sri Lanka's first digital Health Score platform a pioneering application that allows users to scan their face and receive real-time health indicators such as blood pressure, cholesterol, blood sugar and overall wellness metrics. Although not a substitute for clinical diagnostics, this tool acts as a powerful early warning system, enabling customers to monitor trends, identify risks and take proactive action long before serious illness develops.

Our long term vision is to own the concept of "Health for Life". We want to be embedded in our customers' daily lives supporting healthier lifestyles, better habits and preventive care. Prevention is the next frontier of insurance, and Softlogic Life intends to lead that transformation.

PERSONALISATION AND CUSTOMER-CENTRIC PRODUCTS AND SERVICES

2025 also marked a major shift towards hyper personalisation for the Company. We launched new product lines designed specifically for the middle-income segment, addressing affordability, simplicity and relevance. At the same time, we redefined our distribution strategy not only in terms of channels, but also in terms of how products are delivered, serviced and experienced.

Personalisation encompasses digital onboarding, customised servicing, lifestyle engagement, wellness tracking and proactive communication. Our strategy is to move from selling policies to managing lifelong customer relationships.

SUSTAINABILITY AND ESG

Sustainability at Softlogic Life is defined through the principle of double materiality ensuring resilience against external environmental and social risks, while simultaneously making a positive and measurable contribution to the broader operating ecosystem in which we function.

During 2025, the Company aligned its governance frameworks, policies and disclosures with SLFRS S1 and S2, the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals and the UN Global Compact. Climate related risk has now been formally embedded into our enterprise risk management architecture, reflecting its growing significance as a determinant of long-term financial stability, asset performance and systemic resilience.

Throughout the year, we engaged experts to evaluate the impact our services have had on our policyholders. As a result, we calculated the Disability Adjusted Life Years (DALYs) gained by our policyholders in comparison to the general population. We are proud to announce that our policyholders have collectively gained an extra 5,000 years of healthy life as a result of the coverage we offer, which equates to approximately 2.5 healthy days per individual policyholder. Furthermore, we have contributed approximately USD 15 million towards alleviating the health burden on government healthcare systems. We remain committed to measuring our impact to further enhance the well-being of our customers.

CUSTOMER COMMITMENT

We protected 1.5 million lives and paid Rs 13.6 billion in claims excluding maturities and surrenders the highest in the industry. This reflects our steadfast commitment to honouring our promises and strengthening customer trust.

This achievement underscores our focus on innovation, operational excellence and customer centricity. By continuously enhancing our products and streamlining claims processes, we ensure timely, seamless support when it matters most, reinforced by strong financial stability and digital enablement.

UPSKILLING OUR EMPLOYEES

No organisational transformation is possible without the active participation and evolution of people. Softlogic Life currently stands at a unique inflection point, where individual productivity can realistically increase by 30-50% through the effective adoption of digital platforms and artificial intelligence. During 2025, the Company launched a comprehensive, organisation wide upskilling initiative centred on AI literacy, digital capability and data driven decision making. Participation extends across all functions and levels, ensuring that transformation is not confined to technology teams but embedded across the entire enterprise.

Our conviction is clear: artificial intelligence will not replace people; rather, people who understand and leverage artificial intelligence will consistently outperform those who do not.

TECHNOLOGY AS A STRATEGIC IMPERATIVE

Softlogic Life is prepared to invest decisively in technologies that deliver tangible, measurable and sustainable value. Our technology agenda is not defined by infrastructure expansion or systems accumulation, but by outcomes that directly strengthen business performance faster decision-making, superior risk management, cost efficiency and an enhanced customer experience.

Technology is no longer an enabling function operating at the periphery of the organisation. It has become the business itself shaping how we compete, how we operate and how we create value in an increasingly digital financial ecosystem.

APPRECIATION

I extend my sincere appreciation to our Chairman, the Board of Directors for their vision, stewardship and strategic leadership. We are indeed privileged to have a Regulator who is responsive and has the prospects of the industry at heart. The Senior management Team of the Company is the backbone of our success combining with a fully committed team who are passionately committed. I also wish to thank our shareholders, partners and other stakeholders for their continued trust, commitment and unwavering support.

Together, we will continue to shape the future of insurance in Sri Lanka, guided by a shared commitment to excellence, innovation and long-term value creation. The transformation underway within Softlogic Life is both ambitious and irreversible, positioning the Company at the forefront of a new era in financial services.

To our employees, advisors, partners, shareholders and customers thank you for your trust, your energy and your belief in what we are building. The years ahead hold significant promise, as we translate strategic intent into sustained performance and enduring institutional strength.

Sgd.
Iftikar Ahamed
Managing Director

Colombo, Sri Lanka.
06 March 2026

OPERATIONAL REVIEW

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According to the Chairman and Managing Director's perspective that 2025 brought normalised economic and social performance, the effects of those on our financial performance are detailed in the following section. Accordingly, below section focuses mainly on income statement analysis, while the analysis of our financial position is discussed under financial capital on page 130.

BASIS OF REVIEW

SLI acquired Allianz Life Insurance Lanka Limited on 11th July 2025, and the current year financial statements have been prepared on a consolidated basis, incorporating six months of the subsidiary's performance. To ensure clarity, company performance is discussed against set targets, while subsidiary performance is addressed only for material line items. Below table summarises reporting format we used under each key topic.

Topic	Company / Parent performance	Subsidiary performance	Group performance
Gross Written Premium	●	●	●
Reinsurance	●		
Net insurance benefits and Claims paid	●	●	●
Underwriting and net acquisition cost	●		
Other operating and administration expenses	●	●	●
Total other revenue	●		
Profit before tax	●		
Profit after tax	●	●	●
Underwriting results (operating profit / gross profit)	●		

● Reported

GROSS WRITTEN PREMIUM (GWP)

- Double the GWP (Group) within just four years (Rs 20 billion in 2021 to Rs 40 billion in 2025)
- Group 10 year CAGR 26% vs 16% of industry

Table 3: Gross written premium

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Renewal premium	19,942	18,984	16,006	25%	17%
Single premium	3,778	3,633	1,394	171%	161%
First year premium	8,602	8,022	6,541	32%	23%
Group life premium	7,753	7,692	7,633	2%	1%
Total gross written premium	40,075	38,331	31,573	27%	21%

During the year, the Company (SLI) achieved a Gross Written Premium (GWP) of Rs 38.3 billion, representing a 21.4% increase compared to Rs 31.6 billion in the previous year. On group basis SLI achieved Rs 40 billion in GWP recording a growth of 27% for the year 2025.

Table 4 : GWP growth target vs actual

Rs. Mn	2025 Actual	2025 Target	A%	2024 Actual	G%
GWP growth %	21.4	20.0	107%	19.9	-
GWP (Rs billion)	38.3	39.0	98%	31.6	21.4

CHANNEL PERFORMANCE

The agency channel, which is the biggest contributor to gross written premiums (GWP), accounted for 61%, exceeding the target mix. Non-agency channels contributed 39% of GWP, falling short of the target mix due to management's decision not to accept loss-making corporate health portfolios.

Table 5 : Channel contribution target vs actual

Rs. Mn	2025 Actual	2025 Target	Change % to budget	2024 Actual	Change % to 2024
GWP contribution by Agency channel	61%	57%	4%	62%	-1%
GWP contribution by non-Agency channels	39%	43%	-4%	38%	1%

Softlogic Life has continued to reduce its reliance on the Agency channel as part of its risk mitigation strategy to avoid dependence on a single distribution channel. In 2025, we further decreased the Agency channel mix by 1%, resulting in a total reduction of 39% over the past ten years.

CHALLENGES IN 2025

Longterm sustainability over short-term target achievement

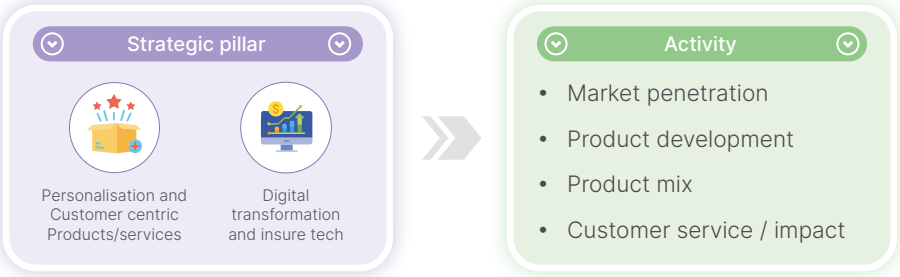
To enhance long-term profitability, Softlogic Life optimized its corporate health portfolio this year. Consequently, management decided to let go of some key clients who contributed significantly to gross written premium (GWP).

Persistent low interest rates in the market

Additionally, persistent low interest rates in the market negatively affected the achievement of the targeted investment proposition.

STRATEGIES IN 2025

Operating within a complex and evolving landscape, we continued to deliver against our strategic agenda with disciplined execution. Consistent with our long-term value creation strategy, Softlogic Life carried out the following key initiatives during the year.



Market penetration

The market penetration strategy focused on expanding our presence by attracting new customers. As a result, we underwrote 192,333 new policies this year a 50% increase compared to 2024. This growth was evident across all three channels, marking a significant improvement over the previous year.

In the Agency channel, first-year premiums grew by 22%, reaching 106% of the target, while renewal premiums rose by 17% to Rs 19 billion and 103% of the target, representing the industry's highest renewal base. These results also indicate strong customer retention through regular policy payments.

Alternate channel grew 25% year over year, with the DTAP portfolio seeing a 171% increase and contributing an additional Rs 2 billion GWP. Bancassurance partnerships and unit linked portfolios rose by 34% and 118%, respectively, highlighting market growth opportunities. The Group life portfolio declined by 4% due to optimisation efforts. Micro channel grew by 35% expanding our protection to low income customer segment.

Product development

Toward the end of last year, a new product was introduced to address the needs of a middle income market segment. This product drove ANBP's growth up to 25% over 2024 and surpassed the annual target.

Product Mix

As a result of the aforementioned factors, the agency channel's product mix shifted by 7% towards Universal Life products. This represents a 4% change in the Universal Life mix compared to the previous year. The alternate channel product mix saw a 6% increase in DTAP compared to the budget, while Group Life's contribution dropped by 4% and investment products declined by 2%. Contributions from all other products remained nearly unchanged from the previous year. The

SME insurance portfolio under the micro channel has regained its contribution, offsetting losses of contribution experienced in investment products.

Customer service / impact

This year, we improved customer experience by speeding up claims processing with AI. In 2025, less complex claims were settled instantly as a pilot and will be expanded gradually. We measured SLI's impact on customers through faster settlements and comprehensive coverage, resulting in 5,000 DALY averted in our portfolio.

KEY VALUE DRIVERS

At SLI, we track several Key Value Drivers (KVDs) to consistently assess our performance. Each of these KVDs is essential in shaping our company's major decisions and ensures sustainability of the operation.

Table 6: Key value drivers related to GWP

Rs. Mn	Measure	2025 Actual	2025 Target	A%	2024 Actual	G%
ANBP growth	%	25	25	100%	8	-
ANBP per agent	Mn	2.2	2.3	96%	2.1	5%
Average premium per policy	Rs	204,538	<200,000	102%	195,062	5%
Persistency						
Year 1	%	86	83	104%	83	3%
Year 2	%	66	61	108%	61	5%
Year 3	%	54	53	102%	51	3%

Annualised New Business Premium (ANBP)

ANBP, which tracks new business generated over a 12-month period, experienced robust growth of 25%, a notable increase from the 8% achieved in the previous year. The corrective measures implemented last year yielded positive outcomes during 2025, further contributing to favourable social and economic conditions. Additionally, the introduction of a new product has played a significant role in supporting this impressive growth.

Average ANBP per agent

Enhancing agent productivity is a critical component of the organic growth strategy for a life insurance business. Over the past year, agent productivity has risen by 5%, demonstrating the effectiveness of initiatives aimed at driving new business and elevating the quality of the agency force. We expect further improvement during 2026.

Average Premium Per Policy/ Average Policy Value

These results reflect the high quality of the business we underwrite. Over the past year, we exceeded our target and achieved a 5% increase in per policy value compared to the previous year.

Persistency

We experienced increase in persistency across all years showcasing the impact of measures we took last year to improve persistency level along with socio-economic positive movement experienced during the year.

Table 7: Digital engagement with customers

Rs. Mn	Measure	2025 Actual	2025 Target	A%	2024 Actual	G%
Digital proposal submission	%	100	100	100%	100	-
One-day proposal acceptance	%	76	78	97%	78	-3%
Auto underwriting of policy	%	68	70	90%	70	-3%

Digital transformation is a key strategic pillar of SLI, setting us apart from traditional life insurance companies. Our primary objective is to provide prompt service and maximum convenience to our customers. Both one-day proposal acceptance rates and auto underwriting percentages have declined compared to the previous year. This decrease is largely attributable to the incorporation of FIU requirements into auto underwriting rules, as well as the introduction of a new product that has a higher early-stage failure rate due to incomplete documentation. We anticipate that these metrics will return to normal levels by 2026 as user awareness grows and experience increases.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

The newly acquired subsidiary demonstrated strong performance following its acquisition, achieving a 26% growth rate during the second half of the year.

This success was attributed to prompt strategic actions implemented by the parent company, which included enhanced compensation measures and a robust monitoring system. The growth was driven by a 54% increase in first-year premiums and a 21% rise in renewal premiums.

Table 8: Subsidiary performance

Rs Mn	1H			2H		
	2025	2024	G%	2025	2024	G%
GWP	1,623	1,367	19%	1,744	1,382	26%

OUR PERFORMANCE IN COMPARISON TO INDUSTRY

As of 31 December 2025, the Group held an 18.4% market share, reflecting a 1.1% increase over the year. Over the past five years, the Group has consistently outperformed major competitors, gaining 3.1% market share, while other competitors have either maintained or lost their market share. The graph below illustrates the Group's performance in comparison to key competitors. We maintain our status as the second largest life insurer in Sri Lanka, with a substantial Gross Written Premium (GWP) gap of Rs 9 billion to third largest life insurer.

CUMALATIVE MARKET SHARE MOVEMENT OF TOP FIVE PLAYERS IN THE INDUSTRY (2021-2025)

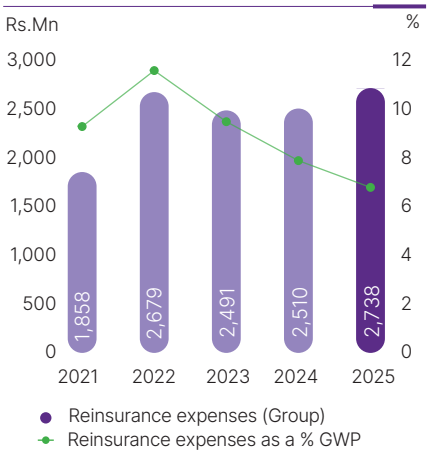


RE-INSURANCE (RI)

Reinsurance serves as a fundamental mechanism for managing risk across our insurance portfolio. It is imperative to maintain a balanced level of reinsurance expenditure to ensure sufficient risk protection and support sustainable profitability.

Throughout the year, Softlogic Life paid Rs 2.7 billion in reinsurance premiums, accounting for 7.1% of gross written premiums (GWP), which is a decrease of 0.8% from last year's rate of 7.9%. The net reinsurance cost, after deducting recoveries and commissions, was 4.0%, down from 4.5% in the previous year. This reduction primarily resulted from changes in the product mix, while management continues to use data analytics to optimise costs based on historical trends.

REINSURANCE EXPENSES



Challenges in 2025

As SLI improves its performance, securing optimal reinsurance (RI) coverage is essential for sufficient protection at a reasonable price. Yet, identifying the best level of reinsurance is challenging due to the expanding and varied portfolio; this demands ongoing review and strategic changes.

Strategies in 2025

Our approach leverages data analytics to evaluate historical performance and determine optimal reinsurance limits. Reinsurance coverage is defined at the product level, with products grouped based on shared attributes. This enables precise adjustments that optimise cost efficiency while maintaining robust risk management and accurate coverage.

Key value drivers

Softlogic Life maintains rigorous oversight of reinsurance expenditure as a proportion of Gross Written Premium (GWP), with performance monitored across Lines of Business (LOB) and individual product classes. This granular evaluation framework strengthens portfolio risk governance by enabling the design of well-structured and economically efficient reinsurance programmes aligned to the underlying risk profile.

Furthermore, comprehensive analysis of reinsurance performance and claims experience informs annual treaty negotiations, supporting disciplined decision-making and securing cost-effective, strategically aligned coverage that safeguards capital while enhancing long-term portfolio resilience.

Critical success factor

Softlogic Life sustains strong, transparent and long-standing relationships with its panel of reinsurers, ensuring the seamless execution of its underwriting and growth strategies. These partnerships enhance stakeholder confidence, as policyholder obligations are supported not only by financial strength but also by the capacity and expertise of leading global reinsurance institutions.

A collaborative and performance-oriented engagement framework is maintained with reinsurers, including regular review of portfolio experience and profitability metrics. This balanced approach enables us to identify opportunities to enhance customer value, where appropriate, while safeguarding the sustainability and mutual long-term viability of these strategic partnerships.

NET INSURANCE BENEFITS AND CLAIMS

Insurance claims represent one of the most critical moments of truth in the life insurance value chain, as policyholders and beneficiaries rightfully expect fair, transparent and timely settlement during periods of financial vulnerability.

To consistently meet these expectations, the Company continues to strengthen and streamline its end-to-end claims management processes through the adoption of advanced technologies and process automation. Clearly defined internal Key Performance Indicators (KPIs) are embedded within the claims framework to monitor turnaround times, accuracy and service standards on an ongoing basis. This disciplined, performance driven approach enhances operational efficiency while reinforcing trust, customer satisfaction and brand credibility.

Table 9: Net claims and benefit incurred

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Claims					
Death, disability and other riders - Endowment	**5,846**	**5,586**	4,867	20%	15%
Death and hospitalisation - Group life	**6,117**	**6,078**	4,814	27%	26%
Death - Decreasing Term Assurance (DTA)	**1,675**	**1,674**	1,440	16%	16%
Total Gross Regular Claims	**13,638**	**13,338**	11,121	23%	20%
Re-Insurance Recovery	**(731)**	**(694)**	(744)	-2%	-7%
Net Regular Claims	**12,907**	**12,644**	10,377	24%	22%
Benefits					
Policy maturities / surrenders - Investment products	**3,572**	**3,572**	2,145	67%	67%
Policy maturities - Endowment	**2,105**	**1,526**	1,101	91%	39%
Policy surrenders - Endowment products	**813**	**655**	627	30%	4%
Total Benefit Paid	**6,489**	**5,752**	3,873	68%	49%
Total Net Insurance Benefit and Claims Paid	**19,396**	**18,396**	**14,250**	**36%**	**29%**

During the year under review, Softlogic Life paid gross regular claims amounting to Rs. 13.3 billion, compared to Rs. 11.1 billion in the previous year, reflecting a year-on-year increase of 20%. Gross benefits paid totalled Rs. 5.7 billion, representing a significant growth of 48.5% over 2024. Accordingly, total gross claims and benefits for the year reached Rs. 19.0 billion, marking a 27% increase from Rs. 15.0 billion reported last year.

On a net basis, after reinsurance recoveries, total claims amounted to Rs. 18.3 billion compared to Rs. 14.2 billion in the previous year, reflecting a growth of 29%.

The Group Life portfolio recorded an elevated claims ratio during the year, which materially impacted overall profitability. In response, Management implemented corrective pricing actions at renewal for segments exhibiting higher claims experience. This resulted in the migration of certain key accounts to competitors. However, Management believes these disciplined underwriting and pricing measures are necessary to restore portfolio balance and ensure the long-term sustainability of the Group Life business with an appropriate margin profile.

Excluding the impact of the Group Life portfolio, gross regular claims grew by 15% during the year. Policy maturities and surrenders increased by 48.5%, primarily driven by higher maturities and surrenders within investment-linked policies, reflecting the evolving product mix and policy lifecycle dynamics.

Challenges in 2025

As a leading health insurer in Sri Lanka, sustaining market leadership requires continuous expansion of our health portfolio and customer base. This growth trajectory, while strategically important, presents operational challenges in maintaining consistent service standards amid increasing volumes and evolving customer expectations.

Having set industry benchmarks through pioneering innovations such as one-day claims settlement, we have differentiated ourselves within the market. However, preserving these advanced service standards at scale demands ongoing investment in technology, process optimisation and operational capacity. Maintaining speed, accuracy and service excellence while managing rising demand remains a key strategic priority for Softlogic Life.

Strategies in 2025

To effectively address these challenges, Softlogic Life has positioned digitalisation and automation as core strategic enablers. Our claims transformation journey commenced several years ago, with a structured roadmap focused on enhancing operational efficiency, accuracy and customer experience through technology-led solutions.

Over the period, we introduced a series of innovative initiatives aimed at streamlining the end-to-end claims process, significantly improving turnaround times and service reliability.

Building on this foundation, we further strengthened and refined these capabilities in 2025, embedding greater automation and process integration across the claims value chain. Refer page 184 for our innovations focus on streamlining claim process.

Key value drivers

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

Table 10: key value drivers related to claims

Rs. Mn	Measure	2025 Actual	2025 Target	A%	2024 Actual	G%
One-day claim decisions	%	92	>80	115%	98	(6%)
Hospital discharge within one hour	%	95	>80	119%	93	2%
Acknowledge customer complains	%	100	100	100%	100	-

One-day claim decisions

By integrating technology into our claims settlement procedures, we have significantly improved operational efficiency, resulting in 92% of claims payment decisions being made within one day well above our target of 80%. This achievement demonstrates our dedication to innovation and excellence in customer service.

Hospital discharge within one hour

To improve customer convenience, we have streamlined hospital discharge procedures, resulting in a 95% completion rate within one hour in 2025. Although this figure is marginally below our target, we remain committed to ongoing service enhancements.

Acknowledge customer complaints

We acknowledge all customer complaints within three working days and deliver timely responses. In 2025, we attained full compliance with this standard, further demonstrating our dedication to customer satisfaction.

Critical success factor

Our success depends on handling claims efficiently and fairly. We use a range of digital solutions such as one day claim settlement and the Life Up app to improve our operations and deliver a better experience for customers. More information can be found on page 184.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

The subsidiary has disbursed Rs 300 million in regular gross claims, contributing to a 2.2% increase in the group claims growth ratio, which now stands at 22.6%. Additionally, it added Rs 737 million to gross benefits, reflecting an increase from 48.5% at the company level to 67.8% at the consolidated level.

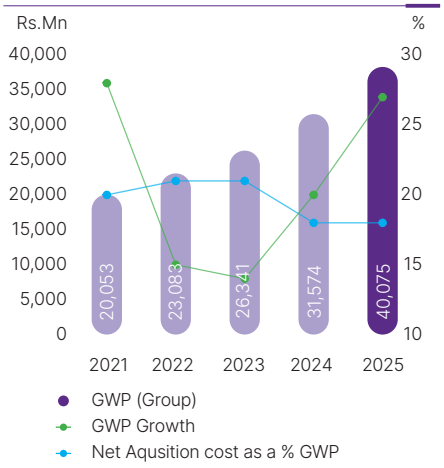
UNDERWRITING AND NET ACQUISITION COST

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 11: Underwriting and net acquisition cost

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Underwriting and policy acquisition cost	7,691	7,281	6,149	25.1%	18.4%
Reinsurance commission including profit commission	(452)	(452)	(359)	25.9%	25.9%
Total underwriting and net acquisition cost	7,240	6,830	5,790	25.0%	17.9%

NET ACQUISTION COST



In 2025, policy acquisition costs totalled Rs 7.2 billion, representing an 18.4% increase compared to the prior year. Following the deduction of Rs 452 million in reinsurance commission income, the net acquisition cost amounted to Rs 6.8 billion.

Challenges in 2025

Elevated sales force attrition during the year necessitated the accelerated recruitment of new advisors to sustain a strong and competitive distribution network. While this strategic replenishment was essential to support long-term growth, newly onboarded advisors typically generated lower business volumes during their initial ramp up period. As a result, production efficiency ratios were temporarily impacted, leading to a higher acquisition cost ratio for the year. Management continues to focus on structured onboarding, training and productivity enhancement initiatives to accelerate advisor maturity and restore cost efficiency over the medium term.

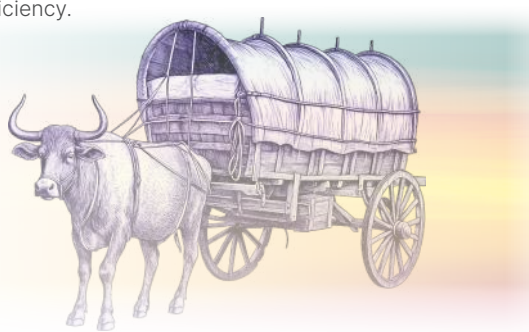
Strategies in 2025

Enhancing the productivity of the existing advisor force remained a key strategic priority during the year. In line with this focus, Softlogic Life implemented a range of targeted initiatives designed to elevate the overall capability and performance of its sales network. These included structured training programmes aimed at deepening product knowledge and sales competencies, one-on-one performance coaching to address individual development needs, and strengthened field management support to ensure advisors received timely guidance and motivation in the field.

Collectively, these efforts contributed to a gradual yet meaningful improvement in advisor productivity compared to the previous year, reflecting the early benefits of a more disciplined and structured approach to force development. While the full impact of these initiatives is still unfolding, management expects more tangible and sustained results to materialise in 2026, as these programmes gain further traction and the momentum built during the year continues to translate into stronger and more consistent business outcomes.

Key value driver

Softlogic Life closely monitors distribution efficiency through the Acquisition Cost Ratio, which measures acquisition costs as a percentage of Gross Written Premium (GWP). This key performance indicator improved to 17.8% in 2025, a enhancement from 18.3% in 2024 and 20.8% in 2023. This consistent downward trend over the past three years demonstrates the company's success in optimising its distribution model. The progressive improvement is attributed to a combination of favourable shifts in product mix toward higher-value offerings and the tangible impact of ongoing advisor productivity initiatives, reflecting strong financial discipline and operational efficiency.



OTHER OPERATING AND ADMINISTRATION COST

Below table summarises the expenses based on their nature.

Table 12: Other operating and administration expense

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Staff related expenses	3,745	3,497	3,276	14%	7%
Administration and establishment expenses	2,010	1,808	1,979	4%	-7%
Selling expenses	699	695	713	-2%	-2%
Depreciation / Amortisation	559	513	513	9%	0%
Total Operating Expenses	7,013	6,514	6,440	9%	1%
Loss arising from de-recognition of ISB and SLDB	-	-	2,238	-100%	-100%
Impairment charge/ (reversal) on financial investments	(60)	(60)	(3,005)	-98%	-98%
Finance expenses	566	558	828	-32%	-33%
Net exchange losses on financial assets and liabilities measured at amortised cost	(153)	(153)	301	-151%	-151%
Total Operating Expenses after recognition of impairment	7,365	6,858	6,801	8%	1%

The Company's operating expenses, amounted to Rs. 6,514 million for the year under review, compared to Rs. 6,440 million in the previous year, reflecting a marginal increase of 1%.

On a normalised basis adjusted for performance-based expenses and one-off adjustments operating expenses amounted to Rs. 6,381 million compared to Rs. 5,847 million last year, representing a 9% increase, primarily reflecting business expansion and inflationary pressures.

Finance expenses declined significantly to Rs. 558 million from Rs. 828 million in the previous year, mainly due to the reduction in interest costs following the full settlement of the subordinated debt facility during the year.

Accordingly, total reported expenses for the year stood at Rs. 6,858 million compared to Rs. 6,801 million last year, indicating a modest growth of 1%. On a normalised basis, total expenses amounted to Rs. 6,726 million, reflecting an 8% increase year-on-year.

Challenges in 2025

Managing expense growth while supporting strategic expansion remained a key challenge during the year. As the business continued to scale across distribution, technology and operational capabilities, it was essential to balance necessary growth investments with disciplined cost control.

Strategies in 2025

We employ budgetary controls as our primary tool for managing expenses, while also leveraging efficiency gains achieved through digitalisation and the integration of artificial intelligence.

Key value driver

We track the expense ratio (Expenses/ GWP) as a measure of efficiency. This year, our expense ratio was 16.6%, down from last year's 18.5%, representing a decrease of 1.9% compared to 2024.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

During the six-month period, the subsidiary reported Rs 507 million in expenses: Rs 248 million went to staff-related costs, and Rs 247 million was categorised as Administration and establishment expenses. The expense ratio for this period was recorded at 29%, compared to 48% in the first half of the year, highlighting the improved cost efficiencies achieved following the acquisition.

Normalised group expenses reached Rs 7,232 million, up from Rs 6,208 million last year an increase of 16%, primarily due to the consolidation of subsidiary expenses amounting to Rs 507 million.

TOTAL OTHER REVENUE

Break up of other revenue is provided below.

Table 13: Total other revenue

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Net finance income	5,627	5,133	6,791	-17%	-24%
Net realised gains	1,532	1,245	2,938	-48%	-58%
Net fair value gains / (losses)	380	267	(355)	-207%	-175%
Other operating income	32	32	7	391%	388%
Total other revenue	7,571	6,678	9,381	-19%	-29%

Finance income recorded Rs 5,133 million in 2025, 24% decline from previous year mainly due to low market interest rates persist during the year. Accordingly, maturity proceeds from high yielding investments were reinvested at comparatively low yield resulting this decline. Total revenue reached Rs 6,678 million, a 29% reduction from Rs 9,381 million reported last year mainly.

Challenges in 2025

In 2025, maintaining anticipated returns proved difficult due to persistently low market interest rates.

Strategies in 2025

To maximise long-term value, new fund allocations are determined through careful evaluation of market opportunities to achieve the best possible returns.

Key value driver

Investment portfolio yield is regularly monitored as key KPI.

PROFITABILITY

Softlogic Life recorded impressive profitability as provided below.

Profit before tax

The Life Insurance Company's profit is principally derived from the actuarial valuation performed by the Appointed Actuary, commonly referred to as the "Surplus." Additionally, investment income generated from shareholder funds contributes to overall profitability. In 2025, profit before tax was reported at Rs 5,649 million, representing an 11% decrease compared to Rs 6,332 million in 2024. This decline is primarily attributable to the net impairment gain recognised in the previous year and reduced investment income resulting from lower market interest rates.

Profit after tax

In 2025, the company recorded a Profit After Tax of Rs 4.0 billion, reflecting a 11% decline compared to Rs 4.5 billion in 2024.

Key value driver

We monitor Return on Equity as key KPI evaluate profitability.

Subsidiary (Softlogic Life Insurance Lanka limited) & Group performance

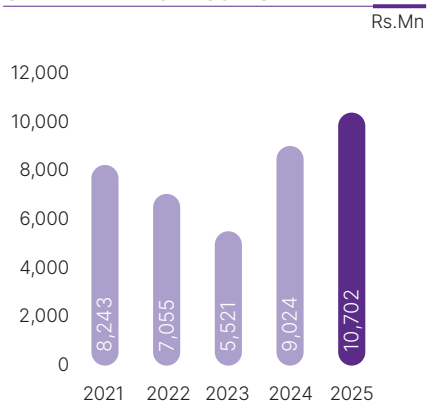
The subsidiary reported a six-month PBT of Rs 967 million and PAT of Rs 677 million. As a result, Group PAT reached Rs 4,680 million, representing a 4% year-on-year increase on a reported basis. On a normalised basis, group PAT grew by 16%, amounting to Rs 4,638 million in 2025.

Rs. Mn	2025 Group	2025 Company	2024 Company	G% Group	G% Company
Profit before tax	6,616	5,649	6,332	4%	-11%
Profit after tax	4,680	4,003	4,522	4%	-11%

UNDERWRITING RESULTS (OPERATING PROFIT / GROSS PROFIT)

Underwriting results indicate the net inflow generated from business operations prior to accounting for investment income and expenses. This metric is calculated following the settlement of claims to policyholders and payment of acquisition costs to intermediaries. Within the Life Insurance sector, underwriting outcomes are a critical value driver and significantly influence overall profitability. They serve as an indicator of a company's capability to accurately price risk, manage claims efficiently, and maintain operational excellence. Furthermore, product characteristics impact these results, providing essential insights into prospective financial outcomes. Robust underwriting performance demonstrates effective risk assessment and sound policy administration, supporting long-term organisational sustainability. Comprehensive details and further analysis of underwriting trends are illustrated in the accompanying graph below. Underwriting results reached Rs 10.7 billion, marking a 18.5% growth compared to the previous year. This increase was primarily driven by strong GWP growth

UNDERWRITING RESULTS



PROFITABILITY AND INVESTOR ATTRACTIVENESS – INDUSTRY PEER ANALYSIS

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

Table 14: Comparative market profitability

Rs.Mn	2025	2024
Profit After Tax of the Company	4,680	4,522
Total profit from listed companies	18,022	16,995
SLI share of profit as a % of total profit from listed companies	26	27

It shows that Group reported a significant % of (26%) profit out of total profit of listed insurance Companies of the year 2025

Dividend

Softlogic Life paid an Interim dividend of Rs. 4.5 per share amounting to a total payout of Rs. 1,424 million for the year 2025.

Dividend Policy

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

BALANCE SCORECARD

Management utilises the balanced scorecard to monitor internal business operations, incorporating all key performance indicators essential for organisational success.
A comprehensive five-year analysis of the balanced scorecard is presented on the following page, with a discussion of the most critical KPIs provided below.

Net claim ratio

Net claim ratio (without maturity and surrender)
The net claim ratio for the year remained steady at 35.5%, compared to 35.7% in the previous year. With marginal reduction overall, this result was primarily driven by a substantial drop in the individual claim ratio, which helped offset the higher claim ratio observed in the Group Life portfolio.

Net claim ratio endowment (without Group life and DTA)
The endowment claim ratio excluding Group life and DTAP claims fell to 22.6% from 23.7% last year, highlighting the strength of our underwriting practices. This was achieved even while paying over 90% of claims within one day.

Expense ratios

Net acquisition cost to GWP
Net acquisition fell slightly to 17.8% from 18.3% last year, mainly because of product mix changes.

Operational expenses to GWP
The normalised operational expense ratio for the year was 17.2%, down from 18.5% last year. This improvement is primarily attributed to our commitment to enhancing expense efficiency through innovation and digitalisation.

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 75% in 2025, compared to 79% in 2024. The decrease of 4% was due to a reduction in both claims and expenses.

Regulatory ratios

These key ratios are mandated by regulators to assess the company's financial stability. Softlogic Life has established internal processes to ensure timely compliance with these requirements. Over the years, Softlogic Life 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 figure reflects the proportion of premiums collected relative to the total due premiums. The Year 1 ratio stands at 86%, an increase of 3% from the previous year; Year 2 is at 66%, up by 5%; and Year 3 at 54%, representing a 3% rise compared to the prior year. This improvement is primarily attributed to overall economic performance and the continued renewal of existing policies.

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

Annualised new business premium
ANBP achieved a 39% year-over-year growth, attributable to the successful launch of a new product targeting a specific market segment in 2025, as well as the overall positive economic performance.

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. Softlogic Life maintains a profitable product portfolio to drive surplus growth.

Table 15: Life Insurance Industry Specific Ratios and Its Discussion

Description	Movement	2025	2024	2023	2022	2021	(%)
Key Operating Ratios							
First Year / Renewal GWP Mix %	N/A	**31/69**	29/71	33/67	32/68	32/68	-
Net Claims Ratio							
Net Claims Ratio % (with maturities and surrenders)	🔴	**51.7**	49.0	53.8	41.1	32.4	3
Net Claims Ratio % (without maturities and surrenders)	🟢	**35.5**	35.7	40.2	33.5	27.6	(0)
Net Claims Ratio Endowment % (without Group life and DTA)	🟢	**22.6**	23.7	26.0	20.0	17.3	(1)
Expense Ratios							
Reinsurance Expense Ratio %	🟢	**7.1**	7.9	9.5	11.6	9.3	(1)
Net Acquisition Cost Ratio % GWP	🟢	**17.8**	18.3	20.8	21.5	20.2	(1)
Operational Expenses as a % of GWP*	🟢	**16.6**	18.5	20.3	17.9	18.6	(2)
Total Expense Ratio % GWP	🟢	**35.9**	39.5	44.3	42.2	38.8	(4)
Total Expense Ratio % NEP	🟢	**38.7**	42.9	49.0	47.7	44.7	(4)
Combined Ratio							
Combined Ratio % NEP - without maturities and surrenders	🟢	**75**	79	89	82	73	(4)
Combined Ratio % NEP - with maturities and surrenders	🟢	**91**	92	103	89	77	(1)
Regulatory Ratios							
Capital Adequacy Ratio (Min 120%)	🟢	**245**	298	367	287	395	(53)
Determination Ratio % (Min 100%)	🟢	**113**	114	140	126	114	(1)
Investment in Government Securities % Life fund (Min of 30%)	🟢	**79**	71	96	67	41	8
Key Value Drivers							
Premium Persistency % – Year 1	🟢	**86**	83	83	84	85	3
Premium Persistency % – Year 2	🟢	**66**	61	61	66	67	5
Premium Persistency % – Year 3	🟢	**54**	51	54	58	58	3
Average Premium per Policy (Rs.)	🟢	**199,379**	195,995	176,872	169,090	138,983	2
Annualised New Business Premium Rs. Mn	🟢	**8,231**	6,466	6,000	5,887	5,083	27
Annualised New Business per Agent Rs. Mn	🟢	**2.2**	2.1	2.1	2.0	1.6	5
No of New policies	🟢	**192,333**	128,088	74,827	133,872	237,453	50
Life Fund Rs. Mn	🟢	**37,012**	32,290	27,202	24,469	21,493	15
Surplus Rs. Mn (without one off surplus)	🟢	**4,388**	4,287	3,015	4,378	2,295	2

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

Financial position and cash flow analysis are available under financial capital on page 130.

*Adjusted for performance based expenses



DRIVING LONG-TERM VALUE THROUGH BIG MOVES

Lasting Growth. Lasting Impact.

Shaped by patience and precision, our strategies at Softlogic Life are moulded carefully to balance performance with responsibility, and innovation with sustainability. We build insurance solutions to withstand cycles and create impactful growth for stakeholders.

Sri Lanka's clay pottery tradition reflects the nation's commitment to perfecting the art of shaping raw potential into resilient form, through measured care.

BUSINESS MODEL

<IR> 2B | 4C

INPUT

Opening and closing positions for all capitals is provided on page 130-199.

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 utilised 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.

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

1. Premium is charge for accepting the risk
2. Customer claims paid
3. Excess fund is invested
4. Policy maturity/ Surrender is paid

Impacts due to SRROs and CRROs

Morbidity, Mortality, Lapse, Expense

Impacts due to Financial risks

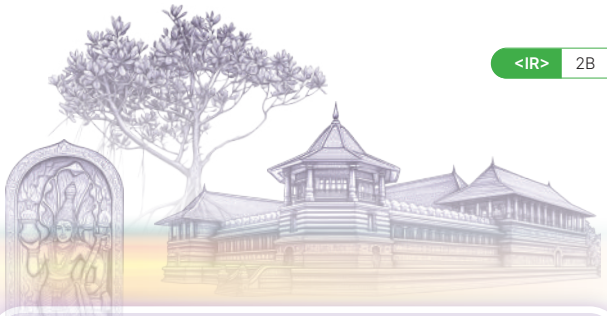
Liquidity, Credit, Equity, Interest rate

Strategy Setting and Resource Allocation (Page 65)

Stakeholder Concerns (page 58)

Material Matters (page 62)

Business Operating Context (page 54-57)



OUTPUT

Innovative Offerings and Customer Solutions

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



Refer page 162 for product details

OUTCOME

Altered Capitals and value preservation for future

130 to 199

OUR STRATEGIC VALUE PROPOSITION 1

- 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 200-202

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 20 – Core Activities / Page 30 – Organisational Structure / Page 54-57 – 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 71-119.

Stakeholder Concerns

Our engagement with stakeholders and their concerns can be found on Page 58.

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 65.

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 130 to 199.

*SRRO - Sustainability Related Risk and Opportunities

*CRRO - Climate Related Risk and Opportunities

Framework (Page 210 – 304)

OPERATING ENVIRONMENT

2025 marks a pivotal transition from recovery to recalibrated growth. Globally, inflation has moderated and capital markets are stabilising. Domestically, Sri Lanka is progressing through structural reform under the IMF programme, rebuilding macroeconomic confidence and restoring private sector momentum.

In this defining moment, the ability to make bold, well-timed strategic moves will determine long-term competitive impact. For Softlogic Life, 2025 is not simply a recovery year it is a platform year.



Global **Economy**

2025	2026 -2028
Global GDP Growth - **3.1%**	Global GDP projected to stabilise around **3.0–3.2%**
Global Inflation – **4%**	Continued disinflation towards **3%** range
Emerging Market Growth - **4.1%**	Expansion of digital financial services

Sources :- IMF World Economic Outlook, World Bank Digital Finance reports

Global **Life Insurance**

2025	2026 -2028
Global Life Premium Growth - **2.6%**	Expected real annual life premium growth of **2.5–3.0%**
Global Life Premium Volume: Approx. **USD 3 trillion**.	Accelerated growth in emerging Asia (**4% - 5%**)
Asia-Pacific contributes **~35%** of global life premiums.	Protection gap globally remains above **USD 1.8 trillion**

Sources :- Swiss-re reports

GLOBAL TRENDS IN LIFE INSURANCE

- Longevity risk solutions expansion
- Embedded insurance through digital ecosystems.
- Data-driven underwriting and AI-enabled claims.

SRI LANKA ECONOMIC ENVIRONMENT – 2025 STABILISATION, MEDIUM TERM STRUCTURAL GROWTH

Sri Lanka is transitioning into a phase of disciplined growth, setting the stage for sustainable economic expansion and a favourable environment for long-term insurance and financial sector development. Following the successful completion of the IMF program, the country is focused on maintaining fiscal consolidation while navigating the resumption of external debt servicing from 2027 onwards. Looking ahead to the medium term spanning 2026 to 2028, several critical macroeconomic indicators and structural factors are expected to shape the country's growth trajectory. These include sustained single digit inflation, gradual stabilisation of the Sri Lankan rupee, improved foreign reserves buffer, and targeted public investment in digital infrastructure estimated at approximately 4% of GDP. For the insurance industry, this environment presents unique opportunities for product innovation, expanded financial inclusion, and deeper market penetration across underserved segments, while demanding prudent risk management amid lingering external vulnerabilities and evolving regulatory requirements.

KEY ECONOMIC INDICATORS (2026–2028)

Indicator	Projection	Remarks
GDP Growth	3.5–4.5% annually	IMF medium-term outlook
Inflation	4–6%	Stabilising within target range
Fiscal Deficit	Below 5% of GDP	Gradual reduction expected
Tourism Revenue	>USD 4 billion annually	Return to pre-crisis levels

PESTEL ANALYSIS

We have conducted a PESTEL analysis to identify the risks and opportunities present in our external environment. A summary of key findings is provided below, which have been considered in shaping our strategy and corporate planning process based on their impact on our business model

P — POLITICAL

Stable government with majority power

Fact

Sustained performance & robust governance frameworks will increase investor confidence.

Opportunity

Reform under IMF programmes can improve investor confidence, strengthen governance, and attract international capital into financial services, including insurance.

Key Risk

Policy uncertainty and potential unrest could disrupt investor confidence and long-term planning for insurers.

E — ECONOMIC

Continued reforms under IMF programmes to stabilise the economy and financial sector

Fact

Projected real GDP growth ~2.9% in 2026 and ~3.1% in 2027, indicating stabilisation post-crisis

Opportunity

The recovery in gross written premium (GWP) and insurance demand is strong.

Key Risk

Slower than expected economic recovery and inflation volatility could suppress disposable income and reduce premium uptake.

S — SOCIAL

Growing financial awareness and middle-class expansion, increasing health concerns among community.

Fact

Robust industry growth
(Life insurance industry growth of 25% in 2025)

Opportunity

Increasing aging population, non-communicable diseases create opportunity for business expansion.

Key Risk

Emerging financial market opportunities could see as substitute for insurance. Employee health and safety.

T — TECHNOLOGICAL

Digital distribution, insurtech, and data analytics adoption are improving efficiency and reach in the sector.

Fact

Digital frameworks and regulatory support aim to foster digital products and micro-insurance sales (IRCSL digital initiatives).

Opportunity

Insurtech adoption and digital distribution (online onboarding, mobile sales) enable reaching new customer segments and cutting operational costs.

Key Risk

Limited digital infrastructure adoption customers could constrain overall digital transformation. Infrastructure obsolete due to Technological advancements

E — ENVIRONMENTAL

Increased natural catastrophe incidence raises awareness of risk coverage importance.

Fact

Cyclone Ditwah (Nov 2025) caused widespread damage, highlighting climate risk exposure in Sri Lanka.

Opportunity

Climate related risk products such as catastrophe coverage and parametric solutions can become growth drivers.

Key Risk

Higher frequency/severity of natural disasters elevates claims volatility and reinsurance costs, challenging underwriting profit margins.

L — LEGAL

IRCSL strengthening solvency, capital, and consumer protection frameworks to align with global standards.

Fact

IRCSL tightening capital requirements and updating regulations to improve financial stability and consumer trust

Opportunity

Regulatory strengthening (solvency, consumer protection, capital adequacy) enhances trust and resilience to support industry growth.

Key Risk

Regulatory compliance cost increases and reputational risk due to non compliance.

OPERATING ENVIRONMENT

SRI LANKA LIFE INSURANCE MARKET – 2025 RECOVERY, MEDIUM TERM EXPANSION

The Sri Lankan life insurance sector is on the verge of significant transformation, driven by macroeconomic recovery and shifting demographic profiles. If the country maintains stable GDP growth, life insurance penetration is expected to potentially double, reaching approximately 1% of GDP by 2030. This expansion is anticipated across several product categories, including microinsurance, health riders, SME group life, and retirement-linked products. These developments are informed by the unique demographic characteristics of the population, which provide substantial growth catalysts for the industry.

DEMOGRAPHIC CATALYSTS

Demographics are a key driver of the market's long-term outlook as provided below

Demographic Indicator	Value	Opportunity
Working-age population	~63%	Currently, the working-age population represents about 63% of the country's total, providing a broad customer base for insurance products.
Population aged over 60	>20%	The proportion of people over the age of 60 is expected to exceed 20% by 2030, according to the United Nations. This aging trend is likely to spur demand for retirement-related and health insurance solutions.

INDUSTRY ATTRACTIVENESS

Below Porter's five forces analysis provide key insights of Sri Lanka's life insurance industry attractiveness. 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.

COMPETITIVE RIVALRY

HIGH

- Over 10 licensed life insurers.
- Aggressive agency expansion
- Increased digital marketing investments.

THREAT OF NEW ENTRANTS

LOW

- High capital requirements under RBC
- Strong regulatory oversight
- Brand trust barriers

BARGAINING POWER OF CUSTOMERS

MODERATE

- Digital transparency.
- Financial literacy growth.
- Social media influence

BARGAINING POWER OF SUPPLIERS

MODERATE

- Skilled actuarial talent scarcity.
- Technology vendor dependence.
- Low attraction of new sales agents to industry

THREAT OF SUBSTITUTES

MODERATE

- Policy benefits can be replicated by other player
- Other investment opportunities (Eg: Fixed deposits etc.)



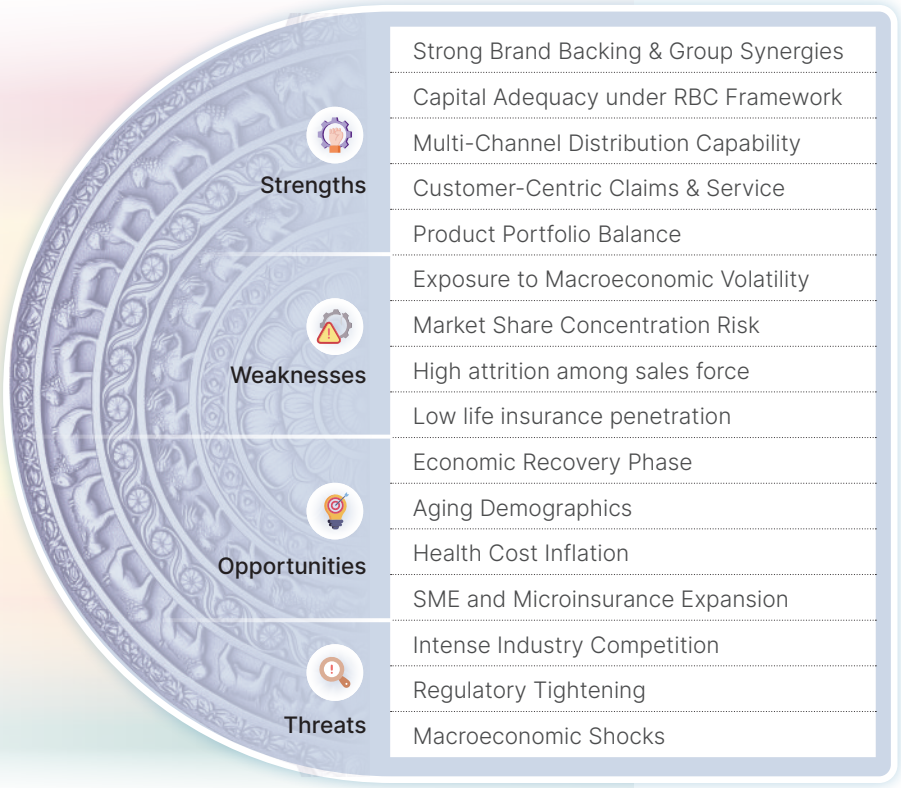
LIFE INSURANCE FUTURE PROSPECTS – MEDIUM TERM STRATEGIC OPPORTUNITY WINDOW

The medium-term horizon presents transformative potential due to

- Protection gap exceeding 70% of population.
- Rising healthcare cost inflation.
- Women workforce participation growth
- SME sector expansion
- Digital adoption
- Pension adequacy concerns

SOFTLOGIC LIFE – CONVERTING MOMENTUM INTO MARKET LEADERSHIP

In a stabilising yet competitive environment, Softlogic Life's strategic priorities align directly with the opportunity curve. Following SWOT analysis demonstrate our capacity to capitalise opportunities emerging in the market.



SRI LANKA INSURANCE INDUSTRY



OUTLOOK

Sri Lanka's life insurance sector is entering a favourable growth phase, with penetration at only 0.5% of GDP well below regional averages indicating significant untapped potential. As economic stability strengthens in 2025 and GDP growth is projected to accelerate through 2026–2028, rising incomes, improving confidence, and increased protection awareness are expected to support double-digit industry growth.

With strong capital adequacy, diversified distribution, digital acceleration, and a balanced protection-focused portfolio, Softlogic Life is well positioned to capture emerging opportunities and convert market momentum into sustained, long-term leadership.

OUR INTERACTION WITH STAKEHOLDERS

<IR> 3C

Softlogic Life operates in a business built fundamentally on trust. As a life insurer, our ability to create sustainable value depends on maintaining strong, transparent, and mutually beneficial relationships with stakeholders who influence, and are influenced by, our activities. We adopt a structured, principle-based approach to stakeholder engagement, ensuring that legitimate interests are:

- Identified and prioritised
- Integrated into strategic planning
- Considered in risk management processes
- Reflected in operational decision-making
- Measured through outcomes and performance indicators

Stakeholder relationships directly influence our ability to grow responsibly, manage risk effectively, and protect policyholder interests.

DEFINING OUR KEY STAKEHOLDERS

Through periodic stakeholder mapping and materiality assessments, we identify the following groups can have big impact to our long-term value creation:

Stakeholder Group	Why They Matter to Value Creation	Priority
Shareholders & Investors	Providers of financial capital	
Employees	Human capital driving service quality and innovation	
Customers / Policyholders	Source of revenue, trust, brand reputation	
Regulators	License to operate	
Sales Force & Distribution Partners	Primary customer interface	
Reinsurers	Risk transfer and capital optimisation	
Suppliers & Service Providers	Operational resilience	
Communities	Social license and brand legitimacy	

This prioritisation is reviewed annually to reflect evolving market and regulatory dynamics.

GOVERNANCE AND OVERSIGHT

Stakeholder engagement is embedded within our governance structure:

- The Board reviews significant stakeholder matters, customer protection indicators, and principal risks.
- The Integrated Risk Management Framework captures stakeholder related risks including conduct, reputation, operational, and compliance risks.
- The Executive Committee reviews key feedback from stakeholders frequently
- Formal grievance and whistleblowing mechanisms ensure accountability and escalation.

ENGAGEMENT ARCHITECTURE

We categorise engagement across four structured mechanisms:

Method	Our Purpose	Our Action
Consult	Gather insights before decisions	Surveys, forums, advisory panels, regulatory compliance etc.
Collaborate	Co-create or jointly execute	Product design workshops, industry groups, regular meetings, focus group discussions etc.
Inform	Proactively disclose information	Reports, updates, internal policies etc.
Monitor	Track performance and risks	Complaint analytics, compliance dashboards etc.

This ensures we maintain a comprehensive engagement model that systematically captures feedback with the potential to influence our business model and value creation process.

TWO-WAY ENGAGEMENT BY STAKEHOLDER GROUPS

Below diagram shows how we listen to our stakeholders and how we response to their concerns.

Shareholders & Investors

Listening to
- AGM participation
- Investor meetings
- Analyst queries

Providing feedback
- Transparent reporting
- Strategy clarity
- Dividend policy communication

Employees

Listening to
- Engagement surveys
- Performance reviews
- Townhalls
- Whistleblowing channel

Providing feedback
- Learning & development frameworks
- Leadership programmes
- Well-being initiatives
- Diversity and inclusion policies

Customers / Policyholders

Listening to
- Satisfaction and NPS surveys
- Complaint and claims analytics
- Digital engagements (Social media etc.)
- Direct branch feedback

Providing feedback
- Claims process redesign
- Digital self-service enhancements
- Product transparency improvements
- Service-level monitoring

Regulator

Listening to
- Directives / Circulars
- Industry meetings
- Laws and regulations

Providing feedback
- Compliance reporting
- Internal polices and procedures
- Internal audits

Sales Force & Distribution Partners

Listening to
- Sales meeting
- Performance reviews
- Townhalls

Providing feedback
- Learning & development
- Incentive scheme
- Recognition schemes

Re-insurers / Suppliers & Providers

Listening to
- Progress Review Meeting
- Contractual agreements

Providing feedback
- Internal process to ensure timely settlements

Community

Listening to
- Community development activities
- Trend analysis
- Through agents

Providing feedback
- CSR activities (Selective)
- Product development

OUR INTERACTION WITH STAKEHOLDERS

STAKEHOLDER INSIGHTS INTEGRATED INTO DECISION-MAKING

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 65.

	Shareholders & Investors	Employees	Customers / Policyholders
Key Concerns Raised	• Sustainable return • Risk management • Transparency and accountability • Business sustainability	• Fair pay and benefits • Learning & Development • Organisational Culture	• Claims turnaround • Digital access • Products cater to evolving needs • Grievance handling process
Strategic Response	A clear and well-structured business strategy that accounts for risk exposure and the operating environment, with a focus on increasing embedded value and the value of new business.	Well formulated HR strategy with competitive benefits compared to market.	Automation of sales and claims handling process using AI. Focus strategy on preventive health opportunities
Impact on Capitals			
Measurable Outcome	• ROE • VONB • GWP growth • Market share	• Employee turnover ratio	• One day claims settlement ratio • Complaints-to-claim ratio
Impacted Strategic pillar			

	Regulators	Sales Force & Distribution Partners	Re-insurers / Suppliers & Service Providers
Key Concerns Raised	• Compliance with applicable laws and Regulations • Corporate governance and business ethics	• Product competitiveness • Competitive income • Career progression • Reward & Recognition	• Underwrite appropriate risk • Timely settlements of dues
Strategic Response	Strengthened internal controls and regular monitoring of compliance with laws and regulation and adhering to highest level of governance practices covering both mandatory and voluntary requirement	Product development committee responsible for identifying market trends and develop products to suit emerging customer requirements and well structured commission and incentive packages with clearly defined career and recognition parameters.	Well defined underwriting practices and automated underwriting capabilities for accurate risk assessment. Internal controls on adhering with terms and conditions of third party agreements
Impact on Capitals			
Measurable Outcome	• No of non compliances with existing laws and regulations	• ANBP growth • ANBP per advisor • GWP growth	• Auto underwriting of policies • Net RI cost % GWP
Impacted Strategic pillar			

	Community
Key Concerns Raised	• Employment Opportunity • Company's contribution to help underprivileged communities
Strategic Response	• Recruitment strategy to hire local talent from the local market • Introduction of Micro insurance • Sustainability and CSR strategy
Impact on Capitals	
Measurable Outcome	• One day claims settlement ratio • Amount of micro insurance claim paid
Impacted Strategic pillar	

IMPACTED STRATEGIC PILLAR

Our strategic pillars have been designed to address material stakeholder concerns, as well as other significant factors that may influence our strategic direction. Details of our strategy are discussed on page 65 of this report.

STAKEHOLDER IDENTIFICATION VS. CAPITALS DISCLOSURE

In determining our reporting boundaries, we distinguish between stakeholders and the capitals. Our stakeholder identification process focuses on groups or individuals with whom we have a direct or indirect relationship and who affect or are affected by our operations (e.g., policyholders, employees, regulators). Consequently, the natural environment is not categorised as a stakeholder in our engagement matrix, as it is not a person or group with whom we can conduct dialogue. However, recognising that our business relies on and impacts natural resources, we fully address our environmental stewardship through the Natural Capital lens of the Integrated Reporting framework, where we disclose our resource consumption, emissions, and mitigation strategies.

Stakeholder Analysis



MATERIAL MATTERS ASSESSMENT

<IR> 3D | 4H

1. PURPOSE AND SCOPE

This section presents the Material Matters Assessment of Softlogic Life for the financial year ended 31 December 2025. The assessment identifies and prioritises matters that substantively Softlogic Life's ability to create value over the short, medium and long term, in line with leading global best practice.

The outcome of this process is considered as a core management tool that informs strategy formulation, risk appetite setting, capital allocation, performance management and Board decision-making.

2. FRAMEWORKS AND REFERENCES APPLIED

The materiality assessment has been designed and executed with reference to the following:

- Integrated Reporting Framework (2021) – guiding principles, content elements and definition of materiality
- SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2)
- Softlogic Life prior year material matters and identification process
- Integrated risk management framework of Softlogic Life
- Peer disclosures and best practices observed in the insurance sectors

The IR Framework has been adopted as the primary compliance framework, ensuring that material matters are clearly linked to value creation, the business model, the capitals, and risks and opportunities.

3. APPROACH TO MATERIALITY

3.1 Concept of Materiality and Value Creation

A matter is considered material if it substantively affects Softlogic Life's ability to create, preserve or erode value over the short, medium or long term. Materiality is therefore assessed through the lens of Softlogic Life's strategy, business model and use of, and impact on, the capitals. The assessment explicitly recognises that value creation for Softlogic Life is interdependent with value creation for customers, advisors, employees, regulators, investors and wider society.

3.2 Application of Double Materiality

Softlogic Life applies a double materiality perspective to enhance the robustness of its assessment. This includes:

- **Financial materiality** – sustainability-related and climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, financial position, solvency, cost of capital or access to funding; and
- **Impact materiality** – The Group's impacts on stakeholders and the environment that, over time, influence reputation, trust, regulatory outcomes and long-term value creation.

3.3 Integration with Risk Management and Strategy

Material matters are directly linked to Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs). Outputs from the materiality assessment are embedded into:

- the enterprise risk register and risk appetite framework.
- capital management and solvency assessments.
- the three-year strategic and financial planning cycle; and
- Management performance monitoring.

This integration reinforces integrated thinking across the organisation and ensures that material matters influence decision-making in a consistent and disciplined manner.

4. MATERIALITY ASSESSMENT PROCESS

The materiality assessment is conducted annually and follows a structured, multi stage process, overseen by executive management and the Board.

Step 1: Analysing the Operating Environment

Softlogic Life evaluates internal and external factors influencing its business model, including macro economic conditions, regulatory developments, industry trends, technological change, demographic shifts and climate related factors. A comprehensive PESTEL analysis is undertaken to identify SRROs and CRROs.

Step 2: Stakeholder Engagement

Stakeholder concerns and expectations are identified through ongoing engagement with key stakeholder groups, including customers, advisors, employees, shareholders, regulators, suppliers and business partners. Feedback channels include surveys, management interactions, complaints analysis, advisor forums and regulatory engagements. See page 58 for more information.

Step 3: Material risks monitored within the risk register

Matters associated with net risk scores of Upper Medium and High were identified as material through the risk assessment process. Net risk scores were determined after considering existing controls and mitigation measures. These risks were assessed for their potential impact on strategy, performance, stakeholder interests, and long-term value creation.

Step 4: Identification of Potential Material Matters

Issues emerging from the operating environmental analysis and stakeholder engagement are consolidated into a long list of potential material matters. These issues are assessed for their relevance to Softlogic Life's strategy, business model and value creation process.

Step 5: Prioritisation

Each issue is evaluated based on:

- **Impact on value creation** (financial, strategic, operational, reputational and capital impacts), and
- **Likelihood of occurrence** over the short, medium and long term.

The prioritisation process results in a materiality matrix reflecting the relative significance of each matter.

Step 6: Strategic and Business Model Alignment

Priority material matters are reviewed to determine implications for strategy, resource allocation and, where necessary, business model adjustments.

Step 7: Board Oversight and Approval

The executive management team incorporates material matters into the corporate planning cycle, including the three year financial projections. The Board reviews, challenges and approves the final set of material matters and their integration into strategy and risk management.

5. KEY MATERIAL MATTERS FOR 2025

Based on the assessment, the following matters have been identified as material for the reporting period. Other matters identified through the process is monitored and evaluated for impacts within the business process but not disclosed in this annual report. Following matters represent the most significant drivers of value creation and risk for Softlogic Life These matters are monitored continuously and reviewed annually to reflect changes in the external environment, strategy and stakeholder expectations.

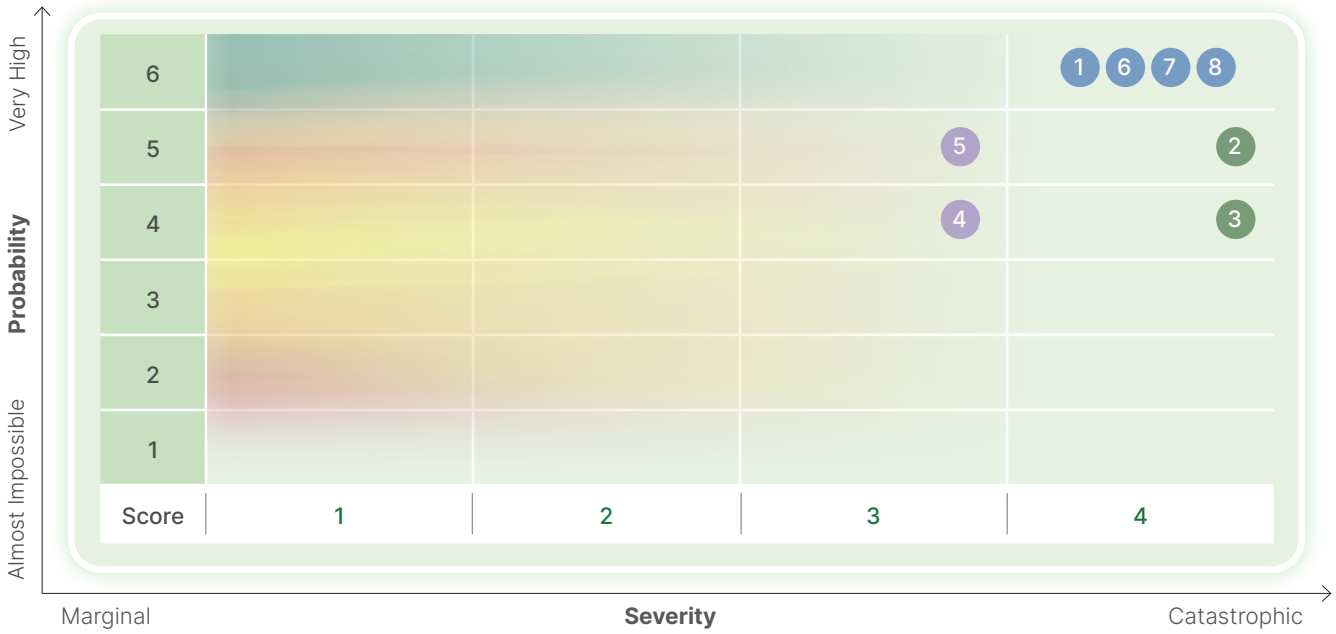
Table 16: Material Matters for 2025

No	Material Matter	Relevance to capital	GRI /SASB discussed	Our discussion of the matter
1	Sustainable business performance		**GRI** - 2 / 3 / 201 / 207 **SASB** -FN-IN-110a.1	130-137
2	Rising customer expectations for faster claims turnaround, easy digital access, and relevant products		**GRI** - 2 / 3 / 418 **SASB** - FN-IN-230a.1 / FN-IN-270a.1	157-181
3	Employee expectations around fair pay and benefits, safe working conditions, continuous learning and development		**GRI** - 2 / 3 / 401 / 403 / 404 / 405 / 406/ 202 / **SASB** - FN-IN-330a.1 / FN-IN-330a.2	138-156
4	Sales force expectation a competitive income structure that rewards performance and recognition framework.		**GRI**- 2 / 3 /401 / 404 / 405	157-181
5	Technology-related risks, including impairment of existing IT infrastructure, high transition costs to new technologies, and increased cyber risk		**GRI** - 2 / 3 / 418 **SASB** - FN-IN-550a.1 / FN-IN-550a.2	182-189
6	Increasing regulatory compliances		**GRI** - 2 / 3 / 205 / 207 / 302 / 305 /306 / 408 **SASB** - FN-IN-510a.1 / FN-IN-510a.2	157-181
7	Value creation to our community		**GRI** – 2 / 3 / 202 / 204 / 205 / 405 / 303	157-181
8	Managing key insurance risks arising due to sustainability and climate related impacts	All capitals excluding MC	**GRI** - 2 / 3 / 201 **SASB** - FN-IN-110a.1 / FN-IN-110a.2 / FN-IN-450a.1	Reported under SLFRS S1 and S2 disclosures on page 71-119
9	Managing market risks arising due to sustainability and climate related impacts	All capitals excluding MC	**GRI** - 2 / 3 / 201 / 207 **SASB** - FN-IN-450a.2	

MATERIAL MATTERS ASSESSMENT

5.1 Prioritisation of Key Material Matters for 2025

Material issues are prioritised based on the severity and likelihood of their potential impact, with particular attention given to capital providers in guiding stakeholder decisions. This stakeholder-inclusive approach ensures that disclosures address matters most critical to investment and financing decisions. Risk scoring is conducted through a detailed assessment utilising four levels of severity and six levels of probability, enabling accurate calculation of risk scores for comprehensive risk evaluation. This systematic methodology allows the organisation to distinguish between emerging risks, moderate concerns, and critical priorities requiring immediate Board attention. The resulting risk matrix informs resource allocation, internal controls, and mitigation strategies, reinforcing the robustness of the enterprise risk management framework while ensuring alignment with strategic objectives and stakeholder expectations.



6. LINKAGE TO VALUE CREATION AND CAPITALS

These material matters formed the core of our strategic discussions throughout 2025. The strategies we formulated and the actions we implemented are detailed within the respective capital reports on pages 130 to 199, demonstrating how each matter translates into value creation. To ensure a comprehensive stakeholder perspective, these discussions have been mapped to the applicable GRI Standards. Furthermore, specific risks relating to insurance and market dynamics are addressed in our IFRS S1 and S2 disclosures, ensuring alignment with evolving financial reporting requirements.

7. CHANGES IN PRESENTATION COMPARED TO PREVIOUS YEAR

These material matters formed the core of our strategic discussions throughout 2025, serving as the foundation for Board-level deliberations and management decision-making. The strategies we formulated and the actions we implemented are detailed within the respective capital reports on pages 130 to 199, demonstrating how each matter translates into value creation across the six capitals. To ensure a comprehensive stakeholder perspective, these discussions have been systematically mapped to the applicable GRI Standards, reinforcing our commitment to global best practices in sustainability reporting. Furthermore, specific risks relating to insurance, investment volatility, and emerging market dynamics are comprehensively addressed in our IFRS S1 and S2 disclosures, ensuring alignment with evolving financial reporting requirements and enhancing transparency for investors and regulators. This integrated approach reinforces the connectivity between stakeholder concerns, strategic response, and long-term value creation.

STRATEGY AND RESOURCE ALLOCATION

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STRATEGIC INTENT AND VALUE CREATION

Our strategy defines where we aim to go (Our next BIG MOVE) and how we will create, preserve and enhance value (Our next BIG IMPACT)over the short, medium and long term in a rapidly evolving operating environment. It is purpose driven, risk-informed and anchored in integrated thinking, ensuring that decision making balances financial performance with the sustainable use of all capitals.

The Board and Executive Management collectively set the strategic direction through an annual corporate planning cycle, ensuring alignment with our vision and mission while responding proactively to material risks, opportunities and stakeholder expectations. This integrated approach enables disciplined capital allocation, resilience in execution and sustained value creation.

STRATEGY SETTING PROCESS

The Group follows a structured and forward-looking strategy setting process covering a rolling three year planning horizon. This process integrates: Strategic risk management outputs, including sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) Stakeholder concerns and emerging market trends Macroeconomic, regulatory, social, technological and environmental developments

Climate-related risks, which often extend beyond traditional financial planning horizons, are explicitly embedded into strategy formulation. Actions required to meet climate commitments and manage transition and physical risks are incorporated into business plans and resource allocation decisions, ensuring long-term resilience.

STRATEGIC PILLARS AND TIME HORIZONS

To strengthen focus and adaptability, Softlogic Life has refined its strategic pillars, ensuring each directly contributes to value creation across different time horizons:

Short term: Operational efficiency, customer engagement, risk mitigation and execution discipline

Medium term: Portfolio optimisation, digital enablement, data-driven personalisation and capital productivity

Long term: Sustainable growth, climate resilience, innovation leadership and stakeholder trust

Each pillar is supported by clearly defined initiatives, measurable KPIs and accountable ownership, ensuring strategic intent is translated into execution.

RESOURCE ALLOCATION FRAMEWORK

Resource allocation decisions are guided by integrated thinking that prioritises initiatives based on their strategic importance, risk profile and contribution to long-term value creation. Allocation decisions consider following aspects.

Trade-offs between capitals are actively assessed to ensure that short-term financial outcomes do not compromise long-term sustainability. Resources required to execute strategic initiatives are embedded within the approved financial plans for 2026–2028, ensuring availability and execution certainty.

STRATEGY EXECUTION, MONITORING AND GOVERNANCE

Execution accountability is embedded across the organisation. Strategic objectives and KPIs approved by the Board are cascaded to Heads of Departments and integrated into operational plans.

- Monthly performance reviews track progress against KPIs and financial targets
- Quarterly Board and Committee reviews assess strategic alignment, emerging risks and corrective actions

Continuous feedback loops enable refinement of strategy in response to performance outcomes and external developments. This governance framework ensures transparency, timely decision-making and alignment between strategy, performance and accountability.

Capital	What we consider in resource allocation
Financial	• Funding requirements, return expectations and capital adequacy
Human	• Capability development, leadership depth and workforce productivity
Intellectual	• Data, digital platforms, process innovation and technology investments
Social and relationship	• Customer trust, partner ecosystems and stakeholder engagement
Natural	• Climate resilience, environmental impact and responsible resource use

STRATEGY AND RESOURCE ALLOCATION

RESPONDING TO VALUE CHAIN IMPACTS THROUGH FOUR STRATEGIC PILLARS

Softlogic Life's strategy is designed to proactively respond to financial, operational, regulatory, competitive and climate-related impacts arising across its value chain. Each strategic pillar addresses specific risk clusters while strengthening our ability to create sustainable value across all capitals

DIGITAL TRANSFORMATION AND INSURTECH

Strategic Objective:

To embed digital capabilities, advanced analytics and intelligent automation across the life insurance value chain, enabling superior risk management, seamless customer journeys, resilient operations and scalable growth.

SHORT TERM	MEDIUM TERM	LONG TERM
Strengthen operational efficiency through expanded automation and digital distribution while building employee capabilities in AI and advanced digital tools.	Expand digital distribution through strategic partnerships and leverage data analytics to enhance customer insights and personalised offerings and strengthened cyber security.	Establish leadership in digital transformation by developing an integrated, AI enabled ecosystem that revolutionises underwriting capabilities, delivering faster risk assessments, enhanced pricing accuracy, and sustainable long-term value creation.

STRATEGIC SUB PILLAR	Digital Resilience & Cybersecurity	Intelligent Underwriting & Fraud Analytics	Digital Customer & Advisor Enablement	Operational Automation & Efficiency
Strategic Focus:	Strengthening infrastructure, data governance and cybersecurity to protect service continuity and customer trust.	Deploy AI-driven underwriting validation and fraud detection to reduce disputes and leakage.	Enhancing engagement to reduce lapses and strengthen advisor productivity.	Embedding automation to reduce cost inefficiencies and processing delays.
VALUE PROTECTED				
KPIS LINKED	• System down time ratio • Data breach incidents • Regulatory Noncompliance	• Claims ratio (excluding maturity) • Complaints to claim ratio	• Persistency ratio • Advisor productivity ratios • Customer satisfaction/ NPS	• Expense ratio • One-day proposal acceptance ratio • Auto-underwriting ratio • One day claims settlement ratio
UNSDGs contributed				

PERSONALISATION AND CUSTOMER-CENTRIC PRODUCTS & SERVICES

Strategic Objective:

To design and manage a customer centric life insurance portfolio that integrates transparent product structures, climate responsive pricing, responsible distribution and lifecycle engagement ensuring financial resilience, regulatory alignment and sustainable long term value creation.

SHORT TERM	MEDIUM TERM	LONG TERM
Identify untapped market segments and introduce tailored products while strengthening customer feedback mechanisms to enhance service quality.	Leverage data analytics and digital platforms to deliver personalised offerings and strengthen continuous customer engagement.	Develop a holistic customer engagement ecosystem incorporating preventive health, wellness programmes, and AI driven insights to enhance long term customer relationships and value creation.

STRATEGIC SUB PILLAR	Transparent & Simplified Product Design	Risk-Responsive Pricing & Benefit Structures	Customer Retention & Financial Flexibility	Claims Excellence & Service Quality
Strategic Focus:	Reducing complexity and misinterpretation risk.	Incorporating climate trends, morbidity patterns and economic stress into actuarial and underwriting models.	Improve customer retention through data analysis while allowing financial flexibility of products.	Enhancing claims governance and turnaround time.
VALUE PROTECTED				
KEY INITIATIVES TAKEN	• Micro Insurance products • Policy book revision	• Regular mortality and morbidity trend analysis • Periodical review of pricing	• Financial underwriting	• Automated claims settlement through Artificial Intelligence
KPIS LINKED	• No of complaints	• VONB margin • Capital adequacy ratio • ANBP growth	• Persistency ratio • GWP growth	• One day claims settlement ratio • Customer satisfaction/ NPS
UNSDGs contributed				

SUSTAINABILITY (EESG)

Strategic Objective:

To embed Economic, Environmental, Social and Governance (EESG) principles across our financial management, operations and investment portfolio safeguarding long-term solvency, strengthening resilience and ensuring responsible, sustainable value creation.

SHORT TERM	MEDIUM TERM	LONG TERM
Strengthen stakeholder engagement and integrate ESG considerations into investment management product development, supply chain management and strategic decision making.	Establish a companywide platform to monitor climate related data and track progress towards climate targets. Expand sustainability monitoring dash boards to cover wider organisational value chain	Develop granular climate and sustainability risk management strategies using data driven insights to enhance resilience and adaptation to climate related challenges.

STRATEGIC SUB PILLAR	Sustainable Financial Position and Performance	Sustainable Operations	Sustainable Investment Portfolio	Sustainable Governance
	Strategic Focus: Maintaining capital adequacy and liquidity amid economic volatility.	**Strategic Focus:** Ensuring responsible distribution, cost discipline and advisor sustainability.	**Strategic Focus:** Diversified, ESG-integrated portfolio aligned with ALM discipline.	**Strategic Focus:** Strengthening oversight, risk appetite clarity and ethical conduct.
VALUE PROTECTED				
KEY INITIATIVES TAKEN	• Capital adequacy ratio • Solvency margin • Return on equity	• Advisor retention rate • ANBP growth • Expense ratio	• Credit rating exposure mix • Portfolio mix	• Board attendance & review frequency
UNSDGs contributed				

PREVENTIVE HEALTH AND WELLNESS

Strategic Objective:

To embed preventive health, climate-responsive risk management and behavioural engagement across the life insurance value chain - strengthening long-term portfolio sustainability, customer well-being and financial resilience.

SHORT TERM	MEDIUM TERM	LONG TERM
Expand AI enabled preventive health solutions and promote customer awareness to encourage healthier lifestyles.	Integrate preventive health requirements into underwriting processes to enhance risk assessment and portfolio quality.	Provide wellness-based incentives that encourage proactive health management and strengthen long-term customer engagement.

STRATEGIC SUB PILLAR	Proactive Health Risk Monitoring	Climate-Responsive Portfolio Management	Behavioural Engagement & Incentivisation	Risk-Integrated Underwriting and Portfolio Optimisation
Strategic Focus:	AI-enabled screening and preventive engagement.	Geographic risk mapping and catastrophe modelling.	Incentivising healthy behaviour to improve long-term portfolio quality	Embedding preventive health insights and climate-linked morbidity data into underwriting, pricing and portfolio management decisions.
VALUE PROTECTED				
KEY INITIATIVES TAKEN	• Claims ratio • Mortality variance vs assumptions	• Exposure concentration ratios • Reinsurance coverage ratio	• Persistency ratio	• Claims ratio • VONB margin • Net RI cost % GWP
UNSDGs contributed				

STRATEGY AND RESOURCE ALLOCATION

ACTION TAKEN DURING THE YEAR 2025

Strategy execution and its out comes detailed under performance review on page 65 to 70.

EVALUATION OF KEY PERFORMANCE INDICATORS

Because this annual report follows Integrated Reporting principles and complies with SLFRS S1 and S2, we have included the strategic KPIs for six years (three past and three future) below and metrics required by SLFRS S1 and S2 have been provided on page 115 and 116. This approach improves clarity and eliminates repetition.

CONNECTIVITY TO PERFORMANCE AND OUTLOOK

Performance against strategic objectives is evaluated not only through financial outcomes but also through impacts on the capitals. The insights gained from performance monitoring inform future resource allocation, strategic refinements and outlook assessments.

Looking ahead, Softlogic Life remains focused on navigating economic uncertainty, technological disruption and climate-related challenges while leveraging opportunities arising from digital transformation, personalised customer solutions and sustainable business practices.

SIX YEAR KPIS

To measure our strategic progress over the short and medium term, we monitor a core set of six-year KPIs. These metrics are formally reviewed during monthly management meetings and quarterly board sessions to maintain effective strategic control.

Table 17 : Six year KPIs

		Strategic pillar	2028	2027	2026	2025	2024	2023
System down time	%		0%	0%	0%	0%	0%	0%
Data breach incidents	no		nil	nil	nil	nil	nil	nil
Regulatory Non compliance	no		nil	nil	nil	nil	nil	nil
Claims ratio (excluding maturity)	%		30	31	30	34	35	39
Complaints to claim ratio	no		<0.10	<0.10	0.10	0.10	0.09	0.11
Persistency ratio - year one	%		85	85	85	86	83	83
Advisor productivity ratios	Mn		2.2	2.2	2.1	1.9	2.1	2.1
Customer satisfaction/ NPS	no		>57	>57	>57	57	68	42
Expense ratio	%		14.9	15.9	16.9	17.2	18.5	20.3
One-day proposal acceptance	%		79	78	77	76	78	77
Auto-underwriting	%		71	70	69	68	70	69
One day claims settlement ratio	%		>90	>90	>90	95	98	75
Capital adequacy ratio	%		>160	>160	>160	245	298	367
ANBP growth	%		>20	>20	>20	39	8	2
GWP growth	%		>20	>20	>20	27	20	14
Return on equity	%		>20	>20	>20	39.0	38.2	23.5
Net RI cost % GWP	%		1.6	1.7	1.6	1.1	0.9	1.2
Female Senior Management (Non sales)	%		>30	>30	>30	28	28	29
Female Staff (Non sales)	%		>45	>45	>45	64	45	46
Female Sales Recruitment Initiatives	No.		>1	>1	>1	-	-	-
4Her Programme Activities	No.		>1	>1	>1	1	1	1

OUR RISK MATRIX AND OPPORTUNITIES AHEAD

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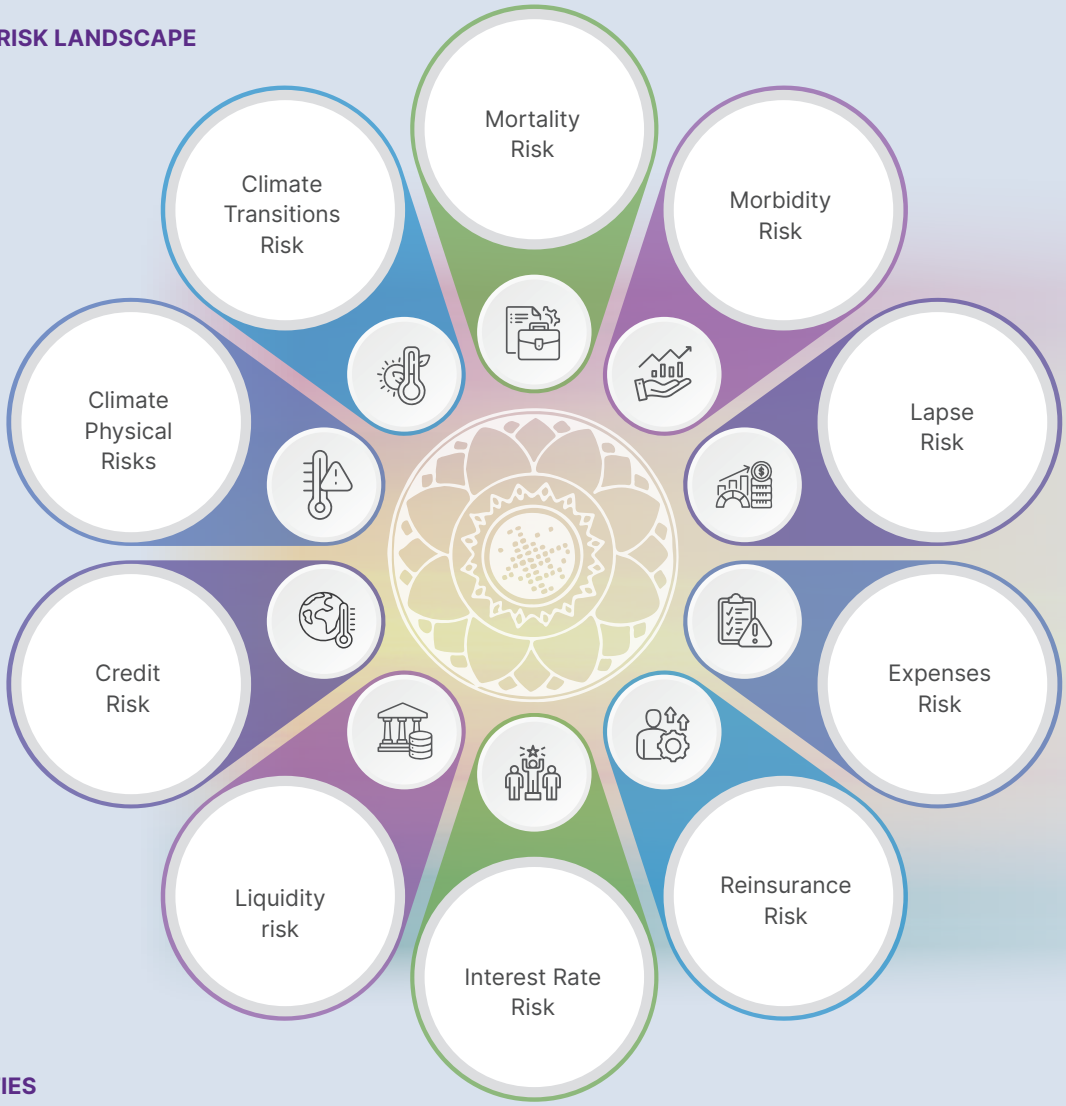
Our risk and opportunity landscape has been shaped through a structured assessment of the operating environment, extensive stakeholder engagement and evaluation of our business model across the insurance value chain. This process ensures alignment with our long-term strategy, capital stewardship responsibilities and climate-related commitments. The detailed assessment of climate and sustainability-related risks and opportunities is presented under "Managing Climate and Sustainability Related Risks and Opportunities" (pages 71 to 119). The summary below outlines the principal risk exposures and strategic opportunities influencing our forward outlook.

ENTERPRISE RISK LANDSCAPE



OPPORTUNITIES

- Economic growth and rising middle class
- Ageing population
- Preventive health and wellness trends
- Increasing customer demand for protection covers
- Low-carbon and climate-aligned investments

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

This report provides a comprehensive account of Softlogic Life Group's sustainability-related financial disclosures in accordance with SLFRS S1 and S2 requirements. The Group voluntarily adopted these standards in the previous year and has made significant progress in 2025 to enhance and expand quantitative and qualitative disclosures.

1. BASIS OF PREPARATION

This report covers Sustainability related risk and opportunities (SRROs) and Climate related risk and opportunities (CRROs) of Softlogic Life Insurance PLC (Parent) and its subsidiary Softlogic Life Insurance Lanka Limited. The group operate only in Sri Lanka.

The disclosures focus on sustainability-related risks and opportunities that could reasonably be expected to affect the Group's cash flow, access to finance, or cost of capital over the short, medium, and long term. Information has been prepared using the same reporting entity, reporting period, and consolidation basis as the Group's consolidated financial statements for the year ended 31 December 2025.

Sustainability-related risks and opportunities have been identified through the Group's enterprise risk management framework and materiality assessment process, incorporating impacts across the value chain where relevant. The report integrates financial and sustainability information to support an understanding of how sustainability matters influence the Group's strategy, business model, financial position, performance, and prospects.

1.1 Statement of compliance

This sustainability-related financial disclosure report has been prepared in accordance with SLFRS Sustainability Disclosure Standards S1 and S2, as issued by the CA Sri Lanka.

1.2 Connectivity

This report makes connections with other reports, including the financial statements, to present a cohesive view of how relevant SRROs could impact the Group's financial position, performance and cash flows over the short, medium and long term. Where applicable, quantitative sustainability-related metrics are directly connected and cross-referenced to relevant financial statement line items.

1.3 Functional and presentation currency

Sustainability-related financial information is presented in Sri Lankan Rupees (Rs). All amounts have been rounded to the nearest thousand, unless otherwise stated.

1.4 Sources of guidance

In preparing its sustainability-related financial information, the Group has referred to, and considered, the applicability of disclosure topics and metrics in the SASB Standard for Insurance and Managed Care.

Where relevant, the Group has also used other sources of guidance such as the GRI Standards, industry norms and best practices.

1.5 Assumptions, judgement and estimates

The preparation of sustainability-related financial disclosures requires the use of assumptions, judgements, and estimates, particularly where forward-looking information or incomplete data exists. Key assumptions relate to the assessment of material sustainability-related risks and opportunities, determination of time horizons, selection of climate scenarios, estimation of financial impacts, and measurement of greenhouse gas emissions, including financed emissions.

These assumptions are based on management's best available information, historical experience, external data sources, and expert judgement. Where estimates are used, management prioritises completeness and consistency with financial reporting assumptions. Key areas of judgement and estimation uncertainty are disclosed in Sections 1.7 and 1.8 of this report.

1.6 Transition reliefs

Given the two-year relief from the mandatory adoption date of the standard, the group has chosen not to conduct a climate resilience assessment for this reporting period. In making this decision, management considered the availability and credibility of climate-related information in Sri Lanka, as well as a cost-benefit analysis. However, the group is actively exploring all viable options to meet the requirement and remains optimistic that future developments will address the current gaps.

The group has performed a sensitivity analysis on each material risk factor to assess their potential financial impact on the entity's performance, cash flows, and financial position. Details can be found on page 99.

1.7 Judgements

Preparing and presenting the sustainability report requires judgement to identify relevant, reliable, and useful information. This involves interpreting requirements and making decisions where standards permit flexibility. Key judgements are summarised in the table below.

Table 18: Judgement used in preparing sustainability report

Topic	Description
Materiality assessment (Refer page 62)	Judgement was applied in evaluating impacts and dependencies throughout the value chain to identify pertinent risks, opportunities, and material information. These considerations were assessed for their potential to reasonably affect the Group's strategy, business model, or financial position and performance.
GHG emissions (Refer note no 5.4.2.8)	Judgement was exercised when selecting • appropriate emission factors; and • proxy activity data for Scope 3 emissions when actual data was unavailable.
Determination of Time Horizons (Refer note no 3.4)	Judgement was applied in defining the time horizons used in the assessment of sustainability-related risks and opportunities
Assessment of Value Chain Boundaries	Management applied judgement in determining the extent of the value chain included in the disclosures, particularly where data availability was limited or reliance was placed on third party information.
Selection of Climate Scenarios (Refer note no 3.7)	Management selected climate scenarios that are relevant to the entity's business and geographic footprint. This required judgement in: • Choosing scenarios that represent a range of plausible climate outcomes • Determining the relevance of global scenarios to local operations • Interpreting scenario outputs for use in financial impact analysis

1.8 Measurement uncertainty

The sustainability report contains measurement uncertainty due to missing data, use of proxy information, outside influences, and forward-looking statements. The following table outlines the primary sources of measurement uncertainty that impact on the figures presented in the sustainability report.

Table 19: Measurement uncertainty involved in sustainability disclosure

Topic	Description
GHG emissions (Refer note no 5.4.2.8)	GHG emissions quantification is inherently subject to significant limitations due to the methodologies used to determine emission factors and the availability of data. The selection by management of different but acceptable emission factors or measurement techniques could have resulted in materially different GHG emissions being reported. As part of our ongoing commitment to continuous improvement, the group obtained membership with Partnership for Carbon Accounting Financials (PCAF) this year and began calculating financed emissions using PCAF emission factors. To enhance comparability, the group also elected to restate last year's financed emissions according to PCAF emission factors.
Climate related futuristic disclosures (Refer note no 3.6)	Forward-looking statements regarding transition and physical risks depend on predictions about future climate effects, which carry significant uncertainty and may differ substantially from the projections outlined in these reports.
Anticipated future impact	The anticipated impacts disclosed throughout this report are based on management's assessment of future events using currently available data. Such assessments involve significant inherent uncertainty, and actual outcomes may differ materially from the projections and evaluations presented herein.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

1.9 Materiality determination

The Group applies a financial materiality lens in determining the sustainability-related information disclosed in this report, consistent with SLFRS S1. Information is considered material if its omission, misstatement, or obscuring could reasonably be expected to influence decisions made by primary users of general purpose financial reporting.

Material sustainability related risks and opportunities are identified through the Group's enterprise risk management process, informed by internal risk assessments, stakeholder engagement, industry analysis, regulatory developments, and external benchmarks. These risks and opportunities are evaluated based on their potential impact on the Group's strategy, business model, financial performance, financial position, and prospects over the short, medium, and long term.

2. GOVERNANCE

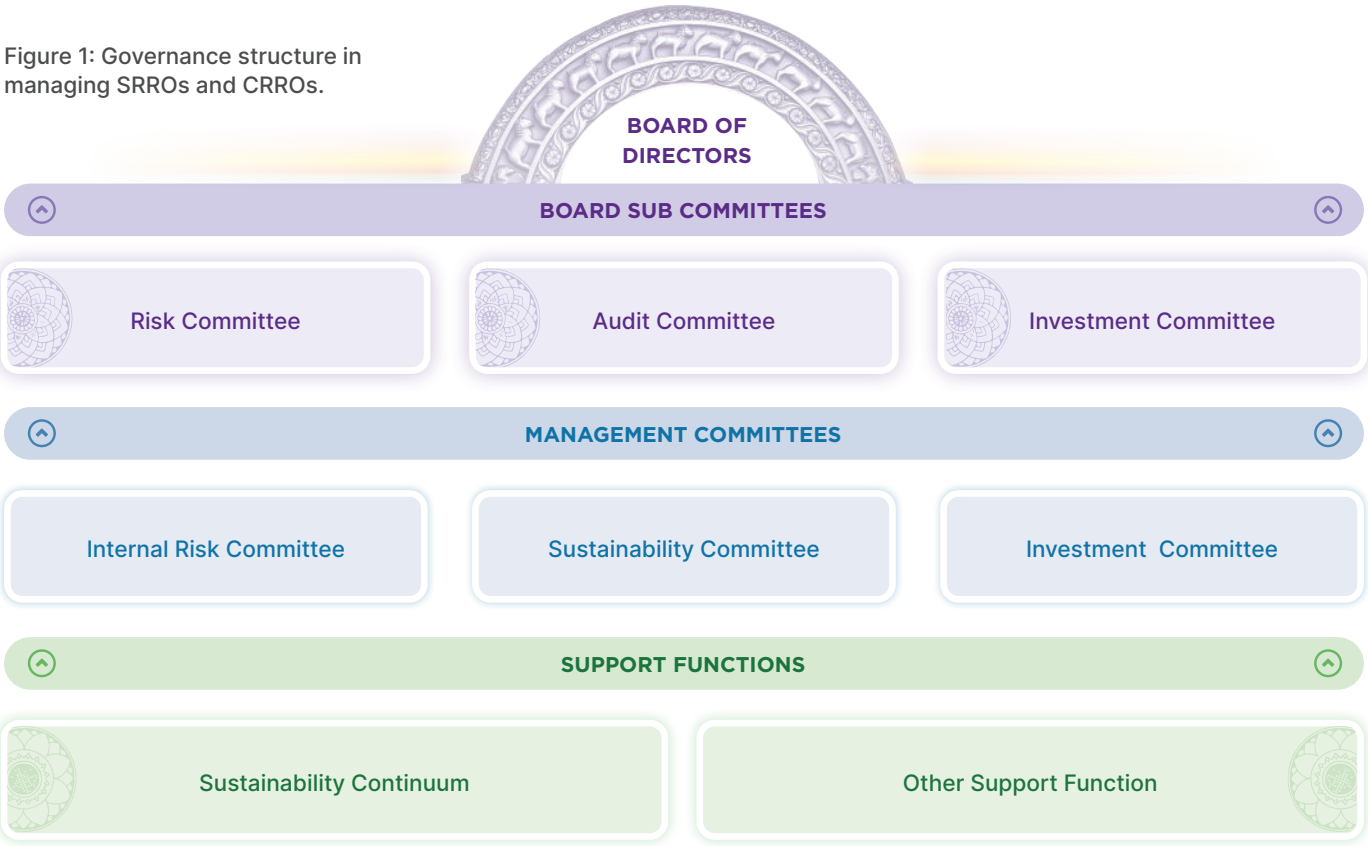
2.1 Overview

This section addresses governance disclosures as outlined in SLFRS S1 and S2. For a thorough understanding of the Group's governance framework, this report should be reviewed alongside the detailed governance report on pages 210 to 304, which has been prepared in accordance with both mandatory and voluntary requirements applicable in Sri Lanka.

2.2 The role of the board of directors

The board of directors holds primary responsibility for the governance and strategic oversight of the Group. Key duties include defining the overall strategic direction and long term objectives, monitoring risk exposure, ensuring strict compliance with applicable laws and regulations, upholding financial accountability, and advancing sustainability initiatives. The board also oversees organisational performance, evaluates and addresses sustainability related risks and opportunities, and protects the interests of investors. The Board is regularly informed of sustainability related risks and opportunities through quarterly Board and Board Committee reporting, including updates on the risk register, climate-related developments, sustainability KPIs, and progress against strategic initiatives. Sustainability considerations are explicitly incorporated into the approval of corporate plans, capital allocation decisions, investment strategy, and major business initiatives, ensuring that sustainability-related matters are integrated into overall strategic oversight. To discharge this responsibility below governance structure has been implemented.

Figure 1: Governance structure in managing SRROs and CRROs.



2.3 The role of nominated board sub-committees

2.3.1 Role of Board Risk Committee (BRC)

The Risk Committee oversee the Group's risk management framework and provide independent oversight of current and potential business risks, including risks associated with EESG. The Risk Committee's terms of reference include oversight of EESG risks specific to the Group.

It oversees identifying risks (SRRs and CRRs), developing strategies, and monitoring risks by management via Enterprise Risk Management Framework. It assists the Board in fulfilling its responsibilities relating to risk, ensuring that management effectively identifies, assesses, and mitigates its risks. The Risk Committee meets quarterly and is responsible for approving and overseeing the identified risks and the proposed risk mitigation strategies.

For additional details, refer to the Risk Committee Report on page 275.

- No of meetings and attendance
- Charter of the committee
- Authority
- Objectives
- Activities in 2025
- Outlook

2.3.2 Role of Board Audit Committee (BAC)

The Committee, empowered by the Board, ensures effective financial reporting, oversees accounting policies and statutory compliance, and evaluates risk management and internal controls. It ensures business practices align with legal, regulatory, and company policies, upholds strong corporate governance and ethical standards, and monitors internal and external audits.

The Committee reviews interim and annual financial statements before Board submission, ensures proper disclosure of new accounting and sustainability standards, and assesses the activities, independence, and objectivity of all auditors. Its work aims to protect stakeholders' interests by maintaining transparency, accountability, and integrity in all financial and governance matters.

For additional details, refer to the Audit Committee Report on page 269.

- No of meetings and attendance
- Charter of the committee
- Objectives
- Activities in 2025

2.3.3 Role of Board Investment Committee (BIC)

The Committee is responsible for recommending investment policies to the Board, ensuring investments follow approved guidelines, and monitoring their performance quarterly. It meets every quarter to review strategic investment decisions, market trends, and economic conditions, while defining objectives, asset allocations, and expected returns. The Committee examines reports from the Investment Team and, when necessary, issues instructions to the Treasury, Fund Management, or executive management regarding investment activities. These responsibilities support the Committee's role in effective oversight of Softlogic Life's investment strategy and execution, contributing to strong financial governance and alignment with overall business objectives.

For additional details, refer to the Investment Committee Report on page 281.

- No of meetings and attendance
- Charter of the committee
- Objectives
- Activities in 2025
- Outlook

2.3.4 Role of Nomination Committee

The Board Nominations Committee assists the Board with overseeing matters in relation candidate succession planning and determining criteria required for Board membership, which includes experience and skills relating to effectively managing Group's risk profile including CRROs and SRROs.

2.4 Board oversight of sustainability-related risks and opportunities

The Board oversees the Group's strategy, including the management of SRROs, and approves strategic plans to ensure alignment with Softlogic Life's purpose, values, and long-term objectives. Following the Board's strategic direction, management prepares annual three-year projections on financial performance, position, and cash flow, along with the resources needed to execute these strategies. Key KPIs, critical to achieving these projections, are identified and assigned to relevant Heads of Departments—for example, managing the Claim Ratio is entrusted to the Head of Life Operations. After the corporate plan is approved by the Board, both management and Board members meet quarterly to review progress and monitor key KPIs against their targets. The Board provides further strategic guidance to address any gaps found, ensuring SRROs and CRROs are promptly evaluated and acted upon. Oversight of sustainability-related risks is delegated to the Board Risk Committee (see page 275), which meets quarterly with management to review the risk register and assess SRROs, offering insights for effective risk management.

2.5 The role of Management

Controls and Procedures Supporting Oversight

The Chief Risk Officer (CRO) has primary responsibility for ensuring Softlogic Life's risk register is updated to reflect SRR and CRR. This process is informed by triggers identified and reported by all Heads of Departments (HODs), including the Managing Director, within their respective areas of responsibility. The CRO further enhances this process by providing forward looking assessments of changes in the operating environment including emerging macroeconomic trends, social trends and physical climate impacts to ensure the risk register captures the latest climate and sustainability related exposures facing Softlogic Life.

Integration with Other Internal Functions

Sustainability and climate related controls and procedures are fully integrated with the Group's broader Enterprise Risk Management (ERM) framework. As a key control mechanism, a monthly Internal Risk Committee meeting is convened, bringing together representatives from across the business to:

- Identify emerging SRR and CRR alongside other risk categories
- Review the effectiveness of implemented mitigation actions
- Assess the overall risk profile, including climate-related exposures
- Recommend adjustments to risk appetite or controls as needed

This integration ensures climate and sustainability considerations are embedded within regular management processes rather than addressed in isolation. The involvement of HODs from diverse functions including finance, operations, investments, and product development ensures that climate and sustainability related risks and opportunities are assessed from multiple perspectives and that mitigation actions are coordinated across the organisation.

Oversight and Escalation

The outcomes of monthly Internal Risk Committee meetings, including any significant sustainability and climate related risk exposures or proposed actions, are formally presented to the Board Risk Committee. This escalation process enables robust oversight from the highest governance level, facilitates informed decision making. The Board Risk Committee reviews the effectiveness of management's controls and procedures and provides direction on any enhancements required to strengthen resilience over SRR and CRR. Through this structured approach, management ensures that SRR and CRR are systematically identified, monitored, and managed within a framework of strong governance and integration across internal functions.

2.5.1 Management Structure



EXECUTION OF SUSTAINABILITY STRATEGY

The implementation of the sustainability strategy is entrusted to the Sustainability Management Committee. This committee, chaired by the Managing Director, provides strategic leadership and supervision for all sustainability-related activities across the Group. In addition, the committee is responsible for regularly reviewing and monitoring sustainability KPIs, ensuring that initiatives are aligned with overall business objectives and driving continuous improvements in sustainability performance.

2.6 Role of support function

The Sustainability Continuum is a working group made up of senior employees from key departments who are responsible for carrying out management's sustainability strategy and directives. The team meets regularly to ensure effective implementation and collaborates with other support functions as needed. During the Year the continuum met 12 times and key ideas and discussions or deliberations were

- Gathering data on how climate change affects human health to support informed decisions
- Organising community awareness programmes centred on health and safety

The following are some material outcomes achieved during the year:

- A comprehensive sustainability KPIs dashboard was developed, covering GRI, SASB, and internal KPIs. It was reviewed by the sustainability management committee, which advised actions regarding reported material deviations.
- Softlogic Life's sustainability targets are actively monitored and discussed with the management committee.
- The sustainability strategy has been broadened, with appropriate actions identified for each strategic pillar and actioned accordingly.
- A comprehensive sustainability roadmap was developed and approved by management for implementation.

2.7 Board skills and training

The Board of Directors has vast amount of experience in various subject matters such as Insurance, risk management, IT, economics etc. which ensure the ability to effectively oversee Group's functions. Refer to page 230-231 for more information.

Below table highlight the composition of BRC, BAC and BIC with their skills and expertise. The combined skills of the committee fully compliment to effectively identify, assess strategies and respond to SRROs and CRROs.

Table 20: Board skill and competencies

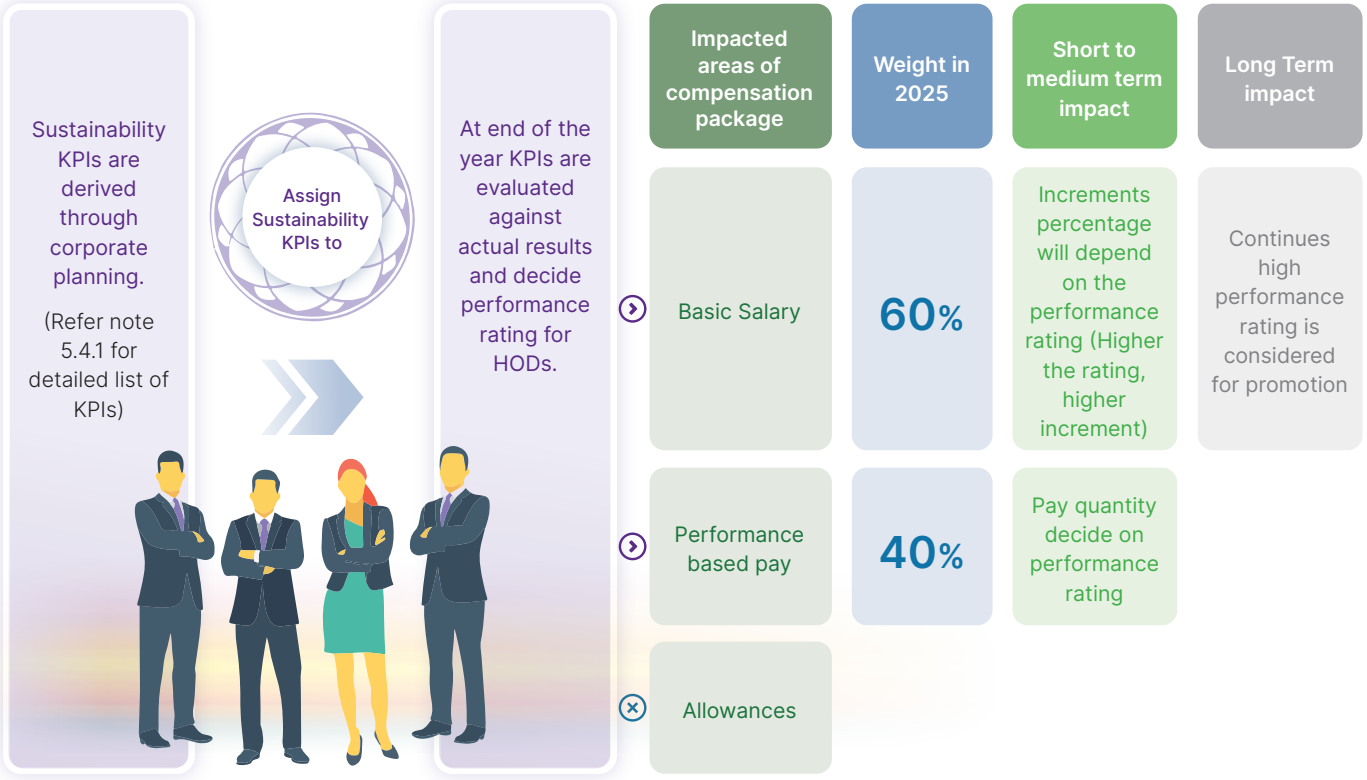
Director	BRC	BAC	BIC	Expertise
Mr Raimund Snyders	✓	✓	✓	Over 30 years of expertise in insurance and financial industry with qualifications in commerce, Law and executive leadership
Ms Fernanda Lima	✓		✓	Over 20 years of expertise in financial and private equity investment with qualifications in Environmental science and business administration
Mr Lalith Withana	✓	✓		A member (FCA) of CA Sri Lanka and FCMAwith extensive knowledge on reporting standards (SLFRSs)
Mr. V. Govindasamy		✓	✓	Qualification in Science and Engineering with managerial capabilities over 25 years experience in banking, manufacturing and trading sector
Mr. Ashok Pathirage			✓	A visionary leader and managing diversified investment portfolio in several sectors
Mr. Iftikar Ahamed			✓	Over 30 years of expertise in financial service industry.
Mr. Sanjaya Mohottala			✓	Expertise in strategy, merger and acquisition and investment restructuring etc.

See page 210 to 212 for full profiles of above directors. Chairmen of the Committee

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

2.8 Remuneration linked to sustainability performance metrics

Sustainability related KPIs that are assessed as material to the Group's strategy and financial performance are incorporated into performance evaluation frameworks for senior management and relevant functional heads. These KPIs are established through the annual planning process and include metrics related to claims performance, persistency, investment yield, expense efficiency, customer satisfaction, and sustainability initiatives. Performance against these KPIs influences variable remuneration and annual performance ratings of HODs. Non-executive directors receive fixed fees that are not linked to sustainability metrics, consistent with governance practices and regulatory requirements. (At SLI out of eight board members seven are non-executive directors)



3. STRATEGY

The Group's business strategy is centred on developing a distinctive model that delivers unique stakeholder value while ensuring sustained shareholder returns. In addition, the Group seeks to capitalise on expansion opportunities through diversification across business verticals and geographic regions. To achieve these objectives, the Group has conducted a thorough assessment of its SRROs and CRROs, establishing strategies for their effective management. The process and its outcomes are detailed in this section.

3.1 Assessing significant sustainability risks and opportunities

The group conducted materiality assessments to identify SRROs and CRROs that could be materially impact on the strategy, business model and Group's prospects. Materiality assessment process is described in note 4 of this report as detailed on page 62-63.

To determine the SRROs (including CRROs) material to investors creditors and providers of capital, we applied a structured assessment process, as outlined below.

Step 01

- Defining the primary user
- Providers of capital

Step 02

- Understanding primary users expectation
- Sustainable financial results
- Securing License to operate

Step 03

- Deciding matters to be discussed under SLFRS S1 and S2 requirements

Insurance performance (Surplus from life fund)

Surplus is the change in actual results compared to the original pricing assumptions of Expense, mortality, morbidity, lapse and investment income.

Therefore, the following risks have been classified as key risks and should be communicated to capital providers

Mortality Risk / Morbidity Risk / Lapse Risk / Expenses Risk / Reinsurance Risk



Investment performance

Investment performance is driven primarily by fluctuations in interest rates, which affect the value of existing bonds and the yield on new purchases, as well as by the volatility of public and private equity markets, which influence the overall return on the asset portfolio. Therefore, the following risks have been classified as key risks

Interest Rate Risk



Liquidity of the business

Regulatory capital requirements serve as a critical buffer, ensuring Softlogic Life remains solvent. Simultaneously, strict liquidity measures mandate that the firm can quickly convert assets to cash, safeguarding against sudden withdrawal demands or unforeseen claim spikes

Liquidity Risk / Credit Risk



MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

3.2 Sustainability Related Risk

The analysis above has identified key risks, which are discussed in detail to assess their impact on the value chain.

Key Risk	Source of Information	Time Horizon
Mortality Risk	Risk register / Industry norms	● ● ●
Morbidity Risk		● ● ●
Lapse Risk		● ● ●
Expenses Risk		● ● ●
Reinsurance Risk		● ● ●
Interest Rate Risk		● ● ●
Liquidity risk		● ● ●
Credit Risk		● ● ●

- Impact to Short term financial planning cycle (Next Year – 2026)
- Impact to Medium term financial planning cycle (2027 & 2028)
- Impact to long term decisions

In note 3.3, we have provided a comprehensive explanation outlining the nature of each key risk, its potential impact on our operations and stakeholders, SLI's specific response measures, and our methods for ongoing risk monitoring and reporting. This detailed disclosure is designed to enhance transparency and enable stakeholders to assess both the risk landscape and the resilience of our management strategies. Our actions in managing these risks always align with the overall strategies embedded throughout our organisation, ensuring that risk considerations are not treated in isolation but integrated into everyday decision making. For greater clarity, we have mapped each risk to its corresponding strategic pillar, demonstrating how risk mitigation directly supports the achievement of our long term objectives. A detailed discussion of the overall company strategy, including the strategic pillars referenced, is provided on page 65, offering stakeholders a holistic view of how strategy and risk management function as interdependent drivers of sustainable value creation. This integrated approach reinforces the discipline and foresight embedded in our governance framework.

3.3 Current and future effects of identified risks on the Group's business model and value chain

3.3.1 Mortality and morbidity risk

a) Why is it a risk?

Our business model is fundamentally built upon a foundation of actuarial assumptions regarding when people die (mortality) and how often they become ill or injured (morbidity). These assumptions are not merely technical inputs; they represent the core scientific basis upon which our entire value creation mechanism rests. They directly determine the pricing of our products, ensuring that premiums are both competitive for customers and sufficient to cover future obligations. Simultaneously, these assumptions govern the calculation of our insurance liabilities, which represent the present value of promises made to policyholders.

When actual mortality or morbidity experience aligns closely with our assumptions, the business performs as expected, generating predictable returns for shareholders while honouring all policyholder claims. However, if actual experience deviates significantly from our assumptions, the financial impact flows directly to our bottom line. Adverse deviations, such as higher-than-expected claims frequency or severity, can erode profitability and strain capital reserves. Conversely, more favourable experience creates surplus that may be shared with policyholders or retained to strengthen the balance sheet.

Given the long-term nature of our contracts spanning decades, even small deviations compound over time, making continuous monitoring and refinement of these assumptions essential. Our actuarial function therefore conducts regular experience analyses, comparing actual outcomes against pricing assumptions to identify emerging trends and adjust future pricing or liability

b) What risks could arise?

Change in mortality and morbidity ratios create longevity risk, pandemic risk (a sudden spike in deaths leading to concentrated claim payments), deterioration in population health (rising chronic illness or lifestyle disease rates increasing morbidity claims), and basis risk (differences between the experience of our specific policyholder pool versus broader population assumptions). These risks can adversely impact product pricing adequacy, insurance liability valuations, capital adequacy, reinsurance costs, policyholder dividends, and the company's competitive position if not effectively monitored and managed.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by mortality and morbidity risk.

Value chain Impact from mortality and morbidity risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
Data Management & Actuarial Analytics Inadequate monitoring of risk indicators may delay the timely identification of adverse experience.	**F:** Underestimation of mortality rates leads to higher claims payout, increased reserve requirements, reduced profitability. **NF:** Poor risk management perception among stakeholders.	Inaccurate mortality assumptions, incomplete historical data, inadequate predictive models.	• Regular review of mortality tables and assumptions • Advanced analytics to monitor emerging mortality trends • Collaboration with reinsurers for benchmark data		• Mortality Ratio • Gross regular claim ratio
Own Operations					
Underwriting Weak underwriting controls may result in the acceptance of higher-risk policyholders, increasing risk exposure and potential financial impacts.	**F:** Poor risk selection results in adverse mortality experience, higher claim payouts. **NF:** Loss of customer confidence due to perceived unfair underwriting.	Incomplete health disclosure by customers, weak medical assessment process, inconsistent underwriting decisions.	• Automated underwriting with AI-assisted risk scoring • Enhanced medical and lifestyle information collection • Periodic underwriter training on emerging risk factors	 	• Gross regular claim ratio • Auto underwriting ratio
Product Design & Development Gaps in product design and development processes may result in inappropriate pricing, leading to increased financial risk.	**F:** Products not aligned with mortality trends can cause mispricing and lower profitability. **NF:** Customer dissatisfaction if products fail to meet coverage expectations.	Outdated product assumptions, inflexible policy terms, misalignment with emerging mortality trends.	• Regular review and update of product pricing based on mortality studies • Incorporate flexible riders for longevity/ mortality protection		• Persistency ratio • Value of new Business (VONB)
Downstream					
Sales & Distribution Limitations in sales and distribution processes may result in the acceptance of higher-risk policyholders, contributing to adverse mortality and morbidity experience	**F:** Mis-selling high-risk policies can increase claim payouts and regulatory scrutiny. **NF:** Brand damage due to perceived unfair policy terms.	• Agents unaware of mortality implications • Inadequate risk disclosure	• Training agents on mortality risk and target customer profiling • Structured monitoring of high-risk policies	 	• FN-IN-270a.2 - Complaints-to-claims ratio • Persistency ratio

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Claims settlement Inefficiencies in claims assessment and settlement processes may result in inaccurate claim evaluations and potential operational and business impacts.	**F:** High volume of death claims may strain reserves and operational capacity. **NF:** Delays in claims settlement can harm customer trust.	Poor documentation, insufficient fraud detection, delayed claims processing.	• Automated claims processing • AI based Fraud detection models for claims • Regular review of high-volume claim trends		• One day claim settlement ratio • Gross regular claim ratio • SASB / FN-IN-270a.2

3.3.2 Lapse Risk

a) Why is it a risk?

Policy lapses and surrenders represent a critical risk to business performance and financial stability, as they directly reduce expected future premium income while simultaneously requiring immediate surrender payouts, thereby disrupting carefully modelled cash flow projections. Early lapses particularly undermine the persistence of the in-force book our primary revenue-generating asset and hinder the recovery of substantial upfront acquisition costs, including commissions, underwriting expenses, and policy issuance costs. When actual lapse experience deviates unfavourably from pricing assumptions embedded in product design, the consequences are far-reaching: profitability is eroded, revenue predictability is compromised, and the long-term value of new business written is diminished. Furthermore, elevated lapse rates can signal potential dissatisfaction with product features or service levels, necessitating deeper analysis of root causes. Effective lapse management therefore remains integral to preserving policyholder value, maintaining pricing discipline, and safeguarding the sustainability of our business model against persistency volatility.

b) What risks could arise?

Key lapse related risks include revenue volatility (loss of expected future premium income), acquisition cost strain (inability to recover upfront expenses on policies that lapse early), adverse selection (healthier policyholders lapsing while less healthy policyholders persist, worsening the risk pool), and liquidity pressure. These risks can adversely impact earnings stability, new business strain, capital efficiency, product pricing adequacy, and the overall valuation of our insurance liabilities if not effectively monitored and managed.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by lapse Risk.

Value chain Impact from lapse risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
Data Management & Analytics – Inadequate monitoring of persistency trends across customer segments may delay early intervention.	**F:** Loss of future premium income, strain on profitability and embedded value. **NF:** Reduced investor confidence due to unstable earnings.	Weak predictive analytics, lack of lapse trend analysis by product/channel, poor data integration.	• Develop lapse prediction models • Monthly persistency monitoring dashboards • Segment-based retention strategy		• Persistency ratio
Own Operations					
Product Design & Development – Products not aligned with customer affordability and flexibility increase early policy surrender.	**F:** Higher acquisition cost strain, negative new business margins. **NF:** Customer dissatisfaction due to perceived inflexibility.	Complex product structure, high premium escalation, inadequate product market fit.	• Introduce flexible premium options • Periodic product review based on lapse studies • Customer affordability assessment at onboarding		• SASB / FN-IN-410b.2
Underwriting – Inadequate affordability assessment may result in policies sold beyond customer capacity.	**F:** Increased early lapses impacting commission recovery and cash flow. **NF:** Customer frustration and reputational risk.	• Over-reliance on aggressive sales targets • Limited income verification.	• Strengthen financial underwriting • AI-based affordability checks (Traffic light system) • Monitoring high-risk lapse segments		• SASB / FN-IN-270a.3
Downstream					
Sales & Distribution – Mis-selling or insufficient disclosure of long-term commitment requirements.	**F:** Commission clawbacks, reduced renewal income. **NF:** Brand erosion and regulatory scrutiny	• Sales-driven culture • Weak disclosure process • Poor customer education.	• Enhanced training on need-based selling • Clear communication of surrender charges and policy benefits • Persistency-linked advisor incentives		• SASB / FN-IN-270a.4

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Customer Service & Engagement – Weak follow-up and limited engagement in post policy issuance.	**F:** Loss of renewal premiums, reduced lifetime value per customer. **NF:** Low customer loyalty and satisfaction	• Poor reminder systems, • Lack of proactive engagement, limited digital touch points	• Automated premium reminders (SMS/App) • Dedicated team to followup renewal and customer engagement • Digital self-service platforms		• SASB / FN-IN-270a.3 • Net promoter score
Claims & Policy Administration – Delays in endorsements or service requests may frustrate policyholders, triggering surrender.	**F:** Increased policy surrender and administrative costs. **NF:** Negative word-of-mouth and trust erosion.	Operational inefficiencies, manual processes.	• Auto underwriting • Defined service level agreements (SLAs) • Regular service quality monitoring		• Auto underwriting ratio • One day claim settlement ratio

3.3.3 Expense risk

a) Why is it a risk ?

Our expense assumptions directly impact product pricing and liability valuations. If actual administration, acquisition, or maintenance costs exceed our assumptions, profit margins compress. Given the long-term nature of our contracts, even small expense overruns can accumulate significantly, affecting competitiveness and shareholder returns.

b) What risks could arise?

Changes in expense ratio includes unit cost escalation (rising per-policy administration costs), expense inflation exceeding pricing allowances, inefficient scale (fixed costs spread over shrinking policy count), and acquisition cost overruns. These risks can adversely impact profitability, dividend capacity, product affordability, and operational sustainability if not actively managed.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by expense risk.

Value chain Impact from expense risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
IT & Digital Infrastructure – Inefficient or legacy systems increase operational costs and duplication of work.	**F:** Higher operating expenses, reduced profit margins, capital strain. **NF:** Reduced operational agility and competitiveness.	System inefficiencies, cyber incidents causing remediation costs, underutilised automation.	• Digital transformation initiatives • Process automation (RPA / AI)		• Expense ratio

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Data Management & Analytics – Weak cost monitoring and budgeting controls lead to expense overruns.	**F:** Variance from expense assumptions in pricing models. **NF:** Poor cost governance perception.	Inadequate expense allocation, lack of real-time cost dashboards.	• Activity-based costing framework • Monthly variance analysis vs budget • Zero base forecasting models		• Expense variance ratio
Own Operations					
Product Design & Development – Products priced with unrealistic expense assumptions may erode margins.	**F:** Negative new business margins, reduced embedded value. **NF:** Investor concern over sustainability of earnings.	Underestimation of acquisition and servicing costs, complexity-driven admin costs.	• Regular review of pricing assumptions • Cost benchmarking studies • Simplified product structures		• Value of new business (VONB) margin
Underwriting & Policy Administration – Manual processes and rework increase servicing cost per policy.	**F:** Increased per-policy servicing cost. **NF:** Lower service efficiency and longer turnaround times.	High manual intervention, duplication of tasks, weak workflow controls.	• Auto underwriting • Workflow automation • Digital proposal submission		• Auto underwriting ratio • Digital proposal submission ratio
Downstream					
Sales & Distribution – High acquisition costs due to excessive commissions or inefficient channels.	**F:** Increased expense strain, pressure on profitability. **NF:** Channel conflict and reduced long-term sustainability.	Over-reliance on high-cost distribution channels, aggressive incentive structures.	• Channel productivity analysis • Optimised commission structures • Expansion of digital sales channels		• Acquisition cost ratio • Channel mix
Claims Management – Inefficient claims handling increases operational and legal expenses.	**F:** Higher claim handling cost, fraud-related losses. **NF:** Customer dissatisfaction due to delays.	Weak fraud detection, high manual review workload.	• AI base claims settlement process • AI base fraud detection mechanism		• SASB / FN-IN-270a.2 • One day claims settlement ratio
Customer Service & Engagement – Poor digital platforms increase reliance on call centres and manual servicing.	**F:** Higher customer servicing costs. **NF:** Lower customer satisfaction and retention.	Limited self-service tools, high inbound service demand.	• Introduction of "Lifeup" app • Introduction of "Lifey" chatbot		• Persistency ratio • SASB / FN-IN-270a.3

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

3.3.4 Reinsurance Risk

a) Why is it a risk?

We use reinsurance to mitigate exposure to large claims, stabilise underwriting results, and manage capital requirements. Our reliance on reinsurers means their creditworthiness and claims-paying ability directly affect our financial resilience. If reinsurers fail to meet obligations, the risk reverts to us, potentially causing significant earnings volatility and balance sheet strain.

b) What risks could arise?

Key reinsurance risks include counterparty default, pricing and coverage availability (increased costs or reduced capacity at renewal), retention misalignment (inadequate cover relative to exposure), and basis risk (reinsurance recoveries not matching underlying claims). These risks can adversely impact solvency, earnings stability, capital adequacy, and catastrophe resilience if not carefully managed.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by reinsurance risk.

Value chain Impact from reinsurance risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
Reinsurance Strategy & Structuring – Inadequate reinsurance coverage or inappropriate treaty structure may expose Softlogic Life to excessive mortality or catastrophe losses.	**F:** Higher net claims volatility, capital strain, reduced solvency margin. **NF:** Reduced stakeholder confidence in risk management framework.	• Inadequate retention limits • Misaligned treaty terms • Concentration risk	• Annual review of reinsurance programme • Stress testing of retention levels • Diversification of reinsurance panel		• Capital adequacy ratio
Counter party Risk Management – Failure of re-insurer to honour obligations	**F:** Recoverability risk, liquidity strain, increased credit loss provisions. **NF:** Reputation damage and regulatory scrutiny	• Re-insurer downgrade • Concentration with single re-insurer • Delayed recoveries	• Selection of highly rated re-insurers • Regular credit rating monitoring • Counter party exposure limits		• Credit exposure by re-insurer
Own Operations					
Underwriting & Risk Assessment – Poor alignment between underwriting practices and treaty terms may result in declined recoveries.	**F:** Claims not recoverable from re-insurers, higher net loss ratio. **NF:** Internal process inefficiencies	• Non-compliance with treaty conditions • Inaccurate data submission to re-insurer.	• Alignment of underwriting guidelines with treaty terms • Regular training for underwriting and reinsurance teams • Automated Bordeaux reporting	 	• RI recovery ratio to GWP

F - Financial NF - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Data & Reporting – Inaccurate or delayed reporting to re-insurers affects recoverability and settlement speed.	**F:** Delayed cash inflows, working capital pressure. **NF:** Strained re-insurer relationships.	Data quality gaps, manual reporting errors	• Automated reinsurance reporting systems • Periodic reconciliation of reinsurance accounts		• Reinsurance settlement turnaround time
Downstream					
Claims Management – Large or catastrophic claims requiring reinsurance support.	**F:** Volatility in net profit if reinsurance programme is inadequate. **NF:** Policyholder confidence affected if claims settlement is delayed.	• Disputes over claim admissibility • Delays in re-insurer approval	• Early notification to re-insurers • Clear documentation standards		• RI recovery ratio to GWP
Capital & Liquidity Management – Heavy reliance on reinsurance recoveries to maintain liquidity.	**F:** Liquidity stress if recoveries are delayed. **NF:** Negative perception by regulators and rating agencies.	Timing mismatch between gross claims payment and reinsurance recovery.	• Maintain adequate liquidity buffer • Regular liquidity stress testing including reinsurance delay scenarios		• Capital adequacy ratio

3.3.5 Interest Rate Risk

a) Why is it a risk?

Interest rate movements fundamentally influence our investment returns, liability valuations, and the relative attractiveness of our product portfolio to customers. Because our assets and liabilities carry distinct durations and cash flow patterns, the resulting mismatch creates inherent sensitivity to rate fluctuations. This sensitivity directly impacts solvency margins through shifts in the valuation of technical provisions, affects profitability via investment income volatility, and determines the market positioning of our savings and protection products. In a changing rate environment, maintaining competitive returns for policyholders while preserving pricing discipline requires dynamic asset liability management and continuous monitoring of interest rate risk exposures.

b) What risks could arise?

Changes in interest rates present multifaceted risks, including asset-liability mismatches where duration gaps create economic value volatility, spread compression when reinvestment yields fall below actuarial assumptions, and shifts in policyholder behaviour such as surrenders to seek higher returns elsewhere. These interconnected risks, if not actively managed, can adversely impact capital adequacy by eroding buffer reserves, destabilise earnings through investment income fluctuations, constrain product pricing competitiveness, and ultimately threaten long term business sustainability. Proactive asset liability management and dynamic hedging strategies remain essential to mitigating these exposures and preserving stakeholder confidence.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by interest rate risk.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Value chain Impact from interest rate risk

F - Financial NF - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
Asset Liability Management (ALM) – Mismatch between asset duration and liability duration exposes the Company to changes in discount rates.	**F:** Reduction in economic value of equity, reserve volatility, capital strain. **NF:** Earnings volatility impacting investor confidence.	• Duration gap • Reinvestment risk • Yield curve shifts	• Regular duration gap analysis • Interest rate sensitivity testing		• Duration gap • Cash flow matching ratio • Liquidity coverage ratio
Investment Portfolio Management – Rising rates reduce bond market value; falling rates reduce reinvestment yields.	**F:** Unrealised losses on fixed income portfolio, reduced investment income. **NF:** Pressure on reported profitability.	• Concentration in long-term fixed income assets • Lack of diversification	• Diversified fixed income portfolio • Staggered maturity profile • Periodic interest rate stress testing		• Surplus sensitivity ratio • Ratio of fixed income assets • Investment yield variance
Own Operations					
Product Pricing & Valuation – Guaranteed products are sensitive to long-term interest rate assumptions.	**F:** Margin compression when market yields fall below guaranteed rates. **NF:** Reduced competitiveness if repricing is delayed.	• High guaranteed rates • Outdated pricing assumptions.	• Regular review of pricing assumptions • Sensitivity testing under multiple rate scenarios		• Value of new business (VONB) margin
New Business Growth & Capital Planning – Rapid growth in low-rate environment may lock in lower future returns.	**F:** Reduced long-term profitability. **NF:** Capital efficiency concerns.	Underpricing due to optimistic yield assumptions.	• Align pricing with forward rate expectations • Capital strain monitoring		• Investment yield
Downstream					
Policyholder Behaviour (Lapse/ Surrender) – Rising rates may trigger higher surrenders as customers seek better returns elsewhere.	**F:** Unexpected cash outflows, asset liquidation losses. **NF:** Reduced persistency levels.	Interest rate driven lapse spikes.	• Monitor surrender elasticity to rate changes • Liquidity stress testing • Customer retention initiatives		• Persistency ratio • Lapse ratio
Claims & Benefit Payments – Discount rate changes affect actuarial liability valuation.	**F:** Increase in actuarial reserves under declining interest rates. **NF:** Volatility in reported results.	Sharp rate cuts, long-term yield decline.	• Regular actuarial assumption updates • Regulatory capital buffer maintenance		• Liability sensitivity to rate change, • Solvency ratio

3.3.6 Liquidity risk

a) Why is it a risk?

Our policyholder obligations require ready access to cash for claims, surrenders, and maturities. Simultaneously, our investment portfolio contains assets with varying degrees of marketability. A mismatch between cash inflow timing and payment obligations could force asset sales at depressed prices, eroding capital and undermining policyholder confidence.

b) What risks could arise?

Inadequate liquidity could impact to cash flow mismatches (timing differences between asset proceeds and liability payments), market dislocation (inability to sell assets without material loss), contingent calls (unexpected surrender spikes), and funding concentration (over-reliance on specific cash sources). These risks can adversely impact solvency, reputation, operational resilience, and regulatory compliance if not prudently managed.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by Liquidity risk.

Value chain Impact from liquidity risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
Treasury & Asset Liability Management (ALM) – Mismatch between asset cash inflows and liability outflows may create short term funding gaps.	**F:** Forced asset sales at loss, increased borrowing costs, capital strain. **NF:** Negative perception from regulators and rating agencies.	• Duration mismatch • Concentration in illiquid assets • Market volatility	• Robust ALM framework • Liquidity gap analysis (short, medium, long term) • Maintain high-quality liquid asset buffer		• Capital adequacy ratio • SASB / FN-IN-550a.3
Investment Management – Excess exposure to illiquid or long-term assets may restrict cash availability.	**F:** Inability to liquidate assets without loss. NF: Reduced financial flexibility.	• High allocation to property • Private assets, declining market liquidity	• Diversified investment portfolio • Defined limits on illiquid asset exposure • Periodic stress testing		• Approved assets • Investment in government securities as ratio to life fund
Own Operations					
Product Design & Pricing – Products with surrender guarantees or high early withdrawal features may increase unexpected cash outflows.	**F:** High surrender payouts, liquidity strain **NF:** Earnings volatility affecting investor confidence.	• Mass lapses during economic downturn • Guaranteed surrender values	• Surrender pattern analysis • Prudent product design with liquidity considerations	 	• Persistency ratio

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

F - Financial **NF** - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Underwriting & New Business Growth – Rapid business growth without adequate capital planning may strain liquidity.	**F:** High acquisition cash outflows exceeding inflows. **NF:** Pressure on working capital.	• Aggressive expansion strategy • Front-loaded commission structures.	• Cash flow forecasting for new business • Align growth targets with liquidity planning		• Value of new business (VONB)
Downstream					
Claims Management – Sudden spike in mortality or catastrophe claims increases immediate cash outflows.	**F:** Short-term liquidity pressure, need for asset liquidation. **NF:** Reputational risk if claim payments are delayed.	• Pandemic • Natural disasters • Large claim events.	• Reinsurance programme to reduce net outflows • Liquidity contingency planning • Dedicated catastrophe response plan		• Net claims ratio, • One day claim settlement ratio • SASB / FN-IN-450a.1
Reinsurance Recoveries – Delay in reinsurance recoveries may create temporary funding gaps.	**F:** Working capital strain. **NF:** Operational stress and reputational impact.	• Counter party delay • Documentation gaps.	• Early claim notification to re-insurers • Regular reconciliation of recoverable • Counter party credit monitoring		• Reinsurance recoverable ageing
Customer Service & Policy Administration – Mass withdrawals or policy surrenders during economic downturn.	**F:** Large unexpected cash outflows. **NF:** Loss of market confidence.	Economic instability, loss of customer confidence.	• Active customer engagement during economic stress • Monitor surrender trends weekly • Liquidity buffer above regulatory minimum		• Persistency ratio, • Capital adequacy ratio

3.3.7 Credit Risk

a) Why is it a risk?

Our investment portfolio, comprising bonds, loans, and other debt instruments, exposes us to potential losses if issuers or counterparties fail to meet their obligations. Given that fixed income securities form a significant portion of our assets backing policyholder liabilities, credit quality directly influences our solvency, investment income, and ability to meet guaranteed returns.

b) What risks could arise?

Low credit quality of assets include default risk, downgrade risk (credit rating deterioration impacting asset and concentration risk These risks can adversely impact capital adequacy, investment returns, liquidity, and policyholder confidence if not prudently managed.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by Credit Risk

Value chain Impact from credit risk

F - Financial NF - Non-Financial

Value Chain Stage	Financial and Non-Financial Impact	Key Risks to consider	Our Action	Relevant Strategic Pillar	Related KPI
Upstream / Own Operations					
Investment Management – Exposure to bonds, debentures, deposits, and other fixed income instruments subject to issuer default or downgrade.	**F:** Impairment losses, reduced investment income, capital erosion. **NF:** Reduced investor and regulator confidence.	Concentration in single issuers/sectors, economic downturn, rating downgrades.	• Diversified investment portfolio • Defined credit exposure limits • Continuous credit rating monitoring • Expected Credit Loss (ECL) assessment		• Credit exposure by investment category
Treasury & Bank Deposits – Exposure to banking counterparties for deposits and cash management.	**F:** Loss of deposits or restricted access to funds. **NF:** Liquidity strain and reputational risk.	• Bank downgrade • Concentration with few financial institutions	• Placement with highly rated banks • Counter party exposure limits • Periodic counter party review		• Bank exposure concentration ratio
Own Operations					
Reinsurance Counterparty Exposure – Failure of reinsurer to honour recoveries.	**F:** Increased net claims cost, liquidity pressure. **NF:** Regulatory concern over recoverability.	• Re insurer credit downgrade • Concentration risk	• Selection of strong-rated reinsurers • Diversified reinsurance panel • Ongoing credit assessment	 	• Reinsurance recoverable ageing, • Reinsurance credit rating • Exposure by reinsurer rating
Premium Receivables Management – Delay or default in premium payments from policyholders or intermediaries.	**F:** Increased receivable impairment, cash flow gaps. **NF:** Operational inefficiencies and customer disputes.	High outstanding premiums, weak collection processes.	• Strict credit control policies • Automated premium reminders • Monitoring ageing analysis	 	• Premium receivable ageing ,
Downstream					
Sales & Distribution (Intermediary Risk) – Credit exposure to agents for advance commissions or clawbacks.	**F:** Bad debt expense from unrecovered commissions. **NF:** Channel relationship strain.	• High advance commissions • Poor monitoring of agent balances	• Commission offset mechanism • Limit advance commissions • Periodic reconciliation of agent balances	 	• Commission recovery ratio

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

3.4 Climate related risks

Climate change presents significant risks to the life insurance industry, potentially disrupting both business operations and the fundamental insurance business model. These risks has been summarised below.

Risk Category		Risks	Note No	Time Horizon
Climate Physical Risk	Chronic Risks	Rising temperatures and shifts in rainfall patterns lead to increased rates of vector-borne diseases such as dengue, chikungunya, and malaria, thereby affecting both mortality and morbidity.	3.5.1	● ●
	Acute Risks	Increasing frequency and severity of acute events (Eg: Cyclones, flash floods due to heavy rain etc:) disrupt the business operation.	3.5.2	● ● ●
Climate Transitions Risk		Risks associated with non-compliance with emerging laws, regulations, and evolving stakeholder expectations related to global initiatives toward a low-carbon economy.	3.5.3	● ●

- ● Impact to Short term financial planning cycle (Next Year – 2026)
- ● Impact to Medium term financial planning cycle (2027 & 2028)
- ● Impact to long term decisions

3.4.1 Climate Chronic risks

3.4.1.a Rising temperature

Rising temperature risk refers to the financial and operational impacts arising from sustained increases in average temperatures and more frequent heatwaves due to climate change. For the Group, this represents a physical climate-related risk, with potential implications for morbidity, mortality, claims experience, pricing assumptions, and long-term business resilience.

a) Why is it a risk?

Rising temperatures can adversely affect population health, increase the incidence and severity of heat-related illnesses and exacerbating chronic conditions. For a life insurer, this can translate into higher claims frequency and severity, experience deviations from actuarial assumptions, and increased volatility in insurance service results. Given the Company's scale of operations, even small climate-driven shifts in claims experience can have a material financial impact.

b) What risks could arise?

- **Claims risk** from increased morbidity and mortality rates.
- **Pricing and reserving risk** if assumptions do not adequately reflect emerging climate-related trends.
- **Reinsurance dependency risk** due to higher claims volatility.
- **Capital and solvency risk** from sustained deterioration in claims ratios over time.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by rising temperature

Value chain Impact from temperature risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Impacted Value Chain Activity and How	Financial and Non Financial Impact	Key Risks to consider	Mitigation Actions	Relevant Strategic Pillar	KPIs to Monitor
Upstream						
Reinsurance & Capital Management	Greater reliance on reinsurance to manage volatility due to heat related mortality and morbidity	**F:** Higher reinsurance costs; **NF:** Counterparty concentration		• Optimised reinsurance structures and diversified counterparties.		• Net Reinsurance cost ratio • Solvency ratios
Own Operations						
Product Design & Pricing	Actuarial pricing and benefit design may not fully reflect increased heat-related morbidity and mortality trends	**F:** Margin compression due to underpricing; **NF:** Reduced product sustainability	 	• Regular review of pricing assumptions with current experience	 	• Value of new business (VONB) margin • Claims ratios
Underwriting	Increased exposure to vulnerable lives and geographies affected by rising temperatures	**F:** Higher future claims; **NF:** Underwriting discipline risk	 	• Underwriting guidelines have build based on the actual experience • Digitalized U/W platform	 	• Loss ratios by key segment
Enterprise Risk Management	Long-term sustainability and solvency planning	**F:** Impact on future cash flows and capital adequacy **NF:** Business resilience		• Regular monitoring of CAR ratio		• Capital adequacy ratio
Downstream						
Claims Management	Higher frequency and severity of health and death claims during heat events	**F:** Increased claims outgo **NF:** Customer service strain	 	• Strengthen claims monitoring, early-warning indicators, and reinsurance protection	 	• Net claim ratio • Claims frequency and severity trends

3.4.1.b Shifting rainfall patterns

Shifting rainfall patterns refer to changes in the intensity, frequency, and seasonality of rainfall, including prolonged droughts and increased incidence of floods, associated with climate change. For SLI, this constitutes a physical climate-related risk. Such changes can adversely affect public health, economic stability, and infrastructure resilience, with potential implications for morbidity, mortality, policy persistency, claims experience, and long-term financial performance.

a) Why is it a risk?

Shifting rainfall patterns can lead to increased prevalence of water-borne and vector-borne diseases, disruptions to livelihoods, and heightened socio-economic stress, particularly in vulnerable communities. For SLI, these impacts may result in higher claims incidence, increased policy lapses due to affordability pressures, and deviations from expected mortality and morbidity assumptions. Over time, these effects can introduce greater volatility into insurance service results and cash flows.

b) What risks could arise?

- **Claims risk** arising from increased morbidity and mortality linked to floods, droughts, and disease outbreaks.
- **Persistency and lapse risk** due to income disruption and reduced policy affordability in affected regions.
- **Pricing and reserving risk** if rainfall-related health and mortality impacts are not adequately reflected in assumptions.
- **Capital and solvency risk** from sustained adverse experience and increased claims volatility.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by shifting rainfall patterns

Value chain Impact from rainfall patterns shifting

F - Financial **NF** - Non-Financial

Value Chain Stage	Impacted Value Chain Activity and How	Financial and Non Financial Impact	Key Risks to consider	Mitigation Actions	Relevant Strategic Pillar	KPIs to Monitor
Downstream						
Claims Management	Increased claims frequency following extreme rainfall events and disease outbreaks	**F:** Increased claims outgo impacting insurance service results **NF:** Service capacity pressure		• Event-based claims monitoring, fast-track settlement processes, and reinsurance support		• Net claim ratio
Policy Servicing & Persistency	Disruption to customer income leading to premium payment challenges and lapses	**F:** Reduced premium income **NF:** Customer retention challenges		• Flexible premium options, customer outreach, and digital servicing		• Persistency rates • Lapse experience studies
Own Operations						
Product Design & Pricing	Actuarial pricing and benefit design may not fully reflect morbidity and mortality impacts related to decease outbreaks due to floods and draught	**F:** Margin compression due to underpricing **NF:** Product sustainability risk		• Periodic review of pricing and assumptions		• Value of new business (VONB) margin

F - Financial NF - Non-Financial

Value Chain Stage	Impacted Value Chain Activity and How	Financial and Non Financial Impact	Key Risks to consider	Mitigation Actions	Relevant Strategic Pillar	KPIs to Monitor
Underwriting	Higher exposure to lives in flood- or drought-prone regions	**F:** Higher future claims **NF:** Risk concentration	N/A	• Stringent underwriting controls		• Claim ratio
Upstream						
Reinsurance & Capital Management	Increased reliance on reinsurance to manage event-driven claims volatility	**F:** Higher reinsurance costs **NF:** Counterparty dependence		• Optimised reinsurance programmes and diversified counterparties		• Reinsurance cost ratio • Solvency margin

3.4.2 Climate acute risks

3.4.2.a Increasing frequency and severity of acute events

Increasing frequency and severity of acute events refer to the rising occurrence and intensity of sudden climate-related events such as floods, cyclones, landslides, extreme storms, and heatwaves. Acute events can lead to sudden spikes in mortality and morbidity, disrupt economic activity, and affect customer behaviour, with potential implications for claims experience, persistency, operational continuity, and overall financial performance.

a) Why is it a risk?

Acute climate events can cause immediate loss of life, injury, and health deterioration, resulting in sharp increases in claims within a short period. They can also disrupt livelihoods and access to healthcare, increasing lapse risk and placing pressure on customer service and claim-processing capacity. For a life insurer, the sudden and correlated nature of these events increases claims volatility and heightens reliance on reinsurance, thereby introducing earnings and capital management challenges.

b) What risks could arise?

- **Catastrophic claims risk** arising from event-driven spikes in mortality and morbidity.
- **Operational risk** due to disruption of business continuity, claims processing, and customer service.
- **Persistency and lapse risk** stemming from economic disruption following acute events.
- **Reinsurance and capital risk** are due to higher reinsurance costs and potential stress on solvency metrics.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by acute events

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Value chain Impact from climate acute risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Impacted Value Chain Activity and How	Financial and Non Financial Impact	Key Risks to consider	Mitigation Actions	Relevant Strategic Pillar	KPIs to Monitor
Downstream						
Claims Management	Sudden surge in death and health claims following acute events	**F:** Short-term spikes in claims outgo impacting insurance service results; **NF:** Claims service capacity strain		• Maintaining catastrophic insurance cover		• Claim ratio
Own Operations						
Product Design & Pricing	Actuarial pricing and benefit structures may not fully reflect increasing event-driven claims volatility	**F:** Margin compression and pricing inadequacy; **NF:** Product sustainability risk		• Impacts from catastrophic events are being captured through regular experience studies		• Value of new business (VONB) margin
Underwriting	Concentration of exposure in regions prone to floods, cyclones, or landslides	**F:** Elevated claims exposure **NF:** Risk concentration		• Geographic diversification, exposure not yet considered in underwriting stage		• Persistency ratio
Business Continuity & Operations	Disruption to offices, systems, staff availability, and distribution networks	**F:** Operational downtime costs **NF:** Service disruption and reputational impact		• Robust disaster recovery, remote working capability, and continuity testing		• Business continuity test
Upstream						
Reinsurance & Capital Management	Increased dependence on reinsurance to absorb event-driven claims volatility	**F:** Higher reinsurance premiums and retentions; **NF:** Counterparty reliance		• Optimised catastrophe reinsurance programmes and diversified counterparties		• Reinsurance cost ratio • Solvency margin

3.4.3 Climate transition risks

Climate transition risk refers to the financial and operational risks arising from the transition to a low-carbon and climate-resilient economy. These risks stem from changes in climate-related regulation, government policy, market preferences, technology, and stakeholder expectations. For SLI, climate transition risk is relevant primarily through its potential impact on the investment portfolio, product design and pricing, operating costs, and long-term business strategy.

a) Why is it a risk?

As Sri Lanka and global markets progressively align with climate-related commitments and sustainability objectives, SLI may face evolving regulatory requirements, increased disclosure obligations, and shifts in customer and investor expectations. Transition-related policy measures, such as enhanced environmental regulations, sustainability-linked capital requirements, could affect asset valuations, investment income, and compliance costs. In addition, reputational considerations and stakeholder scrutiny may influence demand for insurance products and capital allocation decisions.

b) What risks could arise

- **Investment risk** arising from re-pricing of assets exposed to carbon-intensive sectors or transition-sensitive industries.
- **Regulatory and compliance risk** due to increased climate-related reporting, governance, and risk management requirements.
- **Strategic and reputational risk** if products, investments, or business practices are perceived as misaligned with sustainability expectations.
- **Operational and cost risk** from investments required to enhance systems, data, and governance frameworks to meet transition-related requirements.

c) Where is the risk impact and what impact does it create?

The following areas of the value chain could be impacted by climate transition risk

Value chain Impact from climate transition risk

F - Financial **NF** - Non-Financial

Value Chain Stage	Impacted Value Chain Activity and How	Financial and Non Financial Impact	Key Risks to consider	Mitigation Actions	Relevant Strategic Pillar	KPIs to Monitor
Upstream						
Investment Management	Exposure to transition-sensitive sectors within the investment portfolio	**F:** Potential asset value volatility and investment income impact **NF:** ESG perception risk		• Gradual integration of ESG and climate considerations into investment decision-making		• Financed Emissions
Own Operations						
Product Design & Pricing	Need to align products with evolving customer and regulatory expectations	**F:** Pricing and margin pressure **NF:** Product relevance		• Review product features and pricing to reflect sustainability trends		• Product Mix
Regulatory Compliance & Reporting	Increased climate-related disclosure and governance requirements	**F:** Higher compliance and implementation costs **NF:** Governance complexity		• Strengthened governance, controls, and internal reporting aligned to mandatory reporting requirements		• No of non compliance

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

F - Financial **NF** - Non-Financial

Value Chain Stage	Impacted Value Chain Activity and How	Financial and Non Financial Impact	Key Risks to consider	Mitigation Actions	Relevant Strategic Pillar	KPIs to Monitor
Operations & Technology	Investments required to improve data, systems, and reporting capabilities	**F:** Incremental operating and capital expenditure **NF:** Operational readiness		• Phased enhancement of systems and climate-risk data capabilities	 	• IT investment spend
Downstream						
Capital & Stakeholder Management	Increased scrutiny from regulators, investors, and policyholders	**F:** Cost of capital implications **NF:** Reputation and trust		• Transparent communication and stakeholder engagement		• Stakeholder feedback • Capital adequacy metrics

3.4.4 Considering climate and sustainability risk in strategy and decision making

The Group's medium-term strategy is built upon four strategic pillars that guide our business direction, resource allocation, and value creation efforts:

1. Digital Transformation and InsurTech
2. Personalisation and Customer-Centric Products & Services
3. Sustainability (EESG)
4. Preventive Health and Wellness

The mitigation actions outlined in sections 3.2 to 3.4 have been consolidated into a strategic plan for medium-term implementation. For example, initiatives such as automated claims processing and AI-based fraud detection models proposed under mortality and morbidity risks analysis have been incorporated under the digital transformation and insurtech strategic pillars. The management action to respond those includes deploying AI-driven underwriting validation and fraud detection solutions to minimise disputes and reduce leakage, as described under strategy and resource allocation on page 65.

Management places significant focus on setting measurable targets under each pillar, supported by defined key performance indicators (KPIs). Progress against these targets is monitored regularly through management reviews and governance forums, enabling timely course correction and informed decision-making. This structured approach enhances the likelihood of successful strategy execution by ensuring accountability, visibility, and continuous oversight.

The specific targets established under each strategic pillar, along with our performance against them, are discussed in detail within the Business Review on page 15.

3.4.5 Climate transition plan

The Group is in the process of developing a climate-related transition plan that will primarily focus on integrating ESG considerations into its investment policy and establishing the operational processes required for effective implementation. As part of this process, the Group is reassessing its climate-related targets, including greenhouse gas emissions targets, to reflect the recent acquisition of a new subsidiary and to ensure that any updated targets remain achievable and aligned with the Group's overall transition strategy

3.5 Tradeoff between SRROs and CRROs

Sustainability-related risks and opportunities are often interrelated and may amplify or mitigate each other. For example, adverse economic conditions may increase lapse risk, reduce investment returns, and heighten expense pressures simultaneously.

Similarly, Climate-related physical risks may increase morbidity and mortality risks, influencing claims experience, reinsurance costs, and capital requirements. Below table summarise interdependence between climate and sustainability related risks.

Further there are trade off within the sustainability risks such as on cost versus opportunity on risk versus growth, the management balance everyday life decisions. Accordingly, we accept prudent reinsurance costs to protect against catastrophic losses while retaining economic value; we balance underwriting rigour with inclusive product design to manage claims without sacrificing market reach;

Table 21: Tradeoff between SRROs and CRROs

	Mortality Risk	Morbidity Risk	Lapse Risk	Expenses Risk	Reinsurance Risk	Interest Rate Risk	Liquidity Risk	Credit Risk
Climate chronic risks	●	●	●	●	●	●	●	●
Climate acute risk	●	●	●	●	●	●	●	●
Climate transition risk	●	●	●	●	●	●	●	●

● High Impact ● Medium Impact ● Low Impact

and we invest in service quality to enhance retention while controlling expense growth through digital automation. We also design products that balance persistency with competitive returns; we pursue higher investment yields within conservative credit standards and maintain adequate liquid buffers for claims-paying ability while optimising portfolio yield

The board and management considers these interdependencies when assessing overall risk exposure, developing mitigation strategies, and evaluating financial impacts, particularly within scenario and sensitivity analyses. This integrated perspective supports more robust strategic planning and risk management.

3.6 Current and future financial effect of SRRO and CRRO

The current financial effects of sustainability and climate related risks are assessed by analysing movements in key financial and operational metrics during the reporting period, relative to the prior year. This assessment reflects the aggregated impact of SRRO and CRROs on the Group's financial performance, cash flows, and financial position for the year ended 31 December 2025.

Where impacts cannot be isolated with precision, management has used reasonable and supportable assumptions, consistent with internal management reporting and financial planning processes. Forward-looking financial impacts are assessed separately through sensitivity and scenario analyses, as disclosed in Note 3.7.

Table 22: Current financial effect of SRROs and CRROs

Key risk	2025			2024		
	Performance (PBT impact) Rs. Mn	Cash Flow Rs. Mn	Financial Position (Equity impact) Rs. Mn	Performance (PBT impact) Rs. Mn	Cash Flow Rs. Mn	Financial Position (Equity impact) Rs. Mn
Interest rate risk	(3,012.9)	(3,278.4)	(2,109.0)	1,586.5	1,312.5	1,110.6
Claim Risk*	590.3	424.5	413.2	1,661.1	1,309.5	1,162.8
Liquidity risk	(274.8)	(283.4)	(192.4)	27.8	49.7	19.5
Reinsurance risk	255.2	190.9	178.6	643.1	564.0	450.2
Lapse risk	(29.4)	118.3	(20.6)	(43.8)	62.3	(30.7)
Expense risk	(268.1)	541.5	(187.7)	468.7	558.7	328.1
Credit risk	No credit risk exposure during the year			No credit risk exposure during the year		

Most significant risk exposures have been further analysed below to show the trend analysis and to support future financial impact assessment

* Mortality and morbidity risks have a direct impact on the claim risk. Accordingly, while these risks are subject to ongoing monitoring within our actuarial valuation frameworks, the claim ratio itself is also closely tracked within business operations to support responsive risk management.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

FUTURE FINANCIAL EFFECT

(Based on 3 year corporate plan from 2026 to 2028)



INVESTMENT YIELD

Expectation: Slide increase over next 3 years

Three year average financial impact estimated to PBT negative impact of Rs 0.8 Bn, cashflow decrease of Rs 0.1 Bn and Impact on financial position Rs 1.3Bn.



CLAIM RATIO

Forecast : Stable

Three year average financial impact estimated to PBT positive impact of Rs 2.2 Bn, cashflow increase of Rs 9.3 Bn and Impact on financial position Rs 1.6 Bn.



REINSURANCE RATIO

Forecast : Stable

Three year average financial impact estimated to PBT negative impact of Rs 0.2 Bn, cashflow negative of Rs 0.2 Bn and Impact on financial position Rs 0.1 Bn.



EXPENSE RATIO

Forecast : Reduce

Three year average financial impact estimated to PBT positive impact of Rs 0.7 Bn, cashflow increase of Rs 1.4 Bn and Impact on financial position Rs 0.5 Bn.

Future financial effect

Based on internal scenario analysis, the Group expects increasing temperatures and changing rainfall patterns across all climate scenarios, with material implications for value creation.

Key Impact Areas:

Mortality, morbidity, laps, and expenses are expected to increase, driving higher claims outgo and potential adverse changes in policyholder liability assumptions Moderate interest rate increases may arise from economic volatility linked to acute climate events Credit and liquidity risks could intensify due to market volatility affecting asset valuations

Mitigating Factors:

Growing customer awareness of climate-related vulnerability is expected to increase demand for life insurance protection Improved policyholder uptake will enhance cash inflows and enable broader portfolio risk diversification

Overall Assessment:

On an aggregate basis, the Group expects:

Key Financial Indicators	Expected Impact
Financial performance	Moderate
Cash flows	Moderate
Financial position	High

The Group continues to monitor these evolving risks and adapts its strategy accordingly through pricing adjustments, product innovation, preventive health initiatives, and prudent investment management.

Based on the corporate plan approved for the period 2026–2028, management does not anticipate any material adjustments to the carrying value of assets and liabilities during 2026.

3.6.1 Direct mitigation effort to CRR and SRR

As part of the Group's current mitigation and mitigation strategy, management has secured comprehensive catastrophic reinsurance coverage to protect the business from significant financial losses arising from extreme climate-related events and other catastrophes.

The cover is structured as a blanket arrangement that does not specify

individual events but rather responds when aggregate financial losses exceed a predetermined threshold. This approach ensures that the Group is protected against the accumulated financial impact of multiple claims that could arise from climate-related catastrophes, such as floods, cyclones, or other severe events.

3.6.2 Indirect mitigation effort to CRR and SRR

Sustainable Investment Allocation

As part of its indirect climate mitigation strategy, the Group has commenced a strategic allocation of its investment portfolio towards green bonds. The pace of this transition is guided by market availability of suitable instruments and the availability of free cash flows, ensuring that investment decisions remain prudent while progressively aligning the portfolio with sustainability objectives.

Preventive Health as a Strategic Pillar

Recognising the interconnections between health outcomes and climate resilience, the Group has elevated preventive health to one of its core strategic pillars. This focus addresses both climate adaptation (by building healthier communities better able to withstand climate-related health shocks) and broader sustainability goals.

During the year 2024, Softlogic Life introduced "Health Score," an innovative face scan technology that enables policyholders to assess their health conditions conveniently. This tool facilitates early detection of diseases, promoting timely intervention and better health outcomes. By leveraging technology to encourage preventive healthcare, the Group contributes to reduced morbidity claims while enhancing policyholder well-being—demonstrating the integration of sustainability into product innovation and customer engagement.

3.7 Scenario and resilience assessment

3.7.1 Introduction and Objective

The Group conducted a climate scenario analysis to evaluate the resilience of our strategy and business model to climate-related changes over the short-term (up to 2030), medium-term (2030–2050), and long-term (beyond 2050). This assessment enables users to understand how climate-related risks could affect our enterprise value and how we are positioned to respond.

3.7.2 How and When the Analysis Was Carried Out

The analysis was carried out during 2025 by the Risk Management function in collaboration with Actuarial, Underwriting, and Strategy teams, drawing on historical claims data, meteorological trends, and publicly available climate projections.

Due to limited climate data availability in Sri Lanka and lack of local expertise, direct financial quantification was not performed. The Group has utilised the exemption available under the standards as stated in Note 1.6 To provide directional insights, sensitivity analyses for each key risk are included in page 72.

3.7.3 Climate Scenarios Used

The Group selected the Shared Socioeconomic Pathways (SSPs) developed by the IPCC:

Scenario Category	Pathways	Description
Low-emissions	SSP1-1.9 / SSP1-2.6	Aligned with Paris Agreement goals; sustainable development
Middle emission	SSP2-4.5	Intermediate mitigation efforts
High-emissions	SSP3-7.0 / SSP5-8.5	Limited mitigation; high fossil fuel reliance

These scenarios encompass both physical risks (heat related illness, vector borne diseases, extreme events) and transition risks (regulatory changes). The low-emissions pathways align with the latest international climate agreement. These scenarios are relevant because they directly influence policyholder health and claims experience.

3.7.4 Key Assumptions

Assumption Category	Key Assumptions
Climate policies	Current Sri Lankan regulatory frameworks remain substantially unchanged
Macroeconomic trends	Economic growth, inflation, employment follow SSP narratives
National/regional variables	Weather patterns become more variable; demographics stable; healthcare capacity responds proportionally to disease burden
Energy usage	Not material to direct operations; national energy transition considered via macroeconomic effects

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

3.7.5 Outcomes of the Scenario Analysis

Impact on Value Creation and Strategy

Climate Hazard	Low Emission			Medium Emission			High Emission		
Rising temperatures	L	M	H	L	M	H	L	M	H
Changing rainfall patterns	M	M	H	M	H	M	M	H	H
Extreme events (SSP2-4.5 only)	M	H	H						

High Medium Low L = Low Impact M = Medium Impact L = High Impact

Key Implications:

- Rising temperatures increase heat-related and vector-borne diseases
- Changing rainfall patterns directly correlate with dengue, chikungunya, and viral fever outbreaks
- Extreme events cause claims spikes and operational disruptions and economic impact resulting low assets valuation, increasing credit risk and liquidity pressures due to high claims etc.

3.7.6 Implications for Strategy and Business Model

Following implications are expected within the value chain and business model

Area	Implications
Product Strategy	Develop products addressing emerging disease patterns; integrate climate-adjusted morbidity assumptions
Underwriting	Enhance guidelines to assess climate-related health risks
Customer Engagement	Scale preventive health initiatives (Health Score, wellness programmes)
Investment Strategy	Progressively allocate to green bonds
Reinsurance	Ensure adequate cover for correlated climate-related claims
Pricing	Integrate climate considerations into pricing assumptions

3.7.7 How the Group Would Respond

Groups expected responses over short to long term time span summarised in below table

Time Horizon	Potential Responses
Short-term	Enhance claims monitoring; scale preventive health; review reinsurance; conduct customer awareness campaigns
Medium-term	Adjust pricing and underwriting; develop specialised products; expand green bond allocation
Long-term	Review insurability and pricing models; potentially adjust risk appetite for highly exposed segments

3.7.8 Significant Areas of Uncertainty

We see following areas as significant areas of uncertainty of our study

Uncertainty	Description
Climate-health quantification	Lack of precise data to distinguish climate attributable claims
Scenario pathway	Unknown which emissions pathway will materialise
Timing of impacts	Speed of climate-related health effect emergence
Policyholder behaviour	Claims, persistency, and purchase decisions under climate stress
Regulatory response	Future climate-related regulations
Adaptation effectiveness	Public health measures may mitigate impacts

3.7.9 Capacity to Adapt Strategy and Business Model

The Group leverages its core strengths to build resilience against the impacts of different climate scenarios

Time Horizon	Capacity	Key Factors
Short-term	Strong	Existing risk monitoring, pricing flexibility; reinsurance protection, digital platforms
Medium-term	Moderate-Strong	Product redesign capability, preventive health investments, green portfolio alignment
Long-term	Moderate	Strategic pillars provide foundation, of responding emerging diverse risk landscape

3.7.10 Availability and Flexibility of Financial Resources

The Group is confident in its access to the financial resources required to address the impacts anticipated across a range of climate scenarios as outlined below

Resource	Flexibility
Capital buffers	Strong CAR provides capacity to absorb elevated claims
Liquidity	Prudent management ensures ability to meet claims surges
Reinsurance	Catastrophic cover protects against significant losses
Investment flexibility	Progressive reallocation to green bonds as market permits
Pricing flexibility	Ability to adjust pricing over time, subject to competition

3.7.11 Ability to Adapt Assets

To ensure long-term resilience, the following assets were specifically assessed for their ability to adapt to climate impacts

Asset Type	Ability to Adapt
Financial assets	Strong ability to redeploy towards sustainability aligned instruments based on maturity profile
Technology platforms	Digital infrastructure can be upgraded for climate monitoring and remote operations
Human capital	Can redeploy resources through training and capability building
Physical assets	Operations can shift to digital channels based on the market acceptability
Distribution network	Remote tools reduce dependency on physical mobility

3.7.12 Effect of Current and Planned Investments

Assessing future capital requirements to mitigate the effects of anticipated climate scenarios are summarised below

Investment	Current Effect	Planned Effect
Green bonds	Progressive portfolio alignment	Enhanced resilience to transition risks
Preventive Health (Health Score)	Early disease detection, potential claims reduction	Expanded wellness ecosystem; climate health data insights
Digital transformation	Climate risk monitoring; remote servicing	Advanced analytics; AI-driven early warning
Sustainability strategic pillar	Embedded climate considerations	Formalised climate strategy; integration into actuarial assumptions

3.7.13 Assessment of Resilience by key risk

Key risk	Adaptive Capacity
Mortality & Morbidity	Strong resilience through actuarial frameworks, prudent pricing, reinsurance, diversification, wellness initiatives
Lapse Risk	Moderate resilience through diversified channels, customer engagement, predictive analytics
Expenses Risk	Strong resilience through cost management, digital platforms, automation
Reinsurance Risk	Strong resilience through diversified panel, credit assessments, catastrophe cover
Interest Rate Risk	Moderate resilience through ALM framework, duration monitoring, diversified investments
Liquidity Risk	Strong resilience through cash flow management, liquid assets, contingency funding
Credit Risk	Strong resilience through conservative policy, issuer assessments, diversification

3.8 Sustainability (Non – climate) resilient assessment

Below table analyses the business model resilience to sustainability related risks.

Risk Theme	Softlogic Life – Adaptive Capacity
Mortality Risk and Morbidity Risk	Softlogic Life demonstrates strong resilience to mortality risk through robust actuarial valuation frameworks, prudent pricing assumptions, and comprehensive reinsurance protection. Regular experience studies ensure assumptions remain aligned with emerging policyholder experience. Diversification across health product lines and customer segments reduces susceptibility to single-disease trends or localised health events. Continued enhancement of medical underwriting protocols, wellness initiatives, and early intervention programmes will further reinforce resilience against emerging health risks.
Lapse Risk	Softlogic Life maintains moderate resilience to lapse risk through diversified distribution channels, persistent customer engagement strategies, and product designs that encourage long-term retention. Softlogic Life large and diversified policyholder base provides natural stabilisation against lapse volatility. However, economic pressures affecting policyholder affordability remain a key dependency. Ongoing investment in predictive analytics, personalised servicing, and persistency-focused incentives will further strengthen adaptive capacity.
Expenses Risk	Softlogic Life demonstrates strong resilience to expense risk through disciplined cost management, scalable digital platforms, and regular monitoring of expense ratios against pricing assumptions. Automation of administration and servicing functions supports efficient unit cost management despite inflationary pressures. Continued focus on process digitisation, procurement optimisation, and regular expense assumption validation will further enhance resilience.
Reinsurance Risk	Softlogic Life exhibits strong resilience to reinsurance risk through a diversified panel of reputable reinsurers, robust counterparty credit assessments, and regular review of reinsurance treaty terms. Reinsurance arrangements are structured to provide effective risk transfer while maintaining flexibility for business growth. Ongoing monitoring of reinsurer financial strength, diversification of reinsurance partners, will further strengthen adaptive capacity.
Interest Rate Risk	Softlogic Life maintains moderate resilience to interest rate risk supported by a disciplined asset-liability management framework, regular duration gap monitoring, and diversified investment strategies. Investment in longer-duration assets is carefully calibrated against policyholder liability profiles. Further integration of rate sensitivity into product pricing will reinforce long-term resilience under evolving market conditions.
Liquidity Risk	Softlogic Life demonstrates strong resilience to liquidity risk through prudent cash flow management, a diversified portfolio of liquid assets, and established contingency funding arrangements. Maintenance of adequate liquid buffers and expansion of access to diverse funding sources will further strengthen adaptive capacity.
Credit Risk	Softlogic Life exhibits strong resilience to credit risk through a conservative investment policy, rigorous issuer credit assessments, and diversification across counterparties, sectors, and instruments. Regular portfolio monitoring and compliance with regulatory investment limits mitigate exposure to credit events.

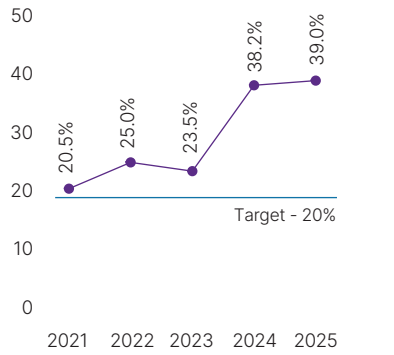
3.9 Our resilience over last 10 years

Over the last decade, Sri Lanka has faced a series of profound economic and social challenges that have tested the resilience of all organisations operating within the country. Beginning with the 2019 Easter Sunday attacks, which disrupted social stability and economic activities, the nation soon encountered the global COVID-19 outbreak, causing unprecedented public health and economic disruptions. These shocks were followed by a severe economic crisis, marked by currency devaluation, inflation, supply shortages, and widespread protests, further exacerbated by government mismanagement and policy failures. Most recently, the country was hit by a major cyclone, underscoring the increasing frequency and severity of natural disasters. As a Sri Lankan company, Softlogic Life has weathered these multiple significant external shocks, demonstrating robust resilience and adaptability in the face of adversity.

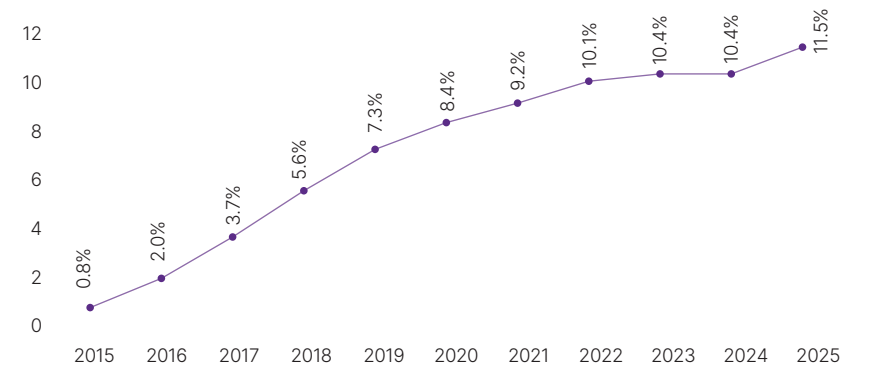
Proven track record of Resilience

The graphs below illustrate how, over the years, the group has consistently exceeded regulator and investor expectations in financial strength, performance, and market competitiveness.

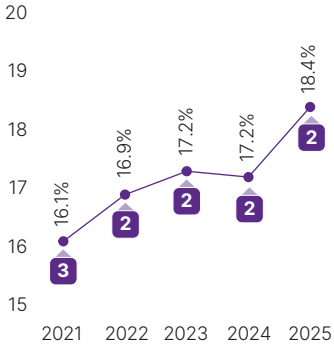
RETURN ON EQUITY



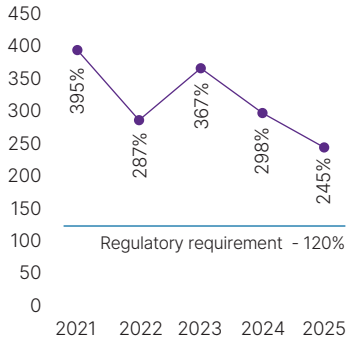
CUMALATIVE MARKET SHARE GAIN OVER LAST 10 YEARS



MARKET SHARE



CAPITAL ADEQUACY RATIO



10 year CAGR



3.10 Social scenario analysis

As a life insurer, SLI is significantly influenced by its social environment, which primarily includes customers, advisors, employees, and the general public. The responses of these stakeholders to environmental and social changes are crucial for maintaining the Softlogic business model. When individuals actively pursue preventive health measures, both customers and the company benefit: customers may enjoy longer, healthier lives, while Softlogic Life experiences reduced claims, thereby enhancing the profitability of the overall business model. As fist step Softlogic Life has engage to assess the overall social health impact through scientific method call “Disability Adjusted Life Years” (refer page 201 foe more details). We will focus on social scenarios also on voluntary basis in near future to assess the impact created by social factors on our business model.

3.11 Sustainability and climate related opportunities

The Group has identified the following sustainability-related and climate-related opportunities that could reasonably be expected to affect our enterprise value over the short, medium, and long term. For each opportunity, we disclose its effect on our business model and value chain, strategic implications, and associated financial effects.

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

	Description	Effect on Business Model and Value Chain	Strategic Implications	Financial Effects
Sustainability-related	**Economic growth and rising middle class** Sustained economic growth and increasing disposable incomes expand the addressable market for life insurance, savings, and protection products	• Enables expansion into underserved customer segments • Requires distribution channels and affordable product designs • To capture market potential require the development of products, supported by new distribution models designed to engage emerging customer segments.	• Prioritise development of micro-insurance and entry-level products • Invest in agency network expansion in emerging areas • Allocate marketing resources to financial literacy	• Increased premium revenue from new customer segments • Improved revenue diversification • Potential for higher new business volumes
	Ageing population An ageing population increases demand for retirement planning, annuities, pension products, and long-term health protection	• Shifts product mix toward long-duration savings and protection • Requires specialised advisory capabilities • Creates more predictable, long-term liability profiles	• Expand retirement and pension product suite • Train advisors in retirement planning • Develop post-retirement healthcare solutions	• Stable, recurring premium streams • Improved asset-liability matching • Higher persistency and customer lifetime value
	Preventive health and wellness trends Growing awareness of preventive healthcare creates opportunities to shift from reactive risk coverage to value-added health-linked solutions	• Integrates wellness services into insurance value proposition • Shifts from transaction-based to engagement-based customer relationships • Reduces claims incidence over time	• Launch wellness-linked products with premium incentives • Invest in Health Score and digital wellness platforms • Partner with healthcare providers	• Lower morbidity claims expense • Improved policyholder persistency • Enhanced customer acquisition and retention
Climate-related	**Increasing customer demand for protection and resilience** Heightened climate risks increase customer awareness of financial vulnerability, driving demand for life and health protection products	• Expands market penetration for protection products • Creates opportunities for climate-responsive product features • Strengthens relevance of insurance in household financial planning	• Develop affordable protection products addressing climate-related health risks • Enhance customer education on climate vulnerability • Leverage digital channels for broad reach	• Increased protection product sales • Higher insurance penetration in climate-exposed segments • Improved brand perception and trust
	Low-carbon and climate-aligned investments The transition to a low-carbon economy creates investment opportunities in sustainable and climate-resilient assets	• Diversifies investment portfolio into new asset classes • Aligns investment strategy with long-term climate trends • Responds to evolving stakeholder and regulatory expectations	• Develop ESG investment criteria and screening framework • Increase allocation to green bonds as market permits • Monitor climate-related investment performance	• Potential for risk-adjusted returns from growing green sectors • Improved portfolio resilience to transition risks • Enhanced reputation with ESG-focused investors

4. RISK MANAGEMENT

4.1 Approach to risk management

Sustainability and Climate risk management is integrated into Softlogic Life risk management framework, influencing effective performance through the identification and control of SRR and CRR. The Groups Enterprise Risk Management Framework (ERMF) aligns with ISO 31000:2018 Guidelines to ensure effective management of risks.

The group takes a comprehensive approach to sustainability by categorising risks as Economic, environment, Social, and Governance within its risk register. This process ensures that the most critical SRRs are clearly classified so that appropriate actions can be taken. The Group maintains a risk register that includes SRRs and CRRs as part of an extensive list of risks to which Softlogic Life is being exposed.

We establish clear limits to assess each risk, assigning a score based on severity and likelihood. This enables us to prioritise risks as low, medium, or high. For the purpose of this report, risks arising from primary business activities that are rated medium or higher are disclosed

Potential SROs and CROs are identified during strategic planning, where management thoroughly evaluates options, sets strategies, and allocates resources to take advantage of these opportunities.

The Group maintains a comprehensive risk management policy that details the procedures for effective risk management. This policy is reviewed and approved by the Board on an annual basis to ensure all emerging risks are appropriately addressed.

During the year there were no significant change in the risk management process other than the scope being extended to the subsidiary company.

4.2 Risk management process

The Group has established a robust and comprehensive risk management process that ensures the effective identification, assessment, mitigation, and monitoring of risks that could impact the Group's strategic objectives

4.2.1 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 undertaken by both individual risk owners and the dedicated Risk Unit, ensuring a thorough approach that addresses risks unique to specific business units as well as those affecting the organisation as a whole. The procedure involves gathering data from internal sources, such as incident reports, internal audits, process reviews, and operational performance metrics, and consulting external sources including market trends, regulatory updates, industry reports, and peer benchmarking. Additionally, stakeholder engagement is facilitated through meetings, interviews, workshops, and other collaborative activities.

4.2.2 Risk measurement and prioritisation

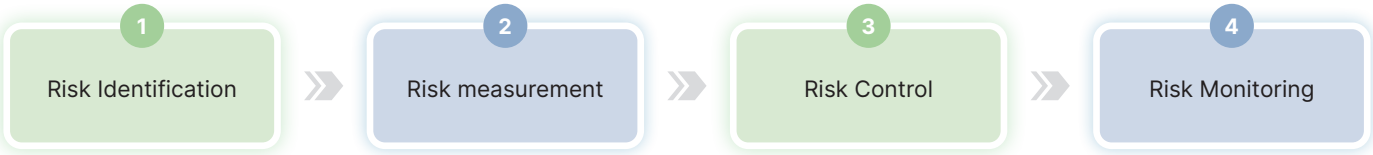
Each identified risk is assessed based on its severity of impact and probability of occurrence, facilitating a structured decision-making process. A predefined Risk Matrix as depicted in following figure serves as a guiding tool for evaluating risks based on these parameters.

Severity of Impact:- Decide based on the level of impact created on Profit before tax, Equity, Market share and other active operation of critical departments. This classify risks in to Marginal, Significant, Critical, and Catastrophic.

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).

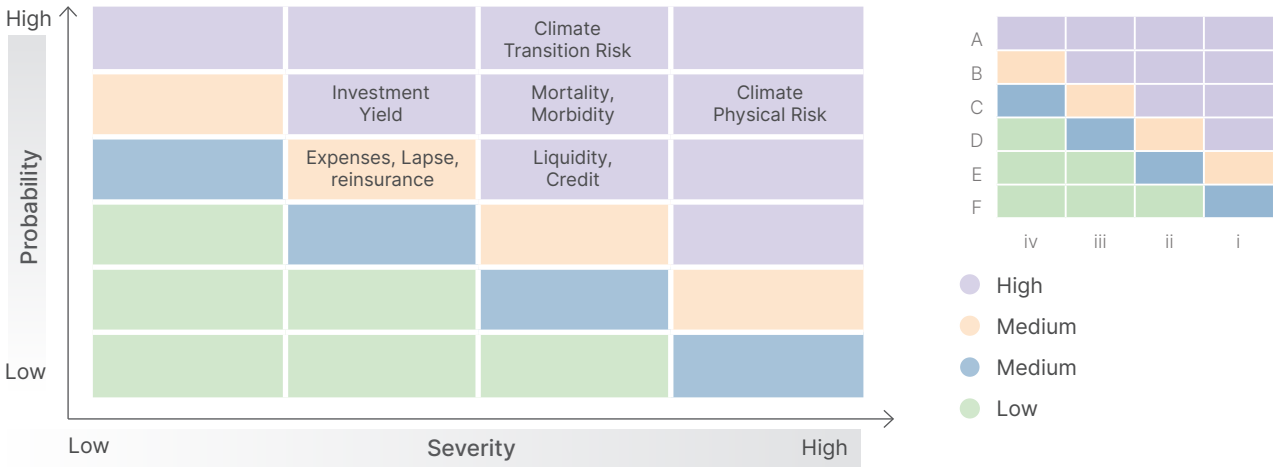
Above traffic light system is used to categorise the risks high, upper medium, Min medium and low. This structured assessment methodology ensures that decision-making is based on data-driven insights, allowing for proactive risk mitigation strategies.

Figure 2:- Risk management process



MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Figure 3: Risk traffic light matrix



4.2.3 Risk control

The risks labelled as high risk are immediately discussed within the internal risk committee which includes Managing Director and all the heads of the departments. The mitigation actions are collectively agreed and the responsibility for mitigating risks rests with the respective department heads, who are accountable for developing and executing action plans to address high-rate risks. Risk governance mechanism is explained under note no 2 in the page 74.

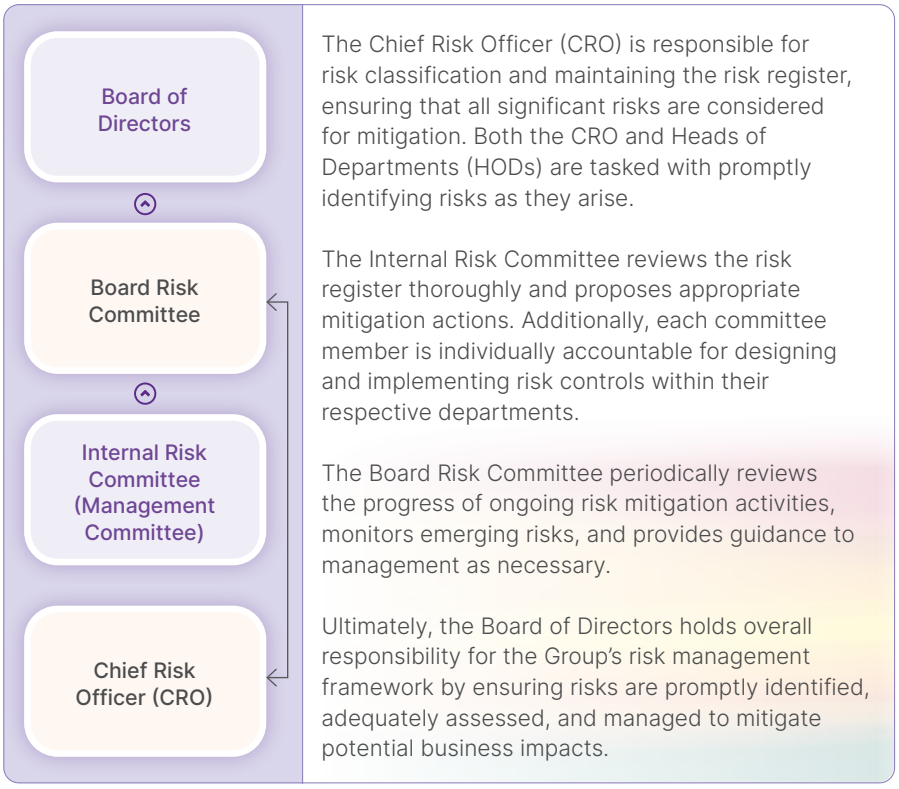
4.2.4 Monitoring and Reporting

Dedicated risk management unit is available within the Group where Chief Risk Officer holds responsibility of regular monitoring and reporting of risks as per the governance structure stated on page no 74. Risk reporting follows a structured three-tier escalation framework, categorising risks as Marginal, Significant, or Critical. Each category has a tailored response mechanism, ensuring that risks are managed at the appropriate level of governance.

4.3 Risk governance process

The group has established a structured risk governance process with clear roles and responsibilities to ensure effective risk management process within the group as illustrated below.

Figure 4:- Risk governance process



For additional details on risk committee and its activities refer following pages

- Composition and statistics – Page 239
- Profile of committee members - Page 239
- Risk committee report - Page 275

4.4 Risk analysis

The primary risk highlighted in the assessment of risk themes in Note 3.8 (page 104), and summarised in the table under Note 3.1.1, is examined further below to identify the nature of the risk, its potential financial impact, and the management actions implemented to mitigate it.

4.4.1 Investment yield risks

This section discusses how the Group actively manages Investment yield risk to protect policyholder benefits and shareholder value. It outlines the strategies and controls employed to navigate market volatility and interest rate fluctuations. Additionally, a detailed analysis of the Group's current exposure to Investment yield risk is provided

Risk exposure to financial statement

Investment yield risk may impact the following financial statement line items:

FS line items (Rs Mn)	FS note	Page no	2025	Assessing significance
Net investment income	9,10,10.3,11,12	332,334,335	**7,539**	19% of total income
Change in insurance contract liabilities	40	381	**46,611**	85% of total liabilities
Fair value of financial assets	30	361	**59,644**	87% of total assets
Profit before tax	21	342	**6,616**	Sensitivity to yield movements

Monitoring and Managing the risks

A sustained decline in Investment yields may increase insurance contract liabilities, particularly for products with guaranteed returns or long-duration savings components, and reduce reported profits.

At Softlogic Life, Investment yield risk is primarily monitored using the Investment yield / investment yield KPI, which measures actual returns earned on policyholder and shareholder funds against pricing and actuarial assumptions. This KPI is reviewed by management to identify early signs of yield compression or asset-liability mismatches. To ensure effective oversight, this has been established as a key KPI for Softlogic Life fund manager, and compensation are linked to this KPI.

Following table analyse groups net interest rate exposure of total net financial assets.

Rs Mn	FS Note	Page No	Variable Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total
Financial Assets	49.4.4.1	424	7,524	48,276	1,163	56,962
Financial Liabilities	49.4.4.1	424	(387)	-	-	(387)
Exposure to Interest Rate Risk			7,136	48,276	1,163	56,575
Proportion to total net exposure			13%	85%	2%	100%

13% of total financial assets are subject to variable interest rates, reflecting prudent management of interest rate risk alongside a focus on profitability.

4.4.2 Liquidity risks

This section discusses how the Group actively manages liquidity risk to ensure all financial obligations are met as they fall due. It outlines the strategies and buffers maintained to withstand periods of market stress or unexpected cash flow demands. Additionally, a detailed analysis of the Group's current liquidity position and exposure is provided.

Risk exposure to financial statement

Liquidity risk may impact the following financial statement line items:

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

(Rs Mn)	FS note	Page no	2025	Assessing significance
Cash and cash equivalents	35	378	**3,100**	5% of total assets
Net cash flow from operating activities		320	**7,308**	79% of total cash flow
Insurance contract liabilities	40	381	**46,611**	85% of total Liabilities
Borrowings / payables	43	390	**721**	1% of total Liabilities

Monitoring and Managing the risks

At Softlogic Life, liquidity risk is primarily monitored using the Capital Adequacy Ratio (CAR) and internal liquidity coverage metrics, including short-term liquidity ratios and projected cash flows. These KPIs enable Softlogic Life to assess its ability to meet near-term obligations. The regulator monitors the liquidity positions of all life insurers in Sri Lanka by setting a minimum compliance ratio of 120% for the CAR. SLI has consistently maintained an additional buffer above this minimum requirement.

The table below examines net financial assets across three duration categories to assess the position of excess assets.

Rs Mn	FS Note	Page No	No Maturity	Less than 1 Year	1-3 Years	More than 3 Years	Total
Financial Assets	49.4.3.1	420	1,921	20,813	5,201	32,077	60,012
Financial Liabilities	49.4.3.1	420	-	7,005	5,235	28,617	40,857
Excess Assets / (Liabilities)	49.4.3.1	420	1,921	13,807	(33)	3,460	19,155

4.4.3 Mortality and Morbidity risks

This section discusses how the Group actively manages mortality and morbidity risks to ensure the long-term sustainability of its life insurance portfolio. It outlines the underwriting practices, pricing strategies, and reinsurance arrangements employed to mitigate the impact of adverse experience. Additionally, a detailed analysis of the Group's current exposure to mortality and morbidity risks is provided

Risk exposure to financial statement

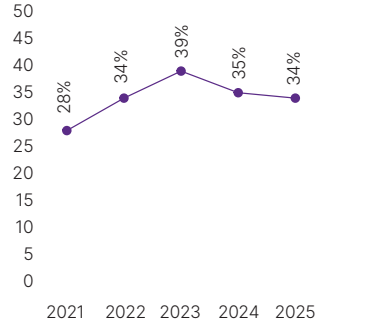
Following financial statement items will have impact due to mortality and morbidity risks.

FS line items (Rs Mn)	FS note	Page no	2025	Assessing significance
Gross claims paid	13.3	336	**13,589**	34% of GWP
Change in insurance claims outstanding	14.2	337	**48**	0% of GWP
Insurance contract liabilities	40	381	**46,611**	85% of total liability

Monitoring and Managing the risks

At Softlogic Life, actuaries routinely evaluate mortality and morbidity risks to ensure the validity of pricing assumptions, cash flow forecasts, and other relevant financial data as well as projections. Within business operations, these risks are primarily tracked using the gross claims ratio (excluding surrenders and maturities). This key performance indicator concentrates on claims related to death, health, critical illness, and disability benefits, enabling Softlogic Life to measure risk performance accurately. Claim ratio will be a crucial KPI for determining salary increases and variable pay for the Chief Technical Officer, and will be applied to lower designation levels as appropriate.

GROSS CLAIM RATIO



4.4.4 Re-insurance risks

The following section outlines the Group's approach to managing reinsurance risk, a key consideration within our overall risk framework. It details the policies and criteria governing reinsurer selection, ongoing credit assessments, and concentration limits. Furthermore, it presents a comprehensive analysis of the Group's exposure to reinsurer counterparty risk

Risk exposure to financial statement

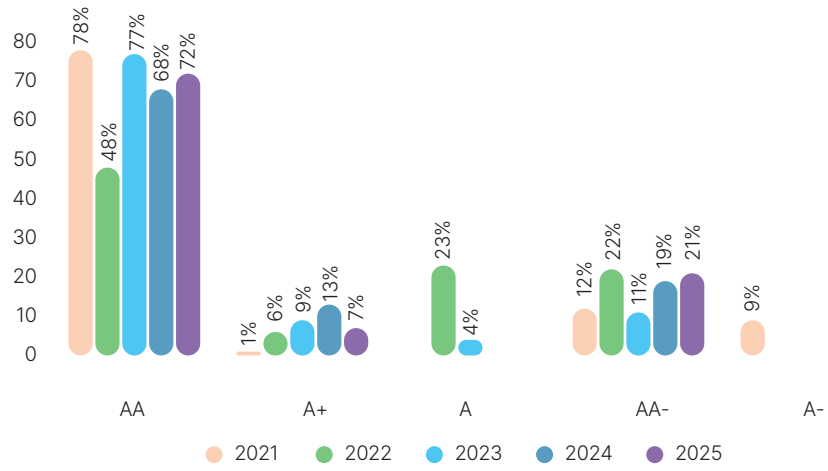
Following financial statement items will have impact due to Re-insurance risks.

FS line items (Rs Mn)	FS note	Page no	2025	Assessing significance
Gross claims paid	13.3	336	**13,589**	34% of GWP
Reinsurance recoveries	14.3	337	**731**	2% of GWP
Net insurance service results			**10,702**	27% of GWP
Reinsurance assets	32	376	**525**	1% of total Assets
Insurance contract liabilities	40	381	**46,611**	85% of total liability

Monitoring and Managing the risks

At Softlogic Life, reinsurance risk is mainly tracked using net insurance service results and net claims ratios. Softlogic Life reviews reinsurance retention levels annually during contract renewals, assessing actual portfolio performance to determine how effectively reinsurance arrangements mitigate mortality, morbidity, and catastrophe risks. Key performance indicators related to reinsurance have been assigned to the Chief Technical Officer, and these metrics are considered when determining variable compensation and annual salary adjustments.

CREDIT RATING WISE REINSURENCE RECIVABLE



4.4.5 Lapse risks

This section discusses how the Group manages lapse risk to protect policyholder value and ensure portfolio stability. It outlines the strategies employed to improve policy retention, including customer engagement initiatives and product design features that encourage persistency. Additionally, a detailed analysis of the Group's current exposure to lapse risk across its insurance portfolio is provided

Risk exposure to financial statement

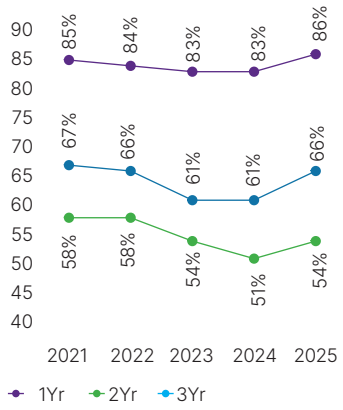
Following financial statement items will be impacted due to Lapse risks.

FS line items (Rs Mn)	FS note	Page no	2025	Assessing significance
Gross Written Premium	6	331	**40,075**	100% of GWP
Premiums ceded to re-insurers	7	331	**2,738**	7% of GWP
Maturity and surrender benefits paid	14.3	337	**6,489**	16% of GWP
Change in insurance contract liabilities	15.3	338	**4,293**	11% of GWP
Underwriting results			**10,702**	27% of GWP
Insurance contract liabilities	40	381	**46,611**	85% of total liability

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Monitoring and Managing the risks
At SLI, policy lapses are tracked across various product portfolios to validate the actuarial assumptions applied in pricing and financial projections. Premium persistency is also closely monitored within the operational context. To effectively manage this risk, persistency requirements have been made mandatory for all Agents and sales management staff as a condition for earning commissions and incentives.

PREMIUM PERSISTENCY RATIO YEAR 1,2&3



4.4.6 Expense risks

This section discusses how the Group manages expense risk to maintain operational efficiency and protect policyholder value. It outlines the cost monitoring frameworks and regular expense analysis conducted to ensure premiums remain competitive and sufficient to cover future costs. Additionally, a detailed analysis of the Group's current exposure to expense risk is provided

Risk exposure to financial statement
Following financial statement items will have impact due to expenses risks.

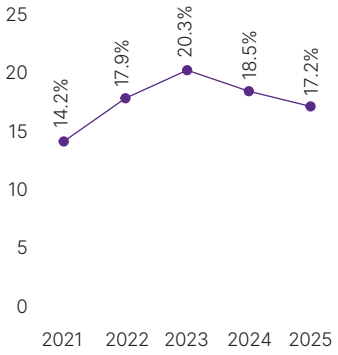
FS line items (Rs Mn)	FS note	Page no	2025	Assessing significance
Acquisition costs	16.2	339	**7,691**	19% of GWP
Operating expenses	17.2	339	**7,013**	17% of GWP
Profit before tax	21	342	**6,616**	17% of GWP
Insurance contract liabilities	40	381	**46,611**	85% of total liability

Monitoring and Managing the risks
The group conducts an annual expense study to assess the cost per policy and compare it with pricing and valuation assumptions. Any discrepancies are adjusted within the valuation model and reflected in policy liabilities. Management implements measures to improve expense efficiency, leading to increased profitability and providing a buffer against market fluctuations such as changes in interest rates or persistency. Expense efficiency, digitalisation, and automation have been established as key management KPIs, which are evaluated when determining variable compensation and annual salary increases.

4.4.7 Credit Risk

This section discusses how the Group manages credit risk to protect asset values and ensure policyholder obligations can be met. It outlines the credit assessment frameworks, exposure limits, and monitoring processes applied to our investment portfolio and counterparty relationships. Additionally, a detailed analysis of the Group's current credit risk exposure, including concentration risk and credit quality, is provided.

OPERATIONAL EXPENSES



Risk exposure to financial statement
The following financial statement items will have impact due to credit risks.

FS line items (Rs Mn)	FS note	Page no	2025	Assessing significance
Financial assets	30	361	**56,962**	83% of total assets
Reinsurance Receivable	32	376	**525**	1% of total assets
Premiums and other receivables	33, 37	376,377	**4,115**	6% of total assets

Monitoring and Managing the risks

At Softlogic Life, credit risk is primarily monitored using credit quality indicators and concentration limits, including counterparty credit ratings, exposure limits by issuer and sector.

FS line items	FS note	Page no	2025	%
Financial Investment (Note 01)	49.4.2.1	408	55,799	91%
Premium Receivable	49.4.2.1	408	1,992	3%
Cash at Bank	49.4.2.1	408	2,736	4%
Reinsurance Receivable	49.4.2.1	408	525	1%
Loans to Life Policyholder	49.4.2.1	408	413	1%
Receivable and Other Assets	49.4.2.1	408	120	0%
Total	49.4.2.1	408	61,585	100%

Note 01 – Breakdown of Financial Investments by Credit Rating

Rs Mn	2025 Exposure	
	Rs Mn	%
Government Securities	43,332	78%
Debt instruments having credit ratings		
AAA	-	0%
AA+ to AA-	2,480	4%
A+ to A-	4,986	9%
BBB+ to BBB-	1,281	2%
Below BBB-	605	1%
Unit trust		
AAA to A-	2,137	4%
BBB+ to BBB-	979	2%
Total	55,799	100%

5. METRICS AND TARGETS

In accordance with SLFRS S1 and SLFRS S2, Softlogic Life has established a structured approach to identifying, monitoring, and reporting sustainability related metrics and targets. These metrics and targets are designed to support effective governance, risk management, and strategic decision making, and to enable users of the financial statements to assess performance, progress, and resilience in relation to SRROs and CRROs.

5.1 Identifying metrics and targets

Softlogic Life identifies sustainability related metrics and targets through a disciplined process that integrates strategic planning, operational realities, industry practices, and reporting standard requirements. This approach ensures that selected metrics are decision useful, comparable, and aligned with long-term objectives.

5.1.1 Through annual corporate planning cycle

Metrics and targets are identified and reviewed as part of the annual corporate planning and budgeting cycle. During this process, management evaluates key sustainability related risks and opportunities that may reasonably be expected to affect Softlogic Life's business model, cash flows, access to finance, or cost of capital over the short, medium, and long term.

The planning cycle incorporates:

- Assessment of prior year performance against established metrics and targets
- Forward looking analysis of strategic priorities, regulatory developments, and market trends
- Scenario analysis and stress testing, where relevant
- Alignment of sustainability objectives with financial plans and capital allocation decision

This ensures that metrics and targets are embedded within core business planning rather than treated as standalone disclosures. (Eg: GWP growth, Claim ratio etc.)

5.1.2 Set metrics based on the nature of the operation

Softlogic Life selects metrics that reflect the nature, scale, and complexity of its operations. These include metrics linked to:

- Core underwriting, investment, and operational activities (Eg: Percentage of Auto u/w of policies etc.:)

- Key risk exposures, including environmental, social, and governance-related factors (Eg: Employee retention ratio, investment yield etc.)
- Operational efficiency, resource utilisation, and resilience (Eg: Expense ratio etc.)

Metrics are designed to capture both performance outcomes and management actions.

5.1.3 Aligning with Industry specific metrics

To enhance comparability and relevance for investors and other stakeholders, Softlogic Life aligns its metrics, where appropriate, with commonly used industry-specific indicators. These metrics reflect prevailing market practices and emerging expectations within the financial services and insurance sector, including:

- Risk-adjusted performance measures (Eg: Capital Adequacy Ratio)
- Customer, distribution, and claims-related service quality measures (Eg: Annualised new business growth)

Softlogic Life monitors peer disclosures and industry guidance to ensure its metrics remain consistent with evolving best practices.

5.1.4 Metrics proposed by reporting standards

Softlogic Life has considered the metrics and targets referenced in SLFRS S1 and SLFRS S2 GRI and SASB standards when determining its disclosures. This includes:

- Metrics required to assess exposure to, and management of, sustainability-related risks and opportunities
- Climate-related metrics including greenhouse gas emissions
- Cross-referencing metrics to financial statement impacts, where sustainability matters are linked to recognised assets, liabilities, income, or expenses

Where a prescribed metric is not currently applicable or data is not yet sufficiently reliable, Softlogic Life provides qualitative explanations and outlines plans for future enhancement.

5.2 Monitoring of metrics and targets

The monitoring of sustainability related metrics and targets is integrated into governance and risk management framework. Performance against metrics is tracked through regular management reporting and reviewed by senior management and relevant committees at defined intervals.

Key features of the monitoring process include:

- Periodic review of actual performance against targets and thresholds
- Identification of variances, underlying drivers, and emerging trends
- Strategise material deviations by senior management and report to board / sub committee

This ongoing monitoring enables timely corrective actions and supports informed decision-making.

5.3 Reporting of metrics and targets

Softlogic Life reports sustainability related metrics and targets in a manner that is consistent, transparent, and decision useful. Disclosures are prepared using methodologies that are applied consistently across reporting periods, with any changes clearly explained.

Reported information includes:

- Current year performance against established metrics and targets
- Comparative information for prior periods, where available
- Explanations of significant movements, assumptions, and limitations
- Linkages between sustainability metrics and financial performance, where relevant

5.4 Key Sustainability Metrics and Targets Monitored Internally

In accordance with SLFRS S1 and S2 requirements, Softlogic Life must disclose its exposure to sustainability-related risks and opportunities using the SASB standards applicable to the insurance industry. A concise summary of these disclosures, including material metrics and performance data, is presented in the table below to provide stakeholders with a clear overview. For a more comprehensive understanding of how these metrics connect directly to value creation, a detailed discussion is included within the relevant capital reports and operational review sections. This integrated approach ensures transparency regarding the financial implications of climate related matters and other sustainability factors, reinforcing the connectivity between emerging disclosure requirements and the Group's long term strategic objectives.

5.4.1 Sustainability related metrics

Below table include SASB quantitative disclosures SLI track within the business process

SASB quantitative disclosures	Measure	Metrics			Further discussion
		2025	2024	2023	
FN-IN-270a.2 - Complaints-to-claims ratio	%	**0.10**	0.09	0.11	164
FN-IN-270a.3 - Customer retention rate	%	**88.7**	85.4	81.9	165
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	Rs Mn	**nil**	nil	nil	180
FN-IN-550a.1 - Exposure to derivative instruments	Rs Mn	**nil**	nil	nil	-
FN-IN-550a.2 - Total fair value of securities lending collateral assets.	Rs Mn	**11,285**	1,298	1,205	411
FN-IN-000.A - Number of policies in force	no	**880,706**	748,101	733,002	161
HC-MC-230a.2 - (1) Number of data breaches, (2) percentage involving.	no	**nil**	nil	nil	159
HC-MC-240a.1 - Percentage of total health care insurance premiums spent directly on medical claims and efforts to improve the quality of care	%	**63.4**	58.9	62.6	165
HC-MC-230a.3 - Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	Rs Mn	**nil**	nil	nil	159

The table below presents the qualitative disclosures required under SASB standards. For improved clarity, these disclosures are discussed in greater detail within the relevant topics throughout this report, where corresponding references have been provided.

SASB qualitative disclosures	Disclosure provided on	Page no
FN-IN-270a.4 - Description of approach to informing customers about products	SRC - Customers	162
FN-IN-410a.2 - Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	NC - Natural Capital	195
FN-IN-410b.2 - Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	SRC - Customers	161
FN-IN-550a.3 - Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities.	SRC - Customers	161
HC-MC-230a.1 - Description of policies and practices to secure customers' personal health data records and other personal data.	Intellectual Capital	159
HC-MC-240a.4 - Description of policies and practices regarding customer access to coverage	SRC - Customers	162
HC-MC-260a.4 - Discussion of initiatives and programmes to maintain and improve enrollee health	SRC - Customers	161

MANAGING CLIMATE AND SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

Following SASB have not reported and reason is provided.

SASB Exclusions	Reason for exclusion
FN-IN-410b.1	These indicators are not relevant SLI as it is not part of our business activity
FN-IN-450a.1	Softlogic Life has computed probable maximum loss based on the stress testing of capital adequacy. Due to unavailability of data weather-related natural catastrophes have not considered for the assessment.
FN-IN-450a.2	This assessment not carried out due to unavailability of data
FN-IN-450a.3	Environmental risk is not integrated to underwriting. However the Group is in the process of integrating preventive health assessments in to underwriting which has direct link to environment impact on human health. Capital adequacy is monitored regularly through the stress scenarios but not linked direct correlation with environmental impact due to data limitation
HC-MC-450a.1	These indicators are not relevant SLI as it is not part of our business activity
HC-MC-250a.2	
HC-MC-250a.3	
HC-MC-250a.4	
HC-MC-250a.5	
HC-MC-260a.1	
FN-IN-450a.3	
HC-MC-000.A	

Climate related metrics have been disclosed in below table.

SASB Exclusions	Reason for exclusion
Amount and percentage of assets/business activities exposed to physical risk	These items will be a part of climate transition strategy currently Group is working on and will be measured and reported in future reporting period.
Amount and percentage of aligned assets/business activities with climate related opportunities	Climate aligned investments reported to Rs 205 million at end of the year reflecting the Group's progressive allocation to green bonds as market conditions and our free cashflow availability permits.
Capital deployment toward climate related risks and opportunities	During the year, the Group deployed Rs 16.6 million toward climate related initiatives, comprising preventive health programmes and digital infrastructure supporting climate resilience.
Internal carbon price	Not applicable

5.4.2 Climate related metrics

The group calculate emission intensity ratio as primary metric to measure climate impact it create and below we discuss the process of calculating scope 1,2 and 3 emission

5.4.2.1 Our Sources of Emissions

The Group's greenhouse gas (GHG) emissions arise from a combination of direct operational activities, indirect energy consumption, and indirect emissions associated with our value chain, including financed emissions. In line with SLFRS S2, emissions are classified and disclosed under Scope 1, Scope 2, and Scope 3 to provide a comprehensive view of our climate-related impacts and risks.

5.4.2.2 Key Changes During the Year

During the reporting period, there were significant changes to the Group's structure and measurement approach that materially affected the scale and composition of reported emissions.

5.4.2.2.a Acquisition of Allianz Life Insurance Lanka Ltd. (Softlogic Life Insurance Lanka Ltd.) as a Fully Owned Subsidiary

During the year, the Group acquired Allianz Life (Softlogic Life Insurance Lanka Ltd.) as a fully owned subsidiary. As a result, the reporting boundary expanded to include the subsidiary's operational footprint, including branch operations, energy consumption, and financed activities. This acquisition increased absolute emissions across all scopes, particularly Scope 2 and Scope 3, due to the enlarged operational and investment base.

5.4.2.2.b Partnership with PCAF to Compute Financed Emissions

In the current year, the Group partnered with the Partnership for Carbon Accounting Financials (PCAF) to measure and disclose financed emissions in line with internationally recognised methodologies. This resulted in a more robust, transparent, and standardised assessment of emissions associated with the Group's investment and lending activities, which form a material component of Scope 3 emissions for our business.

Due to the above changes, current year's emissions are not directly comparable with those reported in the prior year. To improve comparability, prior-year financed emissions have been restated in line with the PCAF methodology. However, differences in scale arising from the acquisition, coupled with the ongoing integration of systems, processes, and data sources, may continue to result in significant variances between periods.

5.4.2.3 Reporting Boundary

The emissions inventory is prepared based on the operational control approach. Accordingly, the reporting boundary includes operations over which the Group has operational control, comprising:

- 123 locations of Softlogic Life Insurance, and
- 10 branches of Softlogic Life Insurance Lanka Ltd., a fully owned subsidiary.

This boundary covers all material activities within the Group's direct operations and value chain, consistent with SLFRS S2 disclosure requirements.

5.4.2.4 Methodology

The Group tracks activity data across its operations and value chain and applies appropriate emission factors to calculate GHG emissions. Emissions are calculated by multiplying activity data (such as fuel consumption, electricity usage, and relevant value-chain indicators) by corresponding emission factors.

Emission factors are sourced from the Intergovernmental Panel on Climate Change (IPCC), UK Department for Environment, Food & Rural Affairs (DEFRA), and the Sri Lanka Sustainable Energy Authority. Priority is given to Sri Lanka–specific emission factors where available. In the absence of local data, regional or other internationally recognised sources are used to derive appropriate intensity factors. Financed emissions for the year ended 31 December 2025 are calculated using 2024 investee data, as investee disclosures are not available within the same reporting cycle. This one-year lag is applied consistently across all asset classes in accordance with the PCAF Standard.

5.4.2.5 Verification

The Group's emissions data has been independently verified by Sri Lanka Climate Fund (Pvt) Ltd. in accordance with ISO 14064-1:2018 and ISO 14064-3:2019, providing assurance over the accuracy, completeness, and consistency of reported emissions.

5.4.2.6 Exclusions

Any exclusions from the emissions inventory are disclosed in the emissions verification certificate issued by Sri Lanka Climate Fund (Pvt) Ltd.

5.4.2.7 Restatement of Prior Year Financed Emissions

Prior year financed emissions have been restated following a methodology change from research-based emission factors to PCAF-prescribed emission factors, applied across all asset classes and industries. The restatement does not represent an actual change in the underlying investment portfolio or investee emissions. Comparative figures have been restated accordingly to ensure consistency

5.4.2.8 Our Emissions

GHG emissions are disclosed on a gross basis, without the use of offsets, and are presented in metric tonnes of carbon dioxide equivalent (tCO_2e).

Table 23: Organisational Emission

Total Emission		2025	2024
Carbon footprint (Scope 1 + 2 + 3) (tC02-e)		**14,334.33**	12,485.56
Carbon footprint intensity (tC02-e per GWP Rs Mn)		**0.36**	0.40
Emission contribution from Scope 1,2 and 3		**(tC02-e)**	
Emission contribution from Scope 1.2 and 3		**(tC02-e)**	
		2025	**2024**
Scope I: Direct GHG Emissions	On-site generators	**3.16**	0.47
	Emission from AC Machines	**71.84**	62.48
	Company owned vehicles	**14.83**	11.89
	Fire Extinguisher	**0.03**	0.01
	Employee commuting (paid)	**963.45**	106.22
Total – Scope 1		**1,053.31**	**181.07**
Scope 2: Indirect GHG Emissions	Grid Connected Electricity	**972.26**	945.52
Total - Scope 2		**972.26**	**945.52**
Scope 3: Other Indirect GHG Emissions	Purchased goods and services	**948.05**	504.76
	Capital Goods	**141.76**	50.27
	Fuel and energy related activities	**361.16**	143.15
	Waste Generated in Operations	**7.33**	6.53
	Business Travels	**35.08**	37.50
	Employee commuting (not paid)	**592.00**	1,274.38
	Financed emission	**10,223.39**	9,342.38
Total - Scope 3		**12,308.76**	11,358.97

5.4.2.9 Financed Emissions

Financed emissions represent the GHG emissions associated with the Group's investment portfolio and are classified under Scope 3. As a life insurance company, financed emissions constitute a material source of climate-related exposure and transition risk.

The Group calculates financed emissions using the PCAF methodology, which attributes emissions based on the proportion of capital provided to investee entities and projects. This approach enhances transparency and enables alignment with global best practices, supporting compliance with IFRS S2 requirements for climate-related risk disclosure.

Table 24: Financed emission

Industry	GICS Code	Finance Emission t CO2e				Gross Exposure
		Sovereign Debt	Listed Equity and Corporate Bonds	Business Loans and Unlisted Equity	Total Emission	
Banks	401010	-	611	154	765	14%
Capital Markets	402030	-	403	-	403	6%
Consumer Finance	402020	-	257	-	257	3%
Diversified Telecommunication Services	501010	-	776	-	776	1%
Financial Services	402010	-	96	-	96	1%
Food Products	302020	-	146	-	146	0%
Health Care Providers & Services	351020	-	156	-	156	1%
Industrial Conglomerates	201050	-	2,054	-	2,054	2%
Specialty Retail	255040	-	60	-	60	0%
Country	N/A	5,512	-	-	5,512	68%
Total		**5,512**	**4,558**	**154**	**10,223**	**96%**
Data Quality		2	2	4	-	-

5.4.2.10 Exclusions from Financed Emissions Calculation

Deposits and repurchase agreements (Repos) have been excluded from the financed emissions calculation on the basis that these instruments do not represent the provision of capital to investees. As these transactions reflect short-term cash movements rather than financing activities, they are considered out of scope in accordance with the PCAF Standard.

5.4.2.11 Climate Target

(SASB/ FN-IN-410a.2)

While the Group has previously set a target to reduce emissions intensity by 20% by 2030, due to significant structural and methodological changes during the year (as described above), the continued relevance and achievability of this target requires reassessment upon establishing a revised baseline the Group will develop a revised target for the future

As the Group has only six months of operational experience with the newly acquired subsidiary, using the current year as a baseline would not provide a fair or representative view of emissions performance. Accordingly, the Group will revalidate its emissions target during the next reporting cycle and disclose an updated target once a stable and comparable baseline has been established.

Further there were no climate related targets required to be met by law or regulations.

5.4.2.12 Our Actions to Reduce Emissions

The Group has initiated several actions to manage and reduce its emissions and climate-related risks:

- Progressing amendments to the investment policy to incorporate climate-related considerations, where practicable, into investment decision-making.

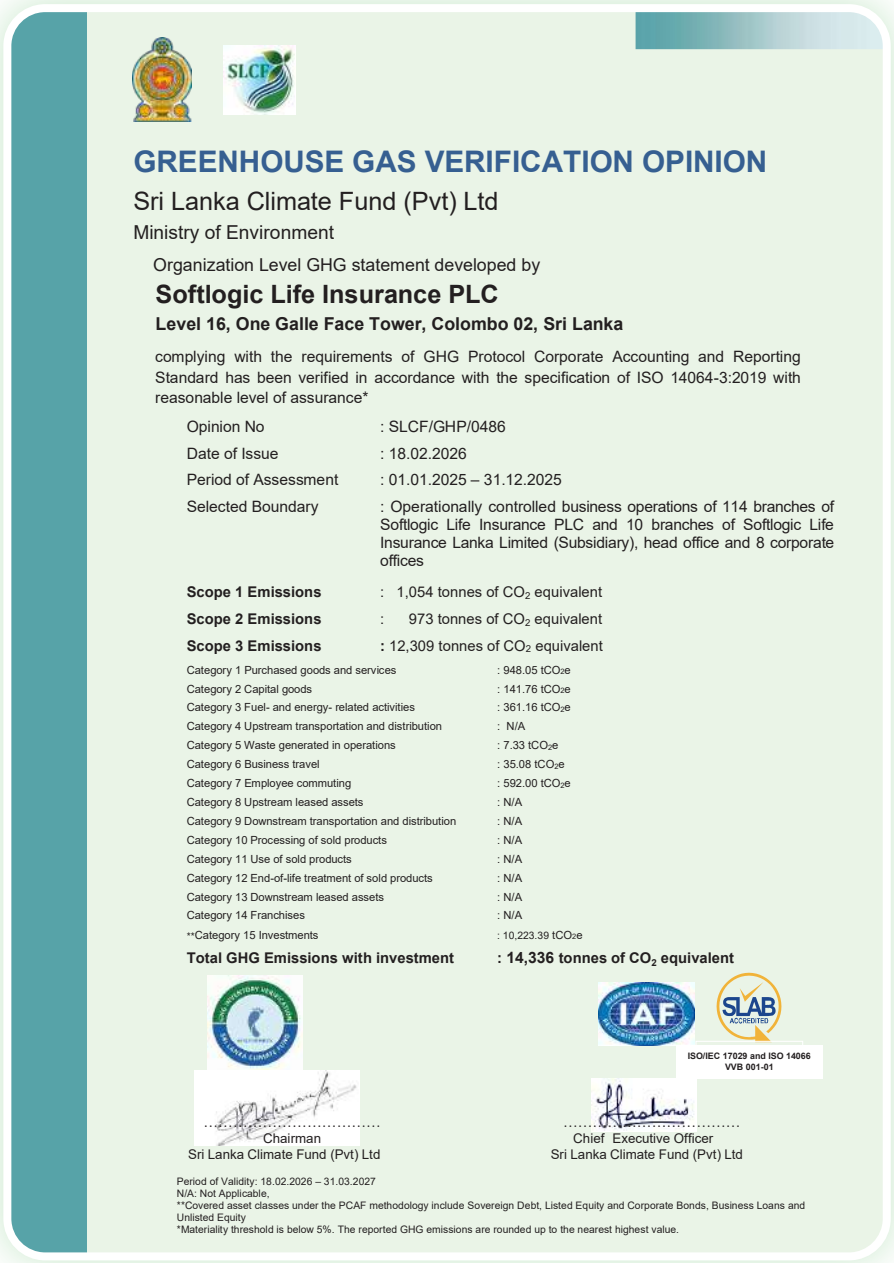
- Increasing focus on green and sustainable investments, while balancing fiduciary responsibilities, required yield expectations, market availability of suitable instruments, timing of cash flows, and asset–liability maturity matching requirements in the best interests of policyholders.

5.5 Key limitations and future improvements

While the Group has made significant progress in enhancing sustainability-related disclosures, certain limitations remain. These include data availability constraints, particularly for climate-related impacts in the Sri Lankan context, reliance on proxy data for selected Scope 3 emissions, and challenges in quantifying forward-looking financial impacts under climate scenarios.

The Group is committed to continuous improvement and plans to enhance data quality, expand scenario based financial quantification. Under the climate transition plan, which is proposed for finalisation during the next financial year, a key change will be the integration of ESG considerations into the Group's investment portfolio management. Accordingly, all investment decisions will be evaluated against defined ESG criteria to determine whether an opportunity qualifies as a suitable investment for Softlogic Life.

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 GHG Protocol Corporate Accounting and Reporting Standard has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No	: SLCF/GHP/0486
Date of Issue	: 18.02.2026
Period of Assessment	: 01.01.2025 – 31.12.2025
Selected Boundary	: Operationally controlled business operations of 114 branches of Softlogic Life Insurance PLC and 10 branches of Softlogic Life Insurance Lanka Limited (Subsidiary), head office and 8 corporate offices
Scope 1 Emissions	: 1,054 tonnes of CO_2 equivalent
Scope 2 Emissions	: 973 tonnes of CO_2 equivalent
Scope 3 Emissions	**:** 12,309 tonnes of CO_2 equivalent

Category 1 Purchased goods and services	: 948.05 tCO_2e
Category 2 Capital goods	: 141.76 tCO_2e
Category 3 Fuel- and energy- related activities	: 361.16 tCO_2e
Category 4 Upstream transportation and distribution	: N/A
Category 5 Waste generated in operations	: 7.33 tCO_2e
Category 6 Business travel	: 35.08 tCO_2e
Category 7 Employee commuting	: 592.00 tCO_2e
Category 8 Upstream leased assets	: N/A
Category 9 Downstream transportation and distribution	: N/A
Category 10 Processing of sold products	: N/A
Category 11 Use of sold products	: N/A
Category 12 End-of-life treatment of sold products	: N/A
Category 13 Downstream leased assets	: N/A
Category 14 Franchises	: N/A
**Category 15 Investments	: 10,223.39 tCO_2e
Total GHG Emissions with investment	**: 14,336 tonnes of CO_2 equivalent**

ISO/IEC 17029 and ISO 14066
VVB 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 18.02.2026 – 31.03.2027
N/A: Not Applicable,
**Covered asset classes under the PCAF methodology include Sovereign Debt, Listed Equity and Corporate Bonds, Business Loans and Unlisted Equity
*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.

OUTLOOK

<IR> 3A | 4G

ECONOMIC OUTLOOK

Sri Lanka's economy is projected to transition from stabilisation to sustainable expansion in 2026 and the medium term, supported by continued structural reforms, improved external balances, and strengthening domestic demand. According to the International Monetary Fund (IMF), Sri Lanka's reform program under the Extended Fund Facility (EFF) continues to anchor macroeconomic stability through fiscal consolidation, revenue enhancement, and debt restructuring. Following the strong rebound recorded in 2024 and continued expansion in 2025, real GDP growth is expected to moderate but remain positive (3% -4%) in 2026, supported by services, industry, tourism, and private sector credit recovery. Inflation is expected to remain broadly anchored near 5% over the medium term, assuming prudent monetary management and stable global commodity prices. The economic outlook for 2026 and beyond reflects cautious optimism. While risks remain including global economic volatility, commodity price fluctuations, and climate related disruptions Sri Lanka's reform momentum, improving macroeconomic fundamentals, and renewed investor confidence position the country for sustainable, medium-term growth.

INDUSTRY OUTLOOK

Sri Lanka's life insurance sector has demonstrated robust growth and continues to expand, driven by rising consumer awareness, economic normalisation, and advancements in digital adoption. Industry data shows Gross Written Premium (GWP) rising consistently and in 2025 grew by 25% . Despite this growth, Sri Lanka's insurance penetration remains relatively low compared to regional peers, signalling significant potential for future expansion as financial literacy and disposable incomes rise. Industry forecasts project continued growth in life insurance, supported by both traditional products (e.g., whole life, endowments) and evolving segments such as unit-linked and protection-oriented offerings.

FUTURE OF SOFTLOGIC LIFE

Our corporate plan emphasises agile growth, disciplined execution, and measurable stakeholder value. Building on a strong track record including consistent shareholder returns we are committed to sustaining profitability, operational excellence, and market leadership.

Growth and Profitability

Softlogic Life expect to deliver strong financial performance, contributing to elevated returns for shareholders and sustain the trajectory by leveraging expanding market demand and expanding our distribution to different geographic areas locally and internationally.

Sales Force Development

Our sales team remains a core competitive asset. Investments in training, professional development, and digital sales tools will deepen engagement quality and support long-term customer relationships.

Customer-Centric Product Evolution

To meet evolving needs, Softlogic Life will expand its product portfolio with a focus on preventive healthcare and dynamic underwriting models. These solutions will foster preventive well-being, improve insurance outcomes, and strengthen client loyalty.

Digital Innovation & AI Integration

The company is accelerating its adoption of digital technologies and artificial intelligence throughout the value chain — from customer acquisition to underwriting and claims management. AI-enabled analytics will enhance risk assessment, personalise product recommendations, and streamline customer interactions.

Operational Excellence & Sustainability

Digital transformation is complemented by systematic process optimisation, governance enhancements, and data-driven decision-making. These initiatives will elevate service quality, improve efficiency, and enhance competitiveness across the insurance landscape.

Market Position & Growth Outlook

Given Sri Lanka's rising insurance demand and low penetration rates, Softlogic Life is well-positioned to capture expanding market share. Strengthened by technology, strong distribution channels, and a customer-first philosophy, the company is poised for sustained growth and industry impact in the years ahead.

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

Capital	Page no
Financial Capital	130
Human Capital	138
Social and Relationship Capital	157
Intellectual Capital	182
Manufactured Capital	190
Natural Capital	194



INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE FOR THE INTEGRATED REPORT

<IR> 3F

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REPORT ON THE CONTENT ELEMENTS INCLUDED IN SOFTLOGIC LIFE INSURANCE PLC'S INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

Conclusion

We have performed a limited assurance engagement on whether the Content Elements ("Subject matter Information" or "SMI") in Softlogic Life Insurance PLC's ("the Company") Integrated annual report for the year ended December 31, 2025 have been prepared in accordance to the IFRS Foundation's International<IR> Framework ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Content Elements in the Integrated Report of Softlogic Life Insurance PLC for the year ended 31st December 2025 are not prepared, in all material respects, in accordance with the Criteria.

Our conclusion on the SMI as mentioned above does not extend to other information that accompanies or contains the SMI and our assurance report.

Basis for conclusion

We conducted our engagement in accordance with Sri Lanka 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. 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

Intended use or purpose

We have been engaged by the Board of Directors of Softlogic Life Insurance PLC to provide limited assurance on whether the SMI have been prepared in accordance with the Criteria.

Restriction on use or distribution

This report has been prepared for the Board of Directors of Softlogic Life Insurance PLC for the purpose of providing an assurance conclusion on whether the SMI in the Softlogic Life Insurance PLC's Integrated Annual Report for the Year ended 31st December 2025 has been prepared in accordance with the Criteria 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 Softlogic Life Insurance PLC, 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 Softlogic Life Insurance PLC, for any purpose or in any other context. Any party other than Softlogic Life Insurance PLC 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 Softlogic Life Insurance PLC for our work, for this independent assurance report, or for the conclusions we have reached.

Our conclusion is not modified in respect of this matter.

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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), Ms. D Corea Dharmaratne

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE FOR THE INTEGRATED REPORT

Responsibilities of Management for the SMI

The management of the Company are responsible for:

- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Determining that the criteria is appropriate to meet the needs of intended users, being the Company's Board Directors and any other intended users.
- Preparing and presenting the SMI 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.
- Design and implementation of internal controls that the Company determines necessary to enable the preparation and presentation of the SMI that is free from material misstatement, whether due to fraud or error.
- Ensuring the Company's strategy is well- presented in the SMI 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 SMI; and
- Preparation and fair presentation of the SMI;
- Informing us of any known and/or contentious issues relating to the SMI.
- Preventing and detecting of fraud and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company's personnel involved with the preparation and presentation of the SMI are properly trained, systems are properly updated and that any changes in reporting is relevant to SMI encompass all significant business units.
- The responsibility also includes informing changes in the Company's Operations since the date of our most recent assurance report on the SMI.
- The maintenance and integrity of Softlogic Life Insurance PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Softlogic Life Insurance PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Softlogic Life Insurance PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Company's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non financial data, including the use of estimates, assumptions, and third party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is 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 of Softlogic Life Insurance PLC.

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 the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI , other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

1. Assessing the suitability of the criteria used by the Company in preparing SMI;

2. Through inquiries, obtained an understanding of the Company's control environment, processes and information systems relevant to the preparation of the Information subject to Limited Assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;

3. Obtaining an understanding 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.

4. Obtaining an understanding of the description of the Company's strategy and how the Company creates value in the SMI and enquiring of management as to whether the description accurately reflects their understanding;

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. Checking Board minutes to ensure consistency with the SMI.

7. Evaluated the overall presentation of the Information subject to Limited Assurance to determine whether it is consistent with the criteria and in line with our overall knowledge of, and experience with, the Company's processes.

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.



CHARTERED ACCOUNTANTS
Colombo

6th March 2026

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT ON SLFRS S1 AND S2

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REPORT ON THE SUSTAINABILITY RELATED DISCLOSURES AND CLIMATE RELATED DISCLOSURES IN THE INTEGRATED ANNUAL REPORT AS OF 31ST DECEMBER 2025

Conclusion

We have performed a limited assurance engagement on whether the selected Qualitative Sustainability and Climate Related Disclosures as defined in Annexure A ("Subject Matter Information" or "SMI") included in Softlogic Life Insurance PLC's and it's subsidiaries ("the entity") Integrated Annual Report for the year ended 31st December 2025, has been prepared in accordance with the selected paragraphs of the 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') as detailed in the Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected Qualitative Sustainability and Climate Related Disclosures as defined in Annexure A of Softlogic Life Insurance PLC for the year ended 31st December 2025 are not prepared, in all material respects, in accordance with the Criteria.

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI and our assurance report.

Basis for conclusion

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

Intended use or purpose

We have been engaged by the Management of Softlogic Life Insurance PLC to provide limited assurance on whether the SMI have been prepared in accordance with the Criteria.

Restriction on use or distribution

This report has been prepared for the Board of Directors of Softlogic Life Insurance PLC for the purpose of providing an assurance conclusion on whether the Subject Matter Information included in the Softlogic Life Insurance PLC's Integrated Annual Report for the Year ended 31st December 2025 has been prepared in accordance with the Criteria 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 Softlogic Life Insurance PLC , 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 Softlogic Life Insurance PLC, for any purpose or in any other context. Any party other than the entity 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 Softlogic Life

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Insurance PLC for our work, for this independent assurance report, or for the conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Responsibilities of the Board of Directors and Management for the Subject Matter Information

The Management of the Entity are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the SMI free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria used;
- Preparing the Subject Matter Information in accordance with the Criteria. 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 Entity's members and any other intended users.
    - Disclosing the criteria in the SMI, including any significant inherent limitations.
    - the identification and communication 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 Subject Matter Information;
- Ensuring that the Entity complies with laws and regulations applicable to its activities.
- Ensuring that the Entity personnel involved with the preparation and presentation of the Subject Matter 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 Entity's operations.

The maintenance and integrity of Softlogic Life insurance PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Softlogic Life insurance PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Softlogic Life insurance PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the entity's Subject Matter Information.

Inherent limitations in preparing the SMI

The preparation of SMI is subject to inherent limitations arising from the nature of non financial data, including the use of estimates, assumptions, and third party information as 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

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT ON SLFRS S1 AND S2



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.

In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected. Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is 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 Boad of Directors of Softlogic Life Insurance PLC

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 the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

1. Assessed the suitability of the criteria used by the entity in preparing the SMI;

2. Interviewing executives, senior management and relevant staff for obtaining an understanding of the control environment, processes and information systems relevant to the preparation of the SMI, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.

3. Obtaining an understanding of the relevant internal policies and procedures developed by the entity, including those relevant to determining what matters most to the investors and providers of financial, the Entity's strategy, governance and reporting process relevant to the Strategy Core Content Disclosures.

4. Obtaining an understanding of the reporting process for the SMI performed by the Entity, including the preparation of the SMI;

5. Performing risk assessment procedures to understand the Entity and its environment, including the

Entity's reporting boundary, its value chain information and identify risks of material misstatement;

6. Obtaining 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:
7. Inspecting the integrated risk management framework and internal risk registers to identify the process of how sustainability related risks and opportunities are identified and monitored.
8. Evaluating consistency of disclosed timeframes across the report and strategic plans.
9. Obtain understanding of climate targets to identify how the Entity plans to achieve the climate- related targets it has set.
10. Evaluating the overall presentation of the SMI and considered whether they are, consistent with the Criteria.

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.

Chartered Accountants
Colombo
6th March 2026

Annexure A to our limited assurance report dated 6th March 2026

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

Core content	Subject Matter Information	Point in time or period subject to assurance	Page Number in the Integrated Annual Report	Criteria
Governance	2.2 - The role of the board of directors	Period ended 31st December 2025	74	SLFRS S1 Paragraph 26 – 27
	2.3 - The role of nominated board sub-committees	Period ended 31st December 2025	75-76	
	2.4 - Board oversight of sustainability related risks and opportunities	Period ended 31st December 2025	76	SLFRS S2 Paragraph 5 – 6
	2.5 - The role of Management	Period ended 31st December 2025	76	
	2.6 - Role of support function	Period ended 31st December 2025	77	
	2.7 - Board skills and training	Period ended 31st December 2025	77	
	2.8 - Remuneration linked to sustainability performance metrics	Period ended 31st December 2025	78	
Strategy	3.2 - Sustainability Related Risk	Period ended 31st December 2025	80	SLFRS S1. Paragraph 28 – 40
	3.3 Current and future effects of identified risks on the Group's business model and value chain	Period ended 31st December 2025	80-91	
	3.4 Climate related risks	Period ended 31st December 2025	92-98	SLFRS S2 Paragraph 8 – 21
	3.5 Tradeoff between SRROs and CRROs	Period ended 31st December 2025	98-99	
Risk Management	4.1 Approach to risk management	Period ended 31st December 2025	107	SLFRS S1. Paragraph 43 – 44
	4.2 Risk management process	Period ended 31st December 2025	107-108	
	4.3 Risk governance process	Period ended 31st December 2025	108	SLFRS S2 Paragraph 24 – 26
Metrics & Targets	5.1 Identifying metrics and targets	As at 31st December 2025	113-114	SLFRS S1. Paragraph 45 – 53
	5.2 Monitoring of metrics and targets	As at 31st December 2025	114	
	5.3 Reporting of metrics and targets	As at 31st December 2025	114	SLFRS S2 Paragraph 27 – 36



BIG MOVES IN RESOURCE MANAGEMENT FOR BIG IMPACT

Measured Moves. Measured Value.

For Softlogic Life, discipline creates value. Through careful allocation of capital, responsible risk management, and efficient operations, we ensure every resource is purposefully deployed. Precision drives durability, and measured moves turn into sustained advantage.

Traditional Sri Lankan wood carving transforms natural material into intricate, enduring works of art through patience and practice, that lead to mastery.

PRIORITISING THE SIX CAPITALS

As a life insurance company, our primary responsibility is to honour the long-term promises we make to our policyholders. We therefore prioritise our capitals based on what most directly protects customer funds, ensures financial stability and enables sustainable value creation over time. Regulatory solvency requirements, risk management standards and the long-term nature of our insurance liabilities guide how we allocate and strengthen our capitals.

Financial Capital ranks highest because it determines license to operate through solvency compliance, policyholder protection, safeguards our ability to pay claims while invest for future growth. Intellectual, Human and Relationship Capitals enable us to price risk accurately, serve customers responsibly and build lasting trust. Manufactured and Natural Capitals support operational efficiency and help us respond to emerging risks, including climate-related impacts. By prioritising our capitals in this structured manner, we protect policyholders while creating enduring value for shareholders, customers, employees and the wider community.



Financial Capital - Compliance with Risk base capital, assets liability management determine license to operate.



Intellectual Capital - Actuarial precision, underwriting expertise and digital analytics are required to execute solvency and risk models effectively.

Human Capital - Capital frameworks depend on skilled actuarial, investment, underwriting and risk professionals.

Social and Relationship Capital- Policyholder trust, regulatory confidence and stakeholder transparency underpin long-term business model value creation



Manufactured Capital - Systems and infrastructure support service continuity.

Natural Capital - Climate affects mortality trends and investment portfolios, elevating Natural Capital as a rising strategic factor.

FINANCIAL CAPITAL

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MANAGEMENT APPROACH

Our financial management approach is governed by a robust risk management framework and investment policy that prioritises capital preservation, liquidity, and sustainable long-term returns, even within Sri Lanka's volatile economic context. We track our performance through key indicators such as solvency margins, regulatory capital adequacy ratios, and the consistent growth in our life fund and investment portfolio, ensuring we can meet all future claims and policyholder benefits.



Gem Mining

Gem mining begins with faith, the quiet belief that something valuable lies hidden beneath the surface. It takes patience, courage, and careful judgement to bring a gem into the light. Not every stone shines immediately; it must be examined, refined, and protected before its true worth is revealed. Financial capital works in much the same way. It is built over time, strengthened through wise decisions, and safeguarded with care, transforming potential into lasting security for the future.

Acquisition of **First Subsidiary** to fuel the growth inorganically

Subordinate debt of **$15 Mn** Raise during the year to capitalise future growth opportunities

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Retained Earnings
- Financial Reinsurance
- Cautious Dividend Policy
- Debt-Free Capital Structure



Value Addition Mechanisms

- Financial Reinsurance
- Cautious Dividend Policy
- Proactive Identification, Balancing & Mitigation of Financial Risks
- Liquidity Management
- Forward-Thinking Strategy to Protect Policyholders



Performance Milestones

- Safeguarding Financial Strength
- Effective Cash Flow Management
- Disciplined Capital Allocation
- Prudent Asset–Liability Management
- Financial Resilience



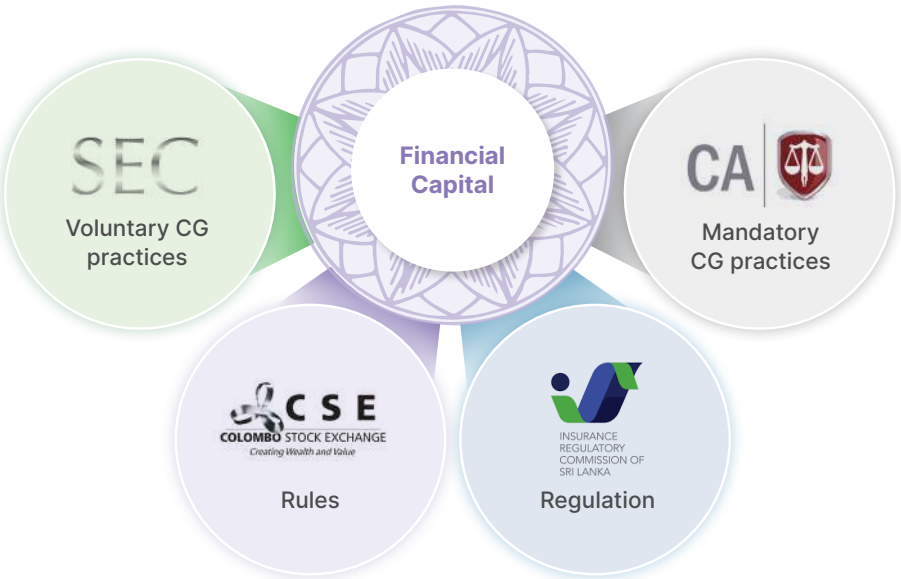
Strategic Impact

- Customer Retention
- Investor Confidence
- Sustained Value to Policyholders & Shareholders
- Long-Term Stability

1. GOVERNANCE OF FINANCIAL CAPITAL

The Group adheres to a wide range of mandatory and voluntary corporate governance frameworks, all of which underscore the protection of the interests of providers of financial capital. In the life insurance sector, regulators have established stringent rules governing the management of financial resources to safeguard policyholders' interests. The Company has consistently complied with these regulatory requirements, ensuring strong financial oversight and disciplined financial management.

Beyond regulatory compliance, the governance of financial capital is guided by principles of ethical conduct, accountability, and continuous enhancement of financial practices. As the financial landscape continues to evolve, the Company remains firmly committed to these principles, ensuring that it not only meets regulatory expectations but also upholds the highest standards of integrity, prudence, and excellence in financial management.



2.MANAGEMENT OF FINANCIAL CAPITAL

The management of financial resources is a core business activity, reflecting the Company's responsibility to meet long-term insurance obligations. In fulfilling this responsibility, significant emphasis is placed on the effective management of long-term assets and liabilities, prudent cash flow management, and the clear segregation of financial resources between policyholder and shareholder funds.

Given the challenging operating environment, robust financial risk management remains a critical priority. During the corporate planning cycle, the Company gives focused attention to the management of financial resources, ensuring that strategies are carefully developed to address these complexities.

Through the proactive identification, balancing, and mitigation of financial risks, the Company seeks to preserve the stability, security, and sustainable growth of its financial capital. This disciplined approach enables the Company to meet its long-term commitments while reinforcing its commitment to delivering sustained value to both policyholders and shareholders.

2.1 Capital and liquidity management

2.2 Cash flow Management

2.3 Management of segmental performance

2.1 Capital and liquidity management - strengthening resilience and optionality

The Group has bolstered its capital position organically by adopting a cautious dividend policy and externally through creative financing strategies. These initiatives include Sri Lanka's inaugural financial re-insurance arrangement as well as a subordinate debt scheme.

2.1.1 Dividend policy

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

2.1.2 Tier II Subordinated Debt

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.

During 2025 the Group fully settle the loan as per the agreement and the investor confident build resulted to renewing agreement for same value for further 5 years. As at the reporting date, however, the renewed facility had not yet been drawn down. 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.

2.1.3 Key value driver

Liquidity management is a key priority and highly regulated through various laws and regulations. We regularly monitor and report to IRCSL quarterly basis.

2.1.3.a Capital Adequacy Ratio (CAR)

Table 25: Capital Adequacy Ratio (CAR)

Rs Mn	2025	2024	2023
Total Available Capital (TAC) (Rs Mn)	32,425	31,892	37,107
Risk Based Capital requirement (RCR) (Rs Mn)	13,229	10,704	10,113
Risk Based Capital Adequacy Ratio (CAR) %	245	298	367
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 policyholder's liability.

The Company has consistently surpassed the regulatory Capital Adequacy Ratio (CAR) requirement of 120%, underscoring its prudent financial stewardship and robust risk management framework throughout periods of organic growth and strategic expansion. In 2025, Softlogic Life maintained a CAR of 245%, representing more than double the minimum regulatory threshold even after completing the acquisition of Softlogic Insurance Lanka Limited for a purchase consideration of Rs. 1,426 million. This exceptional capital discipline demonstrates the strength of the Company's balance sheet and its capacity to deploy capital for value accretive opportunities while preserving substantial buffers against unforeseen contingencies. The maintenance of such a strong CAR post acquisition is further testament to the Company's solid liquidity position and its ability to fund strategic initiatives without compromising regulatory compliance or policyholder security. This financial resilience provides the Group with significant headroom to support future growth aspirations, navigate macroeconomic uncertainties, and deliver sustainable long-term value to shareholders and policyholders alike.

This performance showcases the Company's ability to manage capital efficiently while safeguarding financial strength and policyholder interests. Maintaining a high solvency buffer despite capital changes reflects prudent risk management and underscores the Company's commitment to sustainable financial health and long term stability.

2.1.3.b Statement of Approved Assets

Table 26: Statement of Approved Assets

Rs Mn	2025	2024	2023
Approved assets maintained in business (Rs Mn)	40,907	36,348	37,888
Life Insurance fund (Rs Mn)	36,147	31,909	27,036
Approved assets in excess of the insurance fund (Rs Mn)	4,760	4,439	10,852
Approved assets as a % of insurance fund	113	114	140
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.

2.1.3.c Investment in Government Securities as a percentage of the Life Fund

Table 27: Investment in Government Securities as % of Life Fund

Rs Mn	2025	2024	2023
Life Insurance fund (Rs Mn)	36,147	31,909	27,036
Investment in government securities (Rs Mn)	28,601	22,573	26,014
Investment in government securities as % of Life fund	79	71	96
Required Ratio %		30	

The analysis above explains how the Company kept its holdings in government securities well above the mandatory minimum, highlighting our focus on managing risks in an increasingly uncertain market. This choice not only meets regulatory standards but also strengthens the Company's financial position. By investing much more than required in government securities, we show a forward-thinking strategy to protect our policyholders' interests during times of market volatility.

2.1.3.d Subsidiary performance

We have successfully implemented our best practices and compliance framework within the newly acquired subsidiary. Consequently, the following results were achieved with respect to regulatory ratios for the year 2025, ensuring full compliance with all regulatory requirements.

Table 28: Regulatory ratios of subsidiary

%	2025	Regulatory requirement	Compliance
Capital Adequacy Ratio (CAR) %	161	120	●
Statement of Approved Assets %	110	100	●
Investment in government securities as % of Life fund	109	30	●

2.1.4 Impact to Capital Structure

Company's capital structure analysis in below table 29.

Table 29: Leverage and Capital Structure

Rs. Mn	2025	%	2024	%
Stated capital	1,063	8	1,063	8
Restricted regulatory reserve	1,516	11	798	6
Other reserves	(820)	-6	(764)	-6
Retained earnings	11,909	87	9,258	69
Total equity	13,668	100	10,355	77
Loans and borrowings	-	-	3,016	23
Total Capital Employed	13,668	100	13,371	100

The capital structure is impacted due to the financing methodologies we use to finance future expansions. Above table showcase composition of the capital employed as at 31 December 2025. We assess financial leverage through Debt to Equity Ratio in assessing long term corporate planning and capital optimisation.

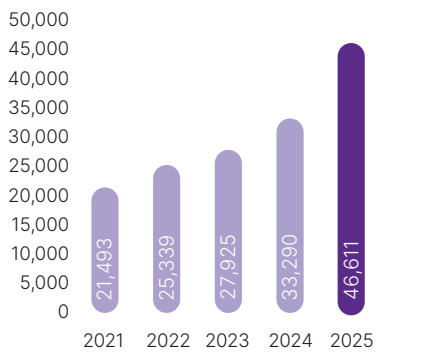
Debt-to-equity ratio

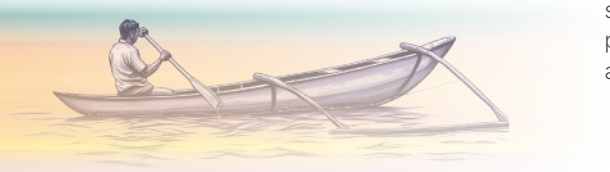
Over the year, the company paid off its entire outstanding loan, resulting in the business being fully funded by equity.

2.1.5 Managing Insurance contract liabilities (Long term liabilities)

Insurance contract liabilities represent the present value of future obligations to policyholders, reflecting the underlying product mix, experience assumptions, and valuation methodologies applied during reporting. In 2025, these liabilities increased to Rs. 46.6 billion from Rs. 33.3 billion in the prior year, demonstrating strong underlying momentum in the Company's core insurance operations. This growth was driven primarily by robust new business generation throughout the year, alongside the accumulation of life funds resulting from the acquisition of a subsidiary during the period. The integration of acquired portfolios contributed meaningfully to the expanded liability base, reinforcing Softlogic Life's market position and long term policyholder commitments. The increase further underscores the Company's capacity to underwrite sustainable, value creating business while maintaining disciplined actuarial assumptions and robust capital buffers to support future obligations and strategic growth initiatives.

INSURANCE CONTRACT LIABILITIES





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. Details of the actuarial report appear on Page 308 of this annual Report.

Table 30: Insurance Contract Liabilities

Rs. Mn	2025	2024	G%
Insurance contract liabilities	**45,176**	31,234	45
Surplus Created due to, Change in Valuation method from NPV to GPV - Participating Fund	**339**	1,057	(68)
Claims Payables	**1,097**	1,000	10
Total	**46,611**	33,290	40

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 309 for actuaries report on LAT.

2.1.5.a Assets to support long term liability

The Group's total assets increased by 28% to Rs 68.5 billion in 2025 from Rs 53.5 billion in 2024. Of these assets, 83% are financial assets backing insurance contract liabilities, with a substantial surplus over liabilities. This demonstrates our strong financial position and ensures high security for policyholders.

2.1.5.b Assets composition and liquidity

Detailed break up financial investments is provided under financial statements no 30 on page 361 while its maturity profile is available under note 49.4.3.1 of page 420.

2.2 Cashflow management

Effective cash flow management is essential in fostering customer confidence, as it enables the prompt payment of claims and the timely settlement of obligations to all stakeholders. The following table presents an analysis of our cash flow management throughout the year. Our disciplined approach has supported the maintenance of a stable and liquid financial standing despite the challenges encountered during this period. This strategy ensures our continued ability to fulfil both policyholder claims and commitments to other stakeholders.

Table 31: Summarised cashflow activities

Rs. Mn	2025	2024	G%
Net cash generated from operating activities	7,308	6,150	19
Net cash flows used in investing activities	(1,211)	5,330	(123)
Cash flows from financing activities			
Repurchase of ordinary voting shares	-	(6,000)	(100)
Dividend paid to equity holders	(1,424)	(2,830)	(50)
Repayment of long term borrowings	(3,018)	(1,454)	108
Principal Payment of lease liabilities	(447)	(414)	8
Net increase / (Decrease) in cash and cash equivalents	1,209	781	55

Operating cash flow reached Rs 7,308 million, representing a 19% increase from Rs 6,150 million reported in the previous year. This growth is primarily attributable to improved business performance. Net investment cash outflow was Rs 1,211 million in 2025, a significant reduction compared to 2024, mainly due to the acquisition of subsidiary during the year. In terms of financing activities, the company fully settled its outstanding long-term borrowings amounting to Rs 3,018 million and paid dividends to shareholders totalling Rs 1,424 million. As a result, the Group recorded a net cash increase of Rs 1,209 million, reflecting effective cash flow management.

2.3 Management of segmental performance

The company systematically evaluates its operational efficiency using two principal segments: the Policyholder Fund and the Shareholder Fund. These segments serve as essential indicators for establishing strategic direction. The ensuing summary presents a detailed assessment of the company's financial position and operational results within these segments. This analysis provides stakeholders with informed perspectives regarding the company's performance, efficiency, and anticipated development.

Table 32: Segmental information

Rs. Mn	Policyholder Fund		Shareholder Fund		Company	
	2025	2024	2025	2024	2025	2024
Net Revenue	43,290	36,207	1,619	2,238	44,909	38,444
Profit Before Tax	5,283	4,287	1,333	2,045	6,616	6,332
Total Assets	54,542	39,927	14,012	13,668	68,554	53,594
Cash flows from operating activities	4,511	(4,148)	2,797	10,295	7,308	6,147

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 308. Comprehensive analysis of this segment, covering key risks, strategies, performance assessment, and key value drivers, is presented on page 430. Further scrutiny of financial details, encompassing income statements, financial position, and cash flows, is available on pages 315 to 320.

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.

2.3.1 Segment strategies and risk management

The Policyholder Fund is strategised under four strategic pillars as discussed on page 65. Risks and opportunities are identified on pages 71 to 199. Further financial risk management concerning its investment portfolio and insurance risk is detailed on pages 406.

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 400.

SLI introduced a gamification feature to help stakeholders better understand insurance financials, creating greater industry engagement and broader community value.



FINANCIAL CAPITAL

Sustainable Performance
At Softlogic Life, sustainable performance underpins the stewardship of our financial capital. As a life insurer with long-term obligations, we remain focused on delivering profitable growth while maintaining strong solvency, liquidity, and regulatory compliance. Through disciplined capital allocation, prudent asset–liability management, and proactive risk management, we aim to preserve financial resilience. Innovation in products and digital capabilities will support quality earnings and capital generation. By maintaining capital buffers above regulatory requirements and adapting swiftly to market and regulatory changes, we are well-positioned to protect policyholders and create enduring value for shareholders. Refer page 65 to read our strategic direction.

Financial risk management
Softlogic Life's robust risk management framework safeguards our financial capital against internal and external risks that could disrupt value creation. As a life insurer with long-term commitments, we continuously strengthen our enterprise risk management processes to identify, assess, and mitigate financial, insurance, market, credit, and liquidity risks. Maintaining capital buffers above regulatory requirements remains a key priority. We will further enhance our risk governance, monitoring systems, and stress-testing capabilities to respond proactively to evolving market conditions and regulatory developments, ensuring sustained financial resilience and long-term stability for policyholders and shareholders. Our risk management framework is illustrated on page 107.

Implementation of SLFRS 17
Softlogic Life continues to make steady progress in implementing SLFRS 17, ensuring full compliance with the revised insurance accounting framework. The implementation extends beyond financial reporting, impacting actuarial valuation, systems, data governance, and performance measurement. Dedicated project teams, supported by actuarial and technical experts, are strengthening processes, controls, and reporting capabilities to meet the new standard's requirements. The Company remains committed to transparent stakeholder communication and operational readiness, ensuring that the transition enhances financial clarity, comparability, and long-term value creation. For a detailed update on the project's advancement, please refer to page 451.

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 428 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 325 of this report.

4. HORIZONTAL AND VERTICAL ANALYSIS
To reinforce analytical depth, the Company applies both horizontal and vertical analysis of its financial statements. Horizontal analysis compares line by line performance across periods, revealing trends in revenue growth, cost behaviour, investment returns, and retained earnings. Vertical analysis standardises individual items as a percentage of a financial statement total for example, total assets or total revenue providing insights into structural shifts in the balance sheet and income statement. Together, these methods strengthen financial narrative clarity and support more informed capital allocation decisions (as discussed on page 462-464 of this annual report).

5. STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT
At Softlogic Life, strategic planning and performance management remain integral to safeguarding financial capital and delivering sustainable growth. Operating in a dynamic and competitive environment, we continuously assess market trends, regulatory developments, and economic conditions to ensure our strategy remains resilient and forward-looking.

Our disciplined planning framework integrates capital management, risk oversight, and performance targets, enabling informed decision-making and optimal resource allocation. By aligning investments, human capital, and operational capacity with long-term objectives, we strengthen earnings quality, preserve capital adequacy, and enhance return on equity. This structured approach ensures sustained value creation for policyholders and shareholders while reinforcing financial stability and organisational resilience.

6. 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. We have provided a detailed explanation of our financials for better understanding on page 445.

6 FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Impact	Long-Term
Preventive Health & Wellness	Allocate capital to health & protection solutions and technology adoption for wellness capabilities.	Fund actuarially sound preventive health insurance solutions that grow the life fund while improving policyholder outcomes.
Personalised Products & Services	Sustain GWP growth above 20% via personalised products, and data-driven customer acquisition.	Maintain ROE above 20% by deploying capital into high-yield, personalised product lines.
Digital Transformation & InsurTech	Allocate capital to AI systems, automation, and InsurTech to enhance underwriting, claims, and scalability.	Build a financially self-sustaining digital ecosystem where AI-driven efficiency gains reduce the cost-to-income ratio and fund next-generation capabilities.
Sustainability & ESG	Embed ESG-aligned investment screening into the shareholder fund strategy.	Strengthen the integration of sustainability factors across the investment portfolio.

7. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

FC enables growth, innovation, and efficiency by fuelling digital transformation, customer-focused products development, sustainability and sales force initiatives that enhance service quality, competitiveness, customer acquisition, and retention.

FINANCIAL CAPITAL

The organisation continues to balance stakeholder expectations and strategic priorities:

HUMAN CAPITAL

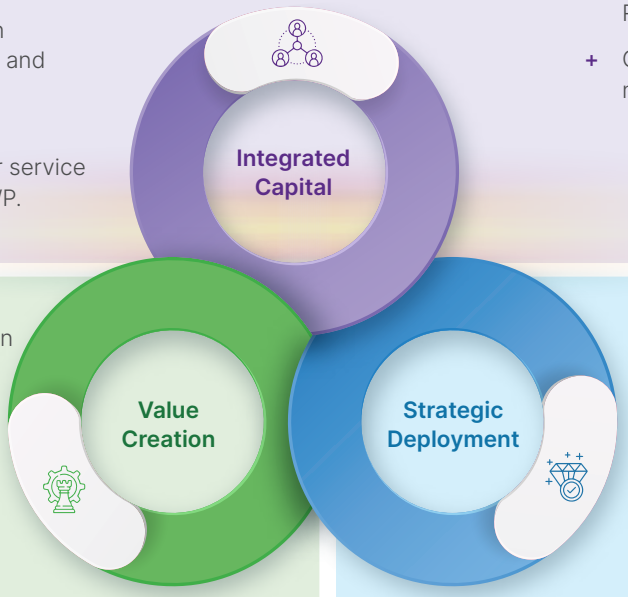
- \- Payment of remuneration and spending on training and development
- \+ Strengthened workforce capability leads to higher service quality and improved GWP.

INTELLECTUAL CAPITAL

- \- Investment in new technologies and brand building

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



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

- Product development and service quality enhancement resulted attraction of new customers.

Economic Value

Rs. 42,290 Mn	Rs. 39,710 Mn	Rs. 2,580 Mn
Generated [LA]	Distributed [LA]	Retained [LA]

Financial resources are central in driving all our strategic pillars, with allocation guided by management priorities and the activities identified to support their effective delivery

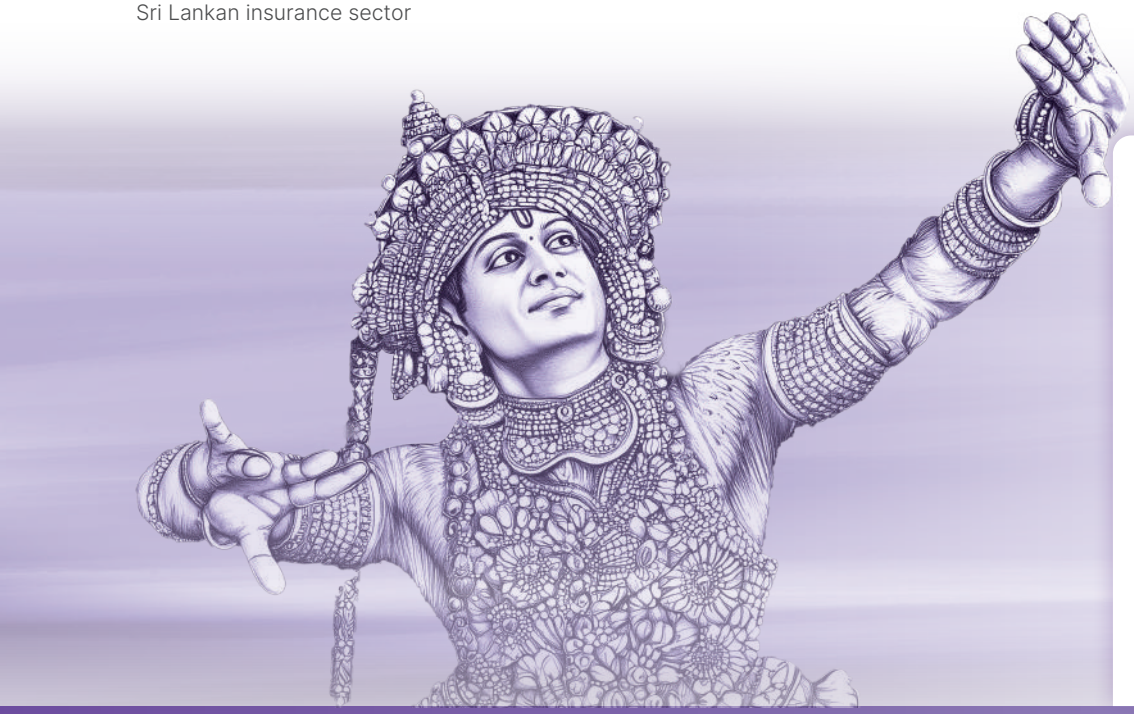
HUMAN CAPITAL

<IR> 2C | 2D

UNGC 1 | 2 | 4 | 5 | 6 | 10

MANAGEMENT APPROACH

Our people are our greatest asset, and our management approach focuses on fostering a diverse, engaged, and high-performing workforce. We are dedicated to providing a safe and supportive work environment, continuous learning and development opportunities, and clear career progression paths. This is operationalised through structured recruitment, comprehensive training programmes, performance management systems, and employee well-being initiatives. We monitor our progress through employee turnover rates, average training hours per employee, and the results of our employee engagement surveys, striving to be an employer of choice in the Sri Lankan insurance sector



Kandyan Dance

Behind every powerful leap and rhythmic step in Kandyan dance are years of discipline, mentorship, and dedication. What appears effortless on stage is the result of training, resilience, and belief in one's craft. Human capital is no different. It is nurtured through opportunity, shaped by experience, and strengthened by guidance. When people are empowered to grow, they carry forward not just skill, but confidence, purpose, and collective strength.

Successful **Cultural Integration & Talent Retention** Post-Acquisition

Strategic **Digital & AI Transformation** of the Workforce

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Governance of human capital



Value Addition Mechanisms

- Our mission driven workforce



Performance Milestones

- Strategic Talent Resourcing, Retention and Refinement
- Employee well-being, Voice and Relations
- Diversity. Equity and Inclusion



Strategic Impact

- Leadership Trust
- Future-Ready Leadership
- Strategic Integration Success
- Organisational Performance

1. GOVERNANCE OF HUMAN CAPITAL.

Human capital governance at SLI operates within an integrated People Governance Framework aligned with corporate strategy, enterprise risk management, and long-term value creation. The Board of Directors and the Managing Director provide strategic oversight and review and approve key HR policies, ensuring alignment with the Company's risk appetite and sustainable growth objectives. Execution is led by the Chief Human Resources Officer (CHRO) through the Human Resources Department (HRD), which manages workforce planning, talent development, succession, culture, and operational HR functions. Digitally enabled systems and analytics support ongoing monitoring and periodic reporting to the Board.

Board-approved policies promote diversity, well-being, and capability development, aligned with International Labour Organisation principles and the Unite Nation Global Compact. Human capital risks are integrated into the enterprise risk management framework, supported by a zero-tolerance approach to misconduct.

Through this structure, human capital is managed as a strategic asset that strengthens productivity, innovation, and sustainable value creation.

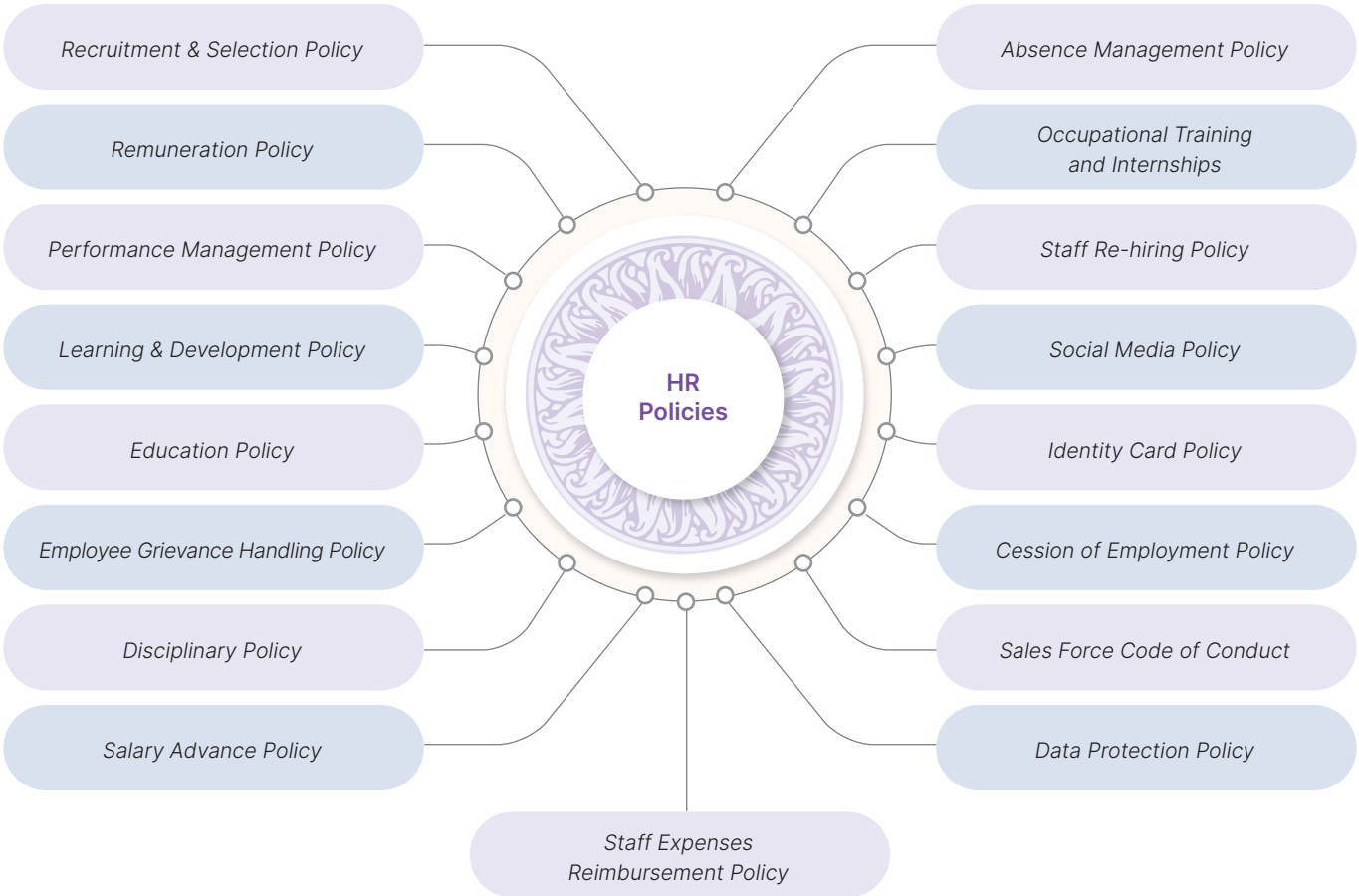
1.1 Human Resource Policies available at Softlogic Life

The commitments are applicable to all employees, management, and the Board of Directors, and extend to all subsidiaries and branches under the Company's operational control [LA].

Our company has complied with all Sri Lankan rules and regulations pertaining to employees throughout the year. Crucially, no instances of non-compliance have been documented, and no fines have been assessed for any violations.

We carry out yearly external audits to stop possible non-compliance with HR procedures, and the audit committee is presented with the results. Any suggested improvements are quickly put into practice to improve our procedures.





1.2 Human Resource Practices

While our HR policies establish the governance foundation, our HR practices operationalise these principles across the employee lifecycle as follows.



ZERO TOLERANCE ON CORRUPTION

As a responsible corporate citizen, the Company adopts a zero-tolerance stance on bribery and corruption, which are incompatible with its values and Code of Conduct. Ethical standards are reinforced through the Staff Handbook, IT Policy and Whistleblowing Policy, supported by ongoing awareness programmes and regular employee communications.

In 2025, the corporation was not subject to any fines or financial penalties for breaking laws and regulations. There were no recorded instances of corruption-related occurrences.



RESPECTING NON-DISCRIMINATION, LABOUR RIGHTS, AND HUMAN RIGHTS

As stated in our Human Resources Policies, we are dedicated to upholding globally acknowledged human rights standards. This guarantees everyone a safe workplace, equitable representation, and equal opportunities.

Currently, there are no labour union affiliations at SLI.



CHILD LABOUR AND COMPULSORY OR FORCED WORK

We strictly prohibit child labour and forced labour across all our operations as part of our commitment to upholding the highest ethical labour standards. The Company ensures full compliance with applicable labour laws and promotes fair, safe and respectful working conditions throughout the organisation and across our value chains.

There have been no documented cases of child or forced labour.



SAFEGUARDING EMPLOYEE HEALTH AND SAFETY

Given the service-oriented nature of our operations, the risk of workplace injury is inherently low. Nevertheless, we maintain a safe working environment through regular safety checks, fire drills, and the provision of appropriate safety equipment, including safety cameras, fire detection and firefighting systems.

Beyond physical safety, we have partnered with a leading consultancy firm to implement an online counselling programme. In addition, all employees are entitled to company-sponsored health and life insurance coverage.

We have also introduced a Health Score application to encourage proactive health monitoring and employee well-being.

There were no reported workplace fatalities due to workplace injuries. No workplace injuries or work-related illnesses were reported. [LA]



HEARING COMPLAINTS FROM EMPLOYEES

Our grievance procedure guarantees that workers' complaints are acknowledged and appropriately addressed. Workers are urged to report problems immediately to the company's management or the Grievance Committee, which is responsible for handling them in accordance with the Grievance Matrix. There is also a whistleblower reporting system in place.

No grievances were reported throughout the year.

HR RELATED NON COMPLIANCES

Non-compliances are identified through issues raised by employees and other stakeholders in relation to suspected or actual breaches of laws and regulations, Company policies, unethical conduct, fraud, harassment, misuse of authority, data breaches, and other improper practices. Such concerns may be reported through established whistleblowing and grievance mechanisms and are assessed in line with the Company's internal policies and procedures.

No significant instances of non-compliance with laws and regulations have been reported. [LA]

2. OUR MISSION-DRIVEN WORKFORCE

Below we analyse our workforce diversity and recognition frameworks available within the group.

2.1 Workforce Demographics/ Composition

At SLI, all employees are engaged on a full-time basis, with no temporary part-time or non-guaranteed hours employees involved in core operations. Employees are supporting functions across the entire value chain, commencing from customer onboarding through to policy servicing and operational support. Field staff represent the frontline of the organisation, directly engaging with customers and driving business acquisition activities. In addition, certain supervised workers, including cleaning and security personnel, support operational continuity and are engaged through third-party service providers. [LA]

Basis of preparation

- *Workforce figures are reported as headcount at the end of the reporting period.*
- *The Company operates solely within Sri Lanka, and no locations have been identified as individually significant given the uniform nature of operations across all sites.* [LA]

Table 33: Workforce by type of employment

Employment Type	2025			2024		
	Total	Male %	Female %	Total	Male %	Female %
Employees	*1,144* [LA]	*65%*	*35%*	944	67%	33%
Field Staff	*4,679* [LA]	57%	43%	3,023	64%	36%
Supervised workers	210	6%	94%	149	9%	91%
Total Workforce	6,033	57%	43%	4,116	63%	37%

Table 34: Employee by employment contract

Employment Contract	2025					2024				
	Total	Male	%	Female	%	Total	Male	%	Female	%
Permanent Employment	*808* [LA]	*499* [LA]	62%	*309* [LA]	38%	675	408	60%	267	40%
Probation Employment	134	93	69%	41	31%	86	72	84%	14	16%
Contract Employment	202	148	73%	54	27%	183	148	81%	35	19%
Total Workforce	*1,144* [LA]	740	*65%*	404	*35%*	944	628	67%	316	33%

Table 35: Employee Composition by region

Gender/Province	Employment type - 2025				Employment type - 2024			
	Permanent LA	Probation	Fixed Term Contract	*Grand Total* LA	Permanent	Probation	Fixed Term Contract	Grand Total
Male	499	*93*	148	*740*	408	72	148	628
Central	49	*13*	15	*77*	37	9	15	61
Eastern	9	*3*	8	*20*	3	6	7	16
North Central	15	*7*	8	*30*	12	4	6	22
North Western	39	*8*	17	*64*	37	3	14	54
Northern	31	*10*	9	*50*	12	13	8	33
Sabaragamuwa	20	*5*	7	*32*	23	3	15	41
Southern	59	*11*	18	*88*	42	5	15	62
Uva	10	*3*	5	*18*	8	4	9	21
Western	267	*33*	61	*361*	234	25	59	318
Female	309	*41*	54	*404*	267	14	35	316
Central	20	*1*	8	*29*	22	0	5	27
Eastern	6	*1*	1	*8*	6	0	1	7
North Central	5	*4*	1	*10*	3	0	1	4
North Western	24	*3*	2	*29*	21	1	2	24
Northern	17	*2*	3	*22*	8	1	3	12
Sabaragamuwa	15	*2*	3	*20*	12	1	3	16
Southern	26	*5*	5	*36*	23	0	4	27
Uva	11	*0*	3	*14*	6	0	1	7
Western	185	*23*	28	*236*	166	11	15	192
Grand Total	808	*134*	202	*1,144*	675	86	183	944

Table 36: Employee distribution by age group

Gender/ Age Category	Employment type - 2025				Employment type - 2024			
	Permanent LA	Probation	Fixed Term Contract	*Grand Total* LA	Permanent	Probation	Fixed Term Contract	Grand Total
Male	499	*93*	148	*740*	408	72	148	628
Below 30	72	*26*	60	*158*	68	27	57	152
31-40	184	*36*	56	*276*	150	24	58	232
41-50	174	*25*	28	*227*	137	16	31	184
Above 50	69	*6*	4	*79*	53	5	2	60
Female	309	*41*	54	*404*	267	14	35	316
Below 30	141	*26*	52	*219*	148	10	32	190
31-40	127	*9*	2	*138*	94	3	1	98
41-50	38	*5*	0	*43*	24	1	2	27
Above 50	3	*1*	0	*4*	1	0	0	1
Grand Total	808	*134*	202	*1,144*	675	86	183	944

Table 37: Employee composition by designation

Employee category	2025					2024				
	Total	Male	%	Female	%	Total	Male	%	Female	%
AGM and above	46	43	93%	3	7%	60	41	68%	3	5%
AM and above	428	333	78%	95	22%	368	316	86%	68	18%
Executive	429	229	53%	200	47%	301	143	48%	158	52%
Non-Executive	241	135	56%	106	44%	215	128	60%	87	40%
Total	1,144	740	65%	404	35%	944	628	67%	316	33%

*AM – Assistant Manager *AGM – Assistant General Manager

*100% of Senior Management** is hired from the local community**, demonstrating our commitment to strengthening local expertise within the industry.* [LA]

*** Local community – within Sri Lanka; Senior Management - AGM and above* [LA]

The significant increase in employee headcount during the reporting period is primarily attributable to the acquisition of Softlogic Life Insurance Lanka Limited, which resulted in the inclusion of 394 employees to SLI. [LA]

Table 38: Board composition and diversity

Age category	2025					2024				
	Total	Male	%[LA]	Female	% [LA]	Total	Male	%	Female	%
31-50 Years	1	1	*100%*	0	*0%*	1	1	100%	0	0
51-60 Years	2	1	*50%*	1*	*50%*	5	4	80%	1	20%
61-70 Years	5	5*	*100%*	0	*0%*	2	2	100%	0	0
Total No of Directors	8	7	*87.5%*	1	*12.5%*	8	7	87.5%	1	12.5%

*SLI has 2 foreign directors in Age category 51-60 and 61-70.

2.2 Skills, Qualifications and Expertise

Softlogic Life's innovative business model sets a high benchmark for organisational talent, prioritising individuals who embody core values of Innovation, Integrity, and Dynamism. Our HR strategy is built on a foundation of Strategic Recruitment and Robust Knowledge Management, ensuring that our team possesses the critical competencies required for sustained market leadership.

PROSPECTIVE CANDIDATE PROFILE

- Digital Proficiency: Capability to navigate and leverage AI-driven ecosystems.
- Agile Mindset: The ability to thrive in a "Lean and Fast" environment and respond to disruptive industry trends.
- Customer-Centricity: Ensuring every interaction aligns with our mission to enhance the quality of Sri Lankan lives.

By integrating these priorities into our talent acquisition framework, we ensure that every new hire is a "Future-Ready" contributor to our high-performance culture

2.3 Rewards Framework

At SLI, pay transparency is a fundamental pillar of our commitment to equity and fairness within the workplace. This approach strengthens our employer value proposition and supports our ability to attract, engage and retain high-calibre talent.

To ensure external competitiveness, we periodically conduct market benchmarking exercises and align our remuneration structures and benefits accordingly. Our reward strategy is closely integrated with our talent management framework, reinforcing a strong performance-driven culture across the organisation.

The remuneration framework is built on principles of fairness and objectivity, considering cost of living considerations, industry benchmarks, internal pay equity, overall business performance, and individual or team contributions. In line with our equal opportunity policy, all remuneration and benefits practices are free from discrimination based on gender, age, ethnicity and region or any other non-performance-related factor. The Group maintains pay equity across genders with the ratio of basic salary and total remuneration between *male and female employees being 1:1* [LA] for comparable roles and responsibilities.

Beyond statutory and regulated benefits, the Group offers a comprehensive suite of role-based, monetary and non-monetary benefits designed to support the holistic well being, engagement and long-term development of our employees.



MONETARY BENEFITS [LA]

- *Market-Leading Remuneration*
- *Performance-Linked Bonuses*
- *Fringe Benefits - Educations Reimbursement and Financial Assistance*
- *Paid Time Off*
- *Post-Employment Financial Security (EPF, ETF, Gratuity)*
- *Comprehensive Medical Insurance*

NON MONETARY BENEFITS [LA]

- *Holistic Health, Safety & Mental Well-being*
- *Job Security and Enrichment*
- *Flexibility*
- *Future-Ready Career Development and Training Opportunities*
- *Agile Flexibility & Work-Life Harmony*
- *Employee Empowerment*
- *Parental leave*
- *Employee Grievance Handling*

KEY PERFORMANCE INDICATORS (KPI)

Gross remuneration per employee (Mn)

2025	2024
1.3	1.2

EPF Contribution (Mn)

2025	2024
178	137

ETF Contribution (Mn)

2025	2024
44	34

Defined benefit plan contribution (Mn)

2025	2024
97	72

Gratuity Paid (Mn)

2025	2024
26	27

DEFINE BENEFIT PLAN

The Group provides employee define benefits plan in accordance with applicable labour regulations. These benefits are funded through the Company's operational resources, and no separate or independently administered benefit fund exists.

3. EMPLOYEE VALUE CREATION PROCESS

Our value creation framework defines how we leverage the collective initiatives and passion of our people to deliver superior stakeholder outcomes. By aligning strategic talent initiatives with our core mission, we transform human potential into high-impact performance, fuelling sustainable growth, driving insurance innovation, and ensuring the long-term resilience of Softlogic Life.

3.1 Strategic Talent Resourcing, Retention and Refinement

Strategic talent acquisition, retention, performance and development, and proactive succession planning constitute the fundamental pillars of our Human Capital value creation model.

3.1.1 Strategic Talent Resourcing

Our approach to talent reaches beyond traditional hiring; it is a rigorous identification process designed to secure professionals who possess both the technical competencies and the cultural alignment necessary to drive our purpose-driven mission. By synchronising our recruitment architecture with our long-term organisational goals, we ensure a sustainable pipeline of future-ready leaders. Following section delineates our multi-faceted recruitment framework and its alignment with our core values.

Talents Onboarded During the Year

During the financial year 2025, the Company's workforce expanded through two distinct channels: new recruitment initiatives and the integration of employees through newly acquired subsidiary.



213	181	394
New Recruitments [LA]	*Integrated via Acquisition* [LA]	*Total talent onboarded* [LA]

Recruitment process



Table 39: Age Profile of Newly Onboarded Employees

Employee category	2025 [LA]						2024					
	Total	*Male*	*%*	*Female*	*%*	*Age mix*	Total	Male	%	Female	%	Age mix
30 or below	*168*	*69*	*41%*	*99*	*59%*	*43%*	135	67	50	68	50	60
between 31-40	*118*	*81*	*69%*	*37*	*31%*	*30%*	47	39	83	8	17	21
between 41-50	*92*	*75*	*82%*	*17*	*18%*	*23%*	35	31	89	4	11	16
above 50	*16*	*14*	*88%*	*2*	*13%*	*4%*	7	7	100	0	0	3
Total - New Recruitments	*394*	*239*	*61%*	*155*	*39%*	*100%*	224	144	64	80	36	100

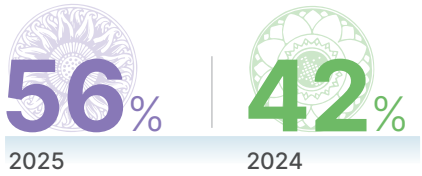
In our organisation, nurturing young talent remains a cornerstone of our talent acquisition strategy, reflecting our commitment to building a strong foundation of future leaders. In 2025, a significant 73% of our newly added employees were under the age of 40. This approach ensures that fresh perspectives 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 40: Region and Gender Profile of Newly Onboarded Employees

Province	2025 [LA]						2024					
	Total	*Male*	*%*	*Female*	*%*	*Mix*	Total	Male	%	Female	%	Mix
Central	*37*	*29*	*78%*	*8*	*22%*	*9%*	24	17	71	7	29	11
Eastern	*17*	*13*	*76%*	*4*	*24%*	*4%*	17	13	76	4	24	8
North Central	*20*	*13*	*65%*	*7*	*35%*	*5%*	7	6	86	1	14	3
North Western	*30*	*23*	*77%*	*7*	*23%*	*8%*	15	9	60	6	40	7
Northern	*41*	*27*	*66%*	*14*	*34%*	*10%*	22	17	77	5	23	10
Sabaragamuwa	*23*	*12*	*52%*	*11*	*48%*	*6%*	18	12	67	6	33	8
Southern	*47*	*33*	*70%*	*14*	*30%*	*12%*	17	8	47	9	53	8
Uva	*24*	*14*	*58%*	*10*	*42%*	*6%*	10	8	80	2	20	4
Western	*155*	*75*	*48%*	*80*	*52%*	*39%*	94	54	57	40	43	42
Total	*394*	*239*	*61%*	*155*	*39%*	*100%*	224	144	64	80	36	100

In 2025, 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



Quality per hire

One of the key metrics we use to confirm our talent acquisition approach is Quality of Hire. By concentrating on hiring top talent, we make sure that each new hire not only satisfies our exacting requirements but also acts as a sustained catalyst for our strategic goals.

3.1.2 Talent Retention

Our Employee Value Proposition plays a pivotal role in attracting and retaining top talent, clearly articulating the benefits, opportunities and career pathways offered in return for the contributions our employees make to the Group's success.

This proposition is reinforced through a supportive and flexible work environment, a strong culture of transparency and equal opportunity, comprehensive wellness initiatives, employee engagement programmes and competitive, performance-linked remuneration policies.

A. Internal Talent Mobility

Our 2025 Employee Value Proposition functions as a dynamic ecosystem designed to harmonise individual aspirations with Softlogic Life's strategic growth. Central to this is our Internal Talent Mobility framework, which empowers our people to pursue cross-functional career pathways and lateral transitions, transforming traditional roles into lifelong professional journeys.

B. Frontline Retention Initiatives

In response to industry-wide frontline volatility, we deployed a Strategic Workforce Stabilisation Framework specifically designed to anchor our island-wide branch network. This multi-pronged initiative focuses on transforming our branch staff into a permanent, highly skilled talent pool through integrated Technical Competency Frameworks and immersive product mastery sessions. To facilitate seamless cultural integration, we institutionalised a Formal Mentorship Program for all new recruits, bridging the gap between onboarding and high-performance. By shifting from a transient staffing model to a localised, career-centric approach, we have significantly mitigated attrition, ensuring that our customer-facing teams possess the depth of knowledge and organisational loyalty required to drive sustainable growth across every province.

As a result of our focused retention strategy, we successfully improved employee retention levels while reducing overall attrition during the reporting period.

Table 41: Service period analysis

Employment Type	2025		2024	
	Total	%	Total	%
Below 5 years	638	56%	560	59%
5-10 years	324	28%	240	25%
11-15 years	115	10%	93	10%
More than 15	67	6%	51	5%
Total Employees	1,144	100%	944	100%

As of 2025, a significant proportion of our workforce brings long-standing organisational experience, with 16% of employees having completed over 10 years of service. The presence of a well-established and experienced employee base enhances stability, strengthens mentorship capabilities, and supports sustained business performance.

By prioritizing internal progression and transparency, we have fostered a resilient workforce characterised by mutual loyalty, a commitment evidenced by our record of **zero involuntary dismissals of employees** throughout the year.

Employee Retention

79% 2025

73% 2024

Employee attrition SALES

22% 2025

39% 2024

Employee attrition NON-SALES

16% 2025

19% 2024

Employees of the subsidiary acquired in November 2025 have been excluded from the attrition and retention rate calculations to ensure fair comparison.

SLI continues to take proactive measures to address emerging workforce challenges. During the reporting period, several targeted initiatives were implemented to specifically address attrition within the sales workforce. As a result of these focused interventions, the Company successfully reduced the attrition rate compared to the previous year.

Table 42: Employee resignation by age group

Age category	2025 LA					2024				
	Total	*Male*	*%*	*Female*	*%*	Total	Male	%	Female	%
30 or below	*84*	*35*	*42%*	*49*	*58%*	116	69	59%	47	41%
between 31-40	*53*	*42*	*79%*	*11*	*21%*	73	51	70%	22	30%
between 41-50	*51*	*44*	*86%*	*7*	*14%*	57	49	86%	8	14%
above 50	*7*	*7*	*100%*	*0*	*0%*	18	17	94%	1	6%
Total	*195*	*128*	*66%*	*67*	*34%*	264	186	70%	78	30%

Table 43: Employee turnover by region

Province	2025 [LA]					2024				
	Total	*Male*	*%*	*Female*	*%*	Total	Male	%	Female	%
Central	*18*	*11*	*61%*	*7*	*39%*	23	20	87%	3	13%
Eastern	*14*	*10*	*71%*	*4*	*29%*	29	20	69%	9	31%
North Central	*8*	*7*	*88%*	*1*	*13%*	11	10	91%	1	9%
North Western	*12*	*10*	*83%*	*2*	*17%*	16	15	94%	1	6%
Northern	*17*	*11*	*65%*	*6*	*35%*	21	16	76%	5	24%
Sabaragamuwa	*13*	*9*	*69%*	*4*	*31%*	14	10	71%	4	29%
Southern	*15*	*13*	*87%*	*2*	*13%*	20	10	50%	10	50%
Uva	*16*	*14*	*88%*	*2*	*13%*	16	12	75%	4	25%
Western	*82*	*43*	*52%*	*39*	*48%*	114	73	64%	41	36%
Total	*195*	*128*	*66%*	*67*	*34%*	**264**	**186**	**70%**	**78**	**30%**

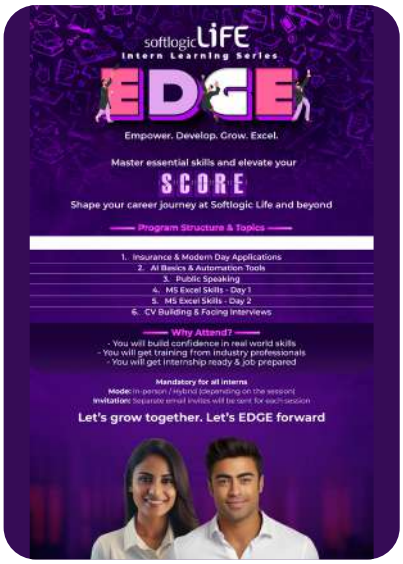
Moreover, SLI offers structured internship opportunities to support young talent entering the workforce.

C. Internships

Our internship programme serves as a transition assistance initiative, supporting matriculants and graduates as they move from academic life to the professional work environment. It provides practical industry exposure and structured guidance to help them build essential workplace skills and career readiness.

During 2025, we onboarded 53 interns, with 2 high-performing individuals transitioning into permanent roles. This disciplined approach to talent development strengthens our internal succession pipeline while reinforcing our commitment to building a sustainable, future-ready workforce.

Through our "EDGE" internship development programme series, interns were equipped with essential technical and behavioural competencies, enhancing their market readiness and preparing them to confidently navigate future challenges.



D. Strategic Succession Management & Leadership Development

Our succession planning framework is designed to identify and cultivate high-potential internal talent, ensuring seamless continuity in leadership and critical functional roles. This proactive approach bolsters organisational resilience and drives sustainable innovation. By providing clear pathways for career mobility, we foster a culture of high engagement and intrinsic motivation. A testament to this framework's success in 2025 was the appointment of a key Executive Management member. Having demonstrated exceptional capability in an interim capacity within our second-tier management, her permanent promotion underscores the effectiveness of our robust leadership development and bench-strength strategies.

3.1.3 Talent Refinement

A. Performance Driven Culture

Our robust performance management ecosystem is a core driver of organisational success and sustainable value creation, strategically designed to align individual contributions with our corporate objectives, ensuring a future-ready and engaged workforce for all stakeholders. Our strategic framework for performance excellence is built on continuous feedback and measurable outcomes, beginning with annual KPI alignment and progressing through regular one-on-one meetings, mid-year reviews, and end-of-year evaluations, which include mutually agreed-upon performance ratings. To proactively identify and address capability gaps,

we conduct annual capability assessments, ensuring our talent pool remains agile and equipped to meet future market challenges. This integrated approach elevates employee engagement and morale and provides the necessary strategic guidance and resources for our people to consistently meet and exceed their performance objectives.

SLI Performance Management Process Cycle

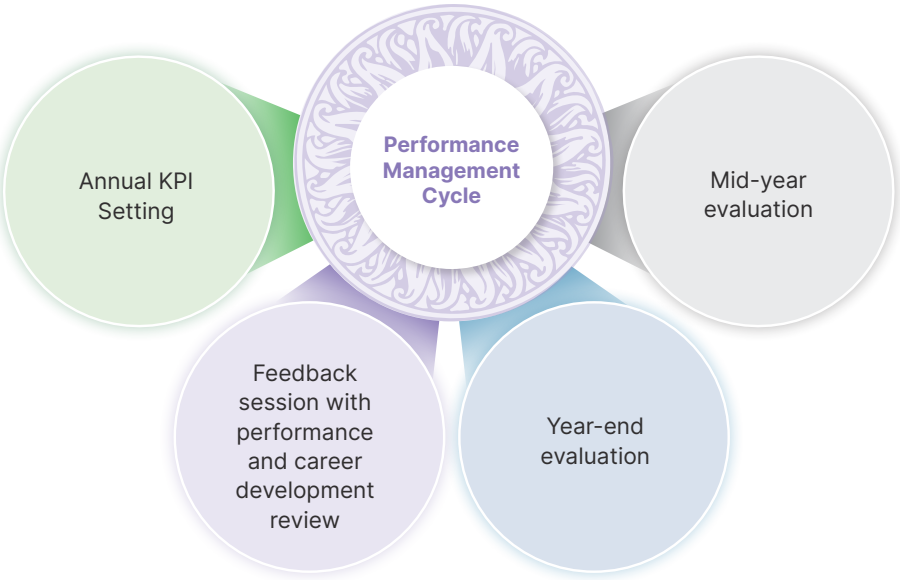
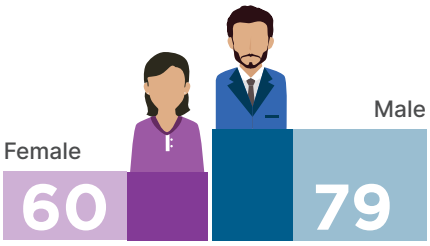


Table 44: Employees participated to performance evaluation. [LA]

Category	Male	% of total employee	Female	% of total employee	Total participated
AGM and above	37	3%	3	0%	40
AM and above	225	20%	69	6%	294
Executive	144	13%	149	13%	293
Non-Executive	93	8%	44	4%	137
Total	**499**	**44%**	**265**	**23%**	**764**

Staff Promoted



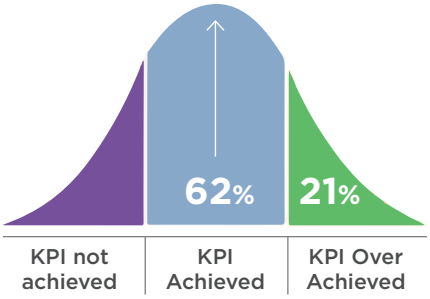
Performance Alignment & Workforce Capability

We have cultivated a highly skilled and performance-driven workforce aligned with our strategic objectives. During the year, 83% of employees successfully achieved their Key Performance Indicators (KPIs), demonstrating strong alignment between individual accountability and organisational priorities.

This achievement reflects the effectiveness of our performance management framework, structured goal-setting processes, and continuous employee development initiatives.

B. Learning and Competency Development

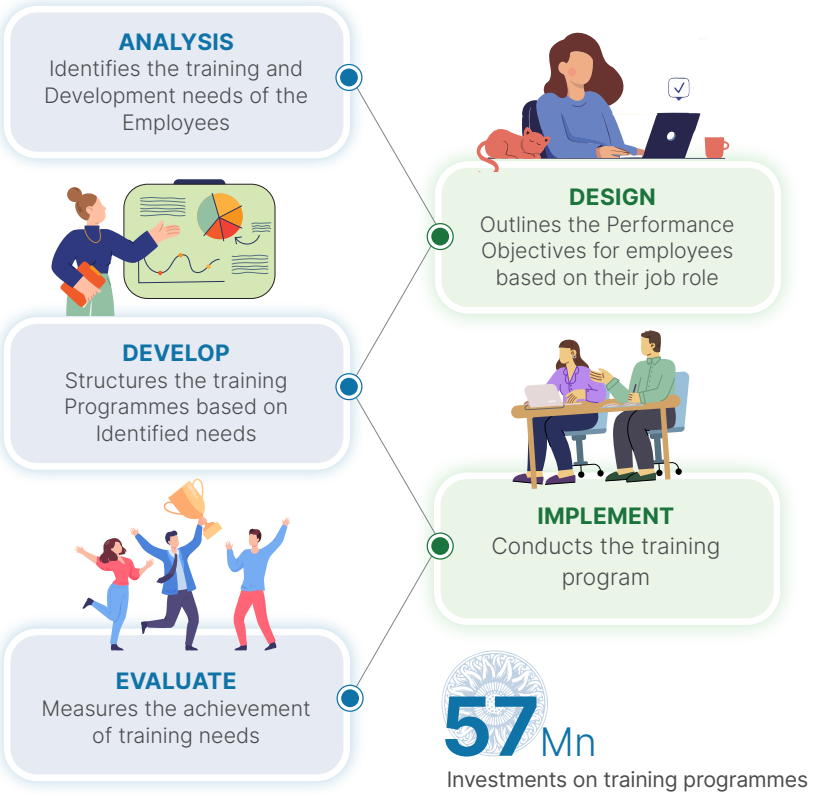
Softlogic Life remains dedicated to cultivating a high-performance culture through a strategic focus on continuous learning and innovation. By integrating a blended development architecture ranging from digital micro-learning to executive mentorship, we proactively address competency gaps and drive organisational excellence. Our comprehensive framework is meticulously calibrated to balance immediate operational needs with long-term strategic imperatives, ensuring our workforce remains digitally proficient and future-ready to navigate a dynamic market landscape.



67% of Employee participated for the Evaluation



Figure 5: Training and development process



Training hours for staff training

Total Training hours

5,562 Group	5,438 Company

Average training hours per employee

	Employee	Male	Female
Group	4.86	3.45	7.45
Company [LA]	4.75	3.38	7.26

AGM and above	AM and above	Executive	Non-executive
8.00 Group	5.14 Group	5.26 Group	3.07 Group
7.87 [LA] Company	5.05 [LA] Company	5.10 [LA] Company	3.00 [LA] Company

The Company implemented structured training and development programmes during the year to enhance employees' technical expertise, leadership capabilities, and overall professional competencies.

SLI provides employees with opportunities to participate in external training programmes and industry forums, while also conducting structured internal training initiatives based on identified organisational and functional requirements. This blended learning approach ensures continuous capability enhancement aligned with both strategic priorities and individual development needs.

Table 45: No of hours invested in external training programmes [LA]

External Training Programmes	No. of Hours
Digital, Technology & Innovation	*132*
Finance, Accounting & Regulatory Excellence	*141*
Industry & Professional Engagement	*8*
Insurance & Actuarial Expertise	*764*
Leadership & Talent Development	*142*
Risk, Compliance & Governance	*427*
Grand Total	*1,613*

Table 46: No of hours invested in internal Training Programmes

External Training	No. of Hours
Induction & Onboarding Programmes	484
Leadership Development	485
Personal Effectiveness & Behavioural Development	1,444
Product & Business Knowledge	1,001
Specialised Session	130
Technical & Digital Skills Development	406
Grand Total	3,949

The allocation of training hours reflects the evolving demands of the current operating environment, characterised by heightened regulatory scrutiny, and increasing market competition. The significant investment in Insurance & Actuarial Expertise, Risk & Compliance, and Digital & Technical Skills underscores our commitment to strengthening core business capabilities while enhancing governance and digital resilience. Internally, the emphasis on Personal Effectiveness, Product Knowledge, and Leadership Development aligns with the need to drive performance, customer-centricity, and operational excellence in a dynamic and digitally transforming industry.

C. New skill set acquired through our AI Roadmap

Following the successful integration of Copilot and the completion of our comprehensive AI training modules, SLI has established a dedicated AI Team covering all support functions of the Group. This team is tasked with translating AI proficiency into operational excellence. Their primary outputs and current initiatives are summarised below:

- Strategic Roadmap Execution: Formalised a multi-phase AI integration strategy that prioritises high-impact business functions for AI-driven transformation.
- Operational Efficiency Gains: Identified and began automating routine departmental workflows, significantly reducing time spent on administrative tasks and "drudge work".
- Enhanced Decision-Making Frameworks: Developed internal protocols for using AI-powered predictive analytics to improve the speed and accuracy of data-driven business decisions.
- Cross-Functional Innovation Hub: Created a centralised knowledge repository for employees to share custom prompts and successful AI use cases, fostering a culture of continuous peer-to-peer learning.

3.2 Employee Well-being, Voice and Employee Relations

The Company is committed to providing a safe, inclusive, and supportive work environment that promotes employee well-being and positive employee relations. Employee well-being and workplace safety are treated as integral components of organisational sustainability and long-term value creation.

3.2.1 Employee Well-being

A. Employee mental health [LA]

SLI conducted a Mental Health and Well-being Survey during the year to assess employee wellness and identify areas requiring focused support. Awareness sessions were delivered, and confidential counselling services were made available to all employees through an independent third-party provider, Happy Mind, ensuring professional and secure psychological support. By partnering with a trusted third party to ensure 100% anonymity, we empowered our workforce with 24/7 access to high-impact wellness tools such as Yoga, Meditation, Journalling, and expert-led Webinars.

B. Promoting preventive health [LA]

All employees were provided with access to the HealthScore app, enabling them to proactively monitor and manage their overall well-being. The platform supports employees in tracking key health indicators, encouraging healthier lifestyle choices, and fostering greater awareness of personal health risks. This initiative reinforces SLI's focus on early intervention, wellness awareness, and building a healthier workforce.

C. Extending Well-being to Employees' Families

In line with the Company's focus on holistic employee well-being, several initiatives were launched during the year to support the work-life balance and families of our staff.

As part of our employee engagement strategy, SLI launched a public



speaking and confidence-building programme for employees' children to enhance their communication skills and self-confidence. The initiative fostered strong participation and meaningful learning outcomes, underscoring our commitment to cultivating a supportive and inclusive community beyond the workplace.

3.2.2 Employee Voice and Communication

A robust two-way communication framework is embedded across the organisation, ensuring employees are kept informed of key developments while enabling meaningful engagement with management. An open-door policy allows all employees direct access to the highest level of management, reinforcing a culture of transparency and mutual respect. A formal grievance handling mechanism ensures that employee concerns are addressed fairly, confidentially, and in a timely manner. In addition, a Whistleblowing Policy is in place to enable employees to report any suspected misconduct or unethical activities through secure and protected channels. No employee grievances were reported during the year, reflecting the effectiveness of these governance and engagement practices.

The Company actively encourages employee voice through multiple structured and informal communication platforms. These include annual town hall meetings where employees may raise concerns either anonymously or openly regular management forums, and department- and branch-level discussions, enabling consistent dialogue across all levels of the organisation.

Digital platforms further enhance accessibility and responsiveness. The HRIS system provides employees with a continuous channel to communicate with the Human Resources function, strengthening transparency, feedback mechanisms, and employee confidence in organisational processes.

3.2.3 Employee Engagement and Cultural Integration

- **Strengthening Workplace Collaboration & Inclusion**
  Employee engagement initiatives continued to focus on strengthening collaboration, inclusivity, and work-life balance. During the year, a department-wise team excursion programme was introduced, with dedicated allowances extended to all employees, including non-permanent staff, to promote team cohesion and interpersonal connection.

- **Post-Acquisition Integration & Cultural Alignment**
  Following the acquisition of Allianz Life Insurance Lanka Limited, A formal welcome and integration event brought together employees from both organisations, reinforcing shared values and the unified "One Team, One Vision" approach. This initiative played a key role in fostering cultural alignment, reinforcing shared values, and building a unified organisational identity, thereby strengthening the Company's social and relational capital.

- **Promoting Sports**
  SLI provides employees with the freedom and encouragement to engage in sports and recreational activities, including participation in the Company's cricket team. By creating space for voluntary sporting involvement, we promote physical well-being, teamwork, and stronger cross-functional relationships. Such initiatives contribute to a positive workplace culture, enhanced employee morale, and improved collaboration across the organisation.



Townhall meeting 2025



Allianz Life Insurance Staff Integration



Cricket Tournament

3.2.4 Rewards and Recognition

Our approach to recognising and valuing our people extends beyond traditional compensation. We have engineered a comprehensive rewards ecosystem that aligns with our core values and strategic growth objectives, emphasising both individual brilliance and the collaborative efforts that underpin our market leadership.

During the year, we celebrated the vital role of every team member through performance-driven bonuses, employee-centric events, and prestigious recognition ceremonies. These initiatives are designed to enhance morale while strengthening the unity and resilience of our workforce, positioning Softlogic Life for sustained, long-term success.

Long Service Recognition

At the Sales Awards 2025, we proudly honoured our long-standing colleagues in recognition of their years of dedicated service and contribution. Each of these veterans was presented with a gold medal as a symbol of our deep appreciation for their unwavering loyalty and their significant role in elevating Softlogic Life to its position as an industry leader. This celebration of legacy reflects our enduring commitment to fostering a "partner for life" relationship with our employees.



Honoured 18 employees with 20 years of experience for Legacy of Loyalty

3.3 Diversity, Equity & Inclusion

Our HR framework is anchored in a comprehensive suite of policies designed to institutionalise diversity and safeguard equal opportunity. *By strictly adhering to zero-tolerance protocols regarding discrimination, spanning gender, age and ethnicity. We maintain a high-integrity workplace. This commitment is evidenced by zero reported incidents of discrimination in 2025, validating our success in fostering a culture of absolute meritocracy and mutual respect.* [LA]

3.3.1 Female representation

We are dedicated to institutionalising gender equity by ensuring women have the resources and pathways to excel. By fostering an inclusive environment, we empower our female talent to drive innovation and contribute significantly to our broader organisational success.

Table 47: Female representation at designation category level

Designation Category	2025	2024
AGM and above	3	3
AM and above	95	68
Executives	200	158
Non-Executive	106	87
Total female employees	404	316
Board of Directors	1	1
Total	405	317

3.3.2 Supporting parenthood

SLI is committed to supporting employees through key life stages, including parenthood. The Company provides prenatal leave for both male and female employees, recognising the importance of shared parental responsibility and family support. Female employees are entitled to 100 days of maternity leave, exceeding the government-mandated requirement, followed by a flexible three-month work-from-home option to facilitate a smooth transition back to work.

100 Days

Additional maternity leave *(above government requirement)*

3 Months

Period with additional flexible working hours

Table 48: Details of return to work and retention after parental leave (Women)

	2025 LA	2024
Total no. of employees entitled to parental leave	*404*	316
Employees who took parental leave	*12*	6
Employees who returned to work after parental leave ended	*8*	4
Employees who returned to work after parental leave ended and who were still employed 12 months	*6*	7
Employees who took parental leave but leave period not ended as of 31st December	2	2
Return to work rate of employees who took parental leave	*100%*	100%
Retention rate of employees that took parental leave	*100%*	64%

3.3.3 Commitments towards gender parity

SLI is committed to building a robust pipeline of female talent by institutionalising equity across our recruitment, engagement, and development frameworks. We view the advancement of women into senior leadership as a strategic necessity, ensuring that diverse perspectives drive our highest levels of decision-making.

4Her: Driving Gender Inclusivity and Professional Excellence

At Softlogic Life, we believe that true innovation stems from a diverse and equitable workplace. Our flagship 4Her initiative is at the heart of our efforts to empower women across all levels of the organisation. In 2025, 4Her remained a cornerstone of our cultural framework, ensuring that diversity and safety are not just values, but lived experiences.



4. STRATEGIC IMPACT – OUTCOME

The effective management of human capital has delivered numerous positive outcomes for the organisation, as detailed below:

Organisational Performance

Refer page 15

Future-Ready Leadership

- Succession Plan
- Future ready trainings

Strategic Integration Success

- Successfully completed **100%** acquisition and integration of Allianz Life Insurance Lanka
- Achieved **18%** market share expansion during the year



GWP per employee (Mn)





5. RISKS AND CHALLENGES

During the year, the management of SLI encountered certain challenges in managing its Human Capital as follows.

Challenges	Why it matters	SLI Responses
Resilience to External Shocks – Economic volatility, and broader socio-economic challenges may adversely impact employee well-being, morale, and performance.	Sri Lanka's economic environment has fluctuated in recent years, ensuring workforce resilience and support systems (health, mental well-being, flexible working) builds organisational resilience.	The Company continues to strengthen workforce resilience through structured well-being initiatives flexible working arrangements, financial literacy support through knowledge sharing sessions, transparent leadership communication, and cross-functional capability development. These measures mitigate the impact of macroeconomic volatility and socio-economic pressures, thereby safeguarding employee engagement, productivity, and long-term value creation.
Improve employee productivity	The company continues to invest in AI, digital underwriting and customer engagement platforms. Aligning workforce skills and motivation with these initiatives is critical.	To enhance workforce adaptability during digital transformation, the Company implemented structured change management practices, strengthened digital and AI upskilling initiatives, aligned performance metrics with innovation objectives, and fostered transparent communication. These measures support higher engagement levels, accelerate technology adoption, and safeguard long-term value creation.

6. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Impact	Long-Term
Preventive Health & Wellness	Implement "Impact Wellness" initiatives promoting emotional, mental, and physical well-being practices by enabling employees to embody the organisation's preventive health and wellness brand promise.	Evolve HR function into a strategic well-being partner that actively manages workforce health, energy, and engagement, including the appointment of a dedicated Health and Safety Officer, to sustain long-term human capital value creation.
Personalised Products & Services	Targeted training in empathy-based selling and financial planning to enhance customer engagement and deliver more tailored insurance solutions.	Build specialised, tech-savvy teams to design new products using data analytics, enabling Cognitive Diversity across the workforce.
Digital Transformation & Insurtech	Advance AI-literacy training across all staff to ensure effective collaboration with automated and digital tools.	Develop a technology-augmented workforce where Agentic AI systems support routine operational tasks, enabling employees to focus on strategic & decision-making activities.
Sustainability & ESG	Integrate ESG targets into individual Performance KPIs to drive accountability for the 'Big Impact'	Develop a generation of leaders who balance the Triple Bottom Line (People, Planet, Profit)

7. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

HUMAN CAPITAL

The organisation maintains a robust framework to navigate the intersection of high-performance strategic goals and the long-term interests of our stakeholders:

Social & Relationship Capital:

+ Deep relationships generate through richer information on customer behaviour and High-touch service creates brand loyalists while AI-driven decisions significantly enhancing the "Caring" brand reputation.

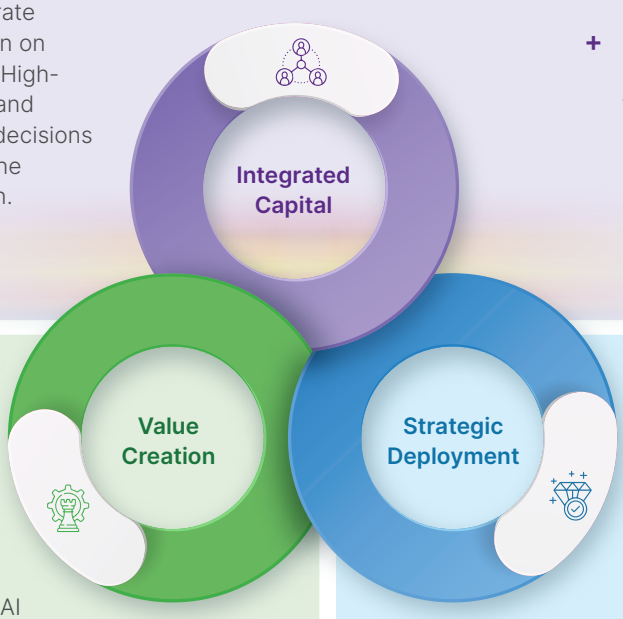
Intellectual Capital:

- Training fosters a mindset, leading to award-winning products while employee "know-how" is coded into AI algorithms, creating a unique Knowledge Asset that competitors cannot easily copy.

Financial Capital:

+ Automation reduces operational expenses, directly boosting the Net Profit Margin while skilled workforce navigates economic volatility, protecting the company from financial losses.

+ Impact on short term profitability stemming from investments in technology and trainings



Every daily task performed by our team is purposefully aligned with our mission to drive industry-leading growth:

- Employees are now using AI across the "value chain" from underwriting, claims to generation of MIS and decision making.
- 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.

Digital Transformation and Insurtech

Nurturing a Future-Ready Workforce

Our team doesn't just use technology; they master it. By quickly adapting to new AI and digital tools, our employees make insurance faster and easier.

Personalisation & Customer-Centric Products and Services

Precision-Driven Protection

Our sales and support teams treat every customer as an individual. They use data to offer the exact protection a family needs at the right time.

Sustainability and ESG

Driving Social & Environmental Stewardship

Our employees lead the way in being "green" and inclusive. From reducing paper to supporting a diverse workplace, they build a healthy, caring culture.

SOCIAL AND RELATIONSHIP CAPITAL

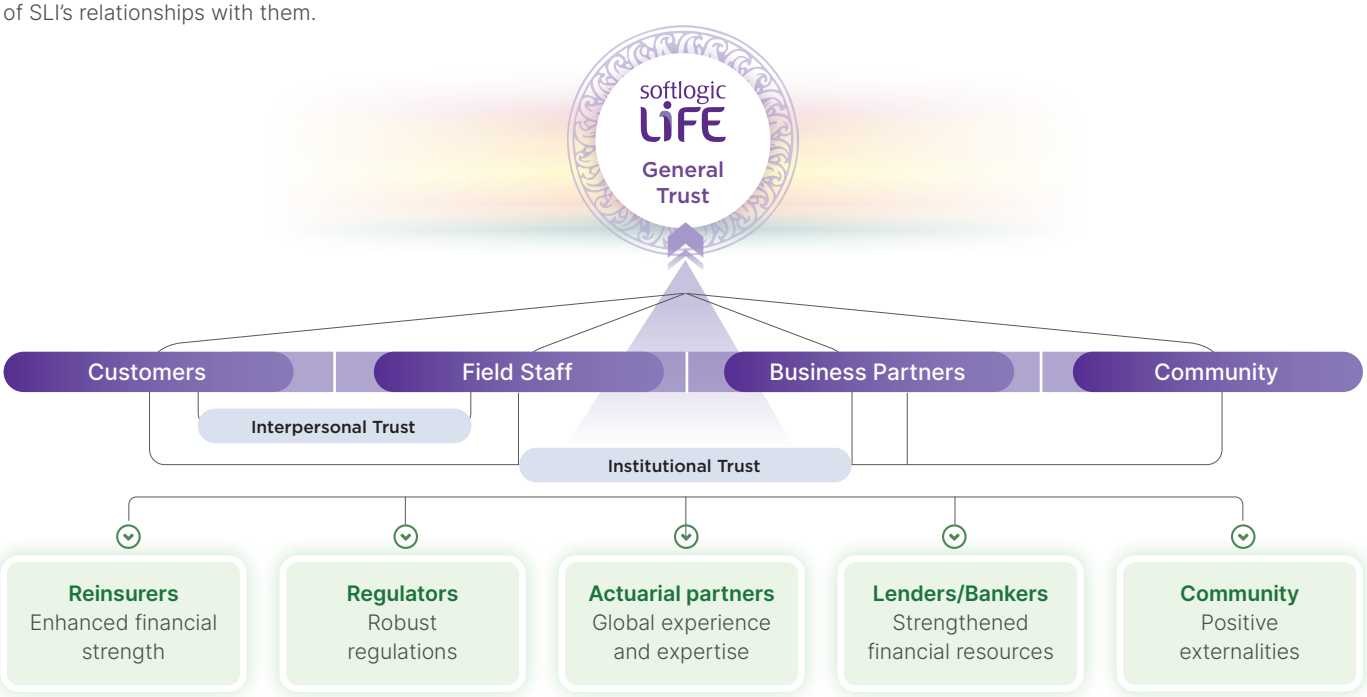
<IR> 2C

MANAGEMENT APPROACH

Trust is the cornerstone of our business, and we proactively manage our relationships with policyholders, regulators, intermediaries, and the communities we serve. Our approach is rooted in transparent communication, ethical sales practices, and robust customer grievance mechanisms. We engage with our community through targeted CSR initiatives that align with our business purpose. Our performance is assessed through metrics like our customer retention rates, the number of complaints received and resolved in a timely manner, and the impact assessment of our community development programmes

OVERVIEW OF SOCIAL AND RELATIONSHIP CAPITAL

The diagram presents the key stakeholder groups within our Social and Relationship Capital (SRC) framework and highlights the nature of SLI's relationships with them.



CUSTOMER

EMPOWERING CUSTOMERS THROUGH PROTECTION, INNOVATION AND TRUST

Throughout our history, we have taken bold and purposeful steps to create lasting impact, shaping progress and raising standards across Sri Lanka's life insurance industry.

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Diverse Product Portfolio
- Diverse Market Segments



Value Addition Mechanisms

- Product Development
- Product Responsibility
- Distribution Strategy
- Customer Complaint Management System
- Customer-Centric Innovation
- Brand Promise



Performance Milestones

- Customer Loyalty
- Customer Trust
- Customer Financial Well-being
- Sustained Growth



Strategic Impact

- Customer Retention



Nine Arch Bridge

The Nine Arch Bridge has stood quietly for decades, carrying journeys across valleys and through changing seasons. It does not rush; it simply holds, supports, and connects. Our relationship with customers is much the same. Every promise we make is another arch, carefully built, thoughtfully placed, designed to bear life's weight. Through uncertainty and growth, we remain the steady bridge between today's needs and tomorrow's security, walking every step of the journey together.

Introduced Sri Lanka's first comprehensive health insurance solution, expanding access to meaningful and modern healthcare protection.

Launched Sri Lanka's first Health Score framework, encouraging preventive healthcare and healthier lifestyles among customers.

Implemented Sri Lanka's first one-day claims settlement process, fundamentally shifting customer perception from complex claims to fast and reliable settlements.

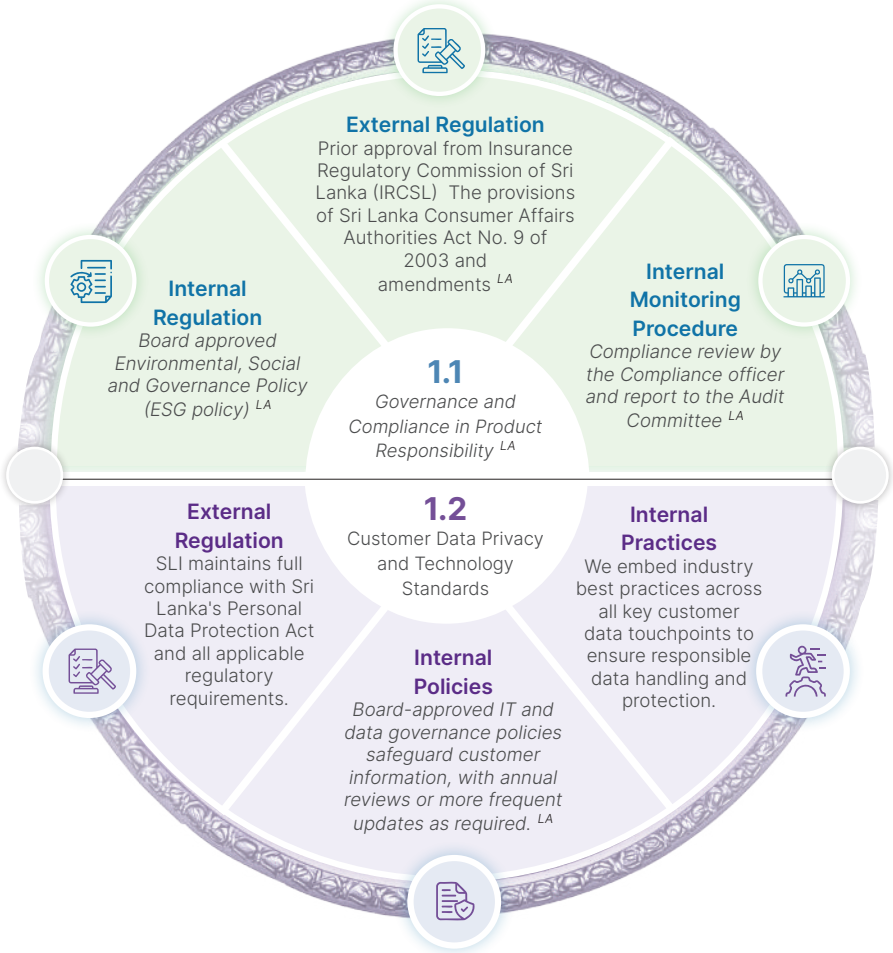
1. GOVERNANCE OF CUSTOMER CAPITAL

As a life insurer, product responsibility and customer data privacy are fundamental to our operations. Accordingly, we have established a comprehensive governance framework and robust compliance mechanisms to ensure responsible product practices and the protection of customer data.

IT policies at Softlogic Life [LA]

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*

This governance framework establishes a clear foundation for implementation, ensuring that approved policies are effectively translated into structured operational practices. The following section outlines how these principles are embedded in day-to-day processes, demonstrating their practical application across the organisation. [LA]



Practices to protect customer data privacy (HC-MC-230a.1)

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 IT Policies, data security measures and compliance.
Minimal Data Exposure	Only the minimum necessary information are processed or disclosed to fulfil the intended purpose.	
Employees, contractors, and third-party service providers	All categories are accountable for protecting personal information and adhering to privacy policies.	**Regular IT Risk Assessments** are conducted to evaluate IT systems for vulnerabilities. **A Budget** is allocated annually to strengthen our cybersecurity measures.
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.	**Incident Response Team** Softlogic Life has a designated group responsible for managing information security incidents including Chief Information Officer, Chief Risk Officer, IT and non-IT Personnel.
Regulatory Compliance & Incident Response	Sri Lanka's Personal Data Protection Act (PDPA) and other relevant laws.	
No Unauthorised Data Monetisation	Softlogic Life does not sell, rent, or license customer Personal Health Information and other Personal Data unless explicitly authorised by the individual or as allowed by law	



1.3 Strengthened Cybersecurity Resilience

SLI continues to identify, assess, and mitigate risks associated with cyber-attacks in line with its digitalisation and innovation strategy.

During the reporting period, there were no substantiated complaints from customers, regulators, or other stakeholders relating to breaches of customer data privacy, including data leaks, theft, or loss of client information. [LA] (HC-MC-230a.3)

2. THE STRATEGIC APPROACH TO ENHANCING CUSTOMER EXPERIENCES

Enhancing customer experience remains a priority, supported by a diversified product portfolio and targeted market segment coverage, as detailed below.

2.1. Diverse Product Portfolio

As one of Sri Lanka's top providers of life insurance, we serve both individual and corporate clients' needs.

Our dedication to ongoing product improvement guarantees that our products adapt to the shifting demands and expectations of consumers. Despite current economic constraints, we have proactively established initiatives to promote our products throughout the past year.

Product Portfolio

During the year, the Company continued to offer a diversified product portfolio encompassing life protection, savings, health-related solutions, and retirement-focused offerings, enabling customers to choose products aligned with their needs and affordability. In addition to core life covers, we provide a range of customised rider options designed to enhance flexibility and address specific customer protection requirements. These integrated rider solutions allow customers to tailor their coverage while ensuring comprehensive protection. A key milestone during the year was the successful acquisition and integration of Softlogic Life Insurance Lanka Ltd. (formerly Allianz Life Insurance Lanka Ltd.), which further strengthened and expanded the Company's product portfolio through the inclusion of additional life insurance offerings.

Product Portfolio Composition

The following section outlines our key product categories, with QR codes provided to access the complete range of products within each category.

2.2. Diverse Market Segments

o effectively address the diverse needs and preferences of our customers, we strategically segment the market based on key demographic factors, including age and income levels. This targeted approach enables us to design and deliver tailored solutions that align precisely with the specific requirements and financial goals of each customer group. By understanding the distinct risk profiles, savings objectives, and protection needs across different life stages and income brackets, we enhance the relevance and accessibility of our product portfolio. Serving customers across a broad socio economic spectrum reinforces our commitment to inclusivity and ensures that quality insurance protection is not confined to any single segment. This broad-based market participation strengthens our social impact, deepens customer relationships, and drives sustainable business growth. Ultimately, this segmentation strategy underpins our ability to remain responsive, competitive, and socially responsible within the evolving financial services landscape.

Product Portfolio Composition

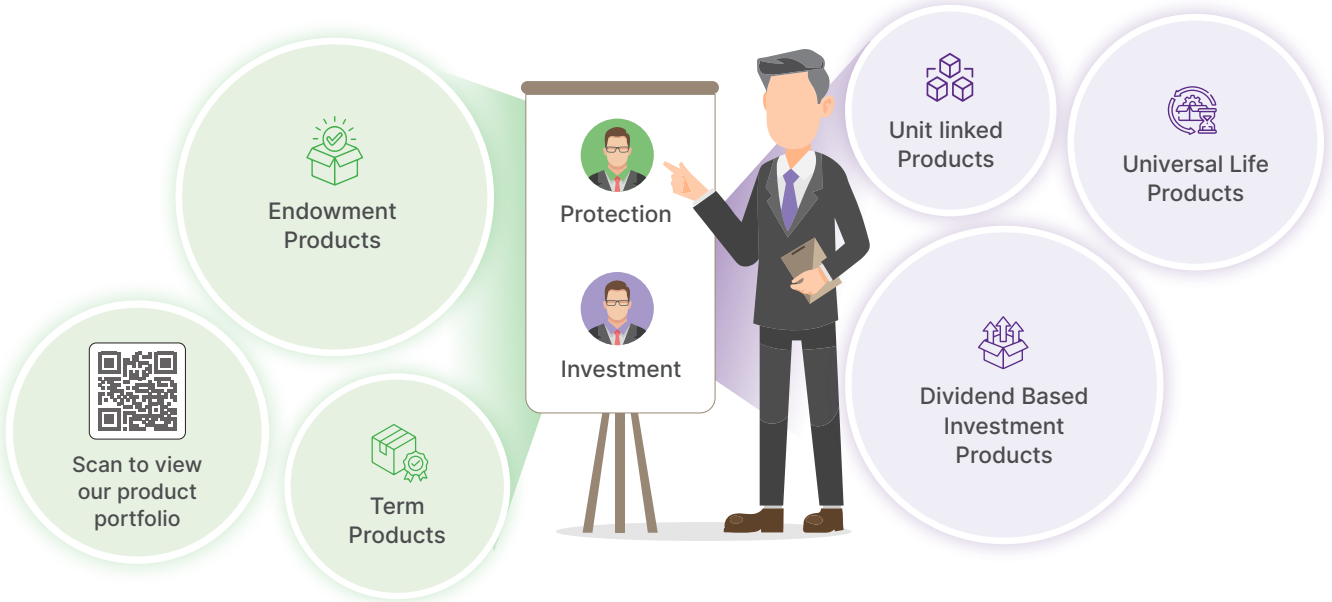
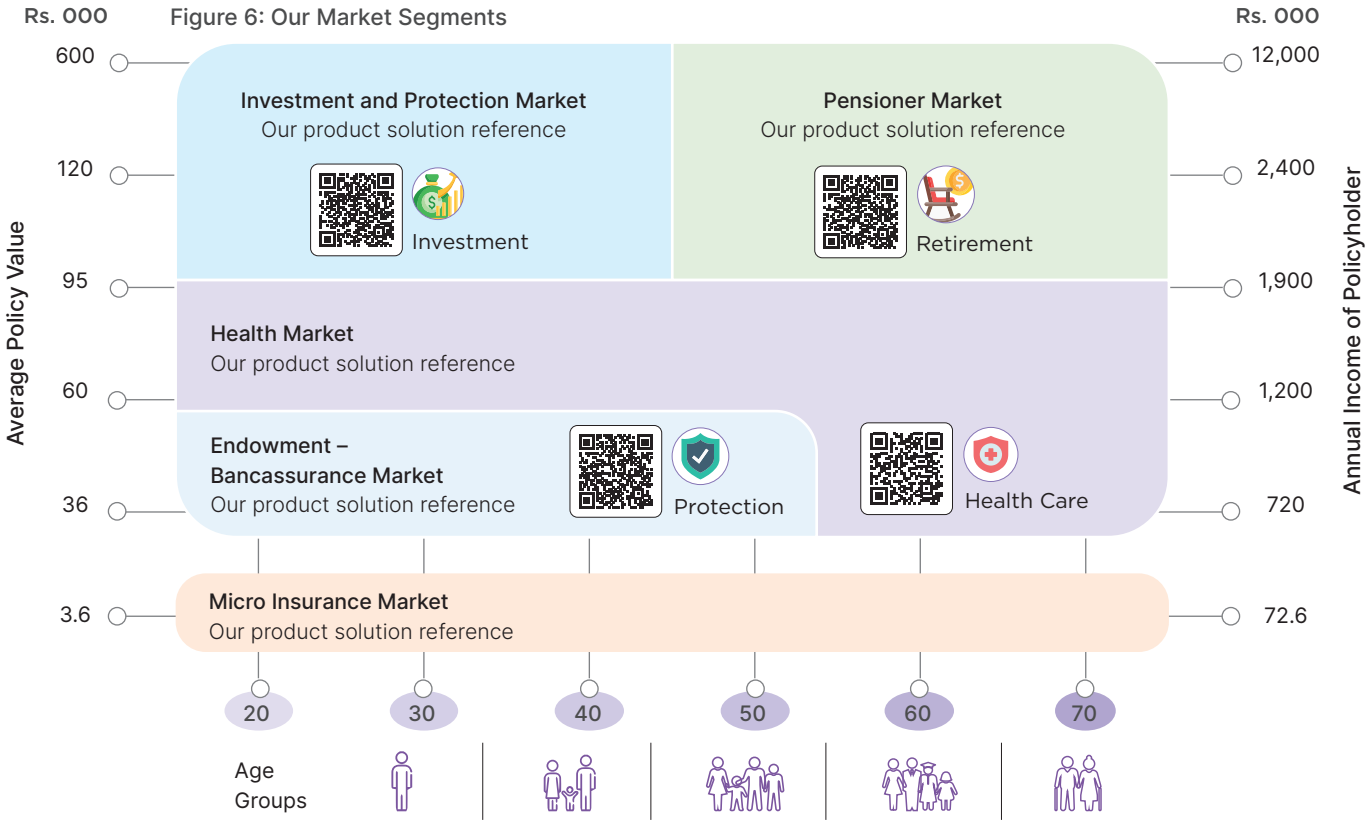


Figure 6: Our Market Segments



2.3 Wider Customer Reach with Strong Protection

Presented below is an overview of our customer reach, growth opportunities, and nationwide coverage.

Reach

744,864
Individual Customers

3,470
Corporate Customers

Protection Strength

1.5 Mn
No. of lives covered

880,706
Policies in force
(FN-IN-000.A)

Growth

192,333
New Polices



Rewarding Wellness, Strengthening Protection via Technology

(FN-IN-410b.2), (HC-MC-260a.4)

Health Score App reinforces our commitment to wider customer reach and stronger protection. Through a rewarding framework that incentivises good health practices and promotes preventive health, the app enables customers to actively monitor their personal well-being, deepening engagement and fostering long-term relationships, while supporting new policy growth and strengthening the overall protection we extend to lives covered nationwide.

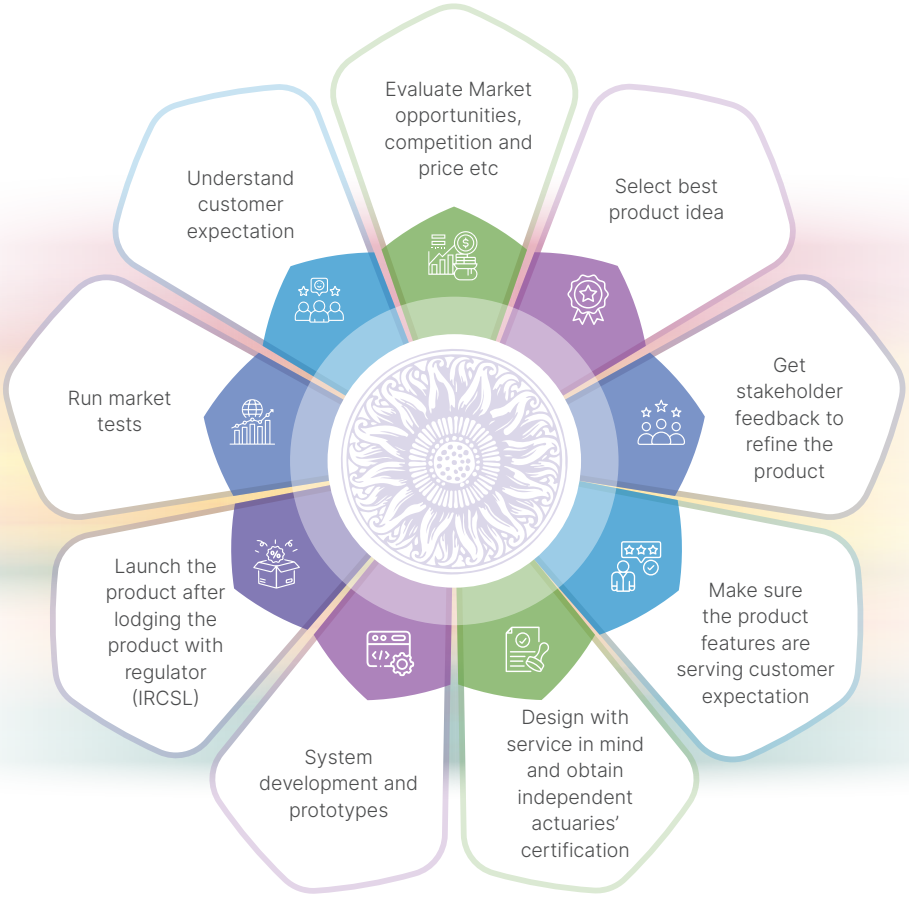
3. CUSTOMER VALUE TRANSFORMATION PROCESS

Customer value transformation is approached as a multi-stage process, spanning awareness, engagement, and conversion, and extending to long-term loyalty and advocacy. This process is supported by targeted product development, distribution capabilities, innovation, and a consistent brand promise that guides customer experiences.

3.1. Product Development

Our development strategy is built around fair pricing, competitive advantages, and transparency while also taking advantage of market opportunities in order to produce a distinctive and customer-focused product. As shown in the picture below, this structure guarantees that our products are in line with consumer demand and market trends.

Product Development Process



We employ a cautious underwriting strategy that takes pertinent morbidity and mortality into account. Pricing selections are carefully considered depending on a variety of parameters, such as an individual's age, health, and behavioural characteristics like vaping and smoking.

3.2. Product Responsibility

At Softlogic Life, we place a strong emphasis on open and honest communication in order to promote responsible client relationships. As stated on page 158, our products are designed within a robust regulatory and policy structure that guarantees compliance with both internal standards and external legislation.

Informing Customers on Products

(FN-IN-270a.4) / (HC-MC-240a.4)

Our sales representatives undergo extensive and structured training to ensure they provide precise, clear, and comprehensive explanations of product features at the point of sale. This includes transparent communication of policy benefits, terms and conditions, inclusions, exclusions, waiting periods, premium obligations, and surrender conditions. The objective is to empower customers to make informed decisions based on a full understanding of the product.

To further enhance customer awareness and accessibility of information, our representatives are equipped with brochures, benefit illustrations, key fact documents, and digital advisory tools that simplify complex insurance concepts. These tools ensure consistency, accuracy, and clarity in product disclosures.

Additionally, during the cooling-off cancellation period, our call centre agents proactively inform customers to read the policy conditions and information outlined in the policy documents such as policy exclusions, ensuring complete transparency.

Further strengthening this approach, our Policyholder Charter clearly outlines the rights and responsibilities of policyholders. It provides guidance on:

- The right to clear, accurate, and timely information prior to and after purchase

- Service standards and expected turnaround times
- Premium payment obligations and policy servicing procedures
- The claims process and required documentation
- Confidentiality and data protection commitments
- Complaint handling procedures and escalation mechanisms

By making the Policyholder Charter publicly accessible, we reinforce our commitment to fair treatment, ethical conduct, and accountability throughout the customer lifecycle.

3.3. Distribution Strategy

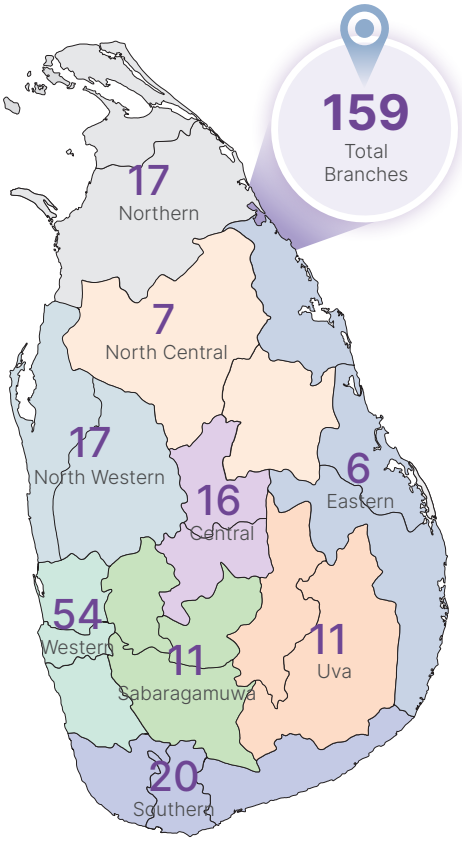
We tailor our distribution approach to address the distinct characteristics of each target market and customer segment. Our strategy is built around three core channels: Agency, Alternate, and Micro.

Policyholder charter QR

The Agency channel delivers personalised, one-on-one advisory services, primarily serving middle- to upper-income customers with tailored protection solutions. The Alternate channel focuses on corporate and institutional clients, providing customised insurance solutions designed to meet specific business requirements. Meanwhile, the Micro channel enhances financial inclusion by leveraging digital platforms, including mobile technology, to offer affordable and accessible insurance products to low-income segments.

Our Branch Network

Our extensive branch network enables us to serve clients across Sri Lanka with comprehensive nationwide accessibility. With a strong presence throughout the country, we continue to enhance convenience, strengthen customer engagement, and expand our reach to better meet evolving client needs.



Agency Channel

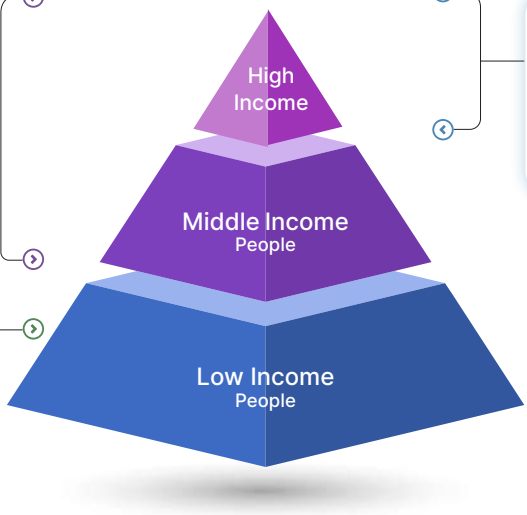
GWP (Rs. Mn)	25,059
GWP Growth	27%
Sales Staff	4,657

Refer Page 15 for further details

Micro Channel

GWP (Rs. Mn)	2,507
GWP Growth	35%
Sales Staff	19

Refer Page 15 for further details



Alternate Channel

GWP (Rs. Mn)	12,509
GWP Growth	25%
Sales Staff	578

Refer Page 15 for further details

Institutional Synergies Driving Nationwide Coverage

3.4. Customer-Centric Innovation

We continuously refine and strengthen our processes and systems to elevate the customer experience at every touchpoint. Our innovations establish new benchmarks within the Sri Lankan life insurance industry while remaining aligned with global best practices. Key achievements are detailed on page 18.

3.5. Brand Promise

We are committed to enriching the lives of Sri Lankans by delivering world-class life insurance solutions built on the promise: "You go live life to the fullest. We will take care of the rest."

This commitment guides every initiative we undertake, strengthening customer trust and supporting the sustained growth of our brand value. Further insights into our brand and its strategic significance are available in the Intellectual Capital section on page 182.

No monetary losses have been recorded as a result of legal proceedings associated with marketing and communication of insurance. **(SASB FN-IN-270a.1).**

3.6. Customer Complaint Management System

At Softlogic Life, we consider customer complaint handling to be an essential component of both business success and customer service. We have a specialised Customer Complaint Committee that actively handles complaints to guarantee prompt and fair solutions, reaffirming our dedication to enhancing customer satisfaction. Consumers can file complaints online, via social media, over the phone, or in person. We guarantee that all complaints are acknowledged within one day. The customer complain handling process is as follows.

Customer Complaint Resolved		Claims related Customer Complaint per 1000 claims	
92%	95%	0.10	0.09
2025	2024	2025	2024

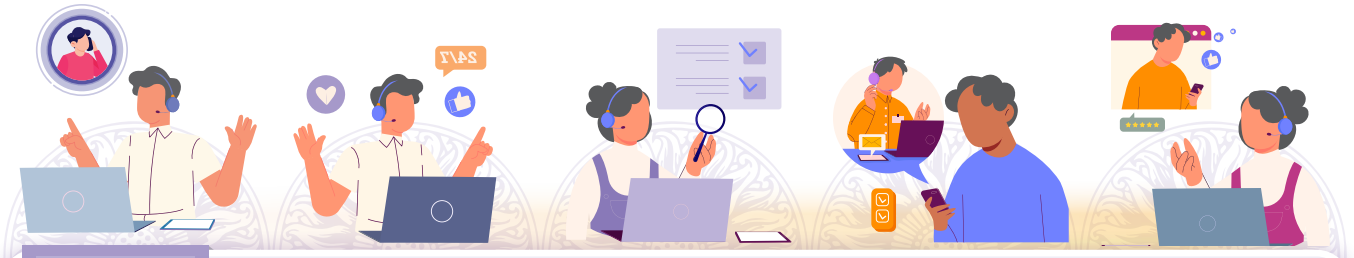
Table 49: Customer Complaints analysis – 2025

Description	Analysis
Total no. of complaints received	385
Total no. of complaints resolved	355
Complains resolution within the company	100%
Advisor Related	153
General Complaints	232

4. SUSTAINED SUCCESS THROUGH TRUSTED RELATIONSHIPS

4.1 Measuring our success

We measure our success under key pillars such as customer loyalty, customer trust, customer retention and sustained growth of the company. These pillars are aligned with key performance indicators (KPI) to effectively monitor and take informative actions. Below we discuss the performance of these pillars.



Lodging Complaints » Acknowledgement of the complaint by officer in charge » Assess and Investigate » Resolute » Close the complaint

	Customer Loyalty	Customer Trust	Customer Retention	Sustained Growth
How we define	The likelihood that an existing customer will recommend Softlogic Life to a potential new customer	Our ability to meet customers' primary expectation of paying legitimate claims effectively	The proportion of our customers remain with us as long-term clients	Sustaining business growth irrespective of external market conditions
KPI to monitor	• Net Promoter Score	• One day claims settlement ratio	• Customer retention rate	• 10 year CAGR of Company vs Industry
2025 results	NPS +57%	98%	88.7% (FN-IN-270a.3)	SLI 26% vs industry 16%
2025 Budget	N/A	>90%	85.4%	>20%
Assessment	●	●	●	●

4.2 Measuring our impact on customer

We have made big impact on customer financial and health well-being through our actions discussed under note no 3 which have been measured as discussed below.

Financial well-being of our customers:

We have set our internal processes and systems to ensure promptly paid customer claims to ensure our customer gets financial benefit when it is really needed. Accordingly, we have paid Rs 13.6 million as protection claims and Rs 6.5 million as maturity and surrender benefits.

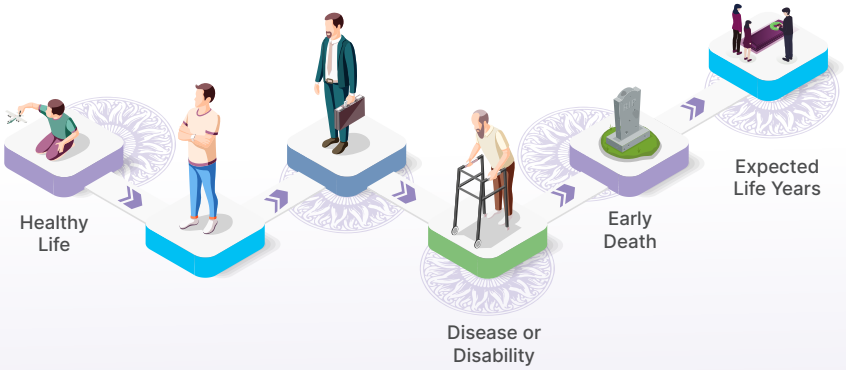
Claim Paid

2025	2024
20Bn	15Bn

Total health care insurance premiums spent directly on medical claims covering direct access to coverage

2025	2024
25%	27%

Redefining Protection for a Healthier Tomorrow



Our customers are central to our value creation journey. Through a growing and diverse policyholder base, we provide protection solutions that strengthen financial security and build long-term resilience for individuals and families.

In 2025, we further strengthened our impact by assessing the Disability-Adjusted Life Years (DALY) across our insured population, enabling us to measure how our protection solutions contribute to reducing health burdens.

In 2025, our policies **averted up to 5,000 DALYs**, translating to approximately **2.5 additional healthy life days per policyholder** compared to the national average. This reflects the tangible improvement in health security experienced by our insured population.

Further details on our DALY assessment and broader health impact are available on page 201.

4.3 Measuring impact on SLI

Highest Health Market Share in the Insurance Sector

SLI achieved the largest share of Sri Lanka's health insurance market and became the industry leader by offering innovative and effective solutions for customers. As a result, we held 35% of the health market share in 2025.

Recognition within the south Asian region

SLI was honoured with the titles of Best Life Insurance Company of the Year, Best Health Insurance Coverage of the Year, and Best Strategies for Insurance Coverage of the Year at the 6th Emerging Asia Insurance Awards 2025. These recognitions affirm our commitment to excellence through customer-centric innovations, robust processes, and procedures that promote long-term sustainability.

5. RISKS AND CHALLENGES

The management of SLI encountered numerous difficulties in managing our customer capital during the year. The following is a list of the effects and actions.

Challenges	Customer Loyalty
Customer Affordability & Policy Persistency Risk	Introduced flexible premium payment options Introduced hybrid insurance-investment solutions Deploy early-warning analytics to identify lapse-prone segments
Trust, Transparency & Claims Experience Risk	Strengthen claims turnaround time (TAT) and transparency Preventive health awareness initiatives • Dengue Campaign • Sharing e-Flyers through social media Publish claims settlement ratios to reinforce credibility

6 FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals	Long-Term
Preventive Health & Wellness	Promote preventive health among customers through the Health Score app and wellness-linked product benefits.	Integrate health behavioural data into underwriting for more accurate and personalised risk assessment.
Personalised Products & Services	Introduce structured post-claim and post-onboarding surveys. Expand digital feedback touchpoints across mobile and web platforms to enable faster, data-driven decision-making.	Develop a unified customer feedback ecosystem across all channels to enable personalised product recommendations and proactive service design.
Digital Transformation & InsurTech	Expand digital self-service capabilities through the LifeUp app and AI-powered customer service tools across all touchpoints.	Deliver fully digital, end-to-end customer journeys with real-time AI-driven advisory, claim resolution, and policy management capabilities.
Sustainability & ESG	Enhance product accessibility for underserved and low-income segments.	Embed ESG-aligned insurance solutions that support financial inclusion and community resilience.

7. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

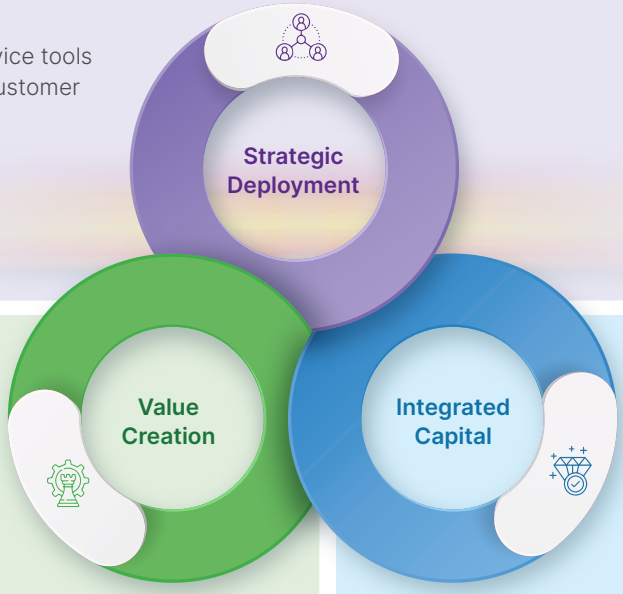
CUSTOMER

Preventive Health and Wellness
Emphasising preventive health solutions to support long-term well-being and improve customer satisfaction.

Personalisation & Customer-Centric Products and Services
Providing tailored solutions and seamless touchpoints to strengthen lasting customer relationships.

Sustainability and ESG
Fostering trust by operating responsibly and sustainably.

Digital Transformation and Insurtech
Using AI and digital self-service tools to enhance efficiency and customer experience.



Strategic Customer Alignment
Proactive engagement ensures alignment between customer needs and business objectives.

Customer-Centric Value Creation
Tailored initiatives generate mutual value and support sustainable growth.

Acquisition & Retention Focus
Structured strategies drive new customer acquisition and long-term relationships.

Lifecycle Management
Ongoing engagement across the customer journey enhances lasting value creation.

Financial Capital
+ 30% growth in renewal premium
+ 36% increase in net benefits and claims paid

Intellectual Capital
Advancements in digital innovations

Stronger brand awareness

SOCIAL AND RELATIONSHIP CAPITAL
BUSINESS PARTNER

<IR> 2C

Our business partner network represents a strategically interconnected ecosystem that supports distribution, risk management, operational execution, and regulatory integrity. Each partner category contributes specialised expertise and capabilities that strengthen our value chain and enhance organisational resilience. The sections that follow outline the nature of these relationships and how we engage each group to drive shared value and sustainable performance.



Galle Fort
Within the walls of Galle Fort, trade flourished because trust was shared. It was a place where different worlds met, collaborated, and built something lasting. Our partnerships are shaped in that same spirit. We grow stronger not in isolation, but alongside those who share our vision. Built on mutual respect and shared responsibility, these relationships allow us to stand firm, adapt together, and create value that endures far beyond a single transaction.

Expanded our agency distribution network by onboarding 1,000 agents through the acquisition of Allianz Life Insurance Lanka Limited,

Sri Lanka's first financial reinsurance agreement with Munich-re and USD 15 Mn subordinate debt from Norfund and OP Finnfund to support expansion.

Strategic collaboration with telco partners and the Postal Department strengthens nationwide distribution, ensuring broader market penetration and improved customer access across Sri Lanka.

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK

Strategic Capital Infusion

Relationship with diverse business partners

- Field staff
- Regulators
- Intermediary Partners
- Other business Partners

Value Addition Mechanisms

- Training and development
- Commitment to fair and equitable transactions.

Performance Milestones

- Field staff recognition
- Empowering local suppliers

Strategic Impact

- MDRT qualifiers
- No. of promoted field staff

RISK, CAPITAL & TECHNICAL PARTNERS
(Strengthening underwriting, financial resilience, and technical excellence)

- Re-insurance Partners
- Actuarial Partners

DISTRIBUTION & MARKET ECOSYSTEM PARTNERS
(Driving growth, access, and market presence)

- Field staff / Insurance Agents
- Institutional distribution partners (Postal Department, Telecommunication Companies, Bancassurance partners)
- Lender Partnerships
- Synergy with Softlogic Group

GOVERNANCE, SUSTAINABILITY & VALUE CHAIN PARTNERS (Ensuring ethical conduct, compliance, and operational integrity)

- Regulators
- Competitors
- Suppliers
- Other Business Partners



1. GOVERNANCE OF SRC - BUSINESS PARTNER

Commitment to Fair and Equitable Transactions

We are committed to fostering an inclusive and responsible business environment in alignment with Softlogic Life's internal policies, applicable laws, regulatory requirements, and established governance standards. Our engagements with business partners are conducted with fairness, integrity, and impartiality, ensuring transparent and ethical collaboration. We also uphold disciplined financial practices, including the timely settlement of obligations, reinforcing trust and reliability across our partner ecosystem. [LA]

2. DISTRIBUTION & MARKET ECOSYSTEM PARTNERS

Our Distribution & Market Ecosystem Partners include field staff, institutional channels, lender collaborations, and strategic group synergies drive growth and market reach through our. Empowered by digital enablement and strong alignment, these partnerships enhance customer access, productivity, and service excellence while strengthening our competitive position and sustainable value creation.

2.1 OUR FIELD STAFF

Our field force represents the frontline of our business and plays a pivotal role in driving sustainable growth. Through disciplined execution of well-structured strategic initiatives, they remain highly engaged and performance-driven despite evolving market challenges.

The field staff are instrumental in the marketing and sale of life insurance solutions, customer acquisition, policy servicing support, and sustained after-sales engagement, strengthening customer relationships and reinforcing our market presence. Their commitment to excellence has consistently translated into strong business outcomes, enabling SLI to outperform industry benchmarks over the past decade.

The field force operates under formal contractual arrangements and structured commission-based frameworks. Their activities are governed by clearly defined operational guidelines, performance monitoring systems, compliance protocols, and regulatory requirements.

2. OUR FIELD STAFF

FIELD STAFF COMPOSITION

The gender composition of our field team highlights our progress toward inclusive workforce participation. Continued focus on attracting, retaining, and developing female talent within sales functions reinforces our commitment to diversity-driven performance and sustainable growth.

	Male	Female
2025	2,674	2,005
2024	1,935	1,088

43% of female composition 2025

36% of female composition 2024

2,640 New Recruitments

803 Promotions

Attrition Rate

47% Company

53% Group

The head count of the field staff is based on the active status within internal operational systems at 31 December 2025.[LA]

The increase in field staff is attributable to the acquisition

TRAINING AND DEVELOPMENT

We prioritise continuous capability enhancement to ensure they are equipped with the skills and knowledge required to perform effectively to represents the frontline of the business and serves as the primary connection between the Company and its customers.

Through structured development programmes delivered via our Learning Management System (LMS), digital platforms, and a fully equipped training centre supported by industry specialists, we strengthen technical expertise, advisory competence, regulatory understanding, and customer engagement standards.



6,695 Training Hours

106Mn Investment

Fully Equipped Training Centre

LMS

The training programmes includes both professional and personal development programmes including Sales Capability & Distribution Excellence, Technical & Product Knowledge Development, Leadership & Management Development.

SALES STAFF RECOGNITION

Acknowledging Field Excellence Creating Lasting Impact: External Recognition

With their exceptional performance and commitment, our field employees continue to establish standards for excellence.



Seven of our outstanding team members were honoured for their outstanding accomplishments at the SLIM National Sales Awards 2025

Celebrating Frontline Moves: Internal Recognition

At Softlogic Life, we take great pride in honouring and appreciating our sales team for their remarkable work, which accelerates change both inside the organisation and the insurance industry. We honour these outstanding achievers with a renowned yearly Sales Convention.

Sales convention 2025 honoured nearly 446 top achievers whose infinite grit and drive contributed significantly to Softlogic Life's standing in the industry.



REWARDING EXCELLENCE BEYOND THE WORKPLACE

The Power of One: Welcoming Our New Advisors

New Advisor Day 2025 brought together advisors recruited in the first half of the year, united under the theme “The Power of One.



New business competition winner’s celebrations

To recognise and motivate outstanding performance, we organise exclusive incentive trips and engagement gatherings for our top-performing advisors. These experiences go beyond traditional rewards, fostering team spirit, strengthening professional networks, and reinforcing a culture of excellence. By celebrating success in meaningful and memorable ways, we inspire sustained high performance and deepen loyalty across our sales force.



MDRT QUALIFIERS

The top performers in the life insurance and financial services sector are represented by MDRT (Million Dollar Round Table) qualifiers, who are renowned throughout the world for their outstanding customer service, ethical standards, and sales performance. Our MDRT qualifiers at Softlogic Life are raising the standard, sparking innovation and reaffirming our commitment to providing our clients with top-notch financial protection.

Qualifying category	2025	2024
TOT Qualifiers	5	3
COT Qualifiers	16	13
MDRT Qualifiers	281	227
Total Qualifiers	302	243

In 2025, our sales force recorded a significant milestone under the LIMRA International Quality Awards.

This accomplishment reflects the strength of our advisory standards, leadership excellence, and commitment to quality and persistency. It underscores our continued focus on professionalism and sustainable growth across the distribution network.



2.2 INSTITUTIONAL DISTRIBUTION PARTNERS

THREE CHANNELS. ONE UNIFIED IMPACT

By partnering with telecommunication providers, the postal system, and banking institutions, we repositioned our outreach from standalone messaging to embedded communication naturally occurring within customers’ everyday interactions. These partnerships demonstrate our capacity to connect with a broader customer base, highlighting our potential for growth.

Telecommunication Partner

Connecting Protection Through Digital Reach

17% FYP Contribution

32% GWP growth

+18 Mn Digital Reach

Bancassurance partners

Integrating Protection with Financial Confidence

03% FYP Contribution

34% GWP growth

+18 Strategic Bank Partners
+4500 Branch Access Points

Postal Department

Extending Insurance to Every Corner of the Nation

07% FYP Contribution

33% GWP growth

+4,000 Rural Access Points
25 District Coverage

2.3 Lender Partnerships

Global impact investors Norfund and OP Finnfund have collectively disbursed USD 15 million in subordinated debt, renewing their financial support following the successful repayment of the previous facility. This funding strengthens our capital base and positions the Company to effectively capitalise on emerging opportunities, sustaining our growth momentum.

2.4 Synergy with Softlogic Group

As a member of the diversified Softlogic Group, SLI derives significant value from strong group synergies. In particular, its partnership with Sri Lanka's leading healthcare provider plays a pivotal role in its value creation strategy. Through cross-industry collaboration, brand alignment, and economies of scale enabled by bulk procurement, this Allianz enhances SLI's market positioning, operational efficiency, and overall competitive strength.

3. RISK, CAPITAL & TECHNICAL PARTNERS

Our Risk, Capital & Technical Partners strengthen underwriting discipline, capital adequacy, and long-term financial resilience. Through close collaboration with reinsurance and actuarial experts, we enhance pricing accuracy, risk selection, reserving integrity, and regulatory compliance ensuring sustainable profitability, balance sheet strength, and technical excellence across our insurance portfolio.

3.1 Re-Insurance Partners

Reinsurance remains a cornerstone of our risk management and capital optimisation strategy. By transferring selected risks to financially strong and reputable global partners, we enhance balance sheet resilience, improve capital efficiency, and reinforce long-term financial stability. These partnerships allow us to operate within defined risk parameters while supporting sustainable growth.

The strategic contribution of our reinsurance partnerships to value creation is as follows.

Area	Strategic Focus	Value Delivered to SLI
Risk Transfer	Diversified treaty and facultative arrangements	Optimised risk retention and reduced earnings volatility
Capital Management	Structured reinsurance solutions	Enhanced capital efficiency and solvency position
Underwriting Support	Technical collaboration and risk assessment expertise	Improved pricing accuracy and portfolio quality
Product Innovation	Co-development of specialised and complex products	Expanded market offerings and competitive differentiation
Claims Management	Large loss support and claims advisory	Strengthened financial resilience and customer confidence
Market Intelligence	Access to global insights and emerging risk trends	Improved preparedness for evolving risk landscapes

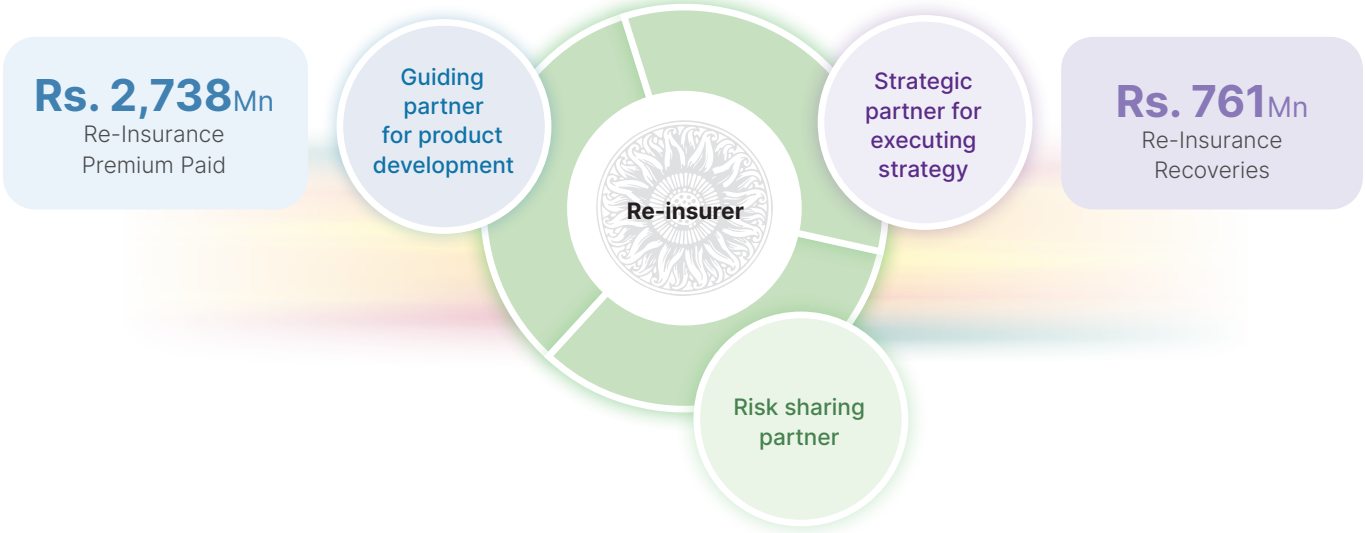


Table 50: Our Reinsurance Panel

Reinsurer	Logo	Credit Rating		Years of experience	Profile As at 31.12.2024 Total Assets (Bn)
		(A.M. Best)	(FITCH)		
Munich Re		A+	AA	145	€ 112
SCOR		A	A+	54	€ 37
AXA PPP Healthcare Ltd		A+	-	40	$ 654
Canopius Managing Agents Limited (Lloyd's Syndicate Number 4444)		A-	AA–	44	$ 7
SiriusPoint International Insurance Corporation		A -	A	30	$ 13
AllianzSE		A+	-	135	€ 137
RGA		A+	-	51	$ 119

3.2 Actuarial Partners

Softlogic Life Insurance PLC partners with globally renowned actuarial specialists, Messrs. Willis Towers Watson India Private Limited, is a subsidiary of Willis Towers Watson, a multinational consultancy organisation. This collaboration is essential to price plans, product development, and liability assessments. These actuarial partners make a substantial contribution to the company's value creation process by utilising their global experience, which guarantees sound financial decision-making and long-term success.

4. GOVERNANCE, SUSTAINABILITY & VALUE CHAIN PARTNERS

Our Governance, Sustainability & Value Chain Partners uphold the highest standards of ethical conduct, regulatory compliance, and operational integrity. Through proactive engagement with regulators, suppliers, and industry stakeholders, we promote responsible practices, transparent reporting, and sustainable procurement—strengthening trust, accountability, and long-term value creation across our ecosystem.

4.1 REGULATORS

Our regulatory ecosystem includes the Insurance Regulatory Commission, Colombo Stock Exchange, Securities and Exchange Commission, financial reporting standard setters such as CA Sri Lanka, and other applicable statutory and regulatory authorities. These institutions play a direct and active role in shaping our governance framework, reporting standards, and operational practices.

Through strict regulatory compliance, SLI strengthens stakeholder confidence, safeguards policyholder interests, and ensures financial stability. Adherence to capital, governance, and reporting standards enhances transparency, risk discipline, and operational credibility—reinforcing our license to operate while supporting sustainable growth and long-term value creation

Furthermore, we maintain active memberships in key industry bodies that enable us to create broader impact through our business while ensuring our practices remain aligned with emerging trends, evolving standards, and best-in-class industry developments.

Association Membership [LA]

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)*

5. COMPETITORS

The Sri Lankan insurance market remains highly competitive, comprising 13 life insurers and two composite insurers as at the reporting date. Limited product differentiation and relatively low market penetration continue to intensify competitive dynamics across the industry. In this environment, competition is viewed

not as a constraint but as a catalyst for progress, driving higher benchmarks and elevating industry standards. This perspective enables continuous improvement, innovation, and sustained advancement.

6. COMMITMENT TO ETHICAL COMPETITION AND MARKETING

Softlogic Life actively participates in ethical competition, concentrating on improving internal capabilities as opposed to trying to affect external market conditions. To stay ahead of the competition, our approach centres on bolstering our key skills.

Accordingly, we maintain ethical marketing techniques by guaranteeing transparency, protecting the privacy of consumer data, and immediately addressing customer concerns. In order to build confidence with our clients, we are dedicated to upholding integrity in all of our communications and avoiding making exaggerated or false statements.

7. SUPPLIERS

To ensure seamless service delivery, the company engages a diverse range of suppliers, including equipment providers, technology vendors, facility management providers, and other operational support service partners.

2.85Bn
Payment for Local Suppliers

53%
of supplier payments made to local suppliers [LA]

8. OTHER BUSINESS PARTNERS

We comprehend the significance that our consultants, media partners, carriers, and security services are to our business environment. We strengthen our dedication to operational excellence and improve our value creation process by cultivating solid, mutually beneficial connections with these stakeholders.

9. RISKS AND CHALLENGES

Throughout the year, SLI's management encountered numerous difficulties in overseeing our Business Partner Capital. The following is a list of the effects and actions.

Risks	SLI Responses
Talent Retention & Capability Risk : Increasing industry competition for high-performing agents and technical professionals may result in talent attrition and skill gaps.	• Structured career progression and performance-linked incentives • Continuous training, digital enablement, and professional certification • Succession planning and leadership development • Strong engagement and recognition frameworks
Technological changes: Rapid advancements in AI and automation impacting traditional insurance sales models.	• Strategic investment in AI-enabled underwriting and customer engagement tools • Hybrid advisory model integrating digital and human touchpoints • Continuous technology upgrades and cybersecurity strengthening

10. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals »	Long-Term »
Preventive Health & Wellness	Collaborate with business partners to develop climate-resilient and health-focused insurance products. Integrate wellness value propositions into bancassurance channel offerings.	Build co-developed wellness-integrated product pipelines, leveraging SLI's HealthScore and preventive health capabilities.
Personalised Products & Services	Upskill field staff and MDRT members on empathy-based, data-informed financial advisory.	Enable all distribution partners to deliver hyper-personalised insurance solutions through AI-powered digital advisory tools.
Digital Transformation & InsurTech	Introduce a digital-first upskilling programme for field staff.	Transform the partner ecosystem into a fully AI-enabled distribution network.
Sustainability & ESG	Ensure full regulatory compliance across all partner channels. Embed ESG expectations into supplier and partner engagement frameworks.	Build a resilient, sustainability-aligned partner ecosystem that prioritises ethical conduct, environmental responsibility, and long-term shared value.

As part of its commitment to responsible business practices and community development, the Company prioritises engagement with local suppliers. *For the purpose of reporting, a local supplier is defined as a business entity that is registered and operates within Sri Lanka.*

The Company's operation is based only in Sri Lanka, and accordingly, procurement activities are primarily conducted within the country. By sourcing goods and services locally, the Company contributes to strengthening domestic value chains, supporting small and medium-sized enterprises (SMEs), generating employment opportunities, and promoting inclusive economic growth.

11. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

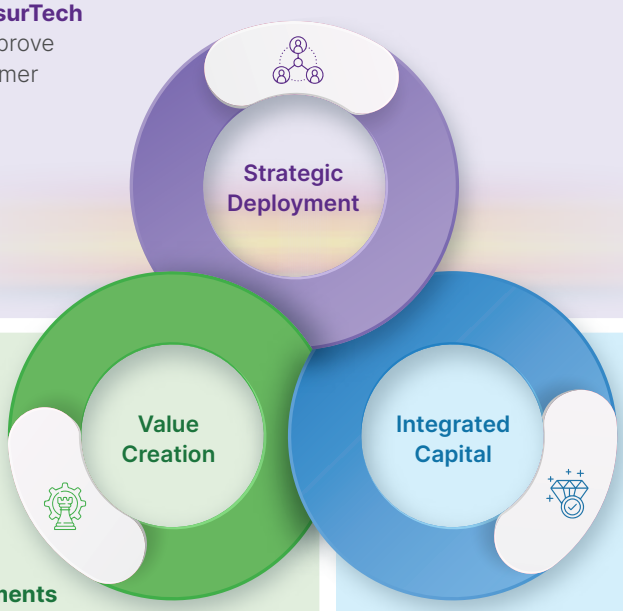
BUSINESS PARTNERS

Preventive Health & Wellness
Partnering with healthcare providers and reinsurers to expand preventive solutions and support long-term well-being.

Personalisation & Customer Centric Product and Services
Working with agents and bancassurance partners to deliver tailored products and services.

Sustainability & ESG Integration
Integrating ethical and sustainable practices into partnerships to drive long-term value.

Digital Transformation & InsurTech
Using digital platforms to improve efficiency, speed, and customer experience.



Strategic Partnerships for Growth
Driving sustainable business growth through strong collaborations.

Mutually Beneficial Engagements
Ensuring operational excellence and long-term sustainability.

Innovation & Service Excellence
Enhancing service quality to build greater business partner trust and loyalty.

Partner Development
Investing in training, technology adoption, and strategic alignment.

Social & Relationship Capital
+ 9% increase in operating expenses
+ 9% increase in reinsurance premium

Financial Capital
+ 27% Growth in GWP (Gross Written Premium)
+ 9% Rise in Expenses

Natural Capital
+ Increase in green investment opportunities and new investor segments

SOCIAL AND RELATIONSHIP CAPITAL
COMMUNITY

<IR> 2C

TURNING PROTECTION INTO SOCIETAL PROGRESS

At Softlogic Life, we go beyond protection to create purpose. By empowering communities, expanding access, and redefining how life insurance is perceived, we transform financial security into a catalyst for confidence, dignity, and lasting societal progress.



Village Gam Maduwa

A Village Gam Maduwa comes alive when everyone gathers, not as individuals, but as one community. Each person plays a part, and together they create something meaningful. That is how we see community: interconnected lives, shared hopes, and collective strength. Our role is to stand alongside, offering support that helps families, neighbourhoods, and livelihoods thrive. Because when a community is supported, everyone moves forward, together.

Introduced a **positive, empowerment-driven marketing approach**, moving beyond traditional fear-based life insurance messaging.

Introduced **microinsurance** solutions to expand affordable life insurance access for underserved and low-income communities.

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Relationship with diverse business partners
- Combating Corruptions
- Preventing social issues
- Regular Compliance oversight



Value Addition Mechanisms

- Ethical and socially responsible marketing
- Protection of customer rights



Performance Milestones

- Enhancing community well-being



Strategic Impact

- No. of micro insurance paid
- Claims paid for micro insurance policyholders

UNGC 10

1. GOVERNANCE OF SRC – COMMUNITY

As a life insurance provider, our community impact primarily arises through our underwriting decisions, investment activities, and financial intermediation. While our direct environmental footprint is limited, our capital allocation and market conduct influence broader social and economic outcomes.

To manage these responsibilities, we maintain Board-approved policies including, but not limited to, the following:

1) *Environment, Social and Governance Policy* LA
2) *Whistleblower Policy* LA
3) *Fraud Risk Management Policy* LA
4) *Anti-Money Laundering and Counter-Terrorist Financing Policy* LA

These mechanisms mitigate social and regulatory risks, promote ethical conduct, and safeguard stakeholder trust reinforcing our social license to operate and supporting sustainable value creation within our Social & Relationship Capital.

1.1 Responsible Underwriting and Investment

Through the Environmental, Social and Governance (ESG) Policy, the Company integrates responsible business principles into underwriting and investment decisions. An established exclusion list prohibits insuring or investing in activities associated with forced or child labour, illegal trade, environmental destruction, hazardous materials, weapons and ammunition, pornography, and other socially or environmentally harmful sectors.

This approach ensures that financial capital deployment does not contribute to adverse social impact within the communities we serve.

1.2 Ethical Conduct and Speak-Up Mechanism

SLI promotes a culture of integrity and transparency through its **Whistleblower Policy**, which encourages employees, agents, and stakeholders, including public community to raise concerns at the earliest opportunity without fear of retaliation.

The policy provides secure reporting channels to address matters including breaches of policy, misconduct, corruption, fraud, misappropriation, harassment, unethical behaviour, or regulatory non-compliance. All reported matters are reviewed confidentially and addressed in accordance with established investigation procedures, with appropriate corrective, disciplinary, or legal action taken where necessary. By enabling early identification and resolution of issues, the framework strengthens accountability and protects stakeholder confidence.



1.3 Anti-Corruption and Fraud Risk Management

Risk-Based Assessment Approach

SLI adopts a risk-based approach in assessing operational processes to identify suspicious activities. High-risk areas including premium handling, intermediary activities, underwriting, and claims are assessed more frequently, while lower-risk processes are reviewed by the Internal Audit team at proportionate intervals. This ensures that monitoring intensity aligns with inherent risk exposure.

Risk Oversight and Control

Our **Fraud Risk Management policy** identifies risk-prone areas across internal operations, intermediary channels, and policyholder interactions. Clear accountability is defined across governance levels:

- **Board Risk Committee** – Oversight, review and approve the policies
- **Management** – Control environment, segregation of duties, monitoring mechanisms
- **Internal Audit** – Independent investigations with reporting to Management and the Board Audit Committee
- **Employees & Advisors** – Mandatory reporting of suspected misconduct

Fraud and Bribery Prevention Strategy

SLI prevents fraud and bribery through a structured framework grounded in regulatory compliance, risk management practices, strong corporate governance, and the promotion of an ethical culture.

Incidents Reported During the Reporting Period

During the reporting period, SLI recorded zero confirmed incidents of corruption. Accordingly, no employees were dismissed or disciplined for corruption-related matters, no contracts with business partners were terminated due to corruption violations, and no public legal cases relating to corruption were brought against the Company or its employees. LA

A limited number of fraud-related cases involving field staff were reported and investigated.

UNGC 10

Table 51: Fraud-Related Cases Involving Field Staff

Type	Category	No. of cases received	No of cases settled	Proved as frauds
Customer complaints	Misappropriations	33	26	0
	Misconducts/ misleading	69	61	2
	Other	2	2	0
Total		104	89	2
Internal investigations	General Inquiries	50	48	3

1.4 Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF)

As a regulated life insurance provider facilitating premium collections, policy benefits, surrenders, and other financial transactions, SLI recognises potential exposure to money laundering and terrorist financing risks.

This AML/CTF policy applies to all employees, agents, intermediaries, vendors, and business partners engaged with SLI and supports the integrity of our financial operations, protects policyholder interests, and strengthens our responsibility within the broader financial system.

SLI maintains a Board-approved AML/CTF policy with quarterly reporting to the Board and oversight by the Audit Committee. A designated Chief Audit and Compliance Officer, supported by a Three Lines of Defense model, oversees enterprise-wide assessments conducted quarterly. Non-compliance is subject to strict disciplinary action, supported by comprehensive record-keeping and independent Internal Audit review.

Incidents Reported During the Reporting Period

During the reporting period, no regulatory breaches relating to AML/CFT were identified, reflecting the effectiveness of SLI's compliance framework and control environment.

1.5 Policy Awareness, Communication & Training

We communicate the policy and its key insights to stakeholders and offer training sessions to ensure its effective integration.

Stakeholder Group	*Awareness & Communication Mechanism* [LA]
Board & Governance	Policies are reviewed and approved annually by the Board.
Employees	• Digital flyers with simplified policy content communicated via email • Full policy documents accessible through the Company intranet • Laptop wallpaper pop-up messages and internal text notifications reinforcing key compliance messages • Mandatory annual online compliance training
Advisors	• Weekly compliance posters and reminders shared via the E-Advisor App • Prohibited actions and ethical expectations communicated during advisor training programmes
PCU Offices	• Compliance messages integrated into the "Click for Pay" application interface • Supported through internal text notifications
Public & Stakeholders	• Whistleblower contact details publicly available on the Company website to enable confidential reporting of suspicious activities

1.6 Regulatory Compliance Oversight

The compliance officer at Softlogic Life actively monitor all statutory payments and regulatory requirements, providing the Board with monthly reports. The organisation's dedication to rigorous adherence to regulatory standards is demonstrated by the fact that there were no penalties or infractions pertaining to compliance concerns throughout the year.

Beyond regulatory compliance and statutory oversight, our governance approach extends to the responsible management of our workforce and the promotion of inclusive employment practices across the organisation.

2. INCLUSIVE EMPLOYMENT AND EQUAL OPPORTUNITY COMMITMENT

As a life insurance provider operating across Sri Lanka, SLI engages a workforce of over 5,000 individuals, including employees and field staff drawn from diverse communities. Through this broad employment base, we contribute meaningfully to economic participation and livelihood generation within the society we serve.

In doing so, we remain committed to fostering an inclusive and equitable work environment free from discrimination. We respect gender equality, promote fair treatment, and support decent work opportunities across all levels of the organisation. Employment decisions are guided by merit, capability, and performance, ensuring that diversity and inclusion remain integral to our organisational culture and long-term value creation.

Non-Discrimination Practices Enforcement

SLI is committed to maintaining a fair, inclusive, and respectful workplace where dignity and equal opportunity are fundamental principles. Our Human Resources policies are designed to prevent discrimination and ensure equitable treatment in recruitment, promotion, training, and performance management.

During the reporting period, no incidents of discrimination were recorded, reflecting our continued commitment to fostering a diverse and inclusive workplace environment.

Extending these principles beyond our internal operations, we also uphold the same standards of integrity, fairness, and responsibility in how we engage with customers and the broader community through our marketing and communication practices.

3. ETHICAL AND SOCIALLY RESPONSIBLE MARKETING

At Softlogic Life, we are committed to conducting marketing activities with integrity, transparency, and social responsibility. Our approach ensures that all communications are fair, accurate, and respectful, fostering consumer trust while supporting sustainable, long-term relationships with our stakeholders.

3.1 Ethical Advertising Practices

In a dynamic and interconnected marketplace, advertising plays a vital role in building meaningful relationships between businesses and consumers. Recognising its influence, SLI is committed to ensuring that all marketing communications are ethical, culturally sensitive, and socially responsible.

We uphold principles of transparency, accuracy, and integrity in our advertising, ensuring that all content complies with applicable legal and regulatory standards. Our communications are designed to provide clear and truthful information, avoiding misleading claims or exaggerated representations. We also adhere strictly to fair competition principles, maintaining responsible conduct that protects consumer trust and public confidence.

Commitment to Responsibility, Accountability, Transparency and Fairness

Our marketing and product practices are guided by strong principles of responsibility, accountability, transparency, and fairness.

Our marketing campaigns are accompanied by transparent communication, ensuring that customers receive accurate and balanced information about our products and services. We avoid fear-driven messaging and instead focus on raising awareness about the importance of financial protection, helping customers make informed decisions to secure their long-term financial well-being.

CHOOSING HOPE WHEN IT MATTERED MOST

As Sri Lanka continued its recovery from a period of economic and social uncertainty following the Ditwah effects, Softlogic Life concluded the year with “Me Rate Minissu”, a nationwide communication initiative that welcomed 2026 with renewed confidence and optimism.

The campaign paid tribute to the resilience, warmth, and indomitable spirit of the Sri Lankan people, highlighting everyday stories of perseverance, kindness, and collective strength. By closing the year with a unifying message that looked firmly toward the future, Softlogic Life reaffirmed its role as a trusted life insurer, one that not only safeguards financial security, but also inspires belief, hope, and shared progress toward a better tomorrow.



Incidents Reported During the Reporting Period

No incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship. **(FN-IN-270a.1)**

4. LEGAL CLAIMS

For more information on legal claims, please refer to page 180 of this report.

5. STRENGTHENING NATIONAL HEALTH AND SOCIAL RESILIENCE

Beyond responsible operations, SLI actively contributes to strengthening social outcomes through its focus on health and wellness. As a life insurer operating within Sri Lanka's broader healthcare ecosystem, we support financial protection mechanisms that reduce the social and economic burden of illness.

6. ENHANCING COMMUNITY ECONOMIC WELL-BEING

Supporting the economic well-being of communities is a core part of our business approach. Through our micro-distribution channels, we offer life insurance solutions that are affordable, innovative, and relevant, making insurance accessible to a wider segment of the Sri Lankan population. These initiatives strengthen financial protection while also creating income-generating opportunities within communities. By designing insurance products specifically for low-income groups, we help improve living standards and encourage greater financial inclusion. Our micro insurance portfolio has made a meaningful impact on industry by extending life insurance coverage to underserved communities.

471,717
No. of micro insurance policies sold

Rs. 385 Mn
Claims paid for micro insurance policy holders

7. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals	Long-Term
Preventive Health & Wellness	Expand community health awareness programmes and leverage the HealthScore app to promote preventive health.	Integrate community wellness outcomes into product design, CSR strategy, and ESG reporting.
Personalised Products & Services	Enhance the ability to access insurance for underserved communities.	Develop inclusive insurance solutions for low-income and rural communities.
Digital Transformation & InsurTech	Expand digital access points and mobile-first engagement for community stakeholders.	Build digitally inclusive communities where insurance awareness, access, and servicing are available to all Sri Lankans regardless of geography or income level.
Sustainability & ESG	Strengthen ESG governance to ensure the social and environmental well-being	Increase the quality of lives in communities

~USD 58 Mn
Societal value created

Represents the estimated societal value generated through reduced out-of-pocket medical expenses and enhanced household financial resilience.

~5,000 DALYs
averted (2025)

Softlogic Life policies helped reduce the burden of illness by preventing disability-adjusted life years, reflecting improved health and financial protection outcomes.

~USD 15 Mn
Relived Public Health Pressure

Private healthcare access facilitated through policies helped ease pressure on Sri Lanka's public health system.

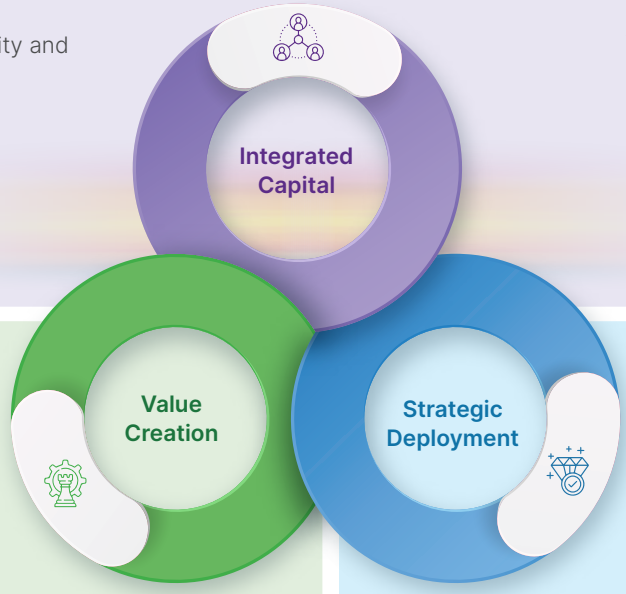
8. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

COMMUNITY

Social & Relationship Capital
- Strengthened community trust and stakeholder engagement
- 35% growth in micro-insurance business
- Enhanced brand credibility and customer loyalty

Intellectual Capital
- Strengthened brand value
- Improved customer confidence and market positioning

Financial Capital
- 27% increase in Gross Written Premium (GWP)
- Expanded revenue streams through inclusive insurance solutions



- Expanding inclusive insurance solutions to enhance financial protection for underserved communities.
- Promoting health and wellness initiatives that support preventive care and social resilience.
- Building community trust to strengthen brand reputation and corporate credibility.
- Supporting education, awareness, and financial literacy for sustained societal impact.
- Strengthening partnerships with reinsurers, financial institutions, and technology providers to enhance risk management and sustainable growth

Preventive Health & Wellness
We support community well-being through preventive health initiatives that enhance long-term social resilience and reduce future vulnerability.

Digital Transformation & Insurtech
Technology-enabled solutions enhance accessibility, streamline service delivery, and expand insurance inclusion across diverse population segments.

Personalised & Customer-Centric Solutions
Through active engagement and data-driven insights, we design tailored insurance solutions that respond to evolving community needs.

Sustainability & Esg Integration
Our community-focused ESG initiatives align long-term business growth with responsible social and environmental stewardship.

INTELLECTUAL CAPITAL

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MANAGEMENT APPROACH

We manage our intellectual capital by continuously innovating to meet evolving customer needs and enhance operational efficiency. Our approach centres on developing proprietary systems, safeguarding our brand reputation, and fostering a culture of innovation that has led to industry-first digital solutions. We protect our intellectual property and track the effectiveness of our investments through indicators such as the number of new products launched, customer adoption rates of digital services, and brand value recognition from independent industry awards recognition.



Ancient Irrigation Engineering: Yoda Ela

Yoda Ela, or Jaya Ganga, flows with quiet precision, its near-invisible gradient carrying water across great distances with remarkable accuracy. A triumph of foresight and calculation, it was engineered to serve generations. Intellectual capital works the same way: insight structured into systems, strategy applied with care, and ideas guided steadily toward enduring, long-term value.

300+ Agentic AI workforce work together with our employees

Recognition as **Asia's best AI initiative,** signify our impactful innovations

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Relationship with stakeholders
- Innovation Capability & R&D Investment
- Relational Capital (Distribution Networks)
- Structural Capital (AI Platforms, proprietary Systems)
- Brand value



Value Addition Mechanisms

- Fostering Innovation Through R & D
- Strengthening Distribution Networks
- Advancing Digital Infrastructure Capabilities
- Enhancing Brand Presence
- Unique Training Modules



Performance Milestones

- AI-enabled claims processing system
- Increase in distribution touchpoints
- Improved brand ranking
- AI literacy modules introduced



Strategic Impact

- Reduced claims turnaround time
- Industry recognition
- Strengthened competitive resilience
- Brand Excellence
- Enhanced market value
- Growth in sustainable profitability

1. GOVERNANCE OF INTELLECTUAL CAPITAL

Intellectual capital is critical to the Company's ability to innovate, enhance underwriting and claims efficiency, strengthen customer engagement, and maintain competitive differentiation. Intellectual capital is therefore managed as a long-term value driver, balancing current performance delivery with sustained capability development across the short, medium, and long term.

The governance and management of intellectual capital are structured through a clearly defined oversight framework that links Board accountability with executive execution and operational integration to drive sustainable long-term value creation.

1.1 Governance & Board Oversight

The Board of Directors remains accountable for intellectual capital stewardship within its oversight of strategy, enterprise risk management, and disciplined capital allocation. Through the Board Risk Committee the Board reviews the strategic alignment and expected return profile of digital and innovation investments, monitors cybersecurity resilience and data governance effectiveness, oversees the ethical and responsible deployment of artificial intelligence, and evaluates emerging technology risks relative to the Company's defined risk register. This oversight ensures that financial capital is prudently deployed to strengthen intellectual assets while safeguarding long-term value creation capacity.

1.2 Executive Stewardship & Enterprise Integration

Executive stewardship of intellectual capital is led by the Chief Digital Innovation Officer and supported by a dedicated digital transformation team responsible for advancing AI integration, automation architecture, analytics capability, and enterprise-wide digital enhancement.

1.3 Technology Governance & Information Security Oversight

A structured IT governance and data protection framework underpins the Company's digital ecosystem, safeguarding platforms, ensuring regulatory compliance, and preserving data integrity. These policies detailed in the Social and Relationship Capital section provide disciplined oversight over technology deployment and digital risk management (refer page 158).

The framework addresses key risks including cybersecurity threats, system obsolescence, and operational disruption through continuous monitoring, and control validation. Performance oversight is supported by defined indicators such as automation efficiency metrics, turnaround time improvements, innovation milestone achievement, and cybersecurity trend analysis.

This governance discipline ensures that digital advancement remains secure, controlled, and strategically aligned, strengthening operational resilience and supporting sustainable long-term value creation.

2. MANAGING OUR INTELLECTUAL CAPITAL

To preserve and enhance Intellectual capital, the Company has implemented structured governance, strategic investment, and risk management mechanisms designed to strengthen operational efficiency, support business model execution, and sustain competitive differentiation in an evolving external environment.

2.1 Strategic Relationship with Stakeholders

The Company's approach to intellectual capital value creation is significantly influenced by the quality of relationships maintained with key stakeholders, including employees, customers, investors, business partners, and the wider community.

Insights derived from structured stakeholder engagement processes are systematically integrated into product development, underwriting refinement, service enhancement, and strategic decision-making. By embedding stakeholder-driven knowledge into organisational systems, analytics frameworks, and innovation processes, the Company strengthens its institutional knowledge base and enhances long-term value creation capacity (Refer page 58 for stakeholder engagement process).

2.2 Pioneering Innovation through Research and Development

Softlogic Life's research and development philosophy is anchored in a culture where innovation is systematically encouraged and institutionally supported. The Company promotes continuous experimentation, data-driven refinement, and technology-led process redesign as part of its structured R&D agenda rather than ad-hoc improvement efforts.

This disciplined innovation framework has enabled the development of proprietary digital solutions and process enhancements that improve efficiency across the entire insurance value chain from underwriting and policy administration to claims management and customer servicing. Through automation, advanced analytics, and integrated digital platforms, the Company has reduced turnaround times, strengthened decision accuracy, optimised cost structures, and enhanced operational resilience.

Investment in Innovation (Mn)



2025



2024

2.3 Driving Operational Excellence Through Digitalisation

Building on prior system enhancements, we further strengthened our digital ecosystem by accelerating digitalisation and innovation across the entire insurance value chain as shown below. This integrated approach enhanced responsiveness to evolving customer behaviours, emerging regulatory expectations, and rapid technological advancement.

Value Chain Area	Initiative / Platform	Description / Innovation Focus	Strategic Impact / Outcome
Onboarding & Underwriting	DTAP Digital Bank System	Digital onboarding and underwriting platform	Strengthened market leadership and improved operational agility
	E-advisor (1st time in Sri Lanka)	End-to-end proposal digitisation	100% digital proposal processing; improved processing efficiency
	Data Scientist integration to underwriting (1st time in Sri Lanka)	Traffic Light predictive model to forecast policy lapses	Enhanced risk assessment and retention strategy through data intelligence
Claims	InstaClaim (1st time in Sri Lanka)	SL's first Instant OPD Claims App	40% of claims processed through AI; turnaround improved from 1 day to 1-2 minutes softlogic LIFE instaclaim
	Claim-it (1st time in World)	AI-driven automation of cashless hospitalisation claims	Turnaround time reduced from 1 hour to 1 minute Turn Around Time 1 hour » 1 minute
	Honouring the Right Claim	Ethics-based AI models for duplicate and suspicious claim identification	Eliminated manual review hours (approx. 300 daily human hours saved); strengthened fraud governance **Duplicate Claims Identified** 2025 – **2.9Mn** 2024 – 1.3Mn **Alteration Claims** 2025 – **1.48%** 2024 – 0.35%
Servicing	Life-Up (1st time in Sri Lanka)	SL's first Life Insurance mobile application	Enhanced customer accessibility and digital engagement
	Human & Digital Employee Collaboration	Robotic Process Automation (e.g., payments, bank reconciliation)	Improved back-office efficiency and process accuracy
	AI Sentiment Analysis	AI-driven customer service monitoring	Enhanced service responsiveness and experience management
	Own LLM & Agentic AI	+ 300 AI agents and workflows in production	Lifey AI 20% overall efficiency improvement; embedded enterprise intelligence

2.4 Advancing Digital Infrastructure Capabilities

Investment in digital infrastructure and related intangible assets during the year supported system modernisation, analytics capability expansion, and cybersecurity reinforcement. The following key digital infrastructure initiatives have been instrumental in advancing SLI's transformation roadmap.

- Automation of Signature Verification
- InstaClaim app
- e-Advisor
- Health Score app
- Lifeup
- Robotic process automation
- Omni-Channel
- Claimit
- Microsoft Azure OpenAI
- Digital Workplace







2.5 Other Processes and Cutting-Edge Technological Solutions Introduced to the Industry

Objective	Application / Initiative	Purpose & Strategic Contribution
Customer Experience & Claims Excellence	AI-Based Claim Settlement	End-to-end AI automation of claims processing enabling instant CEFT payments, reduced turnaround times, and improved customer trust.
	Preventive health through Health Score App	AI-powered wellness tracking solution promoting proactive health management and customer engagement.
	Fully Automated Savings Plan Journey	Seamless digital onboarding, instant receipts, and automated policy issuance enhancing customer convenience.
	Automated Signature Verification	Secure digital verification improving servicing efficiency and customer convenience.
Data & Decision Intelligence	Fraudulent Identification Module	AI-driven duplicate and anomaly detection strengthening claims governance and system integrity.
	PowerBI & Qlik Dashboards	Real-time analytics deliver business insights, claims trends, and operational visibility.
	AI-Powered Annual Report Analyser	Automated interpretation of financial reports supporting advanced data intelligence.
	Sanctions Screening & Stakeholder Due Diligence Platform	Real-time screening of customers, suppliers, and stakeholders against global sanctions lists, strengthening regulatory adherence, governance integrity, and reputational risk management.
Workforce & Productivity Enablement	LMS (24/7 Digital Learning Platform)	Continuous digital capability development reducing reliance on physical training infrastructure.
	Co-Pilot & Agentic AI	Enterprise AI agents enhancing decision support and overall productivity.
	Workflow Automation Tools	Automation of 50+ daily operational processes improving productivity and cost efficiency.

2.6 Strengthening Distribution Networks

In 2025, strengthening distribution capability remained central to enhancing market penetration within a highly competitive and mature insurance landscape. The Company advanced beyond incremental expansion strategies by focusing on structural growth, capability integration, and knowledge-driven market engagement to reinforce business model resilience and long-term value creation.

Acquisition of Allianz Life Insurance Lanka Ltd

A key milestone in this transformation was the acquisition of Allianz Life Insurance Lanka Ltd, marking a significant step in the Company's growth trajectory. The acquisition expanded Softlogic Life's distribution footprint by integrating experienced advisors, established operational systems, and long-standing customer relationships. This integration enhanced scale efficiencies, strengthened brand visibility, and accelerated penetration across targeted geographic and customer segments, contributing to revenue growth capacity and market share expansion.

Introduction of Research-Focused Sales Unit

In parallel, the Company introduced a research-focused sales unit designed to enhance market intelligence within the distribution framework. This specialised team applies data-driven insights and structured market research methodologies to identify emerging customer behaviours, segment-specific needs, and opportunity clusters. By embedding knowledge-centric sales practices into frontline engagement, the Company strengthens product positioning, improves advisor effectiveness, and enhances customer acquisition efficiency.

The combination of expanded distribution reach and knowledge-driven sales execution reinforces intellectual, human, and social capital while supporting sustainable financial performance. Through disciplined integration and continuous capability enhancement, the Company strengthens its competitive positioning and ensures adaptability to evolving market conditions.

3. ENHANCING BRAND PRESENCE

During 2025, Softlogic Life strengthened its brand equity through strategically aligned initiatives designed to support business growth, digital transformation, and societal impact. Brand investments were purpose-driven and integrated with the Company's broader value creation strategy, focusing on predictive healthcare awareness, youth engagement, national disease prevention advocacy, child well-being, and cultural unity.

Through this integrated approach, Softlogic Life continued to position itself not merely as an insurer, but as a trusted partner in enabling healthier, more secure, and more resilient communities contributing to sustainable long-term value creation for all stakeholders.

WHAT MADE US UNIQUE?

- Sponsorship for Olympian Athlete
- Sponsorship for elite school Rugby teams in the 2024/25 schools Under 19 Rugby League.
- "Dengeez & Chikky G" – Chikungunya Awareness campaign
- BadExamples – Children's Day Social Reflection Initiative
- Hope Carols – A Message of Unity and Resilience

"ME RATE MINISSU" REBUILDING THE NATION CAMPAIGN

During 2025, as Sri Lanka navigated a period of economic and social uncertainty following the Ditwah cyclone effects, Softlogic Life implemented the nationwide "Me Rate Minissu" campaign to promote unity, resilience, and renewed confidence. The initiative celebrated the warmth and perseverance of Sri Lankan communities, highlighting everyday stories of strength and kindness. Through this purpose-driven communication, the Company strengthened emotional brand affinity, reinforced stakeholder trust, and enhanced Social and Relationship Capital, supporting sustainable long-term value creation.



Scan this QR code to see the campaign video

3.1 Compliance and Ethics

3.1.1 Ethical Marketing

Ethical marketing continues to serve as a cornerstone of Softlogic Life's brand and business practices. Prior to the launch of any marketing or communications initiative, proposals are meticulously evaluated by the Marketing and Communications team against rigorous ethical standards to ensure integrity, transparency, and fairness. This process safeguards the trust and confidence of customers, stakeholders, and the broader community. The Head of Marketing holds ultimate accountability for ensuring that all activities consistently align with these principles, reinforcing the Company's commitment to responsible and credible brand communication.

3.1.2 Industry Recognition

A. Awards and Accolades

Excellence In Corporate Reporting	Excellence in Branding	Excellence in Business	Excellence in Customer Service	Innovation and use of Insuretec
The only stand-alone company to be awarded amongst the TOP 03 for five consecutive years at CA TAGS AWARDS 2025 Gold Award for overall excellence in integrated reporting at CMA AWARDS 2025	Service brand of the year 2025 at SLIM Brand Excellence 2025 Dragons of Asia 2025 Awards - Gold Award in Media category for Children's Day campaign Dragons of Sri Lanka 2025 Awards - Gold Award for Children's Day campaign	Ranked among Sri Lankas Top 40 Businesses by business today magazine. Youngest in the top 50 most valuable brand in Brand Finance Awards 2025	Emerging Asia Insurance Awards 2025 - two awards for Best life insurance company of the year and best health insurance coverage of the year	Emerging Asia Insurance Awards 2025 - Best innovation led by Technology and Insuretec's Sri Lanka Awarded as AI initiative of the year 2025 at Asia Insurance Awards

3.1.3 Brand

A. Our Brand Promise

Refer Social and Relationship Capital on page 164 for information of our brand promise.

B. Our Brand Philosophy

Our brand philosophy reflects purpose-driven commitment to enhance the quality of life of all Sri Lankans. The brand is strategically positioned not merely as a provider of life insurance, but as a proactive enabler of health, protection, and long-term financial security. Its progression to become the second largest life insurer in Sri Lanka demonstrates the strength of its brand equity, customer trust, and innovation-led differentiation.

To consistently reinforce this positioning, SLI adopts an integrated communication strategy various channel. Through purpose-led messaging and ethically governed brand communication, SLI ensures alignment between its strategic intent, stakeholder expectations, and market presence thereby strengthening relational capital and sustaining long-term brand value.

Our communication channels

- Mass Media
- Outdoor Visibility
- Digital Channel
- Social Media

C. Softlogic Life Brand Value

33
Rank

3,210
Value (LKR Mn)

(Source – Brand Finance Top 100, 2025)



4. RISKS AND CHALLENGES

Risk	SLI Response
Cybersecurity the increasing reliance on advanced digital tools and cloud-based platforms heightens exposure to cyber threats and system vulnerabilities.	The Company continues to invest in advanced cybersecurity technologies, including AI-driven threat detection, data encryption, and multi-factor authentication, to strengthen data protection and system resilience. In parallel, structured cybersecurity awareness programmes are conducted to equip employees with the knowledge and skills required to identify, prevent, and mitigate cyber risks, thereby reducing human-related vulnerabilities.

5. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals	Long-Term
Preventive Health and Wellness	Accelerate AI-driven enhancements strengthening underwriting precision, claims efficiency, and predictive health analytics capabilities. Develop targeted wellness programmes encouraging healthier lifestyles and early disease detection among policyholders.	Lead the market through AI-driven innovation and advanced health risk modelling solutions. Establish Softlogic Life as the preferred partner for comprehensive health management beyond traditional insurance coverage.
Personalisation and Customer-Centric Products & Services	Deploy real-time data analysis, predictive risk assessment, and workflow optimisation tools to enhance customer engagement and service responsiveness.	Deliver hyper-personalised insurance solutions through expanded AI integration and advanced behavioural analytics.
Digital Transformation and InsurTech	Transform all business units into AI-enabled Smart Departments	Build SLI's own LLM and agentic AI ecosystem as a proprietary intellectual asset
Sustainability	Operate under defined governance, ethical, and oversight frameworks for AI deployment, ensuring transparency and fairness in algorithm-driven decisions. Enhance climate risk disclosures and integrate sustainability metrics into performance management.	Build a secure, data driven enterprise with strong cybersecurity, enhanced compliance intelligence, and future ready digital talent. Achieve measurable reductions in environmental footprint while deepening social impact through inclusive insurance solutions.

6. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

INTELLECTUAL CAPITAL

FINANCIAL CAPITAL

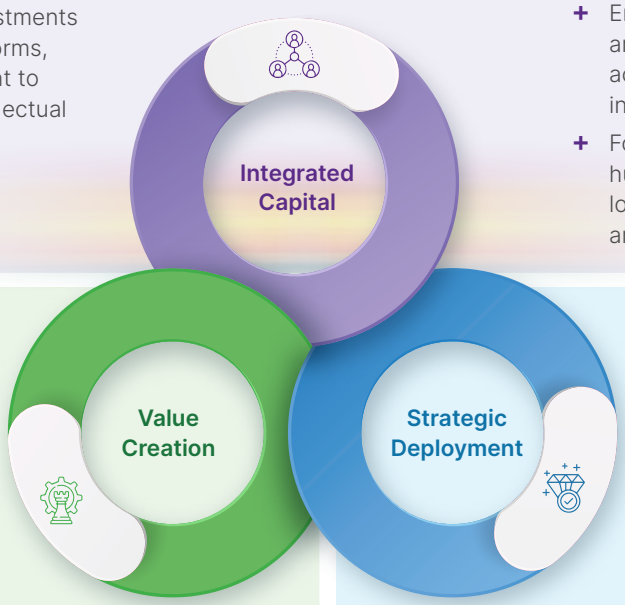
+ Sustainable profitability growth driven by AI-enabled knowledge-based underwriting and claims management.
+ Improved cost efficiency and margin expansion through automation, process intelligence, and scalable digital infrastructure.
- Short-term financial trade-offs arising from strategic investments in AI systems, digital platforms, and capability development to strengthen long-term intellectual assets.

SOCIAL & RELATIONSHIP CAPITAL

+ Enhanced stakeholder trust and confidence through data transparency, predictive insights, and responsible AI governance.
+ Strengthened engagement with customers and business partners via intelligent digital platforms and personalised, knowledge-driven service delivery.
+ Improved accessibility and service consistency across physical and digital touchpoints.

HUMAN CAPITAL

+ Strengthened workforce capability through AI literacy programmes, advanced analytics training, and continuous digital upskilling initiatives.
+ Enhanced employee productivity and decision quality through access to knowledge systems and intelligent automation tools.
+ Fostered a culture of innovation and human–AI collaboration, reinforcing long-term organisational learning and adaptive capacity.



Knowledge & Analytics Advancement

- Enhanced predictive accuracy in underwriting and claims
- Stronger fraud detection and risk intelligence

Innovation & Process Optimisation

- Improved operational efficiency through automation
- Real-time data-driven decision-making capabilities

Customer Insight & Engagement

- Deeper behavioural insights and personalised service delivery
- Strengthened customer trust through transparency and reliability

Sustainable Innovation Governance

- Responsible AI oversight and regulatory alignment
- Long-term resilience through knowledge-driven adaptability

Preventive Health and Wellness
Development of AI-powered predictive health models, Health Score analytics, and data-driven risk profiling systems to enable proactive health management and early risk identification

Personalisation and Customer-Centric Products & Services
Advanced data intelligence and life-stage analytics to design tailored insurance solutions, enhance underwriting precision, and deliver personalised customer journeys.

Digital Transformation and InsurTech
Enterprise-wide AI integration, automation architecture, fraud analytics engines, secure cloud infrastructure, and real-time decision-support systems embedded across underwriting, claims, and engagement platforms.

Sustainability
Integration of ESG analytics, responsible AI governance frameworks, and environmentally conscious technology infrastructure to ensure long-term resilience and ethical innovation.

MANUFACTURED CAPITAL

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MANAGEMENT APPROACH

Our physical infrastructure including our head office, network of regional branches, and digital platforms forms the backbone of our service delivery. We are committed to maintaining these assets to ensure uninterrupted service and a positive customer experience. Our approach includes regular upgrades to our branch network, investment in reliable and secure IT infrastructure, and a business continuity plan that safeguards our operations against disruptions. We measure our effectiveness through metrics like system uptime, branch accessibility across districts, and the pace of technological adoption in our customer interactions.



Victoria Dam

Victoria Dam stands as a testament to what can be built when vision meets engineering. It channels immense natural force into steady, reliable power that supports daily life. Manufactured capital reflects this tangible strength, assets thoughtfully constructed, maintained with diligence, and designed to serve communities over time. It is structure that provides reassurance, and infrastructure that turns ambition into dependable reality.

Expanded our geographical presence through a network of 46 branches, strengthening nationwide accessibility and enhancing our ability to serve customers across Sri Lanka.

Robust digital infrastructure enabling world class innovation and transformative customer solutions.

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Strategic capital deployment into branch and technology infrastructure
- Expansion of physical distribution network
- ERP backbone (Oracle) and enterprise digital systems
- AI-enabled underwriting and claims platforms
- Business continuity and disaster recovery frameworks



Value Addition Mechanisms

- Digitalisation and workflow automation
- Standardisation of operating procedures across branches
- Continuous system upgrades and preventive maintenance
- Governance oversight and disciplined asset stewardship



Performance Milestones

- Expanded nationwide branch footprint
- Faster policy issuance and claims processing
- Improved operational consistency and service reliability
- Integrated physical and digital customer touchpoints



Strategic Impact

- Enhanced market penetration and financial inclusion
- Strengthened operational resilience
- Superior customer experience
- Sustainable long-term growth and scalability

1. GOVERNANCE OF MANUFACTURED CAPITAL

Our Code of Conduct ensures responsible stewardship of manufactured capital, requiring everyone in SLI to safeguard digital and physical assets. With zero tolerance for misuse or waste, assets are utilised ethically and strictly for legitimate business purposes to protect long term value.

2. STRATEGIC CAPITAL INFUSION (INPUT)

During the year, Softlogic Life significantly strengthened its manufactured capital base through expansion of its branch infrastructure and continued investment in digital capabilities. The establishment of 8 new branches in high-potential regions, together with the access of 38 additional branches due to acquisition, substantially widened our geographical footprint.

This expansion enhanced accessibility beyond established urban centres and reinforced our commitment to inclusive insurance penetration across Sri Lanka.

Simultaneously, we continued to strengthen our digital infrastructure through enterprise-wide systems including Oracle ERP, Microsoft enterprise integration, and secure, certified connectivity platforms. AI-enabled underwriting, digital proposal systems, and automated claims processing further reinforce our scalable operational framework.

Table 52: New Branches

Province	No. of New branches
North Central Province	1
North Western Province	2
Northern Province	1
Southern Province	1
Uva Province	2
Western Province	1
Total	8

In 2025, Softlogic Life Insurance PLC executed a decisive expansion of its physical distribution infrastructure through the acquisition of Allianz Life Insurance Lanka Limited. This bold move significantly strengthened the Group's manufactured capital, enhancing its ability to deliver insurance solutions efficiently and consistently across a wider geographic footprint.

Table 53: Branch access added to the branch network due to acquisition

Province	No of location access added
Central Province	4
Eastern Province	2
North Central Province	2
North Western Province	3
Northern Province	7
Sabaragamuwa Province	5
Southern Province	4
Uva Province	4
Western Province	7
Total	38

3. DIGITALISATION & OPERATIONAL INTEGRATION (PROCESSES)

Technology remains central to operational excellence. We have streamlined end-to-end processes through:

- Digital proposal and onboarding systems
- Auto-underwriting capabilities
- AI-powered claims settlement mechanisms
- Paperless workflow automatio



MANUFACTURED CAPITAL

These initiatives reduce turnaround time, enhance pricing accuracy, and improve risk discipline while delivering seamless customer experiences.

To ensure operational alignment across the expanded branch network, standard operating procedures and service guidelines have been deployed consistently. Monitoring frameworks and periodic operational reviews maintain service quality and governance discipline across all locations.

Preventive maintenance, periodic system upgrades, and certification standards ensure that our infrastructure remains secure, reliable, and future-ready.

4. EXPANDING REACH & SERVICE CAPABILITY (OUTPUTS)

The expanded branch network significantly enhanced Softlogic Life's service capability. By strengthening our presence in both established and emerging markets, we have improved responsiveness, reduced service gaps, and increased operational continuity.

The integration of physical branches with digital platforms creates a hybrid distribution model combining personal advisory strength with technological efficiency. This integrated approach strengthens customer trust while supporting productivity gains across the network.

5. OPERATIONAL RESILIENCE & SUSTAINABLE IMPACT (OUTCOMES)

Our strengthened manufactured capital has delivered measurable strategic outcomes:

- Greater accessibility across provinces
- Improved business continuity preparedness
- Enhanced agility in responding to market and environmental disruptions
- Higher operational consistency and governance compliance

Our Business Continuity Plan incorporates risk assessments related to natural disasters and systemic disruptions, ensuring coordinated response mechanisms and minimal operational downtime.

This infrastructure-led resilience positions Softlogic Life to sustain growth while safeguarding policyholder interests.

26%

GWP Growth
10 year CAGR

39%

Profitability
ROE

6. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals	Long-Term
Preventive Health & Wellness	Ensure all branch infrastructure across expanded provinces meets health, safety, and ergonomic standards.	Maintain a branch network that fosters a comfortable and welcoming environment
Personalised Products & Services	Deploy standard operating procedures and service guidelines consistently across all 46 new locations to ensure a uniform, high-quality customer experience.	Sustain the hybrid branch infrastructure model capable of delivering personalised, data-driven customer interactions through seamlessly integrated physical-digital environments.
Digital Transformation & InsurTech	Strengthen IT infrastructure with advanced digital tools; scale Agentic AI modules across all departments; enhance cybersecurity protocols and monitoring systems.	Implement AI-driven automation and predictive analytics enterprise-wide
Sustainability & ESG	Embed environmental consideration and efficiency standards in new branch development.	Ensure minimal disruption and sustainable infrastructure management aligned with ESG commitments.

7. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

MANUFACTURED CAPITAL

Financial Capital

+ Long-term profitability growth through increased business volumes and efficiencies.

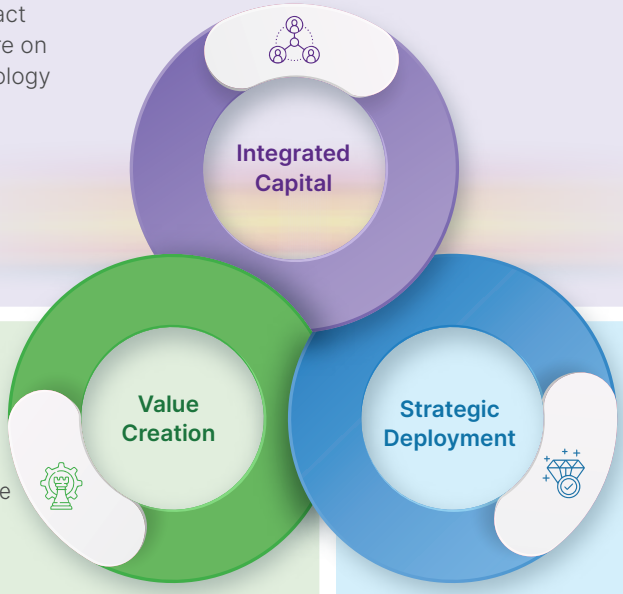
- Short-term financial impact due to capital expenditure on infrastructure and technology enhancements.

Social & Relationship Capital

+ Greater accessibility for customers and business partners through expanded service touch points.

Human Capital

+ Improved employee performance and productivity through enhanced work environments and digital tools.



Operational Infrastructure Enhancement

- Upgrading operational infrastructure to streamline business processes and elevate service delivery.

Digital Capability Expansion

- Broadening digital capabilities to enable fluid, insight-driven decision-making across the organisation.

Customer Touchpoint Strengthening

- Reinforcing both physical and digital customer touchpoints to enhance accessibility and deepen engagement.

Service Quality & Lean Operations

- Maintaining excellence and consistency in service delivery through well-organised facilities and efficient, lean operations

Digital Transformation and Insurtech

Robust and modern IT systems facilitate smooth digital workflows, enhancing capabilities in data-driven insights and process automation.

Personalisation & Customer-Centric Products and Services

A strong infrastructure backbone accelerates policy handling, streamlines claim processing, and enables tailored support experiences for customers.

Sustainability and ESG

Channelling resources into eco-friendly technologies and environmentally conscious infrastructure helps minimise ecological footprint while driving down operational expenditures.

NATURAL CAPITAL

<IR> 2C

MANAGEMENT APPROACH

As a responsible corporate citizen, we are committed to minimising our environmental footprint. Our management approach focuses on reducing resource consumption, promoting energy efficiency, and raising environmental awareness among our employees. We have implemented initiatives to reduce paper usage through digitalisation, optimise energy consumption, and we regularly monitor and verify our emission . We track our environmental performance by measuring our Scope 1 and 2 greenhouse gas emissions, total energy consumption, and paper usage, with the goal of continually reducing our absolute impact.



Mangrove Cultivation

Mangroves grow quietly along the edge of the sea, their roots spreading wide and deep to hold the shoreline together. They protect coastal communities from strong waves, create shelter for countless forms of life, and keep the balance of nature intact. In many ways, they remind us that the greatest protection often works silently in the background. By caring for ecosystems like mangroves, we help preserve the natural foundations that support our lives and livelihoods, ensuring that both people and nature continue to thrive side by side.

1st Insurance Company
to partner with PCAF and calculate financed emission.

A novel approach:
safeguarding the environment via digital transformations

VALUE DRIVERS TO STRATEGIC IMPACT

GOVERNANCE FRAMEWORK



Strategic Capital Infusion

- Governance of Natural Capital
- Ecological Footprint
- Energy Consumption
- Water Consumption
- Paper Consumption



Value Addition Mechanisms

- Environmental Impact Management
- Activation through resource efficiency
- Responsible Waste Management
- Driving Operational Excellence with Environmental Consciousness
- Activation through Environment Sustainability Projects



Performance Milestones

- Expanding Market Reach with a Reduced Environmental Footprint



Strategic Impact

- Our Carbon Footprint

UNGC 7 | 8 | 9

1. GOVERNANCE OF NATURAL CAPTIAL

The company recognises natural capital as a critical asset and integrates environmental considerations into its governance, risk management, underwriting, and investment frameworks. Through established policies and oversight mechanisms, SLI seeks to identify and manage environmental risks, ensure regulatory compliance, and minimise adverse impacts on ecosystems and natural resources.

During the year, the organisation incurred no environmental fines or penalties.

Environmental Commitment Through Policy Implementation (FN-IN-410a.2)

The Company operates its environmental commitment through a formal Exclusion List Policy that guides underwriting and investment decisions. This policy restricts the financing of activities that pose significant risks to the environment, including the destruction of high conservation value areas, degradation of critical habitats, unsustainable fishing practices, and the production or trade of hazardous, radioactive, or internationally restricted materials.

By applying these exclusion criteria consistently across insurance and investment portfolios, the Company ensures that capital allocation is aligned with the protection of natural capital, halt biodiversity loss, supports responsible resource use, and mitigates exposure to environmentally harmful activities.

2. ECOLOGICAL FOOTPRINT

2.1 Energy Consumption within the organisation

Softlogic Life relies primarily on two sources of energy: electricity supplied by the national grid and fuel consumed for stationary combustion and mobile activities. [LA]

Table 54: Energy from non- renewable source

Energy from Non-Renewable Source (kJ Mn)	2025 - Group	2025 - Company [LA]	2024
Diesel	32.83	*32.83*	N/M
Petrol	13,748	*13,824*	1,590
Total Fuel	13,781	*13,857*	1,590
Electricity	8,388	*8,163*	7,971
Total Energy	22,169	*22,020*	9,561
Energy Intensity – Energy Consumption per Employee	19.38	*19.25*	8.36
Energy Intensity - Energy Consumption per GWP Rs. 1 Mn	0.57	*0.57*	0.30

At SLI, energy usage is carefully tracked through key indicators such as electricity intensity per employee and electricity consumption per million rupees of Gross Written Premium (GWP), enabling effective monitoring and management of energy efficiency. [LA]

Energy consumption increased in 2025, primarily driven by business expansion. The rise reflects increased mobility requirements to support overall operations, particularly due to the increase in fuel card issuance.

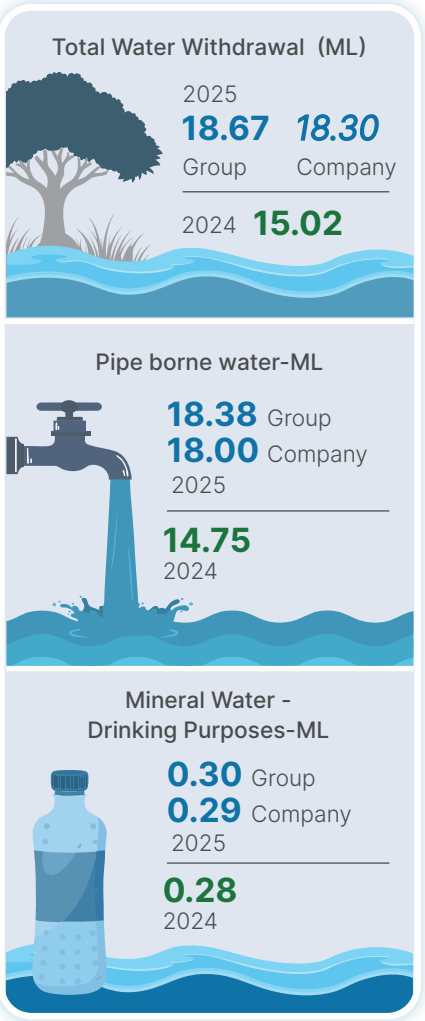
Methodology

The calculation utilised reported petrol consumption data, the standard petrol density conversion factor, and the Net Calorific Value (NCV) referenced from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. [LA]

2.2 Water Withdrawal

Softlogic Life's water interaction is limited to supporting administrative and office-based operations. Total water withdrawal is sourced through the National Water Supply and Drainage Board (NWSDB) and authorised third-party bottled water providers. Correspondingly, water discharge is comprised solely of domestic wastewater generated from these office activities, which is directed into the centralised sewer system managed by the NWSDB. [LA]

Softlogic Life Insurance PLC adopts water management practices across its operations, monitoring usage, promoting efficient utilisation, and encouraging employee awareness to minimise wastage.



UNGC 7 | 8 | 9

Water consumption increased in 2025, primarily driven by business expansion.

Estimation Methodology

The figures for both electricity and water are calculated based on the aggregation of total units recorded for the available months, which are then averaged by dividing the total by the number of months for which data is available. This methodology is applied to ensure consistency and comparability in reporting across reporting periods. In instances where complete actual data is unavailable, this approach provides a reasonable and reliable estimate that supports accurate analysis and transparent disclosure. [LA]

2.3 Paper Consumption

SLI is committed to reducing paper consumption across its value chain as part of its environmental impact management framework. To support this objective, the company has progressively digitalised many internal processes, thereby minimising reliance on paper-based documentation. These initiatives not only reduce resource consumption and waste generation but also enhance operational efficiency and support the organisation's broader sustainability and environmental stewardship goals.

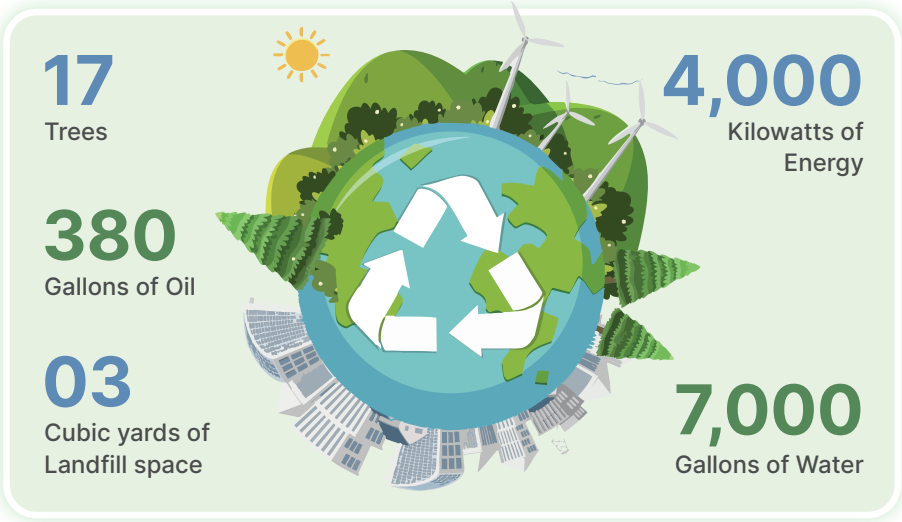


12,232
Paper used (Kg)

1,900
Paper recycled (Kg)

16%
paper recycled

Savings from Paper Recycling

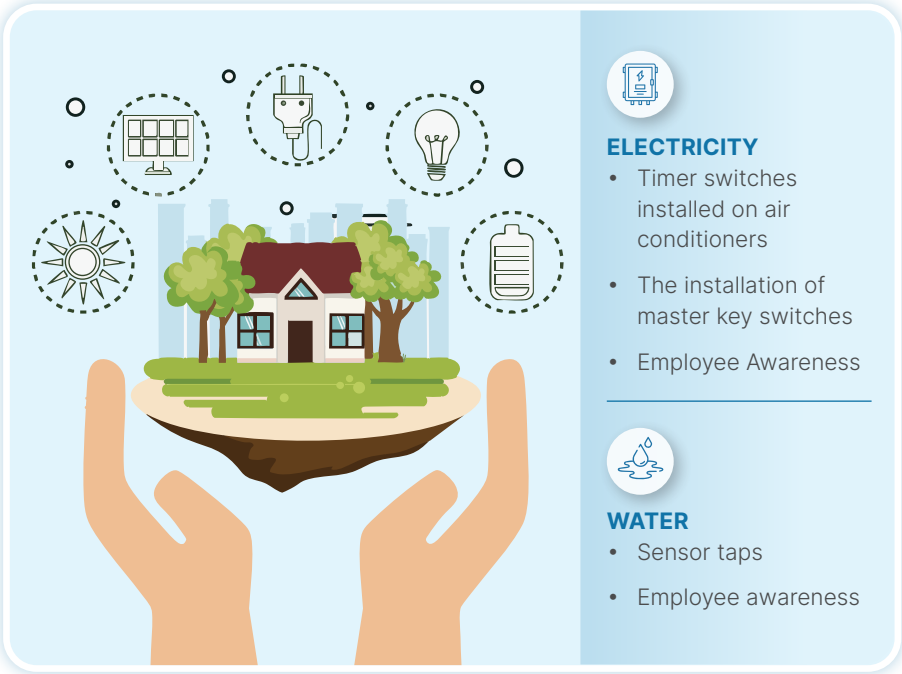


3. ENVIRONMENTAL IMPACT MANAGEMENT

Softlogic Life Insurance PLC adopts a structured and impact-driven approach to environmental management by integrating resource efficiency, digital innovation, responsible waste practices, sustainable investments into operation and market expansion using low resources.

3.1. Activation Through Resource Efficiency

The Company manages its direct environmental footprint through structured energy and water efficiency measures across its operational locations.



ELECTRICITY

- Timer switches installed on air conditioners
- The installation of master key switches
- Employee Awareness

WATER

- Sensor taps
- Employee awareness

UNGC 7 | 8 | 9

Digital Initiative	Area of Application	Environmental Benefit
Digital Onboarding and Underwriting Platforms	Proposal intake and policy issuance	Eliminates physical documentation and paper-based workflows across customers and intermediaries, reducing paper consumption, printing waste, storage needs, and travel associated with document submission.
End-to-End Proposal Digitisation (E-advisor)	Sales and underwriting	Enables fully digital proposal processing, minimising hard-copy forms, repeated documentation, courier handling, and manual processing across the distribution network.
AI-Enabled Digital Claims Applications	Claims management	Reduces paper-based claim submissions and physical visits, shortens processing time, and lowers transport-related emissions and operational resource use.
Automated Claims Adjudication and Instant Processing	Claims settlement	Minimises manual intervention and repetitive processing, improving efficiency while reducing material use, administrative waste, and rework.
Robotic Process Automation (RPA)	Back-office operations	Optimises system efficiency by automating repetitive tasks, reducing paper usage, unnecessary reprocessing, and associated resource consumption.
AI-Driven Customer Servicing Tools (Insta Claim, Claim IT, Life Up Application)	Customer engagement and support	Enables digital interactions and self-service options, reducing physical correspondence, branch visits, and related material and travel impacts.
Digital Employee Collaboration Platforms	Internal operations	Supports paperless workflows, virtual communication, and reduced internal travel, lowering overall resource consumption and operational emissions.

3.2 Responsible Waste Management

We are focused on reducing operational wastage through the adoption of responsible management practices.

Waste Generation

During the reporting period, the organisation generated only operational, non-hazardous waste arising from organisation's own activities, in line with the nature of the business. No hazardous waste was generated, treated, or disposed of during the year. [LA]

Collection and Monitoring of Waste-related Data

We measure and monitor the daily waste generated at our corporate offices, where the highest volume of operational waste arises, to support improved waste management and reduction initiatives. [LA]



6.57 MT [LA]
Organic waste

2.17 MT [LA]
Paper

0.98 MT [LA]
Polythene

Waste Disposal

Waste segregation is practiced across all locations, with municipal councils and other authorised service providers responsible for safe and compliant waste disposal, thereby minimising the risk of adverse environmental impacts. [LA]

Waste Recycle

SLI continued its partnership with Amaana Paper Collection to responsibly shred and manage paper waste in an environmentally friendly manner, supporting ongoing efforts to reduce overall paper waste. [LA]

Waste Reduction

The company continued to outsource certain photocopy machines to a third-party service provider certified under Quality and Environmental Management Systems (ISO 9001:2008 and ISO 14001). This arrangement enables the

UNGC 7 | 8 | 9

refilling and extended use of print cartridges, thereby reducing waste and supporting environmentally responsible resource utilisation. [LA]

3.3 Activation through Environment Sustainability Projects

Our brand-building initiatives are closely aligned with green practices that promote environmental sustainability. In support of this commitment, the company has invested in a green bond, demonstrating its dedication to financing environmentally responsible projects. This investment supports initiatives focused on renewable energy, resource conservation, and the reduction of carbon emissions, thereby strengthening the integration of sustainability into the company's long-term corporate strategy.

3.4 Expanding Market Reach with a Reduced Environmental Footprint

Softlogic Life Insurance PLC has adopted a sustainability-driven approach to expanding its market reach by leveraging strategic partnerships through collaborations with the postal department, state and private banks and telecommunication partners. The company has extended its presence across Sri Lanka by utilising existing service networks rather than establishing new physical infrastructure. This approach enables SLI to serve communities nationwide while reducing resource consumption associated with branch construction, lowering travel-related emissions, and minimising additional operational emissions. By integrating growth with environmental responsibility, SLI demonstrates how strategic partnerships and innovative distribution models can support market expansion while aligning with sustainability objectives and long-term carbon reduction goals.



4. OUR CARBON FOOTPRINT

The company remains committed to contributing toward the reduction of national greenhouse gas emissions in alignment with the Sustainable Development Goals (SDGs). To support this commitment, the organisation systematically monitors and measures its carbon footprint in accordance with the Greenhouse Gas (GHG) Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. This standardised approach ensures accuracy, consistency, and transparency in tracking emissions and reporting. Further details are provided on page 119

Softlogic Life Insurance PLC recognises the significance of natural capital in supporting environmental sustainability while delivering high-quality insurance services. As a service-sector organisation, the company's environmental footprint is primarily linked to energy consumption, paper usage, water consumption, and carbon emissions. Through responsible resource management, SLI actively works to reduce emissions, improve operational efficiency, and adopt environmentally responsible practices.

Advancing Climate Accountability Through PCAF Membership

During the year, we strengthened this commitment by obtaining membership in the Partnership for Carbon Accounting Financials (PCAF), enabling us to measure and disclose emissions linked to our financed activities and progressively integrate climate considerations into our investment decisions.

PCAF

5. RISKS AND CHALLENGES

Challenges	SLI Responses
Increasing regulatory expectations on climate and sustainability disclosures	Alignment of governance, policies, and reporting practices with emerging regulatory frameworks such as SLFRS S1 and S2. Partnered with PCAF organisation to get emission factors and technical support to calculate financed emission.

6. FUTURE OUTLOOK AND STRATEGIC PRIORITIES

Strategic Pillar	Short-Term Goals	Long-Term
Digital Transformation & InsurTech, Sustainability & ESG	Integrate sustainability considerations across all key organisational policies beyond the ESG Policy.	Become a technology-led, environmentally intelligent organisation. Strengthen sustainability integration across the investment portfolio.

5. CONTRIBUTION TO VALUE CREATION (TRADEOFF)

NATURAL CAPITAL

Financial Capital

+ Long-term profitability growth through increased business volumes and efficiencies.

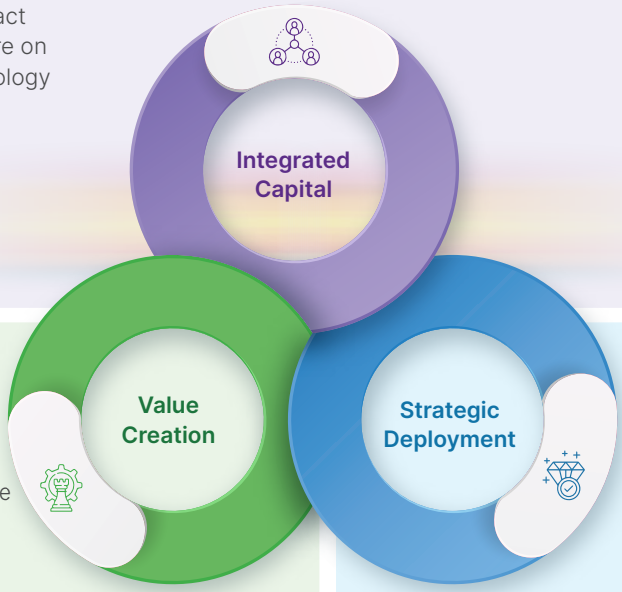
- Short-term financial impact due to capital expenditure on infrastructure and technology enhancements.

Social & Relationship Capital

+ Greater accessibility for customers and business partners through expanded service touch points.

Human Capital

+ Improved employee performance and productivity through enhanced work environments and digital tools.



Operational Infrastructure Enhancement

- Upgrading operational infrastructure to streamline business processes and elevate service delivery.

Digital Capability Expansion

- Broadening digital capabilities to enable fluid, insight-driven decision-making across the organisation.

Customer Touchpoint Strengthening

- Reinforcing both physical and digital customer touchpoints to enhance accessibility and deepen engagement.

Service Quality & Lean Operations

- Maintaining excellence and consistency in service delivery through well-organised facilities and efficient, lean operations

Digital Transformation And Insurtech

Robust and modern IT systems facilitate smooth digital workflows, enhancing capabilities in data-driven insights and process automation.

Personalisation & Customer-Centric Products and Services

A strong infrastructure backbone accelerates policy handling, streamlines claim processing, and enables tailored support experiences for customers.

Sustainability And Esg

Channelling resources into eco-friendly technologies and environmentally conscious infrastructure helps minimise ecological footprint while driving down operational expenditures.

THE PATH OF PROSPERITY:
OUR MOONSTONE OF SUSTAINABILITY

THE CIRCLE OF PROTECTION: OUR SUSTAINABILITY STRATEGY

The Sandakada Pahana (Moonstone) traditionally depicts the cycle of life; we adopt its form here to represent our commitment to the sustainable lifecycle of our nation. This cultural icon serves as the blueprint for our ESG framework, guiding our transition from a traditional insurer to a guardian of national progress. Just as the Moonstone represents a journey toward a higher purpose, our strategy ensures that every innovation and policy is an integrated step toward the Sustainability, creating a legacy of protection that is as enduring as our heritage.

Thriving Lives and Well-being

Micro-insurance solutions: Providing underserved communities with access to insurance and financial security.

See page 180

Health insurance: Comprehensive coverage.

Digital and fast services: End-to-end digital onboarding and servicing via LifeUp and InstaClaim; 98% one-day claim settlement and 95% hospital discharge within one hour.

Preventive health: Face screening and health status monitoring via the Health Score app, rewarding healthy lifestyle practices.

See Customer Capital, pages 157–167

Professional and personal development: Technical and non-technical training for employees and field staff.

See Training and Development, page 170

Investing for a Sustainable Future

Digitalisation and AI innovations: Adoption of new technologies within business processes to drive operational efficiency.

See Intellectual Capital, pages 182–189

Paperless processes: 100% digital sales platform.

Resource consumption: Expanding market reach while reducing our environmental footprint.

See Natural Capital, pages 194–199

GHG emission reduction: Measuring Greenhouse Gas (GHG) emissions and implementing reduction strategies.

Green investment: Strategic investments in green bonds.

See Natural Capital, pages 194–199



A Culture of Purpose and Belonging

Employment opportunities and inclusive workplace: Providing nationwide job opportunities for employees and field staff, supported by competitive monetary and non-monetary benefits.

See pages 144

Diversity and inclusion: Commitment to ending all forms of discrimination while promoting equal pay and equal opportunity.

See Human Capital, page 1387

Integrity-Driven Governance

Governance and ethics: Implementation of comprehensive policies covering ESG, IT, Fraud, Human Resources, and Risk Management across all practices and processes.

See Policy Commitments, pages 139, 158, 177 and 195.

FROM COVERAGE TO CARE:
MAKING EVERY LIFE COUNT IN 2025

FROM KINGDOMS TO COMMUNITIES

Centuries ago, the strength of our kingdoms was reflected in the well-being of their people-through the care they received, the protection of their communities, and the prosperity of daily life. Today, we carry forward that same spirit, measuring our success not in territory or power, but in the lives, we safeguard, the illnesses we prevent, and the years of healthy life we preserve for every Sri Lankan.

Governance Framework

Sri Lanka's health system provides universal access and delivers outcomes comparable to wealthier nations, yet it faces growing strain from an ageing population, rising non-communicable diseases, and post-2022 economic pressures. Public healthcare is free, but many who can afford it choose private care for shorter waits, flexible scheduling, continuity with doctors, longer consultations, and better patient experience. Consequently, out-of-pocket healthcare spending remains high, reflecting both direct private use and supplementary spending alongside public services.



40%
of Out-of-Pocket Expenditure



6.3 Mn
Healthy Life Years lost due to diseases



100 days
loss per person

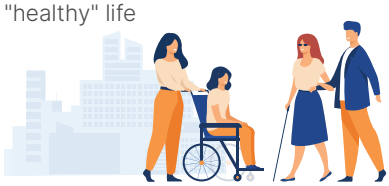
Risk within Policyholders

156,000
Healthy Life years at Risk

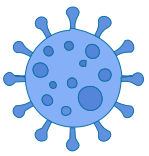


What is DALY?

A Disability-Adjusted Life Year (DALY) is a health metric representing one lost year of "healthy" life



Our Moves and Impact



Disease Onset



Private Care Access



Fast Recovery

- Policy coverage - conditions accounting for ~ 80% of national DALYs in Sri Lanka and address 13 of the top 15 conditions
- 1 day claim settlement
- Hospital discharge within 1 hour
- Servicing via digital platforms

5,000
DALYs Saved

2.5 days
Per person per year

$ 58 Mn
equivalent economic value of DALYs averted

Societal Impact and Economic Relief

Reduced
304,000
public sector interaction

Reduced
$ 15 Mn
public expenditure

1%
of government healthcare spending

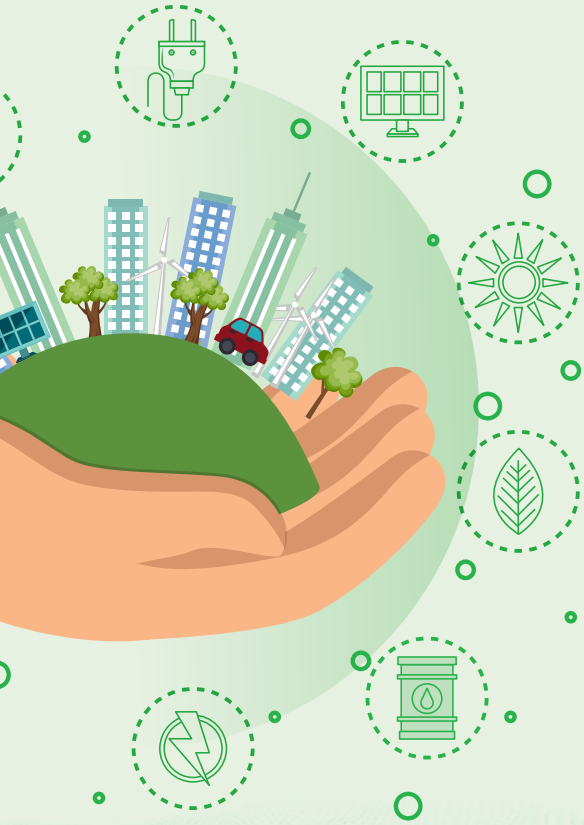


* Source - Independent research study

OUR SHELTERING CANOPY OF COMMUNITY CARE:

CORPORATE SOCIAL RESPONSIBILITY (CSR) AT SLI

Just as the Nuga Sevana provides shelter to those within its reach, our CSR strategy represents an intentional extension of care beyond our commercial boundaries to address specific national needs. By focusing our "canopy" on targeted areas such as public health resilience and youth development, we nurture the sustainable lifecycle of our communities where our impact is most needed.



"DENGEEZ & CHIKKY G" – CHIKUNGUNYA AWARENESS WITH COMMUNITY ACTION

With the resurgence of chikungunya across multiple regions in Sri Lanka, we initiated "Dengeez & Chikky G", a nationwide disease awareness and prevention drive designed to educate, mobilise, and protect communities.

While the campaign leveraged two animated mosquito characters to deliver simple, engaging educational messages across digital and mass media, the initiative extended far beyond awareness communication. Softlogic Life took "boots to the ground" by executing large-scale community clean-up programmes in partnership with the Ministry of Health and the Ministry of Mass Media.

These programmes targeted high-risk districts and school zones in affected areas, mobilising students, parents, local authorities, and volunteers to eliminate mosquito breeding sites. By integrating public education with direct environmental action, the initiative converted awareness into tangible disease-prevention outcomes reinforcing Softlogic Life's role as a responsible corporate citizen committed to national health resilience.



#BADEXAMPLES – CHILDREN'S DAY SOCIAL REFLECTION INITIATIVE

To mark Children's Day 2025, Softlogic Life launched #BadExamples, a purpose-driven communication designed to provoke meaningful reflection on the role adults play in shaping children's futures.

Scan this QR code to see the children's day message

Through creative storytelling and social media engagement, the initiative highlighted everyday behaviours where adults unknowingly set negative examples, encouraging society to reassess the environments children grow up in. The campaign strengthened Softlogic Life's long-standing commitment to safeguarding the well-being and future potential of Sri Lanka's next generation.

HOPE CAROLS – A MESSAGE OF UNITY AND RESILIENCE

In December 2025, Softlogic Life contributed to a city-wide message of unity and optimism through Hope Carols a special musical message of resilience performed at the "Lights of Hope" Christmas Zone, an initiative led by the Colombo Municipal Council and the Western Provincial Council.

A reimagined rendition of a classic Christmas carol with newly written lyrics centred on hope, togetherness, and renewal were delivered. Rather than a traditional campaign, the initiative served as a cultural moment that brought communities together in shared emotion, reinforcing Softlogic Life's brand essence of standing beside Sri Lankans through times of challenge and renewal.

Scan this QR code to see the hope carol by Softlogic Life



INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT ON GRI INDICATORS

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(Chartered Accountants)
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P. 0. Box 186,
Colombo 00300, Sri Lanka.

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Internet www.kpmg.com/lk

REPORT ON SELECTED INDICATORS INCLUDED IN SOFTLOGIC LIFE INSURANCE PLC'S INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

Conclusion

We have performed a limited assurance engagement on whether the selected sustainability related indicators as defined in annexure A ("Subject matter Information" or "SMI") in Softlogic Life Insurance PLC's ("the Company") Integrated annual report for the year ended December 31, 2025 have been prepared with reference to the selected Global Reporting Initiative Standards 2021 as mentioned in Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected sustainability related indicators as defined in annexure A of Softlogic Life Insurance PLC for the year ended 31st December 2025 are not prepared, in all material respects, with reference to the Criteria.

The SMI subject to our limited assurance engagement are listed in Annexure A. The assured sustainability information is marked with Italic font and marked with "LA" in the Integrated Annual Report, and the corresponding GRI indicators are also provided in Annexure A.

Our conclusion on the SMI as defined in annexure A does not extend to other information that accompanies or contains the SMI as defined in annexure A and our assurance report.

Basis for conclusion

We conducted our engagement in accordance with Sri Lanka 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. 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for limited assurance conclusion.

Intended use or purpose

We have been engaged by the Management of Softlogic Life Insurance PLC to provide limited assurance on whether the selected SMI as defined in annexure A have been prepared with reference to the Criteria

Restriction on use or distribution

This report has been prepared for the Board of Directors of Softlogic Life Insurance PLC for the purpose of providing an assurance conclusion on whether the selected SMI in the Softlogic Life Insurance PLC's Integrated Annual Report for the Year ended 31st December 2025 has been prepared with reference to the Criteria 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 Softlogic Life Insurance PLC, 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 Softlogic Life Insurance PLC, for any purpose or in any other context. Any party other than Softlogic Life Insurance PLC 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

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Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

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), Ms. D Corea Dharmaratne

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT ON GRI INDICATORS



other than Softlogic Life Insurance PLC for our work, for this independent assurance report, or for the conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Responsibilities of Management for the SMI

The management of the Company are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.
- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Preventing and detecting fraud and ensuring the Company's compliance with applicable laws and regulations to its activities.
- Ensuring that staff involved in 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; and
- Preparing the Subject Matter Information with reference to the criteria
- The maintenance and integrity of Softlogic Life Insurance PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Softlogic Life Insurance PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Softlogic Life Insurance PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Company's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is 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;
- reporting our conclusion to the Board of Directors of Softlogic Life Insurance PLC.

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 the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI, other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviewed 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;
- enquired management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquired relevant staff at corporate and selected site level responsible for the preparation of the SMI in the Integrated Annual Report of Softlogic Life Insurance PLC for the year ended 31st December 2025;

- enquired about the design and implementation of the systems and methods used to collect and report the SMI in the Integrated Annual Report of the Softlogic Life Insurance PLC for the year ended 31st December 2025, including the aggregation of the reported information;

- compared the SMI in the Integrated Annual Report of Softlogic Life Insurance PLC for the year ended 31st December 2025 to relevant underlying sources on a sample basis to determine whether the relevant information has been appropriately included in the Report; and was not designed to test the completeness of the relevant data collection systems.

- recalculated the Information subject to Limited Assurance based on the criteria;

- read the SMI in the Integrated Annual Report of Softlogic Life Insurance PLC for the year ended 31st December 2025 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; and

- read 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. 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.



CHARTERED ACCOUNTANTS
Colombo

6th March 2026

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT ON GRI INDICATORS

ANNEXURE A TO OUR LIMITED ASSURANCE REPORT DATED 6TH MARCH 2026

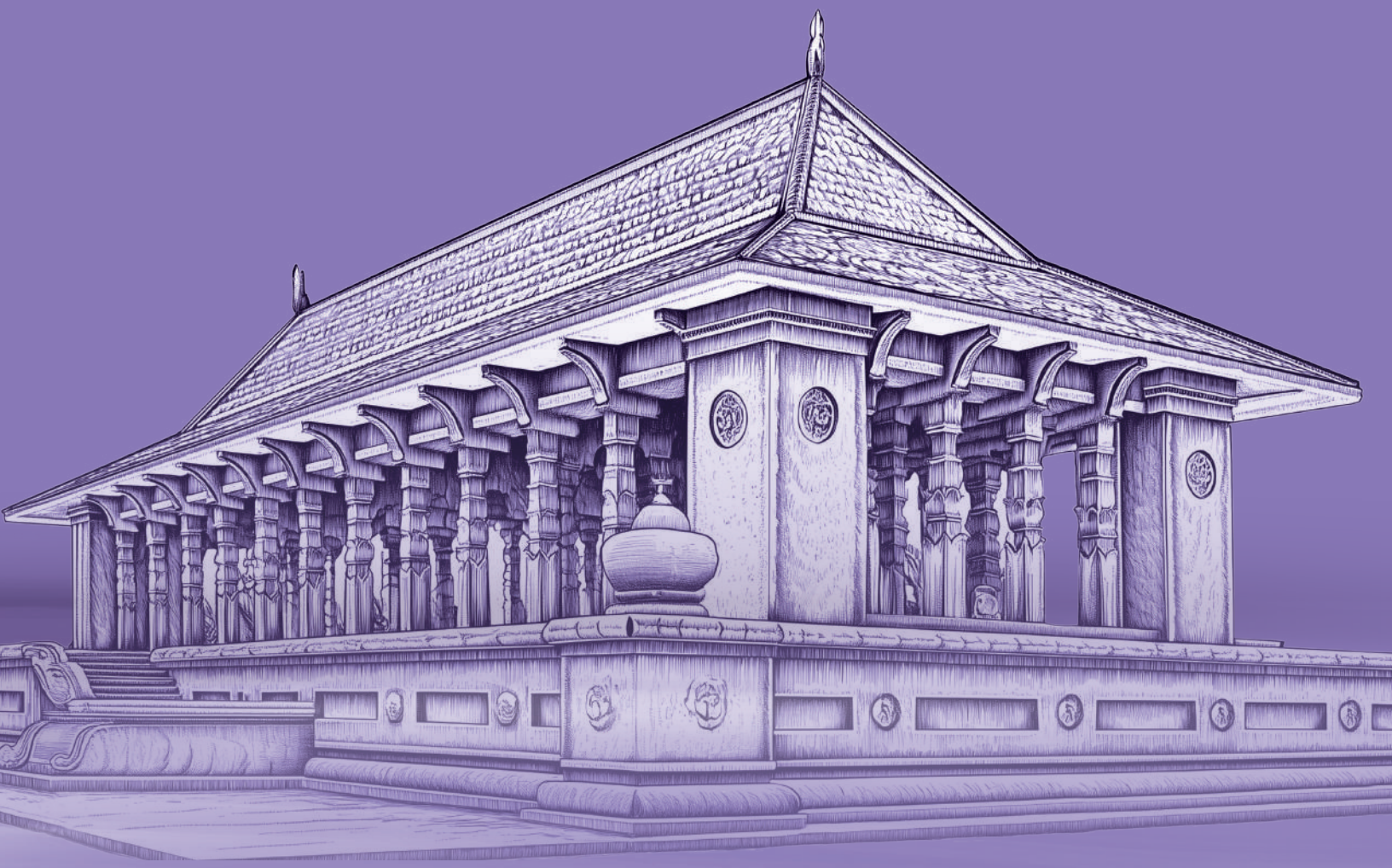
The numbers in this annexure have been included in the Integrated Annual Report prepared by the Management. Our reporting boundary is limited to the Company's operations in Sri Lanka.

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 2-7 Employees	2-7 a	Company's operations in Sri Lanka	Employees Related Metrics	As at 31st December 2025	142
	2-7 b (i)				142
	2-7 b (iv)				142
	2-7 c (i)				141
	2-7 d				141
	2-7 e				143
Disclosure 2-8 Workers who are not employees	2-8 a	Company's operations in Sri Lanka	Workers who are not employees	For the year ended 31st December 2025	170
	2-8 b (i)				170
Disclosure 2-24 Policy commitments	2-24 a (i)	Company's operations in Sri Lanka	Policy commitments	For the year ended 31st December 2025	139, 158, 177
	2-24 a (ii)				139,158
	2-24 a (iii)				139,158,177
Disclosure 2-27 Compliance with laws and regulations	2-27 a (i)	Company's operations in Sri Lanka	Compliance with laws and regulations	For the year ended 31st December 2025	141
	2-27 b (i)				141
Disclosure 2-28 Membership associations	2-28 a	Company's operations in Sri Lanka	Membership associations	For the year ended 31st December 2025	173
Disclosure 201-1 Direct economic value generated and distributed	201-1 a	Company's operations in Sri Lanka	Direct economic value generated and distributed	For the year ended 31st December 2025	137
Disclosure 202-2 Proportion of senior management hired from the local community	202-2 a	Company's operations in Sri Lanka	Proportion of senior management hired from the local community	For the year ended 31st December 2025	143
	202-2 b				143
	202-2 c				143
	202-2 d				141
Disclosure 204-1 Proportion of spending on local suppliers	204-1 a	Company's operations in Sri Lanka	Proportion of spending on local suppliers	For the year ended 31st December 2025	174
	204-1 b				174
	204-1 c				174
Disclosure 205-2 Communication and Training about anti-corruption policies and procedures	205-2 a	Company's operations in Sri Lanka	Communication and Training about anti-corruption policies and procedures	For the year ended 31st December 2025	178
	205-2 b				178
	205-2 c				178
	205-2 d				178
	205-2 e				178

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 205-3 Confirmed incidents of corruption and actions taken	205-3 a		Confirmed incidents of corruption and actions taken	For the year ended 31st December 2025	177
	205-3 b				177
	205-3 c				177
	205-3 d				177
Disclosure 302-1 Energy consumption within the organisation	302-1 a	Company's operations in Sri Lanka	Energy consumption within the organisation	For the year ended 31st December 2025	195
	302-1 c (i)				195
	302-1 e				195
	302-1 f				196
	302-1 g				195
Disclosure 302-3 Energy Intensity	302-3 a	Company's operations in Sri Lanka	Energy Intensity	For the year ended 31st December 2025	195
	302-3 b				195
	302-3 c				195
	302-3 d				195
Disclosure 303-1 Interactions with water as a shared resource	303-1 a	Company's operations in Sri Lanka	Interactions with water as a shared resource	For the year ended 31st December 2025	195
Disclosure 303-3 Water withdrawal	303-3 a (v)	Company's operations in Sri Lanka	Water withdrawal	For the year ended 31st December 2025	195
	303-3 d				196
Disclosure 306-1 Waste generation and significant waste-related impacts	306-1 a	Company's operations in Sri Lanka	Waste generation and significant waste-related impacts	For the year ended 31st December 2025	197
Disclosure 306-2 Management of significant waste related impacts	306-2 a	Company's operations in Sri Lanka	Management of significant waste related impacts	For the year ended 31st December 2025	197
	306-2 c				197
Disclosure 306-3 Waste generated	306-3 a	Company's operations in Sri Lanka	Waste generated	For the year ended 31st December 2025	197
Disclosure 401-1 New employee hires and employee turnover	401-1 a	Company's operations in Sri Lanka	New employee hires and employee turnover	For the year ended 31st December 2025	145-146
	401-1 b				147-148
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2 a	Company's operations in Sri Lanka	Benefits provided to full-time employees that are not provided to temporary or part-time employees	For the year ended 31st December 2025	144
	401-2 b				141

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT ON GRI INDICATORS

GRI Standard (The criteria relevant to the information)		Reporting Boundary	Information subject to limited assurance	Point in time or period subject to assurance	Page numbering
Disclosure 401-3 Parental Leave	401-3 a	Company's operations in Sri Lanka	Parental leave	For the year ended 31st December 2025	154
	401-3 b				154
	401-3 c				154
	401-3 d				154
	401-3 e				154
Disclosure 403-6 Promotion of worker health	403-6 a	Company's operations in Sri Lanka	Promotion of worker health	For the year ended 31st December 2025	151
	403-6 b				151
Disclosure 403-9 Work-related injuries	403-9 a	Company's operations in Sri Lanka	Work-related injuries	For the year ended 31st December 2025	140
Disclosure 403-10 Work-related ill health	403-10 a	Company's operations in Sri Lanka	Work-related ill health	For the year ended 31st December 2025	140
Disclosure 404-1 Average hours of training per year per employee	404-1 a	Company's operations in Sri Lanka	Average hours of training per year per employee	For the year ended 31st December 2025	150
Disclosure 404-2 Programmes for upgrading employee skills and transition assistance programmes	404-2 a	Company's operations in Sri Lanka	Programmes for upgrading employee skills and transition assistance programmes	For the year ended 31st December 2025	150
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	404-3 a	Company's operations in Sri Lanka	Percentage of employees receiving regular performance and career development reviews'	For the year ended 31st December 2025	149
Disclosure 405-1 Diversity of governance bodies and employees	405-1 a	Company's operations in Sri Lanka	Diversity of governance bodies and employees	For the year ended 31st December 2025	143
	405-1 b (i)				142
	405-1 b (ii)				142
	405-1 b (iii)				142
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	405-2 a	Company's operations in Sri Lanka	Ratio of basic salary and remuneration of women to men	For the year ended 31st December 2025	144
	405-2 b				141
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1 c	Company's operations in Sri Lanka	Substantiated complaints concerning breaches of customer privacy and losses of customer data	For the year ended 31st December 2025	159



STEWARDSHIP

Strong Foundations. Strong Impact.

Supported by a governance framework that supports our ambition, Softlogic Life operates with transparency, accountability and regulatory discipline, anchoring our decisions on strong oversight that ensures our progress is not only bold, but also responsible.

Sri Lanka's Independence Square stands as a symbol of sovereignty and structure, built on pillars that support national stability and enhance national unity.

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, Healthcare Services, and Financial Services—while also making significant strides in non-core areas such as IT, Leisure and Property, 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.

Previous Appointments
Mr. Pathirage held the position of Deputy Chairman at National Development Bank PLC, completing his full tenure in accordance with regulatory guidelines. He also served as the Chairman of NDB Capital Holdings Ltd., His experience in governance and corporate responsibility extends to his role as former Chairman of both SriLankan Airlines Limited and SriLankan 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 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 Kumar Kaimal is a Co Founder of Softlogic Group and has served on the Board of Directors since the Company's origin in 1991. He leads the Group-wide IT division, overseeing IT initiatives, infrastructure and digital transformation across its diverse businesses. Under his guidance, Softlogic has implemented major systems such as Oracle E Business Suite and Oracle Retail applications, along with industry specific front-end tools.

Other Current Appointments
He is an Executive Director of Softlogic BPO (Pvt) Ltd, Managing Director of Softlogic Supermarket (Pvt) Ltd, represents the Board of Directors of Softlogic Capital PLC, Softlogic Finance PLC, ODEL PLC, Asiri Hospitals Group 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 $3.0Bn from global institutional investors towards its profit-with-purpose funds to deliver essential financial and healthcare tools and climate solutions 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.

BOARD OF DIRECTORS

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 30 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 Senior Advisor to Boston Consulting Group (BCG), where he was previously a Managing Director and Partner. With over 17 years of experience at BCG, he has advised Principal Investors and Private Equity (PIPE) clients, Sovereign Wealth Funds (SWF), Infrastructure funds, banks, multinational corporations, and regional enterprises across the Indo-Pacific, the EU, and the US. He has extensive experience in strategy, mergers & acquisitions and investments, restructuring, operational improvement, sales and marketing, digitisation and AI & 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, SriLankan Airlines and the International Chamber of Commerce, Sri Lanka.

Current Appointments
Mr. Mohottala is the nominee of Norwegian Investment Fund for Developing Countries ("NORFUND") on the NDB Board and in addition, he holds directorships at Orbital Kinetic Pte. Ltd., iFinity Pte. Ltd., and 1976 Corp Pvt Ltd.

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, Hunter & Company PLC, Lanka Canneries Ltd and Serendipity Leisure (Pvt) Ltd.

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), SriLankan Airlines, SriLankan Catering and Deloitte Consulting Overseas Projects LLC . 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



SHANIL FERNANDO
Head of Legal

CORPORATE MANAGEMENT TEAM

IFTIKAR AHAMED
Managing Director

Please refer Profiles of the Board of Directors on Page 211.

INDU ATTYGALA
Deputy Chief Executive Officer

MBA University of Northampton, UK.

30 years of extensive industry experience and bringing deep expertise across Insurance Sales and Strategic Leadership. Mr. Attygala has successfully navigated complex insurance environments while driving operational excellence and long-term value. Mr. Attygala holds the position of Acting CEO of Softlogic Life insurance Lanka Limited, a subsidiary company of Softlogic Life Insurance PLC.

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

Amal Dharmapriya is a senior technology leader with over 25 years of industry experience, with extensive expertise in FinTech, InsurTech, Business Process Automation (BPA), Digital Transformation (DX), and Customer Experience (CX) initiatives. He holds a B.Sc. in Applied Science, a M.Sc. in Computer Science, and an MBA from the University of Sri Jayewardenepura (USJP), and is a Certified Information Security Manager (CISM) accredited by ISACA.

Amal previously served as the Chair of the Information Technology Committee of the Insurance Association of Sri Lanka (IASL). He was recognised among the Global CIO Forum's Top 200 CIOs in both 2023 and 2024.

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. Nuwan Withanage is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and CMA Sri Lanka (FCMA) and holds Associate Memberships from ACCA (UK) and CPA Australia. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and a Bachelor of Business Management (Finance Special) Degree from the University of Kelaniya.

He brings over 19 years of experience in finance leadership across insurance, strategy, investor relations, mergers and acquisitions, and business expansion. He serves on key professional committees of CA Sri Lanka, including Financial Reporting Implementation and Interpretation, Corporate Governance, and the national SLFRS 17 Task Force, and is a member of the Sustainability Reporting and Assurance Committee of SAFA.

He previously served as an elected Governing Council Member of CA Sri Lanka and the Open University of Sri Lanka and chaired the Insurance Industry CFO Forum's Finance and Technical Committee for five years. He is a two-time recipient of the CMA Sri Lanka Best CFO Award and the youngest professional to achieve this distinction.

PRANAMA PERERA
Chief Technical Officer

ACII Chartered Insurer, MBA Manipal University India.

Over 29 years of Insurance experience holding managerial positions in local as well as multinational companies. He also holds 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.

21 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 ecnomics, University of Colombo, BSc. Economics, London School of Economics.

17 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.

SHANIL FERNANDO
Head of Legal

Attorney-at-Law with an MBA in Human Resource Management from the University of Bedfordshire, a Diploma in Commercial Arbitration, a Post-Attorney Diploma in Corporate Law, and a Certificate in Business Accounting from CIMA.

Mrs. Fernando has over 13 years of experience at the Bar, specialising in commercial and corporate law. Her expertise covers commercial, corporate, labour, securities and exchange, taxation, real estate, and contract law. She is recognised for her strategic advisory skills, precise drafting, and strong knowledge of regulatory and corporate governance frameworks.

She has also contributed to the legal profession as Assistant Editor of the Sri Lanka Law Reports (2016–2020), a member of the Internal Logistics Committee of the 29th LAWASIA Conference, and as Editor and Chairperson of the Junior Bar Law Journal.

SALES MANAGEMENT TEAM



ROSHAN PEIRIS
Senior General Manager – National Distribution



SANDAMAL HETTIARACHCHI
Senior General Manager - Agency Transformation



UPUL JAYASEKARA
Senior General Manager



PRIYASHANTHA SIRIWARDENA
Senior General Manager



NISHANTHA BANDARA
General Manager



SUSIL ATAPATTU
General Manager



NISHAN CHAMINDA
General Manager



LUXMAN PEIRIS
General Manager



NIHAL PERERA
General Manager



HIRAN GUNAWARDENA
General Manager - Business Development



SUMENDRA JAYARAM
General Manager - Sales Training and Development



DENIS HEWAGAMA
General Manager - Agency Corporate



VIRANGA GUNATHILAKA
Deputy General Manager



CHAMINDA DISSANAYAKE
Assistant General Manager



CHAMINDA WEERAKKODY
Assistant General Manager

SALES MANAGEMENT TEAM

ROSHAN PEIRIS
Senior General Manager – National Distribution

Master of Business Administration (PIM - SJP), Lifetime Fellow - CPM Sri Lanka Life Member - SLIM Certified Professional Marketer (AMF), Chartered Insurance Agency Manager (LIMRA – USA), Fellow Life Underwriters Council (LIMRA – USA), Certified Moderator (LIMRA – USA).

31 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.

26 years of experience in the Insurance Industry.

PRIYASHANTHA SIRIWARDENA
Senior 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).

34 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.

35 years 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. Personal Insurance in the Life Underwriter Training Council at The Malaysian Insurance Institute Diploma in Life Insurance Marketing in the Life Underwriter Training Council at The Malaysian Insurance Institute.

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.

LUXMAN PEIRIS
General Manager

LUTC & AMTC.

24 years in the Insurance Industry.

NIHAL PERERA
General Manager

Higher National Diploma in Accountancy, LUTCF (USA), LIM "Dip" (USA).

38 years in the Insurance Industry

HIRAN GUNAWARDENA
General Manager - Business Development

BA (Defence 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 Defence services and 29 years in the Insurance Industry.

SUMENDRA JAYARAM
General Manager – Sales Training and Development

Sumendra Jayaram brings over 25 years of corporate experience across telecommunications, international business, and the insurance industry. With 16 years of leadership experience in insurance, including five years leading Training, he drives Softlogic Life's sales capability and leadership transformation strategy. He champions performance-driven learning, ethical selling standards, and the development of a future-ready, high-performing sales force aligned with sustainable business growth. He holds an MBA from Sikkim Manipal University of India, Postgraduate qualifications in International Affairs and Marketing, and is a Fellow Member of the Institute of Chartered Professional Managers of Sri Lanka (CPM).

DENNIS HEWAGAMA
General Manager - Agency Corporate

MBA University of Bedfordshire, UK With 30 years of experience in the insurance industry in locally and internationally working for multi-national and local companies and also during this period held the position of CMO too.

VIRANGA GUNATHILAKA
Deputy General Manager

BA University of Ruhuna.

30 years in the Insurance Industry.

CHAMINDA DISSANAYAKE
Assistant General Manager

Master of Business Administration - Cardiff Metropolitan University (UK), Participated in the insurance Training Program of Indian National Insurance Academy in Pune.

23 years of experience 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.

29 years of experience in the Financial Services Industry comprising 6 years in Investment Merchant Banking & Finance, 22 years in Insurance.

CHAIRMAN'S STATEMENT



A FOUNDATION OF TRUST

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Report for the financial year ended 31st December 2025. In an era defined by rapid technological shifts and evolving regulatory landscapes, our commitment to the highest standards of governance remains the cornerstone of Softlogic Life's success and the primary guardian of your trust.

BOARD LEADERSHIP AND EFFECTIVENESS

The Board remains central to our governance philosophy. Our composition reflects a diverse mix of skills, experience, and perspectives, ensuring robust debate and constructive challenge. Throughout the year, the Board focused on long-term value creation, overseeing the execution of our strategic pillars and ensuring that our risk appetite remains aligned with the volatile macroeconomic environment. We have maintained a proactive engagement with our Board Sub-Committees which continue to provide specialised oversight and technical depth to our decision-making processes.

A RIGOROUS REGULATORY FRAMEWORK

In 2025, we maintained rigorous adherence to all mandatory regulatory and statutory requirements, which form the bedrock of our operational integrity. This includes unwavering compliance with the Regulation of Insurance Industry Act, No. 43 of 2000, including all subsequent IRCSL guidelines and directives, the Companies Act No. 07 of 2007, and all applicable CSE Listing Rules, including Section 9 - Corporate Governance.

Furthermore, we have fully embraced the mandatory adoption of SLFRS S1 and S2, ensuring our sustainability-related financial disclosures meet the highest standards of transparency.

GOVERNANCE BEYOND COMPLIANCE

Our commitment to excellence extends beyond mandatory requirements. We voluntarily embrace the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, which serves as our benchmark for board effectiveness and ethical leadership. On the global stage, we reinforce our dedication to transparency by aligning our strategic reporting with the IIRC Integrated Reporting Framework, the United Nations Sustainable Development Goals (UNSDGs), and GRI guidelines. By integrating these international best practices, we ensure that Softlogic Life's governance remains resilient, future-ready, and aligned with global investor expectations.

DRIVING SUSTAINABLE AND DIGITAL GOVERNANCE

In 2025, we further integrated Environmental, Social, and Governance (ESG) principles into our core operations, recognising that sustainable value is fundamental to our societal and environmental impact. This commitment is now anchored by our transition to SLFRS S1 and S2, transforming ESG risk management into a core, measurable component of our performance framework. Parallel to this, as a leader in digital insurance, the Board intensified its oversight of IT Governance and Cybersecurity, ensuring our digital-first approach is fortified by world-class security protocols. By prioritising both sustainability and the sanctity of policyholder data, we continue to uphold our governance obligations as a resilient, future-ready organisation.

LOOKING AHEAD: FUTURE GOVERNANCE PRIORITIES

As we look toward 2026, our governance focus is centred on two transformative pillars. First, the implementation of SLFRS 17 is well underway, representing a landmark shift in financial reporting for the insurance industry. Our dedicated project teams are working diligently to ensure a seamless transition, further reinforcing our commitment to global best practices in financial governance. Second, as we progressively integrate Artificial Intelligence (AI) into our operations, we are simultaneously advancing our cybersecurity and data governance frameworks. These strategic investments in AI-driven solutions are designed to enhance decision-making and operational efficiency while ensuring we remain aligned with international benchmarks in digital governance.

RECOGNISED EXCELLENCE IN GOVERNANCE AND REPORTING

Our steadfast commitment to these principles continues to earn prestigious industry recognition. At the TAGS Awards by CA Sri Lanka and the CMA Integrated Reporting Awards, Softlogic Life secured a total of 10 awards. These accolades are a testament to our dedication to upholding the highest standards of transparency, accountability, and integrated reporting, further solidifying our reputation as a benchmark for governance and sustainability in the region.

DECLARATION AND CLOSING REMARKS

In line with our unwavering commitment to ethical leadership, I affirm that, to the best of my knowledge, 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 my colleagues on the Board, our management team, our employees, and our stakeholders for their continued trust. As we navigate an evolving landscape, Softlogic Life remains resolute in upholding the governance standards that ensure transparency, accountability, and long-term sustainable growth for all.

Sgd.
Ashok Pathirage
06th March 2026

1. CORPORATE GOVERNANCE AT SOFTLOGIC LIFE

<IR> 4B

1.1. Our Approach to Governance

At Softlogic Life, we recognise that effective corporate governance is fundamental to sustainable long-term success. As a regulated insurance company entrusted with safeguarding policyholder funds, shareholder capital, and public confidence, our governance framework provides the foundation upon which strategic growth, financial resilience, and stakeholder trust are built.

Guided by this understanding, the Company's governance framework is structured around three core principles: **Leadership & Strategic Stewardship**, **Responsible Conduct & Stakeholder Trust** and **Risk, Accountability & Assurance**. These principles collectively define how the Board directs the Company, how governance is embedded across operations, and how accountability is maintained through disciplined oversight.

a.) Leadership & Strategic Stewardship

Leadership is anchored in the Board's responsibility to set the strategic direction of the Company and oversee its performance in a manner consistent with long-term objectives and regulatory expectations. The Board provides stewardship over strategy, capital deployment, and risk appetite, ensuring that decisions are aligned with the Company's values and fiduciary responsibilities.

Through integrity-driven leadership and clear accountability, the Board establishes the tone at the top, reinforcing a culture of prudent judgement, ethical conduct, and disciplined execution across the organisation.

b.)Responsible Conduct & Stakeholder Trust

Governance is reflected in the manner in which the Company conducts its business and engages with its stakeholders. This principle underscores our commitment to protecting policyholder interests, upholding fair treatment, and maintaining transparency in our interactions with shareholders, regulators, employees, and the wider community.

Responsible business conduct extends beyond compliance to include ethical standards, sound investment practices, appropriate use of technology, and a growing emphasis on sustainability. By embedding these principles into our operations, we strengthen stakeholder confidence and institutional credibility.

c.)Risk, Accountability & Assurance

Strong governance is sustained through a structured framework of risk management, internal controls, and independent assurance. As a regulated insurer, the Company operates within clearly defined risk parameters supported by comprehensive oversight mechanisms.

Accountability is reinforced through robust internal control systems, compliance monitoring, internal audit functions, and external assurance processes. Together, these mechanisms safeguard policyholder and shareholder interests, preserve financial stability, and uphold regulatory confidence.

1.2.Governance Framework

Softlogic Life's governance framework reflects the structure through which the Company is directed and controlled. The governance structure, presented on page 220, outlines the respective roles and responsibilities of the Shareholders, Board of Directors, Board Committees, Corporate Management Team, and Management Committees.

Through this governance architecture, the Board is able to exercise independent oversight, management is empowered to execute strategy within defined parameters, and accountability is reinforced across all functions. Together, these elements support the integrity, resilience, and long-term sustainability of the organisation.

During 2025, following the acquisition and integration of Softlogic Life Insurance Lanka Limited (formerly known as Allianz Life Insurance Lanka Limited), the scope of governance oversight expanded to encompass a broader group perspective. The Board's stewardship now extends to ensuring alignment of policies, risk management practices, internal controls, and strategic objectives across the enlarged organisational structure.

1.3. Regulatory and Statutory Compliance

Softlogic Life operates within a robust regulatory framework applicable to licensed insurance companies and listed entities in Sri Lanka. The Company remains fully compliant with the provisions of the Regulation of Insurance Industry Act, No. 43 of 2000, and the regulations issued by the Insurance Regulatory Commission of Sri Lanka, the Listing Rules of the Colombo Stock Exchange, the Companies Act, and relevant corporate governance codes issued by the Institute of Chartered Accountants of Sri Lanka.

In line with the Colombo Stock Exchange requirement for the adoption of SLFRS S1 and SLFRS S2 effective 1 January 2025, Softlogic Life had already early adopted these standards prior to the mandatory implementation date. Accordingly, during 2025 the Company remained fully compliant with the CSE direction, reflecting a proactive approach to sustainability-related reporting and governance alignment with evolving global standards.

Compliance is embedded within the Company's governance architecture through structured oversight by the Board and its Committees, supported by clearly defined internal policies, compliance monitoring mechanisms,

and independent assurance processes. Regulatory developments are monitored on an ongoing basis to ensure timely implementation and alignment with evolving requirements.

A comprehensive Statement of Compliance, detailing adherence to mandatory, voluntary, and internal governance frameworks, is presented separately within this Annual Report in page 221. This structured disclosure reflects the Company's commitment to transparency, accountability, and disciplined governance practices.

1.4. Strengthening Governance through Global Reporting Standards

The governance framework of Softlogic Life continues to evolve in response to changing regulatory expectations, global reporting developments, and emerging business risks. As a regulated insurer operating in a dynamic environment, the Company ensures that its governance practices remain aligned with recognised sustainability and disclosure standards.

The Company remains committed to maintaining high ethical standards and disciplined disclosure practices across all reporting frameworks. In addition to financial reporting assurance, Softlogic Life obtains independent assurance over its sustainability and integrated reporting disclosures.

During 2025, independent assurance was obtained for SLFRS S1 and SLFRS S2 for the second consecutive year, reinforcing the robustness of the Company's sustainability-related reporting processes. Assurance over Integrated Reporting (IR) disclosures was obtained for the [06] consecutive year, while assurance over GRI-aligned sustainability disclosures was secured for the over 10 time. These external assurance engagements enhance the credibility, reliability, and transparency of the Company's non-financial reporting.

EXPLORING SOFTLOGIC LIFE'S GOVERNANCE REPORT

A Reader's Guide

To enhance the accessibility of this report, we utilise four primary navigational tools designed to help stakeholders quickly identify our adherence to mandatory and voluntary governance standards.

Icon Navigation	IRCSL Compliance Checklist	CASL Governance Checklist	CSE Compliance Checklist
Refer Page 08	Refer Page 295	Refer Pages 296-304	Refer Pages 285-294

Structure of the Governance Section

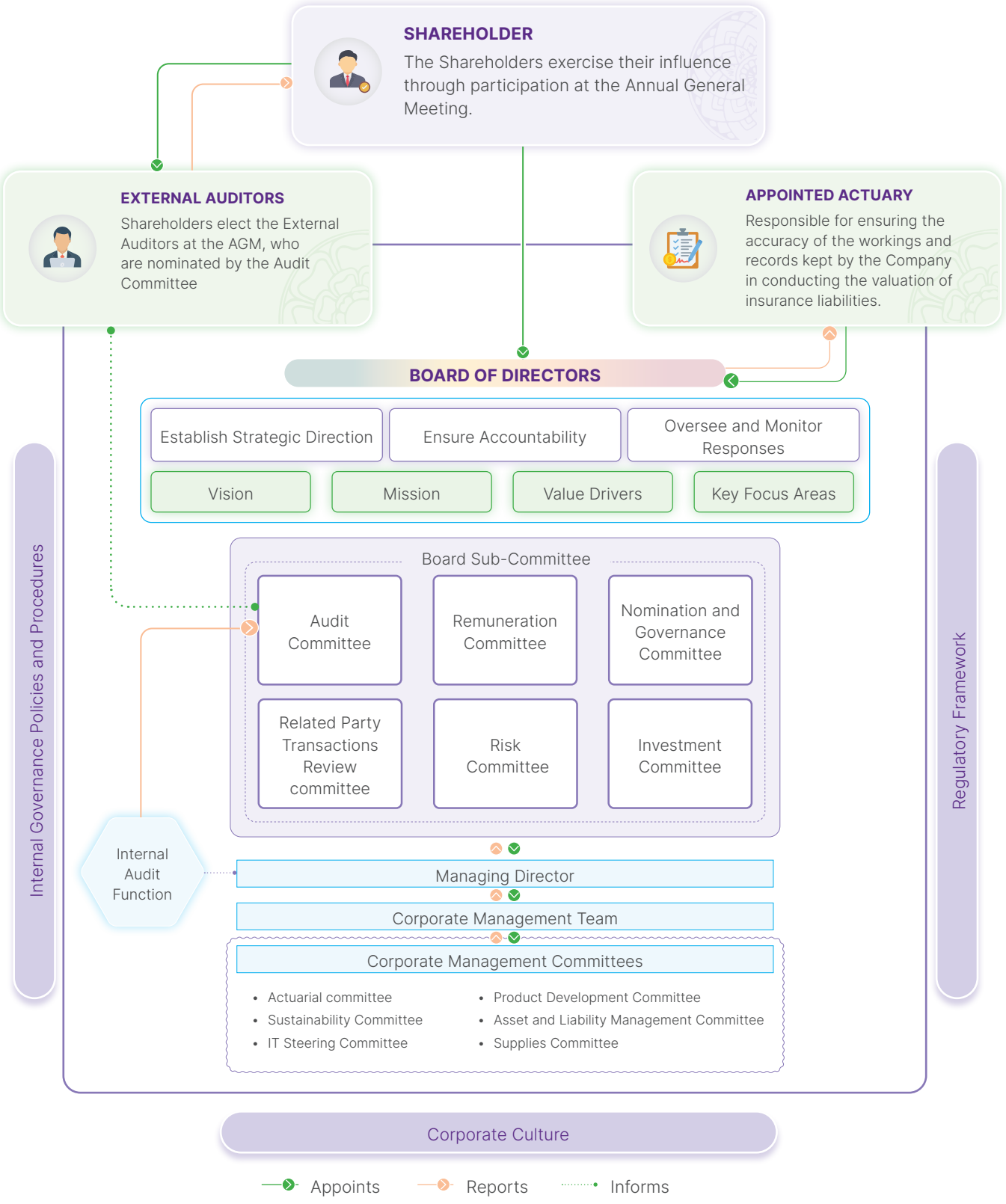
- Statement of Compliance — Refer Page 221
- Governance Highlights – 2025 — Refer Page 222
- Value Creation from the Governance — Refer Page 223
- SLFRS 17 implementation — Refer Page 224
- Acquisition of subsidiary — Refer Page 225

THE THREE PILLARS OF GOVERNANCE

Pillar 1 Leadership & Strategic Stewardship (Refer Page 226-243)	Pillar 2 Responsible Conduct & Stakeholder Trust (Refer Page 244-250)	Pillar 3 Risk, Accountability & Assurance (Refer Page 251-253)
Leadership & Strategic Stewardship	Governing for Our Policy Holders	Internal Control Framework
Fiduciary Responsibility	Governing Our People	IT and Cyber Governance
Board Committees and Specialised Oversight	Governing Our Sales Force	Regulatory Compliance
Enterprise Risk Management Oversight	Governance with Ethical Infrastructure	Internal Audit Function
Sustainability and Future-Readiness	Governing Our Shareholders	External Assurance (External Audit)

- Annual Report of the Board of Directors — Refer Page 254-262
- Other Board and Sub Committee Reports — Refer Page 263-268
- Statutory, Regulatory and Voluntary Governance codes — Refer Page 269-304

1. CORPORATE GOVERNANCE AT SOFTLOGIC LIFE



2. STATEMENT OF COMPLIANCE

EXTERNAL FRAMEWORK

MANDATORY

- The Regulation of Insurance Industry Act, No. 43 of 2000 and amendments thereto, together with all rules, regulations, determinations, directions, guidelines and circulars issued thereunder, governing the insurance business
- The Companies Act, No. 07 of 2007 and amendments thereto, governing the incorporation, administration and governance of companies in Sri Lanka.
- The requirements of Section 7 – Continuing Listing Requirements and Section 9 – Corporate Governance of the Colombo Stock Exchange (CSE) Listing Rules, governing listed companies and protecting investor interests.
- The Inland Revenue Act, No. 24 of 2017 and amendments thereto, together with circulars, notices and gazettes issued by the relevant taxation authorities, governing corporate taxation
- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, establishing the framework for sustainability and climate-related financial disclosures.
- Shop and Office Employees Act No. 19 of 1954, outlining employee rights and responsibilities.
- Requirements under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto.
- Personal Data Protection Act No. 09 of 2022, ensuring secure management of customer data.

VOLUNTARY

- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, guiding the Company's corporate governance practices and Board oversight.
- International Integrated Reporting Framework (<IR>), guiding the preparation of the Company's Integrated Annual Report and value creation disclosures.
- Global Reporting Initiative (GRI) Standards, guiding sustainability reporting and the disclosure of economic, environmental and social impacts.
- United Nations Sustainable Development Goals (UNSDGs) and the United Nations Global Compact (UNGC) Principles, supporting the alignment of the Company's sustainability strategy with globally recognised responsible business practices.

INTERNAL GOVERNANCE FRAMEWORK

The Company maintains over 60 Board-approved policies across the governance categories outlined below, with key policies under each category highlighted. Mandatory Board-approved policies required under Section 9 of the CSE Listing Rules are disclosed on page 289.

Core Governance Framework
- Articles of Association of the Company.
- Terms of Reference and Charters of Board, Board Committees, and Management Committees.
- Integrated Risk Management Framework.
- Code of Business Conduct and Ethics.
- Business continuity plan.

Board & Governance Policies
- Fit & Proper Policy
- Document Retention & Record Management Policy

Regulatory & Compliance Framework Policies
- Core supervisory expectation set.
- Compliance Policy Framework

AML / CFT / Sanctions Policies
- AML/CFT Policy
- PEP Policy
- Sanctions Screening Policy

Market Conduct & Policyholder Protection Policies
- Market Conduct Policy
- Fair Treatment of Customers Policy

Strategic & Emerging Risk Policies
- ESG Policy.
- AI Governance Policy

Risk Management Framework Policies
- Enterprise Risk Management Policy
- Operational Risk Policy

Information Security & Technology Policies
- Information Security Policy
- Cybersecurity Policy
- IT Change Management Policy

Data Privacy & Protection Policies
- Data Protection Policy
- Privacy Notice Framework

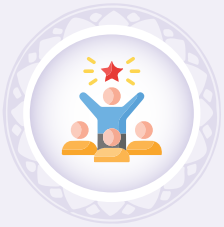
HR & Conduct Governance Policies
- Performance Management Policy
- Disciplinary Policy

Financial & Operational Policies
- Investment Policy
- Treasury Policy



3. CORPORATE GOVERNANCE HIGHLIGHTS – 2025

LEADERSHIP & STRATEGIC STEWARDSHIP



Strategic Direction: Approved a three-year Corporate Plan anchored in four strategic pillars of 1. Preventive Health & Wellness, 2. Personalisation and Customer Centric Products/Services, 3. Digital Transformation & InsureTech and 4. Sustainability and EESG reinforcing long-term strategic clarity.

Capital Resilience: Strengthened the Company's solvency position through the approval and raising of USD 15 million in Tier II Subordinated Debt from Norfund and Finnfund, enhancing the regulatory capital base and supporting long-term growth and financial stability.

Strategic Acquisition & Integration: The Directors oversaw the acquisition and subsequent rebranding of Allianz Life Insurance Lanka Limited (now Softlogic Life Insurance Lanka Limited) on 11 July 2025, providing structured Board oversight throughout the transaction process, including regulatory approvals, completion of the acquisition, and the integration of the subsidiary into the Group's governance, risk management, and operational framework.

Governance Policy Evolution: The Directors reviewed the Company's major policies as defined under Rule 9 of the CSE Listing Rules and adopted the updated frameworks to ensure full regulatory alignment.

Sustainability Disclosure Frameworks: The Directors approved the specific policies and internal frameworks required for the effective execution of SLFRS S1 and S2, further strengthening the Company's sustainability-related governance and reporting initiatives.

RESPONSIBLE CONDUCT AND STAKEHOLDER TRUST



Group Governance Alignment: Enabled the subsidiary's alignment with the Group's strategic direction, management processes, and reporting structures, supporting the consistent application of group-wide operating practices and strengthening oversight and coordination across the expanded business.

Delivering Consistent Stakeholder Value: Reflecting our financial health, the Board approved an interim dividend of Rs. 4.50 per share. This distribution was managed with disciplined adherence to the Companies Act and regulatory guidelines, balancing shareholder returns with prudent capital management.

Safeguarding Our Promises: We continue to set a benchmark in Sri Lanka as the only insurer to declare quarterly actuarial surpluses. By conducting quarterly actuarial valuations, the Company maintains continuous oversight of policyholder funds, ensuring timely assessment of insurance liabilities, disciplined surplus distribution, and strengthened protection of policyholder interests.

Financial Crime & AML Compliance: Implemented a comprehensive AML/CFT framework aligned with the IRCSL AML/CFT Guidelines (2025), incorporating strengthened controls over risk assessment, customer due diligence (CDD), transaction monitoring, and the reporting of suspicious transactions through the goAML system, thereby enhancing the Company's financial crime prevention and regulatory compliance framework.

RISK, ACCOUNTABILITY & ASSURANCE



Regulatory Oversight: Ensured full compliance with the Regulation of Insurance Industry Act No. 43 of 2000 and met all CSE Listing Rules disclosure requirements in relation to the acquisition, upholding the highest standards of transparency.

AI Governance Framework and Scope: The Company established a comprehensive AI Governance Policy that encompasses all artificial intelligence and machine learning systems, including Generative AI, Agentic AI, and Predictive models. This policy applies to all systems developed, procured, or utilised by the Company and its subsidiaries, extending to all staff, contractors, and third parties involved in AI-driven business operations and decision-support systems.

Cyber Resilience and Information Security: The Company initiated its ISO 27001:2022 certification journey and successfully migrated its infrastructure to a new hardware setup to enhance operational stability. A senior-level Internal Information Security Steering Committee was established—led by the Managing Director.

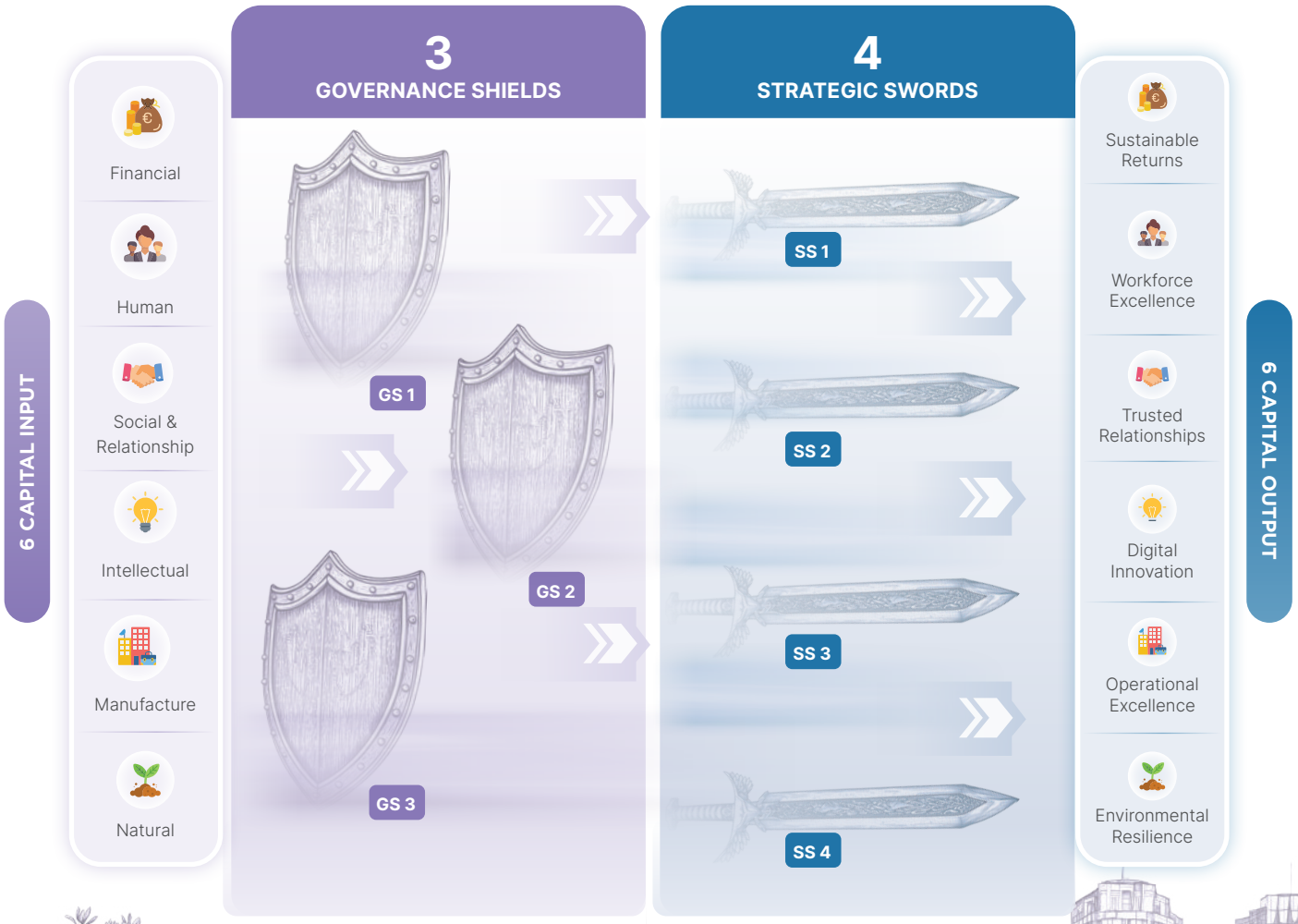
Pioneering Financial Transparency: The Company maintains a benchmark in transparency by obtaining quarterly external assurance audits and figure certifications, becoming the first insurer in Sri Lanka to do so. These independent reviews, conducted by Messrs. KPMG.

Risk Governance and Strategic Resilience: Updated the Integrated Enterprise Risk Management Framework (IRMF) aligned with ISO 31000:2018. This framework ensures a structured and dynamic approach to managing risks through data-driven assessments and continuous monitoring

4. VALUE CREATION FROM THE GOVERNANCE

OUR BLUEPRINT FOR SUSTAINABLE GROWTH - THE SHIELD AND SWORD STRATEGY

At Softlogic Life, our Governance Value Creation Chain serves as the strategic blueprint for our sustainable growth. We utilise the 'Shield and Sword' concept to navigate the complexities of the insurance landscape. While our three Governance Pillars provide the 'Shield'—protecting our value through structured oversight and resilience—our four Strategic Pillars act as the 'Sword,' driving performance and market leadership. By funnelling our six fundamental Capitals through this dual-engine framework, we ensure that every resource is ethically managed and strategically deployed, resulting in significantly enhanced Capital Outputs for all stakeholders.



GS 1	Leadership & Strategic Stewardship
GS 2	Responsible Conduct & Stakeholder Trust
GS 3	Risk, Accountability & Assurance

SS 1	Preventive Health & Wellness
SS 2	Personalisation and Customer Centric Products/Services
SS 3	Digital Transformation & InsureTech
SS 4	Sustainability and EESG

5. GOVERNANCE FOR SLFRS 17 IMPLEMENTATION

1.1 Purpose of the Transition

The adoption of SLFRS 17 – Insurance Contracts, effective from 1 January 2026, represents the most significant change to insurance accounting in decades. While the predecessor standard, SLFRS 4, served as an interim measure allowing companies to continue using diverse local accounting practices, it often lacked comparability across borders and industries.

1.2 The Governance Framework

To ensure a controlled migration, the Company maintained a robust multi-tier governance structure for the SLFRS 17 implementation project.

Core Governance Mechanisms

- **Board Audit Committee Oversight:** Monitored the technical accounting policy selections, specifically the transition approaches and the methodology for determining the Risk Adjustment.
- **Steering Committee:** A cross-functional team of Actuarial, Finance, and IT experts met bi-weekly to oversee the End-to-End (E2E) integration of the SLFRS 17 calculation engine with our core policy systems.
- **Data Integrity & Controls:** Governance focus was placed on "Data Integrity," ensuring that every granular data point required for the new "Groups of Insurance Contracts" is traceable and audited.

1.3 Recap on Key Fundamental Shifts

The transition introduces a current measurement framework for insurance contracts, replacing the traditional deferral and matching model. Under this approach, liabilities are measured using current estimates and market-based assumptions, while profits are recognised over time through the Contractual Service Margin (CSM) as services are provided. The framework also incorporates an explicit Risk Adjustment for non-financial risks and enhances financial reporting by clearly distinguishing between insurance service results and investment performance.

1.4 Strategic Alignment: The Stabilisation & Validation Phase

Throughout 2025, Softlogic Life completed a comprehensive implementation stage for SLFRS 17, involving significant enhancements to actuarial models, data architecture, and reporting processes. In 2026, the Company's focus has shifted towards value calibration and stabilisation under the new reporting framework.

In line with this approach, the Company has adopted the CA Sri Lanka Statement of Alternative Treatment (SoAT), allowing a structured stabilisation period during the first three quarters of 2026. Accordingly, interim SLFRS 17 disclosures will be deferred until the final quarter of 2026, ensuring that the reported figures reflect a stable, validated, and fully audited financial reporting framework rather than preliminary estimates.

Key Validation and Assurance Measures

- **Extensive Parallel Run Validation:** Aligning SLFRS 4 and SLFRS 17 outputs to understand emerging trends.
- **Volatility Management:** Calibrating the Contractual Service Margin (CSM) to reflect long-term sustainable earnings.
- **Audit Assurance:** Subjecting the transition balance sheet to rigorous scrutiny to provide a Complete Audited Financial Statements at the year-end.

1.5 Governance of Performance: Transitioning to New KPIs

As the Company adopts SLFRS 17, the Board's oversight of performance has evolved to integrate a dual-track KPI framework.

- **Statutory Performance Oversight:** The Board will monitor Insurance Service Result and CSM Release as the key indicators of audited profitability under SLFRS 17, supported by governance processes to ensure stable and appropriate profit recognition.
- **New Business Value Governance:** New Business CSM will serve as a forward-looking measure of the long-term value created through current sales activities.
- **Internal Management KPIs:** GWP, FYP, and Renewal Premiums will continue to be tracked as internal performance indicators to monitor market growth and sales productivity.

1.6 Governance over Business Combinations: Allianz Acquisition

Following the acquisition of the Allianz subsidiary in 2025, the Company extended its SLFRS 17 governance framework into the Group's financial reporting processes.

- **Fair Value Approach:** In accordance with SLFRS 17, the Fair Value Approach was applied to measure the acquired insurance contracts at the acquisition date.
- **Subsidiary Data & Process Integration:** The subsidiary's data structures and reporting processes were aligned with the Group's SLFRS 17 systems and governance protocols.

6. THE ACQUISITION AND INTEGRATION OF SOFTLOGIC LIFE INSURANCE LANKA LIMITED

INTRODUCTION

The 2025 acquisition of 100% shareholding in Softlogic Life Insurance Lanka Limited ("Subsidiary") — formerly known as Allianz Life Insurance Lanka Limited — represented a defining moment in the Group's growth trajectory. Recognising that the success of a financial services merger depends as much on the integrity of its governance as it does on its financial synergies, the Board of Directors initiated a comprehensive integration framework. This framework was designed to transition of subsidiary into the Group's ecosystem while upholding our commitment to transparency, policyholder protection, and absolute regulatory compliance. By aligning leadership, risk, and operations, we have ensured that this acquisition serves as a catalyst for long-term value creation and market stability.

1.BOARD STEWARDSHIP & LEADERSHIP OVERSIGHT

The Board acted as the primary custodian of the acquisition process, ensuring that the integration was led by the "Tone at the Top."

- **Board Reconstitution:** The Board of the Subsidiary was restructured, with the appointment of the Softlogic Life Insurance PLC ("Parent") Board to the Subsidiary. This ensures a unified strategic vision, a balance of independence, and the seamless transfer of deep industry expertise across the Group.
- **Establishment of the Integration Steering Committee (ISC):** As a first-order priority, a dedicated ISC was formed to provide granular oversight of the integration roadmap. The ISC serves as the high-level bridge between the Board and the execution teams, reporting directly to the Group Board on key synergy milestones and risk mitigation.

2.MARKET INTEGRITY & CSE DISCLOSURES

Transparency is a cornerstone of our corporate governance philosophy. The Group ensured that all material information regarding the acquisition was communicated to the investing public in a timely and accurate manner, ensuring market integrity and price discovery.

CSE Disclosures



- **Initial Disclosure of Intent (26 March 2025):** The Group formally notified the CSE and the investing public of the execution of the agreement to acquire 100% shareholding in Softlogic Life Insurance Lanka Limited subject to the approval of the Insurance Regulatory Commission of Sri Lanka.
- **Disclosure of Completion (11 July 2025):** A final disclosure was made to the market confirming the legal completion of the acquisition of 100% shareholding, following the receipt of formal regulatory approval from the Insurance Regulatory Commission of Sri Lanka (IRCSL).

3.OPERATIONAL ALIGNMENT & STAKEHOLDER TRUST

The integration process was guided by the "Continuity of Promise" principle, ensuring a seamless transition from the previous brand to the Group's ecosystem while maintaining confidence among policyholders, employees, and distribution partners.

- **Systems & Process Harmonisation:** Core insurance systems and operational workflows were reviewed and aligned with the Group's quality and operational standards, with targeted enhancements implemented to strengthen service delivery and operational efficiency.
- **Strategic Sales Force Integration:** The Subsidiary's agency force was integrated through revised incentive structures that safeguarded income stability while gradually aligning product distribution with the Group's long-term strategic objectives.
- **Human Capital & Cultural Onboarding:** A structured transition programme was implemented to integrate employees into the Group's culture, including orientation on the Group's Code of Business Conduct and Ethics and governance standards.
- **Policyholder Advocacy & Continuity of Promise:** A comprehensive communication programme assured policyholders that all existing policy terms and benefits remain unchanged, reinforcing the Group's commitment to long-term protection and service continuity.

4.RISK ASSURANCE & GOVERNANCE OVERSIGHT

To ensure stability following the acquisition, the Group's internal control and governance frameworks were extended to the Subsidiary.

- **Financial Governance & Audit Integrity:** The Subsidiary's accounting policies and financial authority limits were aligned with Group standards.
- **Internal Audit & Control Verification:** The Subsidiary was brought under the Group's Internal Audit programme with periodic and spot audits.
- **Regulatory Compliance & Solvency Monitoring:** Regulatory ratios are monitored monthly, with no regulatory breaches recorded since the acquisition.

7. LEADERSHIP & STRATEGIC STEWARDSHIP

BOARD OVERVIEW

The Board of Directors of Softlogic Life Insurance PLC (the 'Company') provides leadership and strategic direction while maintaining strong standards of transparency, accountability, and compliance with the Articles of Association, the Companies Act No. 7 of 2007, and all applicable regulatory frameworks.

Following the acquisition and integration of its fully owned subsidiary, Softlogic Life Insurance Lanka Limited (formerly Allianz Life Insurance Lanka Limited), the Board has extended its oversight to the wider Group. In this capacity, the Board sets the Group's strategic direction, defines risk appetite, and oversees performance to ensure effective resource utilisation and compliance with industry and regulatory standards.

To safeguard the Group's long-term sustainability, the Board oversees enterprise risk management and internal control frameworks, ensuring governance practices and policies remain aligned across the organisation. Environmental, Social and Governance (ESG) considerations are integrated into Board deliberations and strategic decision-making.

Acting in the best interests of stakeholders, Directors exercise independent judgement, integrity, and professional competence. Through collective expertise and engagement with Management, the Board continues to strengthen governance and guide the Company's sustainable growth.

Balanced Governance Structure

The Board comprises eight Directors, including a majority of Non-Executive Directors (7 of 8), ensuring strong independent oversight. Independent Directors contribute objective perspectives that support balanced decision-making and governance integrity. Refer Board composition on pages 230-231.

Separation of the Roles of Chairman and Managing Director

In line with good governance practice, the roles of Chairman and Managing Director are clearly separated. This structure promotes balanced decision-making, accountability, and appropriate distribution of authority within the Board. Details of their respective responsibilities are provided on page 228.

Dynamic Board Expertise

The Board possesses diverse expertise across insurance, finance, risk management, economics, and corporate governance, enabling effective oversight and informed decision-making, as mentioned on page 230-231. This diversity strengthens the Board's ability to respond to market developments and emerging business challenges.

Financial Acumen of the Board

The Board maintains strong financial expertise and provides strategic oversight of the Company's financial performance and reporting. Directors' responsibility for financial reporting is detailed on pages 263-264, reflecting the Board's commitment to transparency and accountability.

Fit and Proper Assessment

Fit and Proper assessments are conducted in accordance with 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.

Efficient Board Operation

The Board operates within a structured governance framework supported by the Company Secretary. Meetings are properly documented, and senior management provides regular updates to facilitate informed decision-making.

Seeking Independent Professional Advice

Directors may obtain independent professional advice when necessary to support objective and well-informed decisions. The Company bears the related costs, reinforcing the Board's commitment to sound governance.

7.1 POWERS, ROLES AND RESPONSIBILITIES OF THE BOARD

(PRINCIPLES A.1.2 - A.1.7)

Powers of the Board

The Board is vested with authority to govern the Company in accordance with its responsibilities under the Articles of Association and the Companies Act No. 7 of 2007, ensuring effective oversight, accountability, and sound governance.

Role of the Board

Entrusted with the stewardship of the Company, the Board serves as the principal governing authority of Softlogic Life Insurance PLC. By balancing visionary leadership with robust risk management, the Board drives sustainable growth, ensures corporate accountability, and protects the long-term interests of all stakeholders through the following core mandates:

- Safeguard shareholder interests by guiding the Company's strategic direction and overseeing Management's execution of business strategies.
- Uphold robust governance structures designed to drive sustainable, long-term value for all stakeholders.
- Ensure strict adherence to external regulatory frameworks and internal corporate policies.
- Continuously monitor and evaluate overall organisational performance to guarantee alignment with core strategic objectives.

Board Responsibilities and Oversight in 2025

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 longterm value creation.

1. Strategic Leadership, Risk, and Governance

Core Mandate

- Drive ESG-aligned long-term strategy.
- Oversee governance, risk, cybersecurity, and compliance frameworks.
- Promote transparency and stakeholder engagement.

2025 Actions Taken

- Reviewed regulatory capital position and approved USD 15 Mn Tier II Subordinated Debt from Nor-fund and Finn-fund to enhance solvency.
- Reviewed and approved the strategic acquisition of Allianz Life Insurance Lanka Limited.
- Oversaw harmonisation of governance policies and Board charters across the expanded group structure

2. Financial Oversight & Monitoring

Core Mandate

- Approve and monitor budgets, capex, and authority limits.
- Ensure adherence to accounting standards (LKAS/SLFRS) and internal controls.
- Review financial statements and monitor performance via KPIs.

2025 Actions Taken

- Approved the three-year corporate plan.
- Declared and paid an interim dividend for FY2025 in compliance with applicable regulatory requirements.
- Approved quarterly actuarial surplus based on valuations certified by the Appointed Actuary, Willis Towers Watson.

3. Leadership & Succession Planning

Core Mandate

- Appoint, guide, and evaluate the MD and senior management.
- Align leadership capabilities with strategic priorities.
- Oversee robust succession planning.

2025 Actions Taken

- Conducted and formally documented performance evaluations for the MD and Key Management Personnel.
- Reviewed and implemented targeted succession planning initiatives for year 2026.
- Supported comprehensive training and leadership development programs.

4. Tech, Digital Transformation & Innovation

Core Mandate

- Steer ICT roadmap and digital transformation.
- Drive operational efficiency via automation and AI.
- Enforce cybersecurity and data privacy.

2025 Actions Taken

- Reviewed the ICT roadmap to ensure alignment with the Company's business strategy and digital transformation priorities.
- Establish AI Governance Policy to guide the responsible adoption and oversight of AI technologies.
- Oversaw the deployment of AI-powered corporate reporting tools enabling dynamic reporting formats.

5. Stakeholder and Compliance Management

Core Mandate

- Ensure compliance with IRCSL and legal frameworks.
- Integrate ESG into core operational strategy.
- Protect stakeholders via transparent disclosures.

2025 Actions Taken

- Secured all required approvals under the Regulation of Insurance Industry Act and fulfilled CSE Listing Rule disclosures in relation to the acquisition.
- Oversaw implementation of IRCSL Direction No. 04, 08 and 09 of 2025 across sales, service, and disclosure frameworks.

7. LEADERSHIP & STRATEGIC STEWARDSHIP

Roles of Key Governance Positions

1. ROLE OF THE CHAIRMAN (PRINCIPLES A.2 AND A.3)

- Provides independent and objective leadership to ensure the effectiveness of the Board.
- Upholds high standards of corporate governance and ensures the Board exercises proper oversight of Company affairs.
- Facilitates the discharge of Board responsibilities, promoting constructive challenge and informed decision-making.
- Presides over Board meetings, ensuring orderly proceedings and meaningful participation by Directors.
- Promotes transparency, accountability, and alignment with stakeholder interests.

2. ROLE OF THE MANAGING DIRECTOR (PRINCIPLES A.2 AND A.3)

- Implements Board-approved strategies and delivers corporate objectives.
- Leads day-to-day operations and optimises organisational performance.
- Ensures effective risk management, internal controls, regulatory compliance, and cybersecurity oversight, escalating material matters to the Board.
- Maintains open and timely communication with the Chairman and the Board on performance, risks, and strategic developments.
- Represents the Company to stakeholders and integrates ESG considerations into operational execution.
- Fosters a culture of accountability, ethical conduct, and leadership development to support succession and sustainability.

3. ROLE OF INDEPENDENT NON-EXECUTIVE DIRECTORS (PRINCIPLES A.3.1, A.5 AND A.5.1)

- Uphold independence and impartiality, ensuring objective and unbiased decision-making.
- Provide independent judgement and mitigate potential conflicts of interest to safeguard shareholder and policyholder interests.
- Contribute strategic insight to align business objectives with long-term sustainability.
- Constructively challenge and support management to enhance performance and accountability.
- Strengthen Board credibility through diverse experience, professional integrity, and sound judgement.
- Actively participate in Board Sub-Committees, particularly in areas of risk, audit, and compliance oversight.

4. ROLE OF THE COMPANY SECRETARY (PRINCIPLE A.1.4)

- Facilitate effective communication between the Board, management, shareholders, and regulators.
- Ensure Board meetings, AGMs, and EGMs are conducted in accordance with the Articles of Association, Board Charter, and applicable laws and regulations.
- Support the Chairman and Managing Director in setting agendas aligned with strategic priorities.
- Coordinate the timely circulation of Board papers, presentations, and accurate recording of proceedings.
- Maintain statutory registers and ensure timely filing of regulatory and statutory returns.
- Oversee regulatory communications, related party disclosures, and governance documentation.
- Promote adherence to corporate governance best practices and regulatory compliance frameworks.
- Support financial reporting processes, including Annual and interim disclosures.

7.2 EVALUATION OF BOARD AND BOARD SUB-COMMITTEE PERFORMANCE

(PRINCIPLE A.9)

The Board undertakes a structured and periodic evaluation of its effectiveness to ensure continued alignment with its responsibilities as set out in the Board Charter, Principle A.9 of the CA Code of Best Practice on Corporate Governance 2023 and CSE Listing Rule Section 9, a formal annual performance assessment is conducted to evaluate the effectiveness of the Board as a whole, its Committees, and individual Directors.

The evaluation process is carried out through a comprehensive self-assessment mechanism, whereby each Director completes a performance evaluation questionnaire based on the Board Performance Evaluation Checklist. The assessment covers areas such as strategic oversight, risk governance, regulatory compliance, committee effectiveness, leadership contribution, and overall Board dynamics.

The Company Secretary coordinates the evaluation process and consolidates the responses for review by the Nominations and Governance Committee, in line with its written terms of reference. The Committee analyses the collective findings, identifies areas for enhancement, and submits recommendations to the Board.

The outcomes of the evaluation are used to strengthen Board composition, refine governance processes, enhance Director engagement, and ensure the appropriate balance of skills and experience in line with the Company's evolving strategic and regulatory requirements.

Through this structured review framework, the Board reinforces accountability, transparency, and continuous improvement, supporting effective governance and long-term value creation.

EVALUATION OF BOARD AND SUB COMMITTEES

The Board is committed to maintaining high standards of governance through a structured and reflective evaluation framework designed to strengthen oversight, strategic stewardship, and long-term value creation. The evaluation process is conducted annually and serves as a key mechanism for reinforcing accountability, independence, and Board effectiveness.

1 Reflective Self-Evaluation

The Board, its Committees, the Chairman, and individual Directors undertake a comprehensive assessment of their collective and individual performance.

This review considers strategic contribution, quality of oversight, risk governance, regulatory engagement, and alignment with the Company's evolving priorities. For Executive Directors and key management, 360-degree feedback provides additional insight into leadership effectiveness and organisational impact.

2 Independent Committee Review

An independent review forms part of the Board evaluation process to assess the effectiveness of the Board, its Committees, and individual Directors.

Board Committees undertake structured self-assessments, after which the Board's overall effectiveness is reviewed. Key findings are presented and discussed at Board meetings to support continuous governance improvement.

3 Governance Enhancement & Action Planning

Insights derived from the evaluation inform targeted improvements in governance processes, Board dynamics, strategic oversight, and Director development.

Where appropriate, the Board undertakes initiatives relating to skills enhancement, succession planning, regulatory preparedness, and governance refinements to strengthen long-term effectiveness.

4 Transparent Disclosure & Accountability

The outcomes of the evaluation process are documented and appropriately disclosed in the Annual Report, reinforcing transparency and stakeholder confidence.

The Board views evaluation not as a compliance exercise, but as an ongoing commitment to continuous improvement, ensuring it remains responsive, independent, and strategically aligned to deliver sustainable value.

7. LEADERSHIP & STRATEGIC STEWARDSHIP

Figure: Board Composition



Mr. Ashok Pathirage
Chairman
Age: 61
(Appointed 9 July 2011)

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: 63
(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: 60
(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: 53
(Appointed 21 December 2018)

R I

Skills and Experience:
Her experience includes Financial Services and investment in emerging markets for over 20 years.

H Remuneration Committee

A Audit Committee

R Risk Committee

POWER BALANCE

8 Members

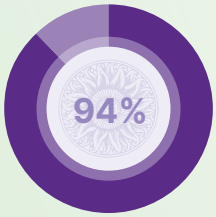


1 Executive Director

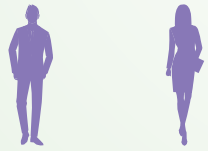
4 Non-Executive Directors

3 Independent Non-Executive Director

Board Meeting Attendance



Gender



Male 7

Female 1

Age



Below 55 — 2



Above 55 — 6

Tenure



Below 8 Years — 6



Above 8 Years — 2

Nationality



Local — 6



Foreign — 2



Mr. V. Govindasamy
Director
Age: 61
(Appointed 16 January 2020)

A T N I H

Skills and Experience:
He has experience in management in the sectors of Plantations, FMCG, Renewable Energy.



Mr. Raimund Snyders
Director
Age: 61
(Appointed 2 May 2020)

A R T I

Skills and Experience:
He has management experience of over 30 years in Financial Services, Wealth and Investment Management.



Mr. Sanjaya Mohottala
Director
Age: 49
(Appointed 01 July 2021)

I

Skills and Experience:
He has experience in Corporate Finance, Automation, Digitisation, Sales and Marketing.



Mr. Lalith Withana
Director
Age: 64
(Appointed 01 July 2021)

A R T N H

Skills and Experience:
He has management experience of over 25 years in Banking, Manufacturing & Trading sectors.

I Investment Committee
A Related Party Transactions Review Committee
N Nominations and Governance Committee

POWER BALANCE

Skills and Experiences / No. of Directors

- Insurance
- Information Technology
- Accounting and Finance
- International Experience
- Risk Management
- General Management
- Economics
- Executive Leadership
- Banking
- Sales and Marketing
- Corporate and Commercial Law
- Project Management

7. LEADERSHIP & STRATEGIC STEWARDSHIP

Evaluation of Board Sub-Committees (Principle A.9.2)

The Company undertakes an annual evaluation of its Board Sub-Committees to ensure they continue to operate with effectiveness, independence, and strategic focus, in line with the Code of Best Practice on Corporate Governance 2023 and CSE Listing Rule Section 9.

The assessment considers each Committee's mandate, composition, expertise, attendance, quality of deliberations, and effectiveness in discharging responsibilities as defined in its Charter. Particular attention is given to the Committee's contribution to risk oversight, regulatory compliance, financial integrity, governance discipline, and strategic alignment.

The findings of these evaluations are reviewed by the Nominations and Governance Committee, which identifies opportunities for enhancement and submits recommendations to the Board to strengthen Committee performance and governance maturity.

Details of the Board Sub-Committee evaluations for the year 2025 are presented on pages 269-287 of this report, reinforcing transparency and accountability within the Company's governance framework.

Board Evaluation Outcomes – 2025

The 2025 review confirmed that the Board Sub-Committees operated effectively within their respective mandates. Minor enhancements were identified in areas relating to digital governance oversight, succession depth, and forward-looking regulatory preparedness. These improvement actions have been incorporated into the Board's ongoing governance development agenda.

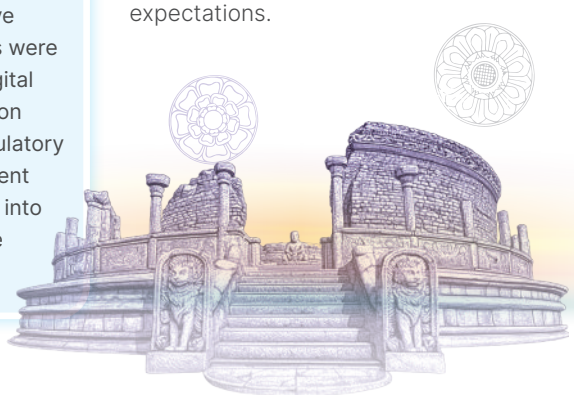
Evaluation of the Managing Director (Principle A.11)

At the commencement of each financial year, the Board, in consultation with the Managing Director (MD), establishes clearly defined financial and non-financial performance objectives aligned with the Company's strategic priorities across the short, medium, and long term.

These objectives encompass financial performance, operational excellence, regulatory compliance, customer outcomes, innovation, digital transformation, and sustainability (including ESG integration), reflecting the Company's broader value creation strategy.

At year-end, the Board conducts a formal evaluation of the MD's performance against the agreed targets. The assessment considers both quantitative outcomes and qualitative leadership contributions, taking into account prevailing market conditions, regulatory developments, and business challenges that may have influenced performance.

In accordance with CSE Listing Rule Section 9, the Remuneration Committee reviews the evaluation outcomes and makes recommendations to the Board regarding the MD's remuneration, including fixed and performance-based components. The Committee ensures that compensation structures are aligned with performance delivery, long-term strategic objectives, prudent risk management, and shareholder expectations.



Managing Director Evaluation Outcome – 2025

For 2025, the Board concluded that the Managing Director's performance was aligned with the Company's strategic objectives, including financial stability, capital discipline, digital advancement, and regulatory compliance. Performance-linked remuneration was determined in accordance with established governance frameworks, reflecting both measurable outcomes and leadership effectiveness.

7.3 BOARD REMUNERATION

(PRINCIPLES A.9 TO B.3)

The Company maintains a structured and transparent remuneration framework designed to attract, motivate, and retain Directors with the competence, experience, and leadership capabilities required to guide the Company's strategic direction and long-term value creation.

The Remuneration Committee is responsible for overseeing the remuneration framework for both Executive and Non-Executive Directors. The framework is periodically benchmarked against relevant market comparators to ensure competitiveness, fairness, and alignment with industry best practices. Remuneration structures incorporate fixed components, performance-based incentives, and post-employment benefits, where applicable, and are aligned with corporate strategy, risk considerations, and sustainable performance.

The Committee operates under clearly defined terms of reference and applies objective and transparent processes in determining remuneration outcomes. In fulfilling its responsibilities, the Committee may consult the Chairman, the Managing Director, and relevant internal stakeholders, and has access to independent external expertise to

ensure that remuneration structures are appropriately benchmarked and performance-linked.

The Committee is chaired by an Independent Non-Executive Director and comprises solely Non-Executive Directors, with a majority being Independent Non-Executive Directors, thereby reinforcing independence and mitigating potential conflicts of interest.

Level and Structure of Remuneration

Remuneration for members of the Remuneration Committee is determined by the Board, ensuring that no Director is involved in decisions relating to his or her own remuneration.

Director remuneration reflects the scope of responsibilities, expertise, experience, time commitment, and strategic contribution to the Board. All Directors are recognised as Key Management Personnel (KMPs), and their remuneration is aligned with the Company's performance, regulatory environment, risk profile, and long-term sustainability objectives.

Disclosure of Remuneration (Principle B.3)

In the interest of transparency and accountability, details of Directors' remuneration are disclosed in the Annual Report (refer page 433). Further information on the Company's remuneration policy and key aspects relating to remuneration of Directors, senior management, and employees is provided in the Remuneration Committee Report on pages 278-280.

7.4 MAINTAINING THE INDEPENDENCE OF THE BOARD

(PRINCIPLES A.5.4 TO A.5.7)

BOARD INDEPENDENCE FRAMEWORK

Objective | Accountability | Regulatory Alignment

INDEPENDENCE CRITERIA

Regulatory Benchmarking

The independence of Directors is assessed against:

- CSE Listing Rule Section 9
- Code of Best Practice on Corporate Governance 2023
- Relevant statutory and regulatory provisions

Assessment Considerations:

- Financial or material relationships
- Professional affiliations
- Tenure and prior engagements
- Any circumstance affecting independent judgement

Outcome
Structured, rule-based independence determination

ANNUAL DECLARATION PROCESS

Formal Declarations

- All Directors submit annual independence declarations.
- Declarations reviewed collectively by the Board.
- Independence confirmed strictly in accordance with regulatory criteria.

Outcome
Transparent and documented compliance

ONGOING MONITORING & SELF-ASSESSMENT

Continuous Evaluation

- Directors conduct self-assessments of potential conflicts.
- Immediate disclosure of any material changes.
- Board reviews disclosures alongside independence criteria.

Outcome
Sustained impartiality and governance integrity

TRANSPARENCY & SHAREHOLDER ACCESS

Shareholder Rights & Disclosure

- Information on external directorships maintained by the Company Secretary.
- Records available for shareholder inspection upon request.
- Clear disclosure of independence status in Annual Report (refer page 234).

Outcome
Reinforced stakeholder confidence

Independence Confirmed in 2025

All Directors' independence was assessed in strict compliance with CSE Listing Rule Section 9 and the CA Governance Code 2023, with no exceptions applied.

7. LEADERSHIP & STRATEGIC STEWARDSHIP

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

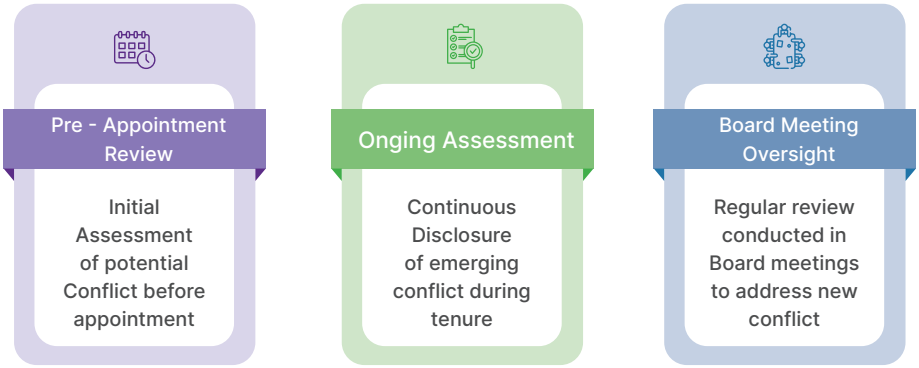
Review and Management of Conflicts of Interest (Principle D.6)

The Board is responsible for identifying, reviewing, and managing actual or potential conflicts of interest to preserve the independence and integrity of Directors' judgement.

Each declared conflict is assessed for its nature and materiality, and appropriate safeguards are implemented.

To strengthen oversight, the Company applies a structured Three-Way Governance Approach to ensure timely disclosure, independent review, and transparent resolution of conflict situations in line with regulatory and governance requirements.

Three-way Approaching to Eliminate Conflict of Interest



7.5 PROFESSIONAL DEVELOPMENT OF THE BOARD

(PRINCIPLES A.1.5, A.1.8)

The Board recognises that continuous professional development is essential to maintaining effective oversight, sound judgement, and strategic leadership. In line with Principles A.1.5 and A.1.8 of the Code of Best Practice on Corporate Governance 2023, the Company ensures that Directors are provided with ongoing opportunities to enhance their knowledge, skills, and understanding of the business, regulatory environment, and emerging risks.

Periodic reviews are undertaken to identify individual and collective development needs, ensuring that the Board remains appropriately equipped to discharge its fiduciary duties and contribute meaningfully to long-term value creation.

To support this, Directors have access to:

Independent Professional Advice: Directors may obtain independent professional advice at the Company's expense where necessary to support their governance responsibilities (Principle A.1.3).

Access to Internal and External Expertise: The Board has direct access to the Company Secretary, senior management, Internal and External Auditors, industry specialists, and other external advisers to facilitate comprehensive oversight (Principles A.1.4 and A.6.1).

Financial and Performance Information: Directors receive regular financial updates, including budgets, forecasts, solvency metrics, and performance reports, enabling effective monitoring and strategic review (Principles A.6.1 and A.6.2).

Regulatory and Best Practice Updates: The Board is kept informed of developments in regulatory requirements, corporate governance standards, risk management practices, and industry trends requiring Board attention (Principles A.1.2 and A.1.8).

Ongoing Training and Business Insights : The Board participates in structured training sessions, workshops, and presentations delivered by management and external subject-matter experts. These sessions address strategic priorities, risk management developments, regulatory updates, technological advancements, and evolving market dynamics.

A Culture of Continuous Learning

To ensure a forward-looking and responsive Board, the Company fosters a culture of continuous learning. Management provides timely updates on macroeconomic, regulatory, and policy shifts. This structured engagement empowers Directors to evaluate emerging opportunities and evolving risks, driving proactive governance and informed decision-making.

Recent Knowledge Enhancement Initiatives

Fostering our continuous learning culture, the Board remains fully aware of the current status of the ongoing SLFRS 17 implementation. Members were also made aware of diverse insurance products to accurately evaluate their financial and operational impacts post-implementation.

7.6 APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

(PRINCIPLES A.7.1, A.8, A.8.3)

Appointment of Directors (Principle A.7.1)

The appointment of Directors is governed by a formal, transparent, and structured process in accordance with the Company's Articles of Association, internal governance policies, and applicable regulatory requirements. The process is aligned with CSE Listing Rule Section 9, which requires Listed Entities to maintain a formal procedure for Board appointments through the Nominations and Governance Committee.

The Nominations and Governance Committee oversees the identification, evaluation, and recommendation of suitable candidates to ensure that Board composition reflects an appropriate balance of skills, experience, independence, and diversity consistent with the Company's strategic and regulatory environment.

The appointment framework is integrated with the Board's succession planning strategy, supporting orderly renewal while preserving institutional knowledge and governance continuity

The appointment process generally includes:

- **Board Capability Assessment –** Periodic evaluation of the Board's collective competencies, expertise, and diversity profile, and succession needs.
- **Identification of Requirements –** Determination of additional skills, industry experience, or regulatory expertise required to strengthen Board effectiveness.
- **Candidate Evaluation –** Assessment of qualifications, professional experience, integrity, independence, and compliance with fit and proper criteria.
- **Committee Recommendation –** Submission of shortlisted candidates to the Board for consideration.
- **Board and Shareholder Approval –** Formal appointment in accordance with the Articles of Association and regulatory requirements.
- **Public Disclosure –** Timely communication of appointments to the CSE and other stakeholders.

This structured approach ensures that Board appointments support strategic oversight, regulatory compliance, and long-term value creation Rationale for New Board Appointments.

Rationale for New Board Appointments

New Board appointments are guided by a strategic assessment of the Company's evolving governance and business requirements. The key considerations include:

Strategic Capability Alignment: Ensuring the Board possesses the appropriate mix of skills, industry expertise, and leadership experience necessary to support the Company's long-term strategic direction and enhance the quality of decision-making.

Strengthening Governance and Oversight: Enhancing Board effectiveness in areas such as risk management, regulatory compliance, capital stewardship, and performance oversight to respond effectively to a dynamic operating environment.

Addressing Skills and Diversity Gaps: Identifying and appointing Directors with specialised expertise—such as financial reporting, regulatory affairs, digital transformation, or risk management—while promoting diversity of perspective and experience.

Maintaining Rigorous Selection Standards: Applying a structured and comprehensive evaluation process to ensure that prospective Directors demonstrate integrity, independence, sound judgement, and alignment with the Company's governance framework and stakeholder expectations.

Resignation of Directors (Principle A.8.3)

In the event that a Director resigns prior to the completion of his or her term, a formal written notice of resignation must be submitted to the Board, clearly stating the effective date and reasons for such decision.

Upon receipt, the Board reviews and formally records the resignation, considering any governance, regulatory, or succession planning implications arising there from where required, appropriate steps are taken to ensure continuity of oversight and compliance with applicable regulatory requirements.

The resignation is promptly disclosed to the Colombo Stock Exchange (CSE), shareholders, and relevant regulatory authorities in accordance with statutory and listing obligations, ensuring transparency and timely communication.

7. LEADERSHIP & STRATEGIC STEWARDSHIP

Board Appointments, Retirements and Resignations During 2025

No Board appointments, retirements, or resignations occurred during the financial year 2025.

Re-Election of Directors (Principle A.8)

The re-election of Directors is conducted in accordance with the Company's Articles of Association and the Code of Best Practice on Corporate Governance 2023, ensuring a structured and transparent 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 Annual General Meeting (AGM) following their appointment. Thereafter, Directors stand for re-election at intervals not exceeding three years.

Rotation and Re-Election of Non-Executive Directors: In line with governance best practice, the longest-serving Non-Executive Director since the last appointment or re-election offers himself or herself for re-election by shareholders. This process ensures periodic Board refreshment and accountability.

The continuation of a Director in office is subject to shareholder approval and the Board's assessment of the Director's performance, independence, and continued alignment with the Company's strategic and governance requirements.

Newly Appointed Directors: Any Director appointed during the year holds office until the next AGM and is eligible for re-election by shareholders at that meeting.

Disclosure of Directors for Re-Election: Details of Directors seeking re-election at the AGM to be held on 31 March 2026 are provided in the Notice of Meeting (refer page 476).

Board Induction (Principle A.1.8)

The Company maintains a structured and comprehensive induction programme for all newly appointed Directors to ensure they acquire a thorough understanding of the Company's governance framework, strategic priorities, operational model, and regulatory environment. The programme is coordinated by the Company Secretary and designed to enable Directors to contribute effectively from the outset of their tenure.

The induction framework is structured across five key areas:

1. **Introduction to Business & Leadership (Principles A.1.2, A.1.8)**

New Directors are introduced to the Company's business model, industry dynamics, competitive landscape, and senior leadership team. Briefings include an overview of strategic objectives, financial position, capital structure, and market positioning.

2. **Corporate Values and Ethical Framework (Principles A.1.3, A.1.5)**

Directors are familiarised with the Company's corporate culture, values, and ethical standards. This includes detailed guidance on the Code of Conduct, conflict of interest policies, and governance expectations to ensure alignment with best practice and regulatory standards.

3. **Governance Structure and Regulatory Environment (Principles A.1.4, A.7.1)**

The induction covers the Company's governance architecture, including the Articles of Association, Board Charter, Sub-Committee mandates, and decision-making protocols. Directors are also briefed on relevant IRCSL regulatory directions, CSE Listing Rules, and other statutory obligations applicable to the insurance sector.

4. **Directors' Duties and Legal Responsibilities (Principles A.1.2, A.1.6)**

Directors receive guidance on their fiduciary duties, statutory responsibilities, and oversight obligations. The legislative and regulatory framework governing risk management, compliance, solvency, and financial reporting is explained to ensure informed and responsible governance.

5. **Operational and Risk Familiarisation (Principles A.6.1, A.6.2)**

New Directors are provided with in-depth insights into operational processes, business strategy execution, internal control systems, enterprise risk management, and audit functions, enabling effective oversight of financial and non-financial performance.

Strategic Engagement and Ongoing Integration

In addition to the formal induction programme, newly appointed Directors participate in strategic planning sessions and management briefings. These engagements provide deeper insights into key business initiatives, emerging risks, regulatory developments, and operational challenges, fostering informed participation and meaningful contribution to Board deliberations.

Through this structured induction and integration process, the Company ensures that Directors are equipped to uphold strong governance standards, exercise independent judgement, and contribute to sustainable value creation.

7.7 BOARD MEETINGS

Information Supply to the Board

The Board receives timely, relevant, and comprehensive information to enable informed decision-making and effective oversight. Management provides high-quality Board papers and supporting documentation that are sufficient in depth and clarity.

Board materials are made available through a secure digital platform, enabling Directors to access Board packs, review documentation, request additional information, and provide comments electronically. This enhances efficiency, confidentiality, and preparedness.

All Directors have independent access to the Company Secretary and the discretion to obtain external advice

Board Meeting Preparation Process

The Company maintains a structured and disciplined process to ensure Directors are adequately prepared for Board meetings. In circumstances requiring additional meetings to address urgent or time-sensitive matters, relevant papers may be circulated at shorter notice as an exception to the standard meeting process, ensuring timely and responsive governance.

The Chairman, in consultation with the Managing Director, Directors, and the Company Secretary, finalises the agenda.

The Notice of Meeting, agenda, and Board papers are circulated at least seven days in advance of the meeting.

Directors utilise this period to review materials, seek clarifications, and prepare for deliberations.

Meeting Agenda Circulation

Agendas for Board meetings and Sub-Committee meetings are generally circulated one week in advance, while the Board Risk Sub-Committee agenda is circulated two weeks prior to the meeting, reflecting the depth and technical nature of matters discussed.

Where urgent matters arise, additional meetings may be convened and papers circulated at shorter notice, ensuring timely governance responsiveness.

Conduct of Board Meetings

During meetings, the Board engages in active deliberation of agenda items and may invite Key Management Personnel to provide clarification or insights on matters within their respective areas of responsibility.

Directors may participate physically or virtually through teleconference or video conference facilities, ensuring flexibility and full participation.

The Chairman facilitates open and constructive dialogue, encouraging balanced contributions from Executive and Non-Executive Directors while maintaining appropriate oversight and independence.

The Sub-Committee Chairperson provide updates on matters deliberated within their respective Committees.

The Managing Director presents comprehensive updates on operational performance, financial results, regulatory developments, and industry trends.

The Company Secretary attends all meetings, advises on compliance with statutory and regulatory requirements, and ensures accurate recording of proceedings and resolutions.

Post-Meeting Follow-Up

The Board actively monitors the implementation of decisions and action items arising from meetings. Management provides progress updates through the Company Secretary to ensure timely follow-through.

Directors who are unable to attend a meeting are provided with the approved minutes and relevant documentation to ensure they remain fully informed of proceedings.



7. LEADERSHIP & STRATEGIC STEWARDSHIP

Board Attendance During 2025

The Board met four (4) times during the financial year 2025. The Board is mindful of Directors' external commitments and is satisfied that each Director devotes sufficient time and attention to fulfil their responsibilities effectively.

	Board Meetings	Audit Committee	Risk Committee	Remuneration Committee	Related Party Transactions Committee	Investment Committee	Nominations and Governance Committee
Independent Non-Executive Directors							
Mr. Sanjaya Mohottala	4/4	-	-	-	-	3/4	-
Mr. Lalith Withana	4/4	4/4	4/4	4/4	4/4	-	1/1
Mr. V. Govindasamy	3/4	3/4	-	4/4	3/4	2/4	1/1
Non-Executive Directors							
Mr. Ashok Pathirage	4/4	-	-	4/4	-	4/4	1/1
Mr. Haresh Kaimal	4/4	-	-	-	-	-	-
Mrs. Fernanda Lima	3/4	-	4/4	-	-	3/4	-
Mr. Raimund Snyders	4/4	4/4	4/4	-	4/4	4/4	-
Executive Directors							
Mr. Ifthikar Ahamed	4/4	-	-	-	-	4/4	-
Total Meeting Attendance	**94%**	**92%**	**100%**	**100%**	**92%**	**83%**	**100%**

Key Activities of the Board During 2025

Key activities carried out by the Board during 2025 has been discussed on page 227.

7.8 BOARD SUB-COMMITTEES

The Company has established six Board Sub-Committees to which specific responsibilities and authority have been delegated in order to enhance governance effectiveness and oversight. Each Sub-Committee operates within clearly defined terms of reference approved by the Board.

The respective Sub-Committee Chairpersons are responsible for ensuring the effective discharge of delegated duties and for reporting deliberations, recommendations, and key decisions to the Board.

Role and Functioning of Sub-Committees

Through its Sub-Committee structure, the Board is able to provide focused oversight on specialised or complex matters requiring detailed review and expert consideration. These Committees conduct in-depth analysis, evaluate risks and controls, and make recommendations to the Board to support informed decision-making.

This structured delegation enables the Board to allocate adequate time to strategic matters while ensuring rigorous scrutiny of financial, risk, governance, regulatory, and operational issues.

Each Sub-Committee operates under a formal charter outlining its composition, authority, and responsibilities. A summary of the activities undertaken by each Sub-Committee during the year is presented in the respective Committee Reports on pages 269–287.

The Company Secretary acts as Secretary to all Board Sub-Committees, ensuring proper documentation, regulatory compliance, and adherence to governance protocols.



Figure: Board Sub-Committee Details

AUDIT COMMITTEE

Members	Number of Meetings
Mr. Lalith Withana ✓	4/4
Mr. V. Govindasamy	3/4
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 Attendance

92% Attendance

Director's Representation

67% Independent Directors

Refer Page 269-274

RISK COMMITTEE

Members	Number of Meetings
Mr. Raimund Snyders ✓	4/4
Ms. Fernanda Lima	4/4
Mr. Lalith Withana	4/4

Committee Objectives

Design and implementation of an effective Risk Management Framework, Risk measurement, monitoring, management, Oversight of ESG risk and Compliance with regulatory and internal prudential requirements.

Committee Attendance

100% Attendance

Director's Representation

100% Non-Executive Directors

Refer Page 275-277

REMUNERATION COMMITTEE

Members	Number of Meetings
Mr. V. Govindasamy ✓	4/4
Mr. Lalith Withana	4/4
Mr. Ashok Pathirage	4/4

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 Attendance

100% Attendance

Director's Representation

67% Independent Directors

Refer Page 278-280

INVESTMENT COMMITTEE

Members	Number of Meetings
Mr. Ashok Pathirage ✓	4/4
Mr. Sanjaya Mohottala	3/4
Mr. V. Govindasamy	2/4
Ms. Fernanda Lima	3/4
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 Attendance

83% Attendance

Director's Representation

83% Non-Executive Directors

Refer Page 281-282

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Members	Number of Meetings
Mr. Lalith Withana ✓	4/4
Mr. V. Govindasamy	3/4
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 Attendance

92% Attendance

Director's Representation

67% Independent Directors

Refer Page 283-285

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 Attendance

100% Attendance

Director's Representation

67% Independent Directors

Refer Page 286-287

✓ Committee Chairman

7. LEADERSHIP & STRATEGIC STEWARDSHIP

7.9 BOARD INVOLVEMENT IN IT GOVERNANCE

IT Governance Approach

The Board of Directors recognises that robust Information Technology (IT) governance is no longer just an operational necessity, but a strategic imperative that drives enterprise value, resilience, and sustainable growth. Because technology fundamentally underpins our business model and customer experience, the Board retains ultimate accountability for IT governance, elevating it from traditional technical management to high-level strategic oversight.

Leveraging Technology and Automation

Softlogic Life has systematically embedded advanced technology across its core operations, moving beyond simple digitisation to high-impact innovation. Through pioneering initiatives such as Claim IT, the fully digitised e-Advisor sales platform, and the integration of Robotic Process Automation (RPA) and Artificial Intelligence, the Company has fundamentally enhanced both operational agility and the customer experience.

As we continue to scale these technology-enabled capabilities, the Board maintains rigorous oversight to ensure this rapid innovation remains anchored within a well-controlled, secure, and strategically aligned environment. By harmonising cutting-edge automation with robust governance, the Board ensures that technological advancement serves as a disciplined engine for sustainable competitive advantage.

Regulatory Alignment & Best Practices

The Board ensures that appropriate governance and oversight are maintained over the Company's information technology framework and these steps are inline with the Guideline on IT Governance for Directors issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

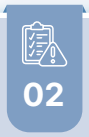
Operationalising It Governance: Translating Strategy into Action

Effective IT Governance is essential for harmonising technology investments with corporate goals and mitigating operational exposure. Our organisation has established a highly mature framework that comprehensively addresses five core areas. By embedding technology planning into board-level strategy, enforcing rigorous security controls, and maintaining tested frameworks for continuity, we guarantee our technology function acts as a secure, resilient driver of sustainable growth. The following breakdown highlights our specific, proactive measures which are align with Guideline on IT Governance for Directors issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).



Strategic Alignment

The Company synchronises operations with long-term goals by embedding the IT budget directly into the 3-year plan and discussing these requirements at Board meetings. Furthermore, strategic technological investments such as our comprehensive software implementation for SFRS 17 compliance guarantee that IT initiatives remain fully aligned with complex regulatory mandates and drive overarching corporate strategy forward.



Risk Management

IT and cybersecurity are fully integrated into the Company's Enterprise Risk Management (ERM) framework. The Board actively oversees Management to protect digital assets and mitigate emerging tech risks within our defined appetite. To combat vulnerabilities, our rigorous defense includes continuous staff awareness, targeted phishing simulations, and strict Segregation of Duties (SOD). This harmonised oversight ensures all IT initiatives perfectly align with long-term strategic and resilience objectives.



Resource Management

The organisation optimises its infrastructure, talent, and investments by formally evaluating capability requirements alongside long-term financial forecasting. To further maximise the value of our Human Capital and collaborative networks, the Company deploys innovative digital tools including AI-driven quizzes and gamified leaderboards that actively elevate and sustain high levels of stakeholder engagement.



Performance Measurement

To track the success of service delivery and project implementation, the company enforces clear accountability mechanisms. Annual Key Performance Indicators (KPIs) are established for the tech function and rigorously evaluated at year-end. This commitment to operational excellence is tracked through strict, real-time metrics, exemplified by our advanced claim settlement platform, which consistently achieves a one-day processing rate of over 90%.



Value Delivery

The organisation guarantees the uninterrupted provision of business benefits and safeguards its assets through a completed Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). By regularly analysing these protocols internally and presenting them annually to the Board, the Company ensures it can maintain critical operations and protect shareholder value even during severe disruptions

7.10 BOARD INVOLVEMENT IN SUSTAINABILITY MANAGEMENT ESG RISK AND OPPORTUNITY REPORTING

BOARD LEADERSHIP IN SUSTAINABILITY

- The Board recognises sustainability as integral to long-term value creation and policyholder protection.
- ESG considerations are embedded within Board-approved strategy and corporate objectives.
- Sustainability oversight forms part of regular Board and Committee deliberations.

BOARD OVERSIGHT OF ESG RISKS

- The Board reviews ESG-related risks within the Enterprise Risk Management framework.
- The Environmental & Social Risk Policy operates under Board supervision.
- ESG risks are evaluated alongside financial, operational, and regulatory risks.

RISK APPETITE & CAPITAL ALIGNMENT

- The Board ensures sustainability risks are considered within the Risk Appetite Framework.
- ESG factors are aligned with capital adequacy, solvency, and long-term financial resilience under the RBC regime.
- Sustainability oversight supports disciplined capital allocation decisions.

SUSTAINABILITY-RELATED RISK GOVERNANCE (SLFRS S1 & S2)

- The Board oversees sustainability-related financial risks and opportunities in accordance with SLFRS S1 and SLFRS S2.
- Sustainability-related disclosures are integrated into governance, strategy, risk management, and financial reporting processes under Board supervision.
- The Board ensures that material sustainability factors are assessed for their impact on capital resilience, solvency, and long-term value creation.

STRATEGIC VALUE CREATION

- The Board considers ESG-driven opportunities in product governance and digital innovation.
- Sustainability initiatives are aligned with long-term strategic growth objectives.
- Board oversight promotes responsible and inclusive business practices.

REPORTING, DISCLOSURE & ASSURANCE

- The Board oversees sustainability disclosures aligned with GRI Standards and the Integrated Reporting Framework.
- SLFRS S1 and S2 are embedded within the Company's reporting architecture under Board supervision.
- ESG disclosures are independently assured by KPMG to reinforce credibility and accountability.

LONG-TERM RESILIENCE & STAKEHOLDER PROTECTION

- The Board recognises the interdependence between ESG performance, solvency, and policyholder obligations.
- Sustainability considerations inform strategic planning and long-term resilience.
- The Board remains committed to responsible growth and contribution to the UN SDGs.



7.11 CORPORATE MANAGEMENT

Executive Leadership and Authority

The Corporate Management Team operates under the authority delegated by the Board of Directors and Shareholders, and is responsible for executing the Company's approved strategy and managing day-to-day operations in line with established governance frameworks (Principles A.1.1 and A.1.7).

The team exercises executive authority within clearly defined limits and is accountable for:

- Implementing the strategic direction approved by the Board;
- Driving operational performance, regulatory compliance, and disciplined risk management;
- Maintaining effective internal controls and governance standards;
- Ensuring that business activities align with statutory requirements, IRCSL regulations, and corporate governance best practices; and
- Providing timely and transparent reporting to the Board to support informed oversight.

The Company's organisational structure is presented on page 30, and profiles of the Corporate Management Team are available on pages 213-214.

Performance Evaluation of the Managing Director and Corporate Management Team (Principles A.9.1 and A.9.3)

The Managing Director's performance evaluation is disclosed on page 232.

The performance of the Corporate Management Team is assessed annually through a structured and transparent framework aligned with the Company's strategic objectives. At the beginning of each financial year, measurable performance targets are established based on the Board-approved Corporate Plan.

7. LEADERSHIP & STRATEGIC STEWARDSHIP

The Managing Director evaluates the Corporate Management Team against agreed financial and non-financial objectives, considering key performance indicators as well as external factors such as economic conditions and industry developments. This process reinforces accountability, encourages continuous improvement, and supports sustainable long-term growth.

Setting Annual Targets for the Managing Director

The Board, in consultation with the Managing Director, sets clear financial and non-financial performance targets aligned with the Company's short-, medium-, and long-term strategic priorities.

These objectives are embedded within the Annual Corporate Plan, which is reviewed and approved by the Board to ensure consistency with the Company's governance framework and strategic direction.

Progress against these targets is monitored regularly by the Board, with performance assessments reflecting both internal execution and prevailing market conditions.

Key Focus Areas of the Corporate Plan

- Market share growth and business expansion
- Revenue growth (GWP) through disciplined underwriting and distribution strategies
- Profitability and capital efficiency
- Dividend sustainability
- Employee remuneration and talent development
- Integration of ESG principles into business strategy

Code of Conduct and Ethical Leadership

Members of the Corporate Management Team are required to adhere to the Company's Code of Conduct, which defines ethical standards, professional responsibilities, and governance expectations. Further details are provided on page 248.

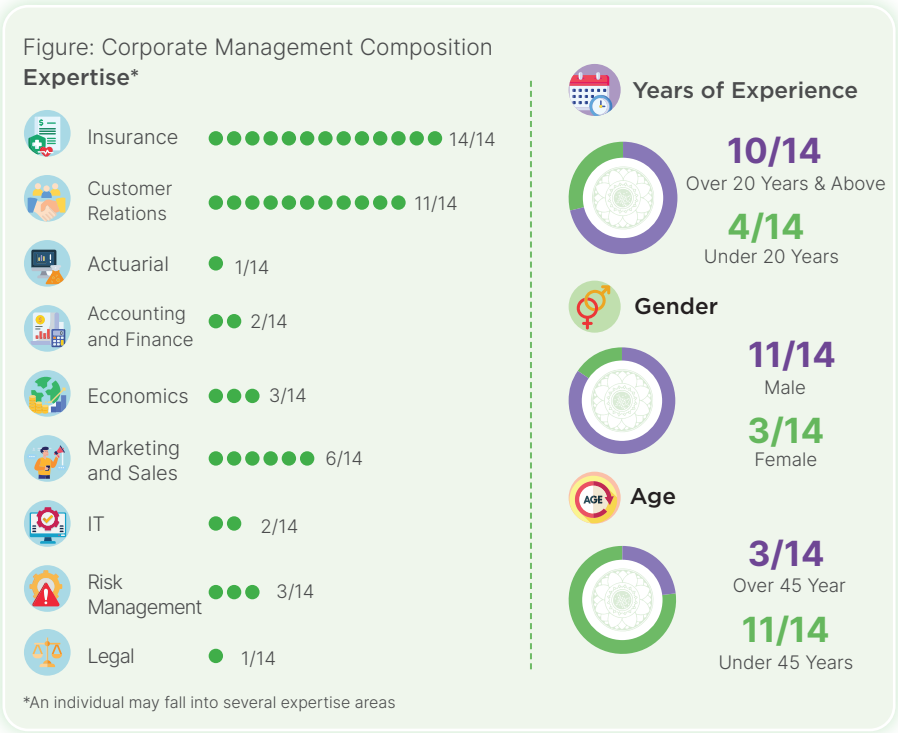
Remuneration and Leadership Diversity

Remuneration of the Corporate Management Team is structured in alignment with performance outcomes, strategic priorities, and long-term sustainability objectives, under the oversight of the Remuneration Committee.

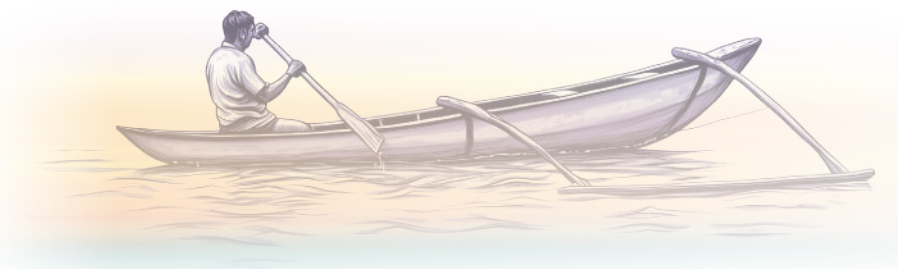
The Company recognises diversity as a driver of innovation, resilience, and sound decision-making. The Corporate Management Team reflects diversity across professional expertise, tenure, age, and gender, contributing to a balanced and forward-looking leadership structure.

The composition of the Corporate Management Team is illustrated in the accompanying graphic, demonstrating the Company's commitment to inclusive and strategic leadership.

Figure: Corporate Management Composition



*An individual may fall into several expertise areas



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 Technical Officer
Head of Marketing
Chief Risk Officer
Chief Human Resources Officer

COMMITTEE OBJECTIVES
Oversee the Company's sustainability strategy, ensuring alignment with corporate values, regulatory expectations, and stakeholder priorities, while monitoring sustainability initiatives and integrating ESG considerations into business strategy and operations.

Meeting Frequency: Quarterly
Meetings Held/Planned: 4/4

ASSET AND LIABILITY MANAGEMENT COMMITTEE

MEMBERS
Managing Director
Chief Financial Officer
Chief Actuarial Officer
Chief Technical Officer
Chief Risk Officer
Head of Investment (Fund Manager)

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

8. RESPONSIBLE CONDUCT & STAKEHOLDER TRUST

8.1 GOVERNING FOR OUR POLICYHOLDERS

At Softlogic Life, our balance sheet is the ultimate testament to our commitment. As of December 31, 2025, Policyholder Liabilities represent 85% of our total liabilities. Safeguarding these funds is not merely a regulatory requirement; it is our most critical governance priority.

We do not view governance as a static compliance exercise, but as a "Safety Vault" for our 1.3 million+ policyholders. Our approach is integrated into four (4) governance pillars that ensure financial security, product suitability, and service excellence.

Pillar 1: Financial Stewardship & Fund Integrity

The vast majority of our obligations are managed through a "Protection-First" financial framework, ensuring we remain ready to honour our long-term promises.

- **Segregation of Funds (IRCSL Direction 15):** We maintain strict physical and accounting segregation between Shareholder and Policyholder funds. This "firewall" ensures that the Life Insurance Fund is utilised exclusively for the benefit of our customers, insulated from broader corporate risks.

  This segregation is operationalised through five distinct policyholder funds and a shareholder fund each with its own dedicated investment mandate and oversight by independent custodians. To support this physical separation, our financial systems utilise a robust "Segment Concept" of accounting, ensuring that every transaction is granularly tracked and attributed to the correct fund. This multi-layered architecture ensures that there is no mixing of funds—even between different policyholder categories—with all assets remaining strictly ring-fenced at all times.

- **Prudent Valuation & Independent Assurance:** Our insurance contract liabilities are valued using rigorous actuarial standards. Softlogic Life stands unique in the industry by conducting quarterly valuations of the Life Fund, ensuring real-time monitoring of policyholder protection. These valuations are certified by our appointed actuary, Willis Towers Watson (WTW), providing independent assurance on the adequacy of our liabilities.

- **Equitable Allocation:** Our commitment to equity is built upon two core pillars: the distribution of customer benefits and the rigorous allocation of expenses. The distribution of benefits—including bonuses, dividends is governed by frameworks designed to ensure every payout is strictly aligned with the specific terms and conditions of the issued policy. Complementing this, our expense allocation framework mandates that only costs directly relevant and attributable to the Life Fund are recorded against it. This framework further governs the precise allocation of expenses between the various funds within the Life Fund, preventing any single fund from disproportionately bearing shared costs and ensuring the integrity of customer returns remains protected.

  In 2025, the Board conducted a review of the expense allocation framework, carefully evaluating the underlying basis and the specific cost drivers used to distribute overheads. Following this deep-dive assessment, the Board formally approved the 2025 Expense Allocation Policy. To ensure these governance standards are strictly mirrored in our operations, the approved allocations are recorded within our accounting system using the Segment Concept which ensures that every expense is precisely attributed to its respective fund.

- **Asset and Liability Management:** Our Asset and Liability Management framework is designed to match the duration and cash flow of our assets with our policyholder obligations. By maintaining a disciplined investment strategy, we manage liquidity and market risks while optimising returns within a Board-approved risk tolerance. This ensures that the Company remains solvent and liquid across all economic cycles.

- **Managing Long-term Solvency & Capital Resilience:** Softlogic Life maintains a sophisticated Capital Projection Framework to safeguard our long-term commitment to policyholders. We utilise a Risk-Based Capital (RBC) framework to continuously monitor how various risk factors—including market, credit, and operational risks—and their associated sensitivities are evolving. This analysis allows us to understand the potential impact on our capital position under different market conditions, ensuring that our capital remains resilient and provides a robust buffer that secures policyholder liabilities across all economic cycles.

  To operationalised this oversight, we monitor our Capital Adequacy Ratio (CAR) on a monthly basis, allowing for more informed and timely decision-making. As of December 31, 2025, Softlogic Life has maintained a stable CAR of 245%, which stands significantly above the regulatory requirement of 120%. This robust solvency position is further validated by our appointed actuary, WTW (Willis Towers Watson), providing independent assurance over the accuracy of this ratio and the adequacy of our capital buffers.

Pillar 2: Strategic Onboarding & Suitability (IRCSL Direction 1)

Protection begins at the first point of contact. We ensure that every policyholder enters into a contract that is precisely aligned with their needs.

- **Tailor Made Product Portfolio:** In compliance with IRCSL Direction 1, we implement a formal Customer Needs Assessment during the onboarding process. This fosters consumer confidence and enhances long-term retention by ensuring product suitability. Our diversified portfolio addresses specific life-stage requirements:

- **Family Protection:** Softlogic Life Family Plan
- **Child Education:** Softlogic Life Child Plan
- **Retirement:** Softlogic Life Retirement Plan (with protection options)
- **International Cover:** Good Health Series & Global Protection
- **Investment & Savings:** Saving Protection & Investment Protection Plans

- **Transparency through IPIDs:** We provide Insurance Product Information Documents (IPIDs) in Sinhala, Tamil, and English. By removing "fine print" ambiguity, we empower customers to make fully informed decisions.

- **Integrity in Onboarding:** Robust Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) processes are embedded within our digital onboarding systems. Automated risk-profiling and periodic reviews ensure the stability and sustainability of our entire risk pool.

- **Net Promoter Score (NPS) Framework:** Purpose of this is to establish a consistent and standardised approach for measuring customer satisfaction across all service channels, ensuring comparability, transparency, and regulatory compliance. The Net Promoter Score (NPS) methodology, data validation processes, auditor confirmations, and reporting mechanisms are fully aligned with and comply with all prescribed regulatory and professional standards. Robust controls are in place to ensure the accuracy, integrity, and reliability of survey data, with independent verification and structured reporting to support transparency and effective oversight.

Pillar 3: Increase the Policy Holder Confidence (IRCSL Direction 2)

Confidence is built through consistent, high-quality interactions. We govern our service levels to ensure accountability across the entire insurance lifecycle.

- **The Policyholders' Charter:** This Board-approved "Social Contract" outlines the rights of our policyholders and our commitment to them. It is published transparently on our website and socialised across our workforce and agency force to ensure a customer-centric culture.

- **The 3M Model (Monitor, Measure, Manage):** We utilise the 3M Model to track policyholder interactions against clearly defined KPIs. This data-driven oversight ensures that service quality is maintained at a superior level across all touchpoints.

- **Information Disclosure :** Softlogic Life Insurance PLC has clearly indicated its status as a company licensed by the IRCSL in customer communication documents , promotional materials, digital platforms and all the Softlogic Life branches in line with regulatory requirements.

- **Enhancing Policyholder Protection :** Softlogic Life Insurance PLC has implemented measures to enhance policyholder protection through increased transparency, customer awareness initiatives, and strengthened service practices.

Pillar 4: Education & Empowered Literacy

A protected policyholder is an informed policyholder. We proactively bridge the information gap to enhance insurance literacy across Sri Lanka.

- **Insurance Literacy Initiatives:** Through a blend of digital, print, and in-person platforms, we provide ongoing education on policy terms, benefits, and rights. This empowers our customers to maximise the value of their coverage.

- **Disclosure & Accountability:** We clearly disclose our licensed status and regulatory standing across all promotional and 3M touchpoints. This transparency provides policyholders with the assurance that they are backed by a strictly regulated and ethically governed institution.

GOVERNANCE HIGHLIGHTS

DETERMINATION RATIO
Regulatory Determination Ratio Maintained with a 13% Asset Buffer

Determination Ratio Status

100% Required | 113% Actual

6 FUNDS
Segregated Funds in line with IRCSL Direction 15

BOARD APPROVED
2025 Expense Allocation Policy Approved by Board

M Monitor | M Measure | M Manage
3M Model used for Monitoring of Policyholder Interactions



8. RESPONSIBLE CONDUCT & STAKEHOLDER TRUST

8.2 GOVERNING OUR PEOPLE

At Softlogic Life, our employees are the "engine of innovation" behind our market success. Employee governance is the framework that ensures this engine runs with integrity, fairness, and transparency. By aligning our people strategy with the best Governance practices, we create a workplace where merit is rewarded and ethical conduct is non-negotiable.

Our approach is integrated into following four (4) governance pillars.

Pillar 1: The Policy Framework for Integrity

Our governance is rooted in a comprehensive suite of policies that regulate the employee lifecycle addressing key areas including recruitment, training and development, transparent communication, reporting structures, performance management, equal opportunities for career progression, talent management, and succession planning.

- **Core Policies:** Code of Conduct, Remuneration, Recruitment & Selection, Learning & Development, Grievance Handling, Disciplinary, Absence Management, and Study Leave.
- **Independent Validation:** To ensure ongoing compliance, the Internal Audit Department, in collaboration with an outsourced consultancy firm, conducts annual audits of our HR policies. This ensures our practices meet the highest regulatory standards and industry benchmarks.

Pillar 2: A Performance-Driven Culture

We believe that high performance should be met with high reward. Our governance ensures that this link is objective, data-driven, and transparent across all levels of the organisation.

- **Holistic Appraisals:** Performance is a key determinant of remuneration and career progression for all employees, ranging from junior staff to executive management, including the Managing Director of the Company. Employees—from junior staff to Department Heads—undergo structured Mid-year and Year-end evaluations managed by the Human Resources function. These are fully align with the CA Sri Lanka Code of Best Practice on Corporate Governance
- **Executive Accountability:** In accordance with the CA Sri Lanka Code of Best Practice, the Board of Directors conducts a rigorous Annual Performance Evaluation of the Managing Director, ensuring that leadership is held to the highest standards of strategic delivery.
- **The Remuneration Benefit:** The Remuneration Committee oversees the benefits for the Managing Director, Executive Management, and the wider workforce. In 2025, variable bonuses were fully disbursed based on a Board-approved Target Achievement Matrix, ensuring that financial rewards are directly earned through performance.
- **Equitable Remuneration:** Overseen by the Remuneration Committee, our framework is guided by fairness, accounting for the cost of living, industry benchmarks, and internal pay structures.
- **Comprehensive Benefit Structure:** To attract and retain top talent, our compensation includes:
  - Fixed component
  - Variable components
  - Retirement benefits
  - Other employee benefits

Pillar 3: Talent Stewardship & Succession

Governance ensures the Company's longevity by protecting its future leadership.

- **Succession Planning:** Our Board-level oversight includes a structured approach to identifying and nurturing the next generation of leaders.
- **Talent Management:** We utilise a robust governance framework to identify "High Potentials" and provide them with accelerated career pathways, reducing institutional risk and ensuring business continuity.

Pillar 4: Transparency & Communication

Open dialogue is a cornerstone of our governance. We ensure that employees are not just informed, but engaged in the Company's journey.

- **Transparent Reporting:** From clear reporting structures to open forums with leadership, we remove silos and foster a culture of accountability.
- **Internal Compliance:** We maintain a "Zero Tolerance" policy toward non-compliance, supported by regular internal audits and awareness programs on our Whistle-blowing and Anti-Bribery policies.

RECRUITMENT & SELECTION POLICY

The Recruitment and Selection Policy sets out clear guidelines for identifying and selecting suitable candidates to fill vacancies within the organisation. Each department assesses and forecasts its manpower requirements annually, which are incorporated into the Corporate Plan and submitted to the Board of Directors for approval. This approach ensures that recruitment decisions are aligned with the Company's strategic objectives, operational needs, and approved budget.

8.3 GOVERNING OUR SALES FORCE

A strong and motivated sales force is critical to business growth, and Softlogic Life fosters a high-performance culture across its sales teams. Through competitive incentive structures and a results-driven environment, the Company promotes sustained performance, continuous improvement, and market leadership.

Our approach is integrated into following four (4) governance pillars.

Pillar 1: Regulatory Rigour & Qualified Recruitment

- **IRCSL Compliance (Direction 2):** As directed by the Insurance Regulatory Commission of Sri Lanka (IRCSL), all insurance agents are required to pass a pre-recruitment examination conducted by the Sri Lanka Insurance Institute or any other institution approved by the Commission.
- **Rigorous Verification:** A comprehensive framework ensures only well-qualified, licensed professionals represent the Company.
- **Competency-Led Selection:** Recruitment guidelines prioritise integrity and customer-centricity to build a sustainable sales foundation.

Pillar 2: Performance-Oriented Culture & Incentives

This pillar aligns sales motivation with the Company's strategic objectives and the long-term security of the Life Fund.

- **Strategic Incentive Schemes:** Predefined annual incentive frameworks align agent rewards with ethical value creation and business growth.
- **Quality-Driven Remuneration:** Our career roadmap and rewards prioritise "Quality of Business" to protect the long-term interests of our policyholders.

Pillar 3: Continuous Professional Development (CPD)

This pillar focuses on the constant evolution of our sales force's knowledge capital to navigate a changing regulatory landscape.

- **Advanced Knowledge Management:** Structured CPD programmes are regularly updated to enhance technical competence and professional ethics.
- **Virtual Operations & Training:** Our fully virtual platform facilitates seamless operations and real-time training, maintaining high standards of digital agility.

Pillar 4: Conduct & Accountability

This pillar enforces strict oversight to ensure that market conduct remains transparent and fair.

- **Market Conduct Oversight:** Formal guidelines for investigations and complaints ensure any deviation from standards is addressed via board-monitored processes.
- **Ethical Sales Standards:** Integration of regulatory requirements into daily operations ensures advisors prioritise product suitability and informed decision-making.
- **Code of Conduct for Sales Personnel :** This directive is intended to promote ethical behaviour among sales personnel by establishing clear standards of professional conduct. The key requirements include developing a formal code of conduct, incorporating those standards into contractual arrangements, and carrying out periodic reviews to ensure continued relevance and compliance.

GOVERNANCE HIGHLIGHTS

Performance Evaluation Process

Corporate Plan Approved by the Board

↓

Corporate Objective set by the Management

↓

Goal Setting by employees

↓

Mid Year & Year end Evaluation

↓

100% Completed ✓

0%

Breaches in Company Code of Conduct and Ethics

100%

Sales Agents passed the pre-recruitment Exam



8. RESPONSIBLE CONDUCT & STAKEHOLDER TRUST

8.4 GOVERNANCE WITH ETHICAL INFRASTRUCTURE

Softlogic Life's governance is anchored by an "Ethical Infrastructure" that ensures we operate with transparency, protection of sensitive data, and maintain a zero-tolerance stance against financial crime and corruption. This framework provides the essential checks and balances required to sustain stakeholder trust in a complex regulatory environment.

Our approach is integrated into following four (4) governance pillars.

Pillar 1: Ethical Conduct & Accountability

(PRINCIPLE D.6)

Softlogic Life Insurance PLC is committed to maintaining the highest standards of ethical conduct, integrity, and compliance in all its business activities. This Code of Business Conduct & Ethics outlines the principles and expectations applicable to Directors, Key Management Personnel, and all employees of the Company.

The Code promotes compliance with applicable laws and listing requirements, responsible dealings in the Company's shares, prevention of bribery and corruption, protection of confidential information, and ethical decision-making. It also encourages the prompt reporting of any illegal, fraudulent, or unethical behaviour to those charged with governance. No waivers were granted to any Director during the period under review.

Softlogic Life Insurance PLC has maintained the policies to complied with the Code of Business Conduct and Ethics and following policies are covered the main criteria's of the company. (Principle D 6.1)

Code of Conduct - Conflict of Interest, Entertainment and gift, Corporate, Opportunities, Confidentiality, Fair Dealing, Protection and proper use of Company assets including information assets, compliance with laws, rules and regulations (Including insider trading law)

Anti-Money Laundering & Counter Terrorist Financing Policy - Bribery and Corruption

Accounting Policies and Accounting Manuals - Accurate accounting and record-keeping.

Manual of Financial Authority (MOFA) - Accurate accounting and record-keeping, Fair & transparent procurement policies.

Manual of Supplier Evaluation Committee - Fair & transparent procurement policies

Privacy Notice Policy – Confidentiality

IT Asset Management Policy/ Computing Devices Usage Policy - Protection and proper use of Company assets including information assets.

Employee Grievance Handling Policy - Covers workplace-related complaints including Sexual harassment, discrimination and abuse and other employment-related concerns, providing a formal resolution mechanism.

Whistleblowing Policy - Provides a confidential mechanism to report illegal, fraudulent, unethical, or serious misconduct, including violations of Company policies.

Principle D 6.2	The Company has implemented a process to identify and promptly report material and price-sensitive information.
Principle D 6.5	The Code of Ethics is included in the induction and training programme for all new employees.

Whistleblower Policy (Principle D.6.4)

Softlogic Life Insurance PLC has adopted a Whistleblower Policy in line with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. The Policy enables stakeholders to report illegal, fraudulent, unethical, or serious misconduct, including violations of company policies in a secure and confidential manner, while ensuring protection against retaliation.

Reporting Mechanisms

Concerns may be raised through written communication, email, or the Company's dedicated 24/7 Whistleblower Hotline, which supports voice calls, SMS, WhatsApp, and Viber. Whistleblowers may direct their concerns to the following independent resources or officers of the Company:

Independent Reporting Channels: Chairman of the Board Audit Committee; Group Director – Human Capital & Taxation

Officers of SLI: Managing Director, Deputy Chief Executive Officer, Chief Corporate Services Officer, Chief Human Resources Officer, Chief Risk Officer, Chief Audit and Compliance Officer

Investigation Process

All disclosures are independently investigated under the direction of the Chief Audit and Compliance Officer, with support from relevant Department Heads where required. Investigation findings are submitted to the Chairman of the Audit Committee or the Corporate Management Team, and appropriate disciplinary action is taken in accordance with the Company's Code of Conduct and internal policies where allegations are substantiated.

Pillar 2: Data Sovereignty & Privacy (PDPA No. 9 of 2022)

This pillar ensures the lawful, fair, and transparent processing of personal and sensitive data in an increasingly digital landscape.

- **Privacy Notice Policy:** Implemented in full compliance with the Personal Data Protection Act, No. 9 of 2022 (PDPA). This framework is supported by robust cybersecurity controls and formalised third-party data protection agreements.
- **Data Collection & Scope:** We collect personal info (name, contact, financial data) and sensitive data (medical records, claims history, criminal convictions, and biometric data) only where necessary for legitimate business, regulatory, or contractual purposes.
- **Technical Resilience:** The policy outlines our practices for collection, storage, and disclosure, ensuring technical data (IP addresses, browser types) and personal data are processed lawfully and transparently to manage cyber risks and maintain confidentiality.

PRIVACY NOTICE POLICY (PERSONAL DATA PROTECTION ACT, NO. 9 OF 2022)

The Privacy Notice Policy has been established in accordance with the Personal Data Protection Act No. 9 of 2022. The purpose of this policy is to inform individuals about the Company's practices regarding the collection, use, maintenance, disclosure, processing, and storage of personal data that may be provided through access to or use of this website, or otherwise collected by the Company.

Pillar 3: Financial Crime Combat (AML/CFT Framework)

A comprehensive framework to identify, mitigate, and monitor money laundering and terrorist financing risks in line with international and statutory requirements.

- **Regulatory Context:** In line with Financial Action Task Force (FATF) recommendations and IAIS Insurance Core Principles, the Company maintains an effective AML/CFT programme. We adhere to the Insurers (Customer Due Diligence) Rules, No. 1 of 2019 issued by the Financial Intelligence Unit, and the updated AML/CFT guidelines for insurers and brokers issued by the IRCSL.
- **Compliance Framework:** Our policies further comply with the Financial Transactions Reporting Act No. 6 of 2006, the Prevention of Money Laundering Act No. 5 of 2006, and the Convention on the Suppression of Terrorist Financing Act.
- **Board-Approved AML/CFT Program:** Periodic enterprise-wide risk assessments are formally documented and reported to the Board and Board Audit Committee (BAC). The Company maintains an AML/CFT Policy, supported by standard operating procedures, manuals, and control frameworks, which are reviewed annually and implemented consistently across all business units and distribution channels.
- **Operational Due Diligence:** We have established PEP screening, approval, and Enhanced Due Diligence (EDD) procedures. Source of funds and wealth verification are fully implemented with senior management oversight.
- **Reporting & Systems:** Suspicious Transaction Reports (STRs) and Prescribed Activity Event (PAE) reports are submitted via the goAML platform within regulatory timelines. Threshold controls for cash and EFT are enforced through system-based controls.
- **Compliance & Audit:** A senior management-level Compliance Officer with direct access to the Board and BAC oversees the framework. Its effectiveness is subject to regular independent internal audits and structured training programmes are conducted for all relevant stakeholders.

Pillar 4: Anti-Corruption & Procedural Control (Internal Shield)

This pillar utilises specific operational manuals to prevent bribery and ensure strict financial discipline across all corporate activities.

- **Fraud Risk Management Policy:** Explicitly clarifies the Company's Zero-Tolerance stance on any fraudulent activity, including corruption, bribery, or theft, and confirms strict management actions for violations.
- **Manual of Financial Authority (MOFA):** Defines the specific scope and extent of responsibility and accountability relating to maintaining satisfactory financial controls and procedures.
- **Manual of Supplier Evaluation Committee (MOSEC):** Provides strict guidelines on the supplier evaluation and selection process, ensuring best practices and transparency are practiced during the course of business.

8. RESPONSIBLE CONDUCT & STAKEHOLDER TRUST

8.5 GOVERNING OUR SHAREHOLDERS

Annual General Meeting – AGM (Principle C.1/F.2)

The Annual General Meeting (AGM) serves as an important platform for shareholders to engage directly with the Board and participate in key decision-making matters reserved for shareholders. The Board utilises the AGM as a primary forum to communicate effectively with shareholders and actively encourages their participation.

Matters considered at the AGM typically include the adoption of the Annual Report and Financial Statements, the appointment of Directors and Auditors, and the approval of special resolutions as required under the Articles of Association and the Companies Act No. 07 of 2007.

(Principle C.1.4) - The Chairman ensures that the Chairpersons of the Board Sub-Committees — including the Audit Committee, Risk Committee, Nominations and Governance Committee, and Remuneration Committee, Investment Committee and Related party Transaction Review Committees be present at the AGM, to respond to any inquires made by the shareholders.

The Company Secretary, **Softlogic Corporate Services (Pvt) Ltd**, is responsible for coordinating and conducting the Annual General Meeting (AGM) in accordance with statutory and regulatory requirements. The Company Secretary also facilitates effective communication between shareholders and the Board of Directors, ensuring that shareholders are provided with the opportunity to engage directly with the Board and raise any relevant queries or concerns during the meeting.

Shareholder Notice

Notice of AGM is circulated to all shareholders at least 15 working days in advance, in compliance with the Companies Act. Ref page no 476.

Voting Process at the AGM

Separate resolutions are presented for each substantially distinct matter to ensure clarity and transparency. Shareholders are entitled to vote "For" or "Against" each resolution, or to withhold their vote.

Voting via Proxy

Each resolution is accompanied by a proxy appointment form, enabling shareholders to appoint a proxy to vote on their behalf.

Shareholder Feedback

The Company has provided shareholders with an "Investor Feedback Form," offering them the opportunity to share their views and comments on the Company. The feedback form is included in Annexure 2 on pages 479-480 of this Annual Report

Individual Shareholders (Principle F.1)

The Company also encourages individual shareholders who invest directly in its shares to undertake adequate analysis or obtain independent professional advice when making investment or divestment decisions.

Institutional Shareholders (Principle E-1)

The Company maintains structured communication with institutional investors, brokers, and financial analysts to enhance their understanding of its operations, strategy, and future plans, while encouraging open dialogue on matters that may influence their perception of the Company's value. The Board and Management strictly comply with statutory and ethical requirements to ensure the confidentiality of price-sensitive information.

Highlights of 26th AGM held in 28th March 2025

The Company held an AGM on the 28th March 2025 at Auditorium of Asiri Central Hospital, Colombo.

Matters discussed at the AGM included:

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.

All resolutions in the agenda as detailed above were unanimously passed at the AGM held on 28th March 2025.

Shareholder Communications during 2025 (Principle E.1.1)

Mar 2025 : Notice of the 26th Annual General Meeting

Mar.2025 : AGM meetings resolutions are approved by shareholders

Mar.2025 : Acquisition of 100% shares of Allianz Life (subject to regulatory approval)

Jul.2025 : Completion of Allianz Life acquisition with regulatory approval

Aug.2025 : Interim dividend announcement - Rs. 4.50 per share

Sep.2025 : Disclosure of dealings in relevant interest in shares of Softlogic Capital PLC

9. RISK, ACCOUNTABILITY & ASSURANCE

Softlogic Life maintains a rigorous system of internal and external oversight to ensure the precision of our financial reporting, the resilience of our IT governance, the security of our operational assets and Risk Management. This framework provides the technical foundation for transparency, ensuring the Company consistently meets its solvency requirements and wider regulatory obligations.

We manage this through two integrated strategic dimensions: The Governance Shield and The Assurance Lens.

9.1 PART A: THE GOVERNANCE SHIELD

The Shield represents the structural barriers and regulatory boundaries established by the Board to prevent risk and ensure compliance.

1. Internal Control Framework

Board Stewardship of Internal Controls (Principle D.2.2.1)

The Board is responsible for establishing a robust framework to ensure that internal controls are properly designed, effectively implemented, and continuously monitored. This provides reasonable assurance over the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable laws and internal policies.

Quarterly Effectiveness Reviews (Principle D.2.2.3)

In line with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, the Board of Directors of Softlogic Life reviews the Company's internal control framework on a quarterly basis and implements appropriate measures to ensure continued effectiveness. In addition, the Audit Committee conducts quarterly evaluations of internal control processes and promptly initiates corrective actions where any control weaknesses or non-compliance issues are identified.

2. IT & Cybersecurity Governance

Level 01 : Identification of IT Connectivity and Cybersecurity Risks (Principle G.1)

The Board has implemented a structured framework to identify and manage cybersecurity risks associated with both internal and external system connectivity. IT risk exposures are regularly reported to the Board Risk Committee. During the year, the Company strengthened its security posture through the deployment of Web Application Firewalls (WAF), SD-WAN protections, and Endpoint Detection and Response (EDR) controls. Regular penetration testing and vulnerability assessments are conducted to address emerging threats. Infrastructure upgrades, engagement of a managed security services provider, and alignment with ISO 27001:2022 further enhanced the Company's cybersecurity governance and resilience.

Level 02 : Appointment of CISO and Cybersecurity Risk Management Framework (Principle G.2)

The Board has approved an IT Risk Management Framework aligned with international standards and established robust governance structures to oversee cybersecurity risk. Regular reporting is provided to the Board and Board Risk Committee. An Internal Information Security Steering Committee, led by the Managing Director and senior executives, strengthens oversight. The Company maintains formal vendor risk management, periodically tests its BCP and DRP, conducts independent ITGC audits, and has initiated the ISO 27001:2022 certification process to enhance governance and control maturity

Level 03 : Board Agenda and Cybersecurity Risk Discussions (Principle G.3)

Cybersecurity risk is a standing agenda item at Board and Board Risk Committee meetings. The Board regularly reviews the Company's cyber risk posture, control environment, and remediation progress based on management updates, audit findings, and testing results. Incident reporting mechanisms and governance dashboards further support effective oversight and timely risk management.

Level 04 : Independent Review and Assurance (Principle G.4)

The Board ensures the effectiveness of the cybersecurity framework through independent reviews and periodic assurance. Third-party assessments, penetration testing, and vulnerability scans are conducted regularly, with findings reviewed at Board level and remediation closely monitored. The ongoing ISO 27001:2022 certification initiative further enhances independent validation and continuous improvement of information security controls.

Level 05 : Disclosure of Cybersecurity Risk Management Process (Principle G.5)

The Company maintains a formal cybersecurity risk management framework in compliance with the CA Code. This framework includes policies on information security, access control, incident management, vendor risk, business continuity, and disaster recovery. Cyber risks are integrated into the enterprise risk management process with regular reporting to governance committees, demonstrating the Company's commitment to a secure and resilient IT environment.

3. Regulatory Compliance

Softlogic Life Insurance PLC operates within a robust regulatory and statutory framework, ensuring full compliance with all applicable laws, regulations, and industry best practices. The Company adheres to governance guidelines and regulatory requirements issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Colombo Stock Exchange (CSE), and other relevant authorities.

Governance Oversight and Regulatory Compliance Framework

Softlogic Life maintains a structured and proactive compliance management framework designed to ensure full

adherence to statutory, regulatory, and listing requirements. The framework is anchored on continuous regulatory surveillance, structured impact assessment, accountability at management level, and Board-level oversight.

Process for Monitoring Compliance Status

- The Compliance Officer maintains a comprehensive register of regulatory requirements together with their respective deadlines.
- Relevant departments are notified in advance regarding upcoming regulatory obligations.
- The Compliance Officer coordinates with Department Heads to ensure timely completion of all compliance requirements.
- A monthly compliance status report is submitted to the Managing Director.

Process for Managing New Regulations

- The Compliance Officer obtains and reviews information relating to newly issued statutory and regulatory requirements.
- An impact assessment is conducted to evaluate how the new regulations affect the Company's operations, policies, and procedures.
- The findings are communicated to the relevant Department Heads and the Managing Director for necessary action.
- A consolidated update on new regulatory developments is presented to the Audit Committee on a quarterly basis.

Risk Based Capital

Risk-Based Capital (RBC) is a regulatory capital framework adopted within the Sri Lankan insurance industry to ensure that insurers maintain adequate capital in line with the level and nature of risks they undertake. Under this approach, the capital requirement is directly linked to the Company's risk profile, including insurance risk, market risk, credit risk, operational risk, and liquidity risk.

At Softlogic Life Insurance PLC, the RBC framework forms a core component of its enterprise risk management and solvency oversight processes. The Company continuously monitors its Capital Adequacy Ratio (CAR) to ensure compliance with the regulatory minimum requirement prescribed by the Insurance Regulatory Commission of Sri Lanka (IRCSL). By maintaining a CAR significantly above the required threshold, Softlogic Life demonstrates strong financial resilience and its ability to withstand adverse stress scenarios.

IRCSL Guidelines on Market Conduct of the Insurers (2025)

The purpose of this framework is to ensure the fair, transparent, and consistent treatment of policyholders by promoting ethical conduct, regulatory compliance, and customer-centric practices throughout the insurance lifecycle, including product design, marketing, policy administration, claims management, and customer service.

- **Key Action Plans**

The Company has established minimum standards for the conduct of business to ensure consistency, integrity, and compliance across all operations. A culture of fair treatment is embedded through policies, training, and oversight mechanisms that guide employee behaviour and decision-making. These measures are designed to safeguard policyholder interests by promoting transparency, ethical practices, and customer-centric outcomes throughout the insurance lifecycle.

The Company has a Board-approved Market Conduct and Fair Treatment Policy supported by clearly defined governance structures, key performance indicators (KPIs), and monitoring mechanisms, all of which are fully operational. Robust advertisement review and approval processes are in place, with all promotional and marketing materials subject to Compliance review prior to release to ensure accuracy, fairness, and regulatory compliance. In addition, standardised quotation and proposal formats are utilised, with pricing structures and disclosures aligned with the directives and guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

Compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange

The Colombo Stock Exchange (CSE) revised its Corporate Governance requirements applicable to listed entities, previously set out under Rule 7.10 and Section 9, by consolidating them into a unified framework under the updated Section 9 of the Listing Rules. Mandatory compliance with the revised framework is effective from 2024.

A detailed breakdown of compliance is provided on pages 288-294 of this Annual Report.

4. Risk Management

The Board recognises effective risk management as a critical component of sustainable value creation and long-term resilience. The Company maintains a structured risk management framework designed to identify, assess, monitor, and manage key risks across all areas of operations. This framework is aligned with regulatory requirements and integrates risk considerations into strategic decision-making, ensuring that emerging risks and opportunities are proactively addressed.

As a life insurance provider, the Company is exposed to a range of risks including insurance risk, market risk, credit risk, liquidity risk, operational risk, regulatory and compliance risks, as well as technology and cybersecurity risks. In addition, the Company recognises the growing importance of climate-related risks and sustainability considerations, which are increasingly integrated into the overall risk management approach.

Full details of the Company's risk management framework are provided on pages 107-113 of this Annual Report.

9.2 PART B: THE ASSURANCE LENS

The Lens represents the independent investigative and analytical functions that provide transparency and objective validation of our controls.

1. Internal Audit Function

- **Independence and Reporting Structure:** The Internal Audit Function (IAF) operates independently under the oversight of the Audit Committee. To ensure total independence from operational units and Senior Management, staff report directly to the Chief Audit and Compliance Officer. As the third line of defence, the function provides the Audit Committee with objective assurance on the adequacy and sustainability of the internal control framework.
- **Risk-Based Methodology:** As the third line of defence, the IAF performs independent reviews in accordance with a risk-based audit plan and methodology approved by the Audit Committee. It assures the Committee that risk management processes are both effectively designed and properly implemented.
- **Advanced Data Analytics:** To enhance audit coverage and effectiveness, the IAF utilises an IT specialist to perform data analytics and IT-related audit support using tools such as QlikSense.

Internal Audit Operating Methodology

Softlogic Life's Internal Audit Function operates through two key units: the Audit and Assurance Unit and the Claims & Fraud Monitoring 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.
- **Claims & Fraud Monitoring Unit (CFMU)**
  OBJECTIVE - This specialised unit assists management in detecting and deterring fraud and misapplication. It conducts daily sample-based audits of health claims and targeted reviews of areas with significant cash inflows and outflows to prevent financial leakages. The CFMU also conducts fraud and whistle-blower investigations, reporting outcomes quarterly to the Audit Committee.

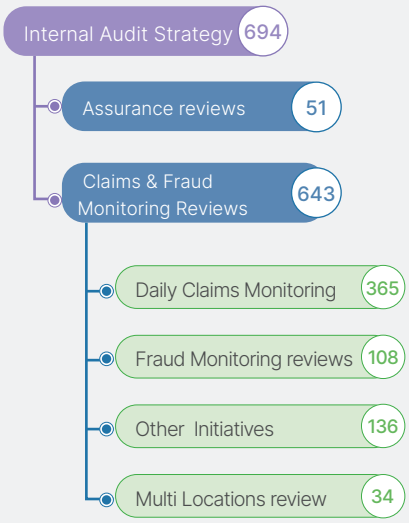
2. External Assurance (External Audit)

- **Appointment and Reporting Mandate:** The Company's external audit is conducted by Messrs. KPMG, Chartered Accountants, who were re-appointed for the ensuing year at the 2025 Annual General Meeting. The External Auditors report to the Audit Committee on whether the Financial Statements present a true and fair view in accordance with SLFRS and LKAS, providing independent validation and advising on corrective actions based on audit findings.
- **Independence and Ethical Compliance:** The Board Audit Committee conducts an annual evaluation of the independence and objectivity of the External Auditors. As of the reporting date, no circumstances were identified that could impair their independence. All audit professionals adhere to strict ethical standards.

  Company maintains established guidelines governing the engagement of External Auditors for non-audit services to mitigate any potential threats to an acceptable level.
- **Quarterly Audit Certification:** In a commitment to enhanced transparency, Softlogic Life obtains certification from the External Auditors for all quarterly surplus declarations. These figures are verified prior to publication with the Colombo Stock Exchange (CSE), ensuring that interim financial reporting meets the same rigorous standards as the annual audit.
- **Continuous Governance Strengthening:** All audit findings and significant developments are reported to the Audit Committee on a quarterly basis. The Committee reviews these observations and initiates appropriate actions to further strengthen the Company's financial reporting and internal control environment, ensuring long-term governance excellence.

GOVERNANCE HIGHLIGHTS

Internal Audit Monitoring



100%
Internal audit reviews completed in 2025

4 quarters
External assurance & actuarial certification successfully completed

All IRCSL Directions, Guidelines & Circulars are complied

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

1. PREFACE

The Board of Directors of Softlogic Life Insurance PLC ("the Company") is pleased to present the Integrated Annual Report of the Company and its subsidiary ("the Group") for the year ended 31 December 2025. This Report includes the Audited Financial Statements of the Group and the Company together with the Independent Auditor's Report thereon, prepared in compliance with all applicable statutory and regulatory requirements.

In line with the Company's commitment to transparency and enhanced stakeholder engagement, the Annual Report is made available in multiple digital formats, including AI-powered tools.

2. REGULATORY FRAMEWORK AND COMPLIANCE

The Company is a licensed insurance company registered under the Regulation of Insurance Industry Act No. 43 of 2000 (RII Act) and incorporated under the Companies Act No. 17 of 1982. The Company was subsequently re-registered in accordance with the provisions of the Companies Act No. 07 of 2007 under Registration No. PQ 31. The registered office of the Company is located at Level 16, One Galle Face Tower, Colombo 02, Sri Lanka.

The ordinary shares of the Company have been listed on the Diri Savi Board of the Colombo Stock Exchange (CSE) since November 2000. The ultimate parent of the Company is Softlogic Holdings PLC, while Softlogic Capital PLC, the immediate parent company, held 51% of the issued shares of the Company as at 31 December 2025.

This Report provides the information and disclosures required under the Companies Act No. 07 of 2007, the Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto, Directions issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance issued by CA Sri Lanka, and other applicable regulatory requirements.

The level of compliance with the provisions of Section 168 of the Companies Act No. 07 of 2007 and other applicable statutory requirements is presented in the sections that follow. In addition, comprehensive disclosures on compliance with mandatory regulatory directions and voluntary governance frameworks are provided on pages 288 to 304 of this Report.

Accordingly, the following disclosures are presented:

- Compliance with the requirements of Sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange (CSE) (pages 288 to 294).
- Compliance with Direction No. 17 on Corporate Governance for Insurance Companies issued under the Regulation of Insurance Industry Act No. 43 of 2000 by the Insurance Regulatory Commission of Sri Lanka (IRCSL) (page 295).
- Compliance with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka (pages 296 to 304).

3. STRATEGIC OVERSIGHT AND REPORTING FRAMEWORK

The Board provides strategic direction to the Company through an annual planning process and continuous oversight of key initiatives to address emerging risks and opportunities. Following its review of the business plan and financial projections, the Board confirms that the Company has adequate resources and systems in place to continue its operations for the foreseeable future.

4. REVIEW OF BUSINESS

The principal business activity of the Company is the provision of life insurance services and this remained unchanged during the financial year.

During the year, the Company completed the strategic acquisition of 100% of the shareholding in Softlogic Life Insurance Lanka Limited (formerly Allianz Life Insurance Lanka Limited) on 11 July 2025 following receipt of all required regulatory approvals. This acquisition represents a significant milestone in the Company's growth strategy and strengthens its distribution capabilities and market presence. Further details of the acquisition are provided in Section 10 of this Report.

A detailed review of the Company's operational and financial performance during the year is presented in the Operational Review section on pages 40 to 50.

5. BOARD OF DIRECTORS

The Board of Directors of the Company as at 31 December 2025 comprised eight (8) Directors (2024: 8 Directors) possessing extensive financial, regulatory and commercial expertise. The profiles of the Directors are presented on pages 210 to 212 of this Annual Report.

A comprehensive overview of the Board's governance framework, composition, independence and committee structure is provided on pages 226 to 241, together with further information on the roles and responsibilities of the Board.

5.1 Board Evaluation

The Board undertakes an annual evaluation process to assess its effectiveness, performance and governance practices. The evaluation covers the performance of the Board as a whole, Board Committees and individual Directors, including the Chairman.

The outcomes of the evaluation are reviewed collectively by the Board and used to identify areas for continuous improvement. A summary of the Board evaluation process and key outcomes is provided on page 232.

5.2 Directors' Remuneration

Directors' remuneration is determined in accordance with the approved remuneration policy of the Company, taking into consideration regulatory requirements, market benchmarks and the level of responsibilities undertaken.

Executive Directors' remuneration is linked to performance, while Non-Executive Directors receive fees commensurate with their responsibilities and committee memberships. Further details of the remuneration policy and disclosures relating to Directors' remuneration are provided on page 433 of this Annual Report.

6. DIRECTORS' RESPONSIBILITY FOR THE ANNUAL REPORT

The Board of Directors has approved and authorised for issue the Financial Statements of the Group and the Company for the year ended 31 December 2025, together with the comparative figures for the financial year 2024 and the Independent Auditor's Report thereon.

The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange (CSE) and the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) within the prescribed statutory deadlines.

The Statement of Directors' Responsibility for Financial Reporting is presented on page 263 of this Annual Report.

6.1 Directors' Responsibility For Financial Reporting

In accordance with the provisions of Sections 150(1), 151, 152 and 153(1) and (2) of the Companies Act No. 07 of 2007 and amendments thereto, the Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company.

The Board confirms that the Financial Statements, together with the material accounting policies and notes to the Financial Statements presented on pages 315 to 436, have been prepared in accordance with Sri Lanka Accounting Standards as required by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007.

6.2 Directors' Responsibility For Corporate Governance

The Board of Directors is responsible for ensuring that the Company maintains sound corporate governance practices and complies with all applicable statutory and regulatory requirements.

Further details relating to the Company's corporate governance framework and regulatory disclosures are provided in the Regulatory Framework and Compliance Section of this Report (Section 2).

7. EXTERNAL AUDITOR

7.1 Appointment of Auditor

Messrs. KPMG were appointed as the External Auditors of the Company at the Annual General Meeting held on 28 March 2025 to audit the Financial Statements for the year ended 31 December 2025.

Being eligible, KPMG have expressed their willingness to continue in office. A resolution to reappoint Messrs. KPMG as External Auditors of the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting scheduled to be held on 31 March 2026.

7.2 Auditors' Remuneration

Audit fees and fees for other services provided during the year are disclosed in Note 21 to the Financial Statements on page 342.

7.3 Auditors' Independence

Messrs. KPMG have provided a written confirmation of independence in accordance with Section 163(3) of the Companies Act No. 07 of 2007.

The Board Audit Committee has reviewed the audit and non-audit services provided during the year and is satisfied that such services do not impair the independence of the External Auditors.

7.4 Independent Auditor's Report

The Independent Auditor's Report on the Financial Statements is set out on pages 312 to 314 of this Annual Report.

8. GOING CONCERN

Having reviewed the business plans and strategies of the Company, the Directors have assessed the Company's ability to continue as a going concern and are satisfied that it has adequate resources to continue its operations 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.

9. CAPITAL ADEQUACY RATIO ("CAR") AND MINIMUM CAPITAL REQUIREMENTS

The Company maintained a Capital Adequacy Ratio ("CAR") of 245% as at 31 December 2025 (2024: 298%), exceeding the regulatory minimum of 120%, while also complying with the statutory minimum capital requirement of Rs. 500 million with stated capital of Rs. 1,062.5 million.

10. ACQUISITION OF SOFTLOGIC LIFE INSURANCE LANKA LIMITED

On 11 July 2025, the Company acquired 100% of the shareholding in Softlogic Life Insurance Lanka Limited (formerly Allianz Life Insurance Lanka Limited) for a total consideration of Rs. 1,426 million, following receipt of all required approvals from the IRCSL. The acquisition represents a strategic milestone, strengthening the Company's market presence and distribution network. It qualifies as a business combination under SLFRS 3 – Business Combinations and has been accounted for in the consolidated financial statements. While the subsidiary continues to operate as a separately licensed insurance entity, it is governed under the Group's risk management and internal control frameworks. Further details are provided in Note 2.14 to the Financial Statements..

11. TURNOVER (GROSS WRITTEN PREMIUM)

The Group's turnover, represented by Gross Written Premium, is derived solely from its principal activity of life insurance. Both the Company and its subsidiary, Softlogic Life Insurance Lanka Limited (formerly Allianz Life Insurance Lanka Limited), operate within this single line of business.

The Board confirms that no other classes of business were undertaken during the year. Detailed revenue figures are provided in the Notes to the Financial Statements on page 331.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

12. DIVIDENDS AND RESERVES

The Company distributed interim dividends during the year under review. This included a dividend of Rs. 4.50 per share for the Financial year 2025. Further details are provided in Note 24 – Dividend per Share on page 345 of the Financial Statements.

The Directors confirm that the Company satisfied the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007 in relation to the above dividend distributions. The Directors obtained the required Auditors' certificate confirming the solvency of the Company prior to the declaration of such dividends.

The movement and composition of the Company's reserves during the year under review are presented in the Statement of Changes in Equity on pages 318 to 319 of this Annual Report.

13. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, confirm that all statutory payments due to the Government, regulatory authorities and in relation to employees, including taxes, duties, levies and other statutory obligations, have been duly paid or where relevant adequately provided for in the Financial Statements.

The Directors further confirm that there are no outstanding statutory payments as at the reporting date other than those payable in the ordinary course of business.

14. ANNUAL GENERAL MEETING

The Twenty-Seventh (27th) Annual General Meeting of the Company will be held on 31 March 2026 at 10.30 a.m. The Notice of the Annual General Meeting is set out on page 476 of this Annual Report.

15. GOVERNANCE OF RISK AND INTERNAL CONTROLS

The Board oversees the Company's enterprise-wide risk management framework and internal control systems to ensure financial integrity, regulatory compliance and operational effectiveness. The Audit Committee and the Board Risk Management Committee periodically review the effectiveness of these controls and risk management processes.

16. DIGITAL TRANSFORMATION AND CYBER SECURITY

The Board continues to prioritise digital transformation as a key strategic pillar to enhance operational efficiency, strengthen customer experience and support data-driven decision-making.

During the year, the Company leveraged advanced technologies, including artificial intelligence and automation, to streamline operational processes. Notably, AI-enabled solutions are now used to automate the reading and assessment of medical prescriptions, improving the speed, accuracy and consistency of claims adjudication.

The Board also maintains strong oversight of cyber security and data protection. Robust governance frameworks and technology controls are in place to safeguard customer information and strengthen resilience against emerging cyber threats. Oversight is exercised through regular Board-level reviews and risk reporting mechanisms.

17. 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
17.1	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 and the Group	321
17.2	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	315-317
17.3	Auditors' Report on the Financial Statements of the Company.	Section 168 (1) (c)	Refer Independent Auditors' Report	312-314

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
17.4	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	326
17.5	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 51: Related Party Disclosure	433
17.6	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 51.6 : Transactions with KMP	433
17.7	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	342
17.8	Information on Directorate of the Company during and at the end of the accounting period	Section 168 (1) (h)	Board of Directors Board Composition **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. Haresh Kaimal was re-elected at the 27th AGM held on 31st March 2026. Refer Notice of Meeting on page 476 for proposed Director re-election for 2026. Refer Appointments, Re-election and Resignation of Directors.	210-212 230-231 235
17.9	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	342
17.10	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, 2025. Refer External Assurance under Risk, Accountability and Assurance	253
17.11	Acknowledgement of the contents of this Report/ Signatures on behalf of the Board	Section 168 (1) (k)	The Board of Directors has acknowledged the contents of this Annual Report as disclosed in the Annual Report of The Board of Directors	262

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

18. 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), 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
18.1	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	321
18.2	Financial Investments	(Section 25 (1) – RII)	Details of the Company's investment portfolios, their classifications, valuation information and accounting policies have been disclosed in the Notes to the Financial Statements. Note 30 : Financial Investments	361
18.3	Property Plant and Equipment and Capital Expenditure	(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 Note 27 : Property, Plant, Equipment	 346 350
18.4	Total Available Capital (TAC)	(Section 26 (1) - RII)	The TAC of the Company as at 31st December 2025 was Rs. 32,425 Mn. (2024 - Rs. 31,892Mn.) which is well above the minimum requirement of Rs.500Mn. Details are given in Notes to the Financial Statements. Note 40.15 : Solvency Margin	 388
18.5	Loans to Directors	(Section 29 (1) - RII)	Directors are not entitled to obtain any kind of loans from the Company.	279
18.6	Directors' Responsibility for Financial Reporting	(Section 150 and 151 – C.A)	Refer Statement of Directors' Responsibility For Financial Reporting	263-264
18.7	Auditors' Independence	(Section 163(3) - C.A)	Refer External Assurance under Risk, Accountability and Assurance	253
18.8	Annual General Meeting	(Section 133 & 135 (a) - C.A)	Refer Notice of Annual General Meeting	476
18.9	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	279
18.10	Board Responsibility on the Annual Report	(Section 166(1) - C.A)	Annual Report of The Board Of Directors	254
18.11	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.	350
18.12	Market Value of Properties	(L.R.7.6 (xii))	Note 27: Property, Plant, Equipment	

C.A - Companies Act No. 07 of 2007
LR - Listing Rules issued by CSE
RBP - Recommended Best Practices
RII - Insurance Industry Act No. 43 of 2000
IRCSL - Insurance Regulatory Commission of Sri Lanka

Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
18.13	Stated Capital	(L.R.7.6 (ix))	During the year the Company offered a share buyback option to its Shareholders and as a result the Stated Capital of the Company changed. Details of the Stated Capital are provided in Notes to the Financial Statements. Note 36: Stated Capital **Tier 2 Capital** Details of the Tier 2 subordinate debt capital of the Company are provided in Notes to the Financial Statements. Note 42: Loans and Borrowings	378 389
18.14	Issue of Shares or Debentures	(L.R.7.6 (xiii))	During the year, the Company has not issued any shares to raise new capital. The Company has not issued any Debentures.	
18.15	Distribution Schedule of Shareholdings	(L.R.7.6 (x))	The distribution schedule and the shareholding percentages have been disclosed. Refer Investor relations	
18.16	Substantial Shareholdings	(L.R.7.6 (iii))	The names and shareholding percentages of the top 20 shareholders as at 2025 and for the comparative period have been disclosed. Refer Investor relations	446
18.17	Share information, Ratios and market price information	(L.R.7.6(xi)	Share information, applicable ratios and market price information are disclosed. Refer Investor relations	
18.18	New Board Appointments During 2025	(L.R. 8)	There were no new appointments to the Board during 2025. Refer Appointments, Re-election and Resignation of Directors.	235
18.19	Retirement and Re-Election	(L.R. 8 and Direction -17 B (a), B (b) by IRCSL)	Refer Appointments, Re-election and Resignation of Directors.	235
18.20	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.	446
18.21	Information on Directors as at 31st December 2025	(L.R.7.6 (i))	Board of Directors Board Composition	210 230
18.22	Internal Controls and Exposure to Risk	(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 49: Risk and Capital Management	275-277 400

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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
18.23	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 51: Related Party Disclosures	433
18.24	Employee Share option schemes (ESOS) and employee share purchase schemes (ESPS)	(L.R.7.6(xiv))	The Company does not have any employee share ownership/option plans. Refer Remuneration Committee Report	278-280
18.25	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	269-274
18.26	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
18.27	Directors' disclosure of interest	RBP	Director's interest in contracts with the Company is provided in page 266 Please refer Remuneration Committee Report for Remuneration and other benefits of the Directors No Director is entitled to loans	217 40-50
18.28	Future Outlook / Future Developments	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	217
18.29	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	238 237
18.30	Equitable Treatment to Shareholders	RBP	The Company has ensured at all times that all shareholders are treated equitably. Refer Responsible conduct and stakeholder trust	250

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Disclosure Requirement		Governing statute/rule	Reference for Compliance and other necessary disclosures	Page reference
18.31	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	254
18.32	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.	435
18.33	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 40 : Insurance Contract Liabilities Note 41 : Employee Benefit Liabilities	 381 387
18.34	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 • Direction 17 issued by the Insurance Regulatory Commission of Sri Lanka. • Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka	 288-294 295 296-304
18.35	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 53: Events After the Reporting Period	485
18.36	Corporate Social Responsibility (CSR)	RBP	The CSR initiatives of the Company are detailed under 'Management Discussion and Analysis'. Refer Our sheltering canopy of community care	 202
18.37	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 The path of prosperity: our moonstone of sustainability	 200
18.38	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 Natural Capital	 195
18.39	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 2025 was 1,144. (2024 - 947). 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	139

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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
18.40	Technology	RBP	Our strategy is underpinned by technology, which is now more deeply integrated into our business than ever before. We leverage digital platforms across all processes to deliver superior products and services, ensuring operational agility and an enhanced customer experience. Refer Intellectual Capital	184
18.41	Operational Excellence	RBP	The Company continues to drive policy and process standardisation while optimising existing technology platforms to increase efficiency and reduce operating costs Refer Operational Review..	40-50
18.42	Code of Conduct and Ethics	RBP	The Company mandates strict adherence to its Code of Business Conduct and Ethics for all employees and Directors. During the year, no violations were reported, and both Directors and Key Management Personnel formally declared their compliance with these standards. Refer Responsible Conduct and Stakeholder Trust	248
18.43	Bribery and Corruption	RBP	Company has introduced a framework, setting out policies and guidelines to prevent corruption and bribery. Refer Anti-corruption & procedural control	249
18.44	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	229
18.45	Taxation	RPB	Income taxes are computed using the enacted rate of 30%. The Company has recognised a deferred tax asset based on the availability of future taxable profits to utilise tax losses within the foreseeable future. Refer Notes to the Financial Statements Refer Note 22 – Income Tax Expenses	342
18.46	Donation	RBP	No Donations were made during the year by the Company.	-

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IRCSL - Insurance Regulatory Commission of Sri Lanka

19. 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
06th March 2026

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

This statement outlines the responsibilities of the Board of Directors concerning the Financial Statements of Softlogic Life Insurance PLC (the Company) and the Consolidated Financial Statements of the Company. (Financial Statements). The responsibilities of the External Auditors in relation to the Financial Statements are outlined on pages 312-314 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 the Statement of Financial Position as at 31st December 2025, 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 2025; 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 page 330 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 2025, 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 269-274. The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.

e. 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.

f. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

g. 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 267-268 of this Annual Report.

h. 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

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Company satisfies the solvency test after such distributions are made in accordance with Section 57 of the Companies Act No. 07 of 2007 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.

i. 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.

j. All shareholders in each category have been treated equitably in accordance with the original terms of issue.

k. The Company has met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.

l. 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.

m. 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 317 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements.

n. 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 312-314.

o. 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
06th March 2026

MANAGING DIRECTOR'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Softlogic Life Insurance PLC (the Company) and the Consolidated Financial Statements of the Company (Financial Statements) as at 31st December 2025 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 312-314. 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 269-274.

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 54 Provisions and Contingencies on page 435 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 2025 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

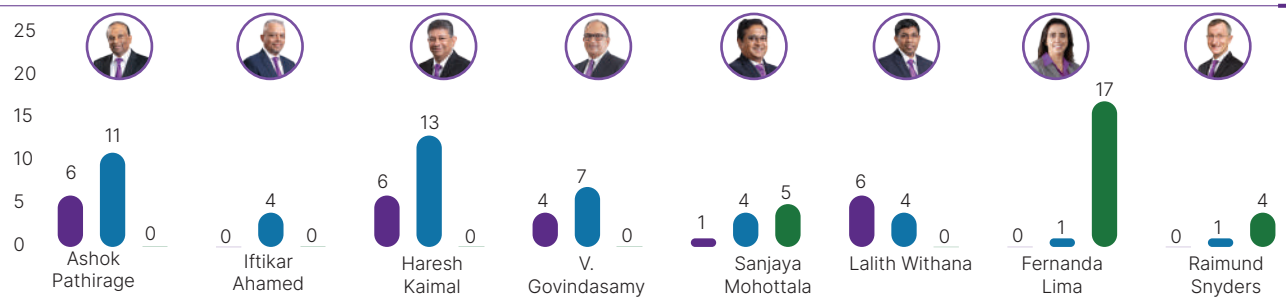
Sgd.
Nuwan Withanage
Chief Financial Officer

Colombo, Sri Lanka
06th March 2026

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Directors' interests in contracts as per Sections 168(e) and 192 of the Companies Act No. 07 of 2007, are recorded in the Interests Register. Related entities are identified under CSE Listing Rule 9.10.4(e), with detailed LKAS 24 disclosures in Note 51 (page 433).

SUMMARY OF DIRECTORSHIPS



C - Chairman MD - Managing Director DC - Deputy Chairman D - Director O - Other Designations

No.	Position	Company	
Ashok Pathirage			
1	C/MD	Softlogic Holdings PLC	●
2	C/MD	Asiri Surgical Hospital PLC	●
3	C	Odel PLC	●
4	C/MD	Asiri Hospital Holdings PLC	●
5	C	Softlogic Capital PLC	●
6	C	Softlogic Finance PLC	●
7	C/MD	Central Hospital Ltd.	●
8	C/MD	Ceysand Resorts Ltd.	●
9	C/MD	Softlogic Retail (Pvt) Ltd.	●
10	C	Softlogic Supermarkets (Pvt) Ltd.	●
11	C	Softlogic Properties (Pvt) Ltd.	●
12	D	Footwear Retailer Ltd.	●
13	D	Odel Properties One (Pvt) Ltd.	●
14	D	Asiri A O I Cancer Centre (Pvt) Ltd.	●
15	D	Softlogic Retail Holdings (Pvt) Ltd.	●
16	D	Asiri Port City Hospital (Pvt) Ltd.	●
17	D	Softlogic Life Insurance Lanka Ltd	●
Iftikar Ahamed			
1	D	Softlogic Stockbrokers (Pvt) Ltd.	●
2	D	Softlogic Asset Management (Pvt) Ltd.	●
3	D	Softlogic Australia (Pty) Ltd.	●
4	D	Softlogic Life Insurance Lanka Ltd	●
Haresh Kaimal			
1	D	Softlogic Holdings PLC	●
2	D	Odel PLC	●
3	D	Softlogic Finance PLC	●
4	D	Asiri Hospital Holdings PLC	●
5	D	Softlogic Capital PLC	●
6	D	Asiri Surgical Hospital PLC	●
7	D	Softlogic Australia (Pty) Ltd.	●
8	D	Softlogic Information Technologies (Pvt) Ltd.	●
9	D	Softlogic BPO Services (Pvt) Ltd.	●
10	D	Softlogic Retail Holdings (Pvt) Ltd.	●
11	D	Softlogic Restaurants (Pvt) Ltd.	●
12	D	Softlogic City Hotels (Pvt) Ltd.	●
13	D	Softlogic Supermarkets (Pvt) Ltd.	●
14	D	Softlogic Corporate Services (Pvt) Ltd.	●
15	D	Softlogic Brands (Pvt) Ltd.	●
16	D	Odel Properties One (Pvt) Ltd.	●
17	D	Saber Travel Network Lanka (Pvt) Ltd.	●
18	D	S R One (Pvt) Ltd.	●
19	D	Softlogic Life Insurance Lanka Ltd	●
V. Govindasamy			
1	D	Watawala Plantations PLC	●
2	DC	Sunshine Holdings PLC	●
3	D	United Motors Lanka PLC	●
4	D	Dialog Axiata PLC	●
5	C	Sunshine Wilmar (Pvt) Ltd.	●
6	D	Lanka Island Resorts Ltd.	●
7	D	Softlogic Life Insurance Lanka Ltd	●

No.	Position	Company	
8	D	Saga Consultancy Services (Pvt) Ltd	●
9	D	Lonach Dairy Limited	●
10	D	Ceylon Business Development Corporation (Pvt) Ltd	●
11	O*	Central Bank of Sri Lanka	●
Sanjaya Mohottala			
1	D	Alani Holdings Pvt Ltd	●
2	D	1976 Corp Pvt Ltd	●
3	D	Alani Bangladesh Pvt Ltd (Bangladesh)	●
4	D	IFINITY PTE. LTD.	●
5	D	Softlogic Life Insurance Lanka Ltd	●
6	D	Nation Development Bank PLC	●
7	D	Orbital Knight Pte. Ltd.	●
8	D	nCinga Innovations Pte. Ltd.	●
9	O*	nVentures Pte. Ltd.	●
10	O*	Boston Consulting Group (India) Private Limited	●
Lalith Withana			
1	D	HNB Finance PLC	●
2	D	Commercial Development Company PLC	●
3	D	Waskaduwa Beach Resort PLC	●
4	D	Hikkaduwa Beach Resort PLC	●
5	D	Citrus Leisure PLC	●
6	D	Agility Consulting Services (Pvt) Ltd.	●
7	D	Serendipity Leisure (Pvt) Ltd.	●
8	D	Softlogic Life Insurance Lanka Ltd	●
9	D	Hunter & Company PLC	●
10	D	Lanka Canneries (Pvt) Ltd	●
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	●
16	D	Softlogic Life Insurance Lanka Ltd	●
17	D	Artemisia Investments Pte. Ltd.	●
18	D	LeapFrog Investors (Guernsey) L.P.	●
Raimund Snyders			
1	D	AIICO PLC	●
2	D	Nigerian Insurance Group	●
3	D	miLife Insurance	●
4	D	Ghanaian Insurance Company	●
5	D	Softlogic Life Insurance Lanka Ltd	●

O* - representing a role other than a Director

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 275-277 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 269-274.

On behalf of the Board;

Sgd.
Ashok Pathirage
Chairman

Sgd.
Iftikar Ahamed
Managing Director

Sgd.
Lalith Withana
Chairman – Audit Committee

Colombo, Sri Lanka
06th March 2026

AUDIT COMMITTEE REPORT

COMPOSITION

The Board Audit Committee ("the BAC") comprises three (03) Non-Executive Directors, out of where a, majority (02) of are independent.

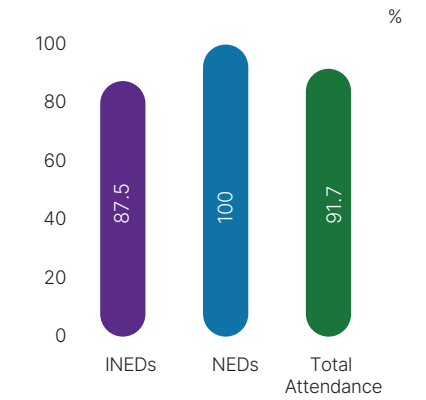
Name	Attendance
Mr. Lalith Withana - Chairman (Appointed on 22 Jul 2021) Independent Non-Executive Director	4/4
Mr. Raimund Snyders (Appointed on 15 Feb 2021) Non-Executive Director	4/4
Mr. V. Govindasamy (Appointed on 22 Jul 2021) Independent Non-Executive Director	3/4

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

Coordination Secretary
Chief Audit and Compliance Officer

Secretary to the Committee
Softlogic Corporate Services (Pvt) Ltd

COMMITTIEE ATTENDANCE OVERVIEW



INEDs - Independent Non-Executive Directors
NEDs - Non-Executive Directors

THE COMMITTEE FOCUSED ON IT AND CYBERSECURITY GOVERNANCE, FRAUD RISK REDUCTION, SLFRS 17 READINESS, AND REGULATORY AND FINANCIAL OVERSIGHT.

INEDs Representation	NEDs Representation			Directors' Count
67%	100%	Compiled ✓	Compiled ✓	2 Local | 1 Foreign

OVERVIEW

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.

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 (UK). He is a Management Consultant with more than 25 years of experience in organisational development, business transformation, finance, human resources, manufacturing, supply chain management, market development, public sector governance and project management.

The Chairman possesses extensive expertise in financial reporting, governance, risk oversight and internal control frameworks, which provides the Committee with strong technical leadership.

The other members of the Committee bring diverse professional backgrounds including finance, insurance, risk management, regulatory compliance and corporate governance. Collectively, the Committee has the necessary financial literacy, industry knowledge and governance experience to effectively discharge its responsibilities.

Further details of the qualifications, experience and profiles of the Committee members are provided in the Board of Directors' profiles appearing on pages 210-212 of this 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 12th November 2025.

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.

Furthermore, in line with its fiduciary duties and the Listing Rules of the Colombo Stock Exchange, the Committee is empowered to promptly report any matter to the Exchange if it believes a reported breach of requirements has not been satisfactorily resolved by the Board of Directors.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The composition, authority and responsibilities of the Board Audit Committee are governed by the applicable corporate governance framework, including:

- The Listing Rules of the Colombo Stock Exchange (CSE);
- The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka; and
- The Regulation of Insurance Industry Act, No. 43 of 2000, together with Directions issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

The Committee ensures that its structure and operations remain fully aligned with these regulatory requirements. Details of the Company's compliance with the applicable governance and regulatory framework are set out on page 221 of this Annual Report.

OBJECTIVES

The Board of Directors empowers the Committee to:

- Ensure that the Company maintains an effective and well-managed financial reporting system capable of delivering accurate, reliable and timely financial information to the Board, regulators and shareholders.
- Review the Interim and Annual Financial Statements prior to submission to the Board to safeguard the integrity, transparency and completeness of financial disclosures.
- Evaluate the appropriateness and consistency of accounting policies and ensuring compliance with applicable accounting standards, statutory requirements and regulatory obligations.
- Oversee the assessment, discussion and disclosure of the impact of new and revised accounting standards and regulatory pronouncements on the Financial Statements.
- Examining the adequacy, effectiveness and efficiency of the Company's risk management framework, internal control systems and governance processes in addressing existing and emerging risks.
- Ensure that business operations are conducted in compliance with applicable laws, regulations, supervisory directives and the Company's approved policies and procedures.
- Monitor adherence to strong corporate governance principles and the highest standards of ethical conduct and industry best practices in the interests of all stakeholders.
- Oversee the activities, performance, independence and objectivity of the internal, external and outsourced auditors, including reviewing audit findings and ensuring timely implementation of recommendations.

ACTIVITIES IN 2025

1. Meetings

The Audit Committee convened four (04) meetings during the financial year ended 31 December 2025. Details of member attendance are disclosed on page 238 of this Annual Report. Representatives of the Company's External Auditors, Messrs. KPMG, attended all scheduled meetings by invitation. Senior Management was invited to attend meetings, as required, to present reports and provide clarifications on matters within their respective areas of responsibility.

The Committee also met separately with the External Auditors, without the presence of Management, to facilitate independent discussions where necessary.

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 2025 before 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, considering the requirement to make necessary provisions for the expected loss impairment.

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

During the year under review, the Committee continued to exercise close oversight of the implementation of SLFRS 17 – Insurance Contracts in preparation for its mandatory adoption with effect from 1st January 2026. The Company remained under the Committee's supervision in relation to the development and formalisation of accounting policies and methodological applications, as well as the implementation of the required actuarial and finance system enhancements.

Substantially all key technical and policy decisions in these areas were finalised during the year, and the Company progressed to the system testing and data population phase. The Committee reviewed regular progress reports to monitor adherence to the approved project plan and timelines and to oversee the Company's readiness for full compliance with the new standard.

Oversight of the Strategic Acquisition and Integration of Softlogic Life Insurance Lanka Limited

The Committee reviewed matters relating to the acquisition and integration of Softlogic Life Insurance Lanka Limited during the year to ensure appropriate governance, financial reporting, and risk oversight throughout the transaction and integration process.

Key areas reviewed by the Committee included:

- **Financial Due Diligence –** Assessment of the financial due diligence procedures undertaken prior to completion of the acquisition and evaluation of key financial assumptions.
- **Accounting Treatment –** Review of the accounting treatment applied to the acquisition, including purchase price allocation, valuation of identifiable assets and liabilities, and recognition of goodwill in accordance with applicable financial reporting standards.
- **Internal Controls and Governance –** Oversight of the integration of the acquired entity into the Company's financial reporting, risk management, and internal control frameworks.
- **Integration Progress and Risk Management –** Monitoring of management updates on the operational and financial integration process, including potential integration risks and mitigation measures.
- **Goodwill and Post-Acquisition Performance –** Review of the monitoring framework established for post-acquisition performance and the annual impairment assessment of goodwill.

The Committee will continue to monitor the integration progress and financial performance of the acquired business to ensure that the transaction delivers the expected strategic benefits while maintaining robust financial governance.

Implementation of SLFRS S1 and S2

The Audit Committee continued to oversee the Company's sustainability and climate-related disclosures in accordance with SLFRS S1 and SLFRS S2, following the Company's early adoption of these standards in the previous year. The Committee reviewed the processes used to identify, assess, and monitor material sustainability and climate-related risks and opportunities, ensuring that appropriate governance, controls, and reporting frameworks remain in place. Through this oversight, the Committee supported the continued enhancement of the Company's sustainability disclosures, reinforcing transparency, accountability, and the long-term resilience of the business.

Going Concern

The Committee reviewed Management's assessment of the Company's ability to continue as a going concern, including liquidity projections, capital adequacy, stress testing outcomes and regulatory solvency requirements. Based on the information reviewed, the Committee was satisfied that the going concern basis of preparation remained appropriate for the foreseeable future.

3. Internal Controls & Risk Management

Internal Controls

The Committee, with the support of the Internal Audit Department and the External Auditors, continued to oversee the adequacy and effectiveness of the Company's internal control framework. This included monitoring procedures designed to safeguard assets, prevent the leakage of material information to unauthorised persons ensure the reliability of financial reporting, promote operational efficiency and ensure compliance with applicable laws and regulations.

Particular attention was given to the monitoring and follow-up of Premium Receivables and the effectiveness of controls surrounding revenue recognition and collections. The Committee also reviewed internal control procedures introduced to address newly identified and emerging risks, ensuring that appropriate mitigating measures were implemented in a timely manner.

Based on the work performed, the Committee reviewed and recommended the Directors' Statement on Internal Controls over Financial Reporting for inclusion in the Annual Report.

In line with the oversight of internal controls, the Committee received formal assurance from the Managing Director (MD) and the Chief Financial Officer (CFO), confirming that the Company's internal control over financial reporting

and its operations are designed and operating effectively in all material respects.

The Committee is satisfied that the Company's system of internal controls provides reasonable assurance, though not absolute assurance, against material misstatement, loss or fraud, and that the controls in place are appropriate to the size and complexity of the Company's operations.

Risk Management
The Committee maintained regular engagement with the Risk Management Committee to remain informed of key risk exposures and mitigation strategies. Updates were received on financial, operational, regulatory and emerging risks to support the Committee in fulfilling its statutory and governance responsibilities. A detailed report of the Risk Management Committee is presented on pages 275-277 of this Annual Report

Cyber Security Review
Recognising the growing significance of cyber risk within the financial services sector, the Committee maintained oversight of the Company's cybersecurity framework during the year. Periodic IT security assessments, vulnerability testing results and infrastructure control monitoring reports presented by Management and assurance functions were reviewed.

Updates were received on enhancements implemented to strengthen IT security controls protecting the Company's digital infrastructure, customer data and critical operations. These included improvements to access management protocols, network security architecture, system monitoring and incident response mechanisms.

The Committee also reviewed cyber incident reporting and escalation procedures to ensure effective detection, containment and recovery measures. Based on the reviews and assurances received, the Committee was satisfied that appropriate preventive, detective and responsive controls operated to mitigate cybersecurity risks.

Operational Deficiencies Risk and Business Continuity Planning
Operational deficiencies identified through internal reviews were discussed at Committee meetings together with Management's corrective action plans. The Committee monitored the implementation of recommendations to strengthen control effectiveness.

The Committee also reviewed the adequacy of the Company's Business Continuity Planning (BCP) and Disaster Recovery (DR) arrangements, including periodic testing and readiness assessments, and was satisfied that appropriate frameworks support the continuity of critical business operations.

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, 49 Internal Audit assurance reports were summarised and 162 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 2025;

- 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.
- Implemented and reviewed the policy on engaging external auditors for non-audit services, ensuring compliance with ethical guidelines and reporting necessary improvements to the Board.
- 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 2024 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 its annual evaluation of the External Auditor's independence, objectivity and the overall effectiveness of the audit process. This assessment included a review of the audit scope, quality of communications, professional scepticism exercised and the robustness of audit findings. To the best of the Committee's knowledge and based on confirmations received, the External Auditors have no relationships with the Company other than in their capacity as independent auditors.

In compliance with the Companies Act No. 07 of 2007 and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka, the Committee obtained a formal written declaration from Messrs. KPMG confirming that they are independent of the Company and that no relationships exist which could impair their objectivity.

In accordance with Company policy and regulatory best practice, the lead Audit Partner is subject to mandatory rotation every seven (07) years to safeguard independence.

To further reinforce governance maturity and ensure transparency, the Committee met with the External Auditors, without the presence of Management, to facilitate open and independent dialogue. The Committee also met separately with the Head of Internal Audit to discuss matters relating to internal control, audit findings and independence of the internal audit function.

Based on these assessments and discussions, the Committee was satisfied that the External Auditor remained independent and objective throughout the year under review.

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.

Data Protection Governance

The Audit Committee exercised oversight over the Company's compliance with the Personal Data Protection Act (PDPA), ensuring that appropriate data governance frameworks and security protocols were implemented and maintained.

During the year, the Committee reviewed the PDPA compliance framework and the associated implementation roadmap, including policy development, data classification processes, consent management procedures and breach notification protocols. The Committee also reviewed the governance structure supporting data protection, including the role and reporting responsibilities of the designated Data Protection Officer (DPO).

In addition, the Committee considered assurance mechanisms supporting data privacy compliance, including scheduled Internal Audit reviews and ongoing IT security assessments. Based on the updates received, the Committee was satisfied that appropriate controls and monitoring processes were in place to safeguard customer data and support regulatory compliance.

AML / CFT Oversight

Given the regulatory sensitivity of Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT) obligations within the insurance sector, the Audit Committee maintained structured and continuous oversight of the Company's AML/CFT framework during the year. The Committee reviewed the results of the enterprise-wide AML/CFT risk assessment and evaluated the adequacy of controls implemented to mitigate identified risks.

AUDIT COMMITTEE REPORT

The Committee monitored the effectiveness of the Suspicious Transaction Reporting (STR) framework, including escalation protocols, reporting timelines and internal monitoring mechanisms. Updates were received on regulatory compliance reviews relating to customer due diligence (CDD), enhanced due diligence (EDD) and transaction monitoring processes to ensure alignment with applicable legal and supervisory requirements.

In addition, the Committee reviewed ongoing AML/CFT training initiatives conducted across relevant operational levels and considered emerging regulatory developments to ensure timely updates to policies and procedures. Based on the reviews undertaken and assurances received from Management and Compliance, the Committee was satisfied that robust systems and controls were in place to detect, prevent and report suspicious activities, providing reasonable assurance of compliance with applicable AML/CFT obligations.

Corporate Governance

The Company is fully compliant with Section 9 - corporate governance listing rules of the Colombo Stock Exchange (CSE), Direction 17 issued by IRCSL and the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

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. 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.

8. 2026 Focus Areas

As part of its continued commitment to strengthening corporate governance, risk oversight and regulatory compliance, the Audit Committee has identified the following strategic priorities for the forthcoming year to further enhance financial integrity, operational resilience and sustainable value creation:

- To enhance financial reporting transparency, disclosure quality and governance practices, supported by strengthened oversight mechanisms and the use of advanced analytics and monitoring tools to reinforce the integrity and reliability of financial information.
- To further strengthen cybersecurity risk management by reinforcing IT security controls, continuous infrastructure monitoring and cyber resilience frameworks, including the integration of AI-enabled threat detection and automated monitoring solutions to safeguard digital infrastructure, customer data and critical business operations.
- To closely oversee the final phase of SLFRS 17 implementation, ensuring system stability, data accuracy, governance readiness and full regulatory compliance ahead of its effective application.
- To expand oversight of sustainability reporting and ESG disclosures in alignment with SLFRS S1 and S2, enhancing internal controls over non-financial reporting and leveraging digital tools to improve data quality, monitoring and assurance.
- To strengthen AML/CFT compliance and financial crime prevention frameworks through enhanced enterprise-wide risk assessments, technology-driven transaction monitoring, AI-supported anomaly detection and proactive engagement with evolving regulatory developments.

9. 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
06th March 2026

RISK COMMITTEE REPORT

COMPOSITION

The Board Risk Committee ("the Committee") consists of Three Non-Executive Directors, out of whom one is independent.

Name	Attendance
Mr. Raimund Snyders **Chairman** (Appointed on 05 Feb 2019) Non-Executive Director	4/4
Mrs. Fernanda Lima (Appointed on 15 Feb 2019) Non-Executive Director	4/4
Mr. Lalith Withana (Appointed on 15 Aug 2023) Independent Non-Executive Director	4/4

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

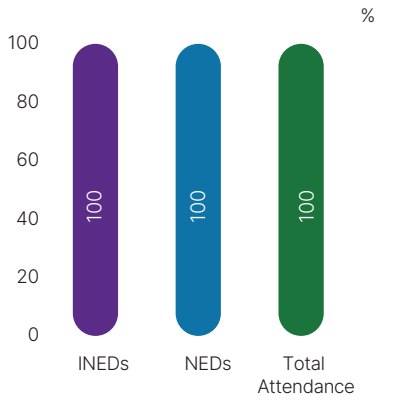
Coordination Secretary

Chief Risk Officer

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

COMMITTIEE ATTENDANCE OVERVIEW



INEDs - Independent Non-Executive Directors

NEDs - Non-Executive Directors

THE COMMITTEE PROVIDED STRONG AND PROACTIVE OVERSIGHT OF THE COMPANY'S ENTERPRISE-WIDE RISKS, REINFORCING RISK APPETITE, STRENGTHENING ESG AND CYBERSECURITY GOVERNANCE, AND ENSURING RESILIENCE THROUGH DISCIPLINED MONITORING AND STRATEGIC RISK MANAGEMENT.

NEDs Representation **100%**

Compiled ✓

Directors' Count **1** Local | **2** Foreign

OVERVIEW

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.

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 210-212.

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 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 Risk Management :** 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 2025

Regular Activities

- Conducted a comprehensive review and assessment of the adequacy and effectiveness of the Company's existing risk management controls, including continuous monitoring of economic and political risks and their potential impacts on business operations.
- Approved the Company's risk appetite and associated parameters for FY 2025, ensuring that strategic risk tolerance remains aligned with the evolving economic, market, and regulatory landscape.
- Provided guidance and constructive feedback on evaluated risks using an Environmental, Social, and Governance (ESG) framework, enhancing oversight of sustainability reporting and aligning disclosures with global standards such as S1 and S2.
- Evaluated bi-annual Risk Control Self-Assessment (RCSA) findings to assess the effectiveness of risk controls, identify operational gaps, and recommend targeted improvements.
- Ensured management accountability by reviewing actions taken to address high-risk items, reinforcing governance practices and promoting a strong risk-aware organisational culture.
- Closely monitored updates on Foreign Currency Debt Restructuring and assessed potential impacts on the Company's net operating profit (NOP), ensuring timely mitigation measures.
- Addressed staff turnover risks by implementing targeted mitigation strategies for both sales and non-sales personnel, supporting workforce stability and operational continuity.
- Oversaw IT risk management, regularly monitoring potential threats to business continuity and implementing proactive mitigation measures to safeguard critical operations.
- Provided guidance on compliance with the Data Protection Act, ensuring adherence to legal and regulatory requirements for data security and privacy.
- Reviewed and approved all policies under the Company's Risk Governance Framework, maintaining comprehensive oversight and consistency in risk management practices.

Acquisition and Integration Risk Oversight – Softlogic Life Insurance Lanka Limited

During the year, the Committee reviewed the key risks associated with the acquisition and subsequent integration of Allianz Insurance Lanka Limited. The Committee assessed management's evaluation of strategic, operational, regulatory, and financial risks arising from the transaction and the adequacy of mitigation measures implemented to address such risks.

Particular attention was given to the integration of risk management frameworks, internal controls, and governance processes to ensure alignment with the Company's enterprise risk management structure. The Committee also reviewed potential impacts on capital adequacy, solvency requirements, and regulatory compliance to ensure that the Company continues to operate within approved risk appetite levels.

The Committee received periodic updates from management on integration progress, key risk indicators, and mitigation strategies, and will continue to monitor the integration process to ensure that risks associated with the acquisition are effectively managed while supporting the Company's long-term strategic objectives.

Committee Risk Oversight and Governance

The committee assessed the impact of various risks, including economic, political, persistency, and claims risks, with a strong focus on mitigation measures, liability valuations, and changes in assumptions. During meetings, the committee concentrated on evaluating risks across key categories as outlined below:

Credit Risk: The committee oversaw the credit risk rating framework, ensuring timely identification of rating changes and potential deterioration in investment quality.

Liquidity and Market Risk: The committee exercised governance oversight over liquidity and market risks by regularly reviewing treasury limits against micro- and macro-economic conditions, assessing counterparty and country exposures, evaluating the company's liquidity and funding needs, and overseeing semi-annual liquidity stress testing aligned with the Company's Liquidity Coverage Ratio.

Operational Risk: The committee provided governance oversight of operational risk management by reviewing fraud risk assessments to promote a risk-aware organisational culture, assessing the effectiveness of internal controls through Risk and Control Self-Assessments (RCSAs), identifying key operational risks across business units, and implementing measures to mitigate fraud through strengthened controls, process reviews, awareness initiatives, and enhanced monitoring.

Information & Security Risk: The committee monitored advanced cybersecurity technologies for web and email threat prevention and oversaw the implementation of sensitive data protection systems, including data loss prevention, encryption, and access control mechanisms. It also reviewed the IT Security Strategy for 2026-27, focusing on enhancing cyber resilience through zero-trust architecture, AI-driven threat intelligence, and cloud security improvements.

ESG and Climate Risk: The committee identified and analysed material ESG and climate risks that could impact financial performance, reputation, and long-term sustainability. It also evaluated opportunities arising from positive ESG practices.

Claims Risk: The committee 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.

Persistency Risk: The committee addressed persistency risks driven by macroeconomic conditions and advised on tighter mitigation measures.

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 risk identification, mitigation, and monitoring, with a focus on enterprise-wide Key Risk Indicators (KRIs) and timely escalation of emerging risks.

The Committee will assess previously identified risks, including market volatility, liquidity pressures, persistency trends, and claims experience, ensuring operations remain within approved risk appetite and tolerance levels.

Risk governance will be strengthened through continuous benchmarking of policies, methodologies, and internal controls against global best practices, supporting compliance and resilience.

Oversight of sustainability and climate-related risks will be enhanced by aligning disclosures with SLFRS S1 and S2, integrating ESG considerations into strategic and operational decision-making.

Finally, the Committee will focus on cybersecurity, AI model governance, digital transformation risks, policyholder behaviour, and longevity/pandemic exposures to ensure the Company remains adaptive, resilient, and future-ready.

Sgd.
Raimund Snyders
Chairman - Risk Committee

Colombo, Sri Lanka
06th March 2026

REMUNERATION COMMITTEE REPORT

COMPOSITION

The Board Human Resource and Remuneration Committee ("the Committee") consists of three Non-Executive Directors, a majority of whom are independent

Name	Attendance
Mr. V. Govindasamy - Chairman (Appointed on 01 Jul 2021) Independent Non-Executive Director	4/4
Mr. Ashok Pathirage (Appointed on 09 Jul 2011) Non-Executive Director	4/4
Mr. Lalith Withana (Appointed on 01 Jul 2021) Independent Non-Executive Director	4/4

Regular Attendees by invitation

Managing Director*

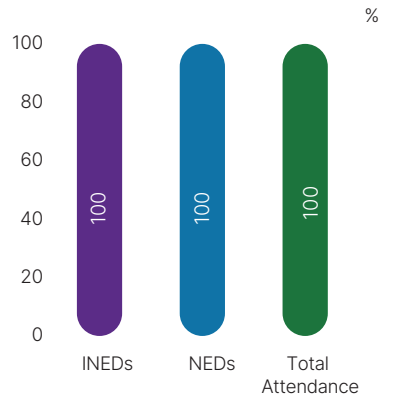
Chief Human Resources Officer

* 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

COMMITTIEE ATTENDANCE OVERVIEW



INEDs - Independent Non-Executive Directors

NEDs - Non-Executive Directors

THE COMMITTEE FOCUSED ON REMUNERATION GOVERNANCE, PERFORMANCE MANAGEMENT AND MARKET-ALIGNED COMPENSATION.

INEDs Representation	NEDs Representation			Directors' Count
67%	100%	Compiled ✓	Compiled ✓	3 Local | 0 Foreign

OVERVIEW

The 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.

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 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

The Committee is entrusted with ensuring that the Company's remuneration and succession framework supports long-term value creation, prudent risk management, and alignment with stakeholder interests. In fulfilling its mandate, the Committee is responsible for the following:

- Determining the remuneration of the Chairman, Managing Director, and other members of the Board, ensuring that no Director participates in decisions relating to his or her own remuneration.
- Reviewing and approving the remuneration, benefits, and incentive structures of Key Management Personnel (KMP), including the establishment of measurable performance parameters, individual goals, and targets aligned with the Company's strategic objectives and risk appetite.
- Formulating and recommending to the Board clear guidelines, policies, and structured frameworks governing remuneration across Executive Staff, and overseeing the effective implementation of such frameworks.
- Periodically reviewing market benchmarks and industry data to ensure that executive compensation remains competitive, performance-driven, and consistent with the Company's strategic direction and financial sustainability.
- Evaluating the performance of the Managing Director and KMP against pre-agreed objectives, key performance indicators, and risk-adjusted targets, ensuring accountability and transparency.
- Identifying and recommending to the Board any additional expertise or competencies required to

strengthen Board composition and governance effectiveness.

- Approving annual salary increments, performance bonuses, and revisions to benefits, allowances, and incentive schemes in line with approved policies and performance outcomes.
- Ensuring that employee remuneration structures are appropriately linked to individual performance, level of responsibility, technical expertise, and contribution toward achieving the Company's strategic and operational objectives.
- Reviewing and making recommendations or determinations on disciplinary matters involving Key Management Personnel, particularly in instances resulting in significant financial or reputational impact to the Company.

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 51.6.1 on page 433 of this report.

1. Non-Executive Directors Remuneration

No remuneration is paid to Non-Executive Directors other than standard 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's Remuneration

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 Remuneration

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 2025, which was conducted by the Chairman and Committee members and was deemed to be satisfactory.

REMUNERATION COMMITTEE REPORT

PROFESSIONAL ADVICE

The Committee has the authority to engage independent professional advisors on matters within its purview.

ACTIVITIES IN 2025

During the year under review, the Committee continued to strengthen the Company's performance-driven remuneration framework and governance oversight. Key activities undertaken in 2025 included:

- Reviewing and approving the performance bonuses payable in respect of the 2025 financial year, determined in accordance with the approved Variable Pay Plan (VPP) applicable to Executive Staff, ensuring alignment with financial performance, risk outcomes, and strategic objectives.
- Approving annual salary increments for Executive Staff based on individual performance evaluations, competency assessments, and overall Company performance for 2025.
- Reviewing and endorsing enhancements to the performance-based incentive framework for 2025 to further align remuneration outcomes with long-term value creation, prudent risk management, and sustainability objectives.
- Conducting a comprehensive evaluation of the performance of Corporate Management members, including the Managing Director and Deputy Chief Executive Officer, against pre-agreed key performance indicators, strategic milestones, and governance benchmarks.
- Approving the continuation and rationalisation of interim allowances and cost-of-living adjustments in consideration of prevailing macroeconomic conditions, while maintaining financial prudence.
- Commissioning independent external remuneration consultants to conduct market benchmarking surveys, enabling the Committee to evaluate staff compensation against industry standards and make informed, competitive, and sustainable remuneration decisions.

THE YEAR AHEAD

In the year ahead, the Committee will continue to review and enhance the Company's Remuneration Policy and compensation frameworks applicable to Key Management Personnel and all employees, ensuring alignment with strategic objectives, regulatory expectations, and market competitiveness. The overarching objective remains to attract, retain, and incentivise high-calibre talent while maintaining financial prudence and equitable reward structures.

The Committee will also oversee further strengthening of human capital frameworks, with emphasis on organisational design, role clarity with job evaluation, performance management systems, structured reward and recognition mechanisms.

Through these measures, the Committee aims to reinforce a performance-driven culture, ensure leadership continuity, and support the long-term sustainability of the Company.

Sgd.
V. Govindasamy
Chairman – Remuneration Committee

Colombo, Sri Lanka
06th March 2026

INVESTMENT COMMITTEE REPORT

COMPOSITION

The Board Investment Committee ("the Committee") consists of Managing Director and five Non-Executive Directors.

Name	Attendance
Mr. Ashok Pathirage – Chairman (Appointed on 09 Jul 2011) Non-Executive Director	4/4
Mr. Iftikar Ahamed (Appointed on 09 Jul 2011) Managing Director	4/4
Mrs. Fernanda Lima (Appointed on 15 Feb 2019) Non-Executive Director	3/4
Mr. V. Govindasamy (Appointed on 16 Jan 2020) Independent Non-Executive Director	2/4
Mr. Raimund Snyders (Appointed on 05 Feb 2020) Non-Executive Director	4/4
R. Sanjaya Mohottala (Appointed on 22 Jul 2021) Independent Non-Executive Director	3/4

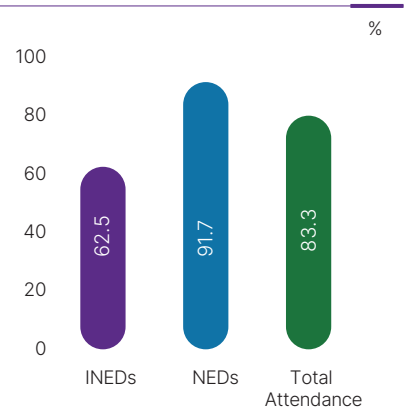
Regular Attendees by invitation

Senior Vice President – Treasury
Chief Financial Officer
Chief Risk Officer
Investment Officer - Leapfrog Investments
Head of Research – Softlogic Stock Brokers (Pvt) Ltd

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

COMMITTIEE ATTENDANCE OVERVIEW



INEDs - Independent Non-Executive Directors
NEDs - Non-Executive Directors

THE COMMITTEE AFFIRMS THAT THROUGHOUT THE YEAR, THE COMPANY'S INVESTMENT ACTIVITIES WERE CONDUCTED WITHIN APPROVED RISK PARAMETERS, SUPPORTED BY ROBUST OVERSIGHT, DISCIPLINED ASSET ALLOCATION, AND ADHERENCE TO REGULATORY AND GOVERNANCE STANDARDS.

NEDs Representation **83%**

Compiled ✓

Directors' Count **4** Local | **2** Foreign

OVERVIEW

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.

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 210-212 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.

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 the Treasury / Fund management team and the executive management of the Company on investment-related activities

INVESTMENT COMMITTEE REPORT

PROFESSIONAL ADVICE

The Investment Committee will decide if and when expert external advice is necessary and seek such advice when required

ACTIVITIES IN 2025

- The Committee conducted regular reviews of the macroeconomic environment, including inflation trends, interest rate movements, exchange rate developments, liquidity conditions, sovereign risk dynamics and equity market performance. These insights guided discussions on portfolio positioning, duration strategy and opportunities arising from improving market conditions.
- The Committee conducted periodic reviews of overall portfolio performance, evaluating fund-wise returns, benchmark comparisons and the impact of declining interest rates on valuation gains and reinvestment strategies.
- The Committee reviewed the capital gains realised during the year, driven largely by declining interest rates and favourable market liquidity, and assessed their implications for future portfolio optimisation and yield sustainability.
- The Committee evaluated the performance of the equity portfolio, including the divestment of the equity shareholding. The Committee discussed the strategic rationale, market timing, realised returns and the effect of the sale on sectoral exposures and liquidity buffers.
- The Committee reviewed and approved several special investment proposals, after assessing return potential, market conditions, counterparty exposures and compliance with regulatory limits and internal investment policies.
- The Committee evaluated new investment opportunities emerging from the improved macroeconomic landscape, lower borrowing costs and rising investor confidence, ensuring proactive rebalancing and strategic deployment of excess liquidity.
- The Committee discussed and endorsed the revised investment strategy designed in response to low interest rates and strengthened economic conditions, with a focus on optimising duration, capturing yield opportunities, enhancing portfolio diversification and strategically increasing allocations to alternative asset classes where appropriate.
- The Committee reviewed updates on the foreign loan, including utilisation, repayment status, terms and conditions.
- In connection with the acquisition of Softlogic Life Insurance Lanka Limited (formerly Allianz Life Insurance Lanka Limited), the Committee reviewed the subsidiary's investment portfolio composition, performance and asset allocation as part of the pre-acquisition due diligence and following completion of the transaction, to ensure alignment with the Group's investment strategy.

COMMITTEE EVALUATION

The Committee completed the evaluation process with a self-assessment in 2025, conducted by the Chairman and Committee members, which was deemed satisfactory.

THE YEAR AHEAD

In the year ahead, the Committee will continue to provide robust oversight of the Company's investment strategy with increased focus on dynamic asset allocation, capital preservation, risk-adjusted return optimisation and effective liquidity management. The Committee will closely monitor macroeconomic trends, interest rate expectations, foreign exchange volatility and regulatory developments to ensure investment decisions remain aligned with the Company's risk appetite and Asset-Liability Management (ALM) framework.

Key priorities will include strengthening duration management, enhancing diversification across traditional and alternative asset classes, and ensuring optimal balance sheet alignment across funds. The Committee will also oversee ongoing integration of the Allianz Life Insurance Lanka Limited (Renamed as Softlogic Life Insurance Lanka Limited) investment portfolio, management of foreign currency exposures, investment performance, and maintenance of adequate capital and liquidity buffers in line with evolving market conditions.

Sgd.
Ashok Pathirage
Chairman – Investment Committee

Colombo, Sri Lanka
06th March 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION

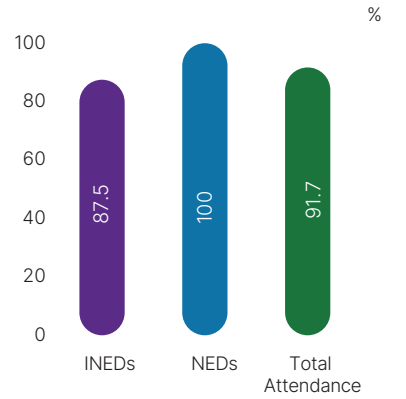
The Board Related Party Transactions Review Committee ("the Committee") consists of three Non-Executive Directors, a majority of whom are independent.

Name	Attendance
Mr. Lalith Withana – Chairman (Appointed on 22 Jul 2021) Independent Non-Executive Director	4/4
Mr. Raimund Snyders (Appointed on 22 Jul 2021) Non-Executive Director	4/4
Mr. V. Govindasamy (Appointed on 22 Jul 2021) Independent Non-Executive Director	3/4

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

COMMITTIEE ATTENDANCE OVERVIEW



INEDs - Independent Non-Executive Directors
NEDs - Non-Executive Directors

REVIEWED ALL RELATED PARTY TRANSACTIONS FOR FOUR QUARTERS AND CONFIRMED THAT SUCH TRANSACTIONS OCCURRED AT ARM'S LENGTH PRICE.

INEDs Representation			Directors' Count
67%	Compiled ✓	Compiled ✓	2 Local | 1 Foreign

OVERVIEW

The Related Party Transactions (RPT) Committee plays a critical governance role in safeguarding fairness, transparency, and market integrity in transactions involving related parties. The Committee rigorously reviews and evaluates all related party transactions to ensure they are conducted on arm's length terms and in the best interests of the Company and its shareholders. It determines the appropriate approval thresholds and provides oversight on disclosure requirements, advising the Board to ensure full compliance with the CSE Listing Rules and applicable regulatory frameworks.

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.

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

The Committee adopts a structured and control-based approach in identifying, reviewing, and monitoring Related Party Transactions (RPTs). Periodic declarations are obtained from each Director and Key Management Personnel (KMP) upon appointment,

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

bi-annually, and annually thereafter, with quarterly updates required for any changes to previously disclosed interests. These declarations are submitted to the Company Secretary, who serves as the primary custodian of related party records.

To reinforce this disclosure-based framework, the Company also relies on formal management certifications confirming the completeness and accuracy of related party information and transactions reported during each quarter. A system-enabled process facilitates the identification and capture of related party transactions across the Company's operational network, enabling ongoing monitoring In addition, related party transaction data is cross-checked against finance and accounting records to ensure accuracy and completeness of reporting.
The Committee reviews quarterly management reports detailing RPTs undertaken, including confirmation that such transactions are conducted on arm's length terms and in the best interests of the Company and its shareholders.

This multi-layered framework ensures that oversight of related party transactions is supported by formal controls, independent review mechanisms, and documented governance processes, rather than reliance on declarations alone.

ACTIVITIES IN 2025

Reviewed and strengthened oversight of the Company's investment in Commercial Paper issued by the Parent Company, focusing on the recovery of interest arrears, adequacy of collateral, and the development of an actionable repayment plan, resulting in improved alignment with the Company's risk management framework and enhanced capital protection.

Coordinated with the Risk Committee to enhance oversight over related party investment exposures, emphasising prudent capital protection and establishing timely recovery mechanisms, which reinforced the Company's ability to manage associated risks effectively.

Monitored the progress of the Lead Management System initiative across Group entities, concentrating on its commercial justification, performance evaluation, and compliance with the Personal Data Protection regulatory framework, thereby ensuring the initiative's alignment with both business goals and regulatory requirements.

Advised Management to ensure that all customer consents for data-sharing arrangements with related parties are properly obtained and documented, mitigating potential regulatory and reputational risks and reinforcing trust in the Company's data management practices.

Introduced and monitored enhanced internal controls concerning related party policy issuance, mandating the settlement of existing obligations and upfront payments for new policies, which prevented preferential treatment and promoted fairness and transparency within related party transactions.

Reviewed recurring related party transactions such as travel and other services, advising Management to ensure that competitive quotations are consistently obtained, evaluated, and adequately documented, which bolstered the Company's commitment to transparency and good governance.

Confirmed that no special concessions or benefits were granted to related parties beyond those available under normal commercial terms, thereby maintaining the integrity of the Company's business practices and ensuring compliance with corporate governance standards.

OVERSIGHT AND GOVERNANCE EFFECTIVENESS STATEMENT

Following its detailed reviews and evaluations throughout the year, the Committee is confident that the Company's framework for managing related party transactions has functioned effectively, adhering to both regulatory standards and internal governance protocols. The Committee has ensured that the systems and procedures in place were robust, transparent, and aligned with best practice, thereby supporting the Company's commitment to sound governance and proper risk management of related party transactions.

SAFEGUARDING STAKEHOLDER INTERESTS AND INVESTOR CONFIDENCE

In an environment of heightened regulatory scrutiny and evolving stakeholder expectations, effective oversight of Related Party Transactions (RPTs) is fundamental to maintaining investor confidence and protecting minority shareholder interests. As a listed entity, the Company recognises that robust governance over related party dealings is not merely a compliance obligation under the Listing Rules of the Colombo Stock Exchange (CSE), but a critical safeguard of market integrity, capital protection, and equitable treatment of all shareholders.

The Committee's oversight framework is therefore designed to reinforce transparency, ensure arm's length decision-making, and uphold the highest standards of accountability, thereby strengthening trust among investors, regulators, and other key stakeholders.

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

No related party transactions requiring immediate disclosure or shareholder approval under applicable listing rules, specifically Rule 9.14.6 and Rule 9.14.7 (a), were identified during the year

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 51 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 Committee confirms that it has discharged its responsibilities in accordance with its Charter and applicable regulatory requirements during the year under review.

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
06th March 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION

The Board Nomination Committee ("the Committee") comprises three (03) Non-Executive Directors, out of whom, majority (02) are independent.

Name	Attendance
Mr. V. Govindasamy - Chairman (Appointed on 01 Jul 2021) Independent Non-Executive Director	1/1
Mr. Ashok Pathirage (Appointed on 09 Jul 2011) Non-Executive Director	1/1
Mr. Lalith Withana (Appointed on 01 Jul 2021) Independent Non-Executive Director	1/1

Regular Attendees by invitation

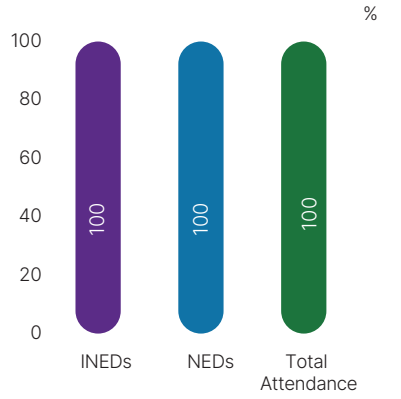
Managing Director

Chief Human Resources Officer

Secretary to the Committee

Softlogic Corporate Services (Pvt) Ltd

COMMITTIEE ATTENDANCE OVERVIEW



INEDs - Independent Non-Executive Directors

NEDs - Non-Executive Directors

THE COMMITTEE FOCUSED ON BOARD COMPOSITION, DIRECTOR NOMINATIONS, SUCCESSION PLANNING, AND GOVERNANCE OVERSIGHT.

INEDs Representation	NEDs Representation			Directors' Count
67%	100%	Compiled ✓	Compiled ✓	2 Local | 0 Foreign

OVERVIEW

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.

CHARTER OF THE COMMITTEE

The Committee operates under a Board-approved Charter to ensure oversight over the selection of Directors, the CEO (MD), and Key Management Personnel (KMP).

- **Policy & Process:** Documented policies and processes are in place for the nomination of Directors, focusing on qualifications, competencies, and independence.
- **Board Diversity:** The Committee recognises Board diversity—encompassing a range of experience, skills, age, and gender—as an essential factor for effective Board performance and strategic growth. For detailed metrics, refer to page 230-231.
- **Re-election Policy:** In accordance with the Company's Articles of Association and governance best practices, all Directors are required to submit themselves for re-election at regular intervals and at least once in every three (3) years.

METHODOLOGY OF THE COMMITTEE

The Committee meets as and when necessary to assess the suitability of individuals for appointment as Directors and Key Management Personnel. The methodology involves:

- **Gap Analysis:** Reviewing the structure and competencies of the current Board to identify necessary skills or knowledge gaps.
- **Evaluation:** Assessing candidates against the "Fit and Proper" criteria and ensuring a balanced mix of independence and diversity.
- **Verification:** Obtaining declarations from all Directors through a prescribed format to confirm status of independence and identify potential conflicts of interest.
- **Engagement:** Consulting with the Chairman and Managing Director on leadership requirements for long-term sustainability and strategic growth.
- **Induction & Training Framework:** The Committee maintains a formal process for conducting induction and orientation programmes for new Directors on corporate governance and securities regulations. It also mandates periodic updates for existing Directors to ensure ongoing regulatory compliance.

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.
- 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 2025

The Committee met to assess the suitability of individuals for appointment and conduct mandate-related affairs. Key activities included:

- **Independence:** Obtained declarations from all Directors confirming their status of independence and absence of conflicts of interest.
- **Review of the senior management:** committee reviewed the senior management members (Head of departments) and their functions. Committee also discussed on the succession planning for the organisation.
- **Evaluations:** Conducted periodic evaluations of the performance of the Board of Directors and the CEO to ensure effective discharge of responsibilities.
- **Communication:** Maintained processes to ensure Independent Directors are promptly informed of major issues through regular briefings and Board papers. The committee notes following actions.
    - **Induction:** As there were no new appointments to the Board in 2025, no formal induction programs were conducted.
    - **Annual Updates:** Committee notes that existing Directors received updates on Corporate Governance, Listing Rules, and securities market regulations during the year.
- **Re-election of Directors:** The Committee recommended the re-election of Mr. Haresh Kaimal, who retires by rotation in terms of Article 98 (a) at the 27th AGM held on 31st March 2026.

THE YEAR AHEAD

In 2026, the Nominations and Governance Committee will continue to assist the Board in fulfilling its fiduciary responsibilities by focusing on effective leadership continuity and governance excellence. Key initiatives will include a comprehensive review of the Board Skills Matrix to ensure alignment with the Company's 2026 strategic roadmap, particularly regarding health insurance leadership and digital innovation. The Committee will also lead the annual Board and CEO performance evaluation process and ensure that all Directors receive continuous professional updates on evolving regulatory frameworks, including any new CSE Listing Rules. By maintaining a proactive approach to nomination and governance, we aim to protect stakeholder interests and support the Company's vision of sustainable growth and long-term value creation.

Sgd.
V. Govindasamy
Chairman – Nominations and Governance Committee

Colombo, Sri Lanka
06th March 2026

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

✓ 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	254	
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	321	
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	446	
iv)	a) Disclose float market capitalisation and related information, public holding %, No. of shareholders Refer Investor Relations	446	
	b) No foreign Currency-denominated Shares listed on the exchange and related information	-	
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	446	
vi)	Information regarding the entity's material foreseeable risk factors is provided. Refer Risk Management	107	
vii)	The Company did not encounter any issues related to employees or industrial relations during the year 2025.	-	
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 27 on Property Plant and Equipments	350	
ix)	The details of the shares issued by the Company are provided. Refer to Note 36 on Stated Capital	378	✓
x)	The distribution schedule outlining the number of shareholders and the percentage of their total holdings in each category is provided. Refer Investor Relations	446	
xi)	The list of applicable ratios and the market price information is provided Refer Investor Relations	446	
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 27 on Property Plant and Equipments	350	
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	254	
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 51 on the Related Party Disclosures	433	
xvii) - xix)	The Company has not issued; foreign currency-denominated securities, Sustainable Bonds, Perpetual Debt Securities, Infrastructure Bonds, Shariah-compliant Debt Securities, or High-Yield Corporate Debt Securities listed on the CSE	-	

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, 2025, reinforcing its commitment to strong governance.

✓ Complied

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 of the Board of Directors	254	✓
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 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 Responsible Conduct and Stakeholder Trust	248	
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 2025		
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) 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.	286-287 278-280 269-274 283-285	✓
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.	239	✓

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

✓ Complied

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 Responsible Conduct And Stakeholder Trust	250	
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 the 26th virtual AGM held are disclosed in Responsible Conduct And Stakeholder Trust . Refer Notice of Meeting for details of the 27th AGM	250 476	✓
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 Leadership And Strategic Stewardship	228	✓
9.5.2	The Company has adopted the Policy on matters relating to the Board of Directors. Refer Leadership And Strategic Stewardship	226-243	
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)	228	✓
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	226	
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.	226	✓
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.	238	✓
9.8.3-9.8.4	The criteria for determining independence have been disclosed. Refer the Independence of Director as at 31st December 2025	233	
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.	233	✓
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	226-241	✓
9.10.2	There were no new appointments to the Board during 2025.	236	
9.10.3	There were no changes to the composition of the Board Committees referred to in Rule 9.3	239	
9.10.4	All information required in relation to Board of Directors under this rule has been disclosed under Board Leadership in Governance.	226-241	✓

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	286-287	
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	286-287	✓
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	286-287	
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.	286-287	✓
9.12	**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 Remuneration Committee Report	278-280	✓

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

✓ Complied ✓ Early Adopted

Principle	Compliance and Implementation	Page No.	Status
9.12	**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 Remuneration Committee Report	278-280	
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 Remuneration Committee Report	278-280	✓

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
		278-280	

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	269-274	
9.13.3	Composition of the Committee: The Audit Committee comprises 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.	269-274	
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	269-274	✓

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.	269-274	✓
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	283-285	
9.14.2	Composition of the Committee: The Committee comprises 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	283-285	
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	283-285	✓
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	283-285	
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	283-285	

LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE [CSE] ON CORPORATE GOVERNANCE

✓ 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	283-285	
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	283-285	✓
9.14.9	Acquisition and Disposal of Assets from/to related parties: No substantial acquisitions or disposals occurred during the year. Refer Note 51 Related Party Disclosure	283-285	
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.	283-285	
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	254	
	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	254	✓
	iii) The Board stays informed about applicable laws, rules, and regulations. Refer Annual Report of Board of Directors	254	
	iv) The Board discloses instances of non-compliance and material fines in Entity- operated jurisdictions. Refer Annual Report of Board of Directors	254	

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 by CA Sri Lanka**		
	Refer the Code of Best Practice on Corporate Governance.	296-304	✓
B.1	**A minimum of two Directors of the Board must be citizens and residents of Sri Lanka**		
	The Board comprises eight (8) Directors, and six (6) of them are citizens and residents of Sri Lanka. Refer the Composition of the Board.	230-231	✓
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.	230-231	✓
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.	230-231	✓
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".	288-294	✓
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.	266	✓
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".	288-294	✓
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.	221	✓
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.	230-231	✓

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.	226	✓
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.	238	✓
A.1.2	Roles & Responsibilities		
	The 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.	226	✓
	Ensure formulation and implementation of a sound business strategy: 2025-2026 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 2025 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.		

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.	226	✓
	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 2025.		
	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-Committees have continuously reviewed and monitored the progress of the business.		
	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 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	221	✓
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.	228	✓
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.	232	✓

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.1.6	**Dedicate adequate time and effort to matters of the Company**		
	The Board of Directors 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"	238 226	✓
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.	263-264	✓
A.1.8	**Board induction and training**		
	The Company Secretary facilitates a comprehensive induction programme 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.	236	✓
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.	217	✓
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.	217 228	✓
A.4	**Financial Acumen and Knowledge**		
	All the Directors have extensive experience and financial acumen, although their experience lies in different industries.	226	✓
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 Director's 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.	233-234 230-231	✓

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
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].	237	✓
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 Refer Remuneration Committee Report	286-287 278-280	✓
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 Re-Election of Directors'	278	✓
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".	229	✓
A.10	**Disclose Information in Respect of Directors as Specified in the Code**		
	Profiles including qualifications, expertise, and appointments. Material business interests of Directors. Whether Executive, Non-Executive and/or Independent Director. Total number of Board seats held by each Director in other companies. Number/percentage of Board meetings of the Company attended during the year. Members of Committees and attendance at Board meetings and committee meetings.	210-212 266 238 266 238 238	✓
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.	232	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
B	DIRECTORS' REMUNERATION		
B.1	Remuneration Procedure		
	The 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 regard 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. Refer the Remuneration Committee Report.	232 278-280	✓
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 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 Remuneration Committee report.	278-280	✓
B.3	Disclosure of Remuneration Policy		
	Refer the Remuneration Committee report. Remuneration paid to Board of Directors – Refer Note 51.6.1 to Financial Statements. There were 14 key management personnel who directly reported to the CEO/MD during the year and the aggregate remuneration was Rs. 276 Mn.	278-280 433	✓
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	476 477-478	✓

Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
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 Responsible Conduct And Stakeholder Trust	250	
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.	285	
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.	15-208	
	Annual Report of the Board of Directors.	254-262	
	Statement of Directors' Responsibility.	263-264	
	Directors' Statement on Internal Controls.	267-268	
	Managing Director's/CEO and Chief Financial Officer's Responsibility Statement.	265	✓
	The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Auditors Report.	312-314	
	Note 51 to Financial Statements - Related Party Disclosures.	433	
	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	52-53	

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.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. Refer the Audit Committee Report. Refer Internal Assurance [Internal Audit].	269-274 253 107-113	✓
D.3	**Audit Committee**		
	The Audit Committee consists of Two (2) Independent Non-Executive Directors and one (1) 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. Refer Internal Assurance.	269-274 253	✓
D. 4	**Risk Committee**		
	The Risk Committee consists of Two (2) Non-Executive Directors and one (1) 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.	275-277	✓
D.5	**Related Party Transactions Review Committee**		
	The Committee consists of Two (2) Independent Non-Executive Directors and one (1) 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 51 on Financial Statements - Related Party Disclosures.	283-285 433	✓

Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
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.	248 217 446 248	✓
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.	254	✓
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.	446	✓
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.	315-436 477-478	✓

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA

✓ Complied

Principle	Implication by the Softlogic Life Insurance PLC	Page No	Status
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 and Cybersecurity Governance. Refer the Risk Committee Report.	 251 275-277	✓
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 Managing climate and sustainability. Refer the Risk Governance process. Refer Risk Management.	 72-119 108 107	✓
I	SPECIAL CONSIDERATIONS FOR LISTED ENTITIES		
1.2 - 1.4	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	 288-294	✓



FINANCIAL INFORMATION

Structured Moves. Structured Returns.

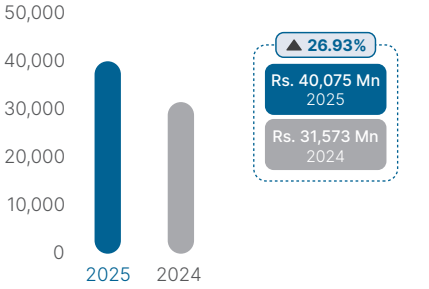
At Softlogic Life, financial performance tells a story of resilience, consistency and structured progress amidst changing economic conditions. Foresight thrives and value multiplies in every layer, across revenue expansion, profit growth, capital strength and value delivered.

The Polonnaruwa moonstone embodies layered design, with each ring representing Sri Lanka's ideals for progression, continuity and endearing balance.

FINANCIAL HIGHLIGHTS

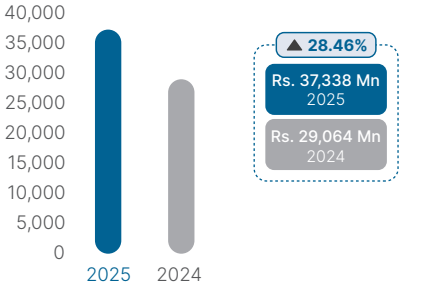
GROSS WRITTEN PREMIUMS

Rs. Mn



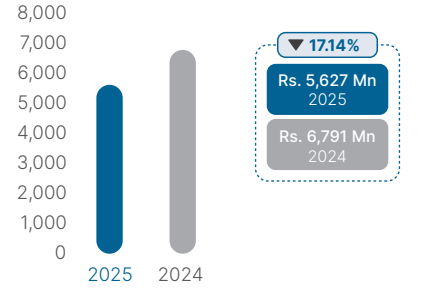
NET WRITTEN PREMIUMS

Rs. Mn



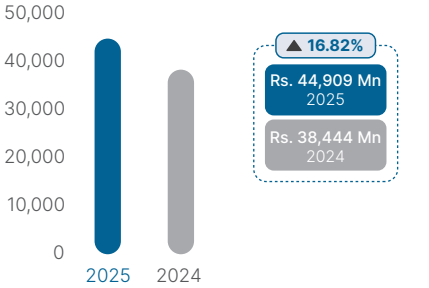
FINANCE INCOME

Rs. Mn



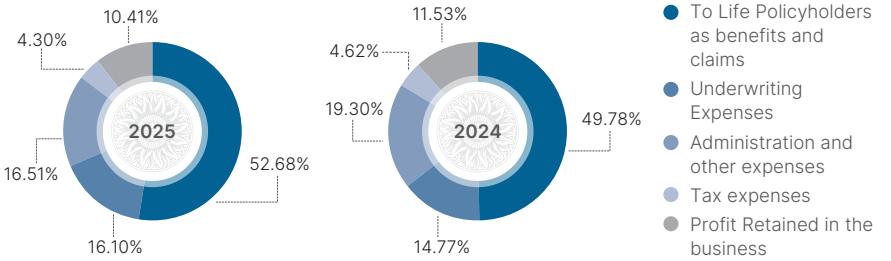
TOTAL NET REVENUE

Rs. Mn



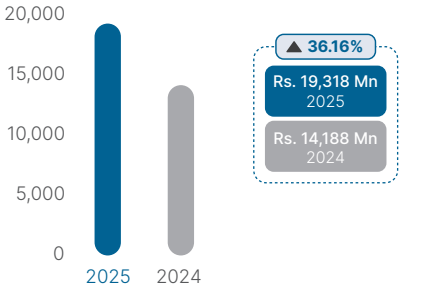
UTILISATION OF NET REVENUE INCOME

%



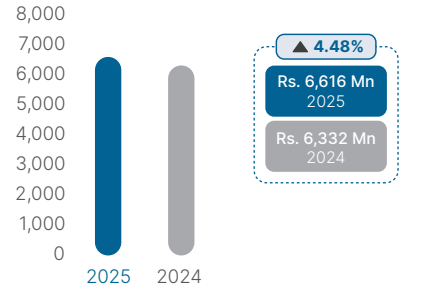
NET INSURANCE BENEFITS AND CLAIMS

Rs. Mn



PROFIT BEFORE TAXATION

Rs. Mn



PROFIT AFTER TAXATION

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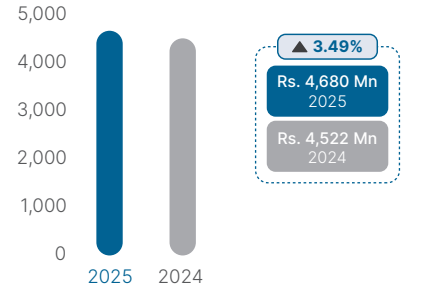
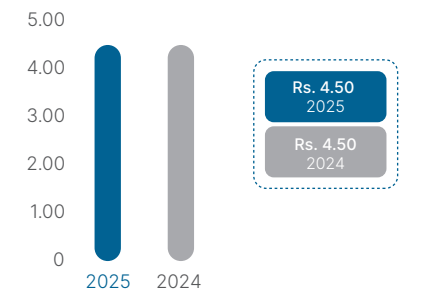


DIVIDEND PER SHARE

Rs.



EARNINGS PER SHARE

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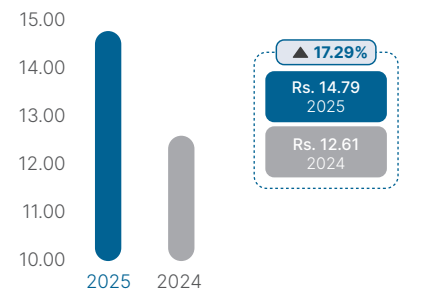
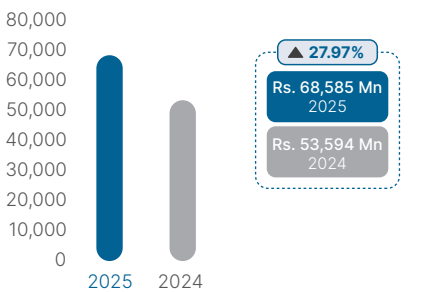
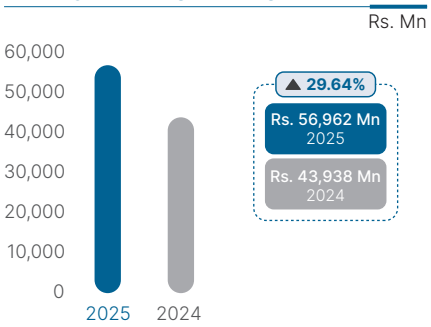


TOTAL ASSETS

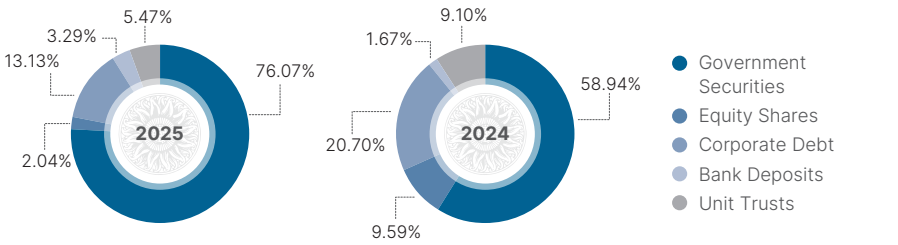
Rs. Mn



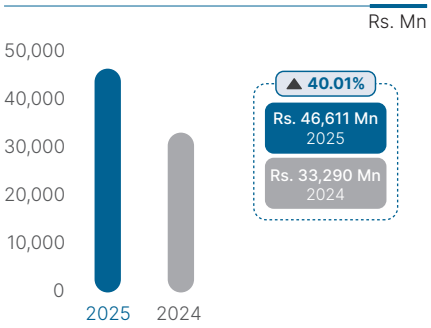
FINANCIAL INVESTMENTS



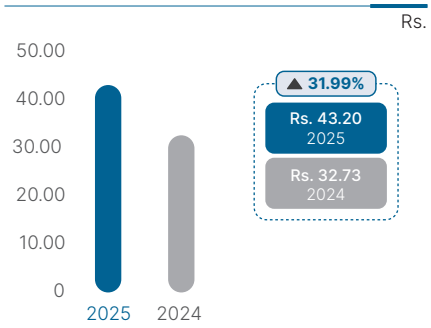
FINANCIAL INVESTMENTS - ASSET CLASS WISE



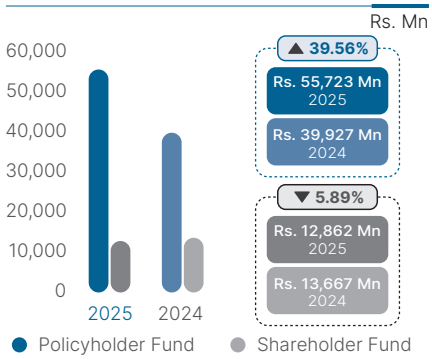
INSURANCE CONTRACT LIABILITIES



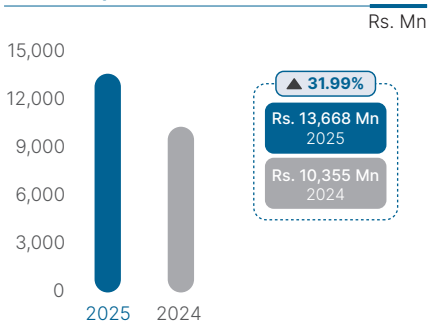
NET ASSETS PER SHARE



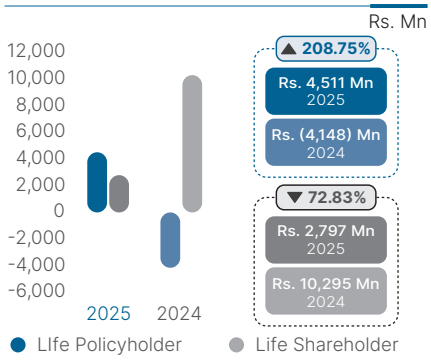
SEGMENT TOTAL ASSETS



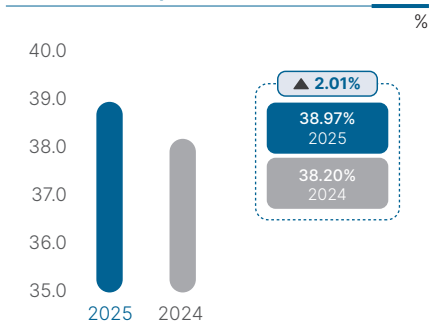
TOTAL EQUITY



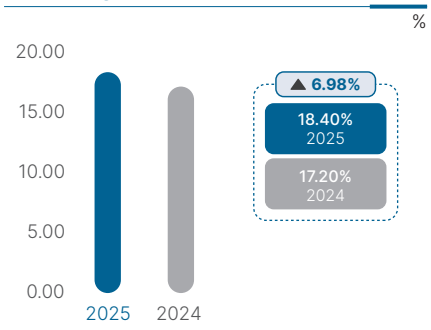
SEGMENT OPERATING CASH FLOWS



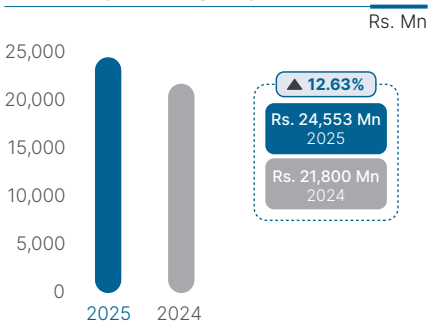
RETURN ON EQUITY



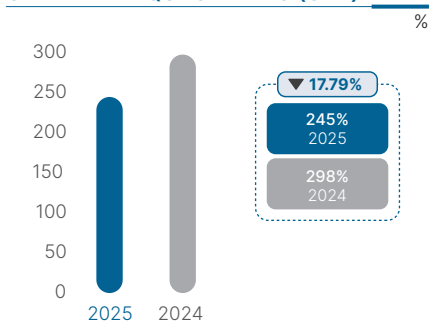
MARKET SHARE



MARKET CAPITALISATION



CAPITAL ADEQUACY RATIO (CAR)



ACTUARY'S REPORT

6th March 2026

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 2025;

(e) that the Surplus amount distributed / approved to transfer from the non-participating fund to shareholder fund for the period 1 January 2025 to 31 December 2025 amounted to LKR 4,388 million (LKR 2,588 million up to Q3 and LKR 1,800 million 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 LKR 722 million as at 31 December 2025.

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: 6th March 2026

Willis Towers Watson India Private Limited

Registered Office:
7th Floor Emaar Capital Tower 2
Sector 26, Mehrauli-Gurgaon Road
Gurgaon-122002
India

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E: TW.Fin.India@wtwco.com
W: www.wtwco.com
CIN – U67190HR1996PTC051336

REPORT ON THE LIABILITY ADEQUACY TEST (LAT)

6th March 2026

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. WTW 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 2025.

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 2025 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: 6th March 2026

Willis Towers Watson India Private Limited

Registered Office:
7th Floor Emaar Capital Tower 2
Sector 26, Mehrauli-Gurgaon Road
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CIN – U67190HR1996PTC051336

FINANCIAL CALENDAR

Annual Report publication Calender

Annual Report and Accounts signed/to be signed

For the year 2025	For the year 2026
On March 06, 2026	In March 2027

Annual General Meeting to be held

Annual General Meeting to be held

For the year 2025	For the year 2026
On March 31, 2026	In March 2027

Interim Financial Statements Calendar

	2025 Submitted on	2026 To be submitted
For the three months ended/ ending March 31	08-May-25	15-May-26
For the six months ended/ending June 30	11-Aug-25	14-Aug-26
For the nine months ended/ ending September 30	07-Nov-25	13-Nov-26
For the year ended/ending December 31	11-Feb-26	15-Feb-27

Dividend Calendar

	2025	2026
Interim dividend declared for the year	On 12-Aug-25	In 2026

Follow the link for Trilingual Executive Statements and Financial Statements

FINANCIAL STATEMENTS TABLE OF CONTENTS

315	Financial Statements
321	Notes to the Financial Statements
331	Notes to the Income Statement
346	Notes to the Statement of Financial Position
378	Capital and Reserves
381	Liabilities
430	Other Disclosures
438	Supplementary Information

Contents	Note No	Page No
Financial Highlights		306
Actuary's Report		308
Liability Adequacy Test (LAT) Report		309
Independent Auditors' Report		312
Financial Statements		
Income Statement		315
Statement of Profit or Loss and Other Comprehensive Income		316
Statement of Financial Position		317
Statement of Changes in Equity		318
Statement of Cash Flows		320
Notes to the Financial Statements		
Corporate Information	1	321
Basis of Accounting	2	321
New Standards and Amendments to Existing Standards	3	324
Use of Material Accounting Judgements, Assumptions and Estimates	4	326
Material Accounting Policies and Notes	5	330
Notes to the Income Statement		
Gross Written Premiums	6	331
Premiums Ceded to Reinsurers	7	331
Net Written Premiums	8	332
Finance Income	9	332
Net Realised Gains / (Losses)	10	334
Net Fair value Gains / (Losses)	11	335
Other Operating Income	12	335
Net Insurance Benefits and Claims Paid	13	336
Net Change in Insurance Claims Outstanding	14	337
Changes in Insurance Contract Liabilities	15	338
Underwriting and Net Acquisition Cost (Net of Reinsurance)	16	338
Other Operating and Administrative Expenses	17	339
Derecognition loss on restructuring of ISB	18	341
Impairment (charge)/reversal on financial investments	19	341
Finance (Gains) / Cost	20	341
Profit Before Tax	21	342
Income Tax Expenses	22	342
Earnings Per Share	23	345
Dividend Per Share	24	345
Notes to the Statement of Financial Position		
Assets		
Intangible Assets	25	346
Investment in Subsidiary	26	348
Property, Plant and Equipment	27	350
Right of Use Assets	28	356
Deferred Tax Assets	29	358

Contents	Note No	Page No
Financial Investments	30	361
Loans to Life Policyholders	31	375
Reinsurance Receivables	32	376
Premium Receivables	33	376
Receivables and Other Assets	34	377
Cash and Cash Equivalents	35	378
Capital and Reserves		
Stated Capital	36	378
Restricted Regulatory Reserve	37	379
Other Reserves	38	380
Retained Earnings	39	381
Liabilities		
Insurance Contract Liabilities	40	381
Employee Benefits Liabilities	41	387
Loans and Borrowings	42	389
Reinsurance Payable	43	390
Income Tax Liabilities	44	390
Other Liabilities	45	390
Financial Liabilities	46	392
Other Disclosures		
Foreign Currency Transactions	47	393
Fair Value Measurement	48	393
Risk and Capital Management	49	400
Operating Segments	50	430
Related Party Disclosure	51	433
Capital and Other Commitments	52	435
Events After the Reporting Period	53	435
Provisions and Contingencies	54	435
Supplementary Information		
Statement of Financial Position of the Life Insurance Fund		438
Insurance Revenue Account		438
Notes to Statement of Financial Position of the Life Insurance Fund		439
Quarterly Analysis		442
Decade at a Glance		443
Simplified Insurance Financials		445
Investor Relations		446
SLFRS 17 Investor Perspective		448
SLFRS 17 Implementation Effect on Company's Financial Statements		451
Horizontal and Vertical Analysis		462
GRI Content Index		465
Integrated Reporting – Content Index		468
SLFRS S1 and S2 Disclosures Content Index		469
Glossary of Insurance Terms		470
Corporate Information		475

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
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Colombo 00300, Sri Lanka.

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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") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at December 31, 2025, and the income statement, 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 on pages 315 to 436.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as of December 31, 2025, and of their financial performance and their 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 Group 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 Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated 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 – Company and Group

Refer to Note 40 (page 381) to these financial statements.

Risk Description	Our Response
As at December 31, 2025, the Company and the Group have recognized insurance contract liabilities amounting to Rs. 38.04 billion and Rs. 46.6 billion, respectively. The Company's and the Group's insurance contract liabilities represent 83.56% and 84.87% of their respective 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 Group's staff involved in the policyholder liability valuation process. • Assessing the controls adopted by the Group in providing accurate and complete information to the independent appointed actuary for the purpose of the policyholders' liability valuation. • Reconciling the movement in policyholder liabilities during the year with the movements in the financial results reported in separate funds. • Testing management controls over the accuracy of data used in the life fund valuation and reconciling the data used to the underlying systems.

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A M.R.P Alahakoon ACA

Principals: S R.I Perera FCMA (UK), LLB, Attorney-at-Law, H S Goonewardene ACA, Ms F R Ziyard ACA,FCMA (UK), FCIT.
K. Somasundaram ACMA (UK). 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.	• 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 management to expectations based on current trends, market observable data and our own industry knowledge. » Evaluating the level of prudence applied and comparing this to prior periods. » Applying their industry knowledge to the Group'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 – Company and Group

Risk Description	Our Response
Many financial reporting controls of the Group 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 performing 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.

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.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

KPMG

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 and the Group'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 Group'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 Group 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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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.

KPMG

Chartered Accountants

Colombo, Sri Lanka

06 March 2026

INCOME STATEMENT

For the year ended 31 December	Page (Sustainability and climate impact)	Note	Page	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Gross written premiums	111	6	331	40,075,495	38,331,485	31,573,467
Premiums ceded to reinsurers	111	7	331	(2,737,583)	(2,719,952)	(2,509,698)
Net written premiums	111	8	332	37,337,912	35,611,533	29,063,769
Other revenue						
Finance income	109	9	332	5,626,851	5,133,482	6,790,924
Net realised gains	109	10	334	367, 818	80,999	801,049
Derecognition gain on financial assets measured at amortised cost	109	10.3	335	1,164,305	1,164,305	2,137,107
Net fair value gains / (losses)	109	11	335	379,989	267,447	(354,957)
Other operating income		12	335	32,138	31,937	6,548
Total other revenue				7,571,101	6,678,170	9,380,671
Total net revenue				44,909,013	42,289,703	38,444,440
Net benefits, claims and expenses						
Net insurance benefits and claims paid	111	13	336	(19,318,180)	(18,314,685)	(14,187,893)
Net change in insurance claims outstanding	111	14	337	(78,076)	(81,322)	(61,820)
Change in insurance contracts liabilities	111	15	338	(4,292,556)	(4,556,947)	(5,270,740)
Underwriting and net acquisition cost (net of reinsurance)	112	16	338	(7,239,551)	(6,829,572)	(5,790,389)
Other operating and administration expenses	112	17	339	(7,013,018)	(6,513,826)	(6,440,335)
Loss on restructuring of ISB		18	341	-	-	(2,237,532)
Impairment (charge)/ reversal on financial investments	112	19	341	60,313	60,313	3,004,984
Finance cost	109	20	341	(412,273)	(404,880)	(1,128,396)
Total benefits, claims and expenses				(38,293,341)	(36,640,919)	(32,112,121)
Profit before tax		21	342	6,615,672	5,648,784	6,332,319
Income tax expense		22	342	(1,935,373)	(1,645,306)	(1,810,522)
Profit for the year				4,680,299	4,003,478	4,521,797
Profit attributable to;						
Owners of the Company				4,680,299	4,003,478	4,521,797
Non controlling interest				-	-	-
				4,680,299	4,003,478	4,521,797
Earnings per share						
Basic earnings per share (Rs.)		23	345	14.79	12.65	12.61
Diluted earnings per share (Rs.)		23	345	14.79	12.65	12.61
Dividend per share (Rs.)		24	345	-	4.50	4.50

The accounting policies and notes appearing on pages 321 to 436 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	2025		2024
			Group Rs. '000	Company Rs. '000	Company Rs. '000
Profit for the year			4,680,299	4,003,478	4,521,797
Other comprehensive income					
Items that will not be reclassified to Income Statement					
Equity investments at FVOCI - net change in fair value	38.2.2	380	594,477	594,477	925,328
Equity investments at FVOCI - net change in fair value - Life fund	38.2.2	380	362,868	362,868	571,318
Equity investments at FVOCI - reclassified to retained earnings	38.2.2	380	(596,005)	(596,005)	-
Re-measurement losses on defined benefit liabilities	41.9	388	(101,911)	(97,694)	(51,141)
Gains on revaluation of land and buildings	38.3.2	397	47,591	47,591	-
Related tax / deferred tax			-	-	-
			307,020	311,237	1,445,505
Items that are or may be reclassified subsequently to Income Statement					
Debt investments at FVOCI - net change in fair value	38.2.2	380	(597,506)	(272,822)	(404,912)
Debt investments at FVOCI - net change in fair value - Life fund	38.2.2	380	(104,997)	75,652	288,664
Debt investments at FVOCI - reclassified to Income Statement	38.2.2	380	237,685	-	232
Related tax / deferred tax			-	-	-
			(464,818)	(197,170)	(116,016)
Total other comprehensive income for the year, net of tax			(157,798)	114,067	1,329,489
Total comprehensive income for the year, net of tax			4,522,501	4,117,545	5,851,286
Total comprehensive income attributable to:					
Owners of the parent			4,522,501	4,117,545	5,851,286
Non - controlling interests			-	-	-
			4,522,501	4,117,545	5,851,286

The accounting policies and notes appearing on pages 321 to 436 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December	Page (Sustainability and climate impact)	Note	Page	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Assets						
Intangible assets		25	346	472,379	6,082	3,955
Investment in subsidiary		26	348	-	1,426,349	-
Property, plant and equipment		27	350	854,727	832,546	689,233
Right of use assets		28	356	1,428,321	1,269,713	1,193,764
Deferred tax assets		29	358	715,134	454,262	468,263
Financial investments		30	361	56,962,074	47,072,300	43,938,018
Loans to life policyholders	113	31	375	412,829	412,829	350,134
Reinsurance receivables	113	32	376	524,933	482,477	518,316
Premium receivables	113	33	376	1,991,824	1,918,988	2,904,513
Receivables and other assets	113	34	377	2,123,050	2,193,602	1,658,300
Cash and cash equivalents	113	35	378	3,099,838	2,717,805	1,869,652
Total assets				68,585,109	58,786,953	53,594,148
Equity and liabilities						
Equity						
Stated capital		36	378	1,062,500	1,062,500	1,062,500
Restricted regulatory reserve		37	379	1,515,796	798,004	798,004
Other reserves		38	380	(820,149)	(552,501)	(764,262)
Retained earnings		39	381	11,909,472	11,954,660	9,258,312
Total equity				13,667,619	13,262,663	10,354,554
Liabilities						
Insurance contract liabilities	109/110/111	40	382	46,611,447	38,040,296	33,290,278
Employee benefit liabilities		41	387	582,974	580,331	372,315
Loans and borrowings		42	389	-	-	3,016,443
Reinsurance payables		43	390	721,114	668,426	754,059
Income tax liabilities		44	390	1,235,630	1,235,630	979,770
Other liabilities		45	390	5,379,037	4,612,319	4,458,414
Bank overdraft	113	35	378	387,288	387,288	368,315
Total liabilities				54,917,490	45,524,290	43,239,594
Total equity and liabilities				68,585,109	58,786,953	53,594,148
Net asset per share (Rs.)				43.20	41.92	32.73
Net asset per share (Rs.) - excluding one-off surplus				38.41	39.35	30.20

The accounting policies and notes appearing on pages 321 to 436 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
06 March 2026

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025			Restricted	Other reserves			Total
		Stated capital	regulatory reserve	Fair value reserve	Revaluation reserve	Retained earnings	
Group	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 January 2024		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	38.2.2	-	-	925,328	-	-	925,328
Equity investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	571,318	-	-	571,318
Debt investments at FVOCI - net change in fair value	38.2.2	-	-	(404,912)	-	-	(404,912)
Debt investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	288,664	-	-	288,664
Debt investments at FVOCI - reclassified to income statement	38.2.2	-	-	232	-	-	232
Re-measurement gains / (losses) on defined benefit liabilities	41.9	-	-	-	-	(51,141)	(51,141)
Gains on revaluation of land and building	38.3.2	-	-	-	-	-	-
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 recorded directly in equity							
Contribution and distribution							
Interim dividend - 2023		-	-	-	-	(1,406,250)	(1,406,250)
Interim dividend - 2024		-	-	-	-	(1,423,828)	(1,423,828)
Repurchase of Shares		-	-	-	-	(6,000,000)	(6,000,000)
Total contribution by and distribution to owners		-	-	-	-	(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
Profit for the period		-	717,792	-	-	3,962,507	4,680,299
Other comprehensive income for the period							
Equity investments at FVOCI - net change in fair value	38.2.2	-	-	594,477	-	-	594,477
Equity investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	362,868	-	-	362,868
Equity investments at FVOCI – reclassified to retained earnings/Life Fund	38.2.2	-	-	(596,005)	-	214,392	(381,613)
Debt investments at FVOCI - net change in fair value	38.2.2	-	-	(597,506)	-	-	(597,506)
Debt investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	(104,997)	-	-	(104,997)
Debt investments at FVOCI - reclassified to income statement	38.2.2	-	-	237,685	-	-	237,685
Re-measurement loss on defined benefit liabilities	41.9	-	-	-	-	(101,911)	(101,911)
Gain on revaluation of land & building	38.3.2			-	47,591	-	47,591
Total other comprehensive income, net of tax		-	-	(103,478)	47,591	112,481	56,594
Total comprehensive income for the period		-	717,792	(103,478)	47,591	4,074,988	4,736,893
Transactions with owners recorded directly in equity							
Contribution and distribution							
Interim dividend - 2025		-	-	-	-	(1,423,828)	(1,423,828)
Total contribution by and distribution to owners		-	-	-	-	(1,423,828)	(1,423,828)
Balance as at 31 December 2025		1,062,500	1,515,796	(1,041,256)	221,107	11,909,472	13,667,619

For the year ended 31 December 2025 Company	Note	Stated capital Rs. '000	Restricted regulatory reserve Rs. '000	Other reserves Fair value reserve Rs. '000	Other reserves Revaluation reserve Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as at 01 January 2024		1,062,500	798,004	(2,318,408)	173,516	13,617,734	13,333,346
Profit for the period		-	-	-	-	4,521,797	4,521,797
Other comprehensive income for the period							
Equity investments at FVOCI - net change in fair value	38.2.2	-	-	925,328	-	-	925,328
Equity investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	571,318	-	-	571,318
Debt investments at FVOCI - net change in fair value	38.2.2	-	-	(404,912)	-	-	(404,912)
Debt investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	288,664	-	-	288,664
Debt investments at FVOCI - reclassified to income statement	38.2.2	-	-	232	-	-	232
Re-measurement Gain on defined benefit liabilities	41.9	-	-	-	-	(51,141)	(51,141)
Gains on revaluation of land and building	38.3.2	-	-	-	-	-	-
Total other comprehensive income, net of tax		-	-	1,380,630	-	(51,141)	1,329,489
Total comprehensive income for the period		-	-	1,380,630	-	4,470,656	5,851,286
Transactions with owners recorded directly in equity							
Contribution and distribution							
Interim dividend - 2023	24.3	-	-	-	-	(1,406,250)	(1,406,250)
Interim dividend - 2024	24.3	-	-	-	-	(1,423,828)	(1,423,828)
Repurchase of Shares	36.4	-	-	-	-	(6,000,000)	(6,000,000)
Total contribution by and distribution to owners		-	-	-	-	(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
Profit for the period		-	-	-	-	4,003,478	4,003,478
Other comprehensive income for the period							
Equity investments at FVOCI - net change in fair value	38.2.2	-	-	594,477	-	-	594,477
Equity investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	362,868	-	-	362,868
Equity investments at FVOCI – reclassified to retained earnings/Life Fund	38.2.2	-	-	(596,005)	-	214,392	(381,613)
Debt investments at FVOCI - net change in fair value	38.2.2	-	-	(272,822)	-	-	(272,822)
Debt investments at FVOCI - net change in fair value - Life fund	38.2.2	-	-	75,652	-	-	75,652
Re-measurement loss on defined benefit liabilities	41.9	-	-	-	-	(97,694)	(97,694)
Gain on revaluation of land & building	38.3.2	-	-	-	47,591	-	47,591
Total other comprehensive income, net of tax		-	-	164,170	47,591	116,698	328,459
Total comprehensive income for the period		-	-	164,170	47,591	4,120,176	4,331,937
Transactions with owners of the Company							
Contribution and distribution							
Interim dividend - 2025	24.3	-	-	-	-	(1,423,828)	(1,423,828)
Total contribution by and distribution to owners		-	-	-	-	(1,423,828)	(1,423,828)
Balance as at 31 December 2025		1,062,500	798,004	(773,608)	221,107	11,954,660	13,262,663

The accounting policies and notes appearing on pages 312 to 436 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	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Cash flows from operating activities						
Profit before taxation				6,615,672	5,648,784	6,332,319
Adjustments for :						
Depreciation of property, plant and equipment		27.10	352	140,328	130,709	139,075
Gain on derecognition of intangible assets				(93,634)	-	-
Amortisation of intangible assets		25.8	347	6,445	1,798	859
Amortisation of right of use assets		28.8	357	411,741	380,893	372,655
Interest expenses on lease liabilities and borrowings		42.6/45.4.3.1	390/391	429,141	421,748	692,050
Derecognition of ROU assets/ liabilities				(2,133)	(2,133)	
Provision for employee benefit liabilities		41.7	388	97,397	95,756	72,318
Gain on sale of property, plant and equipment		12.2	335	(26,000)	(26,000)	(90)
Net realised gains	109	10.2	334	(1,532,123)	(1,245,305)	(2,938,156)
Net fair value (gain) / loss	109	11.2	335	(379,989)	(267,447)	354,957
Net unrealised loss on foreign currency transactions		20.2	341	(153,401)	(153,401)	300,593
Net amortisation of financial investments	112	30.10	372	(804,064)	(844,762)	(2,056,433)
Derecognition loss on restructuring of ISB	112	18	341	-	-	2,237,532
Impairment (charge)/ reversal on financial investments	112	19	341	(60,313)	(60,313)	(3,004,984)
				4,649,067	4,080,327	2,502,695
Change in operating assets						
Increase in loans to life policyholders	113			(62,695)	(62,694)	(18,833)
Decrease / (increase) in reinsurance receivables	113			246,576	35,839	(53,105)
Increase in premium receivables	113			978,653	985,525	(455,424)
Increase in receivables and other assets	113			(552,257)	(498,748)	(363,729)
				610,277	459,922	(891,091)
Change in operating liabilities						
Increase in insurance contract liabilities	111			4,265,796	4,585,204	5,546,939
Increase / (decrease) in reinsurance payables				(274,194)	(94,189)	48,884
Increase / (decrease) in other liabilities				45,211	(17,300)	1,108,009
				4,036,813	4,473,715	6,703,832
Net cash generated from operations	109			9,296,157	9,013,964	8,315,436
Gratuity paid		41.7	388	(25,958)	(7,436)	(27,446)
Income tax Paid				(1,592,241)	(1,592,241)	(1,516,665)
Interest paid		42.6	390	(369,895)	(369,895)	(621,210)
Net cash flows from operating activities				7,308,063	7,044,392	6,150,115
Cash flows from investing activities						
Acquisition of investment securities		30.10	372	(70,793,456)	(49,331,348)	(84,856,891)
Proceeds from sale of investment securities				71,056,437	49,621,534	90,379,250
Acquisition of property, plant and equipment		27.10	352	(232,992)	(224,181)	(120,941)
Net Acquisition of right of use asset				(28,479)	(24,596)	(69,280)
Acquisition of subsidiary net of cash		26.11	350	(1,180,242)	(1,426,349)	-
Proceeds from the sale of property and equipment				27,819	26,000	150
Acquisition of intangible assets		25.8	347	(60,401)	(3,925)	(2,450)
Net cash flows used in investing activities				(1,211,314)	(1,362,865)	5,329,838
Cash flows from financing activities						
Dividend paid to equity holders		24.2	346	(1,423,828)	(1,423,828)	(2,830,078)
Principal Payment of lease liabilities		45.4.3.1	391	(446,561)	(413,372)	(414,472)
Repurchase of ordinary voting shares				-	-	(6,000,000)
Repayment of long term borrowings				(3,017,625)	(3,017,625)	(1,454,000)
Net cash flows used in financing activities				(4,888,014)	(4,854,825)	(10,698,550)
Net increase in cash and cash equivalents				1,208,735	826,702	781,403
Net cash and cash equivalents as at 1 January				1,501,337	1,501,337	722,989
Effect of foreign exchange rate changes				2,478	2,478	(3,055)
Net cash and cash equivalents as at 31 December				2,712,550	2,330,517	1,501,337
Analysis of cash and cash equivalents						
Cash in hand and at bank		35.3	378	3,099,838	2,717,805	1,869,652
Bank overdrafts		35.3	378	(387,288)	(387,288)	(368,315)
Total cash and cash equivalents as at 31 December		35.3	378	2,712,550	2,330,517	1,501,337

The accounting policies and notes appearing on pages 321 to 436 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 and the Group

The principal business activity of the Company and its Subsidiary 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 2025 is 1,144 (2024 was 944).

1.5 Consolidated Financial Statements

The Consolidated Financial Statements as at and for the year ended 31 December 2025 comprise "the Company" referring to Softlogic Life Insurance PLC as the holding Company and the "Group" referring to the subsidiary (Softlogic Life Insurance Lanka Limited, formerly known as Allianz Life Insurance Lanka Limited) consolidated therein. Corporate information is given in page 475 of this Annual Report. Further disclosures relating to the business combinations are provided in Note 26 on page 348 of the Annual Report.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

Financial Statements of the Group 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 (IRCSL). 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 Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs); and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka *www.casrilanka.com*.

2.2 Responsibility for Financial Statements

The Board of Directors 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 254, 263 and 317 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 Group and the Company for the year under review (Refer pages 315 and 316).
Statement of Financial Position	Providing the information on the financial position of the Group and the Company as at the year-end (Refer page 317).
Statement of Changes in Equity	Depicting all changes in shareholders' equity during the year under review of the Group and the Company (Refer pages 318 and 319).
Statement of Cash Flows	Providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows (Refer page 320).
Notes to the Financial Statements	Comprising material accounting policies and other explanatory information (Refer pages 321 to 436).

2.3 Approval of Financial Statements by the Board of Directors

The Consolidated Financial Statements of the Company and its subsidiary for the year ended 31 December 2025 (including comparatives for 2024), were approved and authorised for issue by the Board of Directors on 6 March 2026.

2.4 Basis of measurement

The accounting policies applied in the preparation of the Consolidated Financial Statements are described in detail in the relevant notes. The financial statements have been prepared on a historical cost basis except for the following material items.

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	30.3.5	363
	Financial instruments measured at fair value through other comprehensive income	At fair value	30.3.4	362
	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 less accumulated depreciation and impairment loss	27.24.3	354
Liabilities	Employee benefit liabilities	Actuarially valued and recognised at present value of the defined benefit obligation	41	387
	Insurance contract liabilities	Appointed Actuary determined values based on the guidelines issued by the IRCSL, SLFRSs and LKASs	40	381

2.5 Going concern basis of accounting

In determining the basis of preparing the Financial Statements for the year ended 31 December 2025, 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 Groups' 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 Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group are continued to be prepared on a going concern basis.

2.6 Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency). Accordingly, these Financial Statements including supplementary information are presented in Sri Lankan Rupees (LKR) is the Group's functional and presentation currency.

There was no change in the presentation and functional currency during the year under review.

2.7 Presentation of Financial Statements

The assets and liabilities of the Group 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.

2.8 Rounding

All the financial information have been rounded-off to the nearest thousands rupees (Rs. '000), except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 Presentation of Financial Statements.

2.9 Offsetting

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.

2.10 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 Group has also voluntarily followed the best practices laid down in the SLFRS 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 Group and 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.

2.11 Supplementary Statements - Statement of Financial Position – Life Fund

Supplementary Statement of Financial Position of Life Insurance Fund together with notes are disclosed in pages 438 to 441 as per the requirements laid down in the SoRP on Insurance Contracts.

2.12 Financial period

The Financial Statements of the Group and the Company are prepared for the twelve months period ended and as at 31 December 2025.

2.13 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. Consolidated Financial Statements have been prepared from the date of the acquisition.

2.14 Basis of Consolidation

2.14.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group and the acquired set of activities and assets meets the definition of a business.

The consideration transferred is measured at fair value at the acquisition date and includes any contingent consideration. Identifiable assets acquired and liabilities assumed are recognised at their acquisition date fair values.

Goodwill represents the excess of the consideration transferred over the net identifiable assets acquired. Goodwill is not amortised and is tested annually for impairment, or more frequently if indicators arise, in accordance with LKAS 36 Impairment of Assets (refer Note 25.5.4).

Gains arising from a bargain purchase are recognised immediately in profit or loss. Transaction costs are expensed as incurred unless they relate to the issue of debt or equity instruments (refer Note 26.8 on page 349).

2.14.2 Subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee; and it has the ability to affect those returns through its power over the investee. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

The Financial Statements of the subsidiary are included in the consolidated Financial Statements from the date control commences until the date control ceases, using the full consolidation method. In the separate Financial Statements of the Company, investments in the subsidiary is measured at cost.

As disclosed in Note 26 on page 348, the subsidiary has a reporting date of 31 December and applies accounting policies consistent with those of the parent.

2.14.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any retained interest in the former subsidiary is measured at fair value at the date control is lost.

2.14.4 Transactions eliminated on consolidation

All intra-group balances, transactions, income, expenses, gains, losses and cash flows arising from transactions between Group entities are eliminated in full on consolidation.

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 2025

The following new and amended standards apply for the first time to financial reporting periods commencing on or after 1 January 2025 and have not resulted in a material impact on the Group's Financial Statements.

When there is an impact on the Financial Statements, 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
Lack of exchangeability (Amendments to LKAS 21) Effective on or after 01 January 2025 with early adoption permitted.	Disclosures may include the nature and financial impact of the currency not being exchangeable, the spot exchange rate used and estimation methods applied, and the risks faced by the Group due to the currency's non-exchangeability.	The amendment is not expected to have a material impact on the Financial Statements of the Group since the Group has not entered into transactions in terms of the currencies that lack exchangeability.	
SLFRS S 1 - General Requirements for Disclosure of Sustainability-related Financial Information Effective on or after 01 January 2025 with early adoption permitted. The Company has voluntarily early adopted the Standard during 2024 and considered for Group Financial Statements for the year 2025 as well.	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 Statement. Additionally, governance and internal control structures surrounding sustainability will be disclosed, which will shape the overall perception of the Group'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 469 for further details.	
SLFRS S 2 - Climate-related Disclosures Effective on or after 01 January 2025 with early adoption permitted. The Company has voluntarily early adopted the Standard during 2024 and considered for Group Financial Statements for the year 2025 as well.	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 entities 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 469 for further details.	

3.2 New standards and amendments: applicable on or after 1 January 2026 (Forthcoming requirements)

The Group 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 Group'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
Classification and measurement of financial instruments - Amendments to SLFRS 9 and SLFRS 7 (Effective on or after 01 January 2026 with early adoption permitted.)	The amendments clarify the classification, measurement, and derecognition of financial instruments, including those with contingent features such as ESG-linked terms, and enhance SLFRS 7 disclosure requirements, particularly for FVOCI equity instruments and instruments whose contractual cash flows may change due to contingent events.	The amendments are not expected to have a material impact on the Group's financial statements as they mainly clarify existing requirements, with only limited changes to classification, derecognition guidance, and additional disclosure requirements.	
Contracts referencing nature dependent electricity - Amendments to SLFRS 9 and SLFRS 7 (Effective on or after 01 January 2026 with early adoption permitted.)	The amendments clarify the accounting for contracts with cash flows linked to natural factors (e.g., weather) used in renewable energy arrangements, confirming that such contracts may qualify as own-use or meet the SPPI criteria under SLFRS 9, and introduce additional SLFRS 7 disclosures to explain their nature, volume, and risks.	The amendments are not expected to have a material impact on the Group's financial statements as the Group does not have significant contracts whose cash flows depend on natural factors such as weather conditions.	
Annual improvements to SLFRS - volume 11 (Effective on or after 01 January 2026 with early adoption permitted.)	The amendments introduce minor improvements to several SLFRS Accounting Standards to clarify wording, correct unintended consequences, and improve consistency in application, without changing existing recognition or measurement principles.	The amendments are not expected to have a material impact on the Group's Financial Statements as they mainly provide clarifications, though they may result in minor changes to disclosures, presentation, and updates to accounting policies upon adoption.	
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.	SLFRS 17 Insurance Contracts replaces SLFRS 4 and introduces a comprehensive measurement framework for insurance contracts. Under the new standard, insurance contract liabilities are measured as the present value of future cash flows, adjusted for a risk adjustment for non-financial risk and a contractual service margin (CSM). The CSM represents the unearned profit of insurance contracts and is recognised in profit or loss over the coverage period as insurance services are provided. Losses identified at initial recognition are recognised immediately in the Income Statement. SLFRS 17 also requires insurance contracts to be grouped into portfolios of contracts with similar risks and managed together, with further segmentation based on profitability and year of issue. Revenue is recognised as insurance services are delivered rather than when premiums are received, and the standard requires a clear separation of insurance, investment and deposit components. At transition, entities are required to determine the CSM as if SLFRS 17 had always been applied (full retrospective approach). Where this is impracticable, entities may apply either the modified retrospective approach or the fair value approach. The selected transition approach may significantly impact shareholders' equity at transition and the future pattern of profit recognition from in-force insurance contracts.	The adoption of SLFRS 17 represents a significant change to the accounting and reporting framework for insurance contracts and will result in enhanced presentation, measurement and disclosure requirements in the Financial Statements. The new standard introduces complex measurement models and requires the application of significant judgement, new estimation techniques and enhanced data and system capabilities. Consequently, the implementation of SLFRS 17 may alter the timing and pattern of profit recognition compared with the previous accounting framework. During the year under review, the Audit Committee continued to oversee the Company's SLFRS 17 implementation programme in preparation for its mandatory adoption effective 1 January 2026. The programme focuses on establishing accounting policies and methodologies, enhancing actuarial and finance systems, strengthening processes and controls, and ensuring the availability and integrity of required data. Significant progress was achieved during the year, including the finalisation of key technical interpretations and accounting policy decisions. System implementation is currently in progress, with testing and data population underway. The Committee reviewed regular updates from management to monitor progress against the implementation roadmap and to ensure readiness for the adoption of SLFRS 17. Further details on the implications of SLFRS 17 are provided on pages 451 to 460.	

- 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 9 Financial instruments The Company early adopted SLFRS 9 effective 1 January 2019. In conjunction with the adoption of SLFRS 17, the Group intends to reassess its business models and the classification of financial assets to ensure alignment with the measurement of insurance contract liabilities.	SLFRS 9 Financial Instruments establishes principles for the classification, measurement and impairment of financial assets and financial liabilities based on the entity's business model and the contractual cash flow characteristics of the instruments. Financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The standard also introduces an expected credit loss (ECL) model for recognising impairment.	With the implementation of SLFRS 17, the Group intends to reassess the classification and measurement of financial assets under SLFRS 9. This review will consider the Group's business models, contractual cash flow characteristics and risk management strategies. In particular, the Group will evaluate the accounting policy options available for presenting fair value changes either in profit or loss or in other comprehensive income (OCI). The classification of assets backing insurance contract liabilities will be reviewed to minimise potential accounting mismatches and to better reflect the economic relationship between financial assets and insurance liabilities.	
SLFRS 18 Presentation and disclosure in financial statements (Effective on or after 01 January 2027 with early adoption permitted.)	SLFRS 18 replaces LKAS 1 and introduces a new structure for the statement of profit or loss by requiring entities to classify income and expenses into operating, investing and financing categories, with mandatory subtotals including operating profit. The Standard also introduces enhanced principles for aggregation and disaggregation, clearer requirements for grouping information in the primary Financial Statements and notes, and new disclosures about management-defined performance measures, including reconciliation to SLFRS-defined totals.	SLFRS 18 will primarily affect the presentation of the statement of profit or loss and the nature and extent of disclosures, rather than recognition and measurement. Comparability and transparency of performance measures are expected to improve, though entities may need to revise internal reporting structures, redefine performance measures and update systems to capture information by category. While total profit and equity are not expected to change, line items, subtotals and disclosure content in the Financial Statements may be significantly restructured.	
SLFRS 19 Subsidiaries without public accountability disclosures	SLFRS 19 allows eligible subsidiaries without public accountability, whose parent prepares SLFRS consolidated Financial Statements, to apply full SLFRS recognition and measurement with reduced disclosure requirements, using a simplified disclosure framework largely aligned with SLFRS for SMEs.	The application of SLFRS 19 is not expected to affect recognition or measurement in the Financial Statements but may reduce the volume and complexity of disclosures for eligible subsidiaries.	

4. USE OF MATERIAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

In preparing the Financial Statements of the Group and 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 a material effect on the amounts recognised in the Financial Statements of the Group are stated in the Notes 4.1 and 4.2.

4.1 Material accounting judgements

Information about judgements 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	30.3	361
Critical accounting policies of the Group provide 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 business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as set out in Notes 30.1 and 30.14.3 on pages 361 to 375.		
Impairment assessment including establishing criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition	30.8.2	365
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 are made as disclosed in Note 30.8.5 on page 365 and Note 30.14.1 to 373 respectively.		
Lease terms - extension options	28.7	357
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 Group 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 the same lease agreement is remote due to the operating structure of the Group. Refer Note 28 on Page 356 for the disclosures on the right of use assets.		
Classification of insurance, reinsurance, and investment contracts	40.3	382
The Group classifies contracts at inception as insurance, reinsurance or investment contracts in accordance with SLFRS 4. Insurance contracts transfer significant insurance risk, while investment contracts transfer significant financial risk and no significant insurance risk. Reinsurance contracts are those under which the Group accepts insurance risk from another insurer.		

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 2025 are included in the following notes.

Assumptions and estimation uncertainties	Note	Page
Insurance contract liabilities, Liability Adequacy Test (LAT) and key actuarial assumptions	40.5-40.15	383 - 386
Insurance contract liabilities are measured using best-estimate assumptions, either current or those established at contract inception, with an allowance for risk and adverse deviation. All contracts are subject to a LAT based on management's best estimate of future cash flows. Key actuarial assumptions include mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates, and discount rates, which are determined using historical experience, current market conditions, and expectations of future economic developments as stated in Table 4 on page 404. Discount rates reflect the timing and liquidity characteristics of the underlying insurance liabilities. Further details on the actuarial valuation and LAT are stated in Notes 40.4 and 40.16 on pages 382 and 386. In addition, carrying amount of the insurance contract liabilities, key assumptions and estimates are disclosed in Note 40.5 on pages 383 to 384 and sensitivity analysis are disclosed in the Note 41.12 on page 389.		

Assumptions and estimation uncertainties	Note	Page
Measurement of defined benefit obligation: key actuarial assumptions	41.6	388
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 Group engages independent professional actuary Mr. M. Poopalanathan, AIA of Messrs. Actuarial & Management Consultants (Pvt) Ltd to measure the defined benefit obligation. Refer Note 41.6 on page 388 for the assumptions used to determine the defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 41.12 on page 389.		
Recognition of deferred tax asset	29.6	359
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 29 on pages 358 to 360 for estimates and assumptions used by the Group in assessing recoverability of deferred tax assets.		
Fair value of financial instruments with significant unobservable inputs	48.7	397 - 398
The 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 Group measures fair value using the fair value hierarchy that reflects the significance of inputs used in making measurements. Methodologies used for valuation of financial instruments and fair value hierarchy are stated in Note 30.8.1 on page 365.		
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	30.8.5	365
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 Group'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 Group'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 Lifetime 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 into 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 30.8 and 30.14 on pages 365 to 366 and 373 to 375 respectively.		

Assumptions and estimation uncertainties	Note	Page
Fair value of land and buildings	27.24	354
The Group 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 Group 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 buildings 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 buildings, and sensitivity analysis are provided in the Notes as stated here.		
Useful life-time of property, plant and equipment	27.9	351
The Group 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.		
Estimating the incremental borrowing rate for lease liabilities	28.3	356
As the Group 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 Group 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 Group "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 Group estimates the IBR using observable inputs when available and is required to make certain entity-specific adjustments.		
Provisions and contingencies	54	435
Whenever the Group 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 the 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	30.8.11	366
At each reporting date, the Group assesses non-financial assets for indicators of impairment, while goodwill is tested annually at the cash-generating unit level. Where carrying amount exceeds recoverable amount, an impairment loss is recognised in profit or loss, allocated first to goodwill and then pro rata to other assets; impairment losses on goodwill are not reversed, while reversals for other assets are recognised where permitted.		

NOTES TO THE FINANCIAL STATEMENTS

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 Group, unless otherwise indicated in relation to the reported values in the Financial Statements with additional Notes and explanations thereon. Due consideration has been given to the disclosure of "material" accounting policies.

5.1 Material accounting policies and explanatory notes under key categories

Income Statement related notes	Note	Page
Gross written premiums	6	331
Premiums ceded to reinsurers	7	331
Net written premiums	8	332
Finance income	9	332
Net realised gains / (losses)	10	334
Net fair value gains / (losses)	11	335
Other operating income	12	335
Net insurance benefits and claims paid	13	336
Net insurance benefits and claims outstanding	14	337
Change in valuation of insurance contract liabilities	15	338
Underwriting and net acquisition cost	16	338
Other operating and administration expenses	17	339
Loss on restructuring of ISB	18	341
Impairment (charge)/ reversal on financial investments	19	341
Finance (gains) / cost	20	341
Profit before tax	21	342
Income tax and deferred tax	22	342
Earnings Per Share (EPS)	23	345
Dividend Per Share (DPS)	24	345

Statement of Financial Position related notes	Note	Page
Intangible assets	25	346
Investment in subsidiary	26	348
Property, plant and equipment	27	350
Right of use assets	28	356
Deferred taxation	29	358
Financial assets including impairment	30	361
Loans to life policyholders	31	375
Reinsurance receivables	32	376
Premium receivables	33	376
Receivables and other assets	34	377
Cash and cash equivalents	35	378
Stated capital	36	378
Restricted regulatory reserve	37	379
Other reserves	38	380
Retained earnings	39	381
Insurance contract liabilities	40	381
Employee benefit liabilities	41	387
Loans and borrowings	42	389
Reinsurance payables	43	390
Income tax liabilities	44	390
Other liabilities	45	390
Financial liabilities	46	392

5.2 Changes in the material accounting policies

The Group has not made any changes in material accounting policies during the current annual reporting period.

The details of the new standards and amendments to existing SLFRSs effective from 01 January 2025 which have been duly considered in the preparation of the Financial Statements of the Group have been disclosed in Note 3.1 on page 324.

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 Group 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 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 Group are insurance contracts and therefore classified as insurance contracts. Thus, the Group does not have any investment contracts within its portfolio as at the reporting date.

6.2 Premium income by major classes of business

For the year ended 31 December	2025						2024		
	Group			Company			Company		
	Individual business	Corporate business	Total	Individual business	Corporate business	Total	Individual business	Corporate business	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Renewal premium	19,942,338	-	19,942,338	18,983,838	-	18,983,838	16,006,226	-	16,006,226
Single premium	3,778,347	-	3,778,347	3,633,259	-	3,633,259	1,393,994	-	1,393,994
First year premium	8,602,250	-	8,602,250	8,022,309	-	8,022,309	6,540,525	-	6,540,525
Group life premium	-	7,752,560	7,752,560	-	7,692,079	7,692,079	-	7,632,722	7,632,722
Total gross written premium	32,322,935	7,752,560	40,075,495	30,639,406	7,692,079	38,331,485	23,940,745	7,632,722	31,573,467

GROSS WRITTEN PREMIUMS



7. PREMIUMS CEDED TO REINSURERS

Premium ceded to reinsurers represents the premium paid by the Group 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	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Treaty	2,737,583	2,719,952	2,509,698
Total premium ceded to reinsurers	2,737,583	2,719,952	2,509,698

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	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Gross written premium	40,075,495	38,331,485	31,573,467
Less: Premiums ceded to reinsurers	(2,737,583)	(2,719,952)	(2,509,698)
Net written premium	37,337,912	35,611,533	29,063,769

9. FINANCE INCOME

Finance income consists of interest income and dividend income generated by the Group 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 it 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.

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 Group 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 include 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)	

Accounting Policy

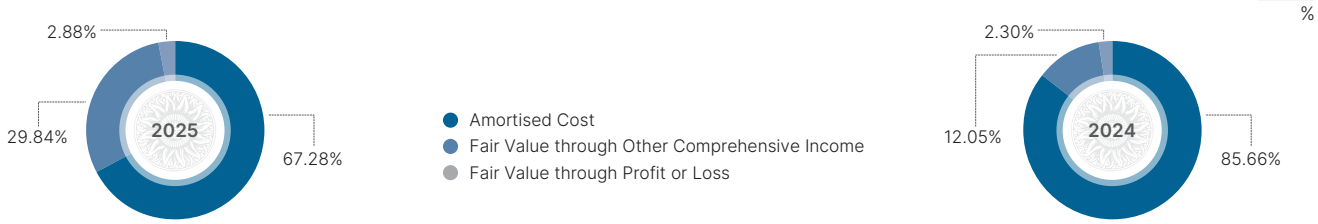
9.2 Dividend income

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

For the year ended 31 December	Note	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Interest income from:				
Financial assets classified at FVTPL	9.4.a	162,096	129,748	155,528
Financial assets classified at Amortised Cost	9.4.c	3,785,719	3,785,719	5,816,988
Financial assets classified at FVOCI	9.4.d	1,545,850	1,084,829	743,665
		5,493,665	5,000,296	6,716,181
Dividend Income From:				
Equity shares classified at FVTPL	9.4.b	-	-	18
Equity shares classified at FVOCI	9.4.e	133,186	133,186	74,725
		133,186	133,186	74,743
Total finance income		5,626,851	5,133,482	6,790,924

FINANCE INCOME



9.4 Detailed analysis of finance income

For the year ended 31 December	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
a. Interest income - Financial assets classified at FVTPL			
Treasury bonds	58,910	36,817	53,725
Perpetual debentures	72,947	72,947	101,048
Commercial papers	19,984	19,984	755
Bank Deposits	3,023	-	-
Repo	5,840	-	-
Securitised papers	1,392	-	-
Total interest income from FVTPL assets	162,096	129,748	155,528
b. Dividend income - Equity shares	-	-	18
Total finance income from financial assets classified at FVTPL	162,096	129,748	155,546

9.4 Detailed analysis of finance income (Contd.)

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
c. Interest income - Financial assets classified at amortised cost			
Treasury bonds	2,212,247	2,212,247	3,167,488
Treasury bills	3,230	3,230	34,659
International sovereign bonds	-	-	1,140,205
Debentures	606,460	606,460	697,542
Commercial papers	241,022	241,022	290,789
Securitised papers	-	-	30,667
Term deposits	118,066	118,066	117,036
Repo	539,373	539,373	272,963
Loans to life policyholders	65,321	65,321	65,639
Total finance income from financial assets classified at amortised cost	3,785,719	3,785,719	5,816,988
d. Interest income - Financial assets classified at FVOCI			
Treasury bonds	1,254,037	820,273	535,679
Treasury bills	16,014	1,627	5,335
International sovereign bonds	262,929	262,929	202,651
Repo	9,068	-	-
Bank Deposits	1,827	-	-
Unit trusts	1,975	-	-
Total interest income from FVOCI assets	1,545,850	1,084,829	743,665
e. Dividend income - Equity shares *	133,186	133,186	74,725
Total finance income from financial assets classified at FVOCI	1,679,036	1,218,015	818,390
Total finance income	5,626,851	5,133,482	6,790,924

* Dividend income for the year includes Rs. 133 Million received from an equity investment designated at FVOCI, which was disposed of during the year. Accordingly, no further dividend income will arise from this investment in future periods. Refer Note 30.9.2.2 in page 370 regarding equity investment disposal.

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 the occurrence of the sale transaction.

On derecognition of an investment other than equity classified as FVOCI, the cumulative gain or loss previously recognised in OCI 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	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Financial assets classified at FVTPL			
Unit trusts	83,389	83,389	805,689
Quoted equity securities	49,134	-	(4,532)
Treasury bonds	(2,390)	(2,390)	-
Total financial assets classified at FVTPL	130,133	80,999	801,157
Financial assets classified at FVOCI			
Treasury bills	-	-	(108)
Treasury bonds	237,685	-	-
Total financial assets classified at FVOCI	237,685	-	(108)
Total financial assets classified at FVTPL and FVOCI	367,818	80,999	801,049

10.3 Derecognition gain on financial assets measured at amortised cost

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Financial assets classified at amortised cost			
Treasury bonds (Note 10.3.1)	1,164,305	1,164,305	2,137,107
Total financial assets classified at amortised cost	1,164,305	1,164,305	2,137,107

10.3.1 Derecognition of treasury bonds at amortised cost

During the financial year 2025, the Group divested treasury bonds with a face value of Rs. 2,430 Million, which were classified and measured at amortised cost in accordance with SLFRS 9. At the date of disposal, these instruments had a carrying amount of Rs. 2,180 Million. The bonds were sold for a total consideration of Rs. 3,344 Million, resulting in a net derecognition gain of Rs. 1,164 Million, which has been recognised in the Statement of Profit or Loss in accordance with the requirements of SLFRS 9 on derecognition of financial assets.

The disposal was undertaken as a one-off transaction and does not represent a change in the Group's overall business model for managing financial assets. The divestment was executed to facilitate the scheduled bullet repayment of the Group's Tier II subordinated loan, the settlement of which resulted in a reduction in regulatory capital. The transaction was also aligned with the Group's capital optimisation strategy and to provide additional liquidity to meet unanticipated funding requirement to acquire Softlogic Life Insurance Lanka Limited. The timing of the sale was aligned with favourable market yield conditions to maximise proceeds and support the maintenance of an adequate capital adequacy ratio. Management has assessed the transaction in the context of SLFRS 9 and concluded that the disposal was driven by non-recurring capital management and strategic considerations, and therefore remains consistent with the Group's "Hold to Collect" business model.

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	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Treasury bonds	(54)	4,390	11,807
Unit trusts*	263,904	262,028	(317,565)
Quoted equity securities	115,110	-	-
Perpetual debentures	1,029	1,029	(49,199)
Total net fair value gains/ (losses)	379,989	267,447	(354,957)

*The fair value loss recorded for unit trusts during 2024 is attributable to the reversal of previously recognised fair value gains upon the disposal of unit trusts. The corresponding gain 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 comprises 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 Group 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	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Gain on sale of property, plant and equipment	26,000	26,000	90
Miscellaneous income	6,138	5,937	6,458
Total other income	32,138	31,937	6,548

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	2025		2024
	Group	Company	Company
	Rs. '000	Rs. '000	Rs. '000
Claims			
Gross claims paid	13,589,413	13,286,214	10,986,558
Claims recovered from reinsurers	(760,578)	(723,880)	(671,212)
	12,828,835	12,562,334	10,315,346
Benefits			
Gross benefits paid	6,489,345	5,752,351	3,872,547
	6,489,345	5,752,351	3,872,547
Total net insurance benefits and claims paid (Note 13.4)	19,318,180	18,314,685	14,187,893

13.4 Analysis of net insurance benefits and claims paid

For the year ended 31 December	2025						2024		
	Group			Company			Company		
	Gross claims and benefits paid	Recovered from reinsurers	Net benefits and claims paid	Gross claims and benefits paid	Recovered from reinsurers	Net benefits and claims paid	Gross claims and benefits paid	Recovered from reinsurers	Net benefits and claims paid
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Claims									
Death, disability and other riders - Endowment	5,848,426	(313,251)	5,535,175	5,584,807	(278,658)	5,306,149	4,800,118	(245,017)	4,555,101
Death and hospitalisation - Group life	6,111,434	(378,688)	5,732,746	6,073,177	(376,583)	5,696,594	4,819,128	(370,503)	4,448,625
Death - Decreasing Term Assurance (DTA)	1,629,553	(68,639)	1,560,914	1,628,230	(68,639)	1,559,591	1,367,312	(55,692)	1,311,620
	13,589,413	(760,578)	12,828,835	13,286,214	(723,880)	12,562,334	10,986,558	(671,212)	10,315,346
Benefits									
Policy maturities / surrenders - Investment products	3,571,571	-	3,571,571	3,571,571	-	3,571,571	2,144,945	-	2,144,945
Policy maturities - Endowment	2,105,254	-	2,105,254	1,526,219	-	1,526,219	1,100,764	-	1,100,764
Policy surrenders - Endowment products	812,520	-	812,520	654,561	-	654,561	626,838	-	626,838
	6,489,345	-	6,489,345	5,752,351	-	5,752,351	3,872,547	-	3,872,547
Total	20,078,758	(760,578)	19,318,180	19,038,565	(723,880)	18,314,685	14,859,105	(671,212)	14,187,893

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	2025						2024		
	Group			Company			Company		
	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	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	Rs. '000	Rs. '000	Rs. '000
Claims									
Death, disability and other riders - Endowment	(2,323)	6,806	4,483	924	6,806	7,730	66,778	(38,382)	28,396
Death and hospitalisation - Group life	5,152	(284)	4,868	5,152	(284)	4,868	(4,684)	(6,274)	(10,958)
Death - Decreasing Term Assurance (DTA)	45,639	23,086	68,725	45,638	23,086	68,724	72,393	(28,011)	44,382
Total	48,468	29,608	78,076	51,714	29,608	81,322	134,487	(72,667)	61,820

14.3 Total net insurance claims and benefits expense

For the year ended 31 December	2025						2024		
	Group			Company			Company		
	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	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	Rs. '000	Rs. '000	Rs. '000
Claims									
Death, disability and others riders - Endowment	5,846,103	(306,445)	5,539,658	5,585,731	(271,852)	5,313,879	4,866,895	(283,398)	4,583,497
Death and hospitalisation - Group life	6,116,586	(378,972)	5,737,614	6,078,329	(376,867)	5,701,462	4,814,445	(376,777)	4,437,668
Death - Decreasing Term Assurance (DTA)	1,675,192	(45,553)	1,629,639	1,673,868	(45,553)	1,628,315	1,439,704	(83,703)	1,356,001
	13,637,881	(730,970)	12,906,911	13,337,928	(694,272)	12,643,656	11,121,044	(743,878)	10,377,166
Benefits									
Policy maturities / surrenders - Investment products	3,571,571	-	3,571,571	3,571,571	-	3,571,571	2,144,945	-	2,144,945
Policy maturities - Endowment	2,105,254	-	2,105,254	1,526,219	-	1,526,219	1,100,764	-	1,100,764
Policy surrenders - Endowment products	812,520	-	812,520	654,561	-	654,561	626,838	-	626,838
	6,489,345	-	6,489,345	5,752,351	-	5,752,351	3,872,547	-	3,872,547
Total	20,127,226	(730,970)	19,396,256	19,090,279	(694,272)	18,396,007	14,993,591	(743,878)	14,249,713

15. CHANGE IN VALUATION OF INSURANCE CONTRACT LIABILITIES

Accounting Policy

15.1. General

Note 40.4 on page 382 to these Financial Statements explains in detail about the 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 Group at the year-end on the recommendations of the Appointed Actuary following the 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	2025						2024		
		Group			Company			Company		
		Gross change in outstanding claims and benefit Rs. '000	Change in reinsurance recoverable Rs. '000	Net change in outstanding claims and benefits Rs. '000	Gross change in outstanding claims and benefit Rs. '000	Change in reinsurance recoverable Rs. '000	Net change in outstanding claims and benefits Rs. '000	Gross change in outstanding claims and benefit Rs. '000	Change in reinsurance recoverable Rs. '000	Net change in outstanding claims and benefits Rs. '000
Net premiums written	8	40,075,495	(2,737,583)	37,337,912	38,331,485	(2,719,952)	35,611,533	31,573,467	(2,509,698)	29,063,769
Insurance benefits and claims incurred	14.3	(20,012,539)	694,272	(19,318,267)	(19,090,279)	694,272	(18,396,007)	(14,993,591)	743,878	(14,249,713)
Underwriting and net acquisition costs (including reinsurance)	16.2	(7,691,347)	451,796	(7,239,551)	(7,281,368)	451,796	(6,829,572)	(6,149,325)	358,936	(5,790,389)
Other operating, selling and administrative expenses attributable to policyholders		(7,364,979)	-	(7,364,979)	(6,634,359)	-	(6,634,359)	(6,609,093)	-	(6,609,093)
Investment and other income attributable to policyholders		6,139,741	-	6,139,741	5,193,352	-	5,193,352	7,143,166	-	7,143,166
Surplus from life insurance fund transferred to life shareholder's fund	40.12	(5,262,299)	-	(5,262,299)	(4,388,000)	-	(4,388,000)	(4,287,000)	-	(4,287,000)
Change in contract liabilities - Life fund	40.8.2	5,884,072	(1,591,516)	4,292,556	6,130,831	(1,573,884)	4,556,947	6,677,624	(1,406,884)	5,270,740

The Appointed Actuary's report for the Company is provided on page 308.

A reconciliation of the change in insurance contract liabilities is reflected in Note 40.8.2 on page 385 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	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Underwriting and policy acquisition cost	7,691,347	7,281,368	6,149,325
Reinsurance commission including profit commission	(451,796)	(451,796)	(358,936)
Total underwriting and net acquisition cost	7,239,551	6,829,572	5,790,389

17. OTHER OPERATING AND ADMINISTRATION EXPENSES

Accounting Policy

17.1 General

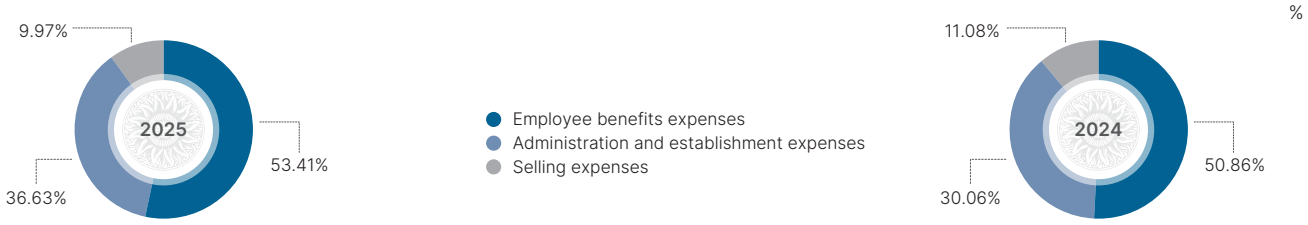
Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the Income Statement, the Directors are of the opinion that the function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

17.2 Expenses Analysis

For the year ended 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Employee benefits expenses				
Short term employee benefits	17.3.5	3,648,003	3,401,520	3,203,214
Long term employee benefits - Defined benefit plan cost	41.8	97,397	95,756	72,318
Other long term employee benefits and termination benefits		-	-	-
Total employee benefits expenses		3,745,400	3,497,276	3,275,532
Administration and establishment expenses		2,568,697	2,321,357	2,451,335
Selling expenses		698,921	695,193	713,468
Total other operating and administration expenses		7,013,018	6,513,826	6,440,335

OTHER OPERATING INCOME



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 Group 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 in which fixed contributions are paid to 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 Short Term Employee Benefits (Contd.)

Accounting Policy

17.3.3 Employees' Provident Fund (EPF)

All employees of the Group are members of the Employees' Provident Fund. The Group and employees contribute 12% and 8% of the salary respectively to EPF.

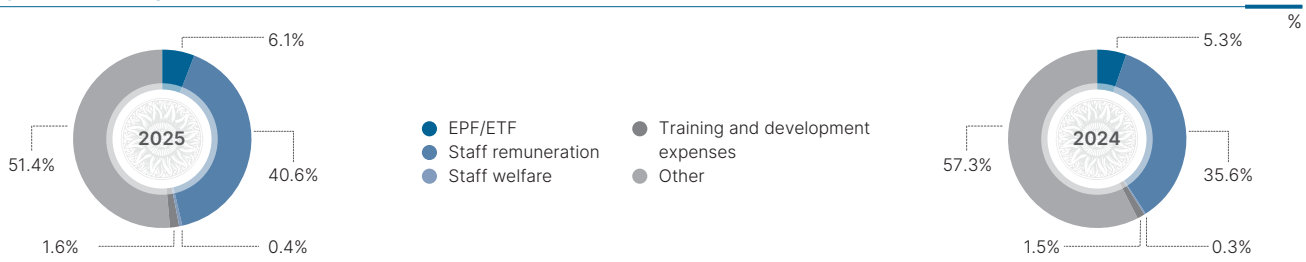
17.3.4 Employees' Trust Fund (ETF)

All employees of the Group are members of the Employees' Trust Fund. The Group 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	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Contributions to defined contribution plans				
EPF	41.2	177,689	161,853	136,837
ETF	41.2	44,404	40,445	34,209
		222,093	202,298	171,046
Staff remuneration		1,480,614	1,348,644	1,139,894
Staff welfare		240,849	237,545	247,658
Staff allowances		844,812	757,018	741,846
Training and development expenses		56,798	55,505	47,770
Other short term employee benefits expenses		802,837	800,509	855,000
Total short term employee benefits expenses		3,648,003	3,401,519	3,203,214

EMPLOYEE BENEFITS



17.4 Other statutory expenses

17.4.1 Crop Insurance Levy (CIL)

As per the provisions of 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 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 is to be remitted to the IRCSL on a 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 is to be remitted to the Department of Inland Revenue on a 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 reversals of such write-downs.

17.6 Impairment on revalued assets

During the period, there were no impairment losses or reversals on revalued assets (2024 – Nil).

18. LOSS ON RESTRUCTURING OF ISB

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Haircut on ISBs at restructuring	-	-	(567,220)
Initial recognition loss on restructured ISBs	-	-	(1,670,312)
Derecognition gain/(loss) on restructured financial investments	-	-	(2,237,532)

Derecognition loss on restructuring of ISB has arose from the ISB restructuring during 2024.

19. IMPAIRMENT (CHARGE)/REVERSAL ON FINANCIAL INVESTMENTS

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Financial investments at amortised cost			
International Sovereign Bonds (ISB)	-	-	3,214,321
Other financial investments	61,257	61,257	(199,488)
	61,257	61,257	3,014,833
Financial investments at FVOCI			
ISBs - restructured PDI bond	(944)	(944)	(9,849)
Total (Note 373)	60,313	60,313	3,004,984

20. FINANCE (GAINS)/COSTS

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 Group's finance cost includes lease interest expense, interest expenses on long-term borrowings and other interest expenses. As at the reporting date, the Group has classified all financial liabilities under the amortised cost category as disclosed in Note 46 on page 392.

20.2 Analysis of finance cost/(gains)

For the year ended 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Financial liabilities at amortised cost				
Interest expenses on lease liabilities	45.4.3.1	159,604	152,211	112,807
Interest expenses on long term borrowings	42.6	269,537	269,537	579,243
Other interest expenses		136,533	136,533	135,753
Net exchange (gain)/losses on financial assets and financial liabilities		(153,401)	(153,401)	300,593
Total finance cost		412,273	404,880	1,128,396

21. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

For the year ended 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Director fee and emoluments	51.6.1	151,437	151,437	92,167
Auditors' remuneration				
Auditors' fees and related expenses		13,472	9,826	5,651
Audit related services and related expenses		2,742	2,742	11,217
Non audit services and related expenses		20,909	19,850	5,343
Costs of employee benefits				
Defined contribution plan cost - EPF	41.2	177,689	161,853	136,837
Defined contribution plan cost - ETF	41.2	44,404	40,445	34,209
Defined benefit plan cost	41.8	97,397	95,756	72,318
Staff training and development cost	17.3.5	56,798	55,505	47,770
Other staff expenses	17.3.5	3,369,112	3,143,716	2,984,398
Provision / (reversal) for impairment of				
Financial instruments	19	(60,313)	(60,313)	(3,004,984)
Loans to life policyholders		-	-	-
Other				
Legal fees		23,031	23,031	20,576
Depreciation of property, plant and equipment	27.10	140,328	130,709	139,075
Amortisation of right of use of assets	28.8	411,741	380,893	372,655
Amortisation of intangible assets	25.7	6,445	1,798	859
Research and development costs		-	-	-
(Profit) / loss on sale of property, plant and equipment & intangible assets	12.2	26,000	26,000	90
CSR expenses		5,031	5,031	2,722
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 Group and are explained in Note 51.6.1 on page 433.

21.2 Utilisation of Income

Graphical presentation for utilisation of income is given in the financial highlights section on page 306.

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 are recognised in equity and for items recognised in OCI that shall be recognised in the OCI.

The Group 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.

Accounting Policy

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 Group 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 29 on page 358.

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 344)	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

There were no changes in the applicable corporate income tax rates during the year (2024: Nil).

For the purpose of measuring deferred taxation, a tax rate of 30% has been applied for the year ended 31 December 2025 and the comparative year, consistent with the enacted tax rate applicable at the reporting date.

22.7 Amounts recognised in the Income Statement

For the year ended 31 December	Note	2025		2024
		Group	Company	Company
		Rs. '000	Rs. '000	Rs. '000
Current tax expense				
Income tax expense on current year's profits				
Parent		1,631,304	1,631,304	1,439,847
Subsidiary		290,067	-	-
Under / (Over) provision of income tax in respect of prior years		-	-	-
Current tax expense / (reversal)		1,921,371	1,631,304	1,439,847
Deferred tax expenses				
Origination of deferred tax assets from the ISB	29.8.2	14,002	14,002	(468,263)
Origination of deferred tax assets on brought forward tax losses		290,137	-	-
Reversal of previously recognised deferred tax assets upon ISB restructuring	29.8.2	-	-	838,938
Reversal of deferred tax assets on brought forward tax losses		-	-	-
Relating to origination and reversal of temporary differences of deferred tax assets		(290,137)	-	-
Deferred tax expense / (reversal)	22.8	14,002	14,002	370,675
Income tax expense recognised in income statement		1,935,373	1,645,306	1,810,522
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 other comprehensive income		-	-	-

22.8 Reconciliation of the accounting profit to income tax expense

For the year ended 31 December	2025				2024	
	Group		Company		Company	
	%	Rs. '000	%	Rs. '000	%	Rs. '000
Accounting profit before tax	-	6,615,672	-	5,648,784	-	6,332,319
Tax using the Group's domestic tax rate*	30	1,984,702	30	1,694,635	30	1,899,696
Income exempt from tax	(6)	(375,334)	(7)	(375,334)	(22)	(1,387,435)
Aggregate allowable expenses	(1)	(43,720)	(1)	(41,740)	(1)	(43,380)
Aggregate disallowable expenses	6	355,723	6	353,743	20	1,275,737
Business loss claimed on ISB haircut at the time of restructuring (Note 29.6 on page 359)	-	-	-	-	(5)	(304,771)
Under / (over) provision in respect of the previous year	-	-	-	-	-	-
Net deferred tax asset (origination)/reversal	-	14,002	-	14,002	6	370,675
Income tax expense recognised in the Income Statement at the average effective income tax rate	20	1,935,373	29	1,645,306	29	1,810,522

*The tax expense is computed based on the applicable domestic tax rates of the Group and the table outlines the effective tax rates applied during the years 2025 and 2024.

22.9 Income tax computation as per IRD Act No 24 of 2017 and amendments to Act, No. 10 of 2021 and Act. No. 45 of 2022

For the year ended 31 December	2025		2024
	Group	Company	Company
	Rs. '000	Rs. '000	Rs. '000
Surplus distributed to shareholders' from the life insurance policyholders' fund (Refer page 308 for the Actuary's Report)	5,262,299	4,388,000	4,287,000
Investment income of the shareholders' fund less expenses* (including exempt income)	1,517,839	1,425,014	2,204,699
Income exempt from tax (refer Note 22.9.1)	(375,334)	(375,334)	(1,387,435)
Surplus distributed to policyholders (par bonus) - refer page 308 for the Actuary's Report	722,660	722,660	607,117
Deductions under Section 19 of the IRD Act	(967,124)	-	(304,771)
Business income	6,160,339	6,160,339	5,406,610
Total assessable income	6,160,339	6,160,339	5,406,610
Income tax rate on assessable income @ 30% (excluding tax on par bonus)	1,631,304	1,631,304	1,439,848
Income tax rate on assessable income @ 30% (including tax on par bonus))	1,848,102	1,848,102	1,621,983
Income tax on dividend income @ 15%	-	-	-
Tax liability	1,848,102	1,848,102	1,621,983

*Investment management fees amounting to Rs. 44 Million for the Group (including Rs. 42 Million for the Company) which are included under other operating and administrative expenses (Note 22.5.1 on page 343), have been deducted in arriving at the net investment income of the Shareholders' Fund.

22.9.1 Income exempt from tax

Interest accrued on foreign currency deposits and financial investments

As per the Inland Revenue (Amendment) Act, No. 10 of 2021, and amendments there to, Investment Income from Sri Lanka Government International Sovereign Bond and interest income received from savings and fixed deposits which are denominated in foreign currency have been considered as exempt income.

Dividend 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 exempt from Income tax under section 9 of the Inland Revenue Act, no 24 of 2017.

Accordingly, the Group has considered the above investment income of the shareholders' fund as exempt income for the purpose of computation of income tax liability for the year ended 31 December 2025.

Dividend income received on which withholding tax has already been deducted at 15% as final Advance Income Tax 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 Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it has assessed whether the interpretation had an impact on its Financial Statements and 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 Group. The Group reviewed its income tax treatments and concluded that no additional provisions are required and disclosures relating to contingent liabilities have been made under Note 54.

23. EARNINGS PER SHARE (EPS)

Accounting Policy

23.1 General

The Group 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 Group 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	2025		2024
	Group	Company	Company
Amount used as the numerator:			
Profit attributable to ordinary shareholders (Rs. 000)	4,680,299	4,003,478	4,521,797
Number of ordinary shares used as the denominator:			
Weighted average number of ordinary shares as at 31 December (refer Note 23.2.1)	316,406,250	316,406,250	358,510,502
Basic earnings per share (Rs.)	14.79	12.65	12.61

23.2.1 Weighted average number of ordinary shares

For the year ended 31 December	2025		2024
	Group	Company	Company
Issued ordinary shares as at 1 January	316,406,250	316,406,250	375,000,000
Effect of the share repurchase	-	-	(16,489,498)
Weighted Average number of ordinary shares as at 31 December	316,406,250	316,406,250	358,510,502

The weighted average number of ordinary shares used in the calculation of basic earnings per share for the year ended 31 December 2024 reflects the effect of the share repurchase of 58,593,750 ordinary shares completed on 20 September 2024 (refer Note 36.4).

23.3 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year (2024: Nil). Accordingly, diluted earnings per share is equal to basic earnings per share as disclosed in 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.

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 2025 profit	Interim dividend declared for the 2024 profit
Number of ordinary shares	316,406,250	316,406,250
DPS (Rs.)	4.50	4.50
Gross dividend (Rs. '000)	1,423,828	1,423,828
WHT deducted (Rs. '000)	(178,370)	(194,328)
Net dividend (Rs. '000)	1,245,458	1,229,500

24.3 Dividend paid during the year

For the year ended 31 December	DPS Rs.	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Gross Interim Dividend for the year 2025	4.50	-	1,423,828	-
Gross Interim Dividend for the year 2024	4.50	-	-	1,423,828
Gross Interim Dividend for the year 2023	3.75	-	-	1,406,250
Total		-	1,423,828	2,830,078

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's profits is in compliance with Direction No. 4 of 2024 issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) on 8 May 2024, which superseded the previous Direction and its amendments.

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 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.

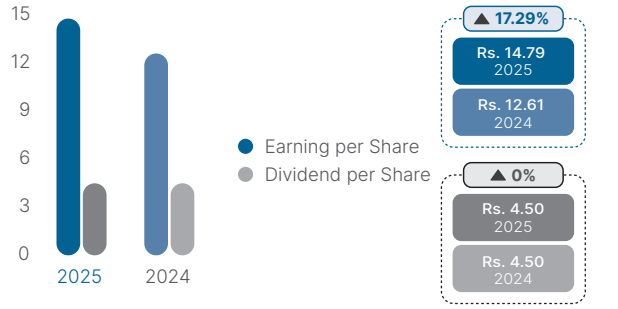
24.6 Tax implications

Refer Note 22.5.1 and 24.2 on pages 343 and 346 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 2025, the Group did not distribute non cash assets to its owners (2024 - 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 Group and the cost of the asset can be measured reliably in accordance with LKAS 38 - 'Intangible Assets".

25.2 Basis of measurement

Software acquired by the Group 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 Group 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.

Goodwill arising on business combinations is recognised as an intangible asset and measured at cost less accumulated impairment losses. It is not amortised and is subject to annual impairment testing in accordance with LKAS 36 (refer Note 25.14 on page 348).

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 Treatment of research and development cost

Research costs are expensed as incurred, while development costs are capitalised as an intangible asset when specific criteria are met, including technical feasibility, intention and ability to complete and use or sell the asset, future economic benefits, availability of resources, and reliable measurement of costs, and are subsequently measured at cost less accumulated amortisation and impairment losses.

Accounting Policy

25.5 Useful economic life, amortisation and impairment

25.5.1 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 are 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.

25.5.2 Amortisation expenditure

The amortisation expense on intangible assets with finite lives is recognised in the Income Statement under other operating and administration expenses.

25.5.3 Useful life, residual value and amortisation method

	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.

25.5.4 Intangible assets with indefinite useful life

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they may be impaired. The impairment assessment is performed either at the individual asset level or at the cash generating unit (CGU) level, as appropriate. The useful life of an intangible asset assessed as indefinite is reviewed at least annually to determine whether the indefinite life assumption remains appropriate. If the assessment indicates that the useful life is no longer indefinite, the change is accounted for prospectively as a change in accounting estimate.

25.6 Research and development cost

There were 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	2025				2024
	Group			Company	Company
	Computer software	Goodwill	Total	Computer software	Computer software
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost					
Balance as at 1 January	97,775	-	97,775	97,775	95,325
Acquisition through business combination	253,484	407,581	661,065	-	-
De-recognition	(194,977)	-	(194,977)	-	-
Acquisition during the year	60,401	-	60,401	3,925	2,450
Balance as at 31 December	216,683	407,581	624,264	101,700	97,775
Accumulated amortisation and impairment losses					
Balance as at 1 January	93,820	-	93,820	93,820	92,961
Acquisition through business combination	51,620	-	51,620	-	-
Amortisation for the year	6,445	-	6,445	1,798	859
Balance as at 31 December	151,885	-	151,885	95,618	93,820
Carrying value as at 31 December	64,798	407,581	472,379	6,082	3,955

25.9 Other changes to intangible assets

Other than disclosed in the Note 25.6 above, there were no other changes to the intangible assets during the period under review (2024 – Nil).

25.10 Acquisition of intangible assets during the year

During the financial year, the Group incurred expenditure of Rs. 60 Million including Rs. 4 Million by the Company (2024 – Rs. 2.5 Million by the Company) for the acquisition of intangible assets.

In addition, as part of the acquisition of the subsidiary during the year, identifiable intangible assets comprising computer software amounting to Rs. 52 Million were recognised at fair value. Goodwill arising on the acquisition, amounting to Rs. 407 Million, has also been recognised in the Financial Statements. Refer Note 26.9 on page 349 for the details of business combinations and goodwill.

25.11 Fully amortised intangible assets in use

Fully amortised intangible assets in use of the Group as at reporting date were Rs. 91.8 Million (2024 - Rs. 91.6 Million) respectively.

25.12 Title restrictions on intangible assets

There are no restrictions that existed on the title of the intangible assets of the Group 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 (2024 - Nil).

25.14 Assessment of impairment of intangible assets

Goodwill amounting to Rs. 407 Million arose from the acquisition of the subsidiary during the year and has been allocated to the Life Insurance CGU. The goodwill represents expected synergies, future growth opportunities, and operational efficiencies arising from the integration.

The Group performed its annual impairment test as at 31 December 2025. The recoverable amount of the CGU was determined using a value-in-use model based on cash flow projections of annualised new business from Board-approved budgets covering a five-year period, with a new business growth rate of 20% and a pre-tax discount rate of 25%.

The assessment indicated that the recoverable amount exceeded the carrying amount of the CGU. Accordingly, no impairment loss has been recognised for the year (2024 – Nil). Management has performed sensitivity analyses on key assumptions and concluded that no reasonably possible change would result in the impairment.

25.15 Capitalisation of borrowing costs

There were no capitalised borrowing costs relating to the acquisition of intangible assets during the year 2025 (2024 - 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 2025 (2024 - Nil).

25.17 Amount of contractual commitments for acquisition of intangible assets

There are no contractual commitments 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 Group has not acquired Intangible assets by way of government grants.

25.19 Revaluation of intangible assets

Since the cost model has been followed, there are no revaluation adjustment for intangible assets.

26. INVESTMENT IN SUBSIDIARY

Accounting Policy

Refer Note 2.14 on page 323 for the accounting policy.

26.1 Acquisition of subsidiary

On 11 July 2025, the Group acquired 100% of the issued and paid-up share capital and voting interests of Allianz Life Insurance Lanka Limited ("the Subsidiary") from Allianz SE, following approval granted by the Insurance Regulatory Commission of Sri Lanka (IRCSL) via letter dated 2 July 2025. The total purchase consideration amounted to Rs. 1,426 Million, which was settled entirely in cash.

Following the acquisition, Allianz Life became a wholly-owned subsidiary of Softlogic Life Insurance PLC. The Subsidiary operates in the life insurance business, consistent with the principal activity of the Parent Company, and continues to operate as a separate licensed entity under the regulatory framework of the IRCSL.

26.2 Nature of the acquired business

Included in the identifiable assets and liabilities acquired at the acquisition date were the key inputs which include: insurance and reinsurance contract portfolios and related assets and liabilities, financial investment portfolio, property, plant and equipment, intangible assets, deferred tax assets, cash and cash equivalents; and an established distribution network and agency force. These inputs and processes significantly contribute to the ability to generate revenue and provide insurance services. Accordingly, the Group concluded that the acquired set of activities and assets constitutes a business under SLFRS 3.

26.3 Nature of, and risks associated with, interests in subsidiary

The Group's interest in its subsidiary exposes it to insurance, market, credit, liquidity and regulatory risks that are similar in nature to those arising from the Parent's own insurance operations. These risks are managed on a Group-wide basis through common risk management frameworks, governance structures and internal control processes as disclosed in Note 49.5.4 on Risk management.

The subsidiary is subject to regulatory supervision by the relevant insurance regulator, including compliance with capital adequacy and solvency requirements. There were no material changes in the nature of risks arising from the Group's interest in the subsidiary during the reporting period.

26.4 Financial or other support to consolidated entities

During the reporting period, the Parent has not provided financial or other support to its consolidated entity, without having a contractual obligation to do so. Accordingly, no financial assistance, guarantees, liquidity support or other forms of support were provided, and there were no circumstances requiring such support during the year. The Group also has no current intention to provide financial or other support to its consolidated entity.

26.5 Goodwill

Goodwill of Rs. 407 Million arose on acquisition, representing the excess of the purchase consideration over the net fair value of identifiable assets acquired and liabilities assumed. Goodwill has been recognised as an intangible asset (refer Note 25.10 on page 348) and it reflects anticipated synergies, expected future growth and operational efficiencies arising from the acquisition. As disclosed in Note 25.14 on page 348, the goodwill is not amortised but is tested annually for impairment, or more frequently if indicators arise.

26.6 Provisional accounting

At the reporting date, the initial accounting for the business combination is provisional pending the finalisation of certain fair value assessments of assets and liabilities acquired i.e. intangible assets, including items affected by contractual and operational changes arising from the change in ownership where the impact would not be material to the Financial Statements. Any adjustments identified during the measurement period (not exceeding twelve months from the acquisition date) will be recognised retrospectively, with comparative information revised as if the acquisition-date accounting had been completed. Such adjustments may result in revisions to the fair values of assets and liabilities, corresponding changes to goodwill, and consequential impacts on retained earnings, profit or loss and other comprehensive income.

26.7 Consolidation impact

Management assessed the financial impact of the Subsidiary for the period from 1 July 2025 to 10 July 2025 and concluded that the results and cash flows for this period were not material to the Group. Accordingly, the Subsidiary has been consolidated from 1 July 2025. There are no significant restrictions on the ability of the Subsidiary to transfer funds to the Parent Company in the form of dividends or loan repayments as at the reporting date.

For the six months ended 31 December 2025, Softlogic Life Insurance Lanka Limited contributed revenue of Rs. 1,744 Million and profit of Rs. 676 Million to the Group's results. Had the acquisition occurred on 1 January 2025, management estimates that consolidated revenue would have been Rs. 41,699 Million. In preparing these estimates, management has assumed that the provisional fair value adjustments arising on acquisition would have been the same had the acquisition occurred on 1 January 2025.

26.8 Acquisition-related costs

The Group incurred acquisition-related costs of Rs. 6.5 Million on legal fees and due diligence costs. These costs have been included in the "Other operating and administration expenses" in the Income Statement.

26.9 Identifiable assets acquired and liabilities assumed

The following table summarises the acquisition date fair values of each major class of consideration transferred.

Acquisition date fair values

Major line item	Rs. '000
Property, plant and equipment	24,807
Intangible assets - Provisional	201,864
Right of use assets	21,203
Deferred tax assets	550,939
Financial investments**	9,761,277
Reinsurance receivables	253,193
Premium receivables	65,964
Other receivables	64,638
Cash and cash equivalents***	246,107
Insurance contract liabilities	(8,890,559)
Employee benefit liabilities	(37,309)
Reinsurance payables	(232,693)
Other liabilities	(1,010,663)
Total identifiable net assets acquired	1,018,768

* The identifiable assets acquired and liabilities assumed were recognised at their fair values as at the date of acquisition.

**Financial assets and liabilities assumed were assessed and classified at the acquisition date in accordance with SLFRS 9.

***The cash flow arising from the acquisition is analysed is stated in Note 26.11 on page 350.

26.9.1 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique	Description
Property, plant and equipment	Market approach (market comparison) and cost approach	The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Market approach (market comparison) and cost approach	The valuation model uses market prices for similar intangible assets where an active market exists. For specialised assets, the cost to recreate method estimates the current labour, materials, and overhead required to develop an equivalent asset, adjusted for functional and economic obsolescence.
Financial investments	Market approach (market comparison) and income approach	Fair value is determined by referencing market data at the reporting date. For listed equity, the market approach uses unadjusted quoted prices in active markets. For debt instruments, the income approach calculates the present value of future cash flows, discounted using the current market yield curve for the remaining maturity, incorporating relevant benchmark rates and credit spreads.

26.10 Goodwill

Goodwill arising from the acquisition has been recognised as follows.

Description	Rs. '000
Consideration transferred	1,426,349
Less: Fair value of identifiable net assets	(1,018,768)
Goodwill	407,581

26.11 Cashflows arising from acquisition - net of cash acquired

Description	Rs. '000
Consideration transferred	(1,426,349)
Add: Cash and cash equivalents acquired	246,107
Acquisition of subsidiary, net of cash (Refer Note 26.9 on page 349)	(1,180,242)

27. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

27.1 Recognition and measurement

The Group applies the requirements of the LKAS 16 'Property, Plant and Equipment' in accounting for its owned assets which are held for 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.

27.2 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 Group and cost of the asset can be measured reliably.

27.3 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).

27.4 Subsequent measurement

27.4.1 Cost model

The Group 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.

27.4.2 Revaluation model

The Group 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 Group are revalued by independent professional valuers 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.

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 these 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 27.24.4 on page 355.

27.4.3 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 Group 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.

27.4.4 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 Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Accounting Policy

27.5 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.

27.6 Cost of dismantling

The estimated costs of dismantling, removing, or restoring items of property, plant and equipment is Nil.

27.7 Carrying value

The carrying value of an asset or significant component of assets within a class is assessed annually against 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 27.10.

27.8 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.

27.9 Useful economic life, residual values and depreciation

27.9.1 Depreciation

The Group 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.

27.9.2 Useful economic lives, depreciation rate and residual values

Class of asset	Group		
	Depreciation percentage per annum	Estimated useful life	Residual value
Building	5%	20 years	Nil
Office equipment	20% - 33%	03 - 05 Years	Nil
Computer equipment	20% - 33%	03 - 05 Years	Nil
Furniture and fittings	10% - 20%	05 - 10 Years	Nil
Fixtures and fittings	20%	05 Years	Nil
Motor vehicles	20% - 25%	04 - 05 Years	Nil

27.10 Reconciliation of gross carrying amount of property, plant and equipment

Group	Freehold land Rs. '000	Freehold building Rs. '000	Computer hardware Rs. '000	Office equipment Rs. '000	Furniture and fittings Rs. '000	Fixtures and fittings Rs. '000	Motor vehicles Rs. '000	Total Rs. '000
Cost / revaluation								
Balance as at 1 January 2025	180,000	131,000	276,005	358,432	290,927	708,376	94	1,944,834
Acquisitions through business combination	-	-	41,631	41,419	44,827	-	-	127,877
Additions during the year	-	-	29,097	31,880	40,818	131,197	-	232,992
Transferred from ROU assets	-	-	-	-	-	-	27,000	27,000
Surplus on revaluation	24,000	23,591	-	-	-	-	-	47,591
Transferred of accumulated depreciation on revalued assets	-	(25,591)	-	-	-	-	-	(25,591)
Disposals during the year	-	-	(1,425)	(842)	-	-	(27,000)	(29,267)
Balance as at 31 December 2025	204,000	129,000	345,308	430,889	376,572	839,573	94	2,325,436
Accumulated depreciation and impairment losses								
Balance as at 1 January 2025	-	12,813	211,863	287,847	169,449	573,535	94	1,255,601
Acquisitions through business combination	-	-	36,157	37,767	29,146	-	-	103,070
Depreciation for the year	-	12,778	26,292	25,682	27,580	45,746	2,250	140,328
Transferred from ROU assets	-	-	-	-	-	-	24,750	24,750
Transferred of accumulated depreciation on revalued assets	-	(25,591)	-	-	-	-	-	(25,591)
Disposals during the year	-	-	(64)	(385)	-	-	(27,000)	(27,449)
Balance as at 31 December 2025	-	-	274,248	350,911	226,175	619,281	94	1,470,709
Carrying value as at 31 December 2025	204,000	129,000	71,060	79,978	150,397	220,292	-	854,727

Company	Freehold land Rs. '000	Freehold building Rs. '000	Computer hardware Rs. '000	Office equipment Rs. '000	Furniture and fittings Rs. '000	Fixtures and fittings Rs. '000	Motor vehicles Rs. '000	Total Rs. '000
Cost / revaluation								
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
Balance as at 1 January 2025	180,000	131,000	276,005	358,432	290,927	708,376	94	1,944,834
Additions during the year	-	-	20,507	31,658	40,818	131,197	-	224,181
Transferred from ROU assets	-	-	-	-	-	-	27,000	27,000
Surplus on revaluation	24,000	23,591	-	-	-	-	-	47,591
Transferred of accumulated depreciation on revalued assets	-	(25,591)	-	-	-	-	-	(25,591)
Disposals during the year	-	-	-	-	-	-	(27,000)	(27,000)
Balance as at 31 December 2025	204,000	129,000	296,512	390,090	331,745	839,573	94	2,191,015

Company	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 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
Transfer of accumulated depreciation on revalued assets	-	-	-	-	-	-	-	-
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
Balance as at 1 January 2025	-	12,813	211,863	287,847	169,449	573,535	94	1,255,601
Depreciation for the year	-	12,778	23,196	23,531	23,209	45,746	2,250	130,709
Transferred from ROU assets	-	-	-	-	-	-	24,750	24,750
Transfer of accumulated depreciation on revalued assets	-	(25,591)	-	-	-	-	-	(25,591)
Disposals during the year	-	-	-	-	-	-	(27,000)	(27,000)
Balance as at 31 December 2025	-	-	235,059	311,378	192,658	619,281	94	1,358,469
Carrying value as at 31 December 2025	204,000	129,000	61,454	78,713	139,087	220,292	-	832,546
Carrying value as at 31 December 2024	180,000	118,187	64,142	70,585	121,478	134,841	-	689,233

27.11 Other changes to property, plant and equipment

Other than items disclosed in Note 27.19, there was no impact to property, plant and equipment from any other sources, such as, assets classified as held-for-sale, increases resulting from impairment losses reversed in OCI or in the Income Statement, and from exchange differences during the period ended 31 December 2025 (2024 - Nil).

27.12 Title restrictions on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

27.13 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 233 Million including Rs. 224 Million by the Company (2024 - Rs. 121 Million) respectively by means of cash.

27.14 Capitalisation of borrowing costs

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025 (2024 – Nil).

27.15 Amount of contractual commitment for acquisition of property, plant and equipment

Refer Note 52 for contractual commitment for acquisition of property, plant and equipment as at the reporting date.

27.16 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date. (2024 - Nil).

27.17 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 2025. 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 (2024 - Nil).

27.18 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.

27.19 Property, plant and equipment under construction

As at the reporting date, there was no property, plant and equipment under construction (2024 – Nil).

27.20 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 (2024 - Nil).

27.21 Property, plant and equipment retired from active use

There were no property plant and equipment that were retired from active use as at the reporting date (2024 - Nil).

27.22 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 2025 (2024 - Nil).

27.23 Fully depreciated property, plant and equipment in use

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Computer hardware	202,647	185,438	159,034
Office equipment	259,856	247,697	243,887
Furniture and fittings	82,197	80,477	63,439
Fixtures and fittings	521,108	521,108	491,533
Motor vehicles	94	94	94
Total	1,065,902	1,034,814	957,987

27.24 Fair value of property, plant and equipment

The carrying amount of property, plant and equipment disclosed in Note 27.10 approximates its fair value as at the reporting date.

27.24.1 Revaluation of property, plant and equipment

Latest revaluation was carried out by the Group for all its freehold land and freehold building as at 31 December 2025. No revaluation was carried out for the year ended 31 December 2024 as per the policy as described in Note 27.4.2. Next revaluation date will be due on 31 December 2027.

27.24.2 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 with 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 27.24.4.

27.24.3 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 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 2025	Mr. Anuradha Senevirathne Chartered Valuation Surveyor No: 59/3, Urapola, Pilimalawa, Kandy	204,000	129,000	180,000	105,409	24,000	23,591
Building Situated at No. 283, R. A De Mel Mawatha, Colombo - 03	1	N/A	11,824									

27.24.4 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 2025	**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 and condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are also compensated, since the price may not adequately reflect the fair market value.	Market value per perch	Rs. 17 Million (Estimated price per perch)	Positively 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 buildings - 01)	31 December 2025	**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.	Market rental per square foot for building	Rs. 140 - 190 (Estimated price per square foot)	Positively correlated sensitivity with rental	Price per square foot would increase/ (decrease) if gross annual rentals would increase / (decrease)
			Capitalisation rate (yield)	5.5% capitalisation rate	Negative correlated sensitivity with capitalisation rate	Fair value would decrease / (increase) if capitalisation rate increase / (decrease)

27.25 Revaluation surplus

Class of asset	2025		
	Land Rs. '000	Building Rs. '000	Total Rs. '000
Revalued amount	204,000	129,000	333,000
Carrying value (prior to revaluation)	180,000	105,409	281,409
Revaluation surplus for 2025 Recognised in the OCI	24,000	23,591	47,591
Revaluation surplus for 2025 Recognised in Income Statement	-	-	-

In accordance with the Group's revaluation policy describe above, no revaluation was conducted during the year ended 31 December 2024. Accordingly no revaluation gain or loss recognised in the financial statements for the year 2024.

27.26 If land and buildings ware stated at historical cost, the amounts would have been as follows:

Class of asset	2025				2024	
	Group		Company		Company	
	Land Rs. '000	Building Rs. '000	Land Rs. '000	Building Rs. '000	Land Rs. '000	Building Rs. '000
Cost	85,620	121,167	85,620	121,167	85,620	121,167
Accumulated depreciation	-	(66,633)	-	(66,633)	-	(60,584)
Carrying value	85,620	54,534	85,620	54,534	85,620	60,583

27.27 The effect of revaluation of freehold buildings on the Income Statement in the subsequent period is as follows:

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Depreciation charge per annum after revaluation	15,637	15,637	12,778
Depreciation charge per annum before revaluation	12,778	12,778	10,458
Decrease of subsequent period profit	2,859	2,859	2,320

27.28 Investment properties

As at the reporting date, the Group has not invested in investment properties (2024 - Nil)

28. RIGHT OF USE ASSETS

Accounting Policy

28.1 General

At inception of a contract, the Group 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 Group uses the definition of a lease in SLFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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 Group 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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.

28.2 Amortisation expenses

Amortisation expenses have been charged to the Income Statement under other operating and administration expenses.

28.3 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Incremental borrowing rate range from 8.01% to 27.93%.

The Group 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.

Accounting Policy

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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee,
- the Group's assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment,
- 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.

28.4 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.

28.5 Presentation of ROU asset and lease liabilities

The Group presents right-of-use assets that do not meet the definition of investment property in a separate line as 'Right-of-use assets' and lease liabilities within 'Other Liabilities' in the Statement of Financial Position.

28.6 Short term leases and leases of low-value assets

The Group 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 Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

28.7 Nature of the leasing activities

Information about leases for which the Group is a lessee is presented below;

The Group has lease contracts for the head office, branches and motor vehicles, typically made for lease terms 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.

28.8 Reconciliation of carrying amounts of Right-of-Use assets

As at 31 December	2025						2024		
	Group			Company			Company		
	Buildings Rs. '000	Motor Vehicles Rs. '000	Total Rs. '000	Buildings Rs. '000	Motor Vehicles Rs. '000	Total Rs. '000	Buildings Rs. '000	Motor Vehicles Rs. '000	Total Rs. '000
As at 1 January	1,189,826	3,938	1,193,764	1,189,826	3,938	1,193,764	600,973	10,688	611,661
Acquisitions through business combination	21,202	-	21,202	-	-	-	-	-	-
Additions to right-of-use assets	637,695	-	637,695	469,441	-	469,441	954,758	-	954,758
Amortisation charge for the year	(410,053)	(1,688)	(411,741)	(379,205)	(1,688)	(380,893)	(365,905)	(6,750)	(372,655)
Derecognition of right-of-use assets	(10,349)	-	(10,349)	(10,349)	-	(10,349)	-	-	-
Transfer	-	(2,250)	(2,250)	-	(2,250)	(2,250)	-	-	-
Modification	-	-	-	-	-	-	-	-	-
Balance as at 31 December	1,428,321	-	1,428,321	1,269,713	-	1,269,713	1,189,826	3,938	1,193,764

28.9 Amounts recognised in profit or loss

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Interest expense on lease liabilities	159,604	152,211	112,807
Amortisation of right-of-use assets	411,741	380,893	372,655
Total	571,345	533,104	485,462

28.10 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 Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities. During the period, the Group did not receive cash from leases as the Group is the lessee.

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Total cash outflow for leases	446,561	413,372	414,472

28.11 Lease terms - extension options

Refer Note 4.1 on page 327.

28.12 Impairment of ROU assets

As at the reporting date, no impairment loss has been recognised by the Group in respect of impairment of right of use assets, since each business unit is operating under the business continuity plans as per the Group risk management strategy.

28.13 Lease liabilities and related disclosures

The information relating to the movement of lease liabilities, maturity analysis and other related disclosures are provided in Notes 45.4.3.1, 45.4.3.2 and 45.4.3.4 respectively on pages 391 and 392.

28.14 Lease commitment for short term leases

As at the reporting date, there were no commitments for short term leases.

28.15 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.

28.16 Sale and leaseback transaction

The Group does not have sales and leased back transactions as at the reporting date (2024 - Nil).

28.17 Subleased properties

The Group have subleased properties as at the reporting date were Rs. 26 Million (2024 - Nil).

29. DEFERRED TAXATION

Accounting Policy

29.1 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 profit or loss is also recognised outside profit or loss; either in other comprehensive income or directly in equity consistent with the treatment of the underlying transaction, in accordance with LKAS 12 Income Taxes.

29.2 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 reductions 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.

Accounting Policy

29.3 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:

29.4 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.

29.5 Computation of income tax of the Group

The income tax expense has been computed using the applicable statutory tax rates as disclosed in Note 22.5 on page 343, and the same rates have been applied in measuring deferred tax.

29.6 Recognition of deferred tax assets

The Group recognised a deferred tax asset arising from changes introduced under Inland Revenue Act No. 24 of 2017. Under the Act, effective from 1 April 2018, 100% of taxable income may be offset against tax losses, and transitional provisions permit the utilisation of brought forward tax losses over a six-year period commencing from the year of assessment 2018/19. The utilisation of the recognised deferred tax asset on brought forward tax losses against the income tax liability of the subsidiary is disclosed in Note 29.8.

A deferred tax asset was recognised on the initial recognition loss arising from the restructured ISBs, as any subsequent gain or loss on realisation will be subject to income tax.

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 (2024 - Nil).

29.7 Impact from the change in corporate income tax rate

There was no change in the corporate tax rate during the year.

29.8 Analysis of the deferred tax assets and liabilities including the movement during the year

For the year ended 31 December	2025		2024
	Group	Company	Company
	Rs. '000	Rs. '000	Rs. '000
Deferred tax assets (refer Note 29.8.1)	715,134	454,262	468,263
Deferred tax liabilities	-	-	-
Net deferred tax asset	715,134	454,262	468,263

29.8.1 Analysis of recognised deferred tax assets / liabilities in the Statement of Financial Position

As at 31 December	2025				2024	
	Group		Company		Company	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
Deferred tax assets on;						
Carry forward tax losses	869,574	260,872	-	-	-	-
Other deductible temporary differences (Note 29.8.2 on page 360)	1,514,206	454,262	1,514,206	454,262	1,560,877	468,263
	2,383,780	715,134	1,514,206	454,262	1,560,877	468,263
Deferred tax liabilities on;						
Taxable temporary differences	-	-	-	-	-	-
	-	-	-	-	-	-
Net recognised deferred tax assets	2,383,780	715,134	1,514,206	454,262	1,560,877	468,263

29.8.2 Movement of deferred tax assets and liabilities

Group / Company	Balance as at 1-Jan Rs. '000	Acquisition through business combination 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
Group - 2025								
Deferred tax assets on;								
Deductible temporary difference from tax losses	-	550,939	-	-	(290,067)	260,872	260,872	-
Other deductible temporary differences (refer Note 29.8)	468,263	-	(14,001)	-	-	454,262	454,262	-
Deferred tax liabilities on;								
Taxable temporary differences	-	-	-	-	-	-	-	-
Net recognised deferred tax assets	468,263	550,939	(14,001)	-	(290,067)	715,134	715,134	-
Company - 2025								
Deferred tax assets on;								
Deductible temporary difference from tax losses	-	-	-	-	-	-	-	-
Other deductible temporary differences (refer Note 29.8)	468,263	-	(14,001)	-	-	454,262	454,262	-
Deferred tax liabilities on;								
Taxable temporary differences	-	-	-	-	-	-	-	-
Net recognised deferred tax assets	468,263	-	(14,001)	-	-	454,262	454,262	-
Company - 2024								
Deferred tax assets on;								
Carry forward tax losses	-	-	-	-	-	-	-	-
Other deductible temporary differences (refer Note 29.8)	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	-

29.9 Analysis of tax losses

As at 31 December	Group	Company	
	2025 Rs.000	2025 Rs.000	2024 Rs.000
Opening balance as at 01 January	-	-	-
Unused tax losses of the acquired subsidiary	1,836,698	-	-
Tax losses utilised against taxable Income	(967,124)	-	-
Total carried forward tax losses as at 31 December	869,574	-	-
Unrecognsied tax loss for deferred tax	-	-	-
Carried forward tax losses for deferred tax as at 31 December	869,574	-	-

29.9.1 Expiry date of carried forward tax loss

Under the Inland Revenue Act No. 24 of 2017, carried forward tax losses can be utilised within a maximum period of six years. Accordingly, the expiry date of the carried forward tax loss is 31 December 2031.

29.10 Unrecognised deferred tax liabilities

As at the reporting date, there are no unrecognised deferred tax liabilities (2024 - Nil).

29.11 Deferred tax and income tax on items directly recognised in equity

During the period ended 31 December 2025, the Group has not recognised any deferred tax and income tax expenses on transactions which are directly recorded in equity (2024 - Nil).

29.12 Unrecognised deferred tax assets

As at the reporting date, there are no unrecognised deferred tax assets (2024 - Nil).

29.13 Unrecognised tax losses and unused tax credits

As at the reporting date, the Group had no unrecognised tax losses, as only Rs. 870 Million of the total available tax losses have been recognised as a deferred tax asset, based on the assessment of recoverability. Further, the Group had no unused tax credits available for recognition as a deferred tax asset as at the reporting date.

29.14 Offsetting of deferred tax assets and liabilities

The Group does not offset any deferred tax assets and liabilities in its Statement of Financial Position.

30. FINANCIAL INVESTMENTS

Accounting Policy

30.1 Date of recognition

The Group initially recognises all financial assets (including assets designated at fair value through profit or loss) on the trade date on which the Group becomes a party to the contractual provisions of the instrument.

30.2 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 costs 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 Group accounts for the Day 1 profit or loss, as described in Note 30.2.1 below:

30.2.1 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 Group 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 the Income Statement when the inputs become observable, or when the instrument is derecognised.

30.3 Classification and subsequent measurement of financial assets

As per SLFRS 9, the Group classifies all its financial assets based on the business model for managing the assets (refer Note 30.3.1) and the assets' contractual terms (refer Note 30.3.2) measured at either;

- Amortised cost (AC) - Refer Notes 30.3.3 and 30.9.1 on page 362 and 364.
- Fair value through other comprehensive income (FVOCI) - Refer Notes 30.3.4 and 30.9.2 on page 362 and 369.
- Fair value through profit or loss (FVTPL) - Refer Notes 30.3.5 and 30.9.3 on page 363 and 371.

Subsequent measurement of financial assets depends on the classification of each category of the financial asset. Refer Notes 30.3.3.3, 30.3.4.4 and 30.3.5.3 on pages 362 to 363.

30.3.1 Business model assessment

The Group 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 Group considers:

- Stated policies and objectives for the portfolio and how these policies operate in practice. Specifically, the Group 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 Group'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 Group's original expectations, the classification of the remaining financial assets held in that business model does not change. However, the Group incorporates such information when assessing newly originated or newly purchased financial assets in the future.

30.3.2 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process, the Group 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 minimal 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.

30. FINANCIAL INVESTMENTS (CONTD.)

Accounting Policy

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group 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 Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Group'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 30.9.1 and 30.9.2 and 30.9.3 on pages 367, 369 and 371 for details on different types of financial assets recognised on the Statement of Financial Position.

30.3.3 Financial assets measured at amortised cost

30.3.3.1 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.

30.3.3.2 Initial measurement

Financial instruments classified as amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of such an instrument.

30.3.3.3 Subsequent measurement

After the initial measurement, these assets are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment).

30.3.3.4 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.

30.3.3.5 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.

30.3.3.6 Securities purchased under resale agreements (Repo)

When the Group purchases a financial asset and simultaneously enters into an agreement to resell 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 Group. 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.

30.3.4 Financial investments - Fair value through other comprehensive income

30.3.4.1 General

As per SLFRS 9, FVOCI comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.

30.3.4.2 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).

30.3.4.3 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.

30.3.4.4 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 Group elects to classify irrevocably some of its equity investments held for strategic purposes, 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.

Accounting Policy

Dividends are recognised in the Income Statement as investment income, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments measured at FVOCI are not subject to an impairment assessment.

30.3.4.5 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.

30.3.5 Financial investments FVTPL

30.3.5.1 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.

30.3.5.2 Initial measurement

These investments are initially recorded at fair value.

30.3.5.3 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.

30.3.5.4 Financial assets designated at FVTPL

On initial recognition, the Group 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 Group has not designated any financial assets upon initial recognition as FVTPL as at the end of the reporting period.

30.3.6 The Group's existing non-derivative financial assets and their classifications

Financial asset	Note	2025		
		AC	FVOCI*	FVTPL
Treasury bonds **		√	√	√
Treasury bills		-	√	√
Debentures *		√	-	-
Perpetual debentures		-	-	√
International sovereign bonds (Restructured) **	30.9.2.a	-	√	-
Commercial papers		√	-	√
Securitised papers		-	-	√
Term deposits		√	-	√
Repo		√	√	√
Unit trusts		-	-	√
Quoted shares		-	√	√
Loans to life policyholders		√	-	-
Cash and cash equivalents		√	-	-
Reinsurance receivables		√	-	-
Premium receivables		√	-	-
Other receivables		√	-	-

*The Group classifies quoted debentures under amortised cost category since there is no active market for these instruments even though such instruments are listed.

**As the Group's objective is to hold the restructured ISBs and LKR treasury bonds received under 2024 debt restructuring until maturity or to sell them, these investments have been classified at FVOCI in accordance with SLFRS 9.

30. FINANCIAL INVESTMENTS (CONTD.)

Accounting Policy

30.4 Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal, or termination of a business line.

30.4.1 Timing of reclassification of financial assets

Consequent to a change in the business model, the Group 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.

30.4.2 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.

30.5 Derecognition of financial assets

The Group 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 Group 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 the 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 Group is recognised as a separate asset or liability.

The Group 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 Group retains all or substantially all risks and rewards of ownership of such assets.

When the Group 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 Group's continuing involvement in the asset. In that case, the Group 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 Group has retained.

30.6 Modification of financial assets

If the terms of a financial asset are modified, the Group 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 Group 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.

Accounting Policy

30.7 Fair value of financial investments

Fair value measurement of financial instruments including the fair value hierarchy and valuation techniques is explained in Note 48 on pages 393 to 399.

30.8 Impairment of financial and non-financial assets

30.8.1 Overview of the ECL principles

Stage 1	Stage 2	Stage 3
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).	If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Group records an allowance for lifetime (LTECL).	If a financial asset is credit impaired, it is moved to Stage 3 and the Group recognises an allowance for lifetime (LTECL), with probability of default at 100%.

Details of the ECL calculation are given in Note 30.14 on page 373.

30.8.2 Significant increase in credit risk (SICR)

Key judgements and assumptions adopted 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 Group 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 Group'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 Group 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 Group 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 Group 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.

30.8.3 Default and credit impaired assets

The Group classifies the financial investments under Stage 3, when the external credit rating assigned to the particular investment is "default"

30.8.4 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.

30.8.5 Impairment charges on financial investments

The Group does not have historical loss experience on debt instruments at amortised cost and debt instruments at FVOCI. Thus, the Group 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 [International Sovereign Bonds (ISBs)] issued by the Government of Sri Lanka is considered 64% till 30 November 2024 (until ISBs are restructured). For all other financial investments, LGD is considered as 45% due to a 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.

30.8.6 Forward-looking information

The Group 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.

30. FINANCIAL INVESTMENTS (CONTD.)

Accounting Policy

30.8.7 The calculation of ECLs

The Group 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 Group considers a debt instrument to have a low credit risk, when they have an "investment grade" credit risk rating.

30.8.8 Financial assets that are not credit impaired at the reporting date

The Group 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 Group records an allowance for LTECLs based on PDs estimated over the lifetime of the instrument.

30.8.9 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 Group as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. The Group regularly reviews the assumptions for projecting future cash flows.

The Group has not recognised any credit impaired financial assets as at the reporting date.

30.8.10 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 Group 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 Group's procedures for recovery of amounts due.

30.8.11 Impairment of non - financial assets

At each reporting date, the Group reviews the carrying amounts of its non- financial assets (other than 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.

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).

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.

Except goodwill, for other assets, an impairment loss is reversed 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.

Refer Notes 25.5.4 and 25.14 for the details of the impairment of goodwill.

30.9 Comparison of the fair values of the financial investments to their carrying values

As at 31 December	Note	2025				2024	
		Group		Company		Company	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Amortised Cost (AC)	30.9.1	29,152,755	31,834,377	29,152,755	31,834,377	25,129,878	29,157,554
Fair Value Through Other Comprehensive Income (FVOCI)	30.9.2	22,431,897	22,431,897	13,748,867	13,748,867	13,552,944	13,552,944
Fair Value through Profit or Loss (FVTPL)	30.9.3	5,377,422	5,377,422	4,170,678	4,170,678	5,255,196	5,255,196
Total financial investments		56,962,074	59,643,696	47,072,300	49,753,922	43,938,018	47,965,694

30.9.1 Financial investments measured at amortised cost

As at 31 December	Note	2025				2024	
		Group		Company		Company	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Fixed deposits	30.9.1.a	1,753,810	1,753,810	1,753,810	1,753,810	733,467	733,478
Debentures	30.9.1.b	5,079,775	5,118,196	5,079,775	5,118,196	5,988,905	5,921,998
Treasury bonds		11,221,087	13,864,288	11,221,087	13,864,288	14,355,429	18,249,992
Treasury bills		-	-	-	-	704,527	704,521
Commercial papers		1,433,338	1,433,338	1,433,338	1,433,338	2,206,628	2,406,643
Repo		9,664,745	9,664,745	9,664,745	9,664,745	1,140,922	1,140,922
Total		29,152,755	31,834,377	29,152,755	31,834,377	25,129,878	29,157,554

Gross and net carrying amount of above financial investments are given in Note 30.14.1 on page 373.

30.9.1.a Fixed deposits

As at 31 December	2025				2024	
	Group		Company		Company	
	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Licensed commercial banks	1,606,414	1,606,414	1,606,414	1,606,414	705,041	705,052
Licensed finance companies	147,396	147,396	147,396	147,396	28,426	28,426
Total	1,753,810	1,753,810	1,753,810	1,753,810	733,467	733,478

30.9.1.b Debentures

As at 31 December	Issue Rating	Maturity Date	Interest Rate %	No. of Debentures	2025 Group Carrying value Rs. '000	2025 Group Fair value Rs. '000	2025 Company Carrying value Rs. '000	2025 Company Fair value Rs. '000	2024 Company Carrying value Rs. '000	2024 Company Fair value Rs. '000
Banks										
Commercial Bank of Ceylon PLC	A	22-Jul-28	12.50	1,267,000	133,704	133,729	133,704	133,729	133,698	133,729
Commercial Bank of Ceylon PLC	A	11-Dec-29	27.00	88,600	8,984	12,801	8,984	12,801	8,984	13,952
Commercial Bank of Ceylon PLC	A	19-Dec-28	15.00	216,400	21,739	21,745	21,739	21,745	21,738	21,747
Commercial Bank of Ceylon PLC	A	9-Jul-29	13.00	661,900	70,183	72,322	70,183	72,322	70,157	70,316
Commercial Bank of Ceylon PLC	A	11-Aug-32	11.15	1,626,100	169,387	169,663	169,387	169,663	-	-
DFCC Bank PLC	BBB	29-Mar-25	13.00	2,000,000	-	-	-	-	219,436	219,732
DFCC Bank PLC	BBB	23-Oct-25	9.00	5,500,000	-	-	-	-	559,023	559,357
DFCC Bank PLC	A	28-Mar-29	13.90	1,564,100	172,707	157,328	172,707	157,328	172,702	157,328
DFCC Bank PLC	BBB+	24-Sep-27	12.00	344,500	35,514	35,560	35,514	35,560	35,512	35,560
Hatton National Bank PLC	A	22-Sep-26	12.80	1,077,200	111,334	111,498	111,334	111,498	111,329	111,497
Hatton National Bank PLC	A	28-Jul-31	9.50	10,357,600	1,076,787	1,077,814	1,076,787	1,077,814	1,076,744	1,077,814
Hatton National Bank PLC	A	26-Aug-29	13.00	4,000,000	417,367	440,879	417,367	440,879	417,216	416,547
National Development Bank	BBB	24-Sep-25	9.50	3,000,000	-	-	-	-	307,398	307,652
National Development Bank	BBB+	1-Dec-29	13.00	4,600,000	464,629	485,810	464,629	485,810	464,464	464,918
Nations Trust Bank PLC	BBB+	23-Dec-26	12.90	1,500,000	150,398	150,424	150,398	150,424	150,393	150,424
Nations Trust Bank PLC	BBB+	9-Jul-26	9.15	2,891,600	301,555	301,845	301,555	301,845	301,542	301,846
Seylan Bank PLC	BBB	29-Mar-25	13.20	1,000,000	-	-	-	-	103,314	103,432
Seylan Bank PLC	A-	16-Jul-29	13.25	260,400	27,574	28,627	27,574	28,627	27,564	27,628
					3,161,862	3,200,045	3,161,862	3,200,045	4,181,214	4,173,479
Diversified Financials										
First Capital Holdings PLC	A+	7-Feb-26	10.59	2,188,300	239,579	242,356	239,579	242,356	243,226	242,428
First Capital Holdings PLC	A+	16-Sep-30	11.00	1,720,100	176,643	177,505	176,643	177,505	-	-
First Capital Treasuries PLC	A-	30-Jan-25	12.75	500,000	-	-	-	-	52,676	52,995
LOLC Holdings PLC	A	24-Feb-31	12.00	8,000,000	880,817	881,778	880,817	881,778	881,043	815,353
Singer Finance PLC	BBB-	25-Jun-26	11.70	2,000,000	211,735	206,932	211,735	206,932	213,079	218,655
					1,508,774	1,508,571	1,508,774	1,508,571	1,390,024	1,329,431
Food Beverage & Tobacco										
Kotagala Plantations PLC	CCC-	31-Aug-25	7.50	92,750	-	-	-	-	8,547	9,508
					-	-	-	-	8,547	9,508
Telecommunication Services										
Sri Lanka Telecom PLC	AA-	19-Apr-28	12.75	2,250,000	244,755	245,121	244,755	245,121	244,744	245,120
Sri Lanka Telecom PLC	AA-	19-Apr-28	12.75	1,603,700	164,384	164,459	164,384	164,459	164,376	164,460
					409,139	409,580	409,139	409,580	409,120	409,580
Total					5,079,775	5,118,196	5,079,775	5,118,196	5,988,905	5,921,998

30.9.1.2 Maturity analysis

The maturity analysis of financial assets measured at amortised cost is given in Note 49.4.3.1 (Table 20) on page 420.

30.9.1.1 Reclassification of financial Instruments at amortised cost

During the year, the Group has not reclassified any financial instruments from or to amortised cost.

30.9.2 Financial investments - Fair value through other comprehensive income (FVOCI)

As at 31 December	Note	2025				2024	
		Group		Company		Company	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Treasury bonds		18,021,640	18,021,640	9,878,242	9,878,242	5,959,358	5,959,358
Treasury Bills		391,214	391,214	-	-	-	-
Repo		148,418	148,418	-	-	-	-
International Sovereign Bonds	30.9.2.a	3,334,066	3,334,066	3,334,066	3,334,066	3,378,691	3,378,691
Equity securities	30.9.2.b	536,559	536,559	536,559	536,559	4,214,895	4,214,895
Total		22,431,897	22,431,897	13,748,867	13,748,867	13,552,944	13,552,944

30.9.2.a International Sovereign Bonds (ISBs)

This table presents the restructured ISB composition.

As at 31 December	Maturity Date	Face Value USD	2025				2024	
			Group		Company		Company	
			Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
ISIN								
XS2966242682 (Step-up bond)	15-Jun-38	13,941,900	2,716,960	2,716,960	2,716,960	2,716,960	2,597,627	2,597,627
XS2966242500 (PDI bond)	15-Apr-28	2,055,873	617,106	617,106	617,106	617,106	781,064	781,064
Total		15,997,773	3,334,066	3,334,066	3,334,066	3,334,066	3,378,691	3,378,691

30.9.2.b Equity securities

As at 31 December	2025								2024			
	Group				Company				Company			
	Market price	No. of Shares	Cost	Carrying value/Fair value	Market price	No. of Shares	Cost	Carrying value/Fair value	Market price	No. of Shares	Cost	Carrying value/Fair value
	Rs.		Rs. '000	Rs.'000	Rs.		Rs. '000	Rs.'000	Rs.		Rs. '000	Rs. '000
Listed												
Banks												
National Development Bank PLC		-	-	-	-	-	-	-	113.25	31,009,658	3,669,976	3,511,844
Cargills Bank PLC		-	-	-	-	-	-	-	8.50	26,600,000	369,700	226,100
		-	-	-		-	-	-		57,609,658	4,039,676	3,737,944
Diversified Financials												
Softlogic Finance PLC	5.60	15,688,030	297,498	87,853	5.60	15,688,030	297,498	87,853	5.90	15,688,030	297,498	92,559
		15,688,030	297,498	87,853		15,688,030	297,498	87,853		15,688,030	297,498	92,559
Healthcare Equipment & Services												
Asiri Hospitals Holdings PLC	30.00	14,956,877	273,127	448,706	30.00	14,956,877	273,127	448,706	25.70	14,956,877	273,127	384,392
		14,956,877	273,127	448,706		14,956,877	273,127	448,706		14,956,877	273,127	384,392
Total investments in equity securities			570,625	536,559			570,625	536,559			4,610,301	4,214,895

The above table presents the Group'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.

30.9.2.2 Derecognition of equity investments classified at FVOCI

During the year 2025, the Group conducted a strategic review of its investment portfolio. As a result of this review, management resolved to substantially reduce the Group's exposure to the banking and finance sector and to reallocate capital to its core life insurance and healthcare segments. This portfolio realignment is intended to enhance capital efficiency and support sustainable long-term growth in areas more closely aligned with the Group's strategic objectives. Accordingly, the Group divested investments in listed equity designated at FVOCI with a fair value of Rs. 4,636 Million, which were carried at a cost of Rs. 4,040 Million at the date of disposal, resulting in a derecognition gain of Rs. 596 Million and transferred cumulative gain amount Rs. 214 Million and Rs. 382 Million to retained earnings and Life Fund respectively relating to these investments (2024: Nill).

30.9.2.3 Reclassification of financial investments at FVOCI

During the financial year, the Group has not reclassified any financial instruments from or to this category.

30.9.2.4 Maturity analysis

The maturity analysis of financial investments at FVOCI is given in Note 49.4.3.1 (Table 20) on page 420.

30.9.3 Financial investments - Fair value through profit or loss (FVTPL)

As at 31 December	Note	2025				2024	
		Group		Company		Company	
		Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Treasury bonds		445,413	445,413	153,537	153,537	358,684	358,684
Repo		105,023	105,023	-	-	-	-
Unlisted perpetual debentures		719,932	719,932	719,932	719,932	722,416	722,416
Bank deposits		118,276	118,276	-	-	-	-
Commercial papers		200,658	200,658	200,658	200,658	175,755	175,755
Securitised papers		45,861	45,861	-	-	-	-
Equity Securities		626,086	626,086	-	-	-	-
Unit trusts	30.9.3.a	3,116,173	3,116,173	3,096,551	3,096,551	3,998,341	3,998,341
Total		5,377,422	5,377,422	4,170,678	4,170,678	5,255,196	5,255,196

30.9.3.a Unit trusts

As at 31 December	2025							2024			
		Group			Company			Company			
	Unit price	No. of Units	Cost	Carrying value / Fair value	No. of Units	Cost	Carrying value / Fair value	Unit price	No. of Units	Cost	Carrying value / Fair value
	Rs.		Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs.		Rs. '000	Rs. '000
Unlisted											
Capital Alliance - Investment Grade Fund	38.87	36,975,883	1,138,669	1,437,171	36,975,883	1,138,669	1,437,171	35.54	36,975,883	1,138,669	1,314,237
Capital Alliance Fixed Income Opportunities Fund	40.95	40,270,364	1,361,942	1,649,269	40,270,364	1,361,942	1,649,269	37.29	40,270,364	1,361,942	1,501,585
NDB Wealth Money Fund	37.87	267,022	10,100	10,111	267,022	10,100	10,111	35.13	22,693,262	785,227	797,294
NDB Wealth Islamic Money Plus Fund	26.02	754,107	14,831	19,622	-	-	-	-	-	-	-
First Capital Money Market Fund	-	-	-	-	-	-	-	3,281.91	117,378	378,413	385,225
Total investment			2,525,542	3,116,173		2,510,711	3,096,551			3,664,251	3,998,341

30.9.3.1 Maturity analysis

The maturity analysis of financial assets at FVTPL is given in Note 49.4.3.1 (Table 20) on page 420.

30.9.3.2 Fair value measurement

Methodologies and assumptions used to determine the fair value of the financial investments are disclosed in Note 48 on page 393 to 399 for the Financial Statements.

30.10 Movement of financial investments during the year

Group	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 2025	25,129,878	13,552,944	5,255,196	43,938,018
Additions through business combination	-	8,694,967	1,066,310	9,761,277
Purchases	41,467,371	26,774,573	2,551,512	70,793,456
Maturities	(36,256,989)	(16,583,633)	(280,081)	(53,120,703)
Disposals	(2,204,796)	(10,009,497)	(3,603,665)	(15,817,958)
ECL adjustment as per SLFRS 09	61,257	(944)	-	60,313
Foreign exchange gains / (losses)	65,916	190,829	-	256,745
Fair value gains / (losses) recorded in the Income Statement	-	-	369,709	369,709
Fair value gains / (losses) recorded in the OCI	-	(103,479)	-	(103,479)
Amortisation adjustment	890,118	(83,863)	18,441	824,696
As at 31 December 2025	29,152,755	22,431,897	5,377,422	56,962,074

Company	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 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 9	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 OCI	-	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
As at 1 January 2025	25,129,878	13,552,944	5,255,196	43,938,018
Purchases	41,467,371	5,512,172	2,351,805	49,331,348
Maturities	(36,256,989)	(435,175)	(280,081)	(36,972,245)
Disposals	(2,204,796)	(5,178,570)	(3,424,614)	(10,807,980)
ECL adjustment as per SLFRS 09	61,257	(944)	-	60,313
Foreign exchange gains / (losses)	65,916	190,829	-	256,745
Fair value gains / (losses) recorded in the Income Statement	-	-	257,167	257,167
Fair value gains / (losses) recorded in the OCI	-	164,170	-	164,170
Amortisation adjustment	890,118	(56,559)	11,205	844,764
As at 31 December 2025	29,152,755	13,748,867	4,170,678	47,072,300

30.11 Collateral for financial investments

Refer Note 49.4.2.4 on page 411 for collateral details for Repo investment held at the reporting date.

Further, refer Note 37.2 on page 379 for composition of investments supporting the Restricted Regulatory Reserve as per the direction issued by the IRCSL dated 20 March 2018.

30.12 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 48 on pages 394 to 399 of these Financial Statements.

30.13 Disclosure of financial risk

The Group's exposure to credit, currency and interest rate risks related to investments are disclosed in Note 49.4 on pages 406 to 427 of these Financial Statements.

30.14 Allowance for expected credit loss (ECL)/ impairment

As the default data set for the investment portfolio is low or near zero, the Group used external credit ratings to assess forward-looking Probability of Default (PD) in estimating Expected Credit Losses (ECL). The 12-month PD estimates were derived from the rating scales published by Fitch Ratings, Moody's Investors Service, and S&P Global Ratings, corresponding to the external ratings of the respective instruments. For the computation of forward-looking adjustments, the Group applied the Oldrich Vasicek (2007) model to derive point-in-time PDs. GDP growth rate was considered one of the key macroeconomic input factors in determining the forward-looking point-in-time PDs. The long-term issuer default rating of Sri Lanka, which is used in adjusting the sovereign PD, has been maintained at 'CCC+' by Fitch Ratings as at the reporting date.

Following the completion of the ISB restructuring during 2024, the previously outstanding ISBs were derecognised and the related impairment provisions were reversed upon recognition of the restructured instruments. Although the restructuring did not result in a further significant increase in credit risk compared to the position assessed at the date of restructuring, the Group continued to classify the USD-denominated restructured ISBs (Step-up Bond and PDI Bond) under Stage 2 during the financial years 2024 and 2025 in accordance with SLFRS 9, considering the sovereign credit risk environment and the qualitative assessment applied at the time of restructuring.

The LKR-denominated restructured treasury bonds and the USD-denominated Step-up Bond (due to its LKR settlement option) were not subject to additional ECL provisioning subsequent to restructuring, as these instruments are considered to have mitigated foreign currency and transfer risk exposure.

However, an impairment provision based on the country's sovereign credit rating has been recognised in measuring the ECL of the PDI Bond, amounting to Rs. 10.8 Million as at the reporting date.

30.14.1 Movement in the carrying values of the financial investments subject to ECL allowance during the year

As at 31 December	2025								
	Group								
	ECL								
	Gross carrying amount	As at 1 January 2025	Stage 1	Stage 2	Stage 3	Recognised in income statement	Recognised in OCI	As at 31 December 2025	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	1,753,817	11	(4)	-	-	(4)	-	7	1,753,810
Debentures	5,079,813	1,276	(1,238)	-	-	(1,238)	-	38	5,079,775
Treasury bonds	11,221,087	-	-	-	-	-	-	-	11,221,087
Commercial papers	1,573,338	200,015	-	(60,015)	-	(60,015)	-	140,000	1,433,338
Repo	9,664,745	-	-	-	-	-	-	-	9,664,745
Total amortised cost	29,292,800	201,302	(1,242)	(60,015)	-	(61,257)	-	140,045	29,152,755
Financial investment at FVOCI									
Treasury bonds	18,021,640	-	-	-	-	-	-	-	18,021,640
Treasury bills	391,214	-	-	-	-	-	-	-	391,214
Repo	148,418	-	-	-	-	-	-	-	148,418
ISB	3,334,066	-	-	944	-	944	(944)	-	3,334,066
Total FVOCI	21,895,338	-	-	944	-	944	(944)	-	21,895,338

30.14.1 Movement in the carrying values of the financial investments subject to ECL allowance during the year (Contd.)

As at 31 December	2025								
	Company								
	ECL								
	Gross carrying amount	As at 1 January 2025	Stage 1	Stage 2	Stage 3	Recognised in income statement	Recognised in OCI	As at 31 December 2025	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	1,753,817	11	(4)	-	-	(4)	-	7	1,753,810
Debentures	5,079,813	1,276	(1,238)	-	-	(1,238)	-	38	5,079,775
Treasury bonds	11,221,087	-	-	-	-	-	-	-	11,221,087
Commercial papers	1,573,338	200,015	-	(60,015)	-	(60,015)	-	140,000	1,433,338
Repo	9,664,745	-	-	-	-	-	-	-	9,664,745
Total amortised cost	29,292,800	201,302	(1,242)	(60,015)	-	(61,257)	-	140,045	29,152,755
Financial investment at FVOCI									
Treasury bonds	9,878,242	-	-	-	-	-	-	-	9,878,242
International sovereign bonds	3,334,066	-	-	944	-	944	(944)	-	3,334,066
Total FVOCI	13,212,308	-	-	944	-	944	(944)	-	13,212,308

As at 31 December	2024								
	Company								
	ECL								
	Gross carrying amount	As at 1 January 2025	Stage 1	Stage 2	Stage 3	Recognised in income statement	Recognised in OCI	As at 31 December 2025	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	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

30.14.2 Sensitivity analysis

Effect of significant changes in the gross carrying amount

The following table illustrates the impact to loss allowance due to changes in the gross carrying amounts of financial instruments.

As at 31 December 2025	Increase/ (decrease) in loss allowance			
	Group / Company			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
5 % increase in gross carrying amount	2	16,790	-	16,792
5 % decrease in gross carrying amount	(2)	(16,790)	-	(16,792)

As at 31 December 2024	Increase/ (decrease) in loss allowance			
	Company			
	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)

Refer Note 49.4.2.8 on page 417 for sensitivity of ECL to future economic conditions.

30.14.3 Reconciliation to gross carrying amounts by class of financial instrument and impairment allowances

Refer Notes 49.4.2.6 to 49.4.2.7 on pages 415 to 416 for reconciliation.

31. LOANS TO LIFE POLICYHOLDERS

Accounting Policy

31.1 General

Policyholder loans are granted up to 90% of the surrender value of a life insurance policy at a rate equivalent to the 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.

31.2 Movement of the Loans to policyholders

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Balance as at 01 January	350,134	350,134	331,301
Loans granted during the year	180,160	180,160	128,652
Repayments and cancellations during the year	(166,133)	(166,133)	(175,458)
Change in interest receivable	48,668	48,668	65,639
Balance as at 31 December	412,829	412,829	350,134

31.3 Maturity analysis

Maturity analysis of the loans to policyholders is given in Note 49.4.3.1 (Table 20) on page 420.

31.4 Collateral details

The policy loans granted to policyholders are secured by the surrender value of the respective insurance policies. As at 31 December 2025, the surrender value of such policies amounted to Rs. 544 Million (2024: Rs. 544 Million).

31.5 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 Group has the first lien on all policies which are subject to policy loans. This mitigates the Group's credit exposure on policy loans. For more information please refer risk management in Note 49.4.2.10 on page 417.

31.6 Fair value of loans to life policyholders

The fair value of the policyholder loans are equal to their carrying value as those are given at competitive market rates.

31.7 Concentration risk of loans to life policyholders

There is a lower concentration of credit risk with respect to policyholders as the Group has a large number of dispersed receivables. Refer Note 49.3.2 on page 402 for risk management related disclosures.

31.8 Number of policy loans

Number of policy loans due as at 31 December 2025 was 1,725 (2024 - 1,639).

31.9 Impairment of loans to life policyholders

Policyholder loans are reviewed for impairment at each reporting date. The Board of Directors has assessed potential impairment loss as at 31 December 2025. 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.

32. REINSURANCE RECEIVABLES

Accounting Policy

32.1 General

The Group 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 Group 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.

32.1.1 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.

32.2 Breakup of the reinsurance receivables

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Reinsurance receivables on settled claims (Note 32.2.1)	377,300	334,844	341,076
Reinsurance receivables on outstanding claims	147,633	147,633	177,240
Total Reinsurance Receivables	524,933	482,477	518,316

32.2.1 Age analysis of the reinsurance receivables on settled claims

For the year ended 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Up to 180 days	345,033	302,577	308,509
More than 180 days	32,267	32,267	32,567
Total	377,300	334,844	341,076

32.2.2 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.

32.3 Collateral for reinsurance receivables

The Group does not hold any collateral as security against potential default by reinsurance counterparties.

32.4 Impairment of reinsurance receivables

The Board of Directors has assessed potential impairment loss of reinsurance receivables as at 31 December 2025. 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.

32.5 Fair value of reinsurance receivables

The carrying value of reinsurance receivables approximates the fair value as at the reporting date.

32.6 Reinsurance receivables overdue but not subject to impairment (on paid claims)

As at 31 December 2025, there was no impairment provision on reinsurance receivable over 180 days due (2024 - Nil), since these relate to parties where there were no recent history of default.

32.7 Risk management practices

Risk management practices on reinsurance receivables are discussed under Note 49.4.2.11 on page 418.

33. PREMIUM RECEIVABLES

Accounting Policy

33.1 General

Premium receivable are recognised when due and measured on initial recognition at the fair value of the consideration receivable. The carrying value of premium receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Impairment losses on premium 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.

33.1.1 Impairment of premium receivables

Impairment losses on premium receivables are calculated based on the simplified model in line with SLFRS 9 and recognised in the Income Statement.

33.2 Analysis on the premium receivables

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Individual debtors	463,141	463,141	411,811
Institutional debtors	1,609,792	1,536,956	2,560,395
Gross premium receivables (Note 33.2.1)	2,072,933	2,000,097	2,972,206
Impairment provision (Note 33.3)	(81,109)	(81,109)	(67,693)
Total Premium Receivables	1,991,824	1,918,988	2,904,513

33.2.1 Age analysis of premium receivables

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Less than 30 days	1,688,674	1,623,115	2,503,521
30 - 60 days	209,945	208,190	173,877
60 - 90 days	133,301	130,413	145,906
90 - 365 days	41,013	38,379	148,902
Over 365 days	-	-	-
Total	2,072,933	2,000,097	2,972,206

33.3 Impairment of premium receivables

The Board of Directors has assessed potential impairment loss of premium receivables of the Group as at 31 December 2025. Based on the assessment, the details of the impairment are stated below.

The Group has recognised impairment provision against total premium receivables outstanding for more than 365 days.

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Balance as at 1 January	67,693	67,693	78,459
Provision/ (reversal) during the year	13,416	13,416	(10,766)
Balance as at 31 December	81,109	81,109	67,693

33.4 Collateral for premiums receivables

The Group does not hold any collateral as security against potential default by the policyholders.

33.5 Fair value of premiums receivables

The carrying value disclosed above approximates the fair value as at the reporting date.

33.6 Risk management initiatives relating to premium receivables

Risk management practices on premium receivables are discussed under Note 49.4.2.12 on page 419.

34. RECEIVABLES AND OTHER ASSETS

Accounting Policy

34.1 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.

34.2 Other receivables and other assets

All other receivables and other assets excluding inventories are recognised at cost less accumulated impairment losses.

34.3 Analysis of receivables and other assets

For the year ended December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Financial assets			
Refundable deposits	120,335	89,925	87,772
Total financial assets	120,335	89,925	87,772
Non financial assets			
Inventories	15,910	15,910	13,728
Tax recoverable - WHT receivables	80,670	80,670	22,778
Advances and prepayments	1,114,794	1,217,714	965,924
Others*	791,341	789,383	568,098
Total non financial assets	2,002,715	2,103,677	1,570,528
Total receivables and other assets	2,123,050	2,193,602	1,658,300

*Others include the interest receivable on financial investments.

34.4 Maturity analysis

Refer Note 49.4.3.1 (Table 20) on page 420 for maturity analysis of other financial assets.

34.5 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.

34.6 Loans granted to directors

No loans have been granted to the Directors of the Group.

34.7 Security for liabilities

None of the inventories have been pledged as securities for liabilities as at the reporting date (2024 - Nil).

34.8 Impairment of receivables and other assets

The Board of Directors has assessed potential impairment loss of receivables and other assets as at 31 December 2025. 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 (2024-Nil).

35. CASH AND CASH EQUIVALENTS

Accounting Policy

35.1 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.

35.2 Analysis of cash and cash equivalents

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Cash in hand	363,700	9,355	8,700
Cash at bank	2,736,138	2,708,450	1,860,952
Total cash and cash equivalents	3,099,838	2,717,805	1,869,652

35.3 Cash and cash equivalents in the Statement of Cash Flows

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Cash in hand and at bank (Note 35.2)	3,099,838	2,717,805	1,869,652
Bank overdrafts used for cash management purposes	(387,288)	(387,288)	(368,315)
Cash and cash equivalents in the Statement of Cash Flows	2,712,550	2,330,517	1,501,337

35.4 Fair value of cash and cash equivalents

The carrying amounts disclosed above reasonably approximates to fair value at the reporting date.

35.5 Risk management initiatives relating to cash and cash equivalents

Refer Note 49.4.2.14 on page 419 for risk management initiatives relating to cash and cash equivalents.

35.6 Unutilised bank facilities

Refer Note 49.4.3.3 on page 422 for unutilised bank facilities that are available as at the reporting date. There are no restrictions on the use of these facilities.

35.7 Non-cash investing and financing activities

During the year, the Group has entered into new leases of Rs. 639 Million (2024 - Rs. 955 Million).

35.8 Impact on cash & cash equivalents through business acquisition

Refer Note 26.11 on page 349.

36. STATED CAPITAL

Accounting Policy

36.1 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.

36.2 Rights of ordinary shareholders

The shares of Softlogic Life Insurance PLC are quoted on 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.

36.3 Movements in ordinary voting shares

	Note	No. of Shares	Amount Rs. '000
Fully paid ordinary shares			
As at 1 January 2024		375,000,000	1,062,500
Share issue / (Repurchase)	36.4	(58,593,750)	-
Own shares acquired in the year		-	-
As at 31 December 2024		316,406,250	1,062,500
Share issue / (Repurchase)		-	-
Own shares acquired during the year		-	-
As at 31 December 2025		316,406,250	1,062,500

36.4 Share Repurchase

As approved by the Board of Directors and shareholders at the Extraordinary General Meeting held on 17 July 2024, the Company completed a share repurchase programme on 20 September 2024, repurchasing 58,593,750 ordinary shares at Rs. 102.40 per share for a total consideration of Rs. 6,000 Million. Consequently, the number of issued shares reduced from 375,000,000 to 316,406,250. The transaction was undertaken to optimise the Company's capital structure while maintaining regulatory compliance, and was accounted for in accordance with LKAS 1 Presentation of Financial Statements and LKAS 33 Earnings per Share, with the impact on earnings per share disclosed in Note 23.2 on page 345.

37. RESTRICTED REGULATORY RESERVE

37.1 Nature and purpose of reserve

The Insurance Regulatory Commission of Sri Lanka (IRCSL) issued Direction No. 16 dated 20 March 2018 titled "Directions on the Identification and Treatment of One-off Surplus", which prescribes the methodology for determining and transferring the one-off surplus arising from the change in valuation of long-term insurance liabilities from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV). The one-off surplus was computed in accordance with the basis set out in the Direction and is equal to the minimum surplus determined in line with the recommendations specified therein, and the basis of computation is common to both participating and non-participating businesses.

In accordance with Direction No. 16, only the one-off surplus attributable to the Non-Participating Policyholder Fund is permitted to be transferred to the Shareholder Fund, whereas the one-off surplus attributable to the Participating Business is required to be retained within the Participating Fund as part of the unallocated valuation surplus. The Company and its subsidiary obtained approval from the IRCSL to transfer the eligible one-off surplus from the Non-Participating Policyholder Fund to the respective Shareholder Funds, and such amounts have been recognised as separate components of equity under "Restricted Regulatory Reserve" in the Statements of Financial Position.

The distribution of the one-off surplus held within the Shareholder Funds as dividends is subject to the governance and solvency requirements stipulated by the IRCSL and may only be made upon obtaining prior regulatory approval. The one-off surplus relating to the Participating Business shall be maintained within the Participating Fund and may only be transferred to shareholders through the declaration of bonuses to policyholders in accordance with Section 38 of the Regulation of Insurance Industry Act, No. 43 of 2000. The assets held to support the Restricted Regulatory Reserve, representing the one-off surplus attributable to the Non-Participating Business, are maintained in accordance with the requirements of Direction No. 16, and the composition and market value of such assets as at the reporting date are disclosed in the Note 37.2 to the Financial Statements.

37.2 Composition of investments supporting the restricted regulatory reserve

As per IRCSL Direction 16, following the transfer of the one-off surplus to the Shareholder Fund, the Shareholder Fund is required to maintain investments in government debt securities and deposits sufficient to fully support the amount of the one-off surplus at any given time. Accordingly, the Group has allocated adequate assets to support the restricted reserve as at 31 December 2025, as follows:

Asset Category	ISIN No	Group		Company	
		As at 31 December 2025		As at 31 December 2025	
		Face Value Rs.	Market Value Rs. ' 000	Face Value Rs.	Market Value Rs. ' 000
Government securities					
Treasury bonds	LKJ01236C152	240,920,679	190,093	240,920,679	190,093
	LKJ01337I155	240,920,679	186,343	240,920,679	186,343
	LKJ01438I151	240,920,679	184,209	240,920,679	184,209
	LKJ01539I156	240,920,679	182,327	240,920,679	182,327
	LKJ01640I152	240,920,679	180,668	240,920,679	180,668
	LKB01032G014	25,000,000	36,119	-	-
	LKB01534I155	275,000,000	276,289	-	-
	LKB02032J017	9,000,000	8,615	-	-
	LKB02033K013	397,000,000	369,649	-	-
Repo	LKB00528L152	22,663,000	21,608	-	-
	LKB00529L150	52,932,000	50,000	-	-
Total Market Value of the Assets		1,986,198,395	1,685,920	1,204,603,395	923,640
Restricted Regulatory Reserves		-	1,515,796	-	798,004
Excess assets			170,124		125,636

37.3 Distribution of one-off surplus

The distribution of one-off surplus to shareholders as dividends shall remain restricted until the Group 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 the 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 Group 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.

38. OTHER RESERVES

38.1 Composition of the other reserves

For the year ended 31 December	Note	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Fair value reserve	38.2	(1,041,256)	(773,608)	(937,778)
Revaluation reserve	38.3	221,107	221,107	173,516
Total other reserves		(820,149)	(552,501)	(764,262)

38.2 Fair value reserve

38.2.1 Nature and purpose of fair value reserve

The Group has adopted SLFRS 9 Financial Instruments for the current reporting period and the Company has already adopted the said SLFRS with effect from 01 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 01 January 2019 and cumulative net change in fair value of financial assets measured at FVOCI until such investments are derecognised or impaired.

38.2.2 Movement of the FVOCI reserve

As at 31 December	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Balance as at 1 January	(937,778)	(937,778)	(2,318,408)
Net fair value gains / (losses) on remeasuring financial assets at FVOCI;			
Equity instruments	957,345	957,345	1,496,646
Debt instruments	(702,503)	(197,170)	(116,248)
Reclassification from OCI to income statement - Debt instruments	237,685	-	232
Reclassification of realised gain from fair value reserve to retained earnings / life fund - Equity instruments	(596,005)	(596,005)	-
Balance as at 31 December	(1,041,256)	(773,608)	(937,778)

38.2.3 Asset wise breakdown of the FVOCI reserve

As at 31 December	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Treasury bonds	(822,726)	(555,047)	(615,847)
Treasury bills	31	-	-
International sovereign bonds	(184,495)	(184,495)	73,475
Equity investments	(34,066)	(34,066)	(395,406)
Total	(1,041,256)	(773,608)	(937,778)

38.3 Revaluation reserve

Accounting Policy

38.3.1 General

The revaluation reserve relates to revaluation of freehold land and buildings. It represents the fair value changes of the land and buildings as at the date of revaluation.

38.3.2 Movement of the revaluation reserve

For the year ended 31 December	Note	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Balance as at 1 January		173,516	173,516	173,516
Gain on revaluation of land and building	27.25	47,591	47,591	-
Balance as at 31 December		221,107	221,107	173,516

38.3.3 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.

39. RETAINED EARNINGS

39.1 Movement of the retained earnings

As at 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Balance as at 1 January		9,258,312	9,258,312	13,617,734
Realised gain on equity instruments directly recognised in equity	38.2.2	214,392	214,392	-
Profit for the year	23.2	4,680,299	4,003,478	4,521,797
Defined benefit plan actuarial gain / (losses)	41.9	(101,911)	(97,694)	(51,141)
Dividend paid	24.3	(1,423,828)	(1,423,828)	(2,830,078)
Transfer to restricted regulatory reserve	37.2	(717,792)	-	-
Repurchase of shares	36.4	-	-	(6,000,000)
Balance as at 31 December		11,909,472	11,954,660	9,258,312

40. INSURANCE CONTRACT LIABILITIES

Accounting Policy

40.1 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:

Accounting Policy

- 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.

40.2 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.

40.2.1 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 Group, fund, or other issuing entity.

40. INSURANCE CONTRACT LIABILITIES (CONTD.)

Accounting Policy

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 Group 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 Group, 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.

40.3 Accounting judgements

40.3.1 Product classification

40.3.1.1 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 Group issues and reinsurance contracts that the Group holds.

40.3.1.2 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.

40.4 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 2025.

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).

40.4.1 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

Details of product category	Basis of determinants of policy liability	Basis of calculating net cash flows
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

40.5 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 40.5.1.
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 2025.
	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 2025, based on the Group 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.

40.5.1 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 the 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.

The discount rates applied in measuring insurance contract liabilities are based on the Alternate Discount Rate methodology and range from 10.5% to 13.8% per annum across the relevant durations at the reporting date.

40.5.1.1 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.

40.5.1.2 Assumptions and bases of estimation used in arriving at 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.
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.

40.6 Financial reinsurance arrangement

40.6.1 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.

40.6.2 Subsequent amortisation

Initially the Group 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.

40.7 Valuation of life insurance fund

Long duration contract liabilities included in the life insurance fund of the Company, 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 2025.

The valuation of the life insurance fund of the Subsidiary was carried out by the Appointed Actuary, Mr. Sanyam Jain , FIA, FIAI, of Messrs .Willis Towers Watson India Private Limited.

40.8 Insurance contract liabilities in the Financial Statements

For the year ended 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Life insurance fund		45,175,657	35,955,425	31,233,665
Surplus created due to change in valuation method from NPV to GPV	40.16.2	338,743	1,056,535	1,056,535
Life fund with one-off surplus	40.8.1	45,514,400	37,011,960	32,290,200
Claims payables	40.17	1,097,047	1,028,336	1,000,078
Total insurance contract liabilities		46,611,447	38,040,296	33,290,278

40.8.1 Details of policy liabilities for the participating and non-participating funds

As at 31 December	2025						2024		
	Group			Company			Company		
	Participating Rs. '000	Non-participating Rs. '000	Total Rs. '000	Participating Rs. '000	Non-participating Rs. '000	Total Rs. '000	Participating Rs. '000	Non-participating Rs. '000	Total Rs. '000
Policy liabilities	14,612,924	29,844,941	44,457,865	14,612,924	21,342,501	35,955,425	12,405,995	18,827,670	31,233,665
One-off surplus	1,056,535	-	1,056,535	1,056,535	-	1,056,535	1,056,535	-	1,056,535
Total policy liabilities	15,669,459	29,844,941	45,514,400	15,669,459	21,342,501	37,011,960	13,462,530	18,827,670	32,290,200

40.8.2 Movement in life insurance fund

As at 31 December	Note	2025						2024		
		Group			Company			Company		
		Insurance contract liabilities (Gross) Rs. '000	Reinsurance Rs. '000	Net Rs. '000	Insurance contract liabilities (Gross) Rs. '000	Reinsurance Rs. '000	Net Rs. '000	Insurance contract liabilities (Gross) Rs. '000	Reinsurance Rs. '000	Net Rs. '000
As at 1 January		39,752,640	(7,462,440)	32,290,200	39,752,640	(7,462,440)	32,290,200	33,257,424	(6,055,556)	27,201,868
Premiums received	6.2	40,075,495	(2,737,584)	37,337,911	38,331,485	(2,719,952)	35,611,533	31,573,467	(2,509,698)	29,063,769
Acquisition of subsidiary		8,766,831	-	8,766,831	-	-	-	-	-	-
Liabilities released for payments on death, surrender and other terminations in the year	15.3	(20,012,539)	694,272	(19,318,267)	(19,090,279)	694,272	(18,396,007)	(14,993,591)	743,878	(14,249,713)
Net finance and other income		6,139,741	-	6,139,741	5,193,352	-	5,193,352	7,143,166	-	7,143,166
Net acquisition and other expenses		(15,056,326)	451,796	(14,604,530)	(13,915,727)	451,796	(13,463,931)	(12,758,691)	358,936	(12,399,755)
Surplus distributed to shareholders	40.12	(5,262,299)	-	(5,262,299)	(4,388,000)	-	(4,388,000)	(4,287,000)	-	(4,287,000)
Change in contract liabilities life fund	15.3	5,884,072	(1,591,516)	4,292,556	6,130,831	(1,573,884)	4,556,947	6,677,624	(1,406,884)	5,270,740
Tax on policyholder bonus and others		164,814	-	164,814	164,814	-	164,814	(182,135)	-	(182,135)
Balance as at 31 December		54,568,357	(9,053,956)	45,514,400	46,048,285	(9,036,324)	37,011,960	39,752,640	(7,462,440)	32,290,200

40.9 Analysis of the expected maturity profile of reserves for insurance contracts, net of reinsurance

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
< 1 year	2,116,928	1,443,960	1,517,706
1 to 3 years	4,382,263	3,320,796	2,731,507
> 3 years	28,181,507	21,294,367	16,323,458
Total	34,680,698	26,059,123	20,572,671

40.10 Impact of uncertain macro economic conditions

Refer risk management report on pages 103 and 110 for more details on the risk and risk management initiatives on uncertain macro economic conditions

40.11 Sensitivity analysis

Sensitivity analysis of life insurance fund is provided in Note 49.3.1 on page 401.

40.12 Recommendation of surplus transfer

The valuation of life insurance fund of the Company and the Subsidiary as at 31 December 2025 was made by the appointed actuaries Mr. Kunj Behari Maheshwari, FIA, FIAI and Mr. Sanyam Jain, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited respectively. Based on the recommendations, the Group transferred surplus from the policyholders' fund to the shareholders' fund as follows. Refer point (e) of the Actuary's report provided on page 308.

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Participating life insurance fund to the shareholders' fund	-	-	-
Non-participating life insurance fund to shareholders' fund	5,222,299	4,388,000	4,287,000
Total	5,222,299	4,388,000	4,287,000

Subsequent to the transfer of the surplus by the Group amounting to Rs. 5,222 Million including Rs. 4,388 Million for the Company (2024 - Rs. 4,287 Million), life fund of the Group and Company stands at Rs. 45,514 Million and Rs. 37,012 Million respectively as at 31 December 2025 (2024 - Rs. 32,290 Million). This includes the liability in respect of bonuses and dividends declared up to and including for the year 2025 as well as surplus created due to change in valuation method of policy liabilities from NPV to GPV in the participating fund.

40.13 Surplus created due to change in valuation method - one off surplus - non participating fund

Please refer disclosure note in Note 37 on Restricted Regulatory Reserve.

40.14 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 343.

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. 722 Million (2024 - Rs. 607 Million). Please refer point (f) of the Actuary's report provided on page 308 for the year 2025 to life insurance policyholders who participate in the profit of life insurance business. Accordingly, the Company has adjusted the tax liability into the life insurance fund.

40.15 Solvency margin

The Company maintains a Capital Adequacy Ratio (CAR) 245% while the subsidiary maintains a CAR 161% on regulatory basis and Total Available Capital (TAC) of Rs. 32,425 Million of the Company and Rs. 1,547 Million of the subsidiary as at 31 December 2025, which exceeds the minimum requirement of 120% and Rs. 500 Million respectively. It complies 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.

40.16 Liability Adequacy Test (LAT)

Accounting Policy

40.16.1 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.

40.16.2 Valuation

A Liability Adequacy Test (LAT) in respect of the life insurance contract liabilities of the Company was carried out as at 31 December 2025 by the Appointed Actuary, Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited.

The corresponding test for the Subsidiary was performed by the Appointed Actuary, Mr. Sanyam Jain, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited.

In performing the LAT, the Group assessed the adequacy of the carrying amount of its insurance contract liabilities by estimating the present value of future contractual cash flows and comparing this amount with the related carrying value of the liabilities as at the reporting date.

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 2025.

No additional provision was required against the LAT as at 31 December 2025.

Details of the LAT report of the Company are provided on page 309.

40.17 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 transfers of any unclaimed benefits from the policyholder fund to shareholder fund during the period ended 31 December 2025 (31 December 2024 - Nil) are as follows:

As at 31 December	2025		2024
	Group	Company	Company
	carrying value	carrying value	fair value
	Rs. '000	Rs. '000	Rs. '000
Unclaimed benefits	152,483	152,483	106,093
Other claim payables	944,564	875,853	893,985
Total	1,097,047	1,028,336	1,000,078

41. EMPLOYEE BENEFIT LIABILITIES

41.1 Defined contribution plans - Provision for employee benefit liabilities

Accounting Policy

41.1.1 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.

41.2 Contributions to EPF and ETF

For the year ended 31 December	2025		2024
	Group	Company	Company
	Rs. '000	Rs. '000	Rs. '000
Employer's contribution (12%)	177,689	161,853	136,837
Employees' contribution (8%)	118,460	107,902	91,225
Employees' trust fund Employer's contribution (3%)	44,404	40,445	34,209

41.3 Defined benefit plans - Provision for employee benefit liabilities

Accounting Policy

41.3.1 General

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group'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.

Accounting Policy

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.

41.3.2 Recognition of actuarial gain / (losses), current services cost and interest cost

The Group 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 Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

41.4 Valuation of employee benefit liabilities

The actuarial valuation involves making assumptions. Further, the Group 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.

41.5 Risks exposed by the defined benefit plans

Assumption	Basis of estimation
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 2025 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'.

41.6 Actuarial assumptions and criteria for the valuation of retirement gratuity

As at 31 December	Criteria	2025		2024	Description
		Group	Company	Company	
Demographic assumptions	Mortality - In service	1967/70	1967/70	1967/70	1967/70 Mortality table issued by the Institute of Actuaries, London.
	Staff turnover	5%-20%	20%	22%	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	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%-10.5%	9.00%	9.00%	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%	10%	In respect of active employees.

41.7 Analysis of the employee benefit liabilities

As at 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Present value of unfunded obligation		580,331	580,331	372,315
Acquisition through business combination		2,643	-	-
Defined benefit obligations as at 1 January		409,624	372,315	276,302
Expenses recognised in income statement	41.8	97,397	95,756	72,318
Actuarial (gain) / losses recognised in statement of profit or loss and other comprehensive income	41.9	101,911	97,694	51,141
Transfers from/ (to) related companies		-	22,002	-
Other				
Gratuity payments during the year		(25,958)	(7,436)	(27,446)
Defined benefit obligations as at 31 December		582,974	580,331	372,315

41.8 Expenses recognised in the Income Statement

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Interest cost	33,508	33,508	37,301
Current service costs	63,889	62,248	35,017
Total expenses recognised in income statement	97,397	95,756	72,318

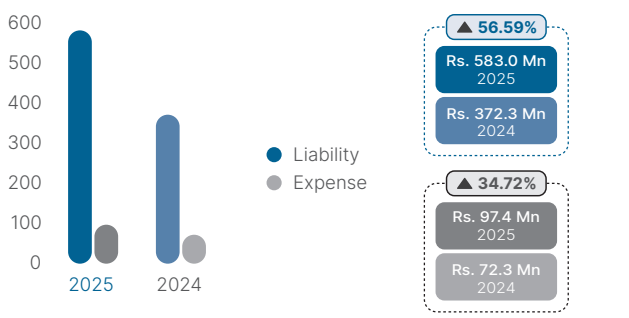
41.9 Actuarial (gain) / losses recognised in statement of profit or loss and other comprehensive income

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Actuarial (gain) / loss arising from;			
Change in demographic assumptions	2,666	2,709	2,345
Change in financial assumptions	1,087	-	51,403
Change in experience adjustment	98,158	94,985	(2,607)
Total	101,911	97,694	51,141

41.10 Maturity analysis of the payments

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Within next 12 months	152,524	152,449	85,097
Between 1 to 2 years	137,350	137,311	113,049
Between 2 to 5 years	143,282	142,959	80,493
Between 5 to 10 years	103,658	102,625	70,482
Beyond 10 years	45,960	44,987	23,194
Total expected payments	582,974	580,331	372,315
Weighted average duration of defined benefit obligation	4.2 years	4.2 years	3.93 years

EMPLOYEE BENEFIT LIABILITY



41.11 Expected contributions to defined contribution and defined benefit plans

For the year ended 31 December	2026	
	Group Rs. '000	Company Rs. '000
Employees' provident fund		
Employer's contribution (12%)	237,657	207,315
Employees' contribution (8%)	158,438	138,210
Employees' trust fund		
Employer's contribution (3%)	59,414	51,829
Defined benefit plans	83,692	73,157

41.12 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	2025				2024	
	Group		Company		Company	
	Effect on defined benefit liability Rs. '000	Estimated defined benefit liability Rs. '000	Effect on defined benefit liability Rs. '000	Estimated defined benefit liability Rs. '000	Effect on defined benefit liability Rs. '000	Estimated defined benefit liability Rs. '000
Discount rate						
1% increase in discount rate	(24,109)	558,866	(21,713)	558,618	(12,968)	359,347
1% decrease in discount rate	26,568	609,543	23,636	603,967	14,046	386,361
Salary increment rate						
1% increase in salary increment rate	28,883	611,858	25,942	606,273	15,540	387,855
1% decrease in salary increment rate	(26,660)	556,314	(24,277)	556,054	(14,616)	357,699

41.12.1 Methods and assumptions used in preparing the sensitivity analysis

The above sensitivity analysis is 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 Group has used "Projected Unit Credit method (PUC)" when calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions as at 31 December 2025.

The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared to the prior period.

41.13 Employee benefits for key management personnel

Employee benefits of key management personnel are disclosed in Note 51.6 on page 433.

42. LOANS AND BORROWINGS

Accounting Policy

42.1 General

Refer Note 46 on page 392 for the accounting policy.

42.2 Nature and purpose of the transaction

The Company entered into a USD 15 Million Tier II subordinated debt facility with Finnfund and Norfund on 24 August 2020 to support the Company's future business development. The loan was fully settled during the year.

42.3 Tier II capital securities

Tier II capital securities are subordinated instruments that may be perpetual or dated and carry mandatory coupon payments. Under the applicable Risk-Based Capital (RBC) rules, the Company's subordinated debt qualifies as Tier II capital and is included in the Company's regulatory capital base.

42.4 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 the assets have been pledged as securities for these liabilities
Interest payable frequency	Biannually
Allotment date	2-Oct-20
Maturity Date	2-Oct-25

42.5 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 year ended 31 December 2025 (2024 - Nil).

42.6 Movement of the loan during the year

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Balance as at 01 January	3,016,443	3,016,443	5,014,997
Cash movement			
Capital repayments	(3,017,625)	(3,017,625)	(1,454,000)
Interest payments	(369,895)	(369,895)	(621,210)
Non cash movement			
Interest expenses	269,537	269,537	579,243
Exchange rate adjustments	101,540	101,540	(502,587)
Balance as at 31 December (Note 42.6.1)	-	-	3,016,443

42.6.1 Analysis of the repayable period

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Repayable within one year	-	-	3,016,443
Repayable after one year	-	-	-
Total	-	-	3,016,443

42.7 Maturity analysis

The maturity analysis of loans and borrowings for the comparative year is given in Note 49.4.3.1 (Table 20) on pages 420.

43. REINSURANCE PAYABLE

Accounting Policy

43.1 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 another party.

43.2 Movement of the reinsurance payable

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
As at 1 January	754,059	754,059	718,855
Acquisition through business combination	232,693	-	-
Arose during the year	2,737,584	2,719,952	2,509,698
Utilised during the year	(3,003,222)	(2,805,585)	(2,474,494)
Balance as at 31 December	721,114	668,426	754,059

44. INCOME TAX LIABILITIES

Accounting Policy

Refer Note 22 for details of the income tax expense giving rise to the income tax liability recognised in the Financial Statements.

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Income tax payable	1,235,630	1,235,630	979,770
	1,235,630	1,235,630	979,770

45. OTHER LIABILITIES

Accounting Policy

45.1 Financial liabilities

Refer Note 46 for accounting policy relating to financial liabilities.

45.2 Other liabilities

Other liabilities include accruals and advances. These liabilities are recorded at the amounts that are expected to be paid.

45.3 Analysis of the financial and non-financial liabilities

For the year ended 31 December	Note	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Financial liabilities				
Commission / Incentive payable	45.4.1	1,281,137	1,241,869	1,024,457
Premium deposits		722,479	440,327	363,778
Amounts due to related parties	45.4.2	15,062	15,062	21,836
Other payables		1,518,345	1,242,356	1,364,683
Lease liabilities	45.4.3	1,524,160	1,361,538	1,190,336
Total financial liabilities		5,061,183	4,301,152	3,965,090
Non financial liabilities				
Accruals		123,279	123,277	156,806
Tax and other statutory payables	45.5.1	194,575	187,890	336,518
Total non financial liabilities		317,854	311,167	493,324
Total other liabilities		5,379,037	4,612,319	4,458,414

45.4 Financial liabilities

45.4.1 Commission / Incentive payable

Movement of the provision during the year is stated below:

As at 31 December	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
As at 01 January	1,024,457	1,024,457	923,022
Acquisition through business combination	37,608	-	-
Provision made during the year	9,323,822	9,089,624	2,115,879
Payments made during the year	(9,104,750)	(8,872,213)	(2,014,444)
Balance as at 31 December	1,281,137	1,241,869	1,024,457

45.4.2 Amounts due to related companies

Amounts due to related companies represent fund management fees and rent payable to group companies as follows.

For the year ended 31 December	Note	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Softlogic Asset Management (Pvt) Ltd	51.11.1.2	15,062	15,062	21,836
Total		15,062	15,062	21,836

45.4.3 Lease liabilities

Accounting Policy

Please refer Note 28 for accounting policy relating to leases under SLFRS 16.

45.4.3.1 Analysis of the lease liabilities

As at 31 December	2025 Group Leasehold properties Rs. '000	2025 Group Motor Vehicles Rs. '000	2025 Group Total Rs. '000	2025 Company Leasehold properties Rs. '000	2025 Company Motor Vehicles Rs. '000	2025 Company Total Rs. '000	2024 Company Leasehold properties Rs. '000	2024 Company Motor Vehicles Rs. '000	2024 Company Total Rs. '000
Lease liabilities as at 1 January	1,190,336	-	1,190,336	1,190,336	-	1,190,336	603,297	3,222	606,519
Acquisition through business combinations	23,629	-	23,629	-	-	-	-	-	-
Recognition of new lease agreement during the period*	609,211	-	609,211	444,422	-	444,422	885,482	-	885,482
Interest expenses	159,604	-	159,604	152,211	-	152,211	112,716	91	112,807
Payment of lease liabilities	(446,561)	-	(446,561)	(413,372)	-	(413,372)	(411,159)	(3,313)	(414,472)
Modification	-	-	-	-	-	-	-	-	-
Derecognition	(12,059)	-	(12,059)	(12,059)	-	(12,059)	-	-	-
Cumulative lease liabilities as at 31 December	1,524,160	-	1,524,160	1,361,538	-	1,361,538	1,190,336	-	1,190,336

*Rent prepayments have been recognised as right-of-use (RoU) assets and therefore additions to lease liabilities are not equivalent to newly recognised RoU assets.

45.4.3.2 Maturity analysis – Contractual undiscounted cash flows

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Less than one year	537,669	472,468	341,347
Between one and five years	1,229,854	1,111,536	1,145,400
More than five years	-	-	-
Total undiscounted lease liabilities as at 31 December	1,767,523	1,584,004	1,486,747
Lease liabilities included in the Statement of Financial Position as at 31 December	1,524,159	1,361,538	1,190,336
Undiscounted cash flows			
Current	537,669	472,468	341,347
Non current	1,229,854	1,111,536	1,145,400
Total	1,767,523	1,584,004	1,486,747

45.4.3.3 Maturity Analysis – Discounted cash flows

Refer Note 49.4.3.1 on (Table 20) page 420.

45.4.3.4 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 Group as at the end of the year assuming all other variables remain constant.

As at 31 December	2025				2024	
	Group		Company		Company	
	Effect on Profit Before Tax Rs. '000	Estimated lease liabilities Rs. '000	Effect on Profit Before Tax Rs. '000	Estimated lease liabilities Rs. '000	Estimated lease liabilities Rs. '000	Estimated lease liabilities Rs. '000
1% increase in discount rate	(22,500)	1,505,018	(20,100)	1,344,439	(14,949)	1,175,387
1% decrease in discount rate	22,500	1,601,503	20,100	1,430,630	15,403	1,250,740

45.4.4 Maturity Analysis

Maturity schedules of other financial liabilities are disclosed in Note 49.4.3.1 (Table 20) on page 420.

45.5 Non-financial liabilities

45.5.1 Tax and other statutory payables

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Stamp duty	2,154	2,041	1,517
Crop insurance levy	17,287	17,287	10,712
EPF / ETF payable	36,377	34,017	22,362
CESS payable	21,373	19,605	18,324
PAYE tax payable	91,363	90,354	70,216
WHT Payable	24,171	22,736	212,143
Other	1,850	1,850	1,244
Total	194,575	187,890	336,518

46. FINANCIAL LIABILITIES

Accounting Policy

46.1 Initial recognition and measurement

Financial liabilities are initially recognised, when the Group 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.

46.2 Classification

The Group classifies financial liabilities (excluding financial guarantees and loan commitments) into two categories:

- Financial liabilities at fair value through profit or loss (FVTPL) – either held for trading or designated at FVTPL.
- Financial liabilities measured at amortised cost.

46.3 Subsequent measurement

Subsequent measurement of financial liabilities depends on their respective classification as stated in Note 46.2.

Accounting Policy

46.3.1 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.

46.3.2 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 fees 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.

46.4 Reclassification of financial liabilities

Financial liabilities are not reclassified since reclassifications are not permitted by SLFRS 9.

46.5 Derecognition of financial liabilities

The Group derecognises a financial liability, when its contractual obligations are discharged, cancelled or expired.

46.6 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.

46.7 Financial liabilities by categories

As at 31 December	Note	2025				2024	
		Group		Company		Company	
		Amortised cost		Amortised cost		Amortised cost	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loans and borrowings	46.6	-	-	-	-	3,016,443	3,016,443
Reinsurance payable	43.2	721,114	721,114	668,426	668,426	754,059	754,059
Bank overdraft	35.3	387,288	387,288	387,288	387,288	368,315	368,315
Other liabilities	45.3	5,061,183	5,061,183	4,301,152	4,301,152	3,965,090	3,965,090
Total financial liabilities		6,169,585	6,169,585	5,356,866	5,356,866	8,103,907	8,103,907

The Group does not have financial liabilities classified at FVTPL as at the reporting date (2024 - Nil).

47. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the date of each transaction.

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.

48. FAIR VALUE MEASUREMENT

Accounting Policy

48.1 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 Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

48. FAIR VALUE MEASUREMENT (CONTD.)

Accounting Policy

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 30 : Financial investments (Page 361 to 375);

Note 27 : Freehold property measured at fair value (Page 350 to 356).

48.2 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 Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

48.2.1 Level 1

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

When available, the Group 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.

48.2.2 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.

48.2.3 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 differences 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 correlations.

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.

48.3 Fair value measurement

Instrument category

Instrument category	Fair value basis	Fair value hierarchy
Government securities		
Treasury bills and bonds	Valued using the market yield	Level 1
Repo	Valued using the market yield	Level 2
International Sovereign bonds	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 Asset 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
Bank deposit	Adjusted interest rate for illiquidity	Level 3
Securitised 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.

** 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.

48.3.1 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 Group in measuring Level 2 and 3 fair values for the current and comparative financial period.

48.3.2 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
Fixed deposits	Loans and borrowings
Commercial papers	Reinsurance creditors
Securitised papers	Other liabilities (Excluding government levies and accruals)
Repo	Bank overdraft
Cash and cash equivalents	
Loans to life policyholders	
Reinsurance receivables	
Premium receivables	

48.3.3 Carrying amounts of the financial assets and financial liabilities

Carrying amounts and classification of the Group's financial assets and financial liabilities are given in Note 30 on page 361 and Note 46 on page 392 respectively.

48.4 Valuation framework of the Group

The Group 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 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.

48.5 Assets measured at fair value and the level in the fair value hierarchy

As at 31 December	Note	Page	2025								2024			
			Group				Company				Company			
			Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value/ carrying value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value/ carrying value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value/ carrying value Rs. '000
Non-financial assets														
Land and building	27.10	352	-	-	333,000	333,000	-	-	333,000	333,000	-	-	298,187	298,187
Total non-financial assets at fair value			-	-	333,000	333,000	-	-	333,000	333,000	-	-	298,187	298,187
Financial assets														
Financial investments at FVTPL														
Treasury bonds	30.9.3	371	445,413	-	-	445,413	153,537	-	-	153,537	358,684	-	-	358,684
Repo	30.9.3	371	-	105,023	-	105,023	-	-	-	-	-	-	-	-
Perpetual debentures	30.9.3	371	-	-	719,932	719,932	-	-	719,932	719,932	-	-	722,416	722,416
Bank Deposits	30.9.3	371	-	-	118,276	118,276	-	-	-	-	-	-	-	-
Equity Shares	30.9.3	371	626,086	-	-	626,086	-	-	-	-	-	-	-	-
Unit trusts	30.9.3	371	-	3,116,173	-	3,116,173	-	3,096,551	-	3,096,551	-	3,998,341	-	3,998,341
Securitised papers	30.9.3	371	-	-	45,861	45,861	-	-	-	-	-	-	-	-
Commercial papers	30.9.3	371	-	-	200,658	200,658	-	-	200,658	200,658	-	-	175,755	175,755
			1,071,499	3,221,196	1,084,727	5,377,422	153,537	3,096,551	920,590	4,170,678	358,684	3,998,341	898,171	5,255,196
Financial investments at FVOCI														
Treasury bonds	30.9.2	369	18,021,640	-	-	18,021,640	9,878,242	-	-	9,878,242	5,959,358	-	-	5,959,358
Treasury bills	30.9.2	369	391,214	-	-	391,214	-	-	-	-	-	-	-	-
Repo	30.9.2	369	-	148,418	-	148,418	-	-	-	-	-	-	-	-
International sovereign bonds	30.9.2	369	-	3,334,066	-	3,334,066	-	3,334,066	-	3,334,066	-	3,378,691	-	3,378,691
Equity shares - listed	30.9.2	369	536,559	-	-	536,559	536,559	-	-	536,559	4,214,895	-	-	4,214,895
			18,949,414	3,482,484	-	22,431,897	10,414,801	3,334,066	-	13,748,867	10,174,253	3,378,691	-	13,552,944
Total financial assets at fair value			20,020,912	6,703,680	1,084,727	27,809,319	10,568,338	6,430,617	920,590	17,919,545	10,532,937	7,377,032	898,171	18,808,140
Total assets at fair value			20,274,353	6,450,239	1,417,727	28,142,319	10,568,338	6,430,617	1,253,590	18,252,545	10,532,937	7,377,032	1,196,358	19,106,327

48.6 Transfer between levels

During 2024, the Group transferred its unlisted equity investment in Cargills Bank Ltd from Level 3 to Level 1 of the fair value hierarchy following the listing of the shares on the Colombo Stock Exchange on 09 January 2024. No transfers between fair value hierarchy levels occurred in 2025.

48.7 Level 3 fair value measurement

Reconciliation of fair value measurements of level 3 financial instruments

The Group carries unquoted perpetual debentures, commercial papers, Securitised papers, bank deposits 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	2025										2024		
	Group					Company					Company		
	Bank deposits at FVTPL	Securitised papers at FVTPL	Equity shares at FVOCI (Unlisted)	Commercial papers at FVTPL	Unquoted perpetual debentures at FVTPL	Bank deposits at FVTPL	Securitised papers at FVTPL	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	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1 January	-	-	-	175,755	722,416	-	-	-	175,755	722,416	326,914	-	794,476
Acquisition through business combinations	88,582	14,852	-	-	-	-	-						
Purchases / (disposals)	29,694	29,633	-	2,688	-	-	-	-	2,688	-	-	175,000	-
Fair value gains / (losses)													
Recognised in the income statement - net fair value gains			-	-	1,029	-	-	-	-	1,029	-	-	(49,199)
Recognised in OCI - In equity investments at FVOCI			-	-	-	-	-	-	-	-	-	-	-
Net amount reclassified to the income statement			-	-	-	-	-	-	-	-	-	-	-
Amortisation adjustment	-	1,376	-	22,215	(3,513)	-	-	-	22,215	(3,513)	-	755	(22,861)
Transfers into / out of Level 3			-	-	-	-	-	-	-	-	(326,914)	-	-
Balance as at 31 December	118,276	45,861	-	200,658	719,932	-	-	-	200,658	719,932	-	175,755	722,416

48.7.1 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 38.3.2 on page 380 and Note 27.24.3 on page 354 respectively.

48.7.2 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
	2025		2024			
	Group	Company	Company			
	Rs. '000	Rs. '000	Rs. '000			
Debt securities						
Perpetual debentures	719,932	719,932	722,416	Adjusted interest rate for illiquidity	Credit spread 1% to 3%	Estimated fair value would increase/ (decrease), if credit spread would (decrease) / increase
Commercial Papers	200,658	200,658	175,755	Adjusted interest rate for illiquidity	Credit spread 1% to 3%	Estimated fair value would increase/ (decrease), if credit spread would (decrease) / increase
Bank Deposits	118,276	-	-	Adjusted interest rate for illiquidity	Credit spread 1% to 3%	Estimated fair value would increase/ (decrease), if credit spread would (decrease) / increase
Securitised papers	45,861	-	-	Adjusted interest rate for illiquidity	Credit spread 1% to 3%	Estimated fair value would increase/ (decrease), if credit spread would (decrease) / increase
Property, plant and equipment						
Land and building	333,000	333,000	298,187	Refer Note 27.24.4 on page 355		

48.7.3 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 the illiquidity premium the Group has considered the fact that recent acquisitions of finance companies have taken place at more than the net asset value of the target investee.
Land and Building	Refer Note 27.24.4 on page 355

48.7.4 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 27.24.4 on page 355.

As at 31 December	Significant unobservable input	2025						2024		
		Group			Company			Company		
		Impact on income statement	Impact on OCI	Impact on equity	Impact on income statement	Impact on OCI	Impact on equity	Impact on income statement	Impact on OCI	Impact on equity
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Commercial papers										
1% Increase in credit spread	Credit spread	(16,396)	-	(16,396)	(16,396)	-	(16,396)	(12,784)	-	(12,784)
1% Decrease in credit spread	Credit spread	19,603	-	19,603	19,603	-	19,603	14,965	-	14,965
Perpetual debentures										
1% Increase in credit spread	Credit spread	(66,595)	-	(66,595)	(66,595)	-	(66,595)	(59,117)	-	(59,117)
1% Decrease in credit spread	Credit spread	82,167	-	82,167	82,167	-	82,167	71,128	-	71,128
Bank deposits										
1% Increase in credit spread	Credit spread	(9,226)	-	(9,226)	-	-	-	-	-	-
1% Decrease in credit spread	Credit spread	10,979	-	10,979	-	-	-	-	-	-
Securitised papers										
1% Increase in credit spread	Credit spread	(3,545)	-	(3,545)	-	-	-	-	-	-
1% Decrease in credit spread	Credit spread	4,215	-	4,215	-	-	-	-	-	-

48.8 Financial instruments not measured at fair value and fair value hierarchy

The Group and the Company hold certain financial instruments that are not measured at fair value in the Statement of Financial Position. The methodologies and key assumptions used to estimate the fair value of these instruments are set out below:

Fixed rate financial investments - Government securities

The fair value of fixed rate government securities carried at amortised cost is estimated based on the daily market yields published by the Central Bank of Sri Lanka.

Fixed rate financial investments - Unquoted and quoted debt securities

- For quoted debt securities, fair value is determined directly from quoted market prices.
- For unquoted debt securities, fair value is estimated using a discounted cash flow model based on the current yield curve appropriate for the remaining term to maturity and adjusted for credit spreads.

Sensitivity of significant unobservable inputs used to measure fair value of fixed rate financial instruments.

A significant increase in market interest rates would reduce the fair value of fixed rate financial instruments, while a significant decrease in market rates would increase their fair value.

Assets for which fair value approximate carrying value

For financial assets and liabilities with short-term maturities or short-term re-pricing intervals, the carrying amounts are assumed to approximate their fair value. This includes demand deposits, savings deposits, and other financial instruments with no specific maturity.

This approach ensures that the financial statements provide a reliable representation of the fair values of financial instruments, even when they are not measured at fair value on a recurring basis.

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	2025										2024				
		Group					Company					Company				
		Level 1	Level 2	Level 3	Total fair value	Total carrying value	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	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets																
Financial investments – Amortised cost																
Treasury bonds	30.9.1	13,864,288	-	-	13,864,288	11,221,087	13,864,288	-	-	13,864,288	11,221,087	18,249,992	-	-	18,249,992	14,355,429
Treasury bills	30.9.1	-	-	-	-	-	-	-	-	-	-	704,521	-	-	704,521	704,527
Debentures*	30.9.1	-	5,118,196	-	5,118,196	5,079,775	-	5,118,196	-	5,118,196	5,079,775	-	5,921,998	-	5,921,998	5,988,905
Fixed deposits	30.9.1	-	-	1,753,810	1,753,810	1,753,810	-	-	1,753,810	1,753,810	1,753,810	-	-	733,478	733,478	733,467
Commercial paper	30.9.1	-	-	1,433,338	1,433,338	1,433,338	-	-	1,433,338	1,433,338	1,433,338	-	-	2,406,643	2,406,643	2,206,628
Repo	30.9.1	-	9,664,745	-	9,664,745	9,664,745	-	9,664,745	-	9,664,745	9,664,745	-	1,140,922		1,140,922	1,140,922
Other financial assets																
Cash and cash equivalents	35.2	-	-	3,099,838	3,099,838	3,099,838	-	-	2,717,805	2,717,805	2,717,805	-	-	1,869,652	1,869,652	1,869,652
Loans to life policyholders	31.2	-	-	412,829	412,829	412,829	-	-	412,829	412,829	412,829	-	-	350,134	350,134	350,134
Reinsurance receivables	32.2	-	-	524,933	524,933	524,933	-	-	482,477	482,477	482,477	-	-	518,316	518,316	518,316
Premiums receivables	33.2	-	-	1,991,824	1,991,824	1,991,824	-	-	1,918,988	1,918,988	1,918,988	-	-	2,904,513	2,904,513	2,904,513
Receivable and other assets	34.3	-	-	120,335	120,335	120,335	-	-	89,925	89,925	89,925	-	-	87,772	87,772	87,772
Total financial assets not at fair value		13,864,288	14,782,941	9,336,907	37,984,135	35,302,513	13,864,288	14,782,941	8,809,172	37,456,401	34,774,779	18,954,513	7,062,990	8,870,508	34,887,941	30,860,265
Financial liabilities																
Loans and borrowings	42.6	-	-	-	-	-	-	-	-	-	-	-	-	3,016,443	3,016,443	3,016,443
Reinsurance payables	43.2	-	-	721,114	721,114	721,114	-	-	668,426	668,426	668,426	-	-	754,059	754,059	754,059
Other liabilities	45.3	-	-	5,061,183	5,061,183	5,061,183	-	-	4,301,152	4,301,152	4,301,152	-	-	3,965,090	3,965,090	3,965,090
Bank overdraft	45.3	-	-	387,288	387,288	387,288	-	-	387,288	387,288	387,288	-	-	368,315	368,315	368,315
Total financial liabilities not at fair value		-	-	6,169,585	6,169,585	6,169,585	-	-	5,356,866	5,356,866	5,356,866	-	-	8,103,907	8,103,907	8,103,907

*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.

49. RISK AND CAPITAL MANAGEMENT (FN-IN-550a.3)

Overview

Insurance contracts expose the Group to underwriting risk, product design risk, reinsurance risk and claim risk. In addition, the Group is exposed to various types of risks including credit, market, liquidity and operational risks which are inherent in the Group's activities. Managing these risks is critical for the sustainability of the Group and plays a pivotal role in all activities of the Group. 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 Group.

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 Group's exposure to each of the Insurance risks, Financial risks, Operational risk and the Group's objectives, policies and processes for measuring and managing such risks.

Risk management objectives, policies and processes

Refer risk management report on page 78 to 113 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.

49.1 Risk management framework

The primary objective of the Group'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 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 Group's risk management policies and monitoring of due compliance of the 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 Group 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 Group's risk management team, comprise members of the senior management who oversee the risk management activities of the Group. 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 Group's risk management policies and procedures, and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Group. The Group strives to inculcate a risk management culture through continuous training, work ethics and standards.

49.1.1 Regulatory framework

The IRCSL is primarily interested in protecting the rights of policyholders and monitoring them closely in line with the Regulation of Insurance Industry Act No.43 of 2000 and amendments thereto to ensure that the Group is satisfactorily managing its affairs for the benefits of policyholders.

At the same time, IRCSL is monitoring whether the Group complies with rules with respect to the solvency position and determination requirements to meet risk arising from unforeseeable events.

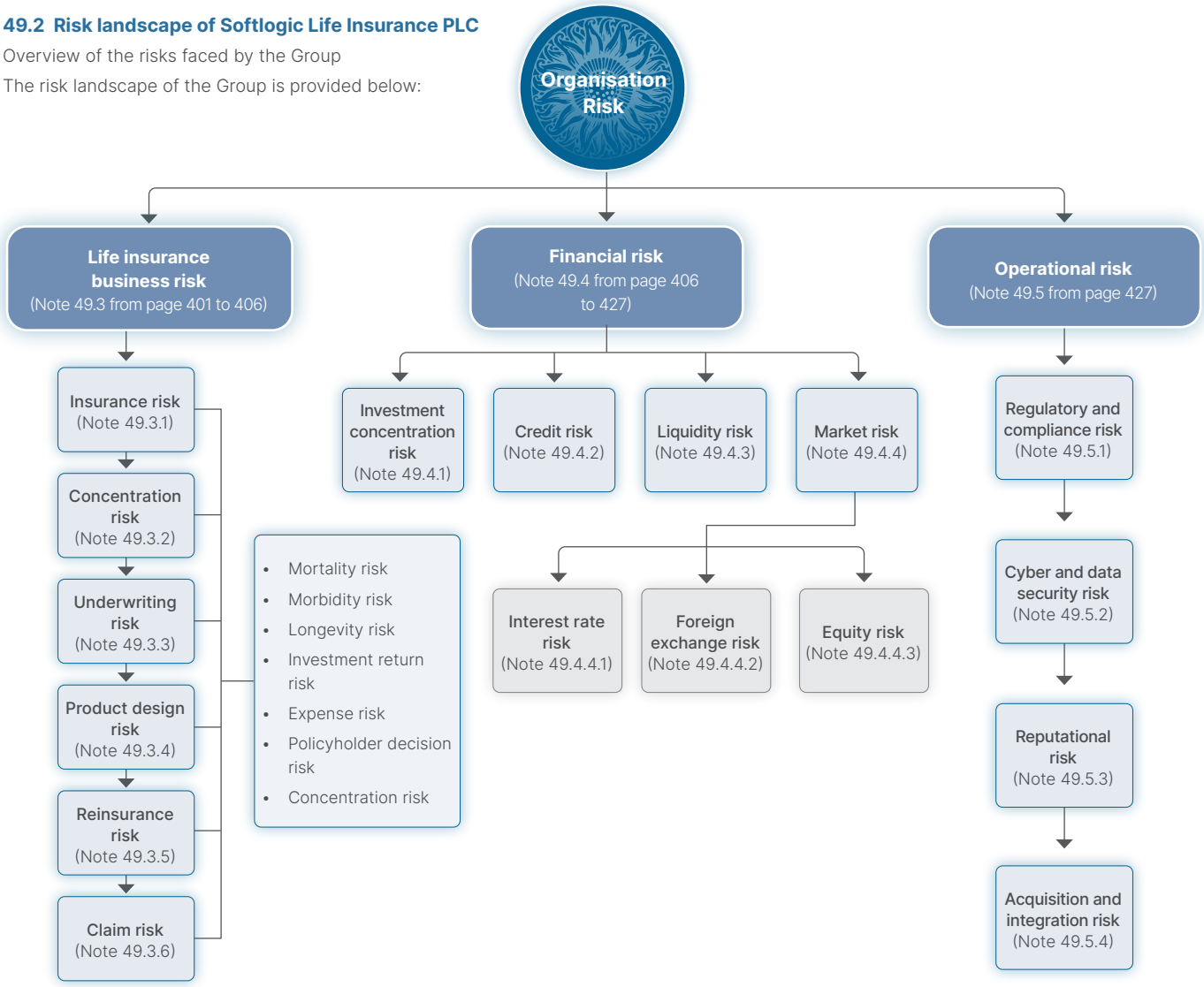
49.1.2 Compliance with regulatory framework

Refer Note 49.7.2 to 49.7.5 on pages 429 to 430 for the compliance status under RBC Rules.

49.2 Risk landscape of Softlogic Life Insurance PLC

Overview of the risks faced by the Group

The risk landscape of the Group is provided below:



49.3 Life insurance business risk

49.3.1 Insurance risk

Risk exposure	• Likelihood of an insured event occurring, requiring the insurer to pay a claim which is transferred to the Group 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 111

Refer Note 40.5 on page 383 for Key assumptions used in determining the insurance contract liabilities.

49.3.1 Insurance risk (Contd.)

Table 01 - Sensitivities to insurance contract liabilities

	Change in assumption	2025		2024
		Group	Company	Company
		Impact on liabilities Rs. '000	Impact on liabilities Rs. '000	Impact on liabilities Rs. '000
Mortality	+10%	800,980	770,692	588,527
	-10%	(757,908)	(730,895)	(549,052)
Morbidity	+10%	2,255,865	2,224,690	1,645,389
	-10%	(419,279)	(389,040)	(337,491)
Discount rate	+50 basis points	(2,021,270)	(1,941,146)	(1,683,151)
	-50 basis points	2,322,532	2,128,828	1,846,684
Expenses	+10%	1,164,494	1,091,363	964,096
	-10%	(1,161,503)	(1,088,372)	(964,395)

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 have not been changed from the previous period.

49.3.2 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 area or a type of policies issued by the Group. • 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 162) • Market segmentation (Refer page 161) • Ensure compliance with (solvency margin RBC) requirements imposed by the regulator (IRCSL) (Refer Note 49.7.2 on page 429) • Continuously monitor maturity analysis of assets and liabilities in order to meet future cash flow requirements.
Sustainability and climate impact	Refer pages 80 to 85

Table 02 - Mix of the insurance contract liabilities

As at 31 December	2025				2024	
	Group		Company		Company	
	Insurance contract liabilities Rs. '000	%	Insurance contract liabilities Rs. '000	%	Insurance contract liabilities Rs. '000	%
Maximum exposure	46,611,447		38,040,296		33,290,278	
Participating fund	15,877,099	34	15,877,099	42	13,651,438	41
Non-participating fund	16,434,193	35	15,227,449	40	13,827,573	42
Universal life fund	14,300,155	31	6,935,748	18	5,811,267	17
Total	46,611,447	100	38,040,296	100	33,290,278	100

49.3.3 Underwriting risk

Risk exposure	Arising from an inaccurate assessment of the risk entailed in underwriting the policy resulting in the policy costing much more than the 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 in insurance academic studies by providing scholarships to staff. • Use of systematic underwriting limits • Comply with the money laundering policies
Sustainability and climate impact	Refer pages 80 to 85

49.3.3.1 Management of underwriting risk

The Board of Directors sets the Group'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 Group'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 Group. The aggregation of risk ceded to individual reinsurers is monitored at Group level.

Table 03 - GWP by province

As at 31 December	2025		2024
	Group	Company	Company
	Rs. '000	Rs. '000	Rs. '000
Western Province	27,981,570	27,516,238	22,530,797
Southern Province	3,405,174	3,164,923	2,676,597
North Western Province	2,830,610	2,598,357	2,042,343
Central Province	2,070,580	1,899,477	1,589,297
Sabaragamuwa Province	1,168,600	1,149,800	1,034,644
North Central Province	710,527	685,102	565,952
Uva Province	651,497	600,751	482,919
Northern Province	981,444	490,755	467,605
Eastern Province	275,493	226,082	183,313
Total	40,075,495	38,331,485	31,573,467

The above table sets out the gross written premium of the Group by the province of issue.

49.3.4 Product design risk

Risk exposure	• Largely depends on futuristic hypothetical assumptions as there is a risk of introducing an unprofitable products to the market due to the inappropriate use of assumptions or judgements. • Participating, Non Participating and Universal Life insurance contracts are issued by the Group. 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 Group.
Sustainability and climate impact	Refer pages 80 to 82

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 Group'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 Group's own experience.
Longevity risk	Risk that annuitants(a person who receives on 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 2025 based on the expenses incurred during 2025.
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 Group's past experience. Introduction of convenient premium payment methods and granting the option to activate lapsed policies with fewer medical requirements.
Concentration risk	Risk of losses due to maintaining an inadequate product portfolio mix.	The risk exposure is mitigated by diversification across a large portfolio of insurance contracts into different classes. Developing a proper product mix in line with the Group's strategy.

Refer Note 49.3.2 (Table 02) on page 402 for the disclosure on the concentration of the participating, non participating and universal life funds position.

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
	Interest rate risk: Differences in duration and yield of assets and liabilities	Matching of asset and liability cash flows
Universal life	Investment credit risk	Investing in investment grade assets

49.3.5 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 reinsurance strategy and arrangements on an annual basis as approved by the Board Risk Committee. • Conducting detailed 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 creditworthiness regularly.
Sustainability and climate impact	Refer pages 86 to 87

Table 06 - Reinsurance exposure

For the year ended 31 December	2025		2025		2024	
	Group		Company		Company	
	Rs. '000	% from the GWP	Rs. '000	% from the GWP	Rs. '000	% from the GWP
Gross written premiums	40,075,495		38,331,485		31,573,467	
Reinsurance	(2,737,583)	7	(2,719,952)	7	(2,509,698)	8
Net written premiums	37,337,912		35,611,533		29,063,769	

Accordingly, the Group's premium ceded to reinsurers is approximately 7% of the gross written premium.

Table 07 - Reinsurance recoveries

For the year ended 31 December	2025		2025		2024	
	Group		Company		Company	
	Rs. '000	% from the GWP	Rs. '000	% from the GWP	Rs. '000	% from the GWP
Gross claims paid	20,078,758		19,038,565		14,859,105	
Claims recovered from reinsurers	(760,578)	4	(723,880)	5	(671,212)	5
Net claims paid	19,318,180		18,314,685		14,187,893	

The Group has recovered approximately 4% of the gross claims paid from reinsurers during the period under review.

Refer Note 49.4.2.11 on page 418 for the analysis of credit risk relating to reinsurance receivables. Further, refer Table 18 on page 418 for the rating analysis of reinsurance receivables.

49.3.6 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 pages 80 to 82

Refer Note 13.4 and 14.2 on page 336 and 337 for the claims paid and outstanding during the period under review.

49.3.7 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 2025. 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.
- 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.

49.4 Financial risk

49.4.1 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 Group ensures that an acceptable level of risk diversification is maintained on an ongoing basis.
Sustainability and climate impact	Refer pages 90 and 91

INVESTMENT EXPOSURE

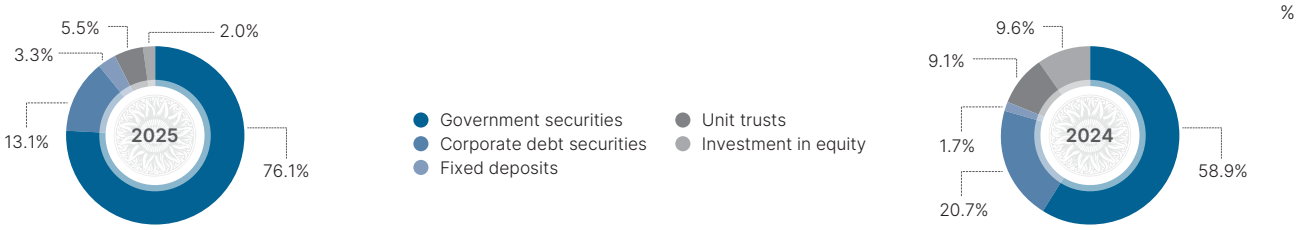


Table 08 - Maximum exposure to the investment concentration risk and diversification of the investment portfolio

As at 31 December	2025				2024	
	Group		Company		Company	
	Rs. '000	%	Rs. '000	%	Rs. '000	%
Maximum exposure to investment concentration risk	56,962,074		47,072,300		43,938,018	
Government securities						
Treasury bonds	29,688,140		21,252,866		20,673,471	
Treasury bills	391,214		-		704,527	
International sovereign bonds	3,334,066		3,334,066		3,378,691	
Repo	9,918,186		9,664,745		1,140,922	
	43,331,606	76	34,251,677	73	25,897,611	59
Corporate debt securities						
Banks	3,881,794		3,881,794		4,903,630	
Capital goods	-		-		200,137	
Diversified financials	3,188,631		3,142,770		3,572,270	
Food beverage and tobacco	-		-		8,547	
Telecommunication	409,139		409,139		409,120	
	7,479,564	13	7,433,703	16	9,093,704	20
Fixed deposits						
Licensed commercial banks	1,724,690		1,606,414		705,041	
Licensed finance companies	147,396		147,396		28,426	
	1,872,086	3	1,753,810	4	733,467	2
Unit trusts						
Debt securities	3,116,173		3,096,551		3,998,341	
	3,116,173	5	3,096,551	6	3,998,341	9
Investment in equity						
Banks	165,170		-		3,737,944	
Diversified financials	97,227		87,853		92,559	
Household & Personal Products	12,745		-		-	
Consumer Services	21,463		-		-	
Consumer Durables and Apparels	30,976		-		-	
Food Beverage & Tobacco	19,659		-		-	
Insurance	16,221		-		-	
Utilities	20,381		-		-	
Materials	47,712		-		-	
Transportation	70,521		-		-	
Telecommunication Services	20,310		-		-	
Capital goods	190,050		-		-	
Hospitality and Tourism Industry	1,504		-		-	
Healthcare equipment and services	448,706		448,706		384,392	
	1,162,645	2	536,559	1	4,214,895	10
Total exposure	56,962,074	100	47,072,300	100	43,938,018	100

49.4.2 Credit risk

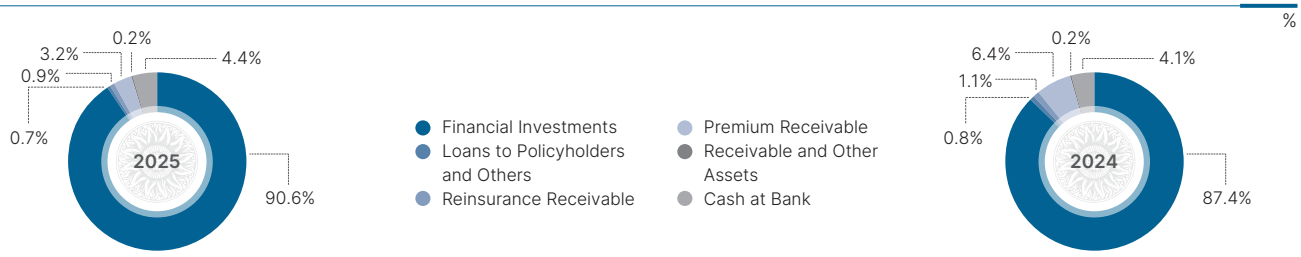
49.4.2.1 Maximum exposure to credit risk

Table 09 - Credit risk exposure through financial investments

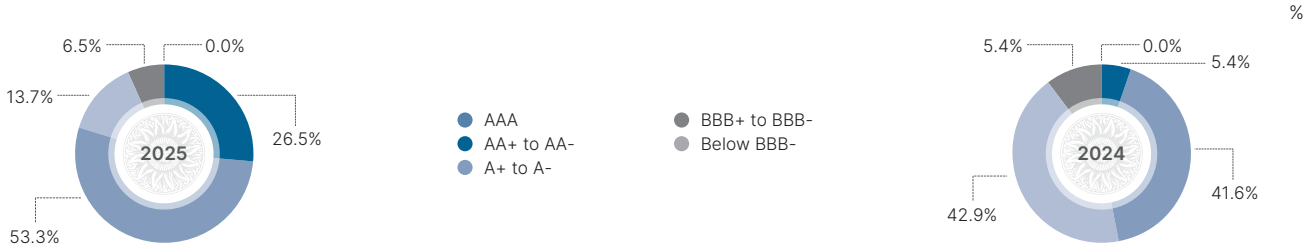
As at 31 December	Note	2025				2024	
		Group		Company		Company	
		Rs. '000	%	Rs. '000	%	Rs. '000	%
Financial investments*	49.4.2.3	55,799,429	90.6	46,535,741	89.2	39,723,123	87.4
Loans to life policyholders	49.4.2.10	412,829	0.7	412,829	0.8	350,134	0.8
Reinsurance receivables	49.4.2.11	524,933	0.9	482,477	0.9	518,316	1.1
Premium receivables	49.4.2.12	1,991,824	3.2	1,918,988	3.7	2,904,513	6.4
Receivables and other assets	49.4.2.13	120,335	0.2	89,925	0.2	87,772	0.2
Cash at bank	49.4.2.14	2,736,138	4.4	2,708,450	5.2	1,860,952	4.1
Maximum exposure to credit risk		61,585,488	100	52,148,410	100	45,444,810	100

*The Financial investment amount does not include equity investments since equity investments are not exposed to credit risk.

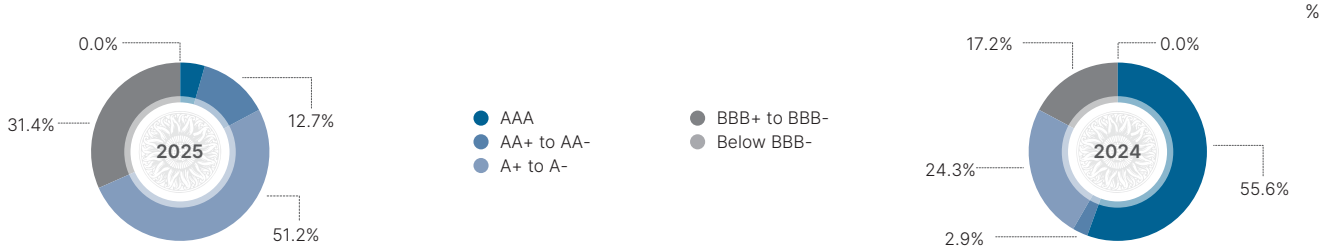
TOTAL EXPOSURE TO CREDIT RISK



CREDIT QUALITY OF DEBT INSTRUMENTS



CREDIT QUALITY OF UNIT TRUST INVESTMENTS



49.4.2.2 Concentration of credit risk

The Group monitors concentrations of credit risk by industry / sector wise. The Group 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 2025 and 31 December 2024.

Table 10 - Sector wise exposure to credit risk

For the year ended December	2025										2024				
	Group					Company									
	Total assets exposure to credit risk	Diversified areas				Total assets exposure to credit risk	Diversified areas				Total assets exposure to credit risk	Diversified areas			
		Government of Sri Lanka	Financial services	Other listed entities	Other		Government of Sri Lanka	Financial services	Other listed entities	Other		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	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amortised cost															
Treasury bonds	11,221,087	11,221,087	-	-	-	11,221,087	11,221,087	-	-	-	14,355,429	14,355,429	-	-	-
Treasury bills	-	-				-	-	-	-	-	704,527	704,527	-	-	-
Debentures	5,079,775	-	4,670,636	409,139		5,079,775	-	4,670,636	409,139	-	5,988,905	-	5,571,238	417,667	-
Commercial papers	1,433,338		1,241,841	191,497		1,433,338	-	1,241,841	191,497	-	2,206,628	-	2,006,491	200,137	-
Fixed deposits	1,753,810		1,753,810			1,753,810	-	1,753,810	-	-	733,467	-	733,467	-	-
Repo	9,664,745	9,664,745				9,664,745	9,664,745	-	-	-	1,140,922	1,140,922	-	-	-
Loans to life policyholders	412,829				412,829	412,829	-	-	-	412,829	350,134	-	-	-	350,134
Reinsurance receivables	524,933				524,933	482,477	-	-	-	482,477	518,316	-	-	-	518,316
Premium receivables	1,991,824				1,991,824	1,918,988	-	-	-	1,918,988	2,904,513	-	-	-	2,904,513
Receivable and other assets	120,335				120,335	89,925	-	-	-	89,925	87,772	-	-	-	87,772
Cash at bank	2,736,138		2,736,138		-	2,708,450	-	2,708,450	-	-	1,860,952	-	1,860,952	-	-
Total Amortised cost	34,938,814	20,885,832	10,402,425	600,636	3,049,921	34,765,424	20,885,832	10,374,737	600,636	2,904,219	30,851,565	16,200,878	10,172,148	617,804	3,860,735
FVOCI															
Treasury bonds	18,021,640	18,021,640	-	-	-	9,878,242	9,878,242	-	-	-	5,959,358	5,959,358	-	-	-
Treasury bill	391,214	391,214	-	-	-	-	-	-	-	-	-	-	-	-	-
Repo	148,418	148,418	-	-	-	-	-	-	-	-	-	-	-	-	-
International sovereign bonds	3,334,066	3,334,066	-	-	-	3,334,066	3,334,066	-	-	-	3,378,691	3,378,691	-	-	-
Total FVOCI	21,895,338	21,895,338	-	-	-	13,212,308	13,212,308	-	-	-	9,338,049	9,338,049	-	-	-

49.4.2.2 Concentration of credit risk (Contd.)

For the year ended December	2025										2024				
	Group					Company									
	Diversified areas					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	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	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
FVTPL															
Treasury bonds	445,413	445,413	-	-	-	153,537	153,537	-	-	-	358,684	358,684	-	-	-
Repo	105,023	105,023	-	-	-										
Deposits	118,276	-	118,276	-	-										
Securitised papers	45,861	-	45,861	-	-										
Unlisted perpetual debenture	719,932	-	719,932	-	-	719,932	-	719,932	-	-	722,416	-	722,416	-	-
Commercial papers	200,658	-	200,658	-	-	200,658	-	200,658	-	-	175,755	-	175,755	-	-
Unit Trusts	3,116,173	-	3,116,173	-	-	3,096,551	-	3,096,551	-	-	3,998,341	-	3,998,341	-	-
Total FVTPL	4,751,336	550,436	4,200,900	-	-	4,170,678	153,537	4,017,141	-	-	5,255,196	358,684	4,896,512	-	-
Total financial assets exposure to credit risk	61,585,488	43,331,606	14,603,325	600,636	3,049,921	52,148,410	34,251,677	14,391,878	600,636	2,904,219	45,444,810	25,897,611	15,068,660	617,804	3,860,735

*The table does not include equity investments since equity investments are not exposed to credit risk.

49.4.2.3 Credit risk on financial investments

Risk exposure	• Arising due to concentration of a single counter-party, sector, one geographic area or one type of security. It also may be defined as less diversification of investment portfolio. • Refers to the risk of financial loss to the Group if a counter-party to 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 counter-parties, 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 Group in the management of credit risk. • Continually reviewing and assessing the credit risk. • Prohibiting non-graded investments, unless specifically authorised through the Group's investment policy. • Taking appropriate actions when the investments are expected to be at high credit risk.
Sustainability and climate impact	Refer pages 90 and 91

The Group 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 Group the indication of the financial stability of the investment.

Table 11 - Credit quality analysis of financial investments

For the year ended December	2025								2024			
	Group				Company				Company			
	Amortised cost	FVOCI	FVTPL	Total	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	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maximum exposure to credit risk,	29,152,755	21,895,338	4,751,336	55,799,429	29,152,755	13,212,308	4,170,678	46,535,741	25,129,878	9,338,049	5,255,196	39,723,123
Government securities	20,885,832	21,895,338	550,436	43,331,606	20,885,832	13,212,308	153,537	34,251,677	16,200,878	9,338,049	358,684	25,897,611
Debt instruments having credit ratings												
AAA	-	-	-	-	-	-	-	-	-	-	-	-
AA+ to AA-	1,922,672	-	557,028	2,479,700	1,922,672	-	504,128	2,426,800	28,426	-	504,521	532,947
A+ to A-	4,473,299	-	512,690	4,985,989	4,473,299	-	416,462	4,889,761	3,693,374	-	393,650	4,087,024
BBB+ to BBB-	1,266,385	-	15,009	1,281,394	1,266,385	-	-	1,266,385	4,221,590	-	-	4,221,590
Below BBB-	604,567	-	-	604,567	604,567	-	-	604,567	985,610	-	-	985,610
Unit trusts**												
AAA	-	-	147,298	147,298	-	-	147,298	147,298	-	-	2,224,186	2,224,186
AA+ to AA-	-	-	394,905	394,905	-	-	391,177	391,177	-	-	115,581	115,581
A+ to A-	-	-	1,595,290	1,595,290	-	-	1,582,143	1,582,143	-	-	972,990	972,990
BBB+ to BBB-	-	-	978,680	978,680	-	-	975,933	975,933	-	-	684,082	684,082
Below BBB-	-	-	-	-	-	-	-	-	-	-	1,502	1,502
Total	29,152,755	21,895,338	4,751,336	55,799,429	29,152,755	13,212,308	4,170,678	46,535,741	25,129,878	9,338,049	5,255,196	39,723,123

*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 underlying instruments of the respective unit funds.

As at 31 December 2025, corporate debt instruments including fixed deposits comprise 20% (2024-22%) from the total financial investments, out of which 68% (2024 – 47%) were rated "A" or better.

The above has been derived as per the Group'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.

49.4.2.4 Collateral held for Repo investments

(FN-IN-550a.2)

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 Group holds Rs. 11,285 Million (2024 - Rs. 1,298 Million) worth of treasury bills and treasury bonds as collateral to support repo investments amounting to Rs. 9,945 Million (2024 - Rs. 1,141 Million).

The Group has not sold securities received as collaterals for the period ended 31 December 2025 (2024 - 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 2025	Group								
	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									
Treasury bonds	Risk Free	11,221,087	-	-	-	-	-	-	11,221,087
Treasury bills	Risk Free	-	-	-	-	-	-	-	-
Repo	Risk Free	9,664,745	-	-	-	-	-	-	9,664,745
		20,885,832	-	-	-	-	-	-	20,885,832
Debentures									
AAA to AA-	Low Risk	-	409,141	(2)	-	-	-	(2)	409,139
A+ to A-	Low Risk	-	3,506,829	(24)	-	-	-	(24)	3,506,805
BBB+ to BBB-	Low Risk	-	1,163,845	(14)	-	-	-	(14)	1,163,831
		-	5,079,815	(40)	-	-	-	(40)	5,079,775
Commercial paper									
A+ to A-	Low Risk	-	1,241,842	(1)	-	-	-	(1)	1,241,841
Below BBB-	High Risk	-	331,497	-	(140,000)	-	-	(140,000)	191,497
		-	1,573,339	(1)	(140,000)	-	-	(140,001)	1,433,338
Deposits									
AA+ to AA-	Low Risk	-	1,526,158	(3)	-	-	-	(3)	1,526,155
A+ to A	Low Risk	-	125,101	-	-	-	-	-	125,101
BBB+ to BBB-	Low Risk	-	102,558	(4)	-	-	-		102,554
		-	1,753,817	(7)	-	-	-	(7)	1,753,810
Total Amortised cost		20,885,832	8,406,971	(48)	(140,000)	-	-	(140,048)	29,152,755
Fair value through other comprehensive income									
Treasury bonds	Risk Free	18,021,640	-	-	-	-	-	-	18,021,640
Treasury bills	Risk Free	391,214	-	-	-	-	-		391,214
Repo	Risk Free	148,418	-	-	-	-	-		148,418
International sovereign bonds	Risk Free	2,716,960	617,106	-	(10,794)	-	10,794	-	3,334,066
Total FVOCI		21,278,232	617,106	-	(10,794)	-	10,794	-	21,895,338
Fair value through profit or loss									
Treasury bonds	Risk Free	445,413	-	-	-	-	-	-	445,413
Repo	Risk Free	105,023	-	-	-	-	-	-	105,023
Unlisted perpetual debentures	Low Risk	719,932	-	-	-	-	-	-	719,932
Commercial papers	Low Risk	200,658	-	-	-	-	-	-	200,658
Trust Certificates	Low Risk	45,861	-	-	-	-	-	-	45,861
Bank Deposits	Low Risk	118,276	-	-	-	-	-	-	118,276
Unit trusts	Low Risk	3,116,173	-	-	-	-	-	-	3,116,173
Total FVTPL		4,751,336	-	-	-	-	-	-	4,751,336
Maximum exposure to credit risk		46,915,400	9,024,077	(48)	(150,794)	-	10,794	(140,048)	55,799,429

As at 31 December 2025	Company								
	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									
Treasury bonds	Risk Free	11,221,087	-	-	-	-	-	-	11,221,087
Treasury bills	Risk Free	-	-	-	-	-	-	-	-
Repo	Risk Free	9,664,745	-	-	-	-	-	-	9,664,745
		20,885,832	-	-	-	-	-	-	20,885,832
Debentures									
AAA to AA-	Low Risk	-	409,141	(2)	-	-	-	(2)	409,139
A+ to A-	Low Risk	-	3,506,829	(24)	-	-	-	(24)	3,506,805
BBB+ to BBB-	Low Risk	-	1,163,845	(14)	-	-	-	(14)	1,163,831
		-	5,079,815	(40)	-	-	-	(40)	5,079,775
Commercial paper									
A+ to A-	Low Risk	-	1,241,842	(1)	-	-	-	(1)	1,241,841
Below BBB-	High Risk	-	331,497	-	(140,000)	-	-	(140,000)	191,497
		-	1,573,339	(1)	(140,000)	-	-	(140,001)	1,433,338
Deposits									
AA+ to AA-	Low Risk	-	1,526,158	(3)	-	-	-	(3)	1,526,155
A+ to A	Low Risk	-	125,101	-	-	-	-	-	125,101
BBB+ to BBB-		-	102,558	(4)	-	-	-	(4)	102,554
		-	1,753,817	(7)	-	-	-	(7)	1,753,810
Total Amortised cost		20,885,832	8,406,971	(48)	(140,000)	-	-	(140,048)	29,152,755
Fair value through other comprehensive income									
Treasury bonds	Risk Free	9,878,242	-	-	-	-	-	-	9,878,242
International sovereign bonds	Low Risk	3,334,066	-	-	(10,794)	-	10,794	-	3,334,066
Total FVOCI		13,212,308	-	-	(10,794)	-	10,794	-	13,212,308
Fair value through profit or loss									
Treasury bonds	Risk Free	153,537	-	-	-	-	-	-	153,537
Unlisted perpetual debentures	Low Risk	719,932	-	-	-	-	-	-	719,932
Commercial papers	Low Risk	200,658	-	-	-	-	-	-	200,658
Unit trusts	Low Risk	3,096,551	-	-	-	-	-	-	3,096,551
Total FVTPL		4,170,678	-	-	-	-	-	-	4,170,678
Maximum exposure to credit risk		38,268,818	8,406,971	(48)	(150,794)	-	10,794	(140,048)	46,535,741

Table 12 - credit risk by risk rating (Contd.)

As at 31 December 2024	Company								
	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									
Treasury bonds	Risk Free	14,355,429	-	-	-	-	-	-	14,355,429
Treasury Bills	Low Risk	704,527	-	-	-	-	-	-	704,527
International sovereign bonds	High Risk	-	-	-	-	-	-	-	-
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

Issuer credit rating of the investment is considered as the risk rating for the purpose of ECL computation. The impairment related disclosures are stated in the Note 30.14.1 on Page 373.

49.4.2.6 Reconciliation from the opening balance to the closing balance of the carrying amounts by class of financial instruments.

Following Table 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

For the year ended December	2025								2024			
	Group				Company				Company			
	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	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial investments at amortised cost												
Balance at 1 January	24,921,193	208,685	-	25,129,878	24,921,193	208,685	-	25,129,878	29,751,301	3,947,358	-	33,698,659
Transfer to stage 1	-	-	-	-	-	-	-	-	(400,394)	-	-	(400,394)
Transfer to stage 2	-	-	-	-	-	-	-	-	-	400,394	-	400,394
Transfer to stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Additions through Business combination	-	-	-	-	-	-	-	-	-	-	-	-
New assets originated or purchased	37,992,371	3,475,000	-	41,467,371	37,992,371	3,475,000	-	41,467,371	66,239,590	-	-	66,239,590
Financial assets derecognised	(34,868,731)	(3,593,054)	-	(38,461,785)	(34,868,731)	(3,593,054)	-	(38,461,785)	(71,544,519)	(7,369,628)	-	(78,914,147)
Net remeasurement of loss allowance	1,257	60,000	-	61,257	1,257	60,000	-	61,257	1,205	3,013,628	-	3,014,833
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Effects of movements in exchange rates	65,916	-	-	65,916	65,916	-	-	65,916	(60,486)	(773,792)	-	(834,278)
Amortisation adjustment	837,912	52,206	-	890,118	837,912	52,206	-	890,118	934,496	990,725	-	1,925,221
Balance as at 31 December	28,961,258	191,497	-	29,152,755	28,961,258	191,497	-	29,152,755	24,921,193	208,685	-	25,129,878
Financial investments at FVOCI												
Balance at 1 January	5,959,358	3,378,691	-	9,338,049	5,959,358	3,378,691	-	9,338,049	3,087,969	-	-	3,087,969
Transfer to stage 1	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Additions through Business combination	8,694,966	-	-	8,694,966	-	-	-	-	-	-	-	-
New assets originated or purchased	26,774,573	-	-	26,774,573	5,512,172	-	-	5,512,172	5,912,906	3,194,742	-	9,107,648
Financial assets derecognised	(22,313,397)	-	-	(22,313,397)	(1,574,070)	-	-	(1,574,070)	(2,896,294)	-	-	(2,896,294)
Net remeasurement of loss allowance	-	(944)	-	(944)	-	(944)	-	(944)	-	(9,849)	-	(9,849)
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Effects of movements in exchange rates	-	190,829	-	190,829	-	190,829	-	190,829	-	21,287	-	21,287
Fair value gain/ (losses) recorded in OCI	(444,532)	(257,971)	-	(702,503)	60,801	(257,971)	-	(197,170)	(189,724)	73,475	-	(116,249)
Amortisation adjustment	(109,696)	23,461	-	(86,235)	(80,019)	23,461	-	(56,558)	44,501	99,036	-	143,537
Balance as at 31 December	18,561,272	3,334,066	-	21,895,338	9,878,242	3,334,066	-	13,212,308	5,959,358	3,378,691	-	9,338,049
Total balance as at 31 December	47,516,860	3,531,233	-	51,048,093	38,833,830	3,531,233	-	42,365,063	30,880,551	3,587,376	-	34,467,927

49.4.2.7 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 the extent that of investments have been made in risk-free government securities and in equity securities, as there is no credit risk exposure. Please refer Note 30.14 on page 373 for the impairment related disclosures on ISB restructured financial investments.

Table 14 - ECL Movement

For the year ended December	2025								2024			
	Group				Company				Company			
	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	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial investments at amortised cost												
Balance at 1 January	348	200,954	-	201,302	348	200,954	-	201,302	1,553	3,214,582	-	3,216,135
Transfer to stage 1	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	37	(60,000)	-	(59,963)	37	(60,000)	-	(59,963)	(921)	200,767	-	199,846
New assets originated or purchased	2	-	-	2	2	-	-	2	71	-	-	71
Financial assets derecognised	(339)	(954)	-	(1,293)	(339)	(954)	-	(1,293)	(355)	(3,214,395)	-	(3,214,750)
	48	140,000	-	140,048	48	140,000	-	140,048	348	200,954	-	201,302
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	-	(944)	-	(944)	-	(944)	-	(944)	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-	-	-	(9,849)	-	(9,849)
Financial assets derecognised	-	-	-	-	-	-	-	-	-	-	-	-
Recognised in other comprehensive income	-	944	-	944	-	944	-	944	-	9,849	-	9,849
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December	-	-	-	-	-	-	-	-	-	-	-	-

Overview of the ECL principles and key inputs was disclosed in Note 30.14 on page 373.

No loan commitments or financial guarantee contracts exist as at the reporting date (2024 - Nil).

49.4.2.8 Sensitivity of the ECL to future economic conditions

The Group has estimated the impairment provision on financial investments as at 31 December 2025, subject to various assumptions. The following table demonstrates the sensitivity of the impairment provision of the Group as at 31 December 2025 and 2024 to a feasible change in the following variables assuming all other variables remain constant.

Table 15 - Sensitivity of the ECL

As at 31 December	2025				2024	
	Group		Company		Company	
	Effect on SoFP Rs. '000	Effect on PBT Rs. '000	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	(20,205)	(20,205)	(20,205)	(20,205)	(23,396)	(23,396)
10% decrease	20,211	20,211	20,211	20,211	23,394	23,394
Change in macroeconomic variables:						
10% increase	586	586	586	586	407	407
10% decrease	(585)	(585)	(585)	(585)	(409)	(409)

49.4.2.9 Credit-impaired financial assets

There is no credit impaired financial assets as at 31 December 2025 (2024 - Nil)

49.4.2.10 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 counter-party and related counter-parties through the aggregated exposure across the various types of credit risk for that counter-party. • 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 pages 90 and 91

The credit risk exposure arising from loans granted to life policyholders are as follows.

Table 16 - Credit risk exposure

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Maximum exposure to credit risk	412,829	412,829	350,134
Total	412,829	412,829	350,134
Impaired	Nil	Nil	Nil

As at the reporting date, the value of policy loans outstanding amounts to Rs. 413 Million (2024 - Rs. 350 Million) and its related surrender value is Rs. 643 Million (2024 - 544 Million). Further to the credit risk analysis as stated above, refer Note 31 on page 375 for more information.

49.4.2.11 Credit risk on reinsurance receivables

Risk exposure	Refers to the risk of financial loss to the Group, if a reinsurer fails to meet its contractual obligations towards the Group.
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 pages 90 and 91

Table 17 - Age analysis of reinsurance receivable

As at 31 December	2025								2024			
	Group				Company				Company			
	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	%	On paid claims Rs. '000	On claims outstanding Rs. '000	Total Rs. '000	%
Up to 180 days	345,033	147,633	492,666	94	302,577	147,633	450,210	93	308,509	177,242	485,751	94
Over 180 days	32,267	-	32,267	6	32,267	-	32,267	7	32,565	-	32,565	6
Maximum exposure to credit risk	377,300	147,633	524,933	100	334,844	147,633	482,477	100	341,074	177,242	518,316	100
Past due but not impaired	Nil				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. (2024 - Nil).

Further to the credit risk analysis as stated above, refer Note 32 on page 376 for more information on the reinsurance receivable balances.

Table 18 - Rating analysis of credit risk on reinsurance receivables

As at 31 December	Rating agency	Rating	2025								2024			
			Group				Company				Company			
			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	%	On paid claims Rs. '000	On claims outstanding Rs. '000	Total Rs. '000	%
Munich Re	Fitch	AA	211,108	133,521	344,629	66	199,535	133,521	333,056	69	205,950	145,052	351,002	68
SCOR Re	Fitch	A+	27,678	10,809	38,487	7	27,678	10,809	38,487	8	42,303	24,953	67,256	13
TOA Re	S&P	A	-	-	-	-	-	-	-	-	31	-	31	0
AXA PPP Healthcare Limited	S&P	AA-	107,631	3,303	110,934	21	107,631	3,303	110,934	23	92,790	7,237	100,027	19
Allianz Re	S&P	AA	30,883	-	30,883	6	-	-	-	-	-	-	-	-
Total			377,300	147,633	524,933	100	334,844	147,633	482,477	100	341,074	177,242	518,316	100

49.4.2.12 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 Group 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 pages 90 and 91

Further to the credit risk analysis, refer Note 33 on page 376 for more information on the premium receivable balances..

49.4.2.13 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 creditworthiness of counter-parties and take necessary actions if required.
Sustainability and climate impact	Refer pages 90 and 91

49.4.2.14 Credit risk on the cash at bank

Risk exposure	• Refers to the risk that the bank will default on its contractual obligations, which could result in financial loss.
Risk response	• The Group maintains a strict policy to maintain cash deposits at counter-parties with sound ratings and future outlooks, the Group also maintains exposure limits to ensure that the Group has a diverse range of counter-parties to ensure low concentration risk.
Sustainability and climate impact	Refer pages 90 and 91

Following table presents rating strength of the financial institutions of which the Group has held cash and cash equivalents.

Table 19 - Rating strength of counter-parties on cash at bank

As at 31 December	2025				2024	
	Group		Company		Company	
	Amount Rs. '000	%	Amount Rs. '000	%	Amount Rs. '000	%
AAA to AA-	1,708,643	63	1,708,643	63	800	-
A+ to A-	911,529	33	883,841	33	1,782,342	96
BBB+ to BB+	115,966	4	115,966	4	77,810	4
Maximum exposure to credit risk	2,736,138	100	2,708,450	100	1,860,952	100

Further to the credit risk analysis as stated in the Note 49.4.2.14 on page 419, refer Note 35 on page 378 for more information on the cash at bank balances.

49.4.3 Liquidity risk

Risk exposure	• Refers to the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due. The Group could also experience a maturity mismatch with respect to unexpected large claims and expected reinsurance recoveries from insurers. The Group'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 Group's reputation.
Risk response	• Regular review by the Group'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 Group'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 standby overdraft facility to be used in the event of an emergency.
Sustainability and climate impact	Refer pages 89 to 90

49.4.3.1 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 Group as at date of Statement of Financial Position is detailed below.

As at 31 December	Contractual Discounted Cash Flows														
	2025										2024				
	Group					Company					Company				
	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000
Maximum exposure to liquidity risk	-	7,005,284	5,234,657	28,617,027	40,856,968	-	5,621,993	4,068,265	21,725,731	31,415,989	-	8,866,088	3,368,413	16,914,641	29,149,142
Financial assets															
Amortised cost	-	13,860,752	3,247,419	12,044,584	29,152,755	-	13,860,752	3,247,419	12,044,584	29,152,755	-	7,138,999	1,756,217	16,234,662	25,129,878
Fair value through other comprehensive income	536,559	800,049	1,806,956	19,288,333	22,431,897	536,559	-	1,069,173	12,143,135	13,748,867	4,214,895	449,414	430,040	8,458,595	13,552,944
Fair value through profit or loss	1,384,345	3,514,759	147,062	331,256	5,377,422	719,932	3,327,802	21,270	101,674	4,170,678	722,416	4,270,301	30,898	231,581	5,255,196
Loans to life policyholders				412,829	412,829	-	-	-	412,829	412,829	-	-	-	350,134	350,134
Reinsurance receivables		524,933			524,933	-	482,477	-	-	482,477	-	518,316	-	-	518,316
Premium receivables		1,991,824			1,991,824	-	1,918,988	-	-	1,918,988	-	2,904,513	-	-	2,904,513
Other financial assets		120,335			120,335	-	89,925	-	-	89,925	-	87,772	-	-	87,772
Total financial assets	1,920,904	20,812,652	5,201,437	32,077,002	60,011,995	1,256,491	19,679,944	4,337,862	24,702,222	49,976,519	4,937,311	15,369,315	2,217,155	25,274,972	47,798,753

Table 20 - Contractual discounted cash flows of financial assets and liabilities (Contd.)

As at 31 December	Contractual Discounted Cash Flows														
	2025										2024				
	Group					Company					Company				
	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000
Financial liabilities															
Insurance contract liabilities - Maturities	-	2,116,928	4,382,263	28,181,507	34,680,698	-	1,443,960	3,320,796	21,294,367	26,059,123	-	1,661,658	2,587,555	16,796,022	21,045,235
Reinsurance payable	-	721,114			721,114	-	668,426	-	-	668,426	-	754,059	-	-	754,059
Loans and borrowing	-	-	-	-	-	-	-	-	-	-	-	3,016,443	-	-	3,016,443
Lease liabilities	-	236,246	852,394	435,520	1,524,160	-	182,705	747,469	431,364	1,361,538	-	290,858	780,858	118,619	1,190,335
Other financial liabilities	-	3,543,708	-	-	3,543,708	-	2,939,614	-	-	2,939,614	-	2,774,755	-	-	2,774,755
Bank overdraft	-	387,288	-	-	387,288	-	387,288	-	-	387,288	-	368,315	-	-	368,315
Total financial liabilities	-	7,005,284	5,234,657	28,617,027	40,856,968	-	5,621,993	4,068,265	21,725,731	31,415,989	-	8,866,088	3,368,413	16,914,641	29,149,142
Excess assets/(liabilities)	1,920,904	13,807,368	(33,220)	3,459,975	19,155,027	1,256,491	14,057,951	269,597	2,976,491	18,560,530	4,937,311	6,503,227	(1,151,258)	8,360,331	18,649,611

Table 21 - Contractual Undiscounted Cash Flows of financial assets and liabilities

As at 31 December	Contractual Undiscounted Cash Flows														
	2025										2024				
	Group					Company					Company				
	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000	No maturity Rs. '000	Less than 1 year Rs. '000	1 - 3 years Rs. '000	More than 3 years Rs. '000	Total Rs. '000
Maximum exposure to liquidity risk	-	7,478,349	6,461,666	121,501,276	135,441,291	-	6,028,833	5,014,292	101,249,431	112,292,556	-	9,064,112	4,273,859	87,935,720	101,273,691
Financial assets															
Amortised cost	-	15,990,741	6,595,368	16,100,144	38,686,253	-	15,990,741	6,595,368	16,100,144	38,686,253	-	10,365,381	7,309,418	24,628,879	42,303,678
Fair value through other comprehensive income	536,559	2,809,629	5,645,326	32,434,646	41,426,160	536,559	1,170,076	3,376,346	21,868,659	26,951,640	4,214,895	1,350,580	2,198,057	16,914,531	24,678,063
Fair value through profit or loss	1,384,345	3,539,143	172,263	363,547	5,459,298	719,932	3,352,187	46,470	133,965	4,252,554	4,698,341	326,023	81,870	392,575	5,498,809
Loans to life policyholders	-	-	-	412,828	412,828	-	-	-	412,828	412,828	-	-	-	350,134	350,134
Reinsurance receivables	-	524,933	-	-	524,933	-	482,477	-	-	482,477	-	518,316	-	-	518,316
Premium receivables	-	1,991,824	-	-	1,991,824	-	1,918,988	-	-	1,918,988	-	2,904,513	-	-	2,904,513
Other financial assets	-	120,335	-	-	120,335	-	89,925	-	-	89,925	-	87,772	-	-	87,772
Total financial assets	1,920,904	24,976,605	12,412,957	49,311,165	88,621,631	1,256,491	23,004,394	10,018,184	38,515,596	72,794,665	8,913,236	15,552,585	9,589,345	42,286,119	76,341,285
Financial liabilities															
Insurance contract liabilities - Maturities	-	2,288,569	5,490,362	121,242,726	129,021,657		1,561,037	4,156,965	100,995,222	106,713,224	-	1,809,193	3,290,621	87,773,558	92,873,372
Reinsurance payable	-	721,114			721,114	-	668,426	-	-	668,426	-	754,059	-	-	754,059
Loans and borrowing	-	-	-	-	-	-	-	-	-	-	-	3,016,443	-	-	3,016,443
Lease liabilities	-	537,669	971,304	258,550	1,767,523	-	472,468	857,327	254,209	1,584,004	-	341,347	983,238	162,162	1,486,747
Other financial liabilities	-	3,543,708	-	-	3,543,708	-	2,939,614	-	-	2,939,614	-	2,774,755	-	-	2,774,755
Bank overdraft	-	387,288	-	-	387,288	-	387,288	-	-	387,288	-	368,315	-	-	368,315
Total financial liabilities	-	7,478,349	6,461,666	121,501,276	135,441,291	-	6,028,833	5,014,292	101,249,431	112,292,556	-	9,064,112	4,273,859	87,935,720	101,273,691
Excess assets/(liabilities)	1,920,904	17,498,256	5,951,291	(72,190,111)	(46,819,660)	1,256,491	16,975,561	5,003,892	(62,733,835)	(39,497,891)	8,913,236	6,488,473	5,315,486	(45,649,601)	(24,932,406)

49.4.3.2 Financial assets available to support future funding

The table below summarises the availability of the Group's financial assets to support future funding:

Table 22 - Assets available as collateral

For the year ended December	2025						2024		
	Group			Company			Company		
	Pledged as collateral Rs. '000	Available as collateral Rs. '000	Total Rs. '000	Pledged as collateral Rs. '000	Available as collateral Rs. '000	Total Rs. '000	Pledged as collateral Rs. '000	Available as collateral Rs. '000	Total Rs. '000
Financial investments at,									
Amortised cost	-	29,152,755	29,152,755	-	29,152,755	29,152,755	-	25,129,878	25,129,878
Fair value through other comprehensive income	-	22,431,897	22,431,897	-	13,748,867	13,748,867	-	13,552,944	13,552,944
Fair value through profit or loss	-	5,377,422	5,377,422	-	4,170,678	4,170,678	-	5,255,196	5,255,196
Loans to life policyholders	-	412,829	412,829	-	412,829	412,829	-	350,134	350,134
Reinsurance receivables	-	524,933	524,933	-	482,477	482,477	-	518,316	518,316
Premium receivables	-	1,991,824	1,991,824	-	1,918,988	1,918,988	-	2,904,513	2,904,513
Receivables and other assets	-	120,335	120,335	-	89,925	89,925	-	87,772	87,772
Cash at bank	-	2,736,138	2,736,138	-	2,708,450	2,708,450	-	1,860,952	1,860,952
Total	-	62,748,133	62,748,133	-	52,684,969	52,684,969	-	49,659,705	49,659,705

49.4.3.3 Unutilised bank overdraft facilities

Unutilised bank overdraft facilities as at 31 December 2025 amounted to Rs. 150 Million (2024 - Rs. 150 Million).

49.4.4 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 Group'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 Group's strategy for managing market risk and delegates responsibility for overseeing the implementation of this strategy to the Group's asset and liability committee (ALCO). • Following policies and procedures are in place within the Group to mitigate the Group's exposure to market risk. • The ALM framework seeks to match 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 Group and for individual portfolios; • Monitoring market risk on a day-to-day basis by the Treasury Middle Officer
Sustainability and climate impact	Refer pages 82 to 91

Table 23 - Exposure to market risk

For the year ended 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Financial assets exposure to;				
Interest rate risk	49.4.4.1	55,799,430	46,535,741	39,723,123
Foreign exchange risk	49.4.4.2	4,907,320	4,907,320	4,111,648
Equity risk	49.4.4.3	1,162,645	536,559	4,214,895
Financial liabilities exposure to;				
Interest rate risk	49.4.4.1	(387,288)	(387,288)	(3,384,758)
Foreign exchange risk	49.4.4.2	196,407	196,407	(3,309,116)

49.4.4.a Sensitivity analysis

Assumptions and methods:

- All other variables 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 Group has used the same methods and assumptions in preparing the sensitivity analyses for both current and comparative periods. Sensitivity analyses are provided in the Notes 49.4.4.1.2 (Table 25), 49.4.4.2.a (Table 28) and 49.4.4.3.a (Table 31) on pages 424, 425 and 426.

49.4.4.1 Interest rate risk

Risk exposure	• Interest rate risk on financial instruments arises primarily from the Group'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 Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.
Risk response	• The Group 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 Group 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 Group to mitigate the Group'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 Group monitors its interest rate risk exposure through periodic reviews of asset and liability positions.
Sustainability and climate impact	Refer pages 87 and 88

49.4.4.1 Interest rate risk (Contd.)

Table 24 - Exposure to interest rate risk

As at 31 December	2025								2024			
	Group				Company				Company			
	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	Variable interest rate Rs. '000	Fixed interest rate Rs. '000	Non interest bearing Rs. '000	Total Rs. '000
Financial assets at,												
Amortised cost	642,810	28,509,945	-	29,152,755	642,810	28,509,945	-	29,152,755	456,305	24,673,573	-	25,129,878
Fair value through other comprehensive income	3,064,655	18,830,684	536,558	22,431,897	3,064,655	10,147,653	536,559	13,748,867	3,568,000	5,770,049	4,214,895	13,552,944
Fair value through profit or loss	3,816,183	935,153	626,086	5,377,422	3,816,183	354,495	-	4,170,678	4,720,757	534,439	-	5,255,196
Total	7,523,648	48,275,782	1,162,644	56,962,074	7,523,648	39,012,093	536,559	47,072,300	8,745,062	30,978,061	4,214,895	43,938,018
Financial liabilities												
Loans and borrowing	-	-	-	-	-	-	-	-	(3,016,443)	-	-	(3,016,443)
Bank overdraft	(387,288)	-	-	(387,288)	(387,288)	-	-	(387,288)	(368,315)	-	-	(368,315)
Total	(387,288)	-	-	(387,288)	(387,288)	-	-	(387,288)	(3,384,758)	-	-	(3,384,758)
Maximum exposure to interest rate risk	7,136,360	48,275,782	1,162,644	56,574,786	7,136,360	39,012,093	536,559	46,685,012	5,360,304	30,978,061	4,214,895	40,553,260

49.4.4.1.2 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 Group to cash flow fluctuations, whereas fixed interest rate instruments expose the Group to changes in fair values.

Table 25 - Estimated impact on profitability and equity by the fluctuation of interest rates

As at 31 December	2025								2024			
	Group				Company				Company			
	Fixed-rate		Variable-rate		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	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	-	-	4,993	4,993	-	-	4,993	4,993	-	-	4,564	4,564
Financial assets at FVOCI	-	(721,134)	35,598	(104,787)	-	(352,633)	35,598	(104,787)	-	(116,149)	43,575	(120,347)
Financial assets at FVTPL	(5,055)	(5,055)	37,699	37,699	(5,045)	(5,045)	37,699	37,699	(12,616)	(12,616)	46,983	46,983
Financial liabilities at amortised cost	-	-	(5,221)	(5,221)	-	-	(5,221)	(5,221)	-	-	(29,267)	(29,267)
Total	(5,055)	(726,189)	73,069	(67,316)	(5,045)	(357,678)	73,069	(67,316)	(12,616)	(128,765)	65,855	(98,067)
Decrease in 100 basis points Financial assets/liabilities at,												
Financial assets at Amortised cost	-	-	(4,993)	(4,993)	-	-	(4,993)	(4,993)	-	-	(4,564)	(4,564)
Financial assets at FVOCI	-	778,008	(35,598)	117,407	-	381,652	(35,598)	117,407	-	127,137	(43,575)	135,192
Financial assets at FVTPL	5,343	5,343	(37,966)	(37,966)	5,332	5,332	(37,699)	(37,699)	13,569	13,569	(46,983)	(46,983)
Financial liabilities at amortised cost	-	-	5,221	5,221	-	-	5,221	5,221	-	-	29,267	29,267
	5,343	783,351	(73,336)	79,669	5,332	386,984	(73,069)	79,936	13,569	140,706	(65,855)	112,912

49.4.4.2 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 analyses 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 Group's financial position. • Explores the possibility of using forward contracts, providing a hedge against potential adverse movements in exchange rates.

Table 26 - Exposure to foreign exchange risk

For the year ended December	2025				2024	
	Group		Company		Company	
	Amount in USD '000	Amount in LKR Rs. '000	Amount in USD '000	Amount in LKR Rs. '000	Amount in USD '000	Amount in LKR Rs. '000
USD Assets	15,827	4,907,320	15,827	4,907,320	14,049	4,111,648
USD Liabilities	(633)	(196,407)	(633)	(196,407)	(11,307)	(3,309,116)
Maximum exposure to foreign exchange risk	15,194	3,900,913	15,194	3,900,913	2,742	802,532

Table 27 - Exchange rates applied by the Group

As at 31 December	2025		2024	
	Closing rate	Average rate	Closing rate	Average rate
USD/LKR	310.06	309.20	292.67	291.72

49.4.4.2.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

For the year ended December	2025				2024	
	Group		Company		Company	
	Impact on PBT Rs. '000	Impact on equity Rs. '000	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	245,362	245,362	245,362	245,362	205,582	205,582
Financial liabilities	(9,820)	(9,820)	(9,820)	(9,820)	(165,456)	(165,456)
Net impact	235,542	235,542	235,542	235,542	40,126	40,126
5% - Decrease in exchange rate USD						
Financial investments	(245,362)	(245,362)	(245,362)	(245,362)	(205,582)	(205,582)
Financial liabilities	9,820	9,820	9,820	9,820	165,456	165,456
Net impact	(235,542)	(235,542)	(235,542)	(235,542)	(40,126)	(40,126)

49.4.4.3 Equity risk

Risk exposure	• The Group'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 Treasury officer analyses the market conditions of foreign exchange and analyses the utilisation of cash flows. • The Group 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 Group'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 Group performance.

Table 29 - Listed equity investments in the policyholder fund and shareholder fund

As at 31 December	2025				2024	
	Group		Company		Company	
	Amount Rs. '000	%	Amount Rs. '000	%	Amount Rs. '000	%
Policyholder fund	1,162,645	100	536,559	100	1,706,610	40
Shareholder fund	-	-	-	-	2,508,285	60
Maximum exposure to equity risk	1,162,645	100	536,559	100	4,214,895	100

Table 30 - Portfolio diversification of listed equity investments (Sector analysis)

As at 31 December	2025				2024	
	Group		Company		Company	
	Amount Rs. '000	%	Amount Rs. '000	%	Amount Rs. '000	%
Banks	165,170	14	-	-	3,737,944	89
Diversified financials	97,227	8	87,853	16	92,559	2
Household & Personal Products	12,745	1	-	-	-	-
Consumer Services	21,463	2	-	-	-	-
Consumer Durables and Apparels	30,976	3	-	-	-	-
Food Beverage & Tobacco	19,659	2	-	-	-	-
Insurance	16,221	1	-	-	-	-
Utilities	20,381	2	-	-	-	-
Materials	47,712	4	-	-	-	-
Transportation	70,521	6	-	-	-	-
Telecommunication Services	20,310	2	-	-	-	-
Capital goods	190,050	16	-	-	-	-
Hospitality and tourism industry	1,504	-	-	-	-	-
Healthcare equipment and services	448,706	39	448,706	84	384,392	9
Total	1,162,645	100	536,559	100	4,214,895	100

49.4.4.3.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	2025				2024	
		Group		Company		Company	
		Impact on PBT Rs. '000	Impact on equity Rs. '000	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	-	(53,656)	-	(53,656)	-	(421,489)
10% Increase in stock prices	FVOCI	-	53,656	-	53,656	-	421,489
10% decline in stock prices	FVTPL	(62,609)	(62,609)	-	-	-	-
10% Increase in stock prices	FVTPL	62,609	62,609	-	-	-	-

49.5 Operational Risk

49.5.1 Regulatory and compliance risk

Risk exposure	The Group operates in a highly regulated environment and is exposed to the risk of non-compliance with applicable laws, regulations, regulatory directions and industry standards in Sri Lanka. Failure to comply may result in regulatory sanctions, financial penalties, business restrictions and reputational damage.
Risk response	The Group manages this risk through established compliance policies and procedures, ongoing monitoring of regulatory developments, periodic compliance reviews, staff training, and oversight by management and the Board to ensure adherence to applicable legal and regulatory requirements.
Sustainability and climate impact	Refer pages 130 to 199

49.5.2 Cyber and data security risk

Risk exposure	The Group is exposed to cyber and data security risk arising from potential cyber-attacks, system intrusions, data breaches, service disruptions and unauthorised access to confidential policyholder, employee and business information. Such incidents may lead to operational disruption, financial loss, legal exposure and damage to customer trust.
Risk response	The Group manages this risk through information security policies, access controls, system monitoring, vulnerability assessments, data protection measures, employee awareness programmes, incident response procedures and ongoing enhancements to its IT security environment.
Sustainability and climate impact	Refer pages 158 to 159

49.5.3 Reputational risk

Risk exposure	The Group is exposed to reputational risk arising from adverse publicity, poor customer outcomes, service failures, regulatory breaches, misconduct, or other events that may negatively affect stakeholder confidence in the Group. Reputational damage may adversely impact new business generation, policyholder retention and overall franchise value.
Risk response	The Group manages this risk through strong governance, customer service standards, transparent communication, complaint handling mechanisms, regulatory compliance, and regular monitoring of matters that may adversely affect its reputation and stakeholder confidence.
Sustainability and climate impact	Refer pages 80 to 98

49.5.4 Acquisition and integration risk

Risk exposure	The acquisition of a subsidiary gives rise to integration risk, including risks relating to the integration of operations, systems, people, internal controls and governance processes, as well as the risk that the acquired business may not deliver the expected strategic or financial benefits.
Risk response	The Group manages this risk through structured integration planning, ongoing oversight by management, alignment of the subsidiary's control environment with Group policies, and regular monitoring of financial, operational and compliance matters.

49.6 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 for setting strategies and objectives of SLFRS - 17 implementation and for setting up proper governance structure and managing cultural changes smoothly. The steering committee has identified and assessed risks associated with SLFRS 17 implementation and relevant mitigation actions as prescribed in the table below.

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 the 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.
		People	Lack of capabilities	• Formulate the project team representing necessary expertise. • Obtain consultancy service from experts. • Conduct extensive workshops for 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 asset 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 Group's value. • Conduct proper asset-liability management.
Strategic risk	Strategic management	Investor confidence	Increased in investor scrutiny and pressure	• Develop a BRD incorporating corporate key priorities • Educate investors about key financial metrics impacted by SLFRS 17 implementation.
		Performance management	Change in 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 to 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

49.7 Capital management

49.7.1 Objectives, policies and processes for capital management

The Group policy / objective is to maintain a strong capital base:

- to safeguard the ability to continue as a going concern, so that the Group 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 Group to reduce the cost of capital and comply with regulatory requirements;
- to support new business growth of the Group.

The management of the Group uses regulatory capital ratios to monitor the Group's capital base.

49.7.2 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 Group.

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.

49.7.3 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

49.7.4 Risk response to capital management

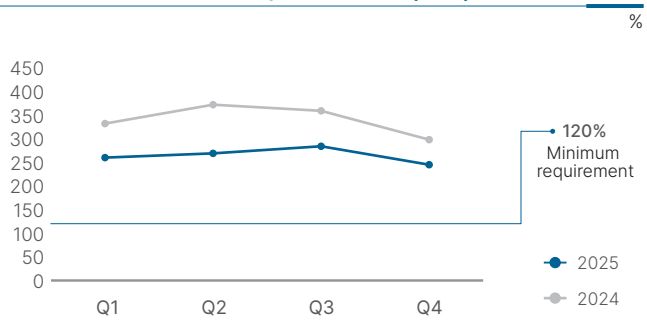
- Continuous training is provided to the staff of the Group
- Compliance with recommended action plans are supported by periodic reviews undertaken by the Head of Actuarial of the Group.
- Further, in preparation for the adoption of the RBC Framework, the Group already uses the appointed actuary's service.
- Closely follow the RBC guidelines issued by IRCSL.

Summary of Company's compliances to the Risk Based Capital (RBC) framework is provided in the following table.

Table 32 - compliance with the RBC framework

As at 31 December	2025 Company Rs. '000	2024 Company Rs. '000
Total Available Capital (TAC)	32,425,207	31,891,701
Risk Based Capital requirement (RCR)	13,229,002	10,704,486
Risk-based Capital Adequacy Ratio (CAR)	245%	298%
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 2025 mainly due to the settlement of Tier II loan and the interim dividend paid during the year.

49.7.5 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

As at 31 December	Change in assumptions	Estimated CAR Ratio (Regulatory) Company
Expenses	10%	226%
	-10%	253%
Discount Rate	0.50%	252%
	-0.50%	225%
First 3 years Termination	Up	237%
	Down	242%
Mass Termination	Up	211%
	Down	275%
Mortality	10%	233%
	-10%	246%
Morbidity	10%	212%
	-10%	265%

49.7.6 Measurement of gearing of the Group

The Group'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 Group monitors capital on the basis of the following gearing ratio:

Table 34 - Gearing ratio

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Cash and cash equivalents	3,099,838	2,717,805	1,869,652
Liquid Investments	15,743,424	14,092,003	11,858,738
Bank overdrafts	(387,288)	(387,288)	(368,315)
Borrowings (excluding bank overdrafts)	-	-	(3,016,443)
Lease liabilities	(1,524,159)	(1,361,538)	(1,190,336)
Net debt	16,931,815	15,060,982	9,153,296
Total Equity	13,667,619	13,262,662	10,354,554
Net debt to equity ratio	1.24	1.14	0.88

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 446.

Details of the dividends of the Group are provided in Note 24 on page 345.

50. OPERATING SEGMENTS

Accounting Policy

50.1 General

An operating segment is a part of the Group that conducts business activities, generating revenue and incurring expenses, including those from transactions with other activities of the Group. The segment's operating results are regularly reviewed by the 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 Group during the year for acquiring property, plant, equipment, and intangible assets.

50.2 Basis for segmentation

For management purposes and regulatory compliance, the Group 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.

50.3 Aggregation

No operating segments have been aggregated to form the above reportable segments.

Graphical representation of segment information is provided in the financial highlights on page 306 to 307.

50.4 Geographic information

Activities of the Group are located in Sri Lanka. The economic environment in which the Group operates is not subject to risks and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

Accounting Policy

50.5 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 is used to measure performance of the segments as this information is the most relevant in evaluating the results of individual segments.

50.6 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	2025								2024			
	Group				Company				Company			
	Policyholder fund	Shareholder fund	Unallocated/ eliminations	Consolidated	Policyholder fund	Shareholder fund	Unallocated/ eliminations	Consolidated	Policyholder fund	Shareholder fund	Unallocated/ eliminations	Consolidated
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Segment Revenue (Gross written premiums)	40,075,495	-	-	40,075,495	38,331,485	-	-	38,331,485	31,573,467	-	-	31,573,467
Premiums ceded to reinsurers	(2,737,584)	-	-	(2,737,584)	(2,719,952)	-	-	(2,719,952)	(2,509,698)	-	-	(2,509,698)
Segment net written premiums	37,337,911	-	-	37,337,911	35,611,533	-	-	35,611,533	29,063,769	-	-	29,063,769
Segment other revenue	5,952,300	1,618,803	-	7,571,103	5,193,352	1,484,817	-	6,678,170	7,143,166	2,237,505	-	9,380,671
Segment total net revenue	43,290,211	1,618,803	-	44,909,014	40,804,885	1,484,817	-	42,289,703	36,206,935	2,237,505	-	38,444,440
Net claims and benefits expenses	(19,396,255)	-	-	(19,396,255)	(18,396,007)	-	-	(18,396,007)	(14,249,713)	-	-	(14,249,713)
Change in contract liability - life	(4,292,556)	-	-	(4,292,556)	(4,556,947)	-	-	(4,556,947)	(5,270,740)	-	-	(5,270,740)
Underwriting and net acquisition costs (including reinsurance)	(7,239,551)	-	-	(7,239,551)	(6,829,572)	-	-	(6,829,572)	(5,790,389)	-	-	(5,790,389)
Other operating and administrative expenses	(6,824,063)	(196,350)	-	(7,020,413)	(6,379,549)	(134,278)	-	(6,513,827)	(6,320,917)	(119,418)	-	(6,440,335)
Impairment (charge) / reversal on financial investments	219	60,094	-	60,313	219	60,094	-	60,313	791	766,661	-	767,452
Finance costs	(255,029)	(149,851)	-	(404,880)	(255,029)	(149,851)	-	(404,880)	(288,967)	(839,429)	-	(1,128,396)
Segment profit before tax	5,282,975	1,332,697	-	6,615,672	4,388,000	1,260,783	-	5,648,783	4,287,000	2,045,319	-	6,332,319
Income tax expense	-	(1,935,373)	-	(1,935,373)	-	(1,645,306)	-	(1,645,306)	-	(1,810,522)	-	(1,810,522)
Segment profit for the year	5,282,975	(602,676)	-	4,680,299	4,388,000	(384,523)	-	4,003,477	4,287,000	234,797	-	4,521,797

50.7 Evaluation of segment performance

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Financial Statements.

50.8 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	2025								2024			
	Group				Company				Company			
	Policyholder fund	Shareholder fund	Unallocated/ eliminations	Consolidated	Policyholder fund	Shareholder fund	Unallocated/ eliminations	Consolidated	Policyholder fund	Shareholder fund	Unallocated/ eliminations	Consolidated
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total assets	54,541,702	14,011,848		68,553,551	45,879,153	12,907,799	-	58,786,953	39,926,580	13,667,568	-	53,594,148
Total equity	153,717	14,532,670		14,686,387	(40,958)	13,303,621	-	13,262,663	(47,764)	10,402,318	-	10,354,554
Liabilities	54,387,985	(520,822)		53,867,164	45,920,111	(395,822)	-	45,524,290	39,974,344	3,265,250	-	43,239,594
Total equity and liabilities	54,541,702	14,011,848	-	68,553,551	45,879,153	12,907,799	-	58,786,953	39,926,580	13,667,568	-	53,594,148
Capital expenditure	-	(293,355)	-	(293,355)	-	(228,067)	-	(228,067)	-	(123,392)	-	(123,392)

50.9 Summary of segment cash flows

For the year ended December	2025						2024		
	Group			Company			Company		
	Policyholder fund	Shareholder fund	Total	Policyholder fund	Shareholder fund	Total	Policyholder fund	Shareholder fund	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from,									
Operating activities	4,511,454	2,796,609	7,308,063	4,247,783	2,796,609	7,044,392	(4,148,231)	10,295,291	6,147,060
Investing activities	(2,880,625)	1,669,311	(1,211,314)	(3,032,176)	1,669,311	(1,362,865)	5,346,548	(16,710)	5,329,838
Financing activities	(446,561)	(4,441,453)	(4,888,014)	(9,296,278)	(4,441,453)	(4,854,825)	(411,068)	(10,287,300)	(10,698,368)

50.10 Major customers

The Group doesn't have any major customers.

50.11 Impairment

For the year ended December	2025						2024		
	Group			Company			Company		
	Policyholder fund	Shareholder fund	Total	Policyholder fund	Shareholder fund	Total	Policyholder fund	Shareholder fund	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impairment losses / (reversal) recognised in profit or loss	(219)	(60,094)	(60,313)	(219)	(60,094)	(60,313)	(791)	(766,661)	(767,452)

50.12 Financial assets pledged as collateral for liabilities

There was no financial investment pledged as collateral for liabilities or contingent liabilities (2024 - Nil)

51. RELATED PARTY DISCLOSURE

Accounting Policy

The Group 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'.

51.1 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.

51.1.1 Guarantees

No guarantees given or received during the period (2024 - Nil).

51.2 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 Group as per the audited Financial Statements for 31 December 2025, which require additional disclosures in the 2025 Annual Report under Colombo Stock Exchange listing Rule 9.14.7 and the 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.

51.3 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue of the Group as per audited Financial Statements for 31 December 2025, which require additional disclosures in the 2025 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.

51.4 Parent and ultimate controlling party

The parent entity of the Group is Softlogic Capital PLC. In the opinion of the Directors, the ultimate parent undertaking and controlling entity is Softlogic Holdings PLC which is incorporated in Sri Lanka.

51.5 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.

51.6 Transactions with KMP

Please refer to Note 51.1 for the terms and conditions of transactions.

51.6.1 Compensation of KMP

As at 31 December	2025		2024
	Group Rs. '000	Company Rs. '000	Company Rs. '000
Short term employment benefits	106,549	106,549	75,288
Post-employment benefits	8,235	8,235	6,619
Other long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payments	-	-	-
Fees paid	36,653	36,653	10,260
Total	151,437	151,437	92,167

51.6.2 Transactions with KMP recorded in Income Statement

As at 31 December	Note	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000
Insurance premiums		1,236	1,236	6,671
Compensation to KMP	51.6.1	151,437	151,437	92,167
Total		152,673	152,673	98,838

51.6.3 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.

51.6.4 Loans to directors

No loans have been granted to the Directors of the Group.

51.7 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 Group.

There are no transactions with IFM of KMP of the Group during the year (2024 - Nil).

51.8 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. (2024- Nil).

51.9 Changes to the board of directors

There were no changes to the composition of the Board of Directors of the Group during the year. Changes to the Board of Directors of the Subsidiary, including those arising from the change in ownership during the year, are disclosed on page 225.

51.10 Transactions with parent and ultimate parent

Please refer to Note 51.1 for terms and conditions of transactions.

51.10.1 Transactions in the Income Statement

For the year ended 31 December	Recurrent / Non-recurrent	Transactions with parent (Softlogic Capital PLC)			Transactions with ultimate parent (Softlogic Holdings PLC)		
		2025		2024	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000	Company Rs. '000
Nature of the transaction							
Insurance premiums	Recurrent	1,490	1,490	886	7,963	7,963	10,787
Receiving of services	Recurrent	114,385	114,385	305,137	1,010	1,010	1,192
Interest income	Recurrent	-	-	14,565	46,536	46,536	54,752
Total		115,875	115,875	320,588	55,509	55,509	66,731

51.10.2 Transactions recorded in the Statement of Financial Position

As at 31 December	Recurrent / Non-recurrent	Transactions with parent (Softlogic Capital PLC)			Transactions with ultimate parent (Softlogic Holdings PLC)		
		2025		2024	2025		2024
		Group Rs. '000	Company Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000	Company Rs. '000
Nature of the transaction							
Dividend paid	Recurrent	726,152	726,152	1,463,684	667	667	1,325
Investments*	Recurrent	-	-	-	191,497	191,497	200,137
Insurance premium receivable	Recurrent	81	81	114	-	-	20
Repurchase of ordinary voting shares	Non-recurrent	-	-	3,103,132	-	-	2,809
Other receivable	Recurrent	-	-	-	-	-	12,466
Other Payable	Recurrent	3,156	3,156	-	-	-	-
Total		729,389	729,389	4,566,930	192,164	192,164	216,757

*Investments are recorded at net of impairment.

Impairment

During the financial year ended 31 December 2025, the Company reassessed the impairment allowance recognised on its investment in commercial paper issued by Softlogic Holdings PLC. Accordingly, the impairment provision was reduced to Rs. 140 Million (2024 – Rs. 200 Million), reflecting the reduction in the outstanding investment exposure as at the reporting date. The resulting reversal of impairment amounting to Rs. 60 Million has been recognised in profit or loss for the year.

The commercial paper investment is secured by a share pledge agreement entered into with Softlogic Holdings PLC, whereby listed equity shares of Softlogic Finance PLC have been pledged as collateral. In terms of the agreement, the market value of the pledged shares is required to be maintained at a minimum of three times the outstanding balance of the commercial paper investment. As at 31 December 2025, 174,107,143 shares, with an aggregate market value of Rs. 975 Million, were held as collateral.

Except for the above reversal of impairment, no impairment losses have been recognised by the Group during the year on the outstanding balances due from the parent and the ultimate parent companies.

51.11 Transactions with other related entities

51.11.1 Transactions with subsidiary companies of the parent and ultimate parent

Please refer Note 51.1 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 and transactions with companies under common control.

Further, Directors' interest in contracts with the Group have been disclosed on page 266.

51.11.1.1 Transactions in the Income Statement

As at 31 December	Recurrent / Non-recurrent	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Nature of the transaction				
Insurance premiums	Recurrent	132,611	132,611	178,439
Dividend received	Recurrent	-	-	22,435
Expenses	Recurrent	527,632	527,632	432,432
Total		660,243	660,243	633,306

51.11.1.2 Transactions in the Statement of Financial Position

As at 31 December	Recurrent / Non-recurrent	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Nature of the transaction				
Investments	Recurrent	536,559	536,559	476,951
Insurance premium receivable	Recurrent	14,616	14,616	36,443
Purchases of property, plant and equipment	Recurrent	425	425	-
Other receivable	Recurrent	22,887	179,306	46,625
Other payables (Note 45.4.2)	Recurrent	15,062	15,062	21,836
Total		589,549	745,968	581,855

Impairment

The Group has recognised an impairment reversal on insurance premium receivable amounting to Rs. 3.3 Million during the year (2024 - Rs. 27.7 Million) resulting in a provision balance of Rs. 17.3 Million as at 31 December 2025 (2024 - Rs. 20.61 Million).

Except for the above, no impairment losses have been recorded (2024 - Nil) on the outstanding balances from other related entities.

51.12 Purchase of its own shares

Please refer Note 36.4 for the details on the share repurchase during 2024. (2025 - Nil)

52. CAPITAL AND OTHER COMMITMENTS

52.1 Capital commitments

The Group 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	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Approved and contracted for	180,610	40,250	12,450
Total capital commitments	180,610	40,250	12,450

52.2 Bank guarantees

The following bank guarantees have been provided as at 31 December 2025.

As at 31 December	2025 Group Rs. '000	2025 Company Rs. '000	2024 Company Rs. '000
Relating to tax	36,919	36,919	-
Relating to others	47,792	47,792	26,006

52.3 Loan agreements

The Company has entered into a subordinated loan agreement amounting to USD 15 Million. The proceeds of the facility will be utilised to support the expansion of the Company's business operations and to strengthen its Tier 2 regulatory capital. The facility has been jointly arranged as follows:

- USD 7.5 Million from OP Finnfund Global Impact Fund I Ky together with the Finnish Fund for Industrial Cooperation Ltd; and
- USD 7.5 Million from Norfund (Norwegian Investment Fund for Developing Countries).

53. EVENTS AFTER THE REPORTING PERIOD

Accounting Policy

53.1 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.

54. PROVISIONS AND CONTINGENCIES

54.1 Provisions

A provision is recognised if, as a result of a past event, the Group 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.

54.2 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.

54.2.1 Use of judgements and estimates provisions and contingencies

Refer Note 4.2 on page 327 for use of judgements and estimates relating to provisions and contingencies.

The contingent liability of the Group 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. For the Y/A 2019/20, the Company has appealed to TAC upon the receipt of the CGIR determination. For the other case, the company has appealed on the same basis as stated above and is awaiting for the CGIR determination.

4) The Company has received an Assessment for the Y/A 2022/23 amounting to Rs. 643.54 Million including the penalty and in the process of appealing for an administrative review.

Assessments in respect of Nation Building Tax on Financial Services (NBT on FS)

5) 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

6) 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.

7) 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.

8) 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. 662.9 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.

9) 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, 2020/21 and 2021/22 amounting to Rs. 3,007.24 Million along with penalty, in favour of the CGIR. The Company has submitted petition of appeals with TAC.

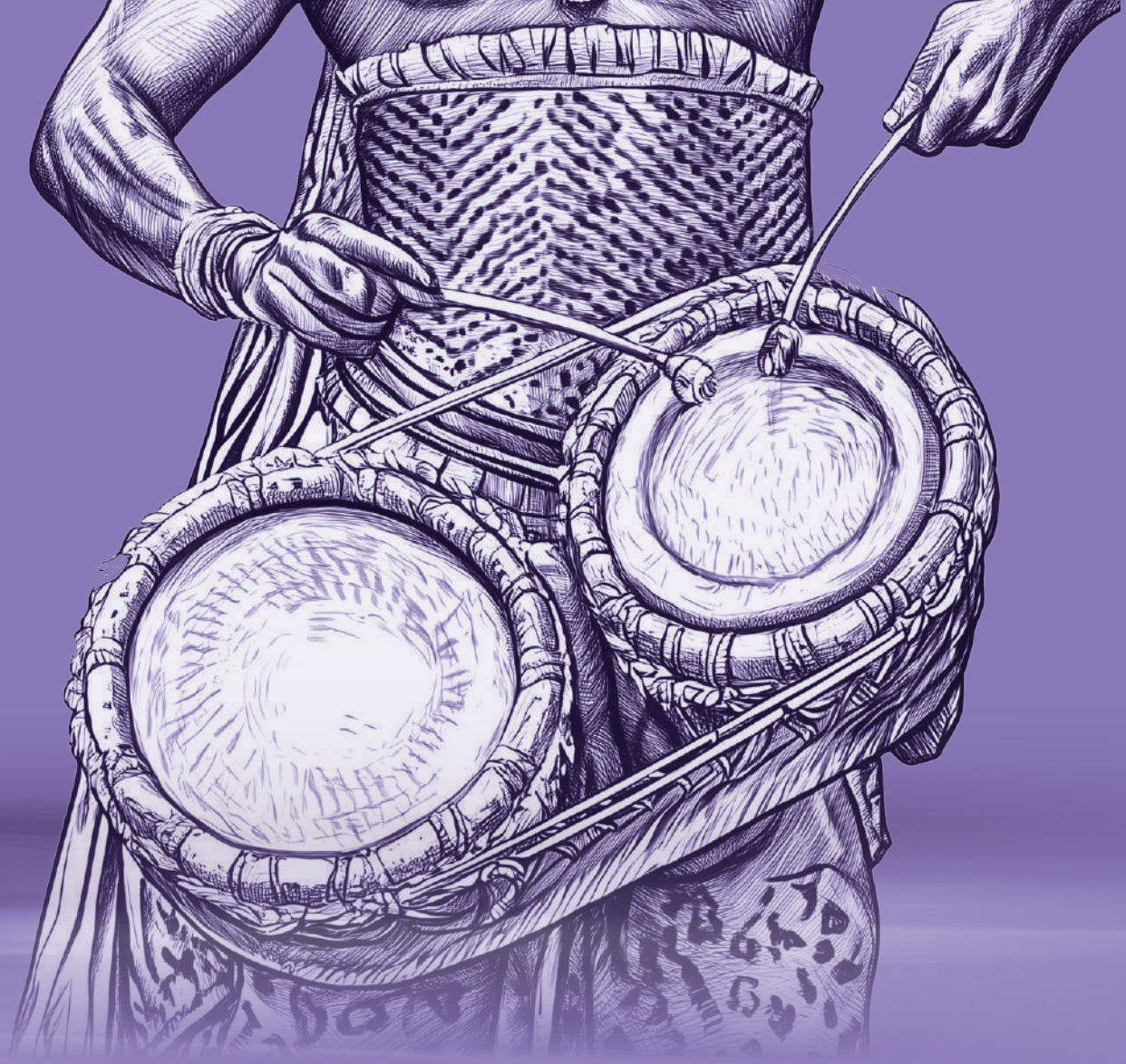
10) The Company has received an Assessment on PAYE Tax for the Y/A 2016/17 amounting to Rs. 0.9 Million along with penalty for which company has duly submitted an appeal.

In February 2026, the Court of Appeal ruled in favour of the insurance industry in a corporate income tax case, allowing life insurance companies to fully deduct management expenses against investment income for the relevant years of assessment. The decision provides favourable guidance for the Company's pending tax matters by supporting the deductibility of similar expenses and promoting consistent application of tax laws across the life insurance sector.

The Directors are of the opinion that the Company has complied with the applicable tax laws and regulations in preparing and submitting its tax returns. Accordingly, the Directors believe that the probability of the Company being required to settle any of the tax assessments referred to above is remote (Subsidiary – NIL).

Further, in the opinion of the Directors, there are no pending litigations or claims against the Company that would have a material impact on the financial statements.

Except for the matters disclosed above, the Group does not have any contingent liabilities requiring disclosure in the financial statements as at the reporting date.



SUPPLEMENTARY INFORMATION

Resounding Progress. Resounding Impact.

Beyond performance lies purpose, and beyond the numbers at Softlogic Life, lie milestones of social impact, innovation and forward-looking commitments, each shaping our nation and forming the blueprint that propels us into another year of resounding success.

The Sri Lankan drumming tradition carries a commanding resonance, announcing presence and purpose across distances, and underpinning the heart of a culture with every beat.

STATEMENT OF FINANCIAL POSITION-LIFE INSURANCE FUND

As at 31 December	Note	Page	Group 2025 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Assets					
Property, plant and equipment	LF 1	439	333,000	333,000	298,187
Right of use assets	LF 2	439	1,428,321	1,269,713	1,189,826
Financial investments	LF 3	439	46,059,598	36,932,104	31,721,103
Loans to life policyholders	31	475	412,829	412,829	350,134
Reinsurance receivables	32	476	524,933	482,477	518,316
Premium receivables	33	476	1,991,824	1,918,988	2,904,513
Receivables and other assets	LF 4	441	1,900,612	1,840,606	1,078,748
Cash and cash equivalents	LF 5	441	3,071,469	2,689,436	1,865,751
Total assets			55,722,586	45,879,153	39,926,578
Equity and liabilities					
Equity					
Other reserves			153,717	(40,958)	(47,764)
Total equity			153,717	(40,958)	(47,764)
Liabilities					
Insurance contract liabilities	40	381	46,611,447	38,040,296	33,290,278
Employee benefit liabilities	41	387	582,974	580,331	372,315
Reinsurance payables	43	390	721,114	668,426	754,059
Other liabilities	LF 6	441	7,266,046	6,243,770	5,189,375
Bank overdraft	LF 5	441	387,288	387,288	368,315
Total liabilities			55,568,869	45,920,111	39,974,342
Total equity and liabilities			55,722,586	45,879,153	39,926,578

INSURANCE REVENUE ACCOUNT

For the year ended 31 December	Note	Page	Group 2025 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Life insurance - Policyholder fund					
Gross written premiums	6	331	40,075,495	38,331,485	31,573,467
Premiums ceded to reinsurers	7	331	(2,737,583)	(2,719,952)	(2,509,698)
Net written premiums	8	332	37,337,912	35,611,533	29,063,769
Other revenue					
Finance and other income			6,139,740	5,193,352	7,143,166
Net benefits and claims expenses	13.3	336	(19,318,267)	(18,396,007)	(14,249,713)
Change in insurance contract liabilities	15.3	338	(4,292,556)	(4,556,947)	(5,270,740)
Underwriting and net acquisition costs (Including reinsurance)	16.2	339	(7,239,551)	(6,829,572)	(5,790,389)
Expenses			(7,364,979)	(6,634,359)	(6,609,093)
Surplus from life insurance fund			5,262,299	4,388,000	4,287,000
Income tax on surplus			(1,578,690)	(1,316,400)	(1,286,100)
Surplus after tax			3,683,609	3,071,600	3,000,900
Shareholder fund					
Finance and other income not attributable to policyholders			1,670,232	1,484,818	2,237,505
Expenses not attributable to policyholders			(316,859)	(224,034)	(192,186)
Profit before tax - shareholder fund			1,353,373	1,260,784	2,045,319
Income tax on shareholder profit			(356,683)	(359,206)	(524,422)
Profit /(loss) from shareholder fund			996,680	901,578	1,520,897
Profit for the year			4,680,299	4,003,478	4,521,797

NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE LIFE INSURANCE FUND

LF 1. PROPERTY, PLANT AND EQUIPMENT

Refer accounting policies set out in Note 27 on page 350.

As at 31 December	Group			Company			
	Freehold land	Freehold building	2025 Rs. '000	Freehold land	Freehold building	2025 Rs. '000	2024 Rs. '000
Cost / Revaluation							
Balance as at 1 January	180,000	131,000	311,000	180,000	131,000	311,000	311,000
Additions during the year	-	-	-	-	-	-	-
Surplus on revaluation	24,000	23,591	47,591	24,000	23,591	47,591	-
Transferred of accumulated depreciation on revalued assets	-	(25,591)	(25,591)	-	(25,591)	(25,591)	-
Balance as at 31 December	204,000	129,000	333,000	204,000	129,000	333,000	311,000
Accumulated depreciation and impairment losses							
Balance as at 1 January	-	12,813	12,813	-	12,813	12,813	-
Depreciation for the year	-	12,778	12,778	-	12,778	12,778	12,813
Transferred of accumulated depreciation on revalued assets	-	(25,591)	(25,591)	-	(25,591)	(25,591)	-
Balance as at 31 December	-	-	-	-	-	-	12,813
Carrying value as at 31 December 2025	-	-	333,000	-	-	333,000	-
Carrying value as at 31 December 2024	-	-	-	-	-	-	298,187

LF 2. RIGHT OF USE ASSETS

Refer accounting policies set out in Note 28 on page 356.

Reconciliation of carrying amounts of Right-of-Use assets

As at 31 December	Group	Company	
	2025 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 1 January	1,189,826	1,189,826	600,973
Acquisitions through business combination	21,202	-	
Additions to right-of-use assets	637,695	469,441	954,758
Amortisation charge for the year	(410,053)	(380,893)	(365,905)
Derecognition of right-of-use assets	(10,349)	(10,349)	-
Change in fair value	-	-	-
Modification	-	-	-
Balance as at 31 December	1,428,321	1,269,713	1,189,826

LF 3. FINANCIAL INVESTMENTS

Refer accounting policies set out in Note 30 on page 361.

As at 31 December	Note	Group	Company	
		2025 Rs. '000	2025 Rs. '000	2024 Rs. '000
Amortised Cost (AC)	LF 3.1	24,284,409	24,284,410	21,428,853
Fair Value Through Other Comprehensive Income (FVOCI)	LF 3.2	16,754,196	8,833,445	6,065,750
Fair Value through Profit or Loss (FVTPL)	LF 3.3	5,020,993	3,814,249	4,226,500
Total financial investments		46,059,598	36,932,104	31,721,103

NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE LIFE INSURANCE FUND

LF 3.1 Amortised Cost (AC)

Refer accounting policies set out in Note 30.3.3 on page 362.

As at 31 December	Group	Company	
	2025	2025	2024
	Rs. '000	Rs. '000	Rs. '000
Debentures	4,002,586	4,002,586	4,900,397
Treasury bonds	10,934,802	10,934,802	13,066,594
Treasury bills	-	-	704,527
Fixed deposits	1,138,299	1,138,299	639,226
Commercial papers	828,770	828,770	1,229,564
Repo	7,379,952	7,379,953	888,545
Total	24,284,409	24,284,410	21,428,853

LF 3.2 Fair Value Through Other Comprehensive Income (FVOCI)

Refer accounting policies set out in Note 30.3.4 on page 362.

As at 31 December	Group	Company	
	2025	2025	2024
	Rs. '000	Rs. '000	Rs. '000
Equity - quoted	536,559	536,559	1,706,610
Treasury bonds	15,749,612	8,296,886	4,359,140
Treasury bill	391,214	-	-
Repo	148,419	-	-
Total	16,825,804	8,833,445	6,065,750

LF 3.3 Fair Value through Profit or Loss (FVTPL)

Refer accounting policies set out in Note 30.3.5 on page 363.

As at 31 December	Group	Company	
	2025	2025	2024
	Rs. '000	Rs. '000	Rs. '000
Treasury bonds	445,413	153,537	169,259
Unlisted perpetual debenture	363,504	363,504	365,229
Unit trust	3,116,172	3,096,550	3,516,257
Commercial papers	200,658	200,658	175,755
Securitised papers	45,861	-	-
Repo	105,022	-	-
Bank deposits	118,276	-	-
Equity - quoted	626,087	-	-
Total	5,020,993	3,814,249	4,226,500

LF 4. RECEIVABLES AND OTHER ASSETS

Refer accounting policies set out in Note 34 on page 377.

As at 31 December	Group	Company	
	2025	2025	2024
	Rs. '000	Rs. '000	Rs. '000
Financial assets			
Refundable deposits	74,466	74,466	173,699
Amounts due from Related Companies	-	25,860	-
Total financial assets	74,466	100,326	173,699
Non financial assets			
Tax recoverable	51,214	51,214	16,692
Advances and prepayments	1,774,932	1,689,066	888,357
Total non financial assets	1,826,146	1,740,280	905,049
Total receivables and other assets	1,900,612	1,840,606	1,078,748

LF 5. CASH AND CASH EQUIVALENTS

Refer accounting policies set out in Note 35 on page 378.

As at 31 December	Group	Company	
	2025	2025	2024
	Rs. '000	Rs. '000	Rs. '000
Cash in hand	363,701	9,355	8,700
Cash at bank	2,707,768	2,680,081	1,857,051
Total cash in hand and at bank	3,071,469	2,689,436	1,865,751
Bank overdraft	387,288	387,288	368,315

LF 6. OTHER LIABILITIES

Refer accounting policies set out in Note 45 on page 390.

As at 31 December	Group	Company	
	2025	2025	2024
	Rs. '000	Rs. '000	Rs. '000
Financial liabilities			
Commission / Incentive payable	1,281,137	1,241,869	1,024,771
Premium deposit	550,048	339,888	277,620
Amounts due to related parties	6,400	6,400	7,594
Other payables	1,634,454	1,634,452	801,892
Lease liabilities	1,524,161	1,361,539	1,190,336
Total financial liabilities	4,996,200	4,584,148	3,302,213
Non financial liabilities			
Accruals	1,946,028	1,335,804	1,570,485
Tax and others statutory payables	323,818	323,818	316,677
Total non financial liabilities	2,269,846	1,659,622	1,887,162
Total other liabilities	7,266,046	6,243,770	5,189,375

QUARTERLY ANALYSIS

INCOME STATEMENT

2025	Group		Company				
	3 Quarter July - Sep Rs. '000	4 Quarter Oct - Dec Rs. '000	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 2025 Rs. '000
Gross written premiums	10,376,558	10,968,969	8,982,362	9,747,606	9,508,452	10,093,065	39,199,591
Premiums ceded to reinsurers	(706,220)	(624,172)	(676,595)	(730,597)	(686,778)	(625,982)	(2,739,394)
Net written premiums	9,670,338	10,344,797	8,305,767	9,017,009	8,821,674	9,467,083	36,460,197
Other revenue							
Net finance income	1,478,614	1,918,674	1,355,156	1,273,768	1,245,116	1,259,442	5,366,980
Net realised gains	96,930	276,718	15,503	856,153	96,930	276,718	1,245,304
Net fair value gains / (losses)	77,551	48,983	85,422	55,491	77,551	48,983	267,447
Other operating income	52,619	(23,481)	1,383	1,617	27,248	1,689	57,308
Total other revenue	1,705,714	2,220,894	1,457,464	2,187,029	1,446,845	1,586,832	6,937,039
Total net revenue	11,376,052	12,565,691	9,763,231	11,204,038	10,268,519	11,053,915	43,397,236
Net benefits, claims and expenses							
Net insurance benefits and claims paid	(4,971,185)	(5,245,297)	(4,289,291)	(4,812,407)	(4,397,109)	(4,815,878)	(18,888,761)
Net change in insurance claims outstanding	(31,559)	(28,739)	15,662	(33,440)	(32,348)	(31,196)	(80,533)
Change in insurance contracts liabilities	(955,693)	(25,665)	(1,380,864)	(1,930,335)	(792,490)	(453,258)	(4,720,150)
Underwriting and net acquisition cost (Net of reinsurance)	(1,963,660)	(1,850,165)	(1,733,898)	(1,691,825)	(1,791,672)	(1,612,177)	(7,001,560)
Other operating and administration expenses	(1,758,910)	(2,168,983)	(1,574,010)	(1,511,116)	(1,559,855)	(1,868,845)	(6,712,881)
Impairment (provision)/Reversal on financial investments	1,080	58,611	(2,973)	3,595	1,080	58,611	60,313
Finance cost	(156,121)	30,500	(129,717)	(156,935)	(156,121)	37,893	(404,880)
Total benefits, claims and expenses	(9,836,048)	(9,229,738)	(9,095,091)	(10,132,463)	(8,728,515)	(8,684,850)	(37,748,452)
Profit before tax	1,540,004	3,335,953	668,140	1,071,575	1,540,004	2,369,065	5,648,784
Income tax expenses	(469,958)	(946,846)	(190,521)	(328,048)	(469,958)	(656,779)	(1,645,306)
Profit for the year	1,070,046	2,389,107	477,619	743,527	1,070,046	1,712,286	4,003,478

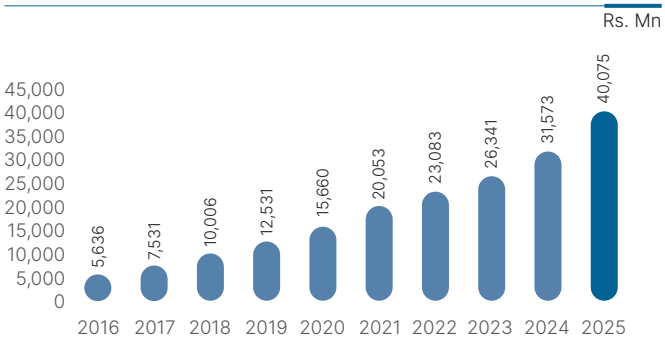
2024	Company				
	1 Quarter Jan - Mar Rs. '000	2 Quarter Apr - Jun Rs. '000	3 Quarter July - Sep Rs. '000	4 Quarter Oct - Dec Rs. '000	Total 2024 Rs. '000
Gross written premiums	7,162,827	7,373,670	7,418,230	9,618,740	31,573,467
Premiums ceded to reinsurers	(635,640)	(651,254)	(647,327)	(575,477)	(2,509,698)
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

DECADE AT A GLANCE - FINANCIAL PERFORMANCE

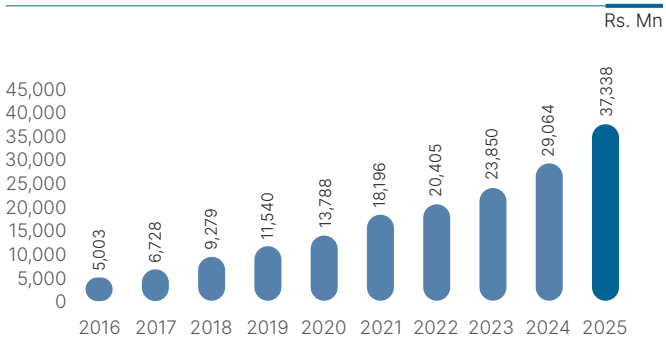
For the year ended 31 December	2025		2024	2023	2022	2021	2020	2019	2018	2017	2016
	Group Rs. '000	Company Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross written premiums	40,075,495	38,331,485	31,573,467	26,341,321	23,083,425	20,053,302	15,660,116	12,531,283	10,005,733	7,530,935	5,635,701
Net Written Premiums	37,337,912	35,611,533	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
Other revenue	7,571,101	6,678,170	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
Net income	44,909,013	42,289,703	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
Net insurance benefits and claims	(19,396,256)	(18,396,007)	(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)
Net acquisition cost	(7,239,551)	(6,829,572)	(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)
Expenses	(7,364,978)	(6,858,393)	(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)
Operating surplus before transfer to insurance provision	(34,000,785)	(32,083,972)	(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
Change in insurance contracts liabilities	(4,292,556)	(4,556,947)	(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)
Profit before tax	6,615,672	5,648,784	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
Income tax (expenses) / reversal	(1,935,373)	(1,645,306)	(1,810,522)	(358,768)	(1,347,508)	(860,806)	(608,864)	(430,715)	2,241,483	420,000	-
Profit for the year	4,680,299	4,003,478	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

*Represents life insurance segment result when composite company.

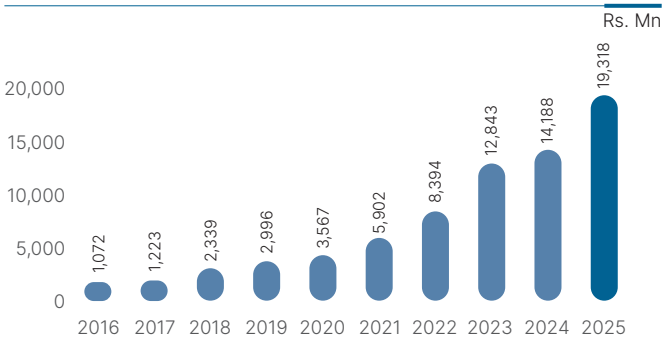
GROSS WRITTEN PREMIUMS



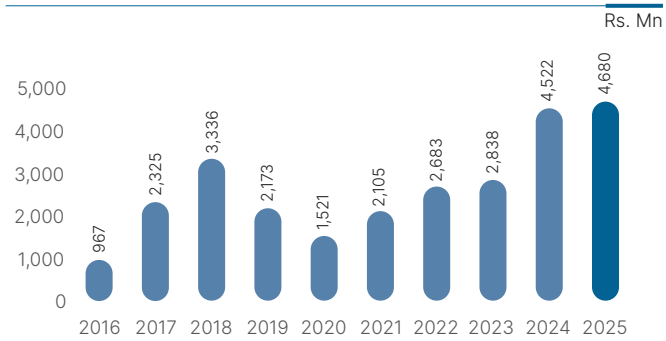
NET EARNED PREMIUM



NET INSURANCE BENEFITS AND CLAIMS



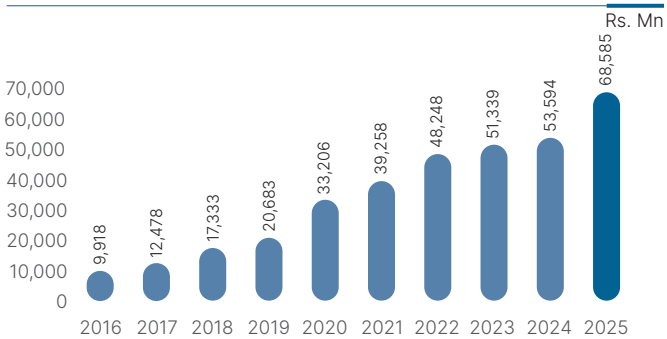
PROFIT FOR THE YEAR



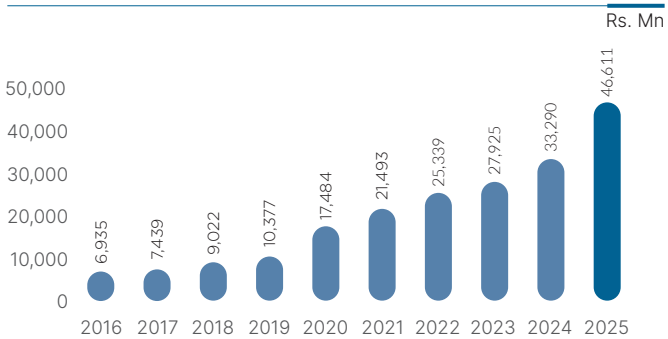
DECADE AT A GLANCE - FINANCIAL POSITION

As at 31 December	2025		2024	2023	2022	2021	2020	2019	2018	2017	2016
	Group Rs. '000	Company Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets											
Intangible assets	472,379	6,082	3,955	2,364	2,566	1,356	404	444	2,089	7,145	13,236
Investments in subsidiary	-	1,426,349	-	-	-	-	-	-	-	-	-
Property, plant and equipment	854,727	832,546	689,233	707,427	579,357	617,745	660,928	675,468	619,059	577,705	485,014
Right of use assets	1,428,321	1,269,713	1,193,764	611,661	556,915	616,417	752,393	408,044	-	-	-
Deferred tax assets	715,134	454,262	468,263	838,938	-	675,164	1,621,904	2,230,768	2,750,962	420,000	-
Financial investments	56,962,074	47,072,300	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
Loans to life policyholders	412,829	412,829	350,134	331,301	265,060	224,198	234,462	224,672	161,001	140,385	162,448
Reinsurance receivables	524,933	482,477	518,316	465,211	568,379	231,587	323,288	188,131	154,802	149,548	85,940
Premium receivables	1,991,824	1,918,988	2,904,513	2,449,089	1,763,388	983,657	856,281	743,549	507,434	290,821	92,318
Receivables and other assets	2,123,050	2,193,602	1,658,300	1,333,537	1,172,879	993,325	834,388	923,961	691,109	579,409	627,810
Cash and cash equivalents	3,099,838	2,717,805	1,869,652	1,099,679	739,944	696,920	554,362	377,093	381,270	318,945	232,554
Total assets	68,585,109	58,786,953	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
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	1,062,500
Restricted regulatory reserve	1,515,796	798,004	798,004	798,004	798,004	798,004	798,004	798,004	798,004	798,004	-
Other reserves	(820,149)	(552,501)	(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)
Retained earnings	11,909,472	11,954,660	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
Total equity	13,667,619	13,262,663	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
Liabilities											
Insurance contract liabilities	46,611,447	38,040,296	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
Employee benefit liabilities	582,974	580,331	372,315	276,302	208,959	192,629	182,332	151,027	107,404	86,693	73,436
Loans and borrowings	-	-	3,016,443	5,014,997	5,643,918	3,064,994	2,852,245	-	-	-	-
Reinsurance payables	721,114	668,426	754,059	718,855	2,246,237	1,040,255	636,060	428,557	320,824	236,265	139,262
Current tax liabilities	1,235,630	1,235,630	979,770	927,170	801,030	-	-	-	-	-	-
Other liabilities	5,379,037	4,612,319	4,458,414	2,766,588	2,828,455	2,588,183	1,890,223	1,330,998	841,833	754,027	676,230
Bank overdraft	387,288	387,288	368,315	376,690	308,318	290,550	225,390	176,271	370,422	76,740	131,466
Total liabilities	54,917,490	45,524,290	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
Total equity and liabilities	68,585,109	58,786,953	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

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	2025 Group Rs. '000	2025 Company Rs. '000
Gross written premiums	A	40,075,495	38,331,485
Less: Premium ceded to reinsurers	B	(2,737,583)	(2,719,952)
Net written premiums	C	37,337,912	35,611,533
Net insurance benefits and claims	D	(19,396,256)	(18,396,007)
Net acquisition cost	E	(7,239,551)	(6,829,572)
Increase in life fund	F	(4,292,556)	(4,556,947)

Summary of the extract of Statement of Financial Position is as follows:

Statement of financial position	Note	2025 Group Rs. '000	2025 Company Rs. '000
Life insurance fund	G	45,175,657	35,955,425
Surplus created due to change in valuation method from NPV to GPV	H	338,743	1,056,535
Claim payable / unclaimed benefits		1,097,047	1,028,336
Life insurance contract liabilities		46,611,447	38,040,296

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 2025, 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 approach to Investor Relations is anchored in a steadfast commitment to transparency, robust corporate governance, and sustainable growth. In alignment with our overarching sustainability strategy, we actively embed environmental, social, and governance (ESG) principles into our core operations and strategic decision-making. We prioritise proactive engagement with our shareholders to foster enduring confidence and reinforce our standing as a responsible corporate citizen. Concurrently, the Company remains focused on executing its strategic expansion initiatives to drive long-term growth and maximise shareholder value. The following section provides a comprehensive overview of our shareholding structure and the market performance of the Company share during the reporting period, reflecting our ongoing dedication to investor trust and 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). The Company's 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 Statement for the year ended 31 December 2025 and the audited 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 the 4th Quarter for the year/ quarter ended 31 December 2025 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 210 to 212.

THE PRINCIPAL 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 321.

ACQUISITION OF SOFTLOGIC LIFE INSURANCE LANKA LIMITED

On 11 July 2025, Softlogic Life Insurance PLC acquired 100% of the issued and paid-up share capital of Softlogic Life Insurance Lanka Limited ("the Subsidiary"), formerly known as Allianz Life Insurance Lanka Ltd from Allianz SE, following approval granted by the Insurance Regulatory Commission of Sri Lanka (IRCSL) via letter dated 2 July 2025. Please refer Note 26 on page 348 for further details of acquisition.

STOCK MARKET PERFORMANCE

The Colombo Stock Exchange (CSE) concluded 2025 with another year of strong performance, with the All Share Price Index (ASPI) advancing by 41.9% year-on-year to close at 22,624.31, following a 49.7% gain recorded in 2024. The S&P SL20 Index also posted a notable increase of 26.6% year-on-year to end the year at 6,157.38, compared to a 58.5% growth in the previous year.

Market valuation indicators at end-2025 reflected a price earnings ratio (PER) of 10.73 times, a price-to-book value (PBV) of 1.45 times, and a dividend yield of 2.62%, suggesting that the CSE continued to offer relatively attractive investment opportunities compared to selected regional peers. Total market capitalisation surpassed LKR 8,067 Billion, representing a 41.67% year-on-year increase, while overall market turnover rose sharply by 129% year-on-year to LKR 1,230 Billion.

Market performance during the year was supported by continued easing of interest rates, improved corporate earnings visibility, sustained macroeconomic stabilisation, and progress under the IMF-supported reform programme. Although the market experienced intermittent volatility due to external developments and post-cyclone uncertainties, overall investor sentiment remained resilient and positive.

Trading activity strengthened significantly during the year, with average daily turnover increasing to Rs. 5.2 Billion compared to Rs. 2.2 Billion in 2024, primarily driven by enhanced participation from local investors. Despite strong market activities, foreign investors were net sellers, with net outflows totalling to LKR 38.6 Billion.

Overall, broad-based price appreciation across the majority of listed counters, underpinned by strengthening corporate fundamentals, sustained market momentum and reaffirmed the continued attractiveness of the Colombo Stock Exchange as an investment destination.

PERFORMANCE OF SOFTLOGIC LIFE SHARE

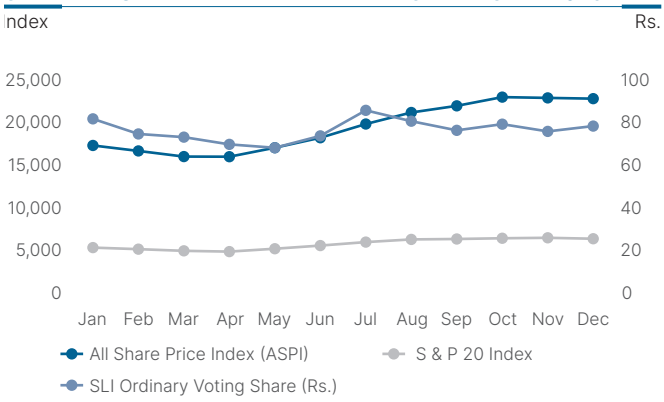
During the financial year ended 2025, the listed shares of Softlogic Life Insurance PLC demonstrated a strong improvement in market performance compared to 2024, supported by increased investor participation and trading activities. The share price reached a high of Rs. 86.40 on 19 August 2025 and a low of Rs. 64.00 on 5 June 2025, indicating moderate volatility during the year. The share closed at Rs. 77.60 as at year-end 2025, compared to Rs. 68.90 at the end of 2024, representing a year-on-year increase of approximately 12.6%, reflecting positive investor sentiment and growing market confidence in the Company.

Trading activity improved significantly during 2025. The total number of shares traded increased to 53.65 Million compared to 32.85 Million in 2024, marking an increase of approximately 63%. The number of trades rose to 49,298 from 32,590 in the previous year, reflecting a growth of around 51%. Total turnover nearly doubled to Rs. 4,077.69 Million compared to Rs. 2,070 Million in 2024, representing an increase of approximately 97%. The substantial growth in trading volumes and turnover indicates enhanced liquidity and stronger investor engagement in the Company's shares.

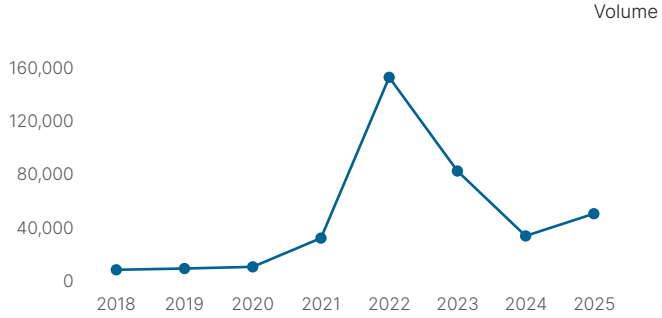
Consistent with the appreciation in share price, the Company's market capitalisation increased to Rs. 24,553 Million as at end 2025, compared to Rs. 21,800 Million in 2024, reflecting a growth of approximately 12.6% year-on-year. Overall, the share performance in 2025 demonstrates improved liquidity, higher market participation, and strengthened investor confidence in the Company's financial position and future growth prospects.

Performance of the Softlogic Life Insurance PLC's ordinary share with market performance in 2025

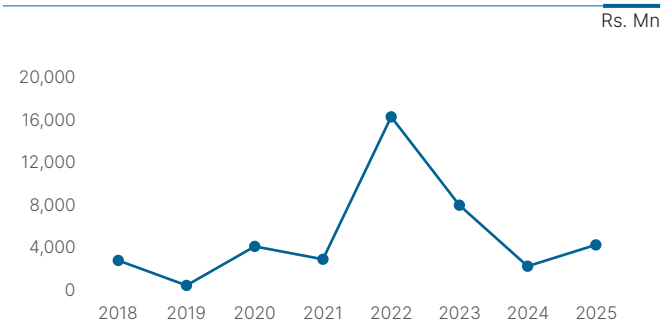
PERFORMANCE OF THE SOFTLOGIC LIFE INSURANCE PLC'S ORDINARY SHARE WITH MARKET PERFORMANCE IN 2025



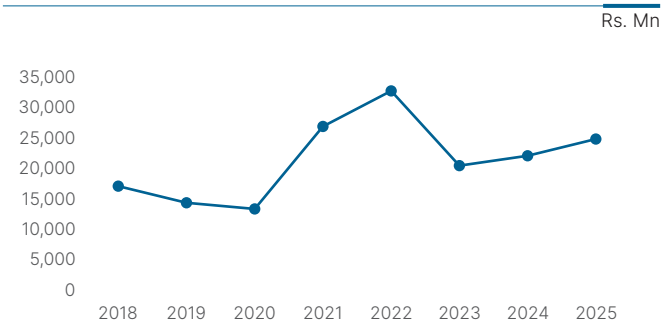
NUMBER OF SHARE TRANSACTIONS



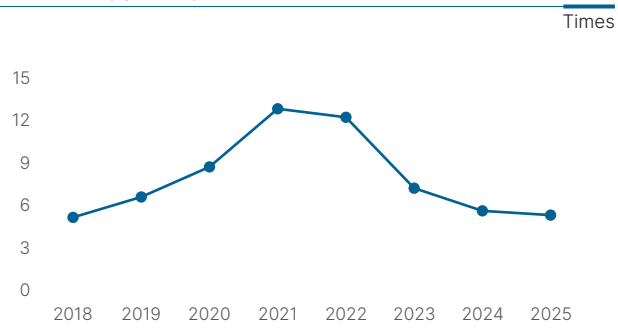
VALUE OF SHARES TRADED



MARKET CAPITALISATION



PRICE EARNINGS RATIO



The details relating to the performance of the share are given below.

As at 31 December	2025	2024
MARKET VALUE		
Highest Price (Rs.)	86.40	74.10
Lowest Price (Rs.)	64.00	52.30
Year-end price (Rs.)	77.60	68.90
TRADING STATISTICS		
Number of shares traded	53,645,244	32,852,881
Value of Shares traded (Rs. Mn)	4,077.69	2,070.45
Number of Share transactions	49,298	32,590
Market Capitalisation – SLI (Rs. Mn)	24,553	21,800
Percentage of total market capitalisation	0.50%	0.38%
VALUATION RATIOS		
Number of shares as at 31 December	316,406,250	316,406,250
Basic earnings per share (Rs.) - Group	14.8	12.6
Net Assets per share (Rs.) - Group	43.2	32.7
Price per book Value (Times) – per share - Group	1.9	2.1
Return on Equity (%) - Group	39.0	38.2
Price Earnings Ratio (Times) - Group	5.2	5.5
Earning yield (%)	19.1	18.3
Dividend per Share (Rs.)	4.5	4.5
Dividend payout (%)	35.6	35.7
Dividend yield (%)	5.8	6.5
Debt to Asset Ratio (%) - Group	0.6	5.6
Debt to Equity Ratio (%) - Group	2.8	29.1
Interest Cover (Times) - Group	17.0	10.8
Equity Asset Ratio (%) - Group	19.9	19.3

All figures are for the Company, unless otherwise specifically stated as for the Company.

Basic Earnings per Share

In 2025, the Group reported an earnings per share of Rs. 14.79, compared to Rs. 12.61 in the previous year (2024). When compared to the prior year, this is a 17.29% improvement predominantly as a result of the spike in profit that was achieved during the year.

INVESTOR RELATIONS

Price Earnings Ratio

Price earnings ratio of the company has decreased to 5.3 times in 2025 compared with 5.5 times recorded in 2024. There is a 4.6% deterioration in Price Earnings Ratio in 2025 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 Company's free float is 12.16% in 2025. (2024 - 11.32%).

Float Adjusted Market Capitalisation

As at 31 December 2025 the Float Adjusted Market Capitalisation of SLI is Rs. 2,986,015,175.

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. As of the 31 of December 2025, there were 5,645 shareholders in total, which is an increase over the previous year's total of 4,847 shareholders. By the end of the year 2025, Softlogic Life had a total of 5,364 registered individual shareholders, which was equivalent to 95.02% 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 31 of December 2025, there were 5,618 shareholders who were registered as living in the country, accounting for 99.52% of the total shareholders. 65.83% of the owners have fewer than 1,000 shares each in their possession. The top twenty shareholders hold 92.18% of capital of the Company.

Table 1 - Distribution of total number of shareholders and percentage of holding

No of Shares	As at 31 December 2025			As at 31 December 2024		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
1-1,000	3,716	943,669	0.3	2,932	774,680	0.22
1,001-10,000	1,435	5,265,682	1.66	1,374	5,114,238	1.43
10,001-100,000	436	12,875,899	4.07	485	14,550,598	4.07
100,001-1,000,000	48	12,069,463	3.82	50	14,496,691	4.23
1,000,001 & Over	10	285,251,537	90.15	6	281,470,043	90.05
Total	5,645	316,406,250	100.00	4,847	316,406,250	100.00

Table 2 - Distribution of number of shareholders 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	15	5,490	-	3,701	938,179	0.30
1,001-10,000	2	4,500	-	1,433	5,261,182	1.66
10,001-100,000	6	225,992	0.07	430	12,649,907	4.00
100,001-1,000,000	2	227,495	0.07	46	11,841,968	3.74
1,000,001 & Over	2	119,063,580	37.63	8	166,187,957	52.53
Total	27	119,527,057	37.77	5,618	196,879,193	62.23

Table 3 - Composition of shareholders based on residency

Composition	As at 31 December 2025			As at 31 December 2024		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
Resident	5,618	196,879,193	62.23	4,822	196,360,026	61.76
Non Resident	27	119,527,057	37.77	25	120,046,224	38.24
Total	5,645	316,406,250	100.00	4,847	316,406,250	100.00

Table 4 - Composition of shareholders based on category

Composition	As at 31 December 2025			As at 31 December 2024		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
Individual	5,364	23,265,204	7.35	4,570	22,507,639	7.11
Institutional	281	293,141,046	92.65	277	293,898,611	92.89
Total	5,645	316,406,250	100.00	4,847	316,406,250	100.00

Table 5 - Public shareholding

Composition	As at 31 December 2025			As at 31 December 2024		
	No of share holders	No of shares	% of Total holding	No of share holders	No of shares	% of Total holding
Public Shareholding - Ordinary Voting	5,639	38,479,577	12.16	4,841	35,827,362	11.32
Public Shareholding - Ordinary - Non-Voting	Nil	Nil	Nil	Nil	Nil	Nil

Table 6 - Directors' shareholding

Name	As at 31 December 2025		As at 31 December 2024	
	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

INVESTOR RELATIONS

Table 7 - 20 largest shareholders

As at 31 December, Name of the Shareholder	2025 No of Shares	2025 %
Softlogic Capital PLC	158,714,972	50.16
Dalvik Inclusion Private Limited	59,531,790	18.81
Milford Ceylon (Pvt) Ltd	59,531,790	18.81
Seylan Bank PLC/G.A.Bhanuka Harischandra	2,166,882	0.68
People's Leasing & Finance PLC/ Mrs.H.A.J.Wickramasena	1,685,000	0.53
Mr. G. Anuragavan Govindasamy	1,493,569	0.47
Bansei Securities Capital (Pvt) Ltd/I.S.P Perera	1,088,258	0.34
Commercial Bank Of Ceylon PLC/W. Jinadasa	1,039,276	0.33
Mr. L.R.Y. Waidyaratne	1,000,000	0.32
Mr. G.C. Goonetilleke	893,629	0.28
DFCC Bank PLC/Mr.P.Pranavan	630,000	0.20
Mr. P.G.N.D. Gunathilake	602,500	0.19
Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	569,523	0.18
Mr. D. Balasundaram	472,245	0.15
Mr. A.P.P.M. Abeyrathne	434,185	0.14
Senkadagala Finance PLC/ L.A.J.F.Morais	428,614	0.14
Seylan Bank PLC/Anuja Chamila Jayasinghe	391,894	0.12
Dialog Finance PLC/D.S.Nakandala	356,760	0.11
Assetline Finance Limited/ R.S.P.Samaranayake	328,682	0.10
DFCC Bank PLC/A.S. Hathiramani	300,000	0.09
	291,659,569	92.18
Other shareholders	24,746,681	7.82
Total Shareholders	316,406,250	100.00

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 Bank 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

SLFRS 17 – INVESTOR PERSPECTIVE

Softlogic Life Insurance PLC will adopt SLFRS 17 – Insurance Contracts with effect from 1 January 2026, replacing SLFRS 4. Comparative information for 2025 will be restated in the 2026 financial statements in accordance with the transition requirements of the Standard.

SLFRS 17 introduces a globally consistent framework that aligns reported earnings more closely with the delivery of insurance services and enhances transparency and comparability across the insurance industry. While the Standard changes the timing and presentation of earnings, it does not affect the underlying economics, cash flows or long-term profitability of the Group.

1. Reflecting on the Economics of Long-Term Insurance

Life insurance creates value over many years. Under SLFRS 17, expected future profits from insurance contracts are recognised over the coverage period through the Contractual Service Margin (CSM), representing unearned profit from the in-force portfolio. Earnings are therefore recognised in line with the provision of services. Growth in profitable new business increases the CSM, providing greater visibility into future earnings potential and sustainable value creation.

2. A Clearer View of Performance

SLFRS 17 enhances performance reporting by separating operating results from market-driven effects:

- Insurance service result – reflecting the underlying profitability of insurance operations, including CSM release and experience variances
- Insurance finance income or expense – reflecting the impact of changes in financial assumptions such as discount rates

The Group has elected to present the impact of changes in discount rates for applicable contracts in Other Comprehensive Income (OCI) to reduce volatility in profit or loss.

Insurance revenue represents services provided during the period rather than premiums received and therefore may not be directly comparable with historical premium trends.

3. Expected Financial Effects

The adoption of SLFRS 17 is expected to result in:

- An adjustment to opening equity at transition (1 January 2025) reflecting the updated measurement of insurance liabilities and recognition of the CSM under the fair value approach where full retrospective application is impracticable
- A more stable earnings profile over time due to the systematic release of CSM
- Changes in reported revenue patterns reflecting the service-based revenue model
- Potential changes in performance metrics, including Return on Equity (ROE), due to the revised equity base and profit recognition pattern

These changes are accounting-related and do not affect the underlying cash generation, capital strength or economic value of the business.

4. Enhanced Investor Insights

SLFRS 17 provides investors with improved transparency through:

- Visibility of future profitability via the CSM
- A clear distinction between core operating performance and market movements
- Improved comparability with regional and global insurance peers
- Enhanced disclosures on assumptions, risks and profitability drivers

Management will provide additional disclosures and investor communication during the transition period to support understanding of the new performance metrics.

SLFRS 17 – INVESTOR PERSPECTIVE

A high level impact assessment on SLFRS 17 for Softlogic Life Insurance PLC is provided below.

Expected SLFRS 17 implementation impact assessment on Financial Statements & Impact to CSM

Expected Impact on Financial Statements

- High impact (fundamental change in measurement & profit emergence)
- Moderate impact (measurement changes, timing differences)
- Low / Presentation change only
- No significant impact expected

Conceptual CSM Impact

- Direct
- Indirect
- No Impact

Statement of Financial Position (Balance Sheet)

Line Item	Line item under SLFRS 17	2024 (Mn)	Category	Impact summary	Expected Impact
Intangible assets	Intangible assets	4	Assets	Outside SLFRS 17 scope	
Property,plant and equipment	Property,plant and equipment	689	Assets	Outside SLFRS 17 scope	
Right of use assets	Right of use assets	1,194	Assets	Outside SLFRS 17 scope	
Deferred Tax	Deferred Tax	468	Assets	Arises from temporary differences resulting from the remeasurement of ICL and the recognition of the CSM	
Financial Investments	Financial Investments	43,938	Assets	Outside SLFRS 17 scope	
Premiums receivables	Insurance Contract Liabilities	2,905	Assets	Eliminated and included within fulfilment cash flows under ICL	
Loans to life policyholders	Insurance Contract Liabilities	350	Assets	Eliminated and included within fulfilment cash flows under ICL	
Reinsurance Receivables	Reinsurance contract asset	518	Assets	Recognised as a reinsurance contract asset measured separately, including its own CSM component	
Receivables and other assets	Other Receivables	1,658	Assets	Outside SLFRS 17 scope	
Cash and cash equivalents	Cash and cash equivalents	1,870	Assets	Outside SLFRS 17 scope	
Stated Capital	Stated Capital	1,062	Equity	Outside SLFRS 17 scope	
Equity (reserves/retained earnings)	Equity	9,293	Equity	Opening retained earnings adjustment on transition	
Insurance Contract Liabilities (ICL)	Insurance Contract Liabilities	33,290	Liabilities	Replaced by the sum of Fulfilment Cash Flows, Risk Adjustment, and the CSM	
Employee benefit liabilities	Employee benefit liabilities	372	Liabilities	Outside SLFRS 17 scope	
Loans and borrowings	Loans and borrowings	3,016	Liabilities	Outside SLFRS 17 scope	
Reinsurance Payables	Reinsurance Contract Liabilities	754	Liabilities	Recognised as a reinsurance contract asset measured separately, including its own CSM component	
Income tax liabilities	Income tax liabilities	980	Liabilities	Arises from transition adjustments	
Other Liabilities - Directly attributable	Insurance Contract Liabilities	4,459	Liabilities	Eliminated and included within fulfilment cash flows under ICL	
Other Liabilities - Non Directly attributable	Other Liabilities		Liabilities	Outside SLFRS 17 scope	
Bank overdraft	Other Liabilities	368	Liabilities	Outside SLFRS 17 scope	

Statement of Income (P&L)

Line Item	New line item under SLFRS 17	2024 (Mn)	Explanation	Expected Impact	Conceptual impact on the CSM
Gross Written Premium (GWP)	Considered under Insurance Contract Liability (LRC)	31,573	Replaced by insurance revenue recognised as coverage is provided, with movements reflected in the LRC.	🔴	🟢
Premiums ceded to reinsurers	Net income/(expense) from reinsurance contracts held	(2,510)	Recognised separately as reinsurance contracts held, with a separate reinsurance result presented within (or alongside) the Insurance Service Result.	🔴	🟡
Investment Income	Insurance finance income/ expense	9,374	Replaced (in the insurance result) by insurance finance income/expenses, presented separately from the Insurance Service Result. Investment returns on assets continue to be presented as investment income under SLFRS 9/LKAS 1	🔵	🔵
	Insurance finance income / (expense) from insurance contracts	-	Represents the effect of the time value of money and financial risks on insurance contract liabilities, including the unwinding of discount and the impact of changes in discount rates. Presented separately from the Insurance Service Result to distinguish underwriting performance from financing effects. Depending on the accounting policy election, part of this amount may be recognised in OCI.	🟡	🟡
Other operating income	Other income	7	Directly recognised in profit or loss	🔵	🔵
Net insurance benefits and claims paid	Included within insurance service expenses (incurred claims) / LIC movement	(14,188)	Replaced by incurred claims and other insurance service expenses recognised in the period; claim payments are reflected through movements in the LIC.	🟡	🟡
Net change in insurance claims outstanding	Reclassified to LIC movement	(62)	Reclassified as movements within the LIC.	🔴	🔵
Change in Insurance contract liabilities	Replaced by CSM release, risk adjustment release and fulfilment cash flow movements	(5,271)	Replaced by the release of the CSM and Risk Adjustment for services provided, and by insurance service expenses reflecting fulfilment cash flows relating to current-period incurred claims and expenses.	🔴	🟢
Underwriting and net acquisition cost	Deferred as insurance acquisition cash flows and recognised over the coverage period	(5,790)	Insurance acquisition cash flows are deferred (typically through the CSM/LRC) and recognised over the coverage period	🔴	🟢
Other expenses - Directly attributable acquisition	Included in insurance acquisition cash flows (CSM)	(6,801)	Fulfilment costs (servicing), are considered under fulfilment cash flows and flow through insurance service expenses when incurred.	🔴	🟢
Other expenses - Directly attributable maintenance	Included in insurance service expenses (fulfilment cash flows)		Recognised as insurance service expenses in the period (and reflected in fulfilment cash flows), rather than presented as a separate operating expense line. Claims handling costs are recognised within the LIC as part of incurred claims and related claims handling costs.	🔴	🟢
Other expenses - Non directly attributable	Other operating expenses / finance costs		Directly recognised in profit or loss	🟢	🔵
Profit Before Tax	No structural change	6,332	Profit recognition is smoother over the coverage period due to the release of the CSM.	🟡	🟡
Earnings per Share	No structural change	12.61	Due to the profit emergence pattern	🟡	🔵

SLFRS 17 – INVESTOR PERSPECTIVE

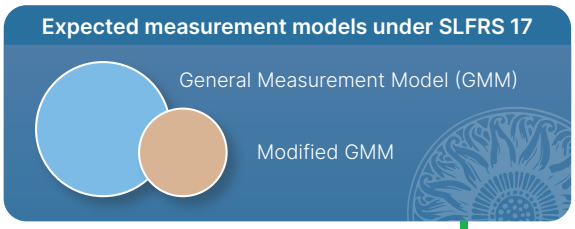
Statement of Other Comprehensive Income (OCI)

Line Item	New line item under SLFRS 17	2024 (Mn)	Explanation	Expected Impact	Conceptual impact on the CSM
Investment related OCI adjustments	No change	1,329,489	No change. OCI relating to investment assets continues to be recognised in accordance with SLFRS 9.		
Insurance related OCI adjustments	Insurance finance income/ expense from insurance contracts		Insurance finance income or expenses arising from insurance contracts may be presented partly in OCI, depending on the accounting policy election under SLFRS 17.		
Other OCI adjustments	No change		Other OCI components continue to be recognised in accordance with the applicable accounting standards.		

Statement of Changes in Equity

Line Item	New line item under SLFRS 17	2024 (Mn)	Explanation	Expected Impact	Conceptual impact on the CSM
Retained earnings	No change	9,258	Opening retained earnings are adjusted at transition to reflect the cumulative impact of recognising the CSM, fulfilment cash flows, and risk adjustment under SLFRS 17.		
Fair value Reserves - Insurance	No change	-	No direct impact from SLFRS 17. Movements continue to follow the OCI treatment applicable to the underlying assets under SLFRS 9.		
Fair value Reserves - Investment	Insurance finance reserve	(938)	Reflects the OCI component of insurance finance income or expenses arising from discount rate changes when the OCI presentation option under SLFRS 17 is applied.		
Other Reserves	No change	971	Other reserves (e.g., revaluation reserve, statutory reserves, etc.) are generally not affected by SLFRS 17 adoption.		

Expected profitability Impact



Impact to CSM and profitability under General measurement model

Increase Decrease Neutral

Impacting Factor	Explanation	Current Drivers of 2025 Outcome	CSM Impact	Profitability Impact
New business growth	100% of expected profit is recorded in the CSM, creating a reserve for future profits	39%	Increase	Increase
Updating Life Expectancy	The CSM is reduced to reflect higher expected future claim costs, thereby mitigating the impact on the current period profit or loss by utilising the existing profit buffer	77 Years	Decrease	Increase
Policy persistency	Higher persistency assumptions (lower lapse rates) increase expected future premiums and overall future profitability, resulting in an increase in the CSM.	86%	Decrease	Decrease
Operating Expenses	Higher expected future servicing costs result in a corresponding reduction of the CSM, thereby protecting the current year's Insurance Service Result.	17.2%	Decrease	Increase
Claims expenses	Incurred claims impact profit immediately, while expected future claims are deferred through the CSM to smooth earnings. Only the insurance risk component impacts profit.	37%	Decrease	Increase

CSM and profitability impact for existing product/rider mix

High Moderate Low

Product/Rider Mix	Business value creation	Contribution to CSM	Contribution to Profitability
Endowment	Long-duration contract with significant savings component. Fulfilment Cash Flows (FCF) are sensitive to discount rates and lapse assumptions. Typically priced with stable margins. Due to long coverage period and predictable margins, a substantial positive CSM is established at initial recognition and released systematically over coverage units	High	High
Group related	Typically short-term or annually repriced contracts. Short contract boundary limits present value of future profits, resulting in lower initial CSM. Faster release pattern due to short coverage period. Margins subject to competitive pricing pressure.	Low	Moderate
Universal Life	Profit arises from mortality, expense, and investment margin charges. The CSM reflects expected future fee margins and is continuously revalued to incorporate updated persistency and financial assumptions, ensuring that changes in the long-term profit outlook are absorbed by the CSM rather than creating immediate volatility in profit or loss.	Moderate	Moderate / High
Health riders	Health riders are typically "pure protection" products with no investment component, so almost the entire premium contributes directly to the insurance margin. Premiums are priced to cover volatile risks, creating residual profit that is recognised in the CSM at initial recognition.	High	High
Non health riders	Characterised by low-frequency, higher-severity risks and typically strong margins due to underwriting discipline. Premiums with limited additional acquisition costs enhance fulfilment cash flows. The release pattern is generally more stable compared to health riders.	High	High

New KPI s under SLFRS 17 world for performance/profitability measures

KPI Category	Formula/Balance	SLFRS 17 Metric	SLFRS 4 Metric	SLFRS 17 Financial Statement reference
Top line growth	Reported insurance revenue	Insurance revenue	Gross written premium	Face of P&L
Future value creation	CSM from contracts initially recognised in the period	New business CSM	Value of new business	CSM Roll-forward Note
Core operating performance	Insurance Revenue - Insurance Service Expenses	Insurance Service Result (ISR)	Operating profit	Face of P&L
Efficiency	Attributable expenses / Insurance revenue	Operating Expense Ratio	Expense Ratio (Opex / GWP)	From P&L notes
Return on Capital	Net Profit / Total equity + Closing CSM	Return on Comprehensive Equity (ROCE)	Return on Equity (ROE) (Net Profit / Equity)	Face of P&L

SLFRS 17 – INVESTOR PERSPECTIVE

How to read Softlogic Life under SLFRS 17 and what's in it for Investors

Understanding our performance and value creation

The Big Picture

SLFRS 17 aligns reported earnings with the delivery of insurance services and provides greater visibility into future profitability.

What has not changed

- Business model
- Cash flows
- Long-term profitability

What has changed

- Timing of profit recognition
- Revenue presentation
- New performance indicators

Value Creation Framework

Future Profit Potential



Contractual Service Margin (CSM)

- Unearned profit from in-force policies
- Released to earnings over time
- Grows with new business

Indicator of future earnings capacity

Core Operating Performance



Insurance Service Result

- CSM release & risk adjustment
- Claims & expenses
- Onerous contract impacts

Reflects underlying business performance

Growth Quality



Managing Volatility

Insurance Finance Income / Expense



- Impact of interest rates & assumptions
- OCI used to reduce profit volatility



Equity & ROE

- Transition adjustment to opening equity
- ROE evaluated with CSM growth

Value of new policies written

Focus on profitability growth

- *CSM Balance & Growth*
- *Insurance Service Result*
- *New Business CSM*
- *CSM Release Trend*
- *ROE & Capital Strength*

- *Future Profitability*
- *Core Performance*
- *Quality of Growth*
- *Earnings Sustainability*
- *Value Efficiency*



SLFRS 17 links earnings to service delivery and provides clear visibility of future profits through the CSM.

4.a. Key Metrics for Investors

The adoption of SLFRS 17 introduces new performance indicators that better reflect the long-term value creation of the life insurance business. While reported revenue and profit patterns will differ from previous periods, the following metrics provide a clearer view of underlying performance, future profitability and capital efficiency.

Matrix	What it represents:	How to interpret:	Investor insight:
Contractual Service Margin (CSM)	The CSM is the unearned profit from in-force insurance contracts that will be recognised over future periods as services are provided.	• CSM balance – an indicator of future earnings potential • CSM growth – driven by profitable new business and favourable experience • CSM release – systematic recognition of profit into earnings over time	• Represents unearned profit from in-force contracts. • Growth in CSM reflects profitable new business and future earnings potential.
Insurance Service Result	The primary measure of core operating performance, reflecting earnings from insurance services provided during the period. Components include: • CSM release (earned profit) • Risk adjustment release • Experience variances (claims, persistency, expenses) • Losses or reversals on onerous contracts	• Reflects the underlying profitability of operations • Provides a clearer view of performance independent of investment market movements	Primary measure of operational performance under SLFRS 17
New Business Value Creation	Value generated from new policies written, reflected through the CSM generated from new business, shifting the focus from premium volume to profitability	• Growth in new business CSM indicates profitable expansion • More emphasis and quality and profitability of sales rather than premium volume	Highlights the long-term economic value created by current growth.
Insurance Finance Income or Expense	Captures the impact of changes in economic assumptions and should be viewed separately from operating performance.	• May introduce periodic volatility due to interest rate movements • The Group presents the impact of discount rate changes for applicable contracts in OCI to reduce volatility in profit or loss.	Separates economic market effects from underlying insurance performance.
Equity and Return on Equity (ROE)	• Equity at transition reflects the updated measurement of insurance liabilities and recognition of the CSM. • Profit recognition is spread over time through CSM release.	• ROE levels may change due to the revised equity base and profit timing. • Trend analysis should focus on: » Growth in insurance service result » CSM growth and coverage » Capital strength and solvency » Efficiency of value delivery	ROE should be assessed together with CSM growth to understand total value creation.

Key Message

SLFRS 17 does not change the underlying economics, cash flows or long-term profitability of the business. The new framework enhances transparency by aligning reported earnings with the delivery of insurance services and providing clearer visibility of future profitability through the CSM.

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

SLFRS 17 IMPLEMENTATION EFFECT ON

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

HORIZONTAL AND VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION OVER FIVE YEARS

Horizontal Analysis

As at 31 December	2025			2024		2023		2022		2021	
	Group	Company									
	Rs Mn	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Assets											
Intangible assets	472	6	50	4	100	2	(33)	3	200	1	236
Investment in subsidiary	-	1,426	-	-	-	-	-	-	-	-	-
Property, plant and equipment	855	833	21	689	(3)	707	22	579	(6)	618	(7)
Right of use assets	1,428	1,270	6	1,194	95	612	10	557	(10)	616	(18)
Deferred tax assets	715	454	(3)	468	(44)	839	-	-	(100)	675	(58)
Financial investments	56,962	47,072	7	43,938	1	43,500	2	42,600	24	34,217	25
Loans to life policyholders	413	413	18	350	6	331	25	265	18	224	(4)
Reinsurance receivables	525	482	(7)	518	11	465	(18)	568	145	232	(28)
Premium receivables	1,992	1,919	(34)	2,905	19	2,449	39	1,763	79	984	15
Receivables and other assets	2,123	2,194	32	1,658	24	1,334	14	1,173	18	993	19
Cash and cash equivalents	3,100	2,718	45	1,870	70	1,100	49	740	6	697	26
Total assets	68,585	58,787	10	53,594	4	51,339	6	48,248	23	39,258	18
Equity and liabilities											
Equity											
Stated capital	1,063	1,063	-	1,063	-	1,063	-	1,063	-	1,063	-
Retained earnings	11,909	11,955	29	9,258	(32)	13,618	12	12,113	16	10,454	13
Restricted regulatory reserve	1,516	798	-	798	-	798	-	798	-	798	-
Other reserves	(820)	(553)	(28)	(764)	(64)	(2,145)	(31)	(3,100)	80	(1,726)	42
Total equity	13,668	13,263	28	10,355	(22)	13,333	23	10,873	3	10,588	7
Liabilities											
Insurance contract liabilities	46,611	38,040	14	33,291	19	27,925	10	25,339	18	21,493	23
Employee benefit liabilities	583	580	56	372	35	276	32	209	8	193	6
Loans and borrowings	-	-	(100)	3,016	(40)	5,015	(11)	5,644	84	3,065	7
Reinsurance payables	721	668	(11)	754	5	719	(68)	2,246	116	1,040	64
Income tax liabilities	1,236	1,236	26	980	6	927	15	801	100	-	-
Other liabilities	5,379	4,612	3	4,458	61	2,767	(2)	2,828	9	2,588	37
Bank overdraft	387	387	5	368	(2)	377	22	308	6	291	29
Total liabilities	54,917	45,524	5	43,239	14	38,006	2	37,375	30	28,669	23
Total equity and liabilities	68,585	58,787	10	53,594	4	51,339	6	48,248	23	39,258	18

Vertical Analysis

As at 31 December	2025			2024		2023		2022		2021	
	Group	Company									
	Rs Mn	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Assets											
Intangible assets	472	6	-	4	-	2	-	3	-	1	-
Investment in subsidiary	-	1,426	2	-	-	-	-	-	-	-	-
Property, plant and equipment	855	833	1	689	1	707	1	579	1	618	2
Right of use assets	1,428	1,270	2	1,194	2	612	1	557	1	616	2
Deferred tax assets	715	454	1	468	1	839	2	-	-	675	2
Financial investments	56,962	47,072	80	43,938	82	43,500	85	42,600	88	34,217	87
Loans to life policyholders	413	413	1	350	1	331	1	265	1	224	1
Reinsurance receivables	525	482	1	518	1	465	1	568	1	232	1
Premium receivables	1,992	1,919	3	2,905	5	2,449	5	1,763	4	984	3
Receivables and other assets	2,123	2,194	4	1,658	3	1,334	3	1,173	2	993	3
Cash and cash equivalents	3,100	2,718	5	1,870	4	1,100	2	740	2	697	2
Total assets	68,585	58,787	100	53,594	100	51,339	100	48,248	100	39,258	100
Equity and liabilities											
Equity											
Stated capital	1,063	1,063	2	1,063	2	1,063	2	1,063	2	1,063	3
Retained earnings	11,909	11,955	20	9,258	17	13,618	27	12,113	25	10,454	27
Restricted regulatory reserve	1,516	798	1	798	1	798	2	798	2	798	2
Other reserves	(820)	(553)	(1)	(764)	(1)	(2,145)	(4)	(3,100)	(6)	(1,726)	(4)
Total equity	13,668	13,263	22	10,355	19	13,333	27	10,873	23	10,588	27
Liabilities											
Insurance contract liabilities	46,611	38,040	65	33,291	62	27,925	54	25,339	53	21,493	55
Employee benefit liabilities	583	580	1	372	1	276	1	209	-	193	-
Loans and borrowings	-	-	-	3,016	6	5,015	10	5,644	12	3,065	8
Reinsurance payables	721	668	1	754	1	719	1	2,246	5	1,040	3
Income tax liabilities	1,236	1,236	2	980	2	927	1	801	1	-	-
Other liabilities	5,379	4,612	8	4,458	8	2,767	5	2,828	6	2,588	7
Bank overdraft	387	387	1	368	1	377	1	308	1	291	1
Total liabilities	54,917	45,523	78	43,239	81	38,006	73	37,375	77	28,669	73
Total equity and liabilities	68,585	58,786	100	53,594	100	51,339	100	48,248	100	39,258	100

HORIZONTAL AND VERTICAL ANALYSIS OF INCOME STATEMENT OVER FIVE YEARS

Horizontal Analysis

As at 31 December	2025			2024		2023		2022		2021	
	Group	Company									
	Rs Mn	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Gross written premiums	40,075	38,331	21	31,573	20	26,341	14	23,083	15	20,053	28
Net written premiums	37,338	35,612	23	29,064	22	23,850	17	20,405	12	18,196	32
Other revenue	7,571	6,678	(29)	9,380	18	7,948	55	5,120	84	2,776	22
Net revenue	44,909	42,290	10	38,444	21	31,799	25	25,525	22	20,971	31
Net insurance benefits and claims	(19,396)	(18,396)	29	(14,249)	11	(12,843)	53	(8,394)	42	(5,902)	65
Net acquisition cost	(7,240)	(6,830)	18	(5,790)	6	(5,486)	11	(4,956)	22	(4,050)	24
Expenses	(7,365)	(6,858)	1	(6,801)	(9)	(7,444)	68	(4,428)	19	(3,726)	7
Operating surplus before transfer to insurance provision – Life	10,908	10,206	(12)	11,604	93	6,025	(22)	7,747	6	7,293	24
Change in insurance contracts liabilities	(4,293)	(4,557)	(14)	(5,271)	86	(2,828)	(24)	(3,717)	(10)	(4,143)	15
Profit before tax	6,615	5,649	(11)	6,333	98	3,197	(21)	4,030	36	2,966	39
Income tax (expenses) / reversal	(1,935)	(1,645)	(9)	(1,811)	404	(359)	(73)	(1,348)	57	(861)	41
Profit for the year	4,680	4,003	(11)	4,522	59	2,838	6	2,682	27	2,105	38

Vertical Analysis

As at 31 December	2025			2024		2023		2022		2021	
	Group	Company									
	Rs Mn	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%	Rs Mn	%
Gross written premiums	40,075	38,331	100	31,573	100	26,341	100	23,083	100	20,053	100
Net written premiums	37,338	35,612	93	29,064	92	23,850	91	20,405	88	18,195	91
Other revenue	7,571	6,678	17	9,380	30	7,948	30	5,120	22	2,776	14
Net revenue	44,909	42,290	110	38,444	122	31,799	121	25,525	111	20,971	105
Net insurance benefits and claims	(19,396)	(18,396)	(48)	(14,249)	(45)	(12,843)	(49)	(8,394)	(36)	(5,902)	(29)
Net acquisition cost	(7,240)	(6,830)	(18)	(5,790)	(18)	(5,486)	(21)	(4,956)	(21)	(4,050)	(20)
Expenses	(7,365)	(6,858)	(18)	(6,801)	(22)	(7,444)	(28)	(4,428)	(20)	(3,910)	(19)
Operating surplus before transfer to insurance provision – Life	10,908	10,206	27	11,604	37	6,025	23	7,747	34	7,119	36
Change in insurance contracts liabilities	(4,293)	(4,557)	(12)	(5,271)	(17)	(2,828)	(11)	(3,717)	(16)	(4,143)	(21)
Profit before tax	6,615	5,649	15	6,333	20	3,197	12	4,030	17	2,966	15
Income tax (expenses) / reversal	(1,935)	(1,645)	(4)	(1,811)	(6)	(359)	(1)	(1,348)	(6)	(861)	(4)
Profit for the year	4,680	4,004	10	4,522	14	2,838	11	2,682	12	2,105	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 2025 to 31 December 2025 with reference to the GRI Standards
GRI 1 used	Foundation 2021

GRI Standards	Disclosure ID	Disclosure Description	SDG Goal	SDG Target	UNGC	Location
THE ORGANISATION AND ITS REPORTING PRACTICES						
GRI 2: General Disclosures 2021	2-1	Organisational details				8
	2-2	Entities included in the organisation's sustainability reporting				8
	2-3	Reporting period, frequency and contact point				8
	2-4	Restatements of information				117
	2-5	External assurance				13
ACTIVITIES AND WORKERS						
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships				19
	2-7	Employees		8.5, 10.3		138-156
	2-8	Workers who are not employees		8.5		168-175
GOVERNANCE						
Disclosure GRI 2_ General Disclosures 2021	2-9	Governance structure and composition		5.5, 16.7		220
	2-10	Nomination and selection of the highest governance body		5.5, 16.7		286
	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		226-227
	2-13	Delegation of responsibility for managing impacts				220
	2-14	Role of the highest governance body in sustainability reporting				226
	2-15	Conflicts of interest				248
	2-16	Communication of critical concerns				248
	2-17	Collective knowledge of the highest governance body				230-231
	2-18	Evaluation of the performance of the highest governance body			6	232
	2-19	Remuneration policies			6	279
	2-20	Process to determine remuneration			6	99
STRATEGY, POLICIES AND PRACTICES						
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy				65-70,202
	2-24	Embedding policy commitments		16.3	1, 2	130, 139,, 158, 163, 177, 183, 195
	2-27	Compliance with laws and regulations				130, 139, 158, 163, 177, 183, 195
	2-28	Membership associations				173

GRI - CONTENT INDEX

GRI Standards	Disclosure ID	Disclosure Description	SDG Goal	SDG Target	UNGC	Location
STAKEHOLDER ENGAGEMENT						
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement				58-61
	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				62-64
	3-2	List of material topics				63
	3-3	Management of material topics				63
TOPIC SPECIFIC DISCLOSURES						
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss		15.1, 15.2, 15.5	8	195
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed		8.1, 8.2, 9.1, 9.4	1	19
	201-2	Financial implications and other risks and opportunities due to climate change		13.1	7, 8	72-119
	201-3	Defined benefit plan obligations and other retirement plans			6	144
	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	143
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		12.7	8	174
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		16.5	10	177-178
	205-2	Communication and training about anti-corruption policies and procedures		16.5	10	177-178
	205-3	Confirmed incidents of corruption and actions taken		16.5	10	177-178
GRI 207: Tax 2019	207-1	Approach to tax		17.1	2, 10	342-345, 358-360
	207-2	Tax governance, control, and risk management		17.1	2, 10	342-345, 358-360, 400-430
	207-3	Stakeholder engagement and management of concerns related to tax		17.1	2, 10	342-345, 358-360
	207-4	Country-by-country reporting		17.1	2, 10	321
GRI 302: Energy 2016	302-1	Energy consumption within the organisation		7.2, 7.3, 8.4, 12.2, 13.1	7, 8	195
	302-3	Energy intensity		7.3, 8.4, 12.4, 13.1	7, 8	195
GRI 302: Energy 2016	302-4	Reduction of energy consumption		7.3, 8.4, 12.4, 13.1	7, 8	195
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource		6.3, 6.4, 12.4	7, 8, 9	195
	303-3	Water withdrawal		6.4	7, 8	195

GRI Standards	Disclosure ID	Disclosure Description	SDG Goal	SDG Target	UNGC	Location
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions		3.9, 12.4, 13.1, 14.3, 15.2	7, 8	117
	305-2	Energy indirect (Scope 2) GHG emissions		3.9, 12.4, 13.1, 14.3, 15.2	7, 8	117
	305-3	Other indirect (Scope 3) GHG emissions		3.9, 12.4, 13.1, 14.3, 15.2	7, 8	117
	305-4	GHG emissions intensity		13.1, 14.3, 15.2	7, 8	117
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts		3.9, 6.3, 12.4	7, 8	197
	306-2	Management of significant waste-related impacts		3.9, 6.3, 12.4	7, 8	197
GRI 306: Waste 2020	306-3	Waste generated		12.4, 12.5	7, 8	197
GRI 401: Employment 2016	401-1	New employee hires and employee turnover		5.1, 8.5, 10.3	6	145-148
	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	144
	401-3	Parental leave		5.1, 5.4, 8.5	1, 6	154
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system		3.8, 8.8	1	140
GRI 403: OHS 2018	403-6	Promotion of worker health		3.8, 8.8	1	140
GRI 403: OHS 2018	403-9	Work-related injuries		8.8	1	140
GRI 403: OHS 2018	403-10	Work-related ill health		3.8, 8.8	1	140
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	150
	404-2	Programs for upgrading employee skills and transition assistance programs		4.4, 8.2, 8.5	6	148
	404-3	Percentage of employees receiving regular performance and career development reviews		5.1, 8.5, 10.3	6	149
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees		5.1, 5.5, 8.5	6	143
GRI 405: Diversity	405-2	Ratio of basic salary and remuneration of women to men		5.1, 8.5	6	144
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		5.1, 8.8, 16.3	1, 2, 6	153
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		16.3, 16.10	1	159-160

INTEGRATED REPORTING - CONTENT INDEX

IR Reference	Para. No	Description	Page No / Note - 2025
1G	1.2	An integrated report should include a statement from those charged with governance	13
2B	2.4	Value created, preserved or eroded by an organisation over time manifests	52
2C	2.2	All organisations depend on various forms of capital for their success	130 - 202
2D	2.2	The process through which value is created, preserved or eroded is depicted	30, 138
3A	3.3	Strategic focus and future orientation	120
3B	3.6	Connectivity of information	Maintained throughout the report
3C	3.1	Stakeholder relationships	58 - 61
3D	3.17	Materiality	62 - 64
3E	3.28	Prioritising important matters	Concise IR report on pages 10-127
3F	3F	Reliability and completeness	External Assurance on IR reporting is available on pages 121-123
3G	3G	Consistency and comparability	KPIs set last year evaluated on pages 40 - 50
4A	4.4, 4.5, 4.6, 4.7	Organisational overview and external environment	15, 40
4B	4.8	Governance	209
4C	4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17	Business model	52 - 53
4D	4.23, 4.24, 4.25, 4.26	Risks and opportunities	71 - 119
4E	4.27, 4.28, 4.29	Strategy and resource allocation	65 - 70
4F	4.31, 4.32, 4.33	Performance	22
4G	4.35, 4.36, 4.37, 4.38, 4.39	Outlook	120
4H	4.41, 4.42, 4.43, 4.44, 4.45, 4.46, 4.47	Basis of preparation and presentation	8,62

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.	74-78
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	78
		• Impact on Business Model and Value Chain	80-98, 106
		• Effects on Strategy and Decision-Making	80-98, 106
		• Implications for Financial Position, Performance, and Cash Flows	99
		• Resilience	78-106
		• Climate Transition Plan	98
Risk Management	S1: 43–44 S2: 24–26	Disclose the processes used to identify, assess, prioritise, 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.	107-113
Metrics 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.	113-119
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.	117-119
		The GHG emissions calculation should cover the full scope as defined in the GHG Protocol: A Corporate Accounting and Reporting Standard (2004).	117-119
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.	101-104
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.	101-104
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.	62-64
Current & Future Financial Impacts	S1: 34 - 40 S2: 15 - 21		99 - 101

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

Cash Generating Unit (CGU)

The smallest group of assets that independently generates cash flow and the cash flow is largely independent of the cash flows generated by other assets.

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.

Contractual Service Margin (CSM)

The unearned profit that an insurer expects to recognise as it provides insurance coverage over the life of the insurance contracts.

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.

Expected Credit Losses (ECLs)

ECL approach is the loan loss impairment method under SLFRS 9 on "Financial Instruments". ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL measurements are unbiased and are determined by evaluating a range of possible outcomes

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.

Fulfilment Cash Flows (FCF)

The present value of future cash inflows and outflows expected to arise from insurance contracts, including an adjustment for risk.

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 Contract Liability (ICL)

The total liability recognised for insurance contracts, representing the insurer's obligation to provide coverage and settle claims under those contracts.

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.

Liability for Remaining Coverage (LRC)

The portion of the insurance contract liability relating to future insurance coverage to be provided after the reporting date.

Liability for Incurred Claims (LIC)

The liability for claims and expenses arising from insured events that have already occurred but have not yet been fully settled.

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.

GLOSSARY OF INSURANCE TERMS

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 Adjustment (RA)

The compensation an insurer requires for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts.

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.

NOTES

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
31 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 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

Canopius Managing Agents 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

Subsidiary and Associate Company
Softlogic Life Insurance Lanka LTD

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 27TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh (27th) Annual General Meeting of SOFTLOGIC LIFE INSURANCE PLC (the Company) will be held on **Tuesday, 31st March 2026 at 10.30 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 2025 and the Report of the Auditors thereon.
2. To re-elect **Mr. Haresh Kaimal** 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 6th March 2026

Notes:

- A 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 email 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- 27TH 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	

As my / our* Proxy to represent me / us* and vote and speak for me / us* on my / our* behalf at the **Twenty Seventh (27th) Annual General Meeting** of Softlogic Life Insurance PLC to be held on **Tuesday, 31st March 2026 at 10.30 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 2025 and the Report of the Auditors thereon.		
2.	To re-elect **Mr. Haresh Kaimal** 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 ..... 2026.

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

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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

.....

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Digital Plates & Printing by
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Softlogic Life Insurance PLC
Level 16, One Galle Face Tower,
Colombo 2, Sri Lanka.

www.softlogiclife.lk