

# COMMITMENT THAT POWERS TOMORROW





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Progress is built on vision, action, and unwavering commitment. At Ceylinco Holdings PLC, this commitment drives Sri Lanka forward, sector by sector, creating a future powered by opportunity, resilience, and growth.

In 2025, as the nation embraced renewal, Ceylinco Holdings PLC emerged as a catalyst for transformation. As a catalyst within the business landscape we aligned this purpose, beginning with dual pillars of social and economic protection, providing long-term financial stability through Life and General Insurance. In the wake of Cyclone Ditwah, we extended critical support to thousands of affected individuals and businesses with swift and unprecedented Insurance claim settlements, strengthening people and the nation.

The Group's impact was further defined by its overarching purpose of powering the nation's economic engine. This commitment extends to strengthening the national grid through resilient power generation and expanded renewable energy production.

In nurturing the nation's future leaders, Ceylinco Holdings has reshaped the country's vocational and higher education landscape as its largest academic services provider, cultivating both present and future business leaders and decision-makers.

Extending its purpose to safeguarding the nation's well-being, the Group has played a transformative role in advancing healthcare delivery in several regions of the country. Through sustained investment in modern medical infrastructure, advanced technology, and clinical excellence, it continues to elevate standards of care while improving accessibility and patient outcomes.

Our approach blends innovation and responsibility, demonstrating how a truly Sri Lankan company can lead with foresight, inspire confidence, and turn challenges into progress. Through employment creation, economic empowerment, and inclusive opportunities, the Group ensures that growth touches every corner of society.

This Integrated Annual Report celebrates a commitment that does more than sustain. It reflects a vision in motion, a nation rising together, and a promise that today's actions are shaping a brighter, stronger and more resilient Sri Lanka for tomorrow.

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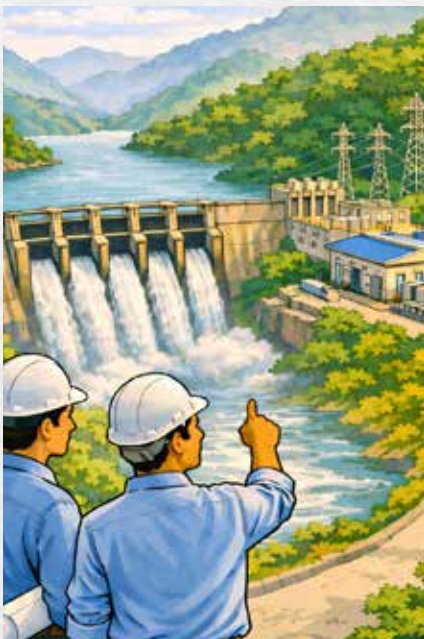
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# ABOUT THIS REPORT

The 4th Integrated Annual Report of Ceylinco Holdings PLC (CHPLC) is designed to provide stakeholders with a clear, balanced, and comprehensive overview of the Group's performance, strategy, and operating environment during the financial year under review.

This report has been prepared using an integrated reporting approach, combining both financial and non-financial information to reflect how CHPLC creates and sustains value over the short, medium, and long term. It aims to present a holistic view of our business model, governance practices, and strategic priorities, enabling stakeholders to make informed assessments of the Group's direction and resilience.



## BOUNDARY AND SCOPE

This report covers the activities and performance of CHPLC in its capacity as a holding company, encompassing the period from 1 January to 31 December 2025.

The scope includes all material aspects that have a significant impact on the Group's ability to create value, with a focus on key operational, financial, governance, and sustainability-related matters relevant to our stakeholders.

| Operational                         | Financial  |
|-------------------------------------|--|
| Six Capitals and Management Reports | Financial Statements that align with our reporting Boundary and includes financials of our Subsidiaries. |
| Sustainability                      |  |
| Risk Management                     |  |
| Corporate Governance                |  |

## REPORTING FRAMEWORKS AND COMPLIANCE

In preparing this report, CHPLC has adhered to a range of globally recognised frameworks, local regulations, and best practice guidelines to ensure transparency, consistency, and credibility in both financial and non-financial disclosures.

### Integrated Reporting

- International Framework of the International Sustainability Standards Board (ISSB)
- Operations, Governance and Risk Management
- Companies Act No. 7 of 2007
- Continuing Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka

### Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka
- Sri Lanka Financial Reporting Standards

## ACCESSIBILITY AND FEEDBACK

Printed copies of the Integrated Annual Report are available to shareholders upon request and can also be accessed via the Company's corporate website.

We value stakeholder feedback as it plays a vital role in enhancing the quality and relevance of our disclosures. Comments, suggestions, and inquiries relating to this report may be directed to

ciccosec@ceyins.lk

or

The Company Secretary  
Ceylinco Holdings PLC  
5th Floor, Ceylinco House,  
No. 69, Janadipathi Mawatha,  
Colombo 01.



Our latest Annual Report is available for download on our official website.

### Sustainability Reporting

- Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2), issued by Institute of Chartered Accountants of Sri Lanka
- Alignment with the United Nations Sustainable Development Goals (UN SDGs)
- Benchmarked against leading international sustainability frameworks and best practices

### REPORTING PRINCIPLES

This report has been developed in line with the core principles of integrated reporting, ensuring clarity, conciseness, reliability, and comparability of information.

We have focused on presenting material matters that influence value creation, while maintaining a balanced narrative that reflects both achievements and challenges. The report is structured to enhance readability and connectivity between financial and non-financial performance.

| Consistency and comparability  | Reliability and completeness  | Connectivity of information  | Conciseness   |
|--|---|--|---|
| The report allows readers to compare specific information with last year’s report, which is vital to our value creation efforts. | All relevant positive outcomes and negative occurrences have been included in the report. | We have demonstrated the connections between factors influencing value creation. | We have made every effort to present information in a concise manner while ensuring it remains comprehensive. |

### ASSURANCE

CHPLC adopts a combined assurance approach to strengthen the integrity of its disclosures. This includes internal reviews by management as well as independent external assurance.

The Statement of Directors’ Responsibilities and the Independent Auditor’s Report, available on pages 124 and 134 respectively, provide further details on the assurance framework applied in the preparation of this report.

### BOARD APPROVAL

The Board of Directors of CHPLC holds ultimate responsibility for the accuracy, completeness, and reliability of this Integrated Annual Report. The Board affirms that the report presents a true and fair view of the Group’s performance and position for the year under review.

Furthermore, the Board confirms that the report is aligned with the principles of integrated reporting and complies with all applicable statutory and regulatory requirements.

The preparation of this report was overseen by senior management and subjected to rigorous internal and external review processes prior to approval. The Board approved the Integrated Annual Report on 26th March 2026.

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that reflect management’s current expectations, assumptions, and projections regarding future events.

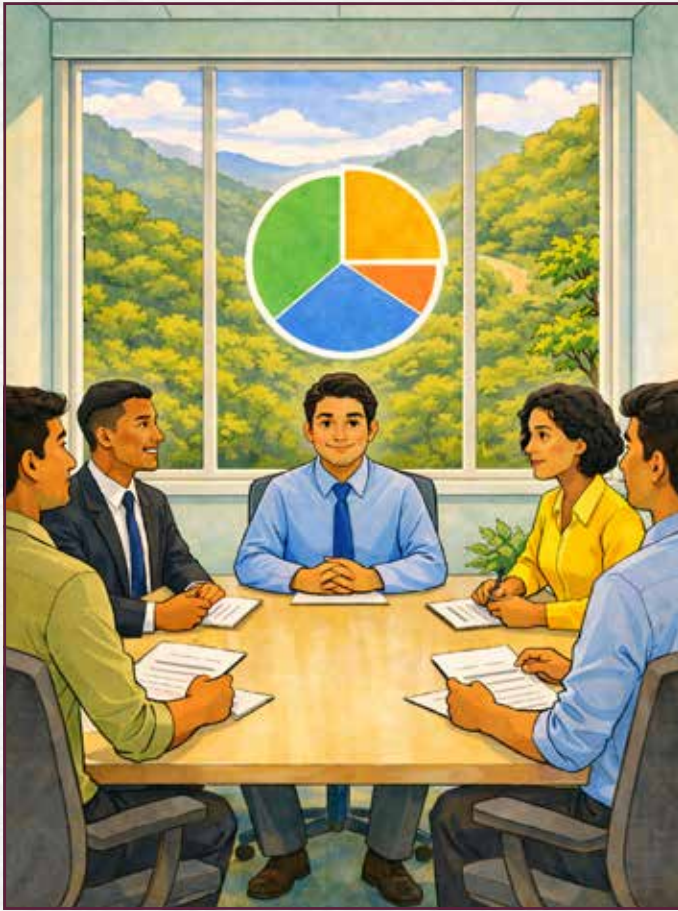
Such statements are inherently subject to risks and uncertainties, which may cause actual results to differ materially from those anticipated. CHPLC undertakes no obligation to update these statements in light of new information or future developments.

### PREVIOUS REPORTS

Previous editions of CHPLC’s Annual and Integrated Reports are available on our corporate website for reference and comparison.



# A STRONGHOLD OF INTEGRATED STRENGTHS



## OUR VISION

To achieve leadership through competitive excellence in every business we undertake.

## OUR MISSION

To contribute to the socio-economic development of our country through our financial viability, diversity and innovative value addition in all the sectors within our Group, thereby adding to shareholder wealth and being a catalyst in providing the highest standards of customer excellence, and recognising, rewarding and valuing the dignity of our staff in all our sectors.

### THE STORY OF OUR LEGACY

The origins of Ceylinco trace back to the pre-independence era, when the company was first established as the Ceylon Insurance Company by Hugh C. Weersekere, marking a historic milestone as the first locally registered insurance company in Sri Lanka. This pioneering spirit laid the foundation for what would become one of the nation's most enduring corporate legacies.

Decades later, in 1987, at a pivotal moment when the government's monopoly over the insurance sector came to an end, Ceylinco Insurance embarked on a new and transformative journey. Seizing this opportunity, the Company re-entered the industry with renewed purpose and ambition.

In 1988, Ceylinco Insurance was listed on the Colombo Stock Exchange, signalling the beginning of a period of sustained growth, expansion, and market leadership. Over the years, this journey has been defined by resilience, innovation, and an unwavering commitment to customer trust.

Today, that legacy has evolved into a position of leadership across both life and general insurance sectors, firmly establishing Ceylinco as one of the most respected and trusted insurance providers in Sri Lanka.

### THE EVOLUTION OF CEYLINCO HOLDINGS PLC

With a heritage spanning over nine decades, Ceylinco has been a defining force within Sri Lanka's business landscape. What began as a pioneering presence in the insurance sector has steadily evolved into a diversified conglomerate with far-reaching impact across industries.

In 2024, this journey entered a new chapter as the Group formally adopted its corporate identity as Ceylinco Holdings PLC (CHPLC), in line with the provisions of the Companies Act No. 7 of 2007. This transition reflects not only a legal transformation but also a strategic repositioning, one that acknowledges the Group's breadth, maturity, and future ambition as a holding company.

Today, CHPLC stands as a driving force of integrated strengths, ambitious by a commitment to reliability, innovation, and long-term value creation.

## DRIVING PURPOSE BEYOND BUSINESS

At the heart of CHPLC lies a purpose that extends beyond commercial success. As a holding company, resilience is anchored in its diversified portfolio of businesses. Its evolution into a multi-sector group has strengthened its ability to navigate changing market dynamics while sustaining leadership positions across its core sectors.

Through social sustainability initiatives and targeted outreach programmes, CHPLC actively supports vulnerable communities, reinforcing its role as a responsible corporate citizen. This balance between business performance and social impact defines the Group's enduring ethos.

## A DIVERSIFIED GROUP WITH ENDURING STRENGTHS

### Insurance: Market Leadership Built on Trust

Insurance remains the cornerstone of CHPLC's operations, reflecting its origins and continued dominance in the sector. The Group's insurance business is structured into two distinct entities, following regulatory reforms introduced under the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011, which required the separation of life and non-life insurance operations.

### General Insurance

Ceylinco General Insurance Limited (CGIL) stands as a leader in the non-life insurance space, offering a comprehensive portfolio that includes motor, fire, medical, marine, general accident and a wide array of specialised insurance solutions.

Serving both individual and corporate clients locally and in select international markets, CGIL has consistently set benchmarks for innovation. Its flagship offering, 'Ceylinco VIP On The Spot', revolutionised motor insurance by enabling on-the-spot claim settlements and 24-hour doorstep delivery, bringing unmatched convenience without additional cost.

### Life Insurance

Ceylinco Life Insurance Limited (CLIL) continues to be a pillar of financial security for millions of Sri Lankans. With a strong focus on long-term protection and wealth planning, CLIL offers a diverse range of life insurance, retirement, and health-related solutions.

Its customer-centric approach and sustained market leadership underscore the trust it has built over decades, positioning it as one of the most respected life insurers in the country.

### Education: Shaping Futures Through Excellence

Beyond insurance, CHPLC has cultivated a strong presence in the education sector through the Ceylinco Education Group (CEG), a dynamic and rapidly expanding network of institutions.

Comprising leading brands such as ICBT, ANC Campus, Wycherley and Alethea, the Group delivers world-class education across primary, secondary, and tertiary levels, serving a student base exceeding 25,000. These institutions maintain strong affiliations with internationally recognised universities, ensuring globally relevant learning pathways.

A significant milestone in this journey has been ICBT's recognition as a degree-

awarding institution by the University Grants Commission of Sri Lanka, enabling the delivery of undergraduate programmes across multiple disciplines.

Complementing this ecosystem is NetAssist International, a BOI-approved training centre that equips students and professionals with globally recognised IT certifications, while also facilitating online examination capabilities for international qualifications.

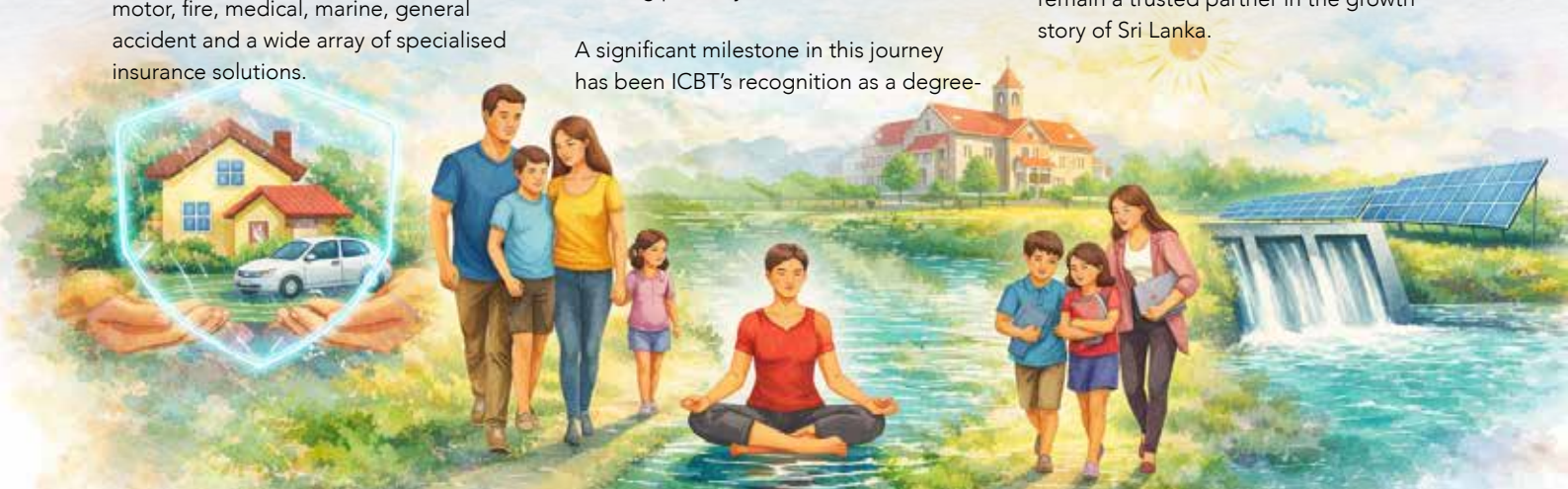
## Renewable Energy: Powering a Sustainable Future

CHPLC's strategic diversification extends into renewable energy, reinforcing its commitment to sustainable development. With over two decades of experience in the sector, the Group operates a portfolio of hydropower and solar energy projects that contribute meaningfully to the national grid.

Its renewable energy assets include four hydropower plants with a combined capacity of 14 MW, alongside three solar power projects generating a total of 8 MW. Through these initiatives, CHPLC plays an active role in supporting Sri Lanka's transition towards cleaner and more sustainable energy sources.

The true strength of CHPLC lies not only in its individual business segments but in the synergy between them. Each sector reinforces the Group's overarching vision, creating sustainable value while contributing to national progress.

As Ceylinco Holdings PLC continues to evolve, it does so with a clear focus to build on its legacy, expand its impact, and remain a trusted partner in the growth story of Sri Lanka.

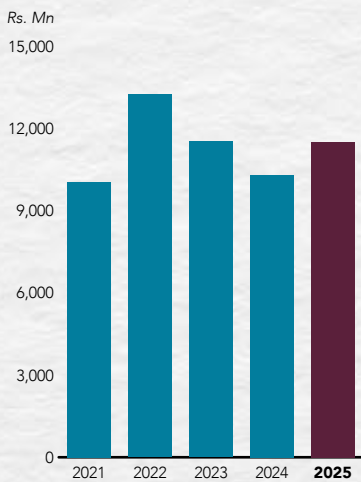


# FINANCIAL HIGHLIGHTS

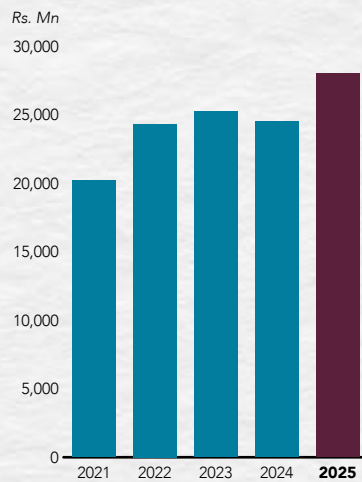
| Results for the Year                        | Group        |              | Change |
|---|--------------|--------------|--------|
|   | 2025         | 2024         |        |
|   | Rs.'000      | Rs.'000      | %      |
| Gross Written Premium                       | 78,872,442   | 67,448,893   | 17     |
| Net Written Premium                         | 59,225,859   | 51,377,871   | 15     |
| Investments and Other Income                | 33,830,435   | 33,314,033   | 2      |
| Revenue From Subsidiaries                   | 7,592,764    | 6,417,207    | 18     |
| Net Income                                  | 99,620,640   | 91,207,525   | 9      |
| Total Benefits, Claims and Other Expense    | (85,321,284) | (77,646,353) | 10     |
| Profit Before Share of Associates           | 14,299,356   | 13,561,172   | 5      |
| Share of Profit of Associates               | 1,150,477    | 1,281,942    | (10)   |
| Profit Before Taxation                      | 15,449,833   | 14,843,114   | 4      |
| Profit After Taxation                       | 11,524,465   | 10,304,346   | 12     |
| <b>Position at the Year End</b>             |              |              |        |
| Shareholder's Fund                          | 106,361,931  | 96,039,751   | 11     |
| Life Insurance Fund                         | 202,046,633  | 182,193,847  | 11     |
| Non - Life Insurance Contract Liabilities   | 32,482,435   | 17,018,713   | 91     |
| Investments                                 | 291,281,404  | 256,029,151  | 14     |
| Total Assets                                | 390,335,098  | 332,113,082  | 18     |
| Market Capitalisation (Rs. Mn)              | 75,524       | 68,815       | 10     |
| <b>Per Ordinary Share</b>                   |              |              |        |
| Earnings (Basic)                            | 396          | 359          | 11     |
| Dividends - Proposed                        | 51           | 51           | -      |
| Net Assets (Shareholders Equity)            | 4,027        | 3,636        | 11     |
| Market Value at the Year End - Voting       | 3,200        | 3,000        | 7      |
| Market Value at the Year End - Non - Voting | 1,797        | 1,374        | 31     |
| <b>Ratios</b>                               |              |              |        |
| Return on Equity %                          | 9.9          | 9.9          | -      |
| Dividend Cover (Times)                      | 7.75         | 7.47         | 4      |
| Price Earnings (Times) - Voting             | 8.1          | 8.4          | (4)    |
| Price Earnings (Times) - Non Voting         | 4.5          | 3.8          | 18     |

| Results for the Year<br>(Sri Lankan Operations)                   | Non - Life Insurance |             |        | Life Insurance |              |        |
|---|----------------------|-------------|--------|----------------|--------------|--------|
|   | 2025                 | 2024        | Change | 2025           | 2024         | Change |
|   | Rs.'000              | Rs.'000     | %      | Rs.'000        | Rs.'000      | %      |
| Gross Written Premium   | 28,037,683           | 24,548,782  | 14     | 44,182,751     | 37,140,416   | 19     |
| Net Claims /Net Benefits  | (8,669,021)          | (8,053,597) | 8      | (31,074,962)   | (25,048,619) | 24     |
| Increase in Long Term Insurance Funds                             | -                    | -           | -      | (20,681,104)   | (23,051,748) | (10)   |
| Investment and Other Income<br>(Including reinsurance commission) | 3,901,300            | 3,107,840   | 26     | 28,253,583     | 28,408,237   | (1)    |
| Profit Before Taxation  | 711,889              | 1,512,738   | (53)   | 11,213,032     | 10,052,081   | 12     |
| Profit After Taxation   | 804,136              | 1,058,562   | (24)   | 7,847,197      | 7,071,487    | 11     |

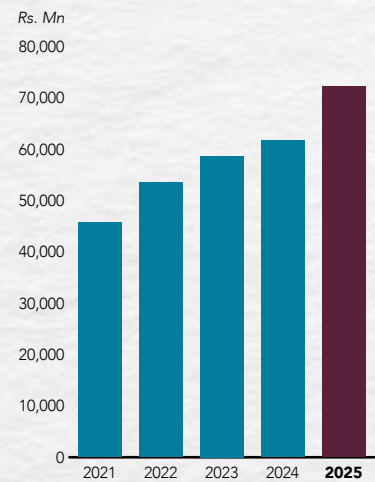
Profit After Tax



Premium Income-Non Life



Premium Income-Life and Non Life



CEYLINCO  
GENERAL INSURANCE

**Rs. 28 Bn**

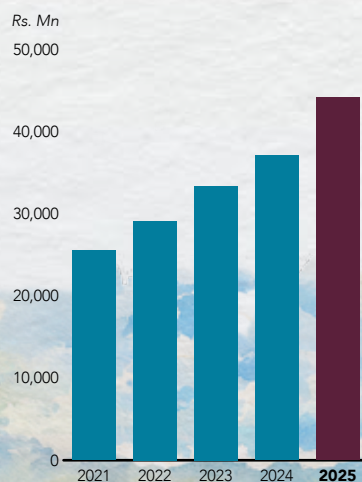
Gross Written Premium

CEYLINCO LIFE INSURANCE

**Rs. 44.1 Bn**

Gross Written Premium

Premium Income-Life



CEYLINCO LIFE INSURANCE

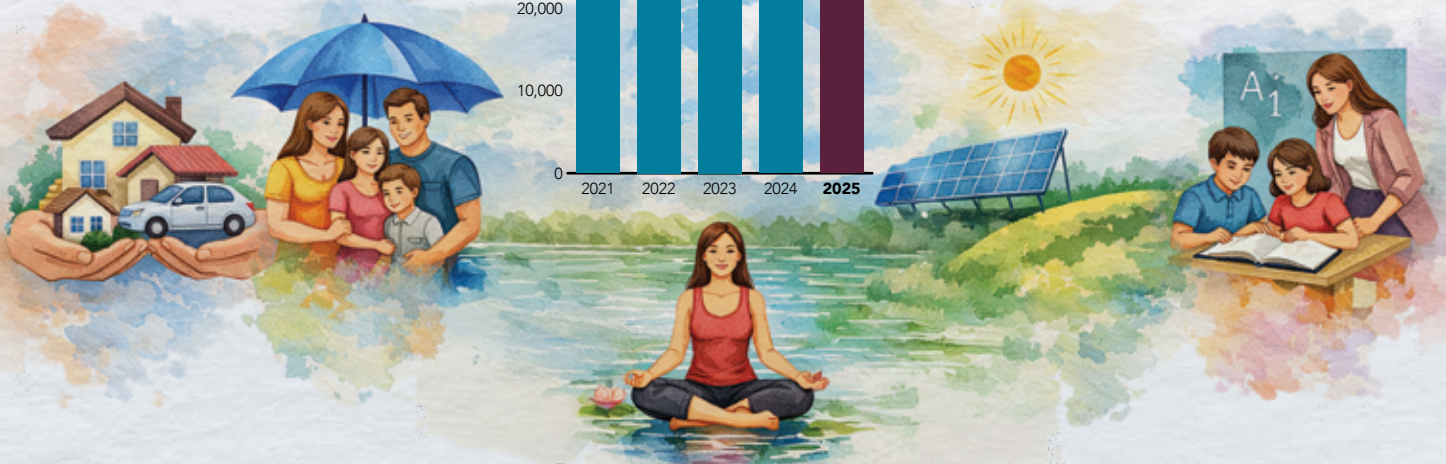
**Rs. 202 Bn**

Life Fund

EDUCATION

**Rs. 6.7 Bn**

Revenue



# EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER'S REVIEW



**Dear Stakeholders,**

It gives me great pleasure to reflect on yet another financial year of outstanding performance by the Group, underpinned by the achievements of individual sectors and the dedication of its subsidiaries.

The continued focus of group verticals in innovation, financial and operational excellence has enabled us to exceed targets, strengthen our market position, and deliver significant value to our stakeholders.

During the year, the Group navigated a macroeconomic landscape of improving momentum, tempered by higher taxation and declining interest rates. The relative stability of foreign exchange rates benefited import-dependent sectors and helped maintain overall price stability.

The country went through a deflationary period while consumer demand remained cautious amid higher taxes and elevated prices. The government's fiscal reforms, including stricter tax regulations and public spending controls, have supported their intended effects of bolstering economic resilience.

Stringent fiscal reforms have resulted in better revenue mobilisation and an improvement in the country's Gross Official Reserves, providing a healthy buffer against external shocks and supporting debt servicing.

**GROUP PERFORMANCE**

I am pleased to note that the Group delivered a strong performance in 2025, demonstrating resilience and steady progress across our diversified portfolio, despite the challenges encountered during the year. In the period under review, the Group reported strong overall revenue growth, driven by its core business segments. Group revenue rose to Rs 99.6 Bn from Rs 91.2 Bn reported in the previous financial year, marking a 9% increase between the two financial years.

**"I am proud to note that the Group has successfully navigated the complexities of operating as a highly diversified entity, while consistently adhering to the stringent regulatory requirements across our various sectors. As the parent company, we have remained true to the principle of stewardship, ensuring that strong governance is upheld and prioritised across each business vertical."**

Gross Written Premiums from Non-Life and Life insurance business segments drove a large portion of Group revenue, with substantial contributions and improved financial performances by the Education sector and our Renewable Energy vertical.

Net Earned Premium was recorded as Rs 58 Bn for the financial year ended 31st December 2025, which is a 13% increase from Rs 51.5 Bn reported in 2024. Other revenue was recorded at Rs. 41 Bn, representing an increase of 4.3% during the period under review. This comprises income generated from non-insurance subsidiaries and investment activities.

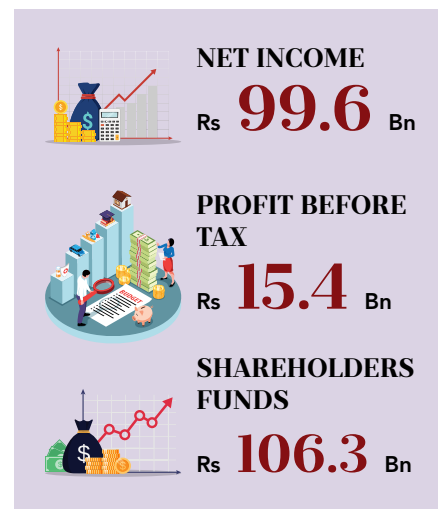
Profitability moved in line with revenue growth, which has risen to Rs 11.5 Bn over Rs 10 Bn reported in the previous financial period. Profit before tax stood at Rs 15 Bn, showing a 4% rise.

Moreover, Earnings per Share increased to Rs. 395.56 from Rs. 358.51 recorded in the year before. The increase can be attributed to the robust performance in core business sectors and strategic diversifications. Overall assets of the Group rose by 18% to Rs 390 Bn in comparison to Rs 332 Bn reported in the previous financial period.

**INSURANCE**

Insurance has been one of our greatest strengths since the beginning of our legacy. Ceylinco's track record in life and general insurance has been nothing short of phenomenal. Both subsidiaries have retained top market positions for years, proving their mettle amid a tough year ravaged by weather and climate-related disasters, such as the Ditwah cyclone and floods, which caused massive losses, including untimely deaths.

As the Group's main revenue engines, Ceylinco General Insurance and Ceylinco Life Insurance, has recorded high earnings amidst high claims. Ceylinco General Insurance recorded its highest revenue of Rs 28 Bn in gross written premium, marking a



14% growth in revenue. Moreover, Ceylinco Life Insurance reported a consolidated GWP of Rs 44.18 Bn, which is a 19% growth in comparison to the previous financial year.

Ceylinco Life retained the number one position in the Sri Lankan life insurance sector with 19% share of the industry GWP. Financially, the Company recorded a profit before tax of Rs 11 Bn. This demonstrates Ceylinco Life's performance as a strong manifestation of their long-term strategy to deliver value to shareholders, policyholders and other company stakeholders. Their performance was supported by disciplined underwriting standards and a focus on customer needs.

Ceylinco General Insurance incurred Rs 24.2 Bn in gross claims and benefits to policyholders, and in a landmark payout, CGIL made one of the highest claims payouts in the industry to support the losses of policyholders who lost property and other insured assets in the devastating floods, landslides and effects of the cyclone Ditwah. The Company recorded a profit after tax of Rs. 804 million, despite experiencing high claims during the year, which had a significant impact on its bottom line.

Both our life insurance and general insurance subsidiaries have achieved exceptional capital strength, remaining in line with regulatory requirements. Together, both subsidiaries have created financial resilience and soundness to support future growth and to withstand market volatility. They are well-poised for meeting long-term policyholder obligations.

From a combined standpoint, both companies have paid a substantial share of total industry claims and benefits, reinforcing their reputation as a reliable partner for policyholders. Moreover, both

## EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER'S REVIEW

entities have achieved high policy retention levels, reflecting the confidence customers place in the 'Ceylinco' brand, the quality and speed of service delivered through a robust and extensive islandwide branch network. This is further evidenced by the consistent selection of both Ceylinco General and Ceylinco Life by the people of Sri Lanka as the 'People's General Insurance Brand' continuously for twenty years at the SLIM Kantar People's Awards, organised by the Sri Lanka Institute of Marketing.

### HEALTHCARE

The Group has steadily carved its place within the healthcare sector through investments driven by Ceylinco Life. The Company has made several high-calibre investments, most notably in acquiring a major equity stake in the Kings Hospital in 2022, one of the country's most modern private hospitals.

Our objective is to make healthcare and critical medical attention available to all Sri Lankans through ultra-modern equipment and facilities, especially for critical treatment and care needed for combatting cancer, while understanding patient pain points when implementing services that address their most critical needs.

Creating greater accessibility to high-quality world-class cancer treatment, we have also established the country's first private radiation therapy centre and have introduced technologies, such as the first linear accelerator and Tomo therapy unit in Sri Lanka. These investments have been made under Ceylinco Healthcare Services Ltd, a subsidiary of Ceylinco Life.

### RENEWABLE ENERGY

The Group's renewable energy sector delivered a strong performance during the year, supported by financial settlements received from the CEB toward the latter part of 2025. The plants collectively recorded a revenue of Rs. 995 Mn and a profit for the year of Rs. 323 Mn, reflecting their robust financial contribution to the Group. I am pleased to highlight the successful development of a new 4.75 MW solar power plant in Akuragoda, marking a significant milestone in our renewable energy portfolio.

The Group has secured a 20-year power purchase agreement with the CEB, providing long-term revenue stability and reinforcing the project's financial sustainability. The plant will be operated by Akuragoda Solar Energy (Pvt) Limited, further strengthening the Group's asset base and value creation potential. With four hydropower plants and expanding solar facilities, we continue to uphold our commitment to responsible

resource utilisation and best practices in renewable energy generation.

Group profitability for the financial year under review was driven by Energy Generators, which accounted for 60% of total revenue and contributed largely towards profitability. Group profit before tax reached Rs 438 Mn, leading to a profit after tax of Rs 323 Mn for the year ended 31st December, 2025.

### EDUCATION

The education sector of Ceylinco Holdings is not only a vital part of our strength and market acceptance, but it is also one of Sri Lanka's strongest academic and higher education conglomerates with a massive student base. The group has dedicated its financials and resources to implementing modern infrastructure that complements the standards of its international affiliations and partners, and in line with globally accepted standards. Its purpose is to create a future-ready learning environment that is based on current and future job market demands and delivered through engaging and highly effective learning resources.

During the period under review, ICBT recorded strong and well-balanced value creation, reinforcing its commitment to delivering a comprehensive academic experience. Their achievements stand as a testament to their unwavering dedication to academic excellence and sustainable growth. The institute's financial performance remained robust despite challenging macroeconomic conditions, with impressive growth in both revenue and profitability. The expansion of its purpose-built infrastructure has been further complemented by the state-of-the-art facilities it offers to students.

ANC Campus maintained revenue stability and resilience during the year by strategically targeting various student segments, while introducing flexible payment structures to ensure affordability. Moreover, ANC's partnership with the University of West London has become a highly rewarding and strategic collaboration, as the two institutions have entered into a landmark agreement to establish UWL's first branch campus in Sri Lanka by a UK university. This will greatly improve access to globally recognised qualifications within the country.

Both ANC and Wycherley modernised their infrastructure while acquiring facilities to improve their physical footprint. ANC opened a modern facility in Colombo 3, enhancing its capacity for tech-driven, student-centric learning. ANC also expanded its portfolio with new US Degree programs aligned with AI and digital

technologies, committing to future-ready education.

Wycherley recorded a formidable equilibrium between long-term growth and short-term value creation. The Institute recorded stealthy financial performance with commendable revenue growth and a 70% increase in profit. Wycherley maintained high student engagement and personalised learning while maintaining strong partnerships with its primary international affiliation, Cambridge Education, ensuring premium English medium education.

Collectively, the Group demonstrated growth in its earnings, which were reported as Rs 7.4 Bn in the year under review, surpassing the Rs 6.3 Bn gained in 2024. Moving in line with this growth, Profit Before Tax rose to Rs 2.1 Bn, contributing to a consolidated profit after tax of Rs 2 Bn for the financial period under review.

### HUMAN POTENTIAL

Across the Group, our employees continued to be the foundation of success. Subsidiaries continued to focus on professional development and leadership capacity building while instilling a performance-driven work ethic amongst staff members. Recruitment drives were organised in line with growth objectives and expansions, engaging staff members to enable sustainable value creation for stakeholders.

Our companies were cognisant of employee needs amidst a volatile economic backdrop, with concerns on high cost of living and high-income taxes. Within this context, employee rewards and recognitions based on performance and tenure proved to be vital. Importantly, timely remuneration and fulfilment of incentives continued to set the pace for performance and trust among staff members.

### OVERALL SUSTAINABILITY

At Ceylinco Holdings, Environment, Social, and Governance (ESG) is a commitment that goes beyond an agenda and a strategic objective. Our subsidiaries stand strongly in their commitment to ESG, having adopted a strong focus on environmental and social sustainability. Across the Group, our companies have fostered sustainable initiatives ranging from renewable energy generation to providing meals for underprivileged students, as well as beach clean-ups and efforts to improve marine life.

## ENVIRONMENTAL STEWARDSHIP

Environmental preservation has become a core pillar of all our business segments. Subsidiaries within these sectors have consciously adopted proactive initiatives and ones that have a reverberating impact on the environment and a positive undertone to the ecological footprint of the Group. Ceylinco General Insurance mobilised resources, including manpower, to undertake massive clean-ups of coastlines, ensuring the protection of marine ecosystems. During the year, safeguarded over 100 Kms of coastline in various parts of the country.

Furthermore, the green branch concept has been championed by Ceylinco Life with a strong focus on sustainable infrastructure. The Company has adopted strong actions to minimise its environmental footprint and has passionately adopted eco-conscious development. Ceylinco Life has integrated energy-efficient building designs, converting them into purpose-built office spaces, such as the recently inaugurated branch in Nittambuwa. They have moved beyond renewable energy adoption to a holistic approach to environmental stewardship.

## SOCIAL RESPONSIBILITY AND COMMUNITY IMPACT

Committed to a foundation of empowering individuals, the insurance sector played a key role in the Group's social sustainability.

Ceylinco General Insurance continued to support over 2000 students in the year under review, with meals for children in selected rural schools; this has enabled impoverished children to enjoy a nutritious meal while ensuring that hunger does not impede their attendance and education. The School Meal Program has over Rs 14 Mn in financial allocations in the period under review. Through VIP Pihita, CGIL has also provided financial relief for deserving families and individuals while also supporting people through the distribution of clothes.

Our education sector has made equally significant contributions to advancing the lives of deserving communities, including schools and students. During the year, ICBT Campus and ANC Education integrated social contributions with student learning and academic curricula, providing vital lessons on life and serving the underserved.

## GOVERNANCE

I am proud to note that the Group has successfully navigated the complexities of operating as a highly diversified entity, while consistently adhering to the stringent

regulatory requirements across our various sectors. As the parent company, we have remained true to the principle of stewardship, ensuring that strong governance is upheld and prioritised across each business vertical. With a robust model of decentralisation, each subsidiary board and leadership team ensured compliance with the various requirements of regulatory authorities, especially in the insurance and education sectors. Despite three distinct industry sectors, our group governance has proved effective in ensuring that group interests are secured through compliance with regulatory requirements and adherence to best practices in financial management, service delivery, and stakeholder engagement.

At the group level, our 16-member Board of Directors provided the necessary oversight and executed strategic decisions to support the growth and long-term robustness of each subsidiary.

## OUTLOOK

As a group, it is our belief that people, purpose and sustainability ensure long-term stability and sustained success even amidst headwinds. The group subsidiaries will continue to make investments to support future growth. Technology, digitalisation and sustainability will be core areas of focus in the upcoming financial year, while building resilience against the uncertain and volatile global geopolitical landscape. The Group is ensuring its ability to withstand the shocks of the fuel crisis and the ongoing war in the Gulf region. We are confident that the effects of this on Sri Lanka will be contained by the government's prudent economic policies and timely structural reforms to cushion the interests of the local economic engine.

## APPRECIATIONS

I extend a deep gratitude to all our stakeholders for their ongoing contribution to the Group's success. My deepest gratitude is extended to our shareholders for demonstrating an unwavering commitment to their financial backing, which has been a source of confidence during the highly divergent complexities of the macroeconomic environment.

Our customers have been a key pillar in shaping our journey, as they continue to engage with the group through our diversified business subsidiaries. Their continued reliance on our strengths and services empowers us to find better and impactful solutions through insurance, education and renewable energy solutions.

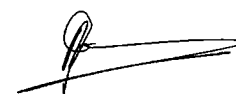
I acknowledge the deep commitment and foresight of our leaders in Ceylinco General Insurance, Ceylinco Life, the Education Sector, which includes the American National College, ICBT and Wycherley and also our leadership within the Renewable Energy subsidiaries. I remain grateful to your leadership during the past several years, and particularly through the new complexities from the external environment, including the increasing climate-related uncertainties and financial risks.

My appreciation also extends to our international reinsurers and reinsurance brokers, whose partnerships continue to empower our ability to absorb risks on behalf of our loyal customers. I am also grateful to our actuaries, whose technical prowess has provided reliable precision in making sound decisions and to our overseas strategic partners for their continued collaboration and invaluable support.

I express my sincere gratitude to our staff across all companies of Ceylinco Holdings for showing commitment and integrity in upholding corporate values and improving service standards in insurance, education, renewable energy and health care services.

Finally, I extend my appreciation to the Chairman, Director General and officials of the IRCSL for providing continued guidance and support in resolving concerns and challenges within the insurance sector and for their commitment to promoting insurance nationwide, amongst the public, during the year through a concentrated campaign of 'Insurance for All'. We anticipate the IRCSL to make a bigger impact in their work by promoting increased financial literacy and boosting insurance penetration by 2030.

With this note, I also extend my gratitude to the University Grants Commission of Sri Lanka for its continued guidance and support extended to our educational institutions and our international principals and partners for advancing their strategic presence in Sri Lanka and for supporting our institutes to amplify their offerings within a highly diversified education sector with increasing demands for improving various skills and academic disciplines.



**Mr. A.R. Gunawardena**  
Executive Chairman / Chief  
Executive Officer

26th March 2026

# DEPUTY CHAIRMAN'S MESSAGE



Dear Stakeholders,

I am pleased to present this message at the conclusion of a year in which we upheld disciplined execution and strengthened the foundations necessary to sustain performance in the year ahead.

The year 2025 was a period of disciplined execution, and reinforced foundations for Ceylinco Life Insurance Limited. Amid a recovering Sri Lankan economy, we continued to deliver consistent value to our stakeholders while maintaining our leadership in the life insurance sector.

### STABILISATION, REFORM AND RENEWED MOMENTUM

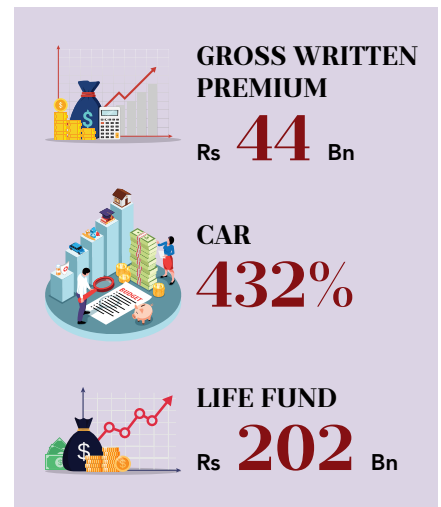
Sri Lanka's economic recovery strengthened in 2025, with GDP expanding by 5% year-on-year in the first nine months of the year. The rebound was led by a continued recovery in the industry sector and steady expansion in the services sector, supported by improving private consumption and investment. Having created deflationary effects since September 2024, inflation returned to positive levels in August 2025 and stabilised within low single digits. The extended period of subdued prices enabled the Central Bank of Sri Lanka to maintain an accommodative monetary policy stance, with cumulative rate reductions contributing to a sustained decline in lending and deposit rates.

**“Sustainability is integral to our long-term resilience, particularly as social and environmental risks increasingly influence business performance. During the year, we strengthened ESG integration across our processes and decision-making, including responsible investments, green financing initiatives, and environmental interventions such as waste reduction and renewable energy adoption.”**

For the life insurance sector, these developments presented multi-dimensional implications. Lower interest rates and improved credit flows supported disposable income levels and long-term savings capacity, while stabilising inflation improved income visibility for policyholders. At the same time, the evolving interest rate environment required disciplined asset-liability management to preserve investment margins and protect policyholder returns.

Life insurance penetration in Sri Lanka remains relatively low compared to regional benchmarks, reflecting significant untapped potential. The industry is, however, undergoing a period of transition which is reshaping competitive dynamics, demanding greater agility, innovation and customer-centricity across the sector.

Increased financial literacy, coupled with greater awareness of well-being, has led to a shift towards financial protection solutions while digital platforms are transforming customer interactions. The sector demonstrated resilience and steady expansion during the year with GWP growing by 23% reflecting the rising relevance of life insurance as a long-term financial safeguard. Claims increased by 25% during the period, reaffirming the sector's core responsibility of delivering



financial security to policyholders and their families. While higher claims reflect increased utilisation of benefits, they also demonstrate the industry's capacity to meet obligations and uphold trust.

### DELIVERING FINANCIAL PERFORMANCE THROUGH DISCIPLINED STRATEGY

The Company achieved robust results during the year under review. Gross Written Premiums increased by 18.96%, while Profit Before Tax increased 11.55% year-on-year. The Life Fund reached Rs. 201.81 Bn, and Total Assets surpassed Rs. 287.02 Bn, reflecting the stability of our balance sheet and our ability to provide security to policyholders.

Our strategic focus in 2025 remained clear, execution-driven, and customer-centric. Operational excellence was achieved through disciplined cost management, digital investments, and technology-enabled efficiencies, strengthening channel productivity and lead visibility. We continued to enhance customer relevance by broadening protection and savings propositions aligned with evolving preferences.

Distribution depth was expanded across our core agency network and the Virtual Financial Advisor channel, ensuring that policyholders could access our products seamlessly. Digital adoption improved efficiency, accuracy, and convenience, enhancing both the customer experience

## DEPUTY CHAIRMAN'S MESSAGE

and internal processes. Our disciplined approach to execution has reinforced operational resilience and sustained profitability, underpinning long-term stakeholder confidence.

For the 22nd consecutive year, Ceylinco Life retained its position as the undisputed market leader, a testament to the trust placed in us by our policyholders. Our dedication to service excellence was further recognised with the People's Life Insurance Service Provider of the Year award at the SLIM Kantar People's Awardsour 19th consecutive win. Reinforcing our brand leadership, Brand Finance ranked Ceylinco Life as Sri Lanka's most valuable insurance brand in 2025.

### GOVERNANCE AND OVERSIGHT

Robust governance remains fundamental to Ceylinco Life's stability and resilience. In 2025, the Board expanded from 15 to 17 members to enhance expertise, diversity, and strategic oversight.

The Board was further strengthened during the year with the appointment of Mr. E.R.S.G.S. Hemachandra as Executive Director/Chief Operating Officer, and Ms. N.M. Boralessa, Dr. R.C.J. Ferdinands and Mr. R. A. I. Elapata as Independent Non-Executive Directors. These appointments enhanced the Board's overall skills profile and diversity across gender, tenure and professional experience, enhancing the depth and effectiveness of decision-making and oversight.

The operations of the Sub-committees were revisited to ensure effective monitoring of strategy, risk, and sustainability. The addition of new Executive and Independent Non-Executive Directors strengthened decision-making and governance depth.

The Board maintained a disciplined focus on capital and liquidity management, regulatory compliance, risk oversight, cyber resilience, and organisational culture. Emphasis was placed on leadership development, diversity, and

accountability to ensure alignment between strategic priorities and operational execution. Governance practices, including a refreshed Board evaluation process, reinforced transparency and strengthened stakeholder confidence.

### CAPITAL RESILIENCE AND REGULATORY PREPAREDNESS

Ceylinco Life's capital position remains strong, with a Risk-Based Capital Adequacy Ratio of 432%, well above the regulatory minimum of 120%. We proactively prepared for industry reforms, including the adoption of SLFRS 17 and SLFRS 9 and anticipated enhancements to the Risk-Based Capital framework. These initiatives strengthen transparency, financial discipline, and the quality of disclosures for investors and stakeholders.

Engagement with regulators continues to be a priority, ensuring smooth implementation of reforms while maintaining operational resilience and long-term sector growth. Our proactive approach to regulatory compliance reflects our commitment to financial stability, policyholder security, and sustainable value creation.

### SUSTAINABILITY AND ESG INTEGRATION

Sustainability is integral to our long-term resilience, particularly as social and environmental risks increasingly influence business performance. During the year, we strengthened ESG integration across our processes and decision-making, including responsible investments, green financing initiatives, and environmental interventions such as waste reduction and renewable energy adoption.

Ceylinco Life commenced voluntary reporting under SLFRS S1 and S2 Sustainability Disclosure Standards and has integrated sustainability-related risks into the Enterprise Risk Management framework. These measures ensure that environmental, social, and governance considerations are assessed with the same discipline as traditional operational and financial risks.

### CUSTOMER AND EMPLOYEE FOCUS

Our employees are central to executing our strategy and delivering superior customer experiences. In 2025, we enhanced a performance-driven culture anchored in accountability and collaboration, while operational efficiencies improved through expanded HRIS capabilities and automation. Leadership development programs strengthened middle-level management succession readiness and execution discipline.

Customer satisfaction improved through streamlined processes, digital self-service adoption, and service excellence initiatives. By enhancing engagement across key touchpoints, we ensured faster turnaround times, higher accuracy, and more responsive interactions, further reinforcing trust in the Ceylinco Life brand.

### LOOKING AHEAD

With stabilising macroeconomic fundamentals, lower interest rates, and renewed growth, the outlook for the life insurance industry remains positive. Opportunities abound in AI-driven underwriting, demographic shifts, and low insurance penetration. Ceylinco Life will continue consolidating leadership in protection and retirement solutions, expanding alternative distribution channels, deepening customer relationships, and strengthening organisational resilience through technology modernisation, digital enablement, and robust risk management frameworks.

As we look to the future with optimism, we will continue to consolidate our leadership in protection and retirement solutions, while strengthening high-quality distribution partnerships and expanding alternative channels. Sustained focus will be placed on enhancing productivity and deepening customer relationships and reinforcing persistency to ensure durable earnings. At the same time, we will continue to strengthen organisational resilience through

investing in technology modernisation, digital enablement and robust risk management frameworks to safeguard operational continuity.

In parallel, we continue our structured preparation for the industry's transition to SLFRS 17 and SLFRS 9, which becomes mandatory for reporting periods after 1 January 2026. We remain aligned to our established roadmap and will be fully compliant by the third quarter of 2026, ensuring readiness for the issuance of the first audited financial statements under the new standard. This transition will further enhance transparency and strengthen the quality of financial disclosures for investors and stakeholders. We also expect to adopt the new RBC regime in the near future, ensuring compliance with regulatory timelines for the transition.

## ACKNOWLEDGEMENTS

I extend my sincere appreciation to our Managing Director/CEO, leadership team, employees, and nationwide sales force for their dedication and professionalism. I also thank our policyholders, parent company, subsidiaries, regulators, advisors, and all stakeholders for their trust and guidance. Together, we remain committed to delivering sustainable value, upholding governance standards, and strengthening stakeholder confidence in the years ahead.



**Mr. R. Renganathan**  
Deputy Chairman

26th March 2026

## BOARD OF DIRECTORS



**MR. A.R. GUNAWARDENA**  
*Executive Chairman / Chief  
Executive Officer*

**MR. R. RENGANATHAN**  
*Non-Executive Deputy Chairman*

**MR. H.D.K.P. ALWIS**  
*Director / Chief Operating Officer -  
General Insurance & Subsidiaries*

**MR. E.T.L. RANASINGHE**  
*Director / Chief Operating Officer –  
Ceylinco Life & Subsidiaries*



↑  
**MR. T.N.M. PEIRIS**  
*Director (Finance) / Head of Finance*

↑  
**DR. W.C.J. ALWIS**  
*Director*

↑  
**MR. U. WITHARANA**  
*Director / Chief Financial Officer*

↑  
**MR. P.D.M. COORAY**  
*Director / Head of Training*

**BOARD OF DIRECTORS**

↑  
**MR. S.R. ABEYNAYAKE**  
*Director*

↑  
**MR. P.A. JAYAWARDENA**  
*Director*

↑  
**MR. C.M. FERNANDO**  
*Director*

↑  
**MR. D.R.P. GOONETILLEKE**  
*Director*



**MR. TAKASHI KISHI**  
*Director*

**MR. N. VASANTHA KUMAR**  
*Director*

**MR. G.D. NELSON**  
*Director*

**MR. J.H.R. PEIRIS**  
*Director*

## BOARD OF DIRECTORS

### MR. A.R. GUNAWARDENA

*Executive Chairman / Chief Executive Officer*

Mr. Ajith Gunawardena joined the Ceylinco Group in 1978 as a Sales Manager, attached to the Polonnaruwa Branch of The Finance, speedily rising to the position of Assistant General Manager – City Office.

At The Finance, Mr. Gunawardena was instrumental in initiating the first-ever leasing and project financing division in Sri Lanka. Moreover, he set up the hire purchase scheme for consumer durables and import financing, pioneering concepts in the sphere of finance companies in Sri Lanka. Furthermore, the first-ever venture capital company to be established in Sri Lanka, was also his brainchild.

He was appointed Director in charge of the General Division of Ceylinco Insurance in 1987. He introduced the visionary concept of a direct sales force for the insurance industry in Sri Lanka. His was the idea that transformed the sphere of insurance forever – On The Spot Claim Settlement. This unprecedented idea, which amounted to a global first, has been embraced and adopted by many other insurers the world over. In fact, this very concept won the coveted Innovation of the Year Award at the Asian Insurance Industry Awards in 2003.

Under his able leadership, Ceylinco Insurance received the rare accolade of being among the top four General Insurance Companies in Asia, in 2000 and once again clinched the Innovation of the Year Award at the Asia Insurance Industry Awards in 2006. Under his guidance Ceylinco Insurance has held the position of market leader in Sri Lanka continuously since 2004.

Mr. Ajith Gunawardena was also behind the first-ever overseas joint venture for Ceylinco Insurance – Sagarmatha Insurance of Nepal, the concept of which, later on, extended to the Maldives and Mauritius. Several strategic alliances were also formed under his leadership with insurance companies in the

Middle East, in countries such as the United Arab Emirates, Bahrain, Kuwait, Oman and Qatar.

He successfully negotiated key joint ventures with Indian giants Larsen & Toubro and the Aditya Birla Group; alliances which resulted in the cement brand – Ultra Tech, abundantly available throughout Sri Lanka. Under the aegis of these joint ventures, the L & T Infocity, the largest ever Call Centre in Asia, was established.

Mr. Ajith Gunawardena has been the unyielding strength behind numerous other projects for Ceylinco, including power and energy projects in Belihuloya, Loggaloya and Rajjamma.

He was conferred with a Honorary Fellowship from the ICBT Campus, Associate College of Cardiff Metropolitan University, U.K. in 2016.

### MR. R. RENGANATHAN

*Non-Executive Deputy Chairman*

Mr. Renganathan joined the Ceylinco Group in 1983, bringing extensive expertise and experience. He is a Fellow of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka, reflecting his strong professional credentials.

He was honoured with the “Distinguished Recognition in the Profession of Management Accounting” award by CMA Sri Lanka in January 2026.

Currently, he serves as Executive Chairman of Ceylinco Life Insurance Limited, where his leadership has positioned the company as the market leader in life insurance for 22 years consecutive years. Under his guidance, Ceylinco Life has set benchmarks for excellence and innovation in the industry.

Beyond insurance, Mr. Renganathan spearheaded the establishment of Ceylinco Healthcare Services Ltd, introducing Sri Lanka’s first private-sector cancer treatment center. This

facility offers advanced treatments, such as Radiotherapy, Chemotherapy, and Hormone Therapy, and has successfully treated over 16,000 patients significantly contributing to foreign exchange savings.

He also serves as a Director of Kings Hospital Colombo (Pvt) Ltd, reinforcing his commitment to improving healthcare services. Additionally, he played a pivotal role in creating Serene Resorts, Sri Lanka’s first retirement resort, offering a unique lifestyle solution for retirees.

### MR. H.D.K.P. ALWIS

*Director / Chief Operating Officer - General Insurance & Subsidiaries*

Commencing his association with Ceylinco Insurance - General Division - on 15th May 1990 as a Regional Manager, Mr. Patrick Alwis blazed a dynamic career, rapidly rising to the position of Deputy General Manager by 1998. He was subsequently appointed to the Board on 10th January 2001 and currently serves as Director of Ceylinco Holdings PLC (formerly known as Ceylinco Insurance PLC) and served as the Managing Director/ Chief Executive Officer of Ceylinco General Insurance Limited until February 2021. In March 2021, he was appointed as Executive Chairman/Chief Executive Officer of Ceylinco General Insurance Ltd. Mr. Alwis retired from this position w.e.f. 01.01.2023.

He was instrumental in spearheading strategic alliances with leading insurance companies in the Middle East (United Arab Emirates, Bahrain, Oman, Qatar, Saudi Arabia and Kuwait), providing valuable management expertise in promoting unique Ceylinco General Insurance solutions to migrant workers of all nationalities residing in the Gulf.

Also, he is credited with setting up the branch network for Ceylinco General Insurance in Sri Lanka, which has become one of the key factors in the Company’s exponential growth in a fast-paced economy. Today, Ceylinco General Insurance can claim the largest branch network in the industry.

His initiative and drive resulted in the successful implementation of a unique

system for the sales force to accurately prospect for clients. His visionary methodology practised by the gamut of the sales force at all levels has resulted in stupendous results for individual sales personnel as well as the Company. The system in question has also paved the way to monitor and manage the direct sales force of Ceylinco General Insurance efficiently.

He also spearheaded the setting up of a 24-hour call centre, which facilitates the on-the-spot claims settlement process of the company. The nerve centre, which has become the nucleus of the company's claim settlement, providing speedy solutions, is another concept initiated by Mr. Alwis. He was also responsible for setting up an island-wide network of Automobile Engineers and Assessors who play a major role in on-the-spot inspections. To date, he personally monitors the operations of this unit. His hands-on involvement and able leadership have become the key strengths of Ceylinco General Insurance Ltd.

In a proactive approach to career development and enhancement of skills and professionalism of the staff, he initiated the introduction of an online Staff Performance Management System in 2019 which is a methodical process that enables the company to evaluate the performance and contribution of each and every staff member in a fair and a systematic manner - leaving out bias and personal preferences, a prudent step with the growing number of employees. Under his initiative, a sales force dashboard was also introduced in 2019, which facilitates the close monitoring of the movement of sales personnel, customer visits, etc., of the entire sales force by the superiors on a real-time basis. This has also given us the opportunity to digitalize areas such as customer information, including renewal details, follow-up info, prospects and monthly sales plans.

Prior to joining the Company, he began his illustrious career in 1978 at M/s. Hatton National Bank and subsequently served at Lever Brothers (Ceylon) Limited and Richard Peiris & Company in the field of Sales and Marketing.

### **MR. E.T.L. RANASINGHE**

*Director / Chief Operating Officer –  
Ceylinco Life & Subsidiaries*

With over 46 years of experience in the mercantile sector, Mr. E.T.L. Ranasinghe has been instrumental in shaping the strategic direction and steady growth of Ceylinco Life. He joined the organisation in 1986 as a Product Manager and was a pioneering member of the team that established Ceylinco Insurance PLC in 1988 laying the groundwork for the organisation's future trajectory.

As the Managing Director/Chief Executive Officer of Ceylinco Life Insurance Limited, Mr. Ranasinghe has played a significant role in strengthening the Company's position as the industry leader for more than two decades. During this period, Ceylinco Life earned the prestigious Brand of the Year title from the Sri Lanka Institute of Marketing on three separate occasions a recognition that reflects the organisation's sustained customer focus. His guidance also reinforces the culture of responsible growth at Ceylinco Life, including its ongoing alignment with emerging ESG expectations in a measured and practical manner.

A founder member and former Senior Vice Chairman of the Chartered Institute of Marketing, Sri Lanka Region, Mr. Ranasinghe has contributed to developing Sri Lanka's marketing profession. Drawing on his extensive expertise, he continues to share insights at industry forums locally and in the Asia Pacific region.

Mr. Ranasinghe also serves as a Director of Ceylinco Healthcare Services Limited and Serene Resorts Limited, and as a Non-Executive Director of Kings Hospital Colombo (Pvt) Ltd. Across these roles, he continues to advocate for strong governance, innovation, and service excellence.

He holds qualifications from the Chartered Institute of Marketing (UK) and an MBA from the Postgraduate Institute of Management, University of Sri Jayawardenapura, and is known for

his strategic foresight, integrity, and unwavering commitment to the long-term success of Ceylinco Life.

### **MR. T.N.M. PEIRIS**

*Director (Finance) / Head of Finance*

Mr. Peiris graduated from Sri Jayawardenapura University with a Bachelor of Arts Honours Economic Degree in 1982. He is a Chartered Accountant by Profession and a Fellow Member of the Institute of Chartered Accountants since 1984. He is also a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka.

He started his career at M/s Associated Motorways PLC as an Accountant and left the organisation after a year to join The Finance Company PLC. He started as a Chief Accountant at The Finance Company and worked his way up to Deputy Chief Executive Director and was on the Board till 2010.

Mr. Peiris joined Ceylinco Insurance as a Finance Manager in 1989 and was appointed to the Board in August 1990.

After the segregation of Ceylinco Life and Ceylinco General, he served Ceylinco General Insurance Ltd as the Head of Finance up until his retirement in 2019. During this period, he headed the Finance Division of the Company, Investments of the Company, and the Internal Audit Team, which was under his total supervision, working as an Independent body. He introduced the profit centre concept, where all branches and units are monitored according to their performance and the finances are documented under an IT platform. He has also introduced the Finance & Administrative Manual of the Company, which indicates all procedures, principles and systems adopted by the Company. In 2014 Mr. Peiris took over the City Office Departments directly under his supervision and showed unprecedented growth in all spheres.

Apart from serving the Ceylinco Holdings PLC (formerly known as

## BOARD OF DIRECTORS

Ceylinco Insurance PLC) Board as the Director of Finance, he also serves on the Boards of Subsidiary Companies of Ceylinco Holdings PLC.

### MR. U. WITHARANA

*Director / Chief Financial Officer*

Mr. Upali Witharana joined Ceylinco Holdings PLC as an Assistant General Manager – Finance (General Insurance Division) on 04th January, 1999. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Institute of Certified Management Accountants of Sri Lanka. He also holds a Master of Business Administration Degree from the University of Colombo. Mr. Witharana has over 30 years of management experience in the Insurance industry, both in Sri Lanka and overseas.

He is a past Chairman of the Finance Technical Sub Committee of the Insurance Association of Sri Lanka (IASL).

Mr. Witharana was appointed to the Board of Ceylinco Holdings PLC on the 25th of October, 2005. He also serves as the Finance Director/Director in other Associate and Subsidiary Companies of Ceylinco Holdings PLC (formerly known as Ceylinco Insurance PLC). He served in the capacity of Deputy Managing Director/ Director Finance/Chief Operations Officer of Ceylinco General Insurance Ltd. until February 2021. He was appointed as Managing Director of Ceylinco General Insurance Ltd. in March 2021. Mr. Witharana retired from this position w.e.f. 01.01.2023.

In addition to his contribution to the financial management of Ceylinco General Insurance, he extends his capabilities by leading a team of professionals in the capacity of the CEO, to successfully develop and manage a number of hydro power projects within the group.

### DR. W.C.J. ALWIS

*Director*

Dr. Jagath Alwis graduated with a Bachelor of Science (B.Sc) majoring in

mathematics and physics and joined the National Insurance Corporation in 1982 as a Trainee. He became an Associate Member of the Chartered Insurance Institute, London (ACII) in 1985 and a Fellow (FCII) in 1990. Also a Fellow of the Indian Insurance Institute (FIII), he is a Chartered Insurer by profession. Dr. Alwis is also a Fellow of the Institute of Directors, UK.

Dr. Alwis joined Ceylinco Insurance Company in March 1988 as the Reinsurance Manager and was appointed to the Board as the Director (Technical) in January 1993 and thereafter as the Executive Chairman in 2023 until 31st December 2024, and thereafter joined the Ceylinco Holding Company as an Executive Director with effect from 01.01.2025. He is also heading the Education Sector of Ceylinco Holdings PLC (formerly known as Ceylinco Insurance PLC) as the Chairman of CEG Education Holdings, which is the largest private education conglomerate in Sri Lanka. He is one of the past Presidents of the Insurance Association of Sri Lanka (IASL) and is presently an Executive Committee Member. Dr. Alwis was also the President/ Chairman of the Executive Board of the Association of Insurers and Reinsurers of Developing Countries (AIRDC) for the years 2012 to 2014 and is presently a member of the Board of Trustees.

Dr. Jagath Alwis is on the Academic Board of the Sabaragamuwa University of Sri Lanka and was a member of the Academic Board of the Faculty of Science of the University of Peradeniya. He was conferred a Doctorate from the University of Middlesex, United Kingdom, in 2013. Dr. Alwis won the Award for the 'Personality of the Year at the 18th Asia Insurance Industry Awards Ceremony held in Taipei in November 2014 and also won the Award for 'Outstanding Contribution for Education' and 'Educational Entrepreneur of the Year' at the World Private Universities Awards held in Mumbai, India, in 2014. Dr. Alwis has also presented Technical Papers at many International Insurance/ Reinsurance Conferences and is a regular

contributor to the International Insurance/ Reinsurance press. Dr. Alwis was inducted into the Hall of Fame of the Insurance Institute of Sri Lanka in 2024.

Dr. Alwis joined Ceylinco Insurance Company in March 1988 as the Reinsurance Manager and was appointed to the Board as the Director (Technical) in January 1993 and thereafter as the Executive Chairman in 2023 until 31st December 2024, and thereafter joined the Ceylinco Holding Company as an Executive Director with effect from 01.01.2025.

### MR. P.D.M. COORAY

*Director / Head of Training*

Starting his career in the Sri Lanka Air Force as a commissioned officer, he joined Key Security Services Limited in 1985. He was transferred to Ceylinco Insurance on 1st July 1987 at its inception, and has served the Company ever since. He commenced his Insurance career as an Assistant Manager (Training) and was promoted to Manager of Human Resource Development on 1st January 1990. Subsequently, he held the posts of Assistant General Manager (Administration, Training and Human Resources). In 1998 He was promoted to Deputy General Manager (Training). In September 2001 Mr. Cooray was appointed to the Board of Ceylinco Insurance. Currently he serves as Senior Executive Director of Ceylinco Life Insurance Limited and as a Director of Serene Resorts Limited.

Mr. Cooray is a Fellow of the Life Underwriters Training Council (LUTCF) U.S.A., a Chartered Insurance Agency Manager (CIAM), a Certified Manager of Financial Advisors (CMFA), CII (Award) on Financial Planning from the Chartered Institute of Insurance, London, and has an Executive Diploma in Business Administration from the University of Colombo. He played a key role in setting up the Sales Force of Ceylinco Life. He is an internationally reputed speaker who has addressed several Life Insurance Conventions and was the first South Asian non-member to address the Million Dollar

Round Table (MDRT), the most Prestigious Life Insurance convention in the world.

### **MR. S.R. ABEYNAYAKE**

*Director*

Mr. Ranga Abeynayake counts over 25 years in handling key management positions in the areas of Finance, Risk Management, Strategic Planning, Treasury Management and Project Planning. He holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM), University of Sri Jayawardhanapura. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and, of the Institute of Certified Management Accountants of Sri Lanka.

He joined the Life Division of the Company in March 1998 as a Financial Accountant and held many senior positions before appointing to the Board. He was appointed to the Board of Ceylinco Holdings PLC on 1st February 2011.

Mr. Abeynayake currently serves as the Executive Director / Deputy Chief Executive Officer of Ceylinco Life Insurance Limited and also serves as a Director of Serene Resorts Limited. He was the Non-Executive Chairman of Citizens Development Business Finance PLC and retired on completion of his term in office.

### **MR. P.A. JAYAWARDENA**

*Director*

Mr. Palitha Jayawardena counts over 40 years of experience in the field of finance. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of Certified Management Accountants of Sri Lanka. He joined the Life Division of the Company in 1990 as Chief Accountant (Branches) and was invited to the Board in 2005.

He currently serves as the Senior Executive Director/ Chief Financial Officer of Ceylinco Life Insurance Limited and also as a Director of Ceylinco Healthcare Services Limited, Serene Resorts Limited and Kings Hospital Colombo (Pvt) Ltd.

### **MR. C.M. FERNANDO**

*Director*

Chrisan Fernando is a veteran leader with nearly 25 years of experience in the global IT industry. His international career began with Compaq Computer in 1997, where he was based in Singapore, overseeing markets across South Asia. Following the merger with HP, Chrisan returned to Sri Lanka, his homeland, and established the HP office there. In 2009, Chrisan was headhunted by IBM to serve as the Country General Manager for Sri Lanka, leading the country's largest IT company. During his tenure, he introduced new lines of business, including software and IBM's Global Business Services, to the Sri Lankan market. As Country Manager for Dell Technologies in Sri Lanka and the Maldives, Chrisan led the organisation to achieve the No. 1 position in market share for both consumer and commercial business segments in Sri Lanka. Additionally, he contributed to the growth of Fiserv as Director of Sales in Sri Lanka.

Currently, Chrisan serves on the boards of several Sri Lankan startups. A passionate advocate for skills-based education, he is committed to empowering Sri Lanka's adaptable human resources, believing they hold the key to the nation's progress. Chrisan holds an MBA in Marketing and is a Certified Professional Marketer (Asia Pacific). He is also a Certified Director of the Sri Lanka Institute of Directors.

Beyond his professional achievements, Chrisan is deeply involved in religious and social work. He actively participates in numerous social service initiatives and serves on the Standing Committee of the Colombo Diocese of the Church of Ceylon. Chrisan is married and has two daughters. In his leisure time, he enjoys socialising, capturing the beauty of nature through photography, and watching sports.

### **MR. D.R.P. GOONETILLEKE**

*Director*

Mr. Ranil Goonetilleke, FCMA, is a member of the Chartered Institute of Management Accountants UK (CIMA). His career began at KPMG Sri Lanka, where he underwent training before joining Haycarb PLC in the Finance Division. Through hard work and dedication, he rose to the position of Divisional Manager – Finance.

In 1998, Mr. Goonetilleke transitioned to Ceylon Brewery PLC as its Financial Controller. In April 2004, he was appointed Director of Finance at Lion Brewery Ceylon PLC, a role he held until his retirement in December 2023. Currently, he serves as a Non-Executive Director on the boards of Lion Brewery Ceylon PLC, Pegasus Hotels of Ceylon PLC, and Namunukula Plantations PLC. He also plays a vital role in their Audit Committees and Related Party Committees.

He was appointed to the Board of National Savings Bank from October 2025 and serves in its Board Nomination, Human Resource & Remuneration Committees.

Mr. Goonetilleke's leadership extends beyond the corporate world, as he served as the Chairman of the Exporters Association of Sri Lanka at the Ceylon Chamber of Commerce. With over 40 years of experience, he has developed expertise in finance, manufacturing, legal, logistics, governance, audit, insurance, procurement, risk management, and cost restructuring.

In his working career, he has undergone training in Strategic Cost Management at INSEAD, France, Formulating & Actioning Strategy at Wharton University in Philadelphia, including many others, both locally and globally.

Additionally, he contributes to the National Council for Child and Youth Welfare as a dedicated Board Member.

## BOARD OF DIRECTORS

### MR. TAKASHI KISHI

*Director*

Mr. Takashi Kishi joined Mitsui Sumitomo Insurance Company Limited in 1989 after graduating from Keio University in Japan.

In 1996, he spent half a year at "The College of Insurance" in NY, USA, and after returning to Japan, he was in charge of Business Management of the Asian operations in the International Business Department for 4 years.

After managing a global insurance program for major Japanese manufacturers for 4 years from 2001, he served as the Deputy General Manager of the Thailand Branch of Mitsui Sumitomo Insurance from 2005 to 2009.

After returning to Japan, he was again in charge of the Asian Business Management in the International Business Department.

In 2016, he was dispatched to Cholamandalam MS General Insurance Co., Ltd. in Chennai, India, a joint venture between Murugappa Group and Mitsui Sumitomo Insurance. He served as Executive Vice President for 3 years and as a full-time Director for 3 years.

In August 2022, Mr. Kishi was appointed as the second Non-Executive Director of Ceylinco General Insurance Limited from Mitsui Sumitomo Insurance and is working to strengthen the partnership, including the exchange of networks and technologies between the two companies.

### MR. N. VASANTHA KUMAR

*Director*

Mr. N Vasantha Kumar holds a Master's Degree in Business Administration and a Diploma in Professional Treasury Management. He joined People's Bank in 2001, prior to which he served as Treasurer at ANZ Grindlays Bank, Colombo, for many years and retired as CEO/General Manager of People's Bank in April 2019.

He currently serves as a Director of Senkadagala Finance PLC, Asset Trust Management Pvt Ltd, DFCC Bank, Wealth Lanka Management Pvt Ltd. and Chairman of Safe Capital Pvt Ltd.

### MR. G.D. NELSON

*Director*

Mr. Deepal Nelson boasts over 40 years of extensive experience spanning various industries, including apparel, cosmetics, hospitality, and healthcare.

Currently, he holds the position of Managing Director at Great Southern Hotel, an esteemed Australian hotel group expanding its footprint in Sri Lanka. Additionally, he serves as the Managing Director of Ogabo Global Parfumerie (Pvt) Ltd., a company specialising in the production and distribution of high-end designer fragrances in Sri Lanka. He is also the Director of the Bellose Group of Companies, a leading enterprise in the cosmetics industry, specialising in the manufacturing, marketing, and global distribution of high-quality beauty and personal care products.

He is the immediate past President of the prestigious National Chamber of Commerce of Sri Lanka, where he played a pivotal role in strengthening international business relations, fostering SME development, and advocating for policy reforms to enhance Sri Lanka's economic landscape. Furthermore, he serves as a Consultant to the Suwa Seriya Foundation (1990 - National Emergency Ambulance Service). His illustrious career includes serving as President of the Sri Lanka Chamber of Garments Exporters, a Technical Committee Member of the Sri Lanka Inventors Commission, and a Member of the Steering Committee for the National Policy for Industrial Development. Moreover, he has contributed to the National Economic Development Council of Sri Lanka and the High-Level Steering Committee for the National Single Window System Project under the Ministry of Finance, Economic Stabilisation, and National Policies.

Mr. Nelson's diverse expertise and influential roles underscore his commitment to driving economic growth and fostering innovation in Sri Lanka's business landscape.

### MR J.H.R. PEIRIS

*Director*

Mr. Heshan Peiris is a Fellow of the Chartered Institute of Management Accountants, UK, since 1988 and also possesses a Masters in Business Administration (MBA) from Heriot-Watt University of Edinburgh, Scotland, since 2000. He has significant experience in Grants Management for USAID-based projects in Malawi, and agri-business assignments for the European Union and The World Bank. During his tenure in Malawi (1987-2018), he spent several years as a Consultant and Commercial Director at National Smallholder Farmers Association of Malawi (NASFAM).

Outside of the work above, since the early 1980s he has worked at a Managerial level at both Ernst & Young and Tea Tang in Sri Lanka, a local subsidiary of CGE Alstom in Lagos, Nigeria, Leisure industry, Agriculture and Educational sectors in Malawi, and Deloitte & Touche as a Business Consultant in Operations and Business Strategy assignments. He worked principally for the private sector during his career, though he also worked at a Tobacco parastatal funded by both the Government of Malawi and Commonwealth Development Corporation (CDC), UK, and the Cinnamon industry in Matara on his return to Sri Lanka in May 2018.

# HOME INSURANCE

## MANAGEMENT DISCUSSION & ANALYSIS



# SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

This section provides an overview of the Company's disclosures in line with SLFRS S1 and SLFRS S2. It highlights the factors that affect our strategy, operations, and ability to create sustained value over time. The disclosures are consistent with our governance approach and form part of our enterprise risk management processes, underscoring our commitment to openness and accountability.

## BASIS OF PREPARATION

### 1.1 Application of SLFRS Sustainability Disclosure Standards

This report has been prepared in accordance with the Sustainability Disclosure Standards, issued by the Institute of Chartered Accountants of Sri Lanka (adopted based on the IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board). specifically:

| SLFRS S1  |
|---|
| General Requirements for Disclosure of Sustainability-related Financial Information |

| SLFRS S2                    |
|-----------------------------|
| Climate-related Disclosures |

### 1.2 Reporting Period and Boundary

This report covers the financial year from 1st January 2025 to 31st December 2025, consistent with the group's financial reporting period.

### 1.3. Basis of Materiality

Materiality is determined in accordance with the principles applied for financial reporting purposes. The materiality thresholds are reviewed annually to ensure continued alignment with the Group's internal policies and governance framework.

The materiality threshold applicable to the Statement of Financial Position is set at 0.5% of Total Assets, while the threshold applicable to the Statement

of Profit or Loss is 0.5% of Gross Written Premium.

### 1.4. Functional Currency

All disclosures are made in Sri Lankan Rupees (LKR).

### 1.5. Sources of Guidance

The Group's sustainability-related financial disclosures are prepared with reference to the following sources.

- ➔ SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 –Climate-related Disclosures
- ➔ Sustainable Finance Roadmap 2.0 issued by the Central Bank of Sri Lanka
- ➔ Sustainability Accounting Standards Board Standards (SASB)
- ➔ Sri Lanka Nationally Determined Contributions 3.0, 2026-2035

### 1.6. Connected Information

The climate-related disclosures presented in this Report are structured to provide integrated and connected information. They demonstrate how the Group identified climate-related risks and opportunities (CRROs) are linked to its governance arrangements, strategic objectives, risk management framework, and performance management processes. Where relevant, these disclosures also highlight potential connections to the financial statements and other key sections of this Annual Report, supporting a cohesive and holistic understanding of climate-related impacts across the Group's operations.

## 1.7. Use of Estimates and Judgments

Sustainability-related financial disclosures involve professional judgment and estimation due to the future-oriented and evolving nature of relevant risks. The group applies reasonable and supportable information available at the reporting date.

### 1.7.1. Identification of Climate-Related Risks and Opportunities

The identification of Climate-Related risks and opportunities involved the application of professional judgement. Extreme weather events were assessed as a material climate related physical risk with the potential to adversely impact the Group's cash flows, asset quality, operational resilience, and access to capital.

### 1.7.2. Determination of Materiality

The Group exercised judgement in determining materiality by evaluating the potential impact of identified climate related risks on enterprise value, in line with the principles of SLFRS S2. Where relevant, consideration was also given to the likelihood of individual extreme weather events occurring within the reporting period.

## 1.8. Transitional Reliefs applied

### SLFRS S1 (E1-E6) and SLFRS S2 (C3-C5)

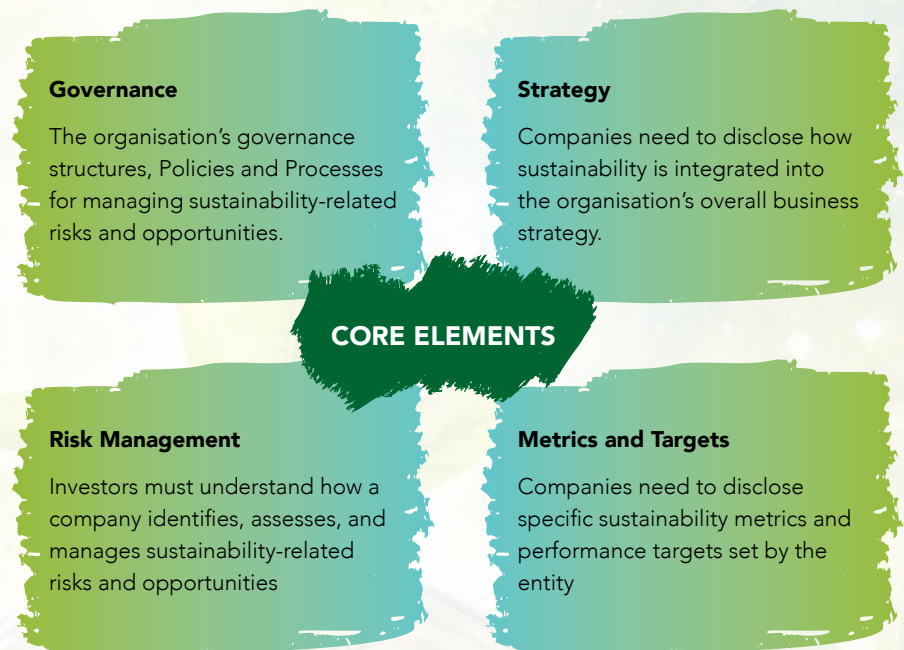
- ➔ Climate First Reporting-SLFRS S1 permits an entity to disclose information on only climate related risks and opportunities in the first annual reporting period in which that entity applies SLFRS S1.
- ➔ An entity is required to disclose comparative information for all

amounts reported in the current period, based on the preceding period.

- Scope 3 Emission Exemption
- Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.
- A relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirements.

issued by the Institute of Chartered Accountants of Sri Lanka and are aligned with the mandatory disclosure requirements applicable for the 2025 reporting period.

**CORE ELEMENTS OF SLFRS S1 AND S2**



**1.9. Statement of Compliance**

This Report comprises the consolidated sustainability related financial disclosures of Ceylinco Holdings PLC for the financial year ended 31 December 2025. The Group's climate related disclosures have been prepared in compliance with the SLFRS Sustainability Disclosure Standards

**COMPLIANCE SUMMARY**

| Core Content      | Reference              | Disclosure  | Annual Report Disclosure Section               | Page No  |
|-------------------|------------------------|---|--|----------|
| <b>Governance</b> | SLFRS S1-Section 26-27 | The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of Sustainability related Risks and Opportunities.  | <b>Corporate Governance</b>                    | 30 & 110 |
|                   | SLFRS S2-Section 5-6   | Management's role in the process, controls and procedures to monitor, manage and oversee climate related risks and opportunities  |  |          |
| <b>Strategy</b>   | SLFRS S1-Section 28-42 | Describe how the sustainability related risks and opportunities are identified over the short, medium and long term.  | <b>Climate Related Risks and Opportunities</b> | 32       |
|                   | SLFRS S2-Section 8-23  | Describe the impact of climate related risks and opportunities on the organisation's business model and value chain, effect on strategy and decision making, current and anticipated financial effects. |  |          |

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

| Core Content               | Reference                     | Disclosure   | Annual Report Disclosure Section  | Page No  |
|----------------------------|-------------------------------|--|-----------------------------------|----------|
| <b>Risk Management</b>     | <b>SLFRS S1-Section 43-44</b> | Describe the organisational processes for identifying and assessing sustainability related risks and opportunities in line with its strategy and risk management process   | <b>Enterprise Risk Management</b> | 35 & 118 |
|                            | <b>SLFRS S2-Section 24-26</b> | The extent of integrating both above into the entity’s overall risk management process.  |                                   |          |
| <b>Metrics and Targets</b> | <b>SLFRS S1-Section 45-53</b> | Disclose the metrics used by the organization to assess sustainability related risks and opportunities in line with its strategy and risk management process.  | <b>Carbon Reduction Target</b>    | 43       |
|                            | <b>SLFRS S2-Section 27-28</b> | To achieve the objective, the entity shall disclose, <ul style="list-style-type: none"> <li>➤ Information relevant to the cross industry metric</li> <li>➤ Industry-based metrics</li> <li>➤ Climate Related Targets set by the entity.</li> </ul> |                                   |          |

### GOVERNANCE STRUCTURE



## BOARD LEVEL GOVERNANCE

### Board Accountability on Climate & Sustainability related risks

The board of directors bears fiduciary responsibility for overseeing climate and sustainability-related risks, ensuring the integration of these critical factors into the organisation's governance framework. This entails a proactive approach to identifying, assessing, and mitigating risks stemming from environmental (climate) and broader sustainability concerns, which could impact the company's long-term viability and financial performance.

The board holds ultimate accountability for managing these risks, encompassing the formulation and implementation of strategies to mitigate adverse impacts and capitalise on opportunities that align with the company's objectives. Effective governance in this context necessitates astute strategic decision-making, striking a balance between prudent risk management and leveraging sustainability-driven opportunities to create value for stakeholders. This approach enables the organization to enhance business resilience, drive innovation, and foster sustainable growth while ensuring adherence to evolving regulatory requirements and stakeholder expectations. (Please Refer Page 110)

### Audit & Risk Committee Members

| Name                    | Designation                                     |
|-------------------------|---|
| Mr. D.R.P. Goonetilleke | Chairman (Independent / Non-Executive Director) |
| Mr. N. Vasantha Kumar   | Member (Independent / Non-Executive Director)   |
| Mr. Takashi Kishi       | Member (Non-Executive Director)                 |
| Mr. G.D. Nelson         | Member (Independent / Non-Executive Director)   |

### Meetings between the Audit & Risk Committee and the Board of Directors

The Audit & Risk Committee meets quarterly to review and assess the organisation's risk management framework, internal controls, and audit outcomes. Following each committee meeting, the Chairman is responsible for presenting a comprehensive update to the Board of Directors, highlighting significant findings, key discussion points, and a summary of proceedings. This ensures the Board remains informed of critical risk and audit matters, enabling timely decision-making and effective oversight of the organisation's governance and risk landscape.

### Risk Management and Opportunity Capitalisation

The Board of Directors exercises robust oversight of risk management and opportunities capitalization activities, ensuring alignment with the organisation's strategic objectives. Throughout the annual budget and planning stages, the Board actively engages in reviewing and guiding the identification, assessment, and mitigation of key risks, as well as the evaluation and pursuit of strategic opportunities. This includes scrutinising risk appetite, evaluating emerging risks, and considering opportunities for growth and value creation. The Board's oversight enables informed decision-making, fosters a culture of risk awareness, and ensures that opportunities are leveraged to drive sustainable growth and enhance stakeholder value.

The group first identifies prevailing market opportunities that have potential for value creation. For each opportunity, a condition analysis is performed to uncover specific inherent risks associated with it, focusing on particular risk factors. The organisation then observes the factory or operational environment together with the immediate opportunity to understand its impact. Next, the identified risks are addressed by suggesting actions to mitigate or overcome the ensuing business risks, and appropriate policies and procedures are implemented to manage those risks effectively. When an opportunity emerges, the exact information needed to capitalize on it is determined and used for decision making. Finally, management is immediately informed of this information so timely actions can be taken to leverage the opportunity and create value. The overall process emphasises linking risk identification and management with strategic actions and policies to turn opportunities into business value.

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

### CLIMATE RELATED RISKS AND OPPORTUNITIES

| CRR1                                  |   | EXTREME WEATHER EVENTS  |
|---------------------------------------|---|---|
| <b>CRROs impact on Prospects</b>      | Description   | Extreme weather events, including storms, floods, and cyclones, have a material risk to the Group's operations and financial resilience. These events may result in significant damage to insured and owned assets, leading to an increase in both the frequency and severity of claims, as well as elevated operational and recovery costs. Additionally, damage to critical infrastructure can disrupt business operations and service delivery, adversely affecting operational efficiency.  |
|                                       | Physical Risk or Transition Risk  | Physical Risk   |
|                                       | Time Horizon  | Short Term: ●   Medium Term: ●   Long Term: ●   |
| <b>Business Model and Value Chain</b> | Current Effects on Business Model and Value Chain   | The group experienced a notable increase in both the frequency and severity of flood-related insurance claims in recent periods, primarily arising from Cyclone Ditwah. This resulted in a significant adverse impact on underwriting performance and overall profitability, reflecting heightened exposure to climate-related extreme weather events.  |
|                                       | Anticipated Effects on Business Model and Value Chain   | The group is enhancing its underwriting and product strategies. Policy pricing is being reviewed and adjusted to more appropriately reflect the costs associated with acute event risks, ensuring improved risk-based pricing and underwriting discipline. In parallel, the group plans to introduce new insurance products specifically designed to address acute risk exposures, thereby strengthening risk coverage and market relevance.  |
|                                       | Where is it Concentrated?   | This risk is concentrated on the areas prone to flooding, cyclone and heavy rainfalls   |
| <b>Strategy and Decision Making</b>   | Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets  | To strengthen risk management practices, the group is implementing enhanced risk selection controls within high disaster-prone areas by limiting the acceptance of exposures assessed as having elevated risk profiles. This approach is aimed at reducing vulnerability to severe loss events and improving portfolio quality. In parallel, the group is optimizing its reinsurance arrangements to ensure adequate risk transfer, improve capital protection, and enhance resilience against extreme loss scenarios arising from catastrophic events. |
| <b>Financial Effects</b>              | Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cash Flows)  | Estimated initial gross claims for the Ditwah cyclone are 16.1 Bn   |
|                                       | Significant risk of material adjustments to the carrying value of assets and liabilities in the next financial year   | No significant financial impact is currently observed.  |
|                                       | Anticipated financial effect over short, medium and long term to P&L, BS and CF   | Refer to Note 1.8   |
| <b>Climate Resilience</b>             | Resilience Assessment   | Refer to Note 1.8   |
|                                       | How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out | Refer to Note 1.8   |
| <b>Judgements and Uncertainties</b>   | Judgements  | Refer to Note 1.7   |
|                                       | Uncertainties   | Refer to Note 1.7   |

| CRR2                                  |   | SHIFT IN CONSUMER PREFERENCES TOWARDS ENVIRONMENTALLY FRIENDLY PRODUCTS   |
|---------------------------------------|---|---|
| <b>CRROs Impact on Prospects</b>      | Description   | Failure to adapt to evolving green consumer preferences and sustainability-driven market trends may result in a loss of market share over time. As customers increasingly favor environmentally responsible products and services, limited alignment with green standards and expectations could reduce the Group's competitiveness, weaken customer loyalty, and constrain growth opportunities in sustainably oriented market segments. |
|                                       | Physical Risk or Transition Risk  | Transition Risk   |
|                                       | Time Horizon  | Short Term: ●   Medium Term: ●   Long Term: ●   |
| <b>Business Model and Value Chain</b> | Current Effects on Business Model and Value Chain   | Currently no material impact  |
|                                       | Anticipated Effects on Business Model and Value Chain   | Growing customer preference for environmentally responsible products is influencing demand across the Group's value chain. Limited alignment with green expectations may reduce the effectiveness of existing offerings, while the introduction of products with environmental attributes presents a strategic opportunity to realign the business model with emerging market trends.   |
|                                       | Where is it Concentrated?   | This risk is primarily concentrated within the technical underwriting exposure associated with emerging and new technologies.   |
| <b>Strategy and Decision Making</b>   | Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets  | As part of the Group's response to climate-related risks and evolving market expectations, the introduction of new products incorporating environmental attributes forms a key strategic initiative. This approach supports the adaptation of the Group's business model to emerging green consumer trends while strengthening long-term competitiveness.   |
| <b>Financial Effects</b>              | Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cash Flows)  | No significant financial impact is currently observed.  |
|                                       | Significant risk of material adjustments to the carrying value of assets and liabilities in the next financial year   | No significant financial impact is currently observed.  |
|                                       | Anticipated financial effect over short, medium and long term to P&L, BS and CF   | Refer to Note 1.8   |
| <b>Climate resilience</b>             | Resilience Assessment   | Refer to Note 1.8   |
|                                       | How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out | Refer to Note 1.8   |
| <b>Judgements and Uncertainties</b>   | Judgements  | Refer to Note 1.7   |
|                                       | Uncertainties   | Refer to Note 1.7   |

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

| CRO1                                  |   | DIVERSIFY INVESTMENTS BY INCORPORATING SUSTAINABLE INVESTMENT OPPORTUNITIES   |
|---------------------------------------|---|---|
| <b>CRROs impact on Prospects</b>      | Description   | This involves strategically allocating capital towards assets, projects, and instruments that demonstrate strong environmental, social, and governance (ESG) performance. (Renewable Energy, Green Bonds and Blue Bonds)  |
|                                       | Physical Risk or Transition Risk  | Not Applicable  |
|                                       | Time Horizon  | Short Term: ●   Medium Term: ●   Long Term: ●   |
| <b>Business Model and Value Chain</b> | Current Effects on Business Model and Value Chain   | Currently no material impact  |
|                                       | Anticipated Effects on Business Model and Value Chain   | Group to benefit from growth opportunities arising from the transition to a low-carbon economy.   |
|                                       | Where is it Concentrated?   | Not Applicable  |
| <b>Strategy and Decision Making</b>   | Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets  | This enables the Group to integrate sustainability considerations into capital allocation decisions, enhance portfolio resilience, and reduce exposure to climate-related transition risks. By prioritizing investments aligned with low-carbon, resource-efficient, and climate-resilient initiatives, the Group can support the transition to a sustainable economy, strengthen longterm returns, and align its investment activities with evolving regulatory expectations and stakeholder priorities. |
| <b>Financial Effects</b>              | Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)   | No significant financial impact is currently observed.  |
|                                       | Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year   | No significant financial impact is currently observed.  |
|                                       | Anticipated financial effect over short, medium and long term to P&L, BS and CF   | Refer Note 1.8  |
| <b>Climate resilience</b>             | Resilience Assessment   | Refer to Note 1.8   |
|                                       | How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out | Refer to Note 1.8   |
| <b>Judgements and Uncertainties</b>   | Judgements  | Refer to Note 1.7   |
|                                       | Uncertainties   | Refer to Note 1.7   |

Low Risk ● Medium Risk ● High Risk ●



**RISK MANAGEMENT PROCESS**

**Overview of the ERM Framework**

The group employs a comprehensive Enterprise Risk Management framework that aligns risk management with strategic objectives. The framework is designed to identify, assess, mitigate, report, and monitor risks across all business activities, ensuring the company operates within its defined Risk Appetite.

**Risk Management Process (Five Step Model)**



Being a group, risk management is inherently embedded in the each and every Company's core business operation. The group has established a comprehensive risk management framework supported by structured policies, procedures, and monitoring mechanisms to ensure continuous identification, assessment, mitigation, and monitoring of risks across all functional areas.

# SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

In managing these risks, the table below outlines the key categories of risks faced by the group, the policies and controls in place to manage those risks, and the strategies adopted for continuous improvement and enhancement of the risk management framework.

| <b>INSURANCE UNDERWRITING RISK</b>  |  | <b>Time Horizon</b>                           |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
|---|--|---|----------------------------|------|-----|----|------|-----|-----|--|------|-------------------------------|-------------------------------|------|-------|--------|------|-------|--------|--|------|-------------------------------|-------------------------------|------|-------|--------|------|-------|--------|
|   |  | Short Term: ●   Medium Term: ●   Long Term: ● |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| <b>Definition</b><br>Risk that the group may incur losses due to changes in economic conditions and incidence rates of insured events, etc., contrary to the forecasts made at the time of setting premium rates or not selecting the lives for Insurance business at an adequate premium according to the mortality and mobility assumptions.  |  |   |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| <b>Impact on Business and Value Chain</b><br><ul style="list-style-type: none"><li>➤ Underpricing of policies leads to higher claims ratios and underwriting losses.</li><li>➤ Unexpected claims outflows may create short-term liquidity pressures.</li><li>➤ Higher claims frequency increases operational workload and expenses.</li><li>➤ Fraud risk may increase if underwriting controls are weak.</li></ul>                                  | <b>Management Policy</b><br><p>Considering that insurance underwriting risks follow the Law of Large Numbers, the group shall analyse the characteristics of their risk, set appropriate premium rates, set up a retention policy, secure reserves for losses due to changes in such as socio-economic environment or natural catastrophe, and establish a stable and sound insurance-underwriting and claim-payment framework for the future.</p> <p><b>Continuous Improvement Strategy:</b> Identification of high-risk locations/ vehicles, process improvements, regular training to staff, IT system improvements, Detailed analysis of businesses, improving on excesses, and exclusions.</p> <p>Special review of Insurance Policies with significant life covers by underwriters and reinsurers.</p> |   |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| <b>Key Risk Indicators</b>  |  |   |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| <p><b>Gross Written Premium and Gross Claims Paid (CGIL)</b> <span style="float: right;">Rs. Bn</span></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th>Year</th> <th>Gross Written Premium (Rs. Bn)</th> <th>Gross Claims Paid (Rs. Bn)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>~24</td> <td>~9</td> </tr> <tr> <td>2025</td> <td>~28</td> <td>~10</td> </tr> </tbody> </table> | Year   | Gross Written Premium (Rs. Bn)                | Gross Claims Paid (Rs. Bn) | 2024 | ~24 | ~9 | 2025 | ~28 | ~10 | <p><b>Sensitivity of Insurance Contract Liabilities to Changes in Mortality</b> <span style="float: right;">%</span></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th>Year</th> <th>10% Increase in Mortality (%)</th> <th>10% Decrease in Mortality (%)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>~0.25</td> <td>~-0.35</td> </tr> <tr> <td>2025</td> <td>~0.22</td> <td>~-0.25</td> </tr> </tbody> </table> | Year | 10% Increase in Mortality (%) | 10% Decrease in Mortality (%) | 2024 | ~0.25 | ~-0.35 | 2025 | ~0.22 | ~-0.25 | <p><b>Sensitivity of Insurance Contract Liabilities to Changes in Morbidity</b> <span style="float: right;">%</span></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th>Year</th> <th>20% Increase in Morbidity (%)</th> <th>20% Decrease in Morbidity (%)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>~0.28</td> <td>~-0.35</td> </tr> <tr> <td>2025</td> <td>~0.25</td> <td>~-0.30</td> </tr> </tbody> </table> | Year | 20% Increase in Morbidity (%) | 20% Decrease in Morbidity (%) | 2024 | ~0.28 | ~-0.35 | 2025 | ~0.25 | ~-0.30 |
| Year  | Gross Written Premium (Rs. Bn)   | Gross Claims Paid (Rs. Bn)                    |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| 2024  | ~24  | ~9  |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| 2025  | ~28  | ~10   |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| Year  | 10% Increase in Mortality (%)  | 10% Decrease in Mortality (%)                 |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| 2024  | ~0.25  | ~-0.35  |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| 2025  | ~0.22  | ~-0.25  |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| Year  | 20% Increase in Morbidity (%)  | 20% Decrease in Morbidity (%)                 |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| 2024  | ~0.28  | ~-0.35  |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |
| 2025  | ~0.25  | ~-0.30  |                            |      |     |    |      |     |     |  |      |                               |                               |      |       |        |      |       |        |  |      |                               |                               |      |       |        |      |       |        |

Low Risk ● Medium Risk ● High Risk ●

**CLAIMS RISK**

**Time Horizon**  
Short Term: ● | Medium Term: ● | Long Term: ●

**Definition**

Risk that the Group have deficiencies in the settlement of claims as per policy terms and conditions.

**Impact on Business and Value Chain**

- Financial Loss due to legal penalties, compensation payouts, or recall costs.
- Reputation Damage due to loss of customer trust, brand erosion.
- Operational Disruption due to investigations, audits, or product withdrawals.

**Management Policy**

Our insurance companies record claims once initiated and monitor them regularly and check the authenticity of claim supporting documents in a proper manner.

**Continuous Improvement Strategy:** We have automated our claim calculations and identify claim patterns through statistics.

**Key Risk Indicators**



Claims Ratio



Hospitalisation Claims Ratio

**ASSET MANAGEMENT RISK**

**Time Horizon**  
Short Term: ● | Medium Term: ● | Long Term: ●

**Definition**

Risk that the Group may incur losses due to fluctuations in the value of assets held (including off-balance sheet assets).

It consists of these three risks :

**Market Risk:** This is a risk where various market risk factors, such as interest rate, foreign exchange rate, and stock price, cause fluctuation losses in the value of retained assets and liabilities.

**Credit Risk:** This is a risk where a borrower's deteriorating financial condition leads to a decline or complete loss in the value of assets and, as a result, the group suffers losses or credit concentration risk to individual borrowers.

**Real Estate Investment Risk:** This is a risk where a fluctuation in the rent of real estate reduces the rental income, or where changes in market situation lead to a decline in the value of real estate itself.

**Impact on Business and Value Chain**

- Decline in property market values reduces asset base and revaluation reserves.
- Rental income instability affects recurring investment returns.
- Illiquid property assets create cash flow challenges during high claim periods.

**Management Policy**

Considering that holding assets are reserves for paying insurance claims to policyholders, etc., the Group shall maintain sufficient assets, which have appropriate characteristics to perform future obligations from liabilities, analyzing the characteristics and risk of the assets and liabilities, and establish a system that ensures soundness and stability of the assets.

**Continuous Improvement Strategy:** Compliance with investment guidelines, assessment of sufficient assets regularly especially during challenging times, make timely decisions, Diversifying portfolio, Shift strategies to suit macro economic environment

**Key Risk Indicators**

- Disclosures on the risk can be found in Note 44(b)

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

| LIQUIDITY RISK   |  | <b>Time Horizon</b><br>Short Term: ●   Medium Term: ●   Long Term: ● |
|--|--|--|
| <p><b>Definition</b></p> <p>Liquidity Risk consists of these two risks:</p> <p><b>Cash Flow Risk :</b> Risk that the group may incur losses due to being forced to sell assets at a price considerably lower than normal in order to maintain funds, owing to deteriorating cash flows.</p> <p><b>Market Liquidity Risk:</b> Risk that the group may incur losses due to the inability to trade on a market or being forced to trade at a price considerably less advantageous than normal, owing to a market disruption, etc</p>  |  |  |
| <p><b>Impact on Business and Value Chain</b></p> <ul style="list-style-type: none"> <li>➤ Insufficient cash availability may delay claim payments, affecting policyholder trust and reputation.</li> <li>➤ Difficulty in meeting expenses such as commissions, salaries, and reinsurance premiums may affect business continuity.</li> <li>➤ The Group may need to arrange short-term borrowings, increasing finance costs and reducing profitability.</li> <li>➤ Assets may need to be sold at a loss to generate cash.</li> <li>➤ Discounted asset sales reduce net asset value and solvency margins.</li> <li>➤ Market illiquidity increases valuation uncertainty.</li> <li>➤ Illiquid long-term assets may not support short-term liabilities.</li> </ul> | <p><b>Management Policy</b></p> <p>The Group shall prevent a lack of funds required for day-to-day operations and establish a framework for efficiently procuring funds for paying back a large amount of such as claims and refunds resulting from major earthquakes, etc., and analyze the characteristics of its risk.</p> <p><b>Continuous Improvement Strategy:</b> Strict compliance with Regulatory requirements, Forecasting/Monitoring of cash flows, business unit-wise with higher supervision, arranging facilities/mechanisms to ensure liquidity, make timely decisions.</p> |  |
| <p><b>Key Risk Indicators</b></p> <ul style="list-style-type: none"> <li>➤ Disclosures on the risk can be found in Note 44(c)</li> </ul>   |  |  |

Low Risk ● Medium Risk ● High Risk ●

**OPERATIONAL RISK**

**Time Horizon**  
Short Term: ● | Medium Term: ● | Long Term: ●

Risk that the group may incur losses resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational Risk consists of the following ten risks

**Clerical/Administrative Risk:** Risk that the group may incur losses due to the failure of its officers and employees, agents, etc., to perform their administrative tasks correctly, or due to an accident or improper action, etc. they caused or committed.

However, it is categorized as an individual risk in case of interlapping with other risk.

**Impact on Business and Value Chain**

- Incorrect policy data entry may lead to undercharging or overcharging of premiums.
- Errors in claims processing can result in overpayments or duplicate payments.
- Incomplete documentation may lead to non-compliance with regulatory requirements.
- Inaccurate statutory reporting can result in penalties
- Errors in policy documents or claim settlements reduce customer confidence.

**Management Policy**

By recognizing that administrative errors, accident or misconduct could occur in any operations, the group shall establish a framework for preventing these.

**Continuous Improvement Strategy:** Procedures/controls through manuals and updates, Detailed internal audit activities, training, and supervisory controls.

**Key Risk Indicators**



Staff Turnover Rate



Training Hours per employee



Employee Error Rates

**Legal Risk:** Considering an increased diversity and complexity of business activities, the group shall review and make necessary changes to the legal checking system for preventing unexpected legal liability arising from day-to-day operations, such as civil liability (e.g. liability for damage or breach of contract), criminal liability and administrative liability.

The group shall manage the liability for paying compensation to the third-party arises from an accident or a disaster as Accident / Disaster risk.

**Impact on Business and Value Chain**

- Regulatory fines and penalties for non-compliance with insurance and data protection laws.
- Litigation costs arising from disputes with policyholders, intermediaries, reinsurers, or employees.
- Adverse court judgments leading to unexpected claim payouts.
- Regulatory investigations requiring management time and resources.

**Management Policy**

The group shall acknowledge the fact that there are possibilities to unexpected legal liability, therefore establish a legal checking system.

**Continuous Improvement Strategy:** Timely addressing the issues by involvement of relevant senior management, analysing any unexpected legal claims experiences and implementing systems to recognise such claims. Make use of sufficient/relevant legal expertise in a timely manner.

**Key Risk Indicators**



No of reported incidents of non-compliance- Nil



Amount of fines charged- Nil



Time to resolve legal issues

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

**Planning and Development Risk:** Risk that the business strategy, sales program, product development, revision or abolition of insurance products, design of a new administrative scheme, or development of new systems may be inconsistent with group policies, or risk that the group may incur losses if the execution outcome significantly deviates from the initial plan and targets.

**Impact on Business and Value Chain**

- Incorrect assessment of market trends may lead to launching products with low demand.
- Poor strategic planning may result in entering unprofitable market segments
- Overestimation of premium growth may strain operational capacity.
- Slow product innovation reduces market share.
- Failure to adapt to regulatory or technological changes weakens industry position.

**Management Policy**

The group shall establish a framework for recognizing risks and hindrance that is inherent to outcome of business strategy, sales program, planning tangible risk control measures.

**Continuous Improvement Strategy:** Revisit outcomes of strategies and make improvements in planning activities, aggressive monitoring of plans and make corrections regularly, investment committee guidance.

**Key Risk Indicators**



Pricing Adequacy ratio (Premium Vs Claims)



Customer Retention Rate

**Accident / Disaster Risk:** Risk that the group may incur losses due to damage to the lives or health of officers/employees and the group’s assets, or which creates liability for paying compensation to the third-party.

**Impact on Business and Value Chain**

- Sudden increase in claims frequency and severity.
- High net retention losses if reinsurance coverage is inadequate.
- Deterioration of combined ratio and underwriting profitability.
- Large and immediate claim settlements create cash flow strain.
- Delay in reinsurance recoveries increases temporary funding gaps.

**Management Policy**

The group shall establish a procedure for preventing and taking appropriate counter measures against accidents and disasters.

Continuous Improvement Strategy: Revisit disaster management strategies, continuously update on possible risks, and allocate sufficient resources to prevent risks.

**Key Risk Indicators**



Injuries to Employees/customers



Loss of business hours due to climate related incidents

**Information Asset Risk (Security Policy):** System for processing and managing information (information acquired or processed through operating our business) is collectively referred to as "information assets", and consists of these two risks:

- Risk due to damage, falsification, or leak of information.
- Risk due to an information system failure or malfunction, etc. or deficiencies, etc. as well as the risk that the group may incur losses due to an unauthorized use of a computer.

**Impact on Business and Value Chain**

- Data breaches may result in regulatory fines and legal claims.
- System failures may interrupt operations and delay premium collections or claims payments.
- IT system downtime may halt policy issuance and claims processing.

**Management Policy**

The group shall ensure confidentiality (protection against unauthorized access), integrity (maintaining in perfect condition) and availability (anytime accessibility) of information and a system for processing and managing "information assets". (Security Policy)

**Continuous Improvement Strategy:** Regular updates/ development of systems, Training staffs timely, Improve on disaster recovery plans.

**Key Risk Indicators**



Actual Number of Data Breaches



Backup Success Rate



Unauthorized access count

**Political Risk:** Risk that the group may incur losses due to a change in the political situation in the Country

**Impact on Business and Value Chain**

- Outsourced actuarial modelling errors may lead to incorrect pricing.
- Confidential product data may be exposed.
- Third-party system errors may result in incorrect policy issuance.
- Data entry mistakes affect underwriting accuracy.
- Outsourced claims assessment may increase settlement delays.
- Inconsistent claim decisions may create disputes.

**Management Policy**

The group shall establish a framework for management of outsourcing in order to secure soundness in business, to operate outsourced business appropriately, to be compliant and to protect customers.

**Continuous Improvement Strategy:** Audits on outsourced activities are carried out, and guidelines are available to ensure consistency.

**Key Risk Indicators**




Outsourcing contracts disputes



Vendor performance score

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

|   |  |  |
|---|--|--|
| <p><b>Human Resource Risk:</b> Risk that the group may incur losses due to loss and damage arising from complaints/ unfair and unjust treatment (issues related to pay, allowances, dismissal, etc), discriminatory practices (sexual harassment and the like).</p>   |  |  |
| <p><b>Impact on Business and Value Chain</b></p> <ul style="list-style-type: none"> <li>➤ Shortage of skilled underwriters or claims assessors delays service delivery.</li> <li>➤ High staff turnover disrupts workflow continuity.</li> <li>➤ Inadequate training increases error rates in policy processing and claims handling.</li> <li>➤ Inefficient performance management reduces productivity.</li> <li>➤ Employee misconduct or fraud may lead to financial losses.</li> <li>➤ Weak segregation of duties increases the risk of internal fraud.</li> </ul>  | <p><b>Management Policy</b></p> <p>The group shall acknowledge the fact that unfair and unjust treatment and discriminatory practices may cause obligations to pay reparations, and therefore establish procedure for preventing and taking appropriate countermeasures</p> <p><b>Continuous Improvement Strategy:</b> Ensure a culture of fair treatment is followed by regular audits, comply with new legal requirements/established procedures, Timely inquiry and decisions</p> |  |
| <p><b>Key Risk Indicators</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Employee Turnover Ratio</p> </div> <div style="text-align: center;">  <p>Time to Fill Vacancies</p> </div> <div style="text-align: center;">  <p>Grievances filed</p> </div> </div>                   |  |  |
| <p><b>Reputational Risk:</b> Risk that the group may incur losses due to damage arising from deterioration in the institution's reputation and circulation of unfounded rumours.</p>  |  |  |
| <p><b>Impact on Business and Value Chain</b></p> <ul style="list-style-type: none"> <li>➤ Decline in new policy sales due to reduced public confidence. Inconsistent underwriting decisions create a perception of unfair treatment.</li> <li>➤ Weak internal controls or fraud incidents attract negative publicity.</li> </ul>  | <p><b>Management Policy</b></p> <p>The group shall establish a procedure for preventing and taking appropriate countermeasures against reputational risk.</p> <p><b>Continuous Improvement Strategy:</b> Regular communication of offerings of services, ensuring customer promises are honored always, Timely actions on incidents which could impact reputation</p>  |  |
| <p><b>Key Risk Indicators</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>No of Customer Complaints</p> </div> <div style="text-align: center;">  <p>Claims Settlement Ratio</p> </div> <div style="text-align: center;">  <p>Employee misconduct cases</p> </div> </div> |  |  |
| <p><b>Outsourcing Risk:</b> Risk that the group may incur losses or be detrimental to our customers due to damage arising from the operation that is outsourced to third parties (including re-outsourcing to other parties)</p>  |  |  |
| <p><b>Impact on Business and Value Chain</b></p> <ul style="list-style-type: none"> <li>➤ Regulatory changes may require redesign of insurance products.</li> <li>➤ Inflation and currency volatility affect claims assumptions.</li> <li>➤ Political instability may lead to economic slowdown, reducing disposable income and insurance demand.</li> <li>➤ Currency depreciation affects foreign-denominated investments or reinsurance arrangements.</li> </ul>  | <p><b>Management Policy</b></p> <p>The group shall establish a procedure for preventing and taking appropriate measures against Political risk.</p> <p><b>Continuous Improvement Strategy:</b> Understanding of the environment and making necessary plans</p>   |  |
| <p><b>Key Risk Indicators</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Policy changes impacting premiums</p> </div> <div style="text-align: center;">  <p>Election Impact</p> </div> <div style="text-align: center;">  <p>Budget Proposals</p> </div> </div>          |  |  |

**GHG EMISSION**

|  | Emissions<br>(tCO <sub>2</sub> e) |
|--|-----------------------------------|
| <b>Scope 1</b>                           |                                   |
| Business travel (Company Owned Vehicles) | 4,259.22                          |
| Diesel Generators                        | 24.69                             |
| Employee Commuting, Paid by the company  | 77.44                             |
| Refrigerant Leakage                      | 42.41                             |
| Fire Extinguishers                       | 0.37                              |
| LP Gas                                   | 0.34                              |
|  | <b>4,404.47</b>                   |
| <b>Scope 2</b>                           |                                   |
| Grid Connected Electricity               | 2,444.16                          |
| <b>Total (Scope 1 + Scope 2)</b>         | <b>6,848.63</b>                   |

**ENERGY CONSUMPTION  
WITHIN THE GROUP**

Ceylinco Holdings PLC mainly depends on two primary energy sources for its direct operation, namely electricity from the national grid and fuel for transportation and other needs. The company closely monitors its energy consumption through several key indicators.

We have experienced an increase in electricity consumption year by year, driven by the improvement of digitalized platforms and expanded automation activities. As a diversified group continues to enhance its high-tech infrastructure, the demand for energy-intensive digital processes, data processing, and IT systems enhancements, moving to a higher electricity usage.

Ceylinco Holdings PLC dynamically works to reduce paper utilization across its operations as part of its environmental protection program. The company and its subsidiaries have substantially digitalized internal processes, lowering support on physical documents and promising more effective day-to-day operations. Further aligning with green initiatives, we have financed environmentally responsible projects such as beach cleaning and solar energy generation. These projects

support initiatives that focus on renewable energy, resource conservation, and reducing carbon footprints.

We, as a Group dedicated to reducing the country's greenhouse gas emissions in alignment with the Sustainable Development Goals (SDGs).

**RENEWABLE ENERGY  
GENERATION AND CARBON  
EMISSION REDUCTION**

Renewable energy generation is pivotal in mitigating climate change and facilitating the transition to a low-carbon economy. By substituting fossil fuel-based electricity generation, such as coal, oil, and natural gas, with renewable energy, power plants significantly abate greenhouse gas (GHG) emissions associated with electricity production. Solar and hydroelectric power plants offer environmentally sustainable energy solutions, as they generate electricity without direct carbon emissions during operation.

The organisation's power sector operates a portfolio of renewable energy facilities, including solar photovoltaic (PV) and hydropower plants, which contribute clean electricity to the national grid. These facilities support national energy security while promoting sustainable electricity generation. By displacing grid

electricity typically generated from fossil fuels, each unit of renewable electricity supplied to the grid avoids a quantifiable amount of carbon dioxide emissions, as calculated using the national grid emission factor.

| Year | Avoided Emission(tCO <sub>2</sub> e) |
|------|--------------------------------------|
| 2020 | 16,339.98                            |
| 2021 | 25,546.13                            |
| 2022 | 21,729.26                            |
| 2023 | 25,037.95                            |
| 2024 | 23,629.87                            |
| 2025 | 21,769.15                            |

*Table 2 : Avoided Carbon Emissions from Renewable Energy Generation (2020–2025)*

This environmental benefit contributes to reducing the carbon intensity of the national grid, supporting the country's long-term climate commitments and sustainable development goals. Continued investment in renewable energy infrastructure will augment these benefits, driving the global transition to cleaner, more resilient energy systems and reinforcing the organisation's role in promoting sustainable energy practices.

## SLFRS S1 & SLFRS S2: SUSTAINABILITY REPORTING FRAMEWORKS

### FUTURE APPROACH

Embracing sustainability is a key pillar of our future strategy, necessitating the development of resilient and sustainable operational and service delivery models. To reduce our carbon footprint, we will prioritize digital transformation initiatives, including the expansion of digital insurance policy options and the widespread adoption of digital motor insurance cards. Furthermore, we will pursue centralized data collection and analysis for energy, water, and resource consumption, laying the groundwork for emissions measurement and targeted corrective actions. This proactive approach will enable us to minimize our environmental impact while driving innovation and long-term value creation.



# OPERATING ENVIRONMENT



## MACROECONOMIC OVERVIEW

It was a year of macroeconomic consolidation for the country, as economic activity improved, inflation witnessed a period of deflation alongside stronger external balances and meaningful development in fiscal, monetary and structural reforms.

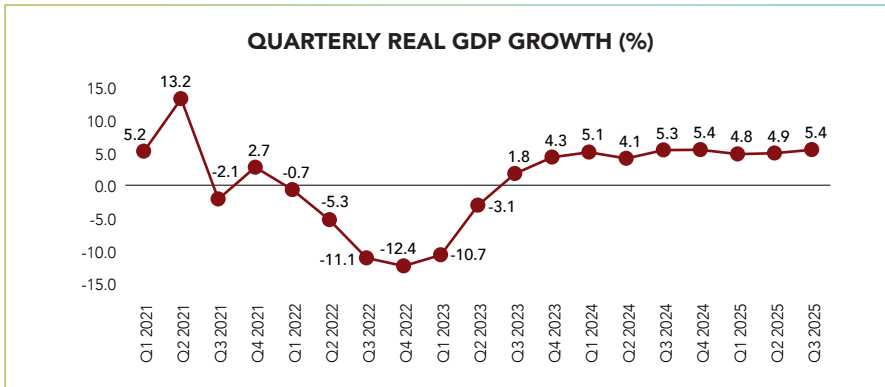
The country's economic activity and growth saw a trajectory that contrasted the trends seen during the economic crisis in 2022/23. Post crisis stabilisation was indicated by an improved GDP that rose steadily for five consecutive quarters, alongside deflation and stabilised exchange rates, two factors that set the pace for economic stability.

The IMF's Extended Fund Facility (IMF-EFF) highlighted several structural and external vulnerabilities, which required prudent reforms, including higher tax structures and privatisation and restructuring of certain State Owned Enterprises (SOEs) to ensure financial viability. These and other policies have provided a stronger foundation for economic stability over the medium term. Furthermore, household purchasing power has become limited due to high living costs and labour market changes that occurred after the pandemic and the economic crisis in Sri Lanka.

## GDP GROWTH

Economic activity remained steady in 2025, with real GDP growth recorded at 5% by the end of the calendar year. A growth driven by the services and industry sectors, supported by improved tourism, construction, manufacturing and an improvement in domestic demand. The services sector accounts for 54.6% of the total GDP, followed by 25.4% by the Industrial sector and 8.4% by the Agriculture sector. The remainder was the contribution from taxes less subsidies at 11.6%. This information is based on the Department of Census and Statistics.

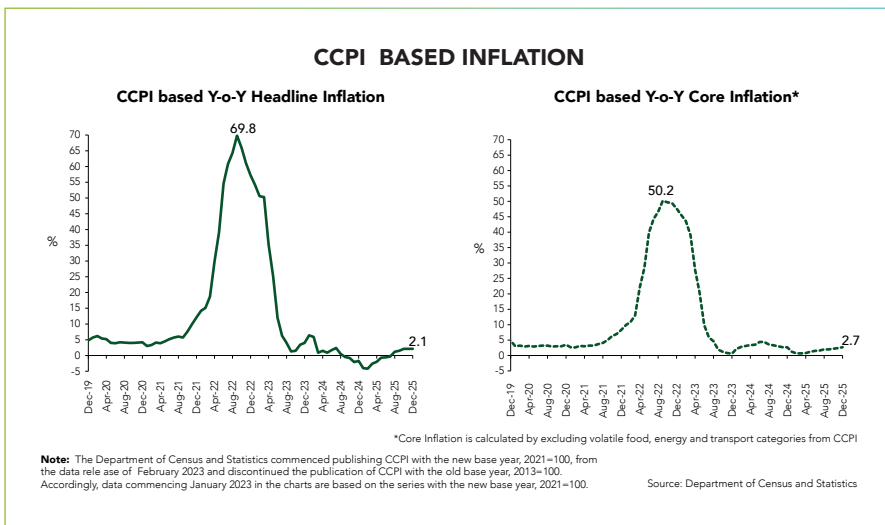
# OPERATING ENVIRONMENT



Source: CBSL

## INFLATION

Inflation gradually moved towards the CBSL medium-term target of 5%, as monetary policy remained accommodative, influencing credit expansion. Headline inflation moved from negative to positive territory in 2025 – a result of rising energy prices and restrained household demand.



Source: DCS data as cited in CBSL macroeconomic charts

## INTEREST RATES

The financial regulator maintained an accommodative policy while maintaining the overnight policy rate (OPR) as an approach of guiding inflation towards the 5% target. The low interest rate structure influenced an increase in credit to the private sector, which has particularly benefited the SME sector.

The policy stance was complemented by regulatory measures to strengthen the banking sector's resilience and maintain financial system stability, as the economy continued to recover from the shocks experienced in previous years.

## FISCAL POSITION AND DEBT RESTRUCTURING

The country's fiscal performance showed improvements through enhanced tax administration, higher VAT collections and strong revenue outcomes. Moreover, revenue was further bolstered through motor vehicle import taxes. During the year, Sri Lanka reached a staff-level agreement with the IMF on the Fifth review of the EFF. The event unlocked another USD347 Mn, which brings total disbursements received by Sri Lanka to USD 2.014 Bn.

## EXTERNAL SECTOR

Robust foreign exchange inflows were witnessed in 2025, supported by tourism, remittances and inflows from international institutions. Tourist arrivals and tourism earnings recorded growth with over USD 2.5 Bn in revenue recorded during the year. Marketing Sri Lanka as a tourism destination and improved global travel conditions resulted in this development.

Workers' remittances increased by over 20% y-o-y, demonstrating improved confidence in the country's financial system and due to several promotional strategies used by the State to encourage remittances through proper channels.

Sri Lanka's Gross Official Reserves reached USD 6.8 Bn by the end of 2025, making it the highest since the economic crisis. The improvement comes through the support of CBSL from foreign exchange purchases, multilateral inflows from institutions such as the World Bank and the Asian Development Bank and a swap facility with China. The IMF bailout continues to underpin this recovery and will be enhanced further.

## EXCHANGE RATE

The Sri Lankan Rupee was stable in 2025, supported by positive external balances. Short-term volatility was seen in relation to global developments while CBSL continued to adopt a flexible exchange rate regime.

## SOCIAL FACTORS

The social conditions in Sri Lanka during 2025 reflected a post-economic crisis sentiment as the economy and conditions stabilised, with attention given to resuming life with normalcy. The country faced high living costs, which drove cautious consumer sentiment with discretionary spending in non-essential goods.

The general insurance sector welcomed the removal of the vehicle import ban and focused intensely on capitalising on the potential surge in demand for motor insurance policies. The influx of vehicles has created new

opportunities for the insurance sector in introducing new products and improving existing solutions, thereby driving premium growth.

**GLOBAL DEVELOPMENTS**

The IMF estimated a growth projection of 3.2% for 2025, which is a slight decrease from 2024. The near-universal tariffs from the USA had several critical impacts, including trade tensions globally. This has encouraged countries to prioritise trading with political allies, but with long-term impacts. Meanwhile, India made waves internationally, becoming the world’s fourth-largest economy.

| Region        | 2025 Growth Projections |
|---------------|-------------------------|
| World         | 3.2%                    |
| United States | 2.0%                    |
| India         | 6.6%                    |
| China         | 4.8%                    |
| Euro Area     | 0.9%                    |

Source: IMF, 2025, October WEO Report

Globally, inflation was expected to decline to 4.2% in 2025, with estimations pointing to further decline in 2026, according to the IMF’s October WEO report. Global public debt remained high, with the IMF urging governments to cut spending and increase revenue in preparation for future shocks. According to the IMF’s October World Economic Outlook, there were considerable cuts to international development aid and stricter restrictions on immigration, including in the USA. Moreover, AI became the hype of the year, with Agentic AI being the biggest trend across the world.

**REVIEW OF RELATED SECTORS**

**The Insurance Sector**

The insurance sector saw an increase in awareness towards proactive insurance, due to experiences from climate-related disasters such as Ditwah, which wreaked devastation by claiming lives and property. The disaster presented an unprecedented challenge for insurers, as claims increased massively due to

losses from the flooding. However, most non-life insurance players mitigated losses through reinsurance protection. Although the industry will witness an impact on underwriting profitability, the losses are not expected to make wide impacts on the credit profiles and capital buffers of rated insurers, based on Insurance Asia reports.

Industry data has shown over 20,000 submitted claims, estimated at a value of Rs 52 Bn. As Sri Lanka’s only local reinsurer, the National Insurance Trust Fund Board (NITF) faced higher exposure due to an unexpected situation, while private insurers were cushioned through strategic reinsurance arrangements, as per Insurance Asia.

The lifting of the vehicle import ban created renewed momentum in the insurance and automotive sectors, as it stimulated demand for both industries and provided opportunities for new premium growth for non-life insurers. There was a surge in new vehicle registrations in 2025, creating substantial opportunities for motor insurance providers, such as Ceylinco General Insurance.

Furthermore, the Insurance Regulatory Commission of Sri Lanka (IRC SL) conducted literacy campaigns in several areas, promoting insurance as a necessary social protection mechanism. A much-needed intervention in increasing market penetration in the future.

**The Energy Sector**

The local energy sector witnessed a major transformation with the restructuring of the Ceylon Electricity Board in early 2026, which has decentralised the oversight and authority of the country’s largest buyer of energy from private producers. This provides optimism that the entity will run smoothly and with healthy financial management, which will enable private suppliers to receive timely payments and look forward to favourable payment rates and structures. Six new fully state-owned entities are now overseeing the generation, transmission,

and distribution of CEB with assets under the State control.

For the first time since the early 1990s, the CEB has achieved an average of 70% of the country’s electricity consumption from hydro, solar, and wind power, driven by improvements in renewable power generation. This aligns with the country’s goal of achieving 70% of electricity generation from renewable sources by 2030. Moreover, Hydro remained the main source of renewable power generation and is valuable for grid stability and seasonal energy storage, but it remains vulnerable to monsoon changes.

- Large hydro power projects provide over 1500 MW of capacity
- Mini hydro projects another 422 MW
- Windpower capacity estimated at over 5500 MW with 267 MW developed.
- Biomass and municipal solid waste have a capacity of 44.1 MW and 10 MW, respectively.

Sri Lanka plans to achieve carbon neutrality by 2050. With this goal comes the need to ramp up renewable energy production. In meeting the increasing demand for renewable energy, producers must also shoulder the responsibility of balancing responsible production while contributing to energy security. Sri Lanka’s targets on renewable energy generation can be attained through enhanced technologies and technical prowess, driven by proper investments to capitalise on our country’s natural resources. However, grid integration, modernisation and overcoming the intermittent nature of solar and wind power remain key challenges in scaling renewable energy. The potential economic benefits from overcoming considerations to increase the renewable energy footprint are likely to save Sri Lanka billions of dollars in fuel and coal costs, which has a direct impact on improving the country’s debt status and trade balance.

Source: Renewable and Sustainable Energy Development in Sri Lanka, EDB Sri Lanka website

## OPERATING ENVIRONMENT

### Education Sector

In 2025, the Government made a substantial allocation of Rs 619 Bn for education with a GDP share of 2.04%. This includes various sector-related developments, including early childhood development centres, improving school infrastructure, a national plan to review and restructure the present school system, and allocations for students who pass the Grade 5 Scholarship Examination and the Mahapola scholarship, and curriculum modernisation, amongst other objectives.

The introduction of new subjects and curriculum revisions at the primary and secondary education levels has commenced, with AI and financial literacy being integrated into junior-level curricula.

Thousands of Advanced Level graduates entered higher education, enrolling in state universities, vocational schools, and private colleges. While the country has 19 government-run state universities, 32 institutions award degrees, accepted by the University Grants Commission (UGC). Moreover, these institutions offer 293 UGC recognised degrees. These are recognised under Section 25A of the Universities Act No. 16 of 1978. Information taken from the Ministry of Education, Higher Education and Vocational Education website.

### OPPORTUNITIES AND CHALLENGES

| Sector                  | Opportunities   | Challenges (Risks)  |
|-------------------------|---|---|
| <b>Insurance</b>        | <ul style="list-style-type: none"> <li>➤ With improved macroeconomic stability, decelerated inflation, and stable exchange rates, support a gradual recovery in insurance demand, particularly for life, health and motor insurance.</li> <li>➤ Increased risk awareness following economic and climate related shocks has a positive influence on increasing preferences and demand for insurance.</li> <li>➤ The relaxation of vehicle import restrictions presents renewed growth potential in motor and general insurance premiums.</li> </ul>  | <ul style="list-style-type: none"> <li>➤ The increase in energy prices due to the war in Iran will put pressure on the prices of other essential items. This will deplete household incomes and could result in a reduced demand for insurance and lapses in premium payments.</li> <li>➤ Exposure to climate-related events could increase claims volatility.</li> <li>➤ Price sensitivity to increased financial and climate-related risks.</li> </ul>  |
| <b>Renewable Energy</b> | <ul style="list-style-type: none"> <li>➤ Opportunities arising from the CEB restructuring, including optimism in receiving timely and full payments.</li> <li>➤ Prospects and improved collaborations in line with national policy priorities, supported by the Electricity (Amendment) Act of 2025 and the Renewable Energy Resource Development Plan (2025–2030).</li> <li>➤ Growing social acceptance for renewable energy due to rising energy prices and concerns about energy security due to the wars in the Middle East.</li> <li>➤ Rising temperatures and intermittent weather conditions create awareness on climate-change based concerns and the imperative to reduce fossil fuels.</li> <li>➤ The potential to make financial gains through renewable energy production and grid integrations.</li> </ul> | <ul style="list-style-type: none"> <li>➤ Regulatory and execution risks remain during the ongoing restructuring of the power sector.</li> <li>➤ Delays and challenges in modernising the grid</li> <li>➤ Delays in grid integration, approvals, and tariff adjustments could affect project time lines and returns.</li> <li>➤ The intermittent nature of solar and wind power continues to pose technical and system stability challenges.</li> <li>➤ Preserving ecosystems and greenery during plant constructions and protecting community interests.</li> </ul> |

| Sector           | Opportunities  | Challenges (Risks)  |
|------------------|--|---|
| <b>Education</b> | <ul style="list-style-type: none"> <li>↳ Tightened immigration laws in Western countries could increase demand for local higher education programs.</li> <li>↳ Reskilling and upskilling demands in the job market due to the emergence of AI will drive the need for more diversified, unconventional academic programs and qualifications based on skills.</li> <li>↳ Capacity limits and competitiveness within the public higher education system will continue to drive demand for private tertiary education, professional qualifications, and international academic pathways.</li> </ul> | <ul style="list-style-type: none"> <li>↳ High living costs and income sensitivity will increase affordability concerns and shift preferences toward lower cost, flexible, and blended learning models.</li> <li>↳ Future exchange rate volatility could affect the affordability of foreign education pathways and international partnerships.</li> </ul> |

## THE IMMEDIATE FUTURE

*At the time of compiling this review, Sri Lanka's economic outlook remains linked with economic and geopolitical changes from across our borders. The war in the Gulf region and the challenges that have arisen in procuring sufficient oil in the medium term pose a significant concern for citizens and businesses. Moreover, trade policy uncertainties and climate-related risks pose threats, and the tensions in the Middle East could impact future remittances and tourism, and undoubtedly energy prices. This underscores the need for proper reforms and the need for adequate gross official reserves to weather even greater shocks in the future.*

# SUSTAINABLE DEVELOPMENT GOALS (SDGs)

## SUSTAINABILITY IN ACTION

### How We Create Sustainable Value

The Group has embedded sustainable development at the heart of our strategic focus and has integrated sustainability into value creation. In 2025, we balanced commercial success with meaningful social and environmental actions. We have advanced our contributions in line with the UN's Sustainable Development Goals (SDGs), and we have aligned these contributions with the three pillars of People, Planet and Prosperity, underpinned by responsible governance.

### EMPOWERING PEOPLE AND COMMUNITIES



#### Expanding Financial Protection and Social Inclusion

Through our insurance services, we continued to provide financial resilience to thousands of Sri Lankans. Going beyond inclusive and affordable insurance, we have ensured accessibility to insurance through our website, post offices and countless Ceylinco branches, spread across the island. By providing comprehensive and affordable insurance solutions in protecting life and non-life interests, Ceylinco Life and Ceylinco General Insurance strive to meet the various individuals from varying income brackets, including those with low income levels and informal employment.

In 2025, the insurance sector compensated thousands of policyholders affected by the Ditwah Cyclone – providing them stability amidst the uncertainty caused by the loss of lives and damages to assets. Moreover, thousands of individuals benefited from targeted community support initiatives implemented under structured CSR programmes. The following initiatives have reinforced our commitment to poverty alleviation and social protection, beyond profit-bearing activities.

#### Key interventions included:

- Financial compensation (claims) for Ditwah affected policyholders
- Direct assistance to vulnerable families through monthly allowances and one-time financial contributions.
- Community infrastructure support, including school infrastructure development
- National blood donation campaigns supporting the public healthcare system

#### Advancing Health and WellBeing

The Ceylinco Group has made significant contributions towards promoting and raising good health and well-being among its stakeholders, including staff and policyholders. This is a commitment undertaken as part of the Group's priority to safeguard people's lives and their health through affordable and accessible health insurance.

#### Investing in Education and Lifelong Learning

Fostering access to education and reducing inequalities, the Group's education sector remains a vital force in the Group's social commitments as we provide education opportunities to thousands of students.

Ceylinco Life continued the Pranam Scholarship Programme for the 24th consecutive year, providing financial assistance to thousands of students and continuing its legacy since 2001. Over 3,466 children were provided with

scholarships, rewarding young minds and those who have less financial capabilities to complete their academic aspirations.

Moreover, through our education sector operations, we provide children and young adults with internationally recognised academic programmes, giving access to quality tertiary and professional education across the country. Over the years, our institutions, ANC and ICBT, have seen thousands of students graduate from various higher education programs in various disciplines. Moreover, we have also provided primary and secondary education to thousands of students through Wycherley International School, ensuring access to world-class education right here in the country.

#### Promoting Decent Work and Inclusive Employment

Ceylinco is a responsible employer, employing thousands of people through its subsidiaries. Our efforts have supported countless individuals (directly and indirectly) to secure economic stability, financial growth and sustainable employment. Not only our staff members, but also our business partners, agents in the insurance sector and providers of third-party goods and services to our subsidiaries have secured economic benefits through mutually rewarding work and benefits.

**In 2025:**

- Thousands of employees were engaged across subsidiaries, receiving economic and social empowerment, apart from inclusive and equitable opportunities for professional and personal growth
- Structured training and development programmes enhanced technical, leadership, and professional skills
- Improved gender representation continued to improve, with strong female participation across both the workforce and student population

**PROTECTING THE PLANET**



**Climate Action and Resource Efficiency**

Embedding environmental responsibility into operations, our subsidiaries have adopted measures to enhance energy efficiency, renewable energy, and ecosystem restoration.

**Key initiatives during 2025 included:**

- Investment in Sri Lanka’s first Green Bond
- Carbon footprint calculation
- Expansion of solar power generation with the addition of a new solar power plant
- Rainwater harvesting and water recycling initiatives at Insurance branches
- Implementation of green building standards across multiple locations

**Restoring Ecosystems and Biodiversity**

Contributing to biodiversity protection and improved natural capital, our subsidiaries have made significant contributions through distinct projects. These projects mainly ensure and endorse biodiversity conservation of marine and land resources, including coastlines and biodiversity-rich land resources.

**Insurance Subsidiaries:**

**Biodiversity conservation and restoration**

- Restoration of 10 acres of degraded rainforest in the Rajawaka Forest Reserve in Balangoda. Maintaining the site for 5 years in collaboration with the Rainforest Protectors of Sri Lanka
- Planting of 10,000 native trees from 50 endemic species to restore biodiversity, soil fertility, bolster water catchments and support pollinators.
- Largescale reforestation initiatives, planting thousands of trees

**Coastal and Marine Protection**

- Conducted coastal and beach cleanup programmes covering extensive stretches of coastline.
- Promoted employee and community participation in conservation activities

**Waste Management**

- Annual e-waste collection through Ceylinco Life Green Club – gathering hundreds of KGs of waste for responsible disposal and recycling.

**Renewable Energy and Environmental Infrastructure**

- Group renewable energy portfolio of hydropower and solar power plants, generating clean power to the national power grid, while ensuring responsible water consumption and restoring greenery around plant sites.

**Assessing our Carbon Impact**

We believe that in order to further enhance our impact on our environment and society, effective monitoring and the process of consolidating data on emissions reductions and carbon offsets generated through renewable energy, reforestation, and efficiency initiatives. Quantified results will be disclosed once verification is complete.

**DRIVING SUSTAINABLE PROSPERITY**



**Clean Energy for National Development**

Our renewable energy portfolio fulfils a strategic and long-standing role in supporting Sri Lanka’s transition to clean energy. Currently, the group’s energy sector operates four hydropower plants that generate renewable electricity fed to the national grid and three solar power plants, contributing to reduced reliance on fossil fuels and supporting energy security.

**Education as an Economic Enabler**

Supporting skill development, our education sector has strengthened employability and workforce readiness.

**In 2025:**

- Thousands of students graduated from tertiary and professional programmes
- New regional campuses expanded access to education beyond urban centres
- Continuous investments were made in learning infrastructure and digital capabilities

## SUSTAINABLE DEVELOPMENT GOALS (SDGS)

### Skills Development and Learning Culture

All subsidiaries conduct extensive and structured training programmes to foster continuous learning, leadership development, and technical excellence.

### Partnerships for Sustainable Development

Across the Group, our subsidiaries collaborate with government agencies, regulators, private sector partners, and international institutions to maximise shared value. These partnerships enable scalability, innovation, and longterm sustainability. These partnerships are most notable within the insurance sector, which includes reinsurance partners and distribution channel business partnerships; moreover, our education sector has longstanding and strategic local and global affiliations with educational institutions, including Global, American Universities, Cambridge International Education and the University of West London (ANC), amongst other British Universities, including Cardiff Metropolitan University (CMU).

#### FUTURE FOCUS

*As we advance our contributions and commitments to environmental and social initiatives and CSR brand-based work, we will also place greater focus on stronger, more comprehensive ESG disclosures, including emissions from our branches and operations, with an emphasis on quantified impacts and outcome-based reporting.*

# OPERATIONAL REVIEWS



# SECTOR REVIEW



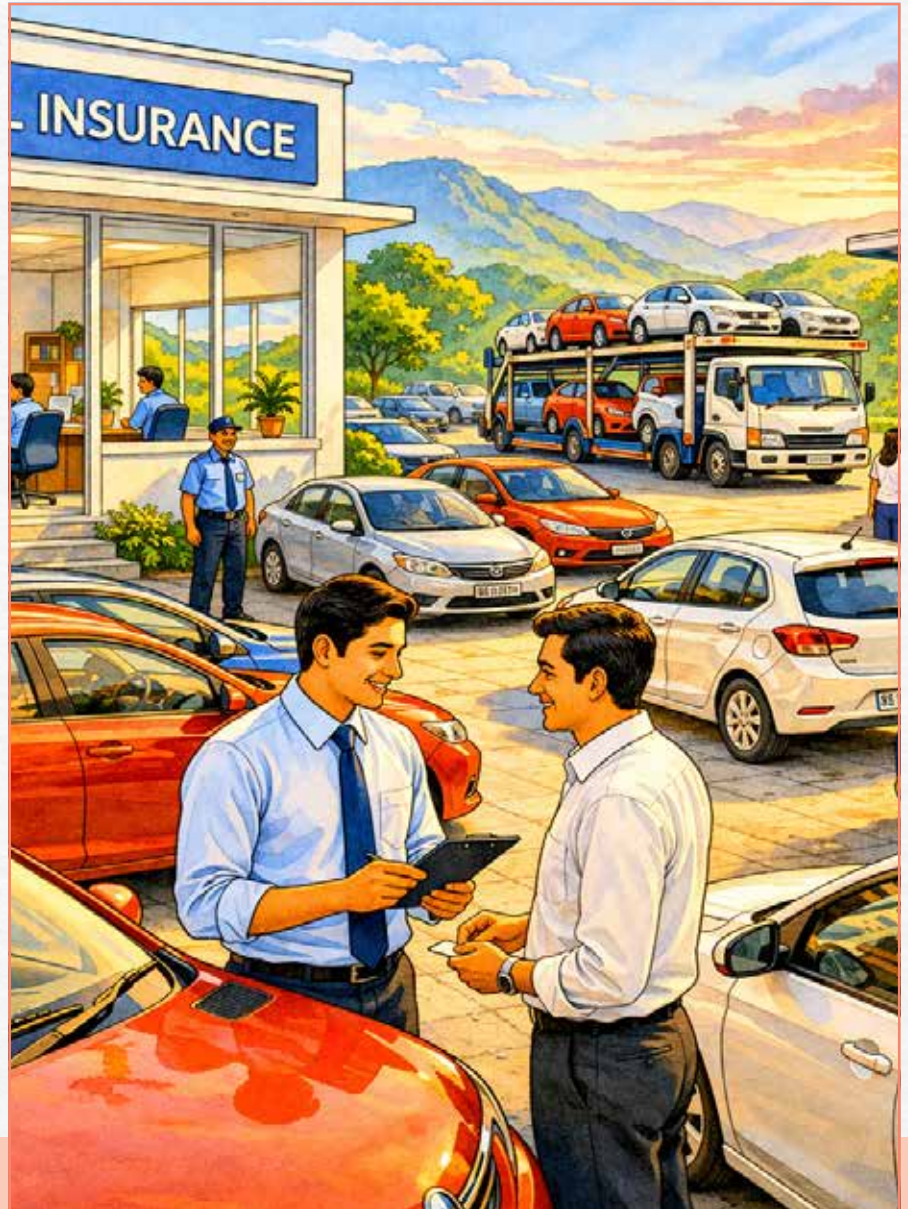
## CEYLINCO GENERAL INSURANCE

### MARKET DOMINANCE AND LEGACY

Ceylinco General Insurance continues to redefine the meaning of protection, beyond its identity as a financial service provider.

Synonymous with trust and a preminent reputation for providing protection, Ceylinco General Insurance (CGI) has been a safety net for millions of Sri Lankans for decades, fulfilling the expectations of multiple generations.

For over 38 years, CGI has positively reinforced the lives of millions of Sri Lankans by weaving a safety net to safeguard their dreams and interests. From the rural outskirts to the bustling urban hubs, Ceylinco General Insurance has been a reliable partner fulfilling the promise of being there when and where it matters most.



**GWP**  
**14%** Growth



**GROSS CLAIMS**  
Rs **24.2** Bn



**TOTAL ASSETS**  
Rs **63.1** Bn



## OUR IMPACT

One of the Highest Claim Payouts in the Non-life Insurance Industry

The Largest Branch Network in Sri Lanka

Stable Capital Position

Record-Breaking Earnings

Continued Share Holder Value Creation

## LEADING WITH EXCELLENCE

CGIL has continued to exemplify accountability and governance through its strong management of financials and proven commitment to balancing financial growth with commitment to compensating policyholders.

## CORE PRODUCTS AND INNOVATION

Ceylinco General Insurance is widely known for its revolutionary flagship product, 'Ceylinco VIP - On the Spot'. Beyond a product and brand name, it has created ripples in the non-life sector, as the industry's pioneering solution to rapid, on-the-spot claim settlements, with a proprietary process that continues to set the benchmark for others to follow.

| Category            | Key Products   |
|---------------------|--|
| <b>Motor</b>        | Ceylinco VIP On The Spot: The flagship product featuring immediate claim settlements and roadside assistance. Ceylinco VIP Supiri Bike Cover, Ceylinco VIP Double Cab Cover, Ceylinco VIP Buddy Lorry Cover, Ceylinco VIP Van Cover and Ceylinco VIP 3rd Party Cover |
| <b>Health</b>       | Suwa Sampatha: Popular surgical and hospitalisation insurance; Suwa Sampatha International Serious Illness Cover.  |
| <b>Niche/Social</b> | Ceylinco CHP: For Children, Ceylinco LIPS (tailored for women), and Crop & Livestock Insurance for the farming community.  |
| <b>Business</b>     | Marine, Fire, General Accident, Workmen's Compensation, Traders' Combined, Public Liability, and specialised SME covers like Ceylinco Support Line.  |

## GLOBAL AND LOCAL RECOGNITION

CGIL has consistently secured national recognition, and 2026 was no exception. In the year under review, our non-life subsidiary secured the following wins, undeterred in its capability to maintain successive wins. At the SLIM Kantar People's Awards 2025, CGIL was crowned Most Popular Non-Life Insurance Brand for 20 years in a row (People's General Insurance Brand of the Year).

CGIL was also chosen as the most popular insurer in terms of service excellence in the general insurance industry. As announced in the 2025 edition of the LMD's Customer Excellence edition.

## REGIONAL FOOTPRINT AND STRATEGIC ALLIANCES

The Company has taken its expertise across borders with a strong focus on providing technical insurance services and consultancy for overseas insurance providers. Its strategic presence has been amalgamated through partnerships in the Middle East, including the UAE, Bahrain, Kuwait, Oman and Qatar. The Company is a member of several associations and regional reinsurance pools.

- Federation of Afro Asian Insurers and Re-Insurers (FAIR)
- Association of Insurers and Re-insurers of Developing Countries (AIRDC)
- FAIR Non-Life Reinsurance Pool

## REINSURANCE STRENGTH

Dispersing the risk absorbed through policies, CGIL has secured some of the world's leading reinsurers – ensuring that its capital base and assets are not compromised during high-risk eventualities. CGIL works with the following panel of reinsurers, which are prestigious, A-rated reinsurers.

| Reinsurer                             | Country of Origin | AM Best | S&P |
|---------------------------------------|-------------------|---------|-----|
| Swiss Reinsurance Company             | Switzerland       | AA      | AA- |
| Munich Reinsurance Company            | Germany           | AA      | AA  |
| Hannover Re                           | Germany           | AA      | AA- |
| Odyssey Reinsurance Corporation       | USA               | AA-     | AA- |
| Lloyd's of London                     | United Kingdom    | AA-     | AA- |
| MS First Capital Insurance            | Singapore         | AA-     | -   |
| SCOR Reinsurance                      | France            | A+      | A+  |
| HCC International Insurance Company   | USA               | -       | A+  |
| Echo Reinsurance                      | Switzerland       | -       | A   |
| China Reinsurance (Group) Corporation | China             | A+      | A   |

# SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

## CAPITAL MANAGEMENT

### HIGHLIGHTS AND VALUE CREATION


| Capital                          | Key "Power Points" to Include   |
|----------------------------------|---|
| <b>Financial</b>                 | <ul style="list-style-type: none"> <li>↳ GWP of Rs. 28 Bn</li> <li>↳ 183% Capital Adequacy</li> <li>↳ Asset base of Rs. 63.1 Bn</li> </ul>  |
| <b>Intellectual</b>              | <ul style="list-style-type: none"> <li>↳ Pioneer of 'On The Spot'</li> <li>↳ Proprietary rapid claim settlement process</li> <li>↳ The "VIP" brand equity</li> </ul>  |
| <b>Human</b>                     | <ul style="list-style-type: none"> <li>↳ 24/7 rapid response teams</li> <li>↳ Most experienced technical underwriters</li> </ul>  |
| <b>Social &amp; Relationship</b> | <ul style="list-style-type: none"> <li>↳ Highly dynamic agents and advisors</li> <li>↳ 20 years as the 'People's General Insurance Brand'</li> <li>↳ 19% market share</li> <li>↳ Innovative and niche insurance/product covers</li> </ul> |
| <b>Manufactured</b>              | <ul style="list-style-type: none"> <li>↳ Largest branch network in Sri Lanka</li> </ul>   |
| <b>Natural</b>                   | <ul style="list-style-type: none"> <li>↳ Over 100 Kilometre beach clean-ups</li> <li>↳ Digital ID cards to reduce paper footprint</li> </ul>  |


large-scale risks and its success in securing stakeholder interests against extreme volatility.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | <p>Targeting higher premiums and renewals in motor insurance, fire and engineering, marine, and health insurance segments.</p> <p>Opening the motor market to new vehicles created an influx of opportunities for revenue growth in the FY 2025.</p> |
| <b>Efficiency</b> | Leveraging digital platforms to optimise operational costs.  |
| <b>Stability</b>  | Maintaining a 183% CAR to ensure long-term solvency and stakeholder trust.   |

### Financial Capital

**SDG Alignment**






Financial capital of the subsidiary showed tremendous resilience as it withstood the massive undertaking of compensating policyholder losses due to unprecedented challenges from the Cyclone Ditwah and floods in 2025.


Reinsurance partners play a vital role in strengthening financial resilience by enabling the effective distribution of risk across a broader network. Through these strategic collaborations, CGIL is able to safeguard long-term solvency while maintaining stability in the face of unforeseen events.

During the period under review, a total of Rs 7.9 Bn was paid out to reinsurers, reflecting continued commitment to prudent risk management and sustainable growth.


While the high level of claims had its effect on the bottom line, revenue continued to surpass previous milestones, enabling the Company to go unscathed from the massive rise in claims.



**GROSS WRITTEN PREMIUM**  
Rs **28** Bn



**NET INCOME**  
Rs **18.5** Bn



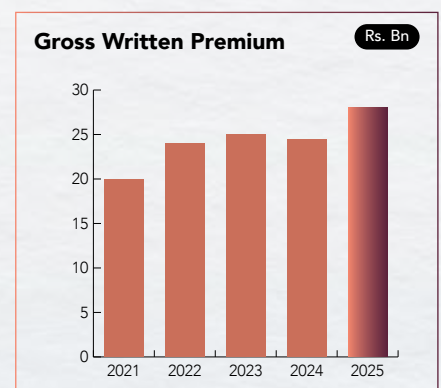
**PROFIT AFTER TAX**  
Rs **804** Mn

The reinsurance Receivables of Rs 20 Bn highlight CGIL's capacity to underwrite

### THE LEAD IN REVENUE

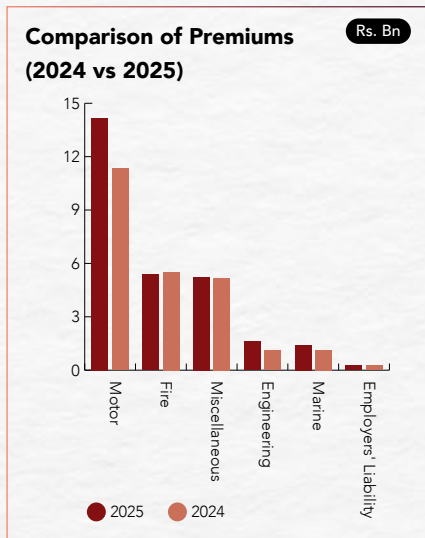
The Company's core financial capital sources include premium income and investment income. The latter is generated through a combination of prudent investments in assets, including financial instruments that bear fixed income.

The Company's collective revenue peaked at Rs 28 Bn, replacing the previously recorded highest earnings of Rs 24.5 Bn in 2024. This was recorded as a 14% rise for the financial year under review and has enabled the Company to secure its leading market position for another year.



### FINANCIAL GROWTH DRIVERS

The Company continued its dominance in motor insurance, recording one of the highest industry GWP in the category. GWP from motor-insurance related premiums amounted to Rs 14.2 Bn, representing 51% of the total Gross Written Premium. Motor insurance premiums increased by Rs 2.8 Bn in the financial year under review, marking a 25% increase. The lifting of vehicle import bans has allowed a significant influx of brand new vehicles, leading to increased premiums and consequently higher profit margins.

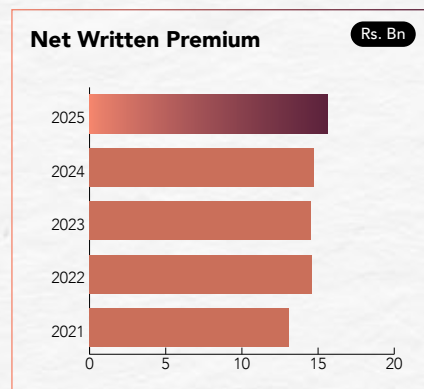
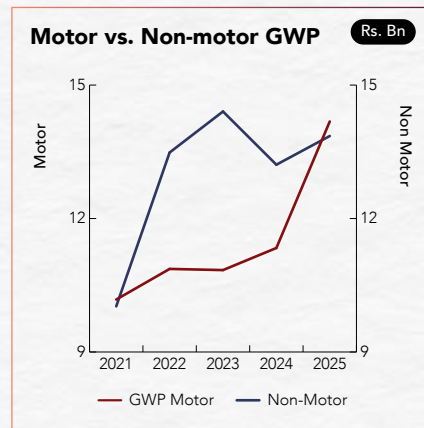


Non-motor gross written premium recorded a slight increase to Rs 13.9 Bn, marking a near 5% rise compared to the previous financial year. Fire insurance premiums recorded the largest stake in non-motor GWP, bringing in a total of Rs 5.4 Bn in revenue, which is a 19% increase in comparison to the previous financial year.

Holding a 6% stake in the entire non-motor GWP, engineering-related insurance secured a total of Rs 1.6 Bn and recorded the biggest improvement since the prior financial year, marking a 44% growth.

Moreover, revenue received contributions from fees and commission income and a massive surge in investment income during the year. These were recorded as Rs 1.1 Bn and Rs 2.3 Bn, respectively.

Net income for the FY 2025 stood at Rs 18.5 Bn with contributions from premium income and other revenue.



### THE FINAL FINANCIAL IMPACT AND RETURNS

In response to the combination of an increase in revenue, a rise in claims and benefits, and a modest income tax expense, the Company recorded a profit after tax of Rs 804 Mn for the year under review, a 24% decline from the prior year. Profit before tax stood at Rs 712 Mn, which indicated a 54% decline compared to the previous financial year.

### PREMIUMS CEDED

In the year under review, premiums ceded to reinsurers reached a total of Rs 12.4 Bn. Premium ceded increased by 26%, indicating higher offloading of risk to reinsurers. The higher ceded premiums indicate that our subsidiary is well-protected from black swan events or catastrophes.

### CAPITAL POSITION

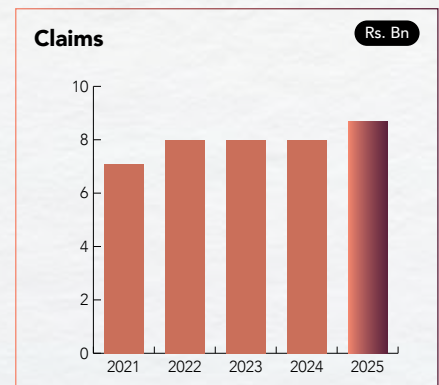
CGIL maintained a robust capital position amidst a high claims payout, ensuring that its ability to withstand short and long term shocks remains uncompromised. Capital adequacy ratio stood at 183% by the end of the financial year, despite marking a slight decline compared to the previous year.

### VALUE TO THE HOLDING COMPANY

As CGIL's parent company, we secured a dividend payment of Rs 319.93 per share, despite seeing a reduction, which corresponds with the drop in profitability. Nevertheless, the Company's annual financial performance for the year under review was impressive, as the Company responded to one of the highest claim submissions ever in its history, due to the unprecedented national calamities of Cyclone Ditwah.

### BENEFITS AND CLAIMS

Net benefits, claims and expenses showed a marked increase by 7.6% to Rs 8.7 Bn, subsequent to a rise in gross benefits and claims to Rs 10 Bn. Motor claims and benefits accrued the biggest stake from claims and benefits, with Rs 5.1 Bn disbursed to policyholders during the year. This was followed by Rs 1.5 Bn disbursed to compensate fire insurance policyholders.



### EXPENDITURE

Overall company-wide expenditure rose by 8% over the year under review, with benefits and claims being

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

the biggest driver of expenditure. Moreover, operating and administrative expenses also rose by 8%, driven largely by employee benefits expense, other operating expenditure and selling expenses.

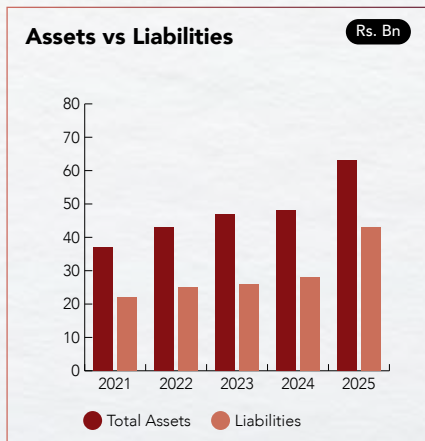
### FINANCIAL POSITION

The Company recorded a strong balance sheet amidst high claims and expenditure, with minimal disruption to the company's financial integrity. Assets reflect this position with an increase to Rs 63 Bn from Rs 48 Bn recorded in the previous financial year.

Asset growth is 31%, with the asset base exceeding liabilities by 1.5 times in value, ensuring the strength of the financial position and reflecting the healthy liquidity positions of the company and its ability to withstand shocks.

Due to underwriting larger risks and insurance claims from Cyclone Ditwah, reinsurance receivables rose by 153% to Rs 20 Bn by the end of 2025. This passing of risks to reinsurers has enabled the Company to safely absorb large claims due to the losses of cyclones and floods during the year 2025.

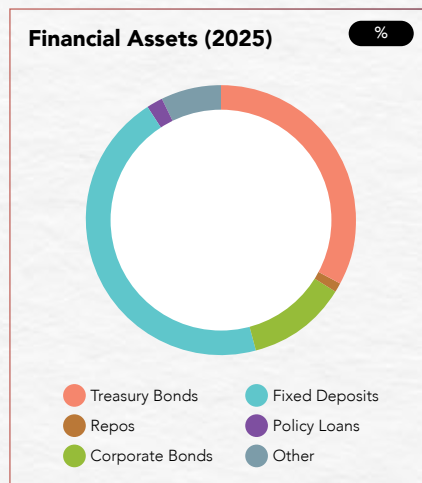
The investment and property portfolio indicates a growth of Rs 1.2 Bn, underscoring a robust property portfolio. Moreover, assets were complemented by a rise in financial instruments to Rs 24 Bn, which set off a steady stream of dividends and interest income.



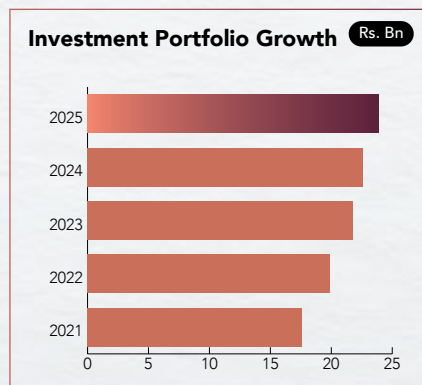
### Investment Portfolio

CGIL strategically balanced its investment portfolio, prioritising stability and liquidity. Total loans and receivables reached Rs 11 Bn. During the year, there was a sharp decline in Repo Investments and staff loans, which fell from Rs 2.6 Bn to Rs 1.4 Bn.

Fixed deposits were aggressively expanded, recording a 24% increase to Rs 9.3 Bn. Moreover, the portfolio was supported by a steady Rs 7 Bn in Treasury Bills and Bonds and also saw a 11% uptick in Corporate Bonds, which ensured continued fixed income. Further, other financial instruments surged by 60% to Rs 1.5 Bn, underscoring a push toward diversification.



Moreover, indicating prudent liquidity management through cautious decision-making cash and cash equivalents rose by 26% during the year, securing Rs 1 Bn in short-term liquidity.



### LIABILITIES

Total liabilities of CGIL rose by 52% to Rs 43 Bn, a result of an increase in non-life insurance contract liabilities, which surged by 92% to Rs 32 Bn amidst higher claims. Moreover, other liabilities indicate an increase by 20%.

### EQUITY

CGIL's total equity dipped, nevertheless remaining in proximity to Rs 20 Bn in value. Moreover, revaluation reserves surged by over Rs 270 Mn.

### THE FUTURE RESILIENCE

*The financial future of CGIL provides great confidence to CHPLC, as our non-life subsidiary affirms its financial position and market leadership. We are optimistic that CGIL's prudent underwriting practices, robust reinsurance strategies and highly demanded product innovations will continue to be their strongest strategic advantages, enabling further financial stability and robust growth.*

*With plans for further sustainable growth, CGIL is focused on a multi-pronged approach to drive further revenue growth through innovative insurance products tailored to various demographics.*

*Financial health in 2026 will be supported by cost efficiencies and risk mitigation through prudent underwriting and robust reinsurance that will cushion the Company against potentially high-risk climate-related claims.*

*The Company will continue to balance its assets and liabilities with a focus on upgrading its capital position, targeting a higher capital adequacy ratio in the upcoming financial year.*

## Manufactured Capital Management



### SDG Alignment

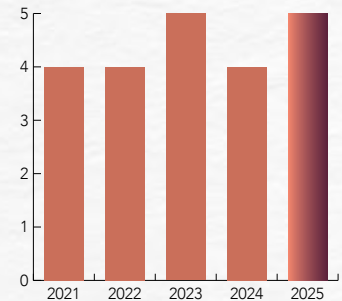


One of the Company's strongest levers in harnessing a wider distribution network and in ensuring persistent market leadership, manufacturing capital of CGIL is the sum of its branches, all other physical touchpoints, digital touchpoints and tech infrastructure that enable the provision of services and financial protection.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Moderate expansion in the property, plant and equipment base, due to new additions, including the addition of 3 new VIP counters   |
| <b>Efficiency</b> | <p>Services are provided through 190 branches and over 300 service counters, providing policy solutions. Moreover, CGIL has reached the market through 4,200+ sub posts and post offices, for third-party motor insurance.</p> <p>Process optimisations through IT infrastructure and decentralised branch operations to reduce TAT times for underwriting, policy issuance and claims settlement – thereby reducing per transaction operational cost.</p> |
| <b>Stability</b>  | <p>Largest general insurance distribution network in Sri Lanka, with a highly dispersed footprint.</p> <p>Asset maintenance and standards are ensured through periodic branch and service location inspections/audits. Regular upkeep of physical assets by various units ensures consistent experiences for customers and staff across the island.</p>  |

### Property, Plant and Equipment

Rs. Bn



### PHYSICAL TOUCHPOINTS

#### MOBILE VANS

13



#### SECONDARY POINTS POST OFFICES FOR 3RD PARTY INSURANCE

4,256



#### TOUCHPOINTS

Over **500**



#### PROPERTY, PLANT, AND EQUIPMENT

Rs **4.6** Bn



#### BRANCHES

**190**



#### VIP COUNTERS

**313**

VIP HUB ONLINE PORTAL FOR  
POLICY PURCHASES

#### PPE BASE

During the year, we welcomed a slight increase in CGIL's PPE base, driven by Rs 196 Mn in PPE additions. Total PPE base increased by 7% to Rs 4.6 Bn, which included Rs 1.7 Bn in buildings, Rs 1.3 Bn in freehold land and Rs 1.3 Bn in vehicles.

#### PPE REPRESENTS

**7%**

OF TOTAL ASSETS

This growth secures CGIL's position for operational stability and long-term financial growth through business expansions and by reaching new niche market segments.

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

**VIP SPOTS**  
**5**



Mobile vans utilised for propaganda operate across selected geographical locations, creating visibility amongst the general public. 13 such branded vans conduct promotional activities in various areas, based on the need and length of promotions.

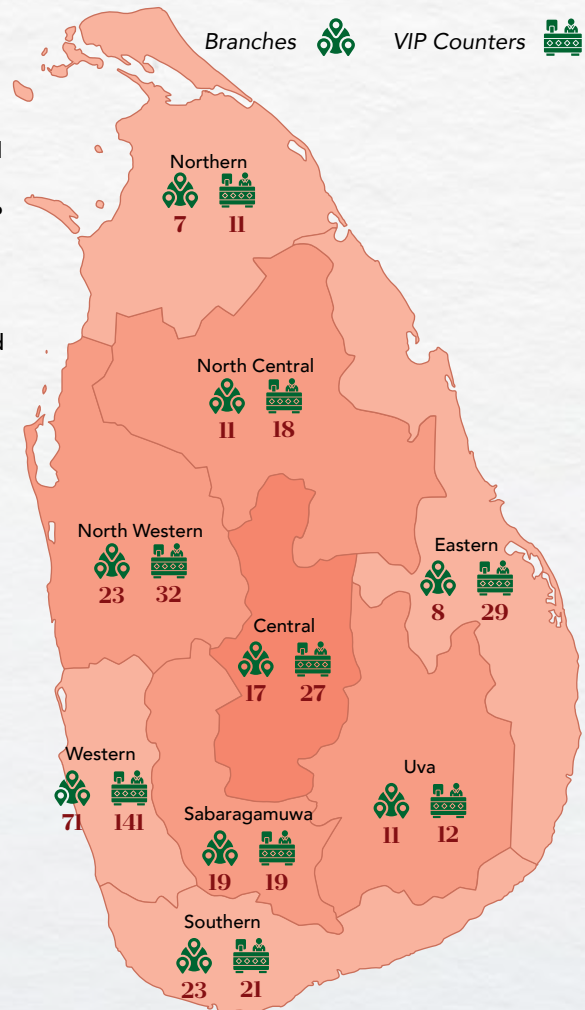
Moreover, "VIP spots" continued to be maintained as additional value additions to Ceylinco VIP policyholders, providing them with adequate resources to take a break from their long-distance travels.

CGIL also extends its third-party motor insurance services to all areas of the country by linking with over 4200 post offices. This is undertaken in partnership with the Department of Posts. These offices have become optional touchpoints for enabling customers to obtain Ceylinco VIP vehicle insurance. This strategic collaboration has benefited the motor insurance sector while providing organically driven visibility towards the Ceylinco VIP brand.

### DIGITAL BILLBOARDS

The Company also operates 65 digital billboards across key locations, providing brand and product visibility while captivating audiences through engaging advertisements.

Branches of CGIL remained unchanged at 190, while VIP Counters increased by 3 additions. By the end of the year in review, CGIL operated 313 VIP counters from across the island through a well-saturated and strategically positioned network of counters covering essential insurance services, reaching urban and rural hotspots and grassroots. With 550 locations, we have ensured optimum accessibility to our customers and anyone seeking financial protection against potential non-life risk exposures.



## DIGITAL AND IT INFRASTRUCTURE

The Company has a strong IT infrastructure that supports its massive distribution network; moreover, its digital footprint has accelerated over the years, reaching a point of complete online/digital interactions during policy generation for its key products.

### The VIP Hub

The portal has become CGIL's primary digital service centre, achieving 57% growth in new policy purchases. It adopts a direct-to-consumer model through a fully automated system, allowing users to purchase motor, travel and health insurance policies in minutes with no human intervention.

The Company website attracted 310,000 visitors during the year, increasing from 2024 and achieved a 19% conversion rate, leading to Rs. 15 Mn being generated through web-based/online premium collections. The website and VIP portal is optimised through AI-powered analytics and SEO.

### VIP App

It functions as a comprehensive, on-the-go toolkit for policyholders that provides emergency response with one-touch accident reporting and rapid assistance. Moreover, users can track claim histories, manage payments and view policy details in addition to having the benefit of GPS location-based services to guide motorists to the closest VIP spot, police station or hospital.

### Automation

The company remains agile and efficient in processing times, thanks to its modern APEX-based IT architecture. This has enabled the Company to move away from siloed data and lax processing times to faster turnaround times and better agility. Workflows have been streamlined, allowing automation of manual tasks.

The APEX-driven architecture also enables scalability and accessibility, enabling CGIL

to expand its network of branches and VIP Counters across the island. With a web-based architecture, employees can access databases securely without complex requirements. Moreover, real-time analytics and compliance with security protocols have also been enabled through this modern architecture. This is further complemented by Oracle 19, which aligns the core architecture with international standards.

## THE FUTURE RESILIENCE

*With one of the strongest general insurance distribution networks in the country, and backed by a strong financial position, CGIL is empowered to adopt expansions in physical and digital touchpoints. The Company will continue to prioritise its distribution channels with the primary focus of maintaining highest standards in service and accessibility – serving the nation unequivocally.*

## Human Capital

### SDG Alignment



In the inherently risk-driven landscape of insurance, effective management of employee growth and expectations remains central to sustaining operational efficiency and building trust among policyholders. As a subsidiary of CHPLC, CGIL has cultivated a highly capable and resilient workforce equipped to navigate the complexities and evolving nuances of the insurance industry.

Beyond ensuring timely and efficient payroll management, CGIL places strong emphasis on continuous talent development. Employees across all functions and levels are provided with structured training programmes aimed at enhancing both technical expertise and essential soft skills. This is complemented by a competitive and comprehensive remuneration and benefits framework, designed to attract, retain, and motivate talent while fostering a culture of performance and professionalism.



## THE DIVERSE TEAM

By the end of the financial year under review, CGIL's workforce comprised 2,912 employees, reflecting a 4% increase compared to the total recorded at the end of 2024. Over the past several years, the Company has experienced moderate fluctuations in employee numbers, including a temporary decline in 2023, followed by a steady recovery trajectory.

CGIL's workforce is characterised by a strong island-wide presence, supported by one of the largest non-life insurance branch networks in Sri Lanka. This extensive reach is further strengthened

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

by a dynamic sales force of 1,109 personnel, accounting for 38% of the total workforce, underscoring the Company's strong market-facing capability and customer proximity.

The composition of CGIL's human capital reflects a balanced blend of new talent and experienced professionals. A majority of employees, over 57%, have been with the Company for less than five years,

indicating a steady infusion of fresh perspectives and evolving capabilities. At the same time, a significant proportion of the workforce brings valuable institutional knowledge, with 15% serving between five and ten years and 9% between eleven and fifteen years.

Long-term loyalty remains a defining feature of CGIL's workforce. Approximately 10% of employees have been with the Company for nearly two decades, while 5% have completed between 20 and 25 years of service. A further 4% have exceeded 26 years of tenure, including a distinguished group of 27 employees, representing nearly 1% of the workforce, who bring over 30 years of experience.

|                      | 2025 |        | 2024 |        | 2023 |        | 2022 |        | 2021 |        |
|----------------------|------|--------|------|--------|------|--------|------|--------|------|--------|
|                      | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| Less than five years | 983  | 684    | 889  | 588    | 920  | 516    | 929  | 474    | 965  | 469    |
| 5 to 10 years        | 295  | 132    | 340  | 142    | 344  | 145    | 389  | 147    | 412  | 133    |
| 11 to 15 years       | 206  | 44     | 236  | 40     | 302  | 43     | 324  | 43     | 368  | 42     |
| 16 to 20 years       | 258  | 32     | 267  | 34     | 270  | 37     | 269  | 36     | 236  | 34     |
| 21 to 25 years       | 134  | 21     | 128  | 27     | 118  | 24     | 106  | 24     | 104  | 21     |
| 26 to 30 years       | 65   | 17     | 66   | 16     | 65   | 21     | 64   | 24     | 56   | 24     |
| Above 30 years       | 22   | 7      | 14   | 7      | 11   | 5      | 9    | 1      | 7    | 2      |

### AGE DYNAMICS

The composition of CGIL's workforce reflects both prevailing industry dynamics and broader national labour trends. As of 2025, male employees accounted for 67% of the total workforce, with representation exceeding that of females by more than two to one. This disparity is indicative of the comparatively lower female labour force participation observed not only within the insurance sector but also across the national workforce. A similar trend is evident at managerial levels, where female representation remains relatively lower compared to their male counterparts.

|                     | 2025  |        | 2024  |        |
|---------------------|-------|--------|-------|--------|
|                     | Male  | Female | Male  | Female |
| Total (gender-wise) | 1,964 | 948    | 1,941 | 856    |

From an age perspective, CGIL maintains a predominantly young workforce. A significant proportion of employees are below 30 years of age, highlighting the Company's ability to attract early-career talent and build future-ready capabilities. Meanwhile, 16% of employees fall within the 30 to 50 age bracket, contributing valuable experience and professional maturity, while a further 7% are above 50 years of age, bringing depth of expertise and institutional knowledge.

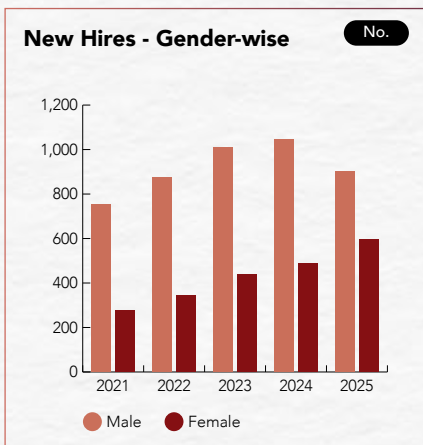
|          | 2025 |        | 2024  |        | 2023  |        | 2022  |        | 2021  |        |
|----------|------|--------|-------|--------|-------|--------|-------|--------|-------|--------|
|          | Male | Female | Male  | Female | Male  | Female | Male  | Female | Male  | Female |
| Under 30 | 790  | 579    | 731   | 530    | 732   | 475    | 741   | 452    | 747   | 458    |
| 30-50    | 935  | 305    | 1,014 | 271    | 1,103 | 271    | 1,162 | 254    | 1,239 | 228    |
| Over 50  | 238  | 53     | 195   | 53     | 195   | 45     | 187   | 43     | 162   | 39     |

### RECRUITMENT AND ONBOARDING

During the year, CGIL strengthened its workforce through a structured recruitment process, leveraging multiple channels including online platforms, print media, social media, professional networks, job fairs, and outreach to school leavers completing their advanced level examinations.

In 2025, a total of 1,498 employees were recruited across various job categories, with a strong focus on executive roles, which accounted for 1,161 hires.

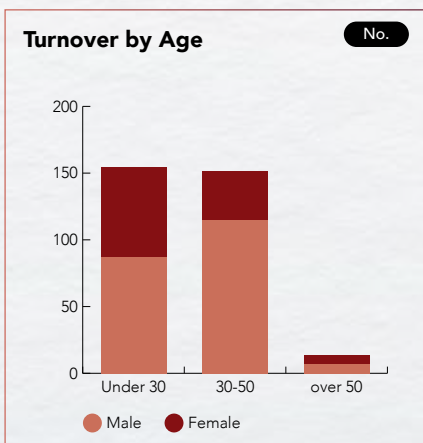
The recruitment profile reflected a gradual shift towards greater gender diversity, with 60% male and 40% female hires, alongside a rising trend in female participation over recent years. Notably, 90% of new recruits were below the age of 30, highlighting the Company's emphasis on building a young and dynamic talent pipeline.



### RETENTION

During the year under review, CGIL recorded an overall employee retention rate of 89%, with 318 employees (10.9% of the workforce) exiting the organisation. A majority of these departures were within the 30–50 age group, with over 52% being male.

The total exits included 29 retirements, comprising 24 male and 5 female long-serving employees. As of the end of 2025, 143 employees continued in service under extended retirement arrangements.



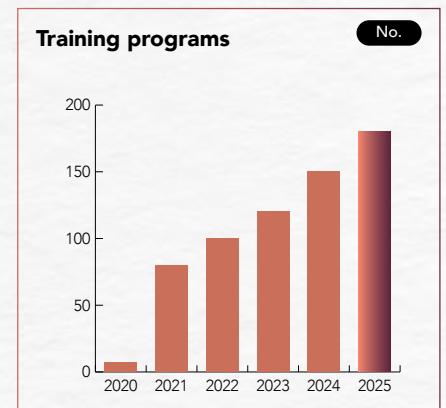
### TRAINING AND DEVELOPMENT

CGIL's training and development initiatives are designed to enhance employee knowledge and facilitate upskilling through a diverse range of learning tools. Leveraging a combination of on-the-job training, workshops, online modules, and experiential learning methods, these programs focused on key areas including:

- Management development
- Sales
- Technical skills
- Customer care
- Personal development

During the year, a total of 180 training programs were conducted, comprising 170 internal programs and 10 external

training initiatives. On average, each employee received 18 hours of training, with participation across various programs exceeding the levels recorded in 2024. The training programs varied in scale, audience, and focus to address specific development needs across the organisation.



### PERFORMANCE MANAGEMENT, CULTURE AND RECOGNITION

CGIL fosters a performance-driven culture that balances short-term incentives with long-term career recognition. Employees are motivated through a combination of financial rewards, experiential opportunities, and career development initiatives.

Tenured staff are regarded as a strategic asset, with their experience, expertise, and mentorship contributing significantly to the organisation's competitiveness. Long-serving employees are recognised and retained through multiple avenues, including appointments to Directorships within subsidiary entities for those excelling in senior management roles. In addition, high-performing staff benefit from overseas training and other forms of recognition, reflecting CGIL's commitment to loyalty, professional growth, and sustained contribution.

### ANNUAL OVERSEAS TOUR

For the 19th consecutive year, CGIL organised its annual overseas tour, delighting employees and recognising their exceptional contributions. Over 175 deserving staff members participated in a five-day trip to Bangkok, Thailand, which included a half-day

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

brainstorming session. Participants were accommodated at the luxurious five-star Hotel Montien, situated in the heart of the city.

This initiative serves as a token of appreciation and has become a significant motivational factor for both sales and non-sales teams. The all-expenses-paid tour is a highly valued experience among employees, reflecting CGIL's commitment to rewarding performance and fostering engagement across the organisation.

### EMPLOYEE WELL-BEING AND WORK-LIFE BALANCE

CGIL places strong emphasis on supporting employees' mental well-being and physical health through a variety of work-life integration initiatives. During the year, staff actively participated in a range of sporting events and recreational programs, fostering camaraderie, promoting a healthy lifestyle, and enhancing overall engagement across the organisation.

Organised by the Mercantile Cricket Association of Sri Lanka, CGIL emerged as the D Division Munchee Trophy Champions.



CGIL's rugby team also delivered an impressive performance at the 53rd Mercantile Rugby Tournament, finishing as the Bowl Runner-Up and showcasing the team's skill, determination, and sportsmanship.

## Intellectual Capital



### SDG Alignment



At CGIL, success is measured not only by financial performance or policy volumes but also by the intangible assets that drive long-term sustainability and value creation. Intellectual capital serves as a strategic differentiator, providing the company with a unique advantage over industry peers.

The company's intellectual assets have consistently underpinned its competitive strength, beginning with its flagship, industry-first claim settlement initiative, Ceylinco VIP on the Spot. This pioneering service has become a hallmark of innovation, demonstrating Ceylinco General Insurance's ability to leverage knowledge, creativity, and expertise to foster growth and deliver groundbreaking solutions in the insurance sector.

### VIP HUB POLICIES - GROWTH

**+57.25%**

### WEBSITE VISITORS

**310K +**

### WEBSITE LEADS CONVERSION - GROWTH

**+18.75%**

### ORGANISATIONAL KNOWLEDGE AND EXPERTISE

Ceylinco General Insurance leverages both documented and experiential knowledge to maintain high standards, ensure operational efficiency, and strengthen customer trust.

Explicit knowledge, including underwriting manuals, standard operating procedures, and policy guidelines, enables staff across branches and the head office to operate consistently and efficiently. For customers, this knowledge translates into clear policy documents, digital claim tracking, mobile apps, and other tools that enhance accessibility and convenience.

Beyond formal processes, employees' hands-on experience and insights form a critical source of competitive advantage, fostering strong customer relationships. While explicit knowledge can be codified and scaled across the organisation, the tacit expertise of long-serving staff remains invaluable, underscoring the importance of retaining experienced talent.

## PRODUCT INNOVATION AND DEVELOPMENT

CGIL leverages employee insights, market research, and emerging trends to maintain a competitive edge in the insurance industry. By identifying gaps and opportunities, the company continuously develops innovative products tailored to the diverse needs of its customers. The extensive branch and agent network plays a key role in gathering insights across different demographics and communities.

A notable example is 'Loan Shield', a specialised product designed for customers of Banks and Financial Service Institutions (BFSIs). It protects policyholders against unforeseen events such as income loss due to retrenchment, business closures, natural disasters, serious illnesses, or permanent disabilities from accidents, ensuring financial security and peace of mind.

## BRAND EQUITY AND INTELLECTUAL PROPERTY

The brands 'Ceylinco General Insurance' and 'Ceylinco VIP on the Spot' have earned widespread recognition and loyalty among millions of Sri Lankans. These household names enjoy strong top-of-mind recall and an emotional connection, built on the promise of support and relief during critical situations.

The company's brand reputation was reinforced during the Ditwah cyclone and 2025 floods, when Ceylinco General Insurance estimated Rs. 16.1 Bn in claims and fulfilled 100% of claims received, providing a financial safety net for hundreds of customers.

Both brand names and logos are legally protected trademarks, safeguarding the company's intellectual property and preventing competitors from exploiting similar phrasing, thereby preserving the distinct value and trust associated with Ceylinco's offerings.

## AWARDS AND RECOGNITION

Ceylinco General Insurance's intellectual capital, innovation, and customer-centric approach have been consistently recognised through multiple prestigious awards.

For the 19th consecutive year, the company was named People's General Insurance Brand of the Year at the SLIM-Kantar People's Awards, reflecting strong public trust and brand loyalty across Sri Lanka, based on a comprehensive, data-driven island-wide survey.

The company was also honoured as one of the Top Outstanding Corporations by LMD, the only general insurer included among the 25 corporates, recognising excellence in delivering swift and reliable service.



In addition, Ceylinco General Insurance was selected as Sri Lanka's Most Loved General Insurance Brand in the 2025 LMD Brands Annual, following extensive nationwide research by 'PepperCube' Consultants.

Further reinforcing its leadership, the company was acknowledged as No. 1 in Service Excellence in the general insurance industry,

underscoring its commitment to superior customer experiences.



## SERVICE INNOVATION AND DIGITAL EXCELLENCE

CGIL continues to set new benchmarks in service through digitally-driven innovations that enhance convenience and efficiency for millions of policyholders.

Initiatives such as doorstep delivery, introduced in 2024, ensure physical policy documents reach homes or workplaces within 24 hours at no additional cost, reducing turnaround time and reinforcing the company's reputation for speed and convenience.

## ONLINE ENGAGEMENT AND NEW DIGITAL OFFERINGS

In 2025, CGIL strengthened its digital ecosystem to enhance brand visibility, expand online accessibility, and deliver seamless customer experiences across multiple platforms.

The company's digital presence continued to grow, with the corporate website attracting over 310,000 visitors, while its official Facebook page reached more than 89,300 followers, the largest follower base among general insurance companies in Sri Lanka. Digital campaigns across social media platforms engaged over 5.7 million people during the year.

The company also expanded its digital offerings, enabling customers to obtain

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

Comprehensive Motor Policies through the FGXA-developed online platform and instant Third-Party Motor Policies via WhatsApp, providing faster, more convenient services.

Digital adoption saw significant growth with;

- Online policy purchases via VIP Hub increased by 57.25%
- Website lead conversions grew by 18.75% compared to 2024
- Meta and Google platforms remained the primary channels for digital lead generation.

### TECHNOLOGY AND DIGITAL ENABLEMENT

CGIL advanced its strategic objectives through system innovation, digital integration, and the enhancement of existing technology platforms. Several new internal systems were developed, while key applications were upgraded to align with evolving business requirements and operational strategies, strengthening efficiency and supporting ongoing digital transformation.

Multiple API integrations with InsurTech platforms, brokers, and regulatory bodies enabled secure, efficient data exchange, enhancing connectivity with external stakeholders while ensuring compliance. Internally, an Issue Tracking System was implemented to streamline reporting and resolution of system bugs and operational issues, and a centralised Assessor Management System improved the accuracy and efficiency of assessor payments.

The company also prioritised skill development through IT-focused training programs, equipping senior and engineering-level staff with advanced technical expertise to support current and future system innovations.

## Social and Relationship Capital

### SDG Alignment



Stakeholders remain the driving force behind Ceylinco General Insurance's growth and market leadership. Their expectations guide the company's strategies in economic value creation, product innovation, service excellence, and value addition. Insights and feedback from stakeholders not only inform decision-making but also amplify the impact of other forms of capital, strengthening the company's ability to remain a competitive and innovative leader in the insurance sector.

### CUSTOMERS

Ceylinco General Insurance serves over 3.4 million policyholders, reinforcing its position as the leader in non-life insurance in Sri Lanka. Customer-centric strategies drive the company's operations, with a focus on meeting diverse insurance needs across all demographics. The recent removal of import controls on automobiles enabled CGIL to reach new market segments, including younger customers and those seeking tailored solutions.

### DELIVERING PROTECTION IN TIMES OF CRISIS

Following the Dithwah Cyclone and subsequent floods in November 2025, customers lodged claims exceeding Rs. 16.1 Bn. CGIL responded swiftly, settling claims promptly to provide critical support to families and businesses. Beyond financial compensation, the company prioritised restoring hope, stability, and dignity, demonstrating the depth of trust placed in its services.

### EXTENSIVE REACH AND RISK COVERAGE

CGIL is recognised for its expansive branch network, extending deep into rural and underserved areas where competition

is limited. While many insurers focus primarily on the Western Province and major cities, the company has leveraged its reputation for 'On-the-Spot' claim settlement to maintain offices in remote agricultural and trading hubs, ensuring accessible services across the country.

### KEY CUSTOMER TOUCHPOINTS

Through this widespread presence, policyholders enjoy convenience and seamless access to insurance services throughout the policy life cycle, reinforcing the company's commitment to meeting customer needs wherever they are.

| Category                | Number                  |
|-------------------------|-------------------------|
| Service Locations       | 550                     |
| Branches                | 190                     |
| VIP Counters            | 313                     |
| Call Centre             | 70 Customer care agents |
| Mobile Vans             | 13                      |
| Sales Force             | 1,109                   |
| Ceylinco VIP Rest Spots | 5                       |

### CUSTOMER ENGAGEMENT AND EXPERIENTIAL PROGRAMS

Ceylinco General Insurance goes beyond traditional insurance services to create memorable experiences for its customers and communities. A series of fully sponsored stage dramas was held in key cities, including Colombo, Kandy, and Galle, offering wholesome entertainment for families. Each performance attracted full houses, reflecting strong customer enthusiasm and reinforcing community connections built on trust and appreciation.



As part of the Silver Jubilee of Ceylinco VIP, the company distributed 25,000 gifts across 25 locations in Sri Lanka, including gold coins as grand prizes. This milestone initiative celebrated 25 years of the pioneering “On-the-Spot” claim settlement brand, serving as a gesture of gratitude toward loyal customers and the general public, while highlighting the company’s commitment to rewarding long-standing trust and loyalty.



**PARTNERS**

The growth and market reach are strengthened through strategic partnerships with agents, brokers, and allied companies. These collaborations extend CGIL’s distribution network to the outskirts of cities and townships, enhancing accessibility for customers and reinforcing a dynamic market presence. By leveraging shared resources and expertise, these partnerships provide a competitive edge and support sustainable business growth.

**AGENTS, BROKERS AND MARKET EXPANSION**

CGIL’s extensive network of agents and brokers is a critical pillar of its operational reach and business growth. These partnerships drive consistent expansion, create mutual economic value, and reinforce the company’s leading market position and brand recognition.

**BANCASSURANCE PARTNERSHIPS**

The Company leverages the extensive network of its eight banking partners to access a wide range of customers, from high-net-worth individuals to SMEs in rural areas. These collaborations have enabled the development of tailored insurance products for banking clients and continue to support the exploration of new product diversifications and customer segments, further strengthening CGIL’s market presence and redefining the insurance landscape.

**GLOBAL PARTNERSHIPS AND STRATEGIC ALLIANCES**

CGIL has established high-impact partnerships with leading international institutions, extending its reach beyond Sri Lanka to markets including the USA, Japan, and the Gulf region. These alliances not only generate significant financial value but also allow the company to adopt global best practices, enhancing local insurance operations and reinforcing its position as an innovative and internationally connected insurer.

**Key International Collaborations:**

- United States: Strategic engagement with industry titans Berkshire Hathaway and AIG.
- Japan: A specialised partnership with Mitsui Sumitomo Insurance to address niche market requirements.
- Gulf Region: Targeted joint insurance solutions developed with regional leaders to support and protect migrant workers.

**INTERNATIONAL PRESENCE AND AFFILIATIONS**

The Company has expanded its footprint through strategic partnerships across the UAE, Bahrain, Kuwait, Oman, and Qatar. CGIL is also an active member of regional insurance associations and reinsurance pools, reinforcing its global connectivity, operational credibility, and access to international best practices.

- Federation of Afro Asian Insurers and Re-insurers (FAIR)
- Association of Insurers and Reinsurers of Developing Countries (AIRDC)
- FAIR Non-Life Reinsurance Pool

**SUPPLIERS, SERVICE PROVIDERS, AND OPERATIONAL PARTNERSHIPS**

Suppliers and service providers form a critical backbone of Ceylinco General Insurance’s operations, supporting branch functionality through a wide range of goods and services, from telecommunications, engineering, and waste management to hardware, office equipment, and furniture. The company engages both established vendors and small to medium-sized enterprises, ensuring high-quality resources and services, including food and beverages, to maintain a comfortable and efficient environment for staff and customers.

Strategic collaborations with banks, auditors, legal consultants, and other financial institutions enable the company to align its investment portfolio with

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE

corporate strategies, supporting operational efficiency, financial returns, and long-term growth objectives.

### REGULATORS

Ceylinco General Insurance operates in full compliance with the regulations set by the Insurance Regulatory Commission of Sri Lanka (IRCSL). During the year, the company adhered to all statutory requirements, with no fines, violations, or service-related penalties, reflecting its commitment to ethical practices, transparency, and responsible governance in the insurance sector.

### COMMUNITY

Community projects form a core part of Ceylinco General Insurance's commitment to sustainable development and social empowerment. Through its corporate CSR initiative, 'Ceylinco VIP Pihita', the company focuses on serving society's most vulnerable and driving meaningful impact.

In the year under review, several key projects were implemented, reaching more beneficiaries than in previous years and reinforcing CGIL's role as a responsible corporate citizen dedicated to the well-being of the communities it serves.

- Annual Theru Festival, Matale: In February 2025, the Matale Branch organized the Anna Thanam at the Arulmihu Sri Muthumariamman Thevasthanam, continuing a long-standing tradition and serving hundreds of devotees.



- Blood Donation Drive: The Annual Blood Donation Drive at the Head Office collected nearly 300 pints of blood, engaging employees and neighbouring office staff.



- Clothing Distribution Programme: Over 20,000 clothing items were distributed in 2025, benefiting more than 9,500 individuals. Each item was carefully prepared to ensure dignity, reflecting the company's dedication to compassion and social responsibility.



- Food Distribution for Students: The programme provided over 2,000 students with nutritious meals three days a week, investing Rs. 17.2 Mn. The initiative supports child welfare, encourages school attendance, and promotes long-term educational development.



- Economic Assistance: Financial aid was provided to 104 families, including victims of the Passara bus accident, an orphanage, and a mother recovering from a road accident, alleviating hardships and supporting vulnerable members of society.

## Natural Capital

### SDG Alignment



CGIL recognises the importance of preserving natural resources and minimising environmental impact across its operations. From energy and water use to land management, the company implements conscious and prudent measures at its Head Office and branch locations to optimise resource consumption while maintaining operational efficiency. Sustainable practices are integrated into day-to-day operations, reflecting its commitment to responsible stewardship of the natural environment.

### DIGITALISATION AND SUSTAINABLE PRACTICES

The Company continues to advance its sustainability agenda through digitalisation, significantly reducing reliance on paper, plastics, and other physical resources. The adoption of digital insurance policies and certificates has notably lowered paper consumption, while digital insurance cards are gradually replacing plastic cards, supported by regulatory initiatives from the IRCSL.

### MOTOR INSURANCE DIGITALISATION

Following regulatory approval, the Company participates in issuing digital motor insurance cards, contributing to the creation of a national Motor Insurance Repository. This centralised database enhances fraud prevention and enables faster compensation for accident victims. The initiative also aligns with the government's 'Go Green' policy, reducing plastic card usage and promoting environmentally responsible practices.

### DIGITAL CLAIMS MANAGEMENT

Digital claim approvals further minimise paper usage by eliminating the need for conventional claims files, streamlining operations, and supporting the Company's ongoing sustainability efforts.

### COASTAL PRESERVATION AND WASTE MANAGEMENT

Recognising the growing threat of marine pollution, the Company reaffirms its commitment to environmental stewardship. In 2025, the third consecutive year of its annual beach clean-up project, over 1,250 employees participated in clearing 100 km of coastline, expanding the initiative to new areas across tourist hotspots and densely populated shores.



Waste collected, including plastics, polythene, and other non-biodegradable materials, was systematically segregated and handed over to local municipal councils and Pradeshiya Sabhas for safe disposal. Over three years, the project has restored more than 300 km of coastline, contributing to the protection of marine biodiversity, enhancing Sri Lanka's appeal as a tourist destination, and promoting a culture of environmental accountability.

## SECTOR REVIEW - CEYLINCO GENERAL INSURANCE



### DIRECTOR/CEO'S MESSAGE

*Dear Shareholders,*

I am honoured to state that the year under review saw remarkable achievements in financial performance, exceeding expectations. The financial year witnessed CGIL set new revenue records while enhancing financial stability, thereby reaffirming that the Company is a vital part of the Group portfolio. Across the year under review, CGIL's promise of protection was extended to thousands of Sri Lankans, compensating losses incurred amidst the Ditwah cyclone and floods.

Through well-executed strategies, the Company remained ahead of the competition amidst economic shifts. Our consolidated presence and further expansions were a vital competitive advantage and aligned with our strategic decisions to achieve business growth.

#### THE YEAR IN FOCUS

With consistent leadership in the sector and a lead in insurance innovations, CGIL remained focused on setting benchmarks that surpassed our previous milestones. This resulted in the Company achieving a record-breaking revenue amidst our highest claim disbursement to date. Our strategies resulted in the highest GWP on record and a strong financial position that translated into a healthy and robust balance sheet.

With the unprecedented devastation caused by the unprecedented weather patterns towards the end of the financial year, the Company faced several challenges. Due to our strong internal processes, strategic reinvestment partnerships and strong distribution network, compensating our affected policyholders became swift, with a majority of policyholders compensated, thus far.

The combination of financial stability and regulatory compliance has driven a strong capital position, which has solidified our ability to meet financial obligations and ensure solvency. Our capital adequacy ratio stood at 183% by the end of the financial year, 2025.

I am pleased to state that CGIL completed the silver jubilee of our flagship household brand, Ceylinco VIP. Since its launch in 2000, the VIP brand name and policy offerings have remained an industry innovation, with persistent demand for its unique on-the-spot claim settlement process and unmatched policy riders.

#### FINANCIAL ROBUSTNESS

In 2025, revenue rose 14% to Rs 28 Bn, driven by motor insurance growth (25%) and non-motor insurance growth (5%). Motor insurance grew steadily, aided by the resumption of vehicle imports and strong claims management. The increase in non-motor insurance reflects an expansion into the corporate and SME markets, supported by diversifications, such as 'Loan Shield', introduced in 2024.

Cost optimisations through process agility and renegotiated reinsurance contracts proved to be strategically vital during the period, as we prudently estimated funds to compensate 4,100 claims worth Rs 16.1 Bn, earning IRC SL applause for swift financial relief to those affected.

#### PEOPLE AND AGILITY

With over 2900 employees spread across 550 branches and across all districts, the foundation of our business remains unshakable. With decentralised decision-making in the process, Regional Heads and branch teams were empowered to act swiftly to deliver faster and more responsive services.

We also continued to invest in ongoing learning opportunities, expediting comprehensive programs to bolster underwriting and sales capabilities apart from other technical areas. Staff have been exposed to global best practices through selective international participations, apart from a wide range of internal training programs.

Furthermore, employee well-being was linked with rewards and incentives as well as performance recognitions, which proved crucial in reinforcing individual motivation towards organisational and individual goals.

#### SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

Several notable socially-sustainable projects were expedited during the year, under our CSR label 'Pihita'. Having previously assisted thousands of individuals, we continued to extend the impact of our campaigns, especially through student meals provided for 2000 students at several rural schools, focused on nutrition and increased participation in education by students of economically-challenged parents.

Another project was the distribution of clothing items, which were donated to CGIL through generous individuals. Over 20,000 items were distributed across multiple cities, subsequent to a process of organising, cleaning and pressing items before distribution.

Furthermore, environmental protection was a priority, as we continued the annual beach-cleanup drive, clearing 100 Kms of coastline during the year. This was accomplished with employee volunteers, who cleared debris and pollutants from the shores. Our efforts of environmental sustainability have been complemented further through energy conservation efforts led by digitalised processes, such as digital insurance cards and online processes for policy renewals, payments and purchases; collectively, they have reduced dependence on paper by the Company and the policyholders.

### RECOGNITIONS

CGIL was yet recognised for business excellence and brand reputation at the SLIM-Kantar People's Awards for 19th consecutive years; this is a demonstration of the brand trust and loyalty we have achieved over the past two decades. Moreover, in 2025, LMD's Brand Annual named CGIL as Sri Lanka's most loved general insurance brand – shedding another spotlight on our commitment to customers' needs.

### VISION FOR THE FUTURE

With operations well into 2026, we have maintained our oversight over underwriting and financial prudence through rigorous standards and have adopted a deep focus on achieving a target of over Rs 30 Bn in revenue. We have also allocated funds to pursue investments in digital infrastructure and the expansion of service counters to bolster our competitive leverage through a wider network of service points.

With our focus on financial health steadily expedited through pragmatic strategies, our focus on people will continue to take increased momentum through our CSR activities. Under the Pihita CSR identity, CGIL will expend resources to sustain individuals and families through various meaningful and impactful endeavours, across 2026.

### ACKNOWLEDGMENTS

I am grateful to the Chairman, Mr Ajith Gunawardena, and the Board of Directors of Ceylinco Holdings PLC for their strategic insight and the invaluable guidance extended to us across every sphere of our operations.

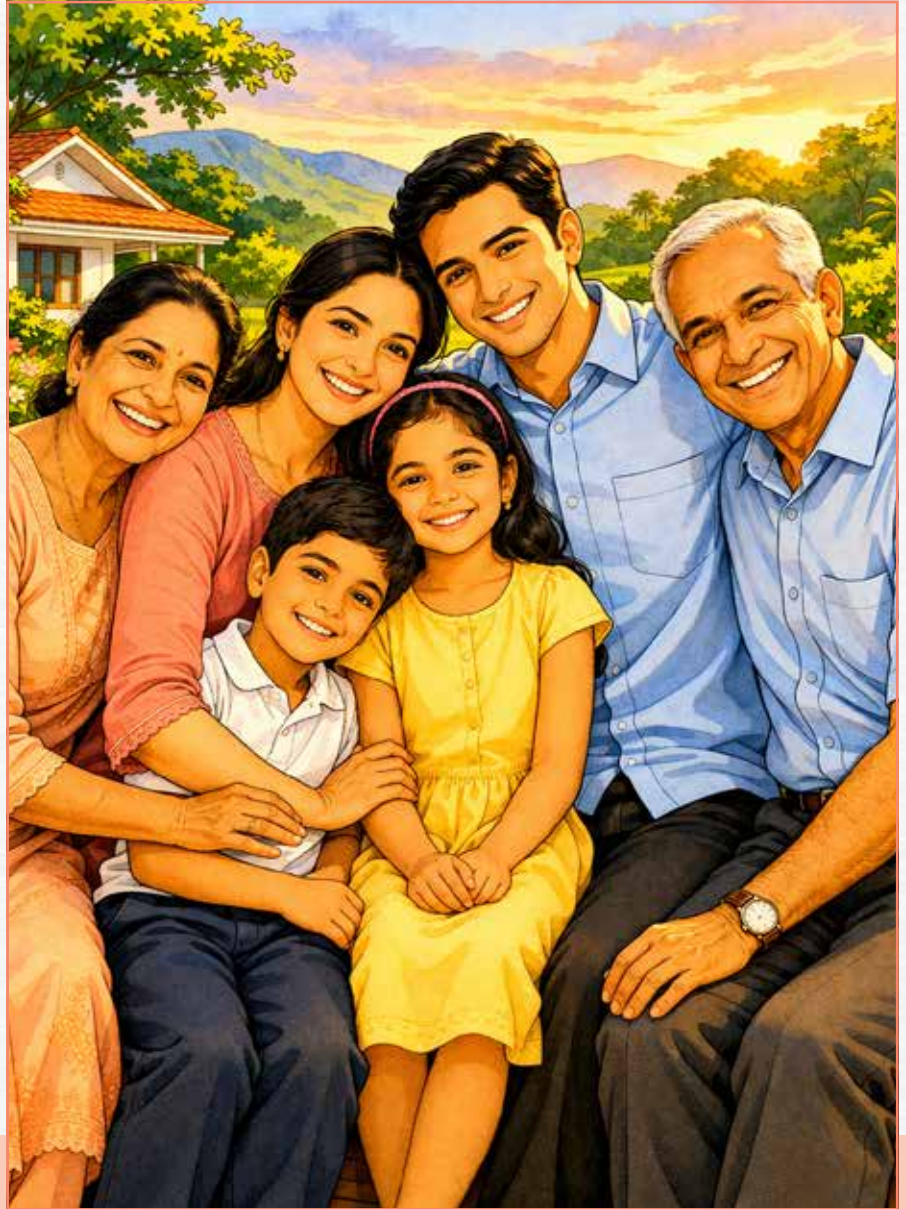
I am sincerely thankful to our Board, led by Mr Prasad Kariyawasam, for his leadership during a critical period, when our service mattered more to the nation. I am also grateful to our dedicated staff, partners, agents, brokers, reinsurance companies, and especially our customers for their ongoing support and trust.

Drawing on our shared experiences and mutual expectations, let's continue to brace for the future, and we invite you to share our success and reap sustainable growth for years to come.

## SECTOR REVIEW - CEYLINCO LIFE INSURANCE

CEYLINCO LIFE  
INSURANCE

Ceylinco Life continued to demonstrate resilience and strength over the past year, reinforcing its position as a trusted leader in Sri Lanka's life insurance industry. Guided by a commitment to innovation, customer-centricity, and long-term value creation, the Company navigated a dynamic environment while delivering sustainable growth. As we move forward, Ceylinco Life remains focused on protecting lives, empowering communities, and building a future of financial security for all stakeholders



REVENUE

**19%** Growth

CAR

**432%**

LIFE FUND

Rs **201.81** Bn

## Financial Capital

### SDG Alignment



### INDUSTRY LEADERSHIP

Ceylinco Life continued to reinforce its dominant leadership position within Sri Lanka's life insurance industry during 2025, delivering strong contributions across all major sector indicators despite a challenging operating environment.

Industry Gross Written Premium (GWP) amounted to Rs. 227.13 Bn, of which Ceylinco Life accounted for 19%, reflecting the Company's sustained growth and deep-rooted market presence. Benefits paid across the industry totalled Rs. 104.70 Bn, while the Company settled Rs. 31.37 Bn, representing 30% of total industry outflows, underscoring its vital role in meeting the protection needs of Sri Lankan families.

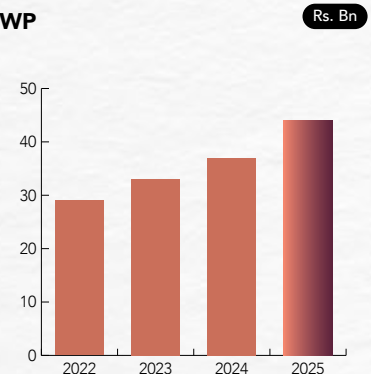
The Company generated Rs. 27.51 Bn in investment income, contributing 27% to the industry's Rs. 102.06 Bn, despite a marginal contraction in sector-wide investment income. Profit Before Tax for the industry stood at Rs. 32.31 Bn, whereas Ceylinco Life recorded Rs. 11.21 Bn, achieving 12% growth and contributing 35% to total industry profitability. Total industry assets reached Rs. 1,059.61 Bn, with Ceylinco Life accounting for Rs. 287.02 Bn, or 27%, further reflecting the Company's scale and financial strength.

Collectively, these indicators reaffirm Ceylinco Life's position as one of the most influential and trusted financial institutions in the life insurance sector, demonstrating consistent performance, stability, and long-term leadership.

### GROSS WRITTEN PREMIUM (GWP)

The Company recorded a Gross Written Premium of Rs. 44.18 Bn, achieving 18.96% year on year growth. This performance reflects sustained confidence among policyholders and the continued expansion of both protection and savings-linked portfolios. Renewal premiums remained the largest contributor at Rs. 18.61 Bn, while single premiums amounted to Rs. 13.16 Bn. New business premiums totalled Rs. 11.75 Bn, supported by strengthened agency productivity and customer engagement initiatives. Group life premiums contributed Rs. 664 Mn, highlighting the Company's continued success in the corporate segment.

### GWP



### INVESTMENT AND OTHER INCOME

During 2025, Sri Lanka's interest rate environment continued to decline as the Central Bank maintained an accommodative monetary policy stance. Despite these conditions, Ceylinco Life sustained stable portfolio returns through disciplined asset allocation and prudent reinvestment strategies. Total investment and other income amounted to Rs. 28.25 Bn in 2025, compared with Rs. 28.41 Bn in 2024, reflecting a marginal decline of 1% amid lower market yields.

| Investment & Other Income   | 2025<br>(Rs. Mn) | 2024<br>(Rs. Mn) | Growth        |
|-----------------------------|------------------|------------------|---------------|
| Investment income           | 27,508           | 27,744           | (1%) ↓        |
| Realised gains / (losses)   | 231              | 192              | 20% ↑         |
| Fair value gains / (losses) | 417              | 207              | 101% ↑        |
| Other income                | 97               | 265              | (63%) ↓       |
| <b>Total</b>                | <b>28,254</b>    | <b>28,408</b>    | <b>(1%) ↓</b> |

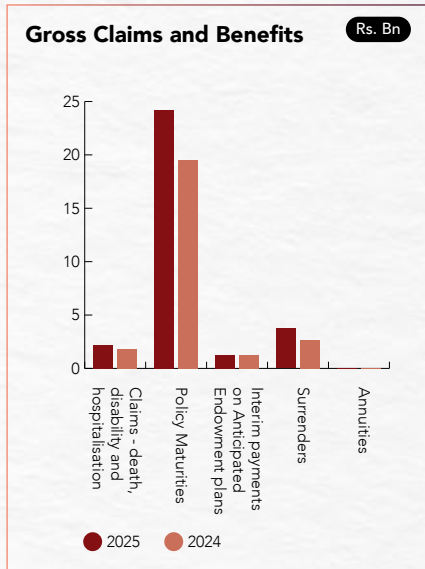
### GROSS CHANGE IN CONTRACT LIABILITY

The gross change in contract liabilities amounted to Rs. 20.68 Bn in 2025, a 10% decrease from Rs. 23.05 Bn in 2024. The reduction reflects strong premium inflows that effectively met higher expenses and benefit payments while maintaining the strength of the Long-Term Insurance Fund. Overall, the movement highlights the steady growth of the long-term insurance portfolio and the Company's disciplined actuarial reserve management.

### NET BENEFITS AND CLAIMS PAID

During the year, total claims and benefits increased primarily due to higher policy maturities reflecting the Company's large and maturing long-term policy portfolio. Gross claims and benefits increased by 24% to Rs. 31.38 Bn, while net benefits and claims after reinsurance recoveries increased to Rs. 31.07 Bn. The incurred claims ratio was computed to 71.41%, remaining within the healthy industry benchmark range of 50–100%, reflecting disciplined underwriting practices and effective claims management processes.

## SECTOR REVIEW - CEYLINCO LIFE INSURANCE



### ACQUISITION EXPENSES

Acquisition costs increased by 15.75% to Rs. 2.86 Bn in 2025, mainly due to higher sales activity and strong premium growth. These expenses primarily sales commissions and incentives are directly linked to new business generation and ongoing portfolio expansion. The increase remained broadly aligned with the 18.96% growth in Gross Written Premium, indicating healthy sales productivity and effective cost discipline. Overall, the movement reflects the Company's continued investment in strengthening its distribution network and supporting the performance of its sales force.

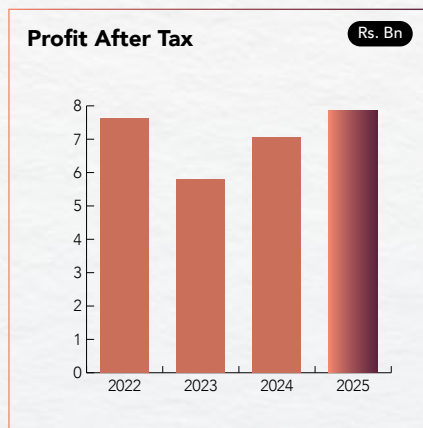


### EXPENSES

Total operating expenses rose by 36% to Rs. 5.8 Bn in 2025, mainly due to higher employee-related costs, increased sales activity, and operational investments. Employee benefit expenses increased by 59%, driven by higher gratuity contributions and ongoing staff welfare. Selling expenses grew by 30% with higher incentives and promotional spending, while administrative expenses rose by 26% due to increased system, maintenance, and statutory costs. Despite the overall increase, efficiency initiatives, including digitalisation, generated notable savings, such as an 11% reduction in electricity costs and Rs. 20.4 Mn in postage and courier savings, reflecting continued focus on cost discipline and operational sustainability.

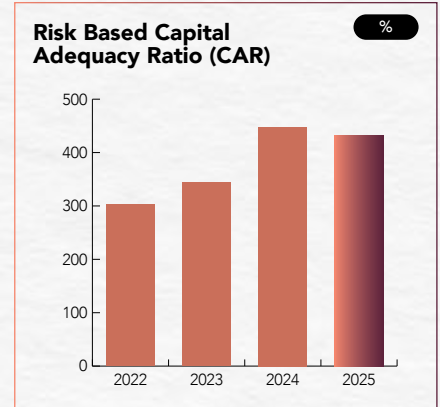
### PROFITABILITY

Profit Before Tax increased to Rs. 11.21 Bn, recording 11.55% growth, supported by strong underwriting performance, a well-balanced product mix, and stable investment income. Disciplined risk management and effective cost control helped maintain earnings momentum despite evolving macroeconomic conditions.



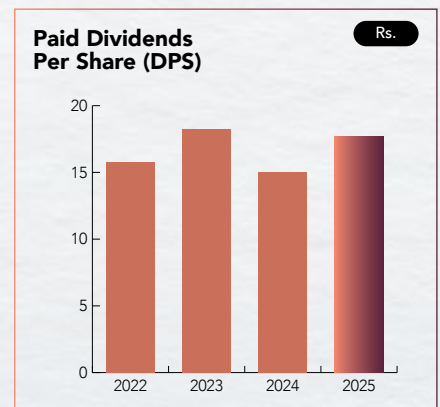
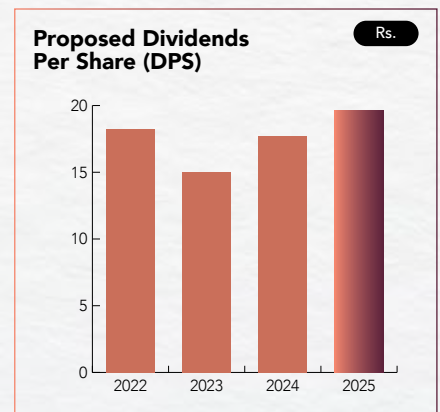
Profit After Tax rose to Rs. 7.85 Bn, delivering 10.97% growth for the year. Earnings Per Share increased to Rs. 156.94, reflecting continued value creation for shareholders. With a net profit margin of 18%, the Company maintained healthy operational efficiency while generating sustainable and consistent returns for stakeholders.

### CAPITAL ADEQUACY RATIO (CAR)



Ceylinco Life's solvency position remained exceptional with a CAR of 432%, far exceeding the regulatory minimum of 120%. Total Available Capital amounted to Rs. 110.45 Bn, providing a significant buffer against market volatility and regulatory changes. This strong solvency position stands as a testament to the Company's disciplined capital management and forward-looking risk governance.

### DIVIDENDS



Reflecting its commitment to consistent shareholder value, the Board proposed a dividend of Rs. 19.60 per share, an increase of 10.73% over the prior year. The total dividend payout amounted to Rs. 885 Mn, with a dividend cover of 8.01 times, ensuring a balance between investor returns and capital retention for future growth.

## FINANCIAL POSITION

### As of 31 December 2025 vs 2024

| Item  | 2025<br>(Rs. Mn) | 2024<br>(Rs. Mn) | Change |
|---|------------------|------------------|--------|
| <b>Total Assets</b>                               | 287,023          | 251,437          | 14%    |
| Property, Plant & Equipment and Intangible Assets | 15,260           | 13,914           | 9.7%   |
| Investment Property                               | 5,014            | 4,755            | 5.4%   |
| Investment in Subsidiary                          | 1,511            | 1,511            | 0%     |
| Investments in Associates                         | 2,642            | 2,642            | 0%     |
| Financial Investments                             | 244,260          | 213,601          | 14%    |
| Employee Gratuity / Pension Benefit Asset         | 10,187           | 9,186            | 11%    |
| Loans to Life Policyholders                       | 2,670            | 3,008            | (11%)  |
| Other Assets                                      | 5,480            | 2,821            | 94%    |
| <b>Total Equity</b>                               | 67,860           | 60,745           | 12%    |
| <b>Total Liabilities</b>                          | 219,163          | 190,692          | 15%    |
| Insurance Contract Liabilities – Life             | 201,814          | 180,896          | 12%    |
| Other Liabilities                                 | 17,349           | 9,796            | 77%    |
| <b>Total Equity and Liabilities</b>               | 287,023          | 251,437          | 14%    |

The Company's financial position remained strong and resilient as at 31 December 2025, supported by sustained growth in assets, a stable liability structure, and a robust capital base.

Total assets increased by 14% to Rs. 287,023 Mn (2024: Rs. 251,437 Mn), primarily driven by the expansion of the financial investment portfolio, growth in property, plant and equipment, and an increase in employee benefit assets. Financial investments continued to represent the largest component of the asset base, reflecting the Company's strategic focus on generating stable long-term returns while maintaining high credit quality. Property-related assets also recorded growth, supported by revaluation gains and continued investment in infrastructure.

Total liabilities rose by 15% to Rs. 219,163 Mn (2024: Rs. 190,692 Mn), largely attributable to the increase in insurance contract liabilities. The Life Fund, which represents the Company's long-term obligations to policyholders, grew by 12% to Rs. 201,814 Mn (2024: Rs. 180,896 Mn), surpassing the Rs. 200 Bn milestone. This growth was mainly driven by higher premium inflows and the continued expansion of the policyholder base. The Life Fund accounted for approximately 92% of total liabilities, underscoring the long-term nature of the Company's insurance commitments.

Shareholders' equity strengthened by 12% to Rs. 67,860 Mn (2024: Rs. 60,745 Mn), supported primarily by an increase in retained earnings. This reflects the Company's sustained profitability, partially offset by dividend distributions during the year. The capital structure remained stable, with stated capital unchanged, while reserves improved due to revaluation gains and accumulated profits.

The Company maintained a strong solvency position throughout the year, with the Risk-Based Capital Adequacy Ratio significantly exceeding regulatory requirements. This reflects prudent capital management, a disciplined investment strategy, and effective risk management practices.

Overall, the Company's financial position demonstrates its ability to sustain long-term growth, meet policyholder obligations through a well-supported Life Fund, and maintain financial stability in a dynamic economic environment while continuing to deliver value to stakeholders.

### NEW STANDARDS TO BE EFFECTIVE – SLFRS 09 & 17

*Ceylinco Life will adopt two major accounting standards, SLFRS 17 (Insurance Contracts) and SLFRS 9 (Financial Instruments) from 1 January 2026, marking the most significant transformation in insurance financial reporting in decades. Ceylinco Life has already commenced structured transition activities, system enhancements, and actuarial model updates to ensure full compliance within regulatory timelines.*

## SECTOR REVIEW - CEYLINCO LIFE INSURANCE

### Manufactured Capital Management



#### SDG Alignment

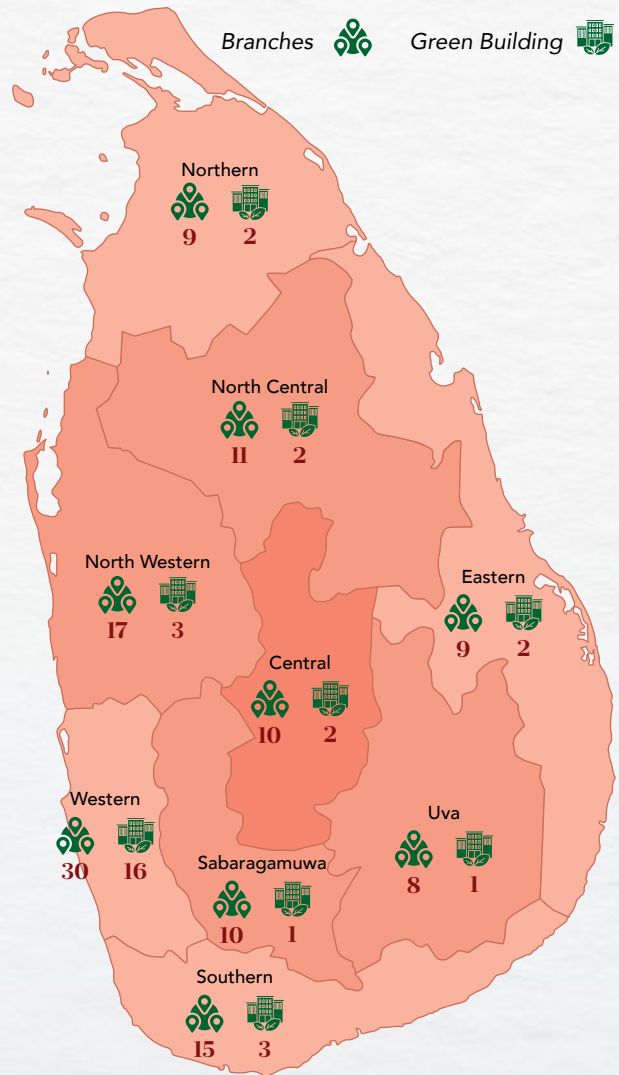


Ceylinco Life’s Manufactured Capital reflects the strength of the physical and technological infrastructure that supports its nationwide service delivery and operational excellence. During the year, the Company continued to expand and modernise its asset base, with new additions to property, plant and equipment amounting to Rs. 308.9 Mn, underscoring ongoing investment in operational infrastructure and branch network development.

The Company also completed the construction of two new green branches at a cost of Rs. 123.9 Mn, reinforcing its commitment to environmentally responsible infrastructure and sustainable expansion.

In addition, a revaluation gain of Rs. 1,249.7 Mn was recognised on land and buildings (2024: Rs. 572.6 Mn), contributing significantly to the uplift in the overall value of property assets and demonstrating the long-term appreciation of the Company’s real estate portfolio. Intangible assets, primarily comprising computer software that supports operational systems and digital platforms, recorded a decline in carrying value during the year due to normal amortisation and write-offs, consistent with the Company’s disciplined asset management practices.

These investments complement the broader Manufactured Capital footprint spanning 119 branches, including 32 purposebuilt green buildings, a solar-powered branch network generating more than 1,121 MWh annually, and an expanding suite of digital platforms that enhance operational resilience and customer accessibility. Together, these advancements ensure that Ceylinco Life maintains a high-quality, sustainable infrastructure platform that supports long-term growth and superior service delivery.



## Human Capital

### SDG Alignment



- Internal platforms such as Liya Saviya and Log Your Concern provide safe avenues for employee feedback and problem resolution.

### EMPLOYEE PLURALISM

Ceylinco Life continued to uphold pluralism as a core aspect of its culture, bringing together employees from diverse cultural, religious, and regional backgrounds through shared traditions and celebrations.

The year featured inclusive events such as Avurudu, Bhakthi Gee, the Staff GetTogether, and Christmas Carols, all of which fostered unity and strengthened interpersonal connections.

Employee empowerment was further reinforced through initiatives like the Ceylinco Life Toastmasters Club and International Women’s Day celebrations, supporting leadership development and advancing gender inclusion across the organisation.



### TRAINING AND DEVELOPMENT

The Company continued to prioritise capability development to build a future-ready workforce.

- 174 training programmes delivered across technical, leadership, digital and compliance areas.
- Employees received an average of 20.2 hours of training, supported by a modern Learning Management System.

### EMPLOYEE OVERVIEW

Ceylinco Life’s workforce remained stable and committed during the year, reflecting the strength of its people-centred culture.

- Total employees: 708 (vs. 729 in 2024)
- Permanent employees: 681
- Gender distribution: 155 female employees, with rising young female representation among new joiners (23 females aged 18–25)
- Promotions: Female-to-male promotion ratio improved to 14:45 (better than 29:85 in 2024)
- Training volume: 174 total training programmes delivered, with 20.2 average training hours per employee

- Whistleblowing Policy and multiple confidential reporting channels strengthen transparency and ethical conduct.
- The Liya Saviya support mechanism provides a safe and discreet platform for female employees and sales representatives.
- Log Your Concern mechanism enables employees to raise workplace issues confidentially.
- No incidents of discrimination were reported during the year, reflecting the effectiveness of the governance framework.

### WORK ENVIRONMENT AND EMPLOYEE WELL-BEING

Ceylinco Life maintains a supportive, safe, and empowering environment through structured policies and well-being programmes.

- Strong frameworks promote psychological safety, gender sensitivity, and respectful behaviour.
- Comprehensive health and retirement benefits continue to support employee wellbeing.
- Worklife balance and safety initiatives are reinforced through transparent reporting and grievance mechanisms.

### DIVERSITY AND INCLUSION

Ceylinco Life continues to cultivate an inclusive culture where equal opportunity, fairness, and representation are embedded in governance systems.



- A comprehensive Diversity, Inclusivity and Equity Policy ensures equal opportunity in recruitment, development and career progression.
- Prevention of Sexual Harassment Policy enforces zero-tolerance standards and ensures structured investigation procedures.

### EMPLOYEE ENGAGEMENT

Employee engagement was strengthened through open communication, recognition events, and multiple platforms for dialogue.

- Regular communication channels and support systems help employees voice concerns or ideas.
- Engagement initiatives strengthen organisational cohesion and responsiveness.

## SECTOR REVIEW - CEYLINCO LIFE INSURANCE

- Focused development of young talent and gender-balanced leadership pipelines.

### PERFORMANCE APPRAISAL AND RECOGNITION

Ceylinco Life maintains a structured performance management system that encourages growth and accountability.

- Performance evaluations are conducted regularly to ensure fairness and merit-based progression.
- Promotion trends indicate improving representation of women in leadership roles (14:45 ratio).
- Recognition programmes highlight excellence, collaboration, and alignment with company values.

### SALES FORCE

The strength of Ceylinco Life's distribution capability is reflected in its high-performing and diverse agency force.

- Total sales agents: 2,673
- Female representation: 56% of the agency force is female, reflecting strong inclusion efforts.
- MDRT qualifiers: 277, demonstrating high levels of professionalism and productivity.
- Total Commission paid - Rs. 2.8 Bn (Rs. 2.5 Bn 2024 ) 12 % increase

### TRAINING & DIGITAL ADOPTION

- 2,673 training participants across the advisor network.
- 27.54 average training hours per participant.
- 100% eproposal adoption, reflecting full digital utilisation.
- 88.98 hours of online training participation, supporting continuous virtual learning.
- 100% tablet-enabled advisors, ensuring consistent digital accessibility.

- Training distribution by type:
  - 91% Product Training
  - 8% Organisational & Leadership Training
  - 1% Compliance Training

### RECOGNITION PLATFORMS OF THE SALES FORCE

Ceylinco Life's recognition framework reinforces a high performance culture by acknowledging both consistent annual achievement and midyear progress. International benchmarks such as MDRT highlight advisor alignment with global standards, while the NAFLIA Awards provide esteemed local industry recognition for advisory excellence. Together, these platforms enhance motivation, strengthen professional credibility, and validate sustained performance across the advisory network.

### SPECIAL RECOGNITIONS

- 260 Agents recognised at the 2025 Annual Awards
- 164 Agents recognised at the 2025 Mid-Year Awards
- 277 MDRT Qualifiers in 2025
- 14 NAFLIA awards in 2025



*The top performers in the Sales Advisor, Sales Supervisor and Branch Head levels (Non-Bancassurance) at the annual NAFLIA event.*



### SALES LEADERSHIP ACROSS GENERATIONS

Ceylinco Life's sales force demonstrated outstanding industry leadership at NAFLIA 2025, earning 14 awards and dominating the Large-Scale Company category, with multiple advisors recognised as national award winners across all tiers. These achievements reinforce the depth, discipline and competitive strength of the Company's advisor network, reflecting one of the most respected benchmarks of professional excellence in Sri Lanka's life insurance sector. Building on a legacy that began in 1993 with Sri Lanka's first MDRT qualifier, Ceylinco Life continues to cultivate a culture of professionalism, performance and ethical sales standards, inspiring a new generation of high-achieving advisors.

## Natural Capital

### SDG Alignment



- 2,000 trees planted under reforestation programmes
- 1,450 kg of waste collected through beach clean-ups
- 66,156 active users on digital customer platforms

During 2025, the Company strengthened its environmental sustainability agenda through a governance-led and data-driven approach, delivering measurable progress across emissions reduction, resource efficiency, and sustainable infrastructure.

Robust oversight was maintained through the Board ESG Committee and ESG Sub-Committee, ensuring effective implementation of environmental priorities across operations. The Company continued alignment with ISO 14064 standards, GHG Protocol, SLFRS S1 & S2, SDGs and GRI frameworks, while maintaining full compliance with environmental laws, with zero incidents of non-compliance reported during the year.

The Company continued its transition towards low-carbon operations through renewable energy and efficiency initiatives:

- Total GHG emissions reduced to 2,765 tCO<sub>2</sub>e (from 2,864 tCO<sub>2</sub>e in 2024)
- Emissions reduction of 98 tCO<sub>2</sub>e achieved in 2025
- 09 buildings equipped with battery backup systems (up from 07 in 2024)
- Rs. 9.7 Mn invested in battery backup solutions
- Continued expansion of rooftop solar and energy optimisation across branches

These initiatives contributed to a steady decline in emission intensity and reduced reliance on fossil fuels.

- The company operates a total of 32 green buildings, all of which are equipped with solar panels.
- Investments of Rs. 6.7 Bn in Green, Blue, and Sustainability Bonds.

Circular economy principles and operational efficiencies delivered significant environmental and financial benefits:

- 1 million sheets of paper saved through digitisation
- 1.39 million litres of water recycled
- 3.08 million litres of rainwater harvested
- 6,563 kg of waste recycled comprising 1613 Kg of E-waste and 4950 Kg of paper waste.
- 1121 MWh of solar energy generated during the year.

### INFLUENCING A GREEN SUPPLY CHAIN

Sustainability considerations were integrated into procurement and supplier engagement:

- ESG criteria embedded in supplier evaluation processes
- 15 suppliers screened for environmental criteria
- Adoption of digital procurement, bulk purchasing, and supplier clustering to reduce indirect emissions

### MOBILISING COLLECTIVE ACTION

Stakeholder engagement remained central to environmental performance:

- 100 Green Club members driving internal initiatives
- 250 employees participated in sustainability activities
- 2,000+ stakeholders engaged overall
- 10 community initiatives conducted

The Company will continue to build momentum by strengthening governance, expanding renewable energy adoption, and embedding circular economy principles. Future priorities include advancing towards low-carbon, climate-resilient operations and delivering long-term environmental value through sustainable infrastructure, responsible supply chains, and collaborative action.



# SECTOR REVIEW - CEYLINCO LIFE INSURANCE

## Intellectual Capital

### SDG Alignment



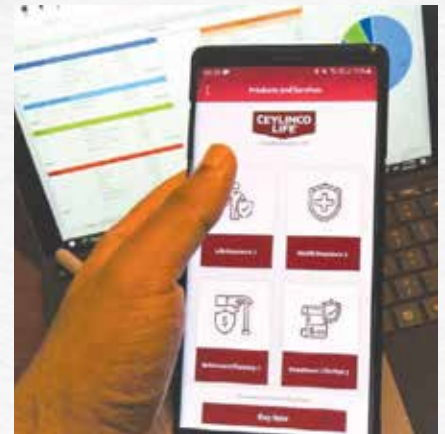
AN INTERACTIVE DIGITAL ANNUAL REPORT PLATFORM

### HUMAN CAPITAL

Ceylinco Life's strong Human Capital base continues to drive organisational excellence through a skilled and diverse workforce. The Company's people practices foster high performance, innovation, and long-term capability building.

- Workforce strength of 708 employees, supported by professional expertise and specialist knowledge.
- Continuous learning culture with 20.2 training hours per employee and wide digital skills adoption.
- High workforce stability demonstrated by an 87% retention rate.
- Diverse and inclusive talent pool, including 56% female sales force and 23% women on the Board.
- Recognised excellence in human capability through 277 MDRT qualifiers and multiple industry sales awards.

- Most Popular Life Insurance Brand in Sri Lanka, SLIM Kantar Peoples Awards
- Insurance Sector - Silver Award (Gross Written Premium above LKR 10 Bn) - TAGS Awards
- ACCA Awards Winner - Other Financial Services Category



### STRUCTURAL CAPITAL

- Strong governance supported by a Capital Adequacy Ratio of 432%, far above regulatory requirements.
- Digitally enabled operations with 99.5% system uptime and 64+ workflows digitised for efficiency.
- Expansive sustainable infrastructure, including 32 green buildings and 94% solarpowered branches, generating 1.121 GWh of clean energy.
- Strengthened compliance and risk frameworks aligned to SLFRS S1/S2, ICT governance, and cybersecurity enhancements.



### RELATIONAL CAPITAL

- Strong customer base with 762,657 active policies and a high 85.49% retention rate.
- High service reliability with only 0.72 complaints per 1,000 claims.
- Broad partnership ecosystem of 1,606 suppliers, including 626 new suppliers supporting continuity.
- Marketleading brand value of Rs. 6.45 Bn, with 84.3% growth and multiple national awards.
- Prestigious recognitions including:
  - Distinguished Recognition in the profession of management accounting - Chairman's Special Recognition by CMA Sri Lanka



Most Popular Life Insurance Brand in Sri Lanka SLIM Kantar Peoples Awards



Insurance Sector - Silver Award (Gross Written premium above LKR 10 Bn) - TAGS Awards



ACCA Awards Winner - Other financial services Category

## Social and Relationship Capital



### SDG Alignment



Ceylinco Life continued to uphold its longstanding commitment to national well-being through structured investments in education, health, and wider community upliftment initiatives. These programmes form a core component of the Company’s Social and Relationship Capital, contributing meaningfully to societal advancement and reinforcing trust among diverse stakeholder groups.

### EDUCATION EMPOWERMENT

Education remains a cornerstone of Ceylinco Life’s community agenda, reflecting the Company’s belief that learning is central to long-term socioeconomic progress. During the year, the Company continued to strengthen access to quality education across the country through scholarship grants and infrastructure development.

- A total of 128 Pranama Scholarships were awarded with scholarships totalling Rs. 18 Mn to high performing students, supporting academic advancement across multiple educational stages.
- To date, the programme has benefited over 3,466 students, creating long-term impact across generations.
- The Company maintained and developed 89 classrooms island-wide, improving learning conditions for students in underserved communities.

These sustained contributions have strengthened educational infrastructure, enhanced learning outcomes, and widened opportunities for future leaders.



### HEALTH AND WELLBEING INITIATIVES

Ceylinco Life recognises that improved health outcomes are fundamental to community resilience. The Company’s flagship “Waidya Hamuwa” initiative continued to serve rural and underprivileged communities by offering access to preventive healthcare.

- 12 free health camps were conducted throughout the year, delivering essential medical services.
- These camps provided consultations, screenings, and health advice to 2,907 beneficiaries, significantly enhancing local healthcare access.
- Complementing clinical support, seed packs were distributed to promote home gardening and nutritional stability among participating families.
- No of HDUs maintained – 05

Through these interventions, the Company continued to address healthcare disparities and encourage preventive health practices among communities.



Waidya hamuwa program - Chilaw

### BROADER COMMUNITY DEVELOPMENT

Beyond education and health, Ceylinco Life’s broader community engagement initiatives are designed to uplift families, strengthen social cohesion, and promote sustainable living.

- The Family Savari programme, Sri Lanka’s largest customer loyalty initiative continued to enrich family experiences, with over 37,000 beneficiaries to date.
- The Company also extended emergency assistance to communities affected by climatic events such as Cyclone Ditwah, demonstrating its responsiveness to urgent national needs.



These initiatives reflect Ceylinco Life’s holistic approach to community development, emphasising sustainability, resilience, and shared value creation.

## SECTOR REVIEW - CEYLINCO LIFE INSURANCE



### CHIEF EXECUTIVE OFFICER REVIEW

Dear Shareholders,

#### OVERVIEW

Ceylinco Life Insurance Limited delivered a year of disciplined execution, reinforcing its market leadership, financial resilience, and operational foundations. In a period characterised by economic recovery and structural transition, the Company remained focused on safeguarding policyholder interests, strengthening balance sheet integrity, and investing in capabilities that support long-term competitiveness. The sustained commitment of its people, coupled with a clear strategic direction, enabled the Company to maintain consistency in performance while advancing its future-readiness.

#### OPERATING CONTEXT AND STRATEGIC RESPONSE

The operating environment in 2025 reflected gradual macroeconomic stabilisation, evolving customer expectations, and increasing digital adoption across the market. As inflation moderated and interest rates adjusted downward, customer priorities shifted towards protection, flexibility, and transparency in financial solutions. At the same time, demographic changes and technological adoption continued to reshape engagement models across the insurance sector.

In response, the Company focused on three core strategic priorities: maintaining balance sheet strength, deepening customer relevance, and enhancing execution efficiency. A strong brand, robust capital position, and an established distribution network enabled the Company to respond effectively to these external dynamics while sustaining its competitive positioning. This disciplined approach ensured alignment between market developments and internal execution priorities.

#### FINANCIAL PERFORMANCE AND CAPITAL STRENGTH

The Company recorded resilient financial performance, underpinned by consistent growth across key metrics. Total income reached Rs. 72.44 Bn, while Gross Written Premium grew by 18.96% to Rs. 44.18 Bn, reflecting strong agency performance and improved productivity across distribution channels. Profit Before Tax increased by 11.55% to Rs. 11.21 Bn, demonstrating sustained profitability.

The balance sheet continued to expand in line with business growth, with total assets reaching Rs. 287.02 Bn and the Life Fund increasing to Rs. 201.81 Bn, reinforcing long-term policyholder security. Investment income remained a key contributor, supported by disciplined portfolio management, although it moderated in line with prevailing interest rate trends. Claims and benefit payments increased in parallel with portfolio expansion, reflecting the Company's ongoing commitment to honouring policyholder obligations.

Capital adequacy remained strong throughout the year, providing resilience against market volatility and supporting sustainable growth. The Company's capital position continues to serve as a key enabler of both stability and strategic flexibility.

#### EXECUTION DISCIPLINE AND OPERATIONAL EFFICIENCY

Operational excellence remained a central focus of management during the year. The Company continued to streamline processes, strengthen cost discipline, and improve consistency in execution across business units. Automation, paperless workflows, and

centralised validation mechanisms contributed to reduced manual intervention, improved accuracy, and faster turnaround times across customer-facing processes.

Investments in human capital and digital learning were also prioritised. The introduction of an interactive Learning Management System enhanced accessibility to training and encouraged self-driven development among employees and the agency force. In parallel, the Company strengthened its compliance posture in response to evolving regulatory requirements, including adherence to the Personal Data Protection Act, and enhanced its information security framework through dedicated leadership and ISO-aligned standards.

Physical infrastructure expansion also continued, with the development of purpose-built green branch buildings across the island. These investments reflect both operational commitment and long-term asset strength, reinforcing stability while supporting service delivery.

#### CUSTOMER RELEVANCE AND SERVICE EXPERIENCE

Customer-centricity remained a guiding principle in shaping product development and service delivery. The Company continued to refine its product portfolio to align with evolving customer needs, with emphasis on protection, savings, retirement planning, and health-related solutions. Enhanced retirement propositions and targeted engagement initiatives contributed to sustained growth momentum.

Service delivery improvements were achieved through process optimisation and digital enablement. Streamlined onboarding, collections, and servicing processes, supported by digital documentation and self-service capabilities, improved efficiency, reduced friction, and enhanced transparency. These initiatives contributed to a more consistent and responsive customer experience across all touchpoints.

## TECHNOLOGY ENABLEMENT AND DIGITAL READINESS

Technology continued to play a critical role in enabling scalability, resilience, and operational effectiveness. The Company advanced its digital transformation agenda through enhancements to infrastructure, cybersecurity, and data analytics capabilities. These investments improved system reliability, strengthened data protection, and enabled more informed decision-making.

Digital platforms were further leveraged to improve lead management, performance tracking, and operational oversight. These capabilities enhanced responsiveness to emerging trends across sales, claims, and service functions. Additionally, preparatory work for SLFRS 17 implementation progressed through system integrations and process alignment, ensuring readiness for evolving financial reporting standards.

## DISTRIBUTION STRENGTH AND PORTFOLIO QUALITY

Distribution remains a key competitive strength. The Company continued to reinforce its agency network while expanding adjacent channels to enhance reach and flexibility. The Virtual Financial Advisor channel demonstrated encouraging growth and is being scaled with structured performance frameworks, complementing the core agency model.

Portfolio quality remained a priority alongside growth. Renewal persistency continued to be closely monitored, supported by initiatives aimed at strengthening customer engagement and retention. The introduction of Customer Relationship Officers further enhanced interaction with policyholders, while cross-selling initiatives contributed to improved value per customer and portfolio diversification.

## PEOPLE, CULTURE AND CAPABILITY BUILDING

The Company's people continue to be central to its performance and strategic execution. A performance-oriented culture anchored in accountability, collaboration, and customer focus was further strengthened during the year. Investments in HR systems and

automation improved efficiency and enabled employees to focus on higher-value activities.

Capability development remained a key priority, supported by digital learning platforms, leadership development programmes, and targeted initiatives to enhance digital literacy and data competency. Employees were also provided opportunities for international exposure, contributing to broader professional development. Training initiatives resulted in improved learning hours per employee, reflecting the Company's commitment to continuous development.

Employee well-being was supported through comprehensive benefits, including enhanced health coverage and robust retirement schemes. Purpose-built work environments and ongoing branch optimisation initiatives further contributed to operational effectiveness and employee engagement.

## SUSTAINABILITY AND SOCIAL IMPACT

Sustainability considerations are increasingly integrated into the Company's strategy, investment decisions, and operations. The Company continued to advance its ESG agenda through responsible investment practices, environmental initiatives, and community-focused programmes.

Sustainability-linked investments, including Green, Blue, and Sustainability Bonds, reflect the Company's commitment to supporting environmentally and socially responsible economic activity. Operational initiatives such as energy optimisation, renewable energy adoption, water conservation, and waste management contributed to reducing the Company's environmental footprint. The use of solar energy across facilities generated significant clean energy output during the year.

Community impact initiatives remained a core focus, spanning healthcare, education, and financial empowerment. Programmes such as free health camps expanded access to preventive healthcare, while scholarship initiatives supported students in pursuing their education. Efforts to promote gender

inclusion were also evident, with increased participation of women across recruitment and product offerings designed to support financial security.

## COMMITMENT TO TRANSPARENCY AND CLIMATE RESILIENCE

The Company continued to strengthen its approach to transparency and sustainability reporting through alignment with emerging global standards. Voluntary adoption of SLFRS S1 and S2 frameworks reflects a commitment to enhancing disclosure quality and improving stakeholder visibility into environmental and climate-related risks.

Climate considerations are progressively being integrated into operational planning, infrastructure development, and risk management frameworks. This includes enhancing resilience through energy optimisation, disaster preparedness, and facility design. The evolving regulatory and environmental landscape is also viewed as an opportunity to develop more climate-aligned solutions while strengthening long-term resilience.

## CONCLUSION

The performance for the year reflects a consistent and disciplined approach to strategy execution, supported by strong governance, capital strength, and organisational capability. By maintaining focus on financial resilience, operational efficiency, customer relevance, and sustainability integration, the Company has reinforced its ability to navigate an evolving environment while sustaining long-term value creation for all stakeholders.

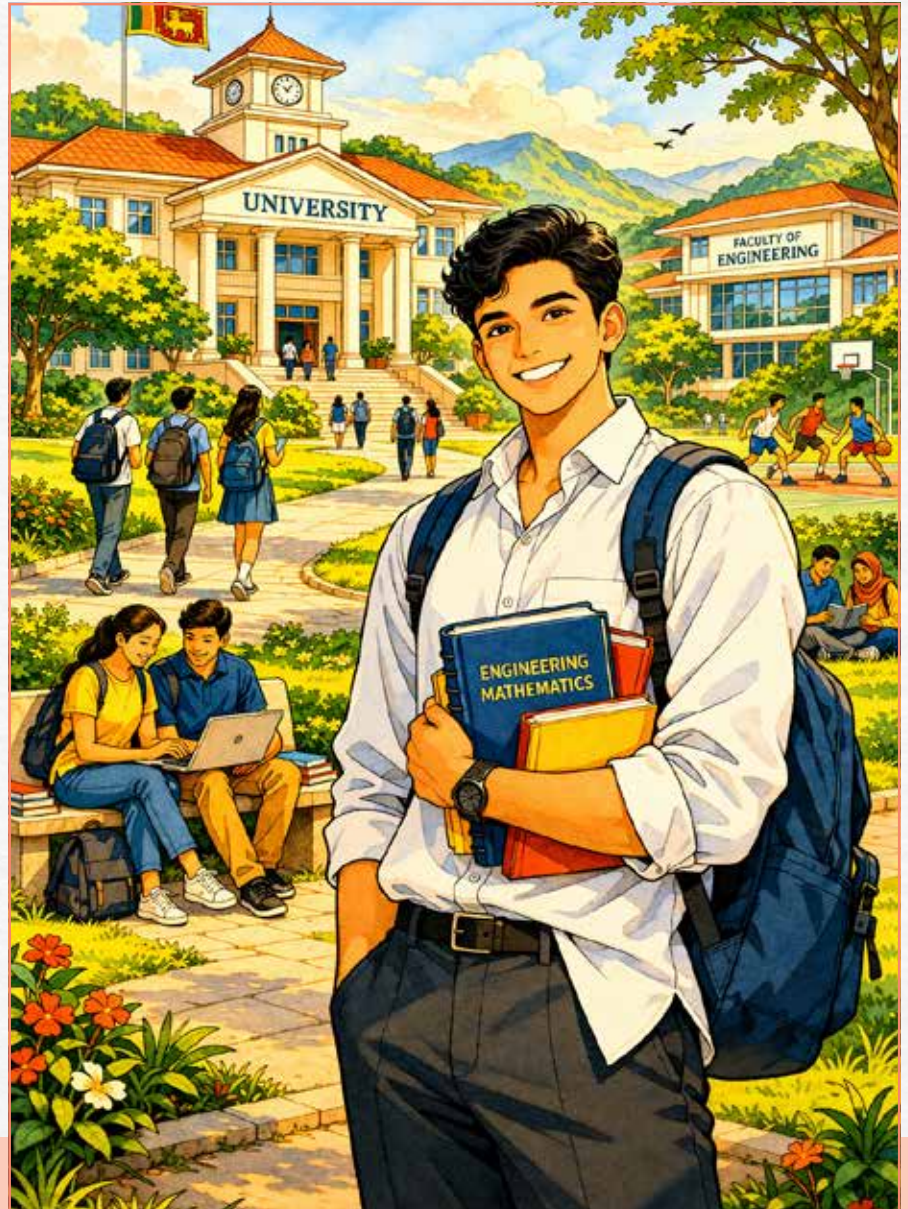
## SECTOR REVIEW - EDUCATION

### EDUCATION

The specialised educational arm of Ceylinco Holdings, CEG Education Holdings, oversees a strong and competitive portfolio that spans the entire academic lifecycle, from primary schooling to postgraduate studies in various disciplines.

The Group commands market leadership and academic excellence, with its ownership of some of the nation's most prestigious educational institutions, overseen by a faculty of highly recognised academic experts.

The Group commands a market share of over 60% in the postgraduate sector and provides comprehensive schooling, which includes internationally acclaimed preschools and secondary



**GROUP REVENUE**

**24%** Growth



**OVERALL PROFITABILITY**

**Rs 2 Bn**



**COLLECTIVE DIVIDENDS**

**Rs 307 Mn**

## OUR IMPACT

## 5 Educational Institutions

## Over 25,000 Collective Students

education, developed to nurture younger generations to be intellectually versatile and highly capable.

CEG has established long-term partnerships with leading universities worldwide and offers Bachelors and Master's programs in high-demand fields such as Information Technology, Psychology, Business Management, Engineering, and Law.

Amidst the challenges of controlling costs and balancing business growth, the sector has recorded a revenue growth of 24% in turnover, with a 47% rise in profit after tax. Moreover, the sector has achieved an asset base of Rs 18 Bn over the period under review.

### INTERNATIONAL COLLEGE OF BUSINESS & TECHNOLOGY (ICBT CAMPUS)

ICBT provides a comprehensive educational offering from Foundational programs to Higher Diplomas to Undergraduate and Master's programs. These are enabled through partnerships with prestigious international universities.

Since being founded in 1999, the Campus has become one of Sri Lanka's premier private sector education providers, with a focus on international standards and enhanced accessibility. The Campus now serves over 20,000 active students and has a powerful network of over 90,000 alumni.

ICBT provides UGC approved Bachelor's degree programs in high-demand disciplines, such as Data Science, AI, Cyber Security, and Software Engineering. Moreover, it is recognised by the Ministry of Education as a degree-awarding institution and is listed under the Association of Commonwealth Universities.

ICBT has been consistently ranked as the Best Higher Education Institution in the nation since 2012 and has a strategic footprint of 8 regional branches that include Kandy, Matara, Galle, Nugegoda, Kurunegala, Jaffna, Batticaloa, and Gampaha. This is in addition to its main campus in Colombo 04, which is a state-of-the-art facility.

The Campus has invested in constructing a new, purpose-built facility in Nugegoda, with completion set for 2027.

### ANC CAMPUS

Sri Lanka's premier transnational educational service provider, ANC Campus, brings world's leading universities closer to Sri Lankan students. ANC Campus is renowned for its extensive offering of transfer programs, taking students closer to academic migration, with placements at top-tier universities in the United States, Canada, United Kingdom, Germany, Australia, New Zealand, Malaysia etc. However, due to policy changes under the Trump administration, which might impact student transfers to the USA, ANC has focused on local degree completions.

With opportunities for various academic pathways, including local degree completions, ANC provides foundation and higher diploma programs accepted by international universities, with pathways to pursue degree programs in a range of disciplines in respective countries. Students receive the flexibility to complete prestigious qualifications entirely in Sri Lanka, including fully completable US degrees, Bachelor's and Master's degree tracks in collaboration with UK universities.

Students benefit from ANC's international partnerships that facilitate placements not only in the USA, Canada and the UK, but also in Germany, Australia, New Zealand and Malaysia, etc. Placements to pursue

medical degrees are one of ANC's highly sought-after services due to its links with medical universities in the USA, UK, Europe, Australia, India, Malaysia etc.

ANC operates in two locations in Colombo, both situated in R A De Mel Mawatha and a branch campus in Kandy with state-of-the-art facilities. Their British University partner is planning to set up a branch campus in Sri Lanka, which will be materialised in mid-2026.

### ANC MODERN MONTESSORI INTERNATIONAL (MMI)

ANC Modern Montessori International (MMI) is an extended collaboration with the Modern Montessori International (London) Group, a premier global educator which maintains an estimated 100 pre-schools and teacher training centres in 16 countries. 12 of these centres are situated in Asia, solidifying MMI's reputation as a leading preschool provider in the region, notably earning the 'Top Brand' award for the preschool sector in Singapore.

The MMI approach is a unique educational approach that nurtures a child's intrinsic desire to learn by focusing. It focuses on a child's cognitive, social, emotional and physical development, making this method a globally recognised approach for cultivating confidence, self-motivation and independent learning. Moreover, MMI has established specialised British teacher training programs in collaboration with MMI Singapore, designed to equip educators with internationally benchmarked pedagogical skills to elevate quality in pre-school education.

At present, MMI operates three state-of-the-art facilities in Colombo and Kotte, driven by a commitment to accessibility and excellence.

## SECTOR REVIEW - EDUCATION

### NET ASSIST INTERNATIONAL

Net Assist enables professionals to obtain globally recognised credentials. This is enabled through its status as a VUE and Kryterion Authorised Test Centre, providing a secure backdrop for online exams across a host of vendors, including Software & Database: Microsoft, Oracle, and CIW, Networking & Infrastructure: Cisco, VMware, Red Hat, and Novel, Hardware & Systems: HP, EMC, and ITIL and Professional Services: CPA Australia.

Net Assist has partnered with industry giants and is a Microsoft Gold Partner, recognised as a Gold Certified Partner for Learning Solutions and has been repeatedly honoured with the 'Best learning partner' title. Net Assist is also a regional Oracle centre appointed as an authorised education centre for Sri Lanka and the Maldives.

Moreover, the company provides full-scale IT consultancy, assisting companies to modernise their infrastructure. The Company provides consultancy on system architecture through network design, security protocols, and data storage solutions, and development and integration services, including custom software development, communication server management and strategic support for specialised Microsoft product implementation and Project Management certification services.

### WYCHERLEY INTERNATIONAL SCHOOL Colombo

Wycherley International School is a premier private education provider with its history intertwined with national heritage. The school has a unique legacy with its primary premises being housed in a landmark 'heritage building', constructed in 1972. The site was once a nursing home owned and managed by the renowned surgeon and author, Dr Spittel, providing an important layer of historical importance to the school's identity.

Wycherley is reputed for being the first and only comprehensive centre for Cambridge education in Sri Lanka, operating classes from Year 1 to Year 13. The institution has maintained its standards on par with global benchmarks, producing students who excel on the international stage.

The school operates out of a state-of-the-art building in Colombo 7, providing modern facilities and a high-tech learning environment.

Wycherley International School is now operating in a 6-story state-of-the-art building in Colombo 7.

### WYCHERLEY INTERNATIONAL SCHOOL Gampaha

Formally known as Regent International School is located in Gampaha and was established in 2001. It was renamed as Wycherley International School Gampaha and is a fully equipped international school, with classes from Nursery to Advanced Level and offers the Cambridge curriculum. Wycherley Gampaha is a Cambridge independent exam centre.

The school has commenced construction of a 6-story building in Gampaha and has also acquired an international school where they will shift the primary section.

### WYCHERLEY INTERNATIONAL SCHOOL Dehiwela

Wycherley International School Dehiwela operates classes from Grade one upwards, providing education up to university entrance. The school works in line with the Cambridge curriculum and also holds recognition for an outstanding soccer team. The school in Dehiwela is also an independent Cambridge examination centre. Moreover, the school acquired Alethea International School in 2023. A new building is now underway to cater to the high demand from new students.

### ALETHEA INTERNATIONAL SCHOOL

Founded in 1928 by Mr Kathrin Hapugalle, the institution is a 95-year-old privately-run education provider, approved by the government. For nearly a century, it remained under the stewardship of the founder's family until its acquisition by CEG in 2023.

The school offers education in all three languages and is licensed to provide high-quality education, including G.C.E. level and Advanced Level.

As part of its expansion plans, CEG plans to expand the school to five new locations, making services available to a wider base of students.

### CEC EVENTS (PVT) LTD

CE Events is a premier event management organisation with expertise and capacity to organise large-scale mega events in Colombo and cities nationwide. The Company provides a host of services, including research, planning and stall construction; marketing, professional photography and branding; and management of pre- and post-event activities.

The Company bounced back from the challenges of the pandemic and has since then demonstrated resilience. The Company recorded a commendable performance in the previous financial year and in the year under review.

### CSR ACTIVITIES

Corporate Social Responsibility is considered part and parcel of the academic activities of students. Raising funds for CSR projects and carrying out projects are embedded in the curriculum of the first-year degree programmes.

**OPERATIONAL RISKS**

Some of the operational risks faced by the sector and the actions taken to minimise these risks are listed below.

| Operational risks  | Mitigation action  |
|--|--|
| Shortage of qualified academic staff members in specialist areas, particularly due to the migration of qualified people.   | The sector is seeking to recruit suitably qualified academic staff from neighbouring countries.<br><br>We are planning to introduce staff development programs to retrain suitable existing staff members in specialised areas.<br><br>New scholarship and staff support policies are in place to encourage junior academic staff members to pursue Master’s and PhD programs in specialist areas. |
| Possible changes in government legislation related to internationally franchised private higher education provision  | ICBT has obtained the institutional approval as a degree-awarding institution under the Ministry of Higher Education of Sri Lanka. Furthermore, ICBT is in the process of introducing a number of degree programs with UGC approval. ANC is in the process of doing the same.  |
| We are currently offering franchised degree programs. There is a risk of partner university policy and strategic direction changes affecting ongoing partnerships. | This risk is mitigated by maintaining multiple university partnerships and having a good rapport with the top management of partner universities.<br><br>The Group companies in the sector are in discussion with new University partners to introduce new degree programs.  |
| The impact of the Pandemic/Epidemics and events like strikes and riots, where the Institutions are forced to close temporarily                                     | Develop further online delivery platforms and train staff to deliver the programs online with the permission of the partner Universities.  |

**CAPITAL MANAGEMENT**

**ANC CAMPUS**



For over two decades, ANC Campus has played a pioneering role in Sri Lanka’s private higher education sector, delivering internationally recognised qualifications and transnational academic pathways. In 2025, the institution entered a transformative phase marked by strengthened governance oversight,

leadership renewal, infrastructure expansion, global partnerships and enhanced national brand presence.



**Financial Capital**

SDG Alignment

ANC Campus demonstrated financial prudence and emerged resilient amidst macroeconomic changes, including higher tax structures for profit-bearing companies. The Company maintained revenue stability by strategically enrolling students by targeting post-O/L, post-A/L, and HND segments.

During the year, the stabilisation of the foreign exchange rates in 2025 supported outbound student mobility, with a satisfactory number of students reaching international academic destinations for higher studies. Moreover, the Company made investments and capital allocations in modernising its infrastructure and in developing new academic programs. ANC also introduced flexible payment structures to mitigate the financial burden and pressure on students and their parents. This became a happy respite to students and was received with commendation.

# SECTOR REVIEW - EDUCATION

**REVENUE**  
**13%** Growth

**PROFIT AFTER TAX**  
Rs **181** Bn



## Manufactured Capital Management

*SDG Alignment*

The Company's manufactured capital includes its physical infrastructure, including specialised facilities and digital technologies that power service provision. The following actions enhanced its manufactured capital in the period under review.



delivering a tech-driven student-first learning environment.

The new and revamped buildings now include advanced lecture halls, upgraded science and IT laboratories, a Moot Court for law undergraduates, collaborative learning spaces and enhanced student recreational areas. These developments strengthen ANC's institutional capacity and support its long-term enrolment growth strategy.

Further expansion initiatives are planned for 2026, including new career guidance centres in Colombo 7, Dehiwala and Gampaha, an ANC Kurunegala Centre, alongside a relocation to a larger branch campus in Kandy, which will enhance regional accessibility.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | New modernised facility                            |
| <b>Efficiency</b> | Revamped facilities to enhance student experiences |
| <b>Stability</b>  | Further expansions planned in 2026                 |

ANC unveiled a new modernised facility at Colombo 3 premises, featuring advanced lecture halls and tech-enabled spaces. This new academic building and revamped administrative building attest to ANC's growing strategic approach to modernising its educational facilities, reflecting its commitment to



## Intellectual Capital



### SDG Alignment



ANC further strengthened its academic portfolio and its long-standing collaboration with Northwood University by introducing 10 new exclusive US degree majors, increasing its portfolio to 14 BBA and STEM-aligned Bachelor of Science programs delivered in Colombo. A strong academic diversification, this will enable more students to pursue a strong portfolio of academic choices for their higher studies.



| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | 10 new US degree majors  |
| <b>Efficiency</b> | Career focused programs offering flexibility and career-ready pathways |
| <b>Stability</b>  | Enhanced brand credibility and visibility                              |

In response to evolving industry demand, ANC also introduced new career-focused programs, including a Pearson-assured Diploma in Artificial Intelligence and specialised certifications in AI and digital technologies. These programs offer flexible, industry-relevant pathways for both school leavers and working professionals, reinforcing ANC's commitment to future-ready education.

Academic excellence of ANC Campus is anchored by a distinguished faculty, composed of highly-qualified full-time educators and visiting industry professionals. Through their academic rigour and real-world insights, students received a well-rounded education with exposure to practical applications.

### ENHANCING BRAND RECOGNITION

As a member of the Ceylinco Education Group, ANC significantly strengthened its national market presence during 2025–2026 through an integrated island-wide advertising campaign leveraging the extensive branch network and brand visibility of Ceylinco Holdings.

Strategically positioned across high-traffic urban locations and near Ceylinco branch premises, the campaign promoted ANC's higher education, undergraduate and postgraduate programs. This Group-supported initiative enhanced brand recognition, expanded outreach across key districts and reinforced public confidence in ANC as a trusted provider of international higher education.

The synergy between ANC and the wider Ceylinco network demonstrates the value of integrated brand capital in driving institutional growth.

## Human Capital



### SDG Alignment



ANC Campus views its employees as a vital component of its growth and recognition. The management has adopted a holistic approach to employee development and engagement, focused on a culture of empowerment. Their commitment has enabled a series of morale-boosting actions, including outbound team-building programs, recreational events and an annual staff excursion.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Focus on employee growth through CPD programs                |
| <b>Efficiency</b> | Boost in morale through targeted efforts                     |
| <b>Stability</b>  | Environment that encourages innovative thinking and learning |

Employee growth and development remains a top focus as it continues to invest in internal and external CPD initiatives (Continuous Professional Development). Through customised training programs, ANC ensures that its staff have updated skills and knowledge required to excel in the workplace.

The senior management of Ceylinco Holdings plays a proactive role in guiding ANC Campus strategic direction. This ensures operational continuity, governance stability and disciplined financial management. In July 2025, Dayan Fernando was appointed Chief Executive Officer of ANC Campus. With over 30 years of experience spanning education and corporate leadership, the new CEO continues the structured growth strategy focused on academic diversification, international expansion, infrastructure modernization and enhanced student engagement. The seamless engagement between Group leadership and the new CEO reflects the strength of the Ceylinco governance framework and reinforces ANC's long-term strategic vision as a key contributor to the Group's education portfolio.

## SECTOR REVIEW - EDUCATION

Moreover, in maintaining high standards, ANC has adopted a supportive environment where each faculty member feels valued and encouraged to adopt innovative thinking and learning. Dedicated faculty members are provided with unique opportunities for professional development, including exchange programs with international partner universities in the United Kingdom and the USA.

### Social and Relationship Capital



#### SDG Alignment



ANC Campus has prioritised the development of its relationships, fostering deep connections with its stakeholders and the broader academic community.



| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Higher demand for programs and strong enrolments                                   |
| <b>Efficiency</b> | Interconnected social eco system to enhance opportunities for students and alumni. |
| <b>Stability</b>  | Enhanced partnership with UWL  |

### VALUE CREATION FOR STUDENTS

A landmark achievement in 2025 was the establishment of the first full UK branch campus in Sri Lanka by the University of West London (UWL), formed in partnership with ANC Campus. Scheduled to commence operations in July 2026, the campus will offer UWL programs, enabling direct enrolment into UK qualifications at significantly lower cost compared to overseas study.

ANC Campus has an annual enrolment of 1,700 students across 15 programs, which reflects a rise in demand for higher education programs with ANC. With the expansion of programs, the Company is committed to making education more accessible and to enhancing student experiences. Moreover, affordability is also a focus, as we work with students to make their financial commitments to their education more manageable.

ANC maintained a vibrant academic culture throughout the year, conducting comprehensive orientation programs, freshman activities, field visits and leadership engagement initiatives designed to foster student development beyond the classroom.

A notable milestone was the successful hosting of the 28th edition of the Northwood University Computer Automotive Retail Simulation (NUCARS) in Sri Lanka the first time this international event was conducted in South Asia. The five-day global simulation brought together international participants from the United States and Europe alongside ANC students, strengthening cross-border collaboration and elevating ANC's global academic profile.

Student welfare continues to be prioritised through initiatives such as the "ANC Promise" scholarship scheme, which provides full financial assistance to students facing unforeseen family hardships, ensuring continuity of education during challenging circumstances.

These initiatives reflect ANC's enduring commitment to balancing academic excellence with social responsibility, reinforcing its contribution to community wellbeing and sustainable development.

### VALUE CREATION FOR ALUMNI

The Campus maintains an active and engaged alumni community by providing a platform for lifelong learning and networking. This commitment has created an interconnected ecosystem to enhance their career prospects for members and also enable collective development.

### SOCIAL RESPONSIBILITY

ANC Campus is committed to impactful social responsibility initiatives, linked to making contributions to the well-being of the communities that reach out for support. ANC has integrated CSR into the academic experience of students, empowering students

to connect with opportunities to apply their learning to real-world challenges, while fostering a sense of civic duty and leadership.

## Natural Capital



### SDG Alignment



The Campus has adopted a strong perspective on environmental stewardship by integrating conservation-based environmental awareness programs and activities. An example of enhancing its contribution to environmental sustainability is the inclusion of wetland engagement projects in the institutional mandate. Moreover, the campus has planned emission monitoring, which strives to promote responsible operational practices within the academic community.

## THE FUTURE APPROACH

Anticipating a strategically competitive and a growth-oriented future, ANC has primed itself for a period of accelerated growth in the upcoming financial year. The Campus is looking at its milestone launch of the branch affiliated with the University of West London (UWL), which will offer direct UK qualifications locally. Moreover, ANC has completed plans to inaugurate the ANC AI Campus, a dedicated hub designed to spearhead qualifications in artificial intelligence and digital technology.

Expanding its portfolio, the campus will include the program, BA (Hons) in Early Childhood Studies and specialised early childhood education programs. Moreover, the Campus looks forward to enhancing its national footprint through new recruitment centres across several main districts.

ANC has also deepened its ties with international academic partners and industry veterans to enhance its curriculum by aligning it with topics of the modern world and aligning it with career readiness for students and professionals.

# CAPITAL MANAGEMENT REVIEW

## WYCHERLEY INTERNATIONAL SCHOOL



The following review explores the Institute’s collective approach to creating value for its stakeholders, including its shareholders, students and the community in which it operates. Throughout the year, Wycherley has balanced long-term growth with short-term value creation, cultivating a reputation for delivering results tailored to the diverse needs of its stakeholders.



## HIGHLIGHTS AND VALUE CREATION

| Capital                          | Value Created  |
|----------------------------------|--|
| <b>Financial</b>                 | <ul style="list-style-type: none"> <li>↪ 30% increase in total equity</li> <li>↪ 18% revenue growth, which supported a 70% rise in profitability.</li> </ul> |
| <b>Human</b>                     | <ul style="list-style-type: none"> <li>↪ 13% growth in human capital (workforce)</li> </ul>  |
| <b>Social &amp; Relationship</b> | <ul style="list-style-type: none"> <li>↪ Strong student-to-staff ratio that has greatly enhanced student learning experiences.</li> </ul>                    |
| <b>Manufactured</b>              | <ul style="list-style-type: none"> <li>↪ Rs 40 Mn in capital expenditure</li> <li>↪ 10% expansion in property, plant and equipment</li> </ul>                |

## SECTOR REVIEW - EDUCATION

### Financial Capital

#### SDG Alignment



The Institute recorded a commendable financial performance, recording strong numbers on key financial indicators during the financial year under review. Wycherley's financial management remained resilient, as the Company navigated inflationary pressures and higher costs to deliver a robust growth.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Achieving an 18% increase in revenue through stabilised tuition fees, new admissions and supplementary income streams via the Cambridge Centre.    |
| <b>Efficiency</b> | Driving significant profitability by balancing necessary expansion expenditure with disciplined cost management and proactive strategic execution. |
| <b>Stability</b>  | Long-term solvency and reinvestment capacity through a strong balance sheet, supported by 30% growth in shareholders' equity.                      |

### VALUE TO SHAREHOLDERS

Total equity increased to Rs. 1.95 Bn, marking a considerable increase of 30%, this was fueled by strong annual profits and a strong revaluation gain recognised on property, plant and equipment (PPE).

### INCOME

Total revenue of the Institute reached Rs 1.30 Bn – marking a 18% increase over the period under review. Academic Income generated a total of Rs 976 Mn, which underscores a loyal student base and a steady increase in enrolments. Moreover, admission-related earnings were recorded as Rs 333 Mn, driving incremental top-line growth.

The school also recorded Rs 122 Mn in diversified income (supplementary income) from operations, primarily through its Cambridge operations centre and prudent investment returns.

### ENHANCED PROFITABILITY

The financial year saw a marked improvement in its bottom line - direct result of its two-faceted strategy to enhance its financial performance. The Institute focused on aggressive revenue capture and meticulous management of operational expenditures. This performance underscores the management's capacity and ability to execute proactive and tactical business decisions as well as strategic financial management approaches

to safeguard its financial performance during challenging economic times.

The 70% increase in Profit After Tax reflects improved earnings quality, supported by operational efficiencies. Despite a 13% increase in staff, profitability improved, indicating enhanced operational efficiency.

| Bottom-Line Indicators  | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
|-------------------------|------------------|------------------|
| Profit Before Tax (PBT) | 261,053          | 248,221          |
| Profit After Tax (PAT)  | 231,573          | 136,487          |

### EXPENDITURE

Total expenditure related to operations marked a 28% increase during the year to Rs 121 Mn. Driven by planned operational expansions and the impacts of the macroeconomic climate. Costs associated with expanding the Schools' footprint and service offerings drove this increase, while increased investments in staff and institutional resources to maintain higher standards also contributed towards this effect. Furthermore, higher financing expenses and persistent inflationary pressures on goods and services also drove the increase in expenditure.

Despite higher costs, the School has successfully preserved its profit after tax, achieving financial resilience through a blend of disciplined financial management, strategic business growth and prudent cost optimisations – ensuring that the school remained financially sustainable.

### FINANCIAL POSITION

The Schools' financial position strengthened during the year, supported by growth in assets and equity, alongside improved liability management.

| Statement of Financial Position | 2025<br>Rs. '000 | 2024<br>Rs. '000 |
|---------------------------------|------------------|------------------|
| Total Assets                    | 4,275,835        | 3,862,405        |
| Total Liabilities               | 2,325,614        | 2,368,920        |
| Total Equity                    | 1,950,221        | 1,493,485        |

The increase in total assets reflects continued investment in infrastructure and operational capacity, while the reduction in liabilities indicates prudent financial management. The growth in equity was driven by retained earnings and revaluation gains, further strengthening the Schools' capital base.

## Manufactured Capital Management



### SDG Alignment



The prioritisation of improving and evolving its physical and digital infrastructure became a key focus during the year. Wycherley continued to ensure that its learning environments remain at the forefront of academic excellence.



The project will see the completion of a Modern Six-Storey Complex, designed to house advanced learning spaces and premium infrastructure. This is a timely strategic undertaking to meet the demand for education and the overall impact that can be gained by enhancing student experience through highly equipped learning facilities and spaces.

The complex will be engineered to support the latest teaching methods through improved layout and advanced utilities. The investment serves as a manifestation of the Wycherley management’s strategic focus and vision to create sustainable value through continuous development of engaging and motivating learning and working spaces that foster academic achievement while also fostering institutional expansion.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Investment in a new six-storey modern facility at Gampaha to future-proof the school’s ability to meet rising demand |
| <b>Efficiency</b> | Enhancing ICT facilities and learning environments to maintain a competitive offering                                |
| <b>Stability</b>  | Asset valuation and reinvestment to ensure long-term property and equipment value.                                   |

A considerable portion of capital was allocated for classroom modernisation and ICT facility upgrades in order to maintain a competitive edge in an increasingly tech-driven educational landscape.

### THE GAMPAHA COMPLEX

A cornerstone of this year’s approach to enriching and creating value through its manufactured capital was the commencement of a highly modern academic facility at Wycherley International School, Gampaha. The project is the face of their bold commitment to long-term growth.

### ASSET BASE AND CAPITAL ALLOCATION

Wycherley’s property, plant and equipment (PPE) witnessed an expansion in its value to Rs 2.7 Bn by the end of the financial year. This is a 8% rise compared to the Rs. 2.5 Bn in the previous year.

Drivers of this asset growth include two primary factors, including a substantial revaluation surplus of Rs 286 Mn, which aligned with the Schools’ statement of financial position under current market valuations. This has bolstered the overall balance sheet. Beyond the revaluation, Rs 39.5 Mn was allocated as a fresh capital injection to support enhancements of operational capacities across its schools.

The Institution’s capital priority was governed by a forward-looking strategic approach to long-term business stability, prioritised by the management by three pillars: modernising facilities to align with evolving higher educational standards, investing in human capital expansion to support a growing student base and to lay the foundation required for scalability and future value creation.

## SECTOR REVIEW - EDUCATION

### Human Capital

**SDG Alignment**

The strategic growth of its workforce mirrors the institute’s ability to excel in its academic standards and support students with a strong support system in all aspects of the academic lifecycle.

| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Expanding the workforce by 13% to align with increased academic expansions<br><br>21% capital expenditure to support staff growth.   |
| <b>Efficiency</b> | Ensuring a 10:1 student-to-teacher ratio through 15% growth in academic staff.   |
| <b>Stability</b>  | Increasing the academic-to-total staff ratio to 79%, ensuring a stable and professional foundation for long-term educational excellence.<br><br>Enhanced compensation structures to retain top-tier academic professionals |

During the year, the Institute’s workforce grew to 484 staff members, recording a 13% growth in comparison to the 2024 fiscal year. This number directly complements the school’s focus on operational scalability and in meeting the rising demands from a large student population.

The recruitment strategy prioritised academic growth, with academic staff representing 79% of the total workforce. This was driven by a rising student population and enabled Wycherley to maintain a highly competitive student-to-staff ratio of 10.1.

| Category               | 2025       | 2024       | Growth %   |
|------------------------|------------|------------|------------|
| Academic Staff         | 382        | 331        | 15%        |
| Non-Academic Staff     | 102        | 96         | 6%         |
| <b>Total Workforce</b> | <b>484</b> | <b>427</b> | <b>13%</b> |

This achievement contributes to ensuring greater individual attention for each student and stronger student-teacher interactions across all programs. Moreover, robust administrative and pastoral support has complemented student success.

### INVESTMENTS IN STAFF GROWTH

During the year, the Institute incurred a 21% increase in human capital investments – a deliberate shift towards investing in the calibre and capabilities of its workforce. Employee remuneration and development-based investments amounted to Rs 395 Mn, reflecting workforce expansions and commitment to their growth.

The investments focused on recruiting qualified academic professionals, enhanced compensation structures and continued professional development programs, such as Cambridge Teacher Training Workshops, and employee engagement and retention strategies. As a result of the above efforts, the risk of talent attrition has been mitigated, while continuous professional development ensures that high standards remain consistent.

### Social and Relationship Capital

**SDG Alignment**

The relational capital of Wycherley is represented by the strength of its primary stakeholder – students. The Institute now imparts knowledge to 4663 students with a 10:1 student-to-teacher ratio that ensures deep, personalised focus during learning and ensures a high level of student-teacher engagement for successful learning outcomes. Moreover, the School’s status as a Cambridge Centre and ongoing investments in professional community development have enhanced its reputation as an academic leader in the national educational landscape.



| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Increasing accessibility to high-quality education by expanding to new regions and allowing students from diverse backgrounds to benefit from internationally-aligned education. |
| <b>Efficiency</b> | Optimising the high student-to-staff ratio for stronger engagement and a meaningful learning experience for each student.  |
| <b>Stability</b>  | Bolstering the long-standing partnership with Cambridge International to provide students with high-quality, internationally-aligned education.                                  |

### FUTURE PATH

Wycherley International School enters 2026 from a position of greater financial resilience and operational strength. With a robust asset base and increased equity, the School is well-equipped to maintain its focus on expansions and stabilisation.

The School will capitalise on its massive student base to embrace growth, especially through its upcoming complex in Gampaha. The investments in expanding operational capacities are expected to provide economies of scale to offset persistently high expenditure amidst the rise in fuel expenses as a result of the war in the Gulf region, which is expected to drive inflationary pressures upward. Moreover, by actively pursuing new opportunities to expand its footprint in the country, the School will target key regions where demand for premium English-medium education remains underserved.

While the Schools continue to demonstrate strong financial and operational performance, sustaining margin improvement amid rising cost pressures remains a key focus area. Wycherley's management remains committed to delivering sustainable growth while preserving financial strength and educational excellence.

Wycherley's management is also committed to balancing its financial growth with academic excellence in the future. The management aims to make further prudent investments in high-calibre academic staff and attract a higher student base, which demands internationally-aligned academic staff in Sri Lanka.

## CAPITAL MANAGEMENT REPORT

### ICBT



During the financial year under review, ICBT remained focused on creating strong value through its six core capitals. Their

achievements have demonstrated a commitment to academic excellence, sustainable growth and enduring value creation to stakeholders.

| Capital                          | Value Created   |
|----------------------------------|---|
| <b>Financial</b>                 | Profit Before Tax of Rs 1.7 Bn for long-term stability and capacity, and for growth   |
| <b>Intellectual</b>              | Optimised program portfolios and enhanced international partnerships  |
| <b>Human</b>                     | Fostered a high-performance culture through staff growth and development, for a stable and industry-expert faculty to enhance student experiences.    |
| <b>Social &amp; Relationship</b> | Increased community impact by 20% more CSR initiatives  |
| <b>Manufactured</b>              | Expanded footprint with the Nugegoda property acquisition   |
| <b>Natural</b>                   | Digital-first approach that enabled paper waste reduction<br><br>Improved energy efficiency across campuses<br><br>Enhanced environmental stewardship |



## SECTOR REVIEW - EDUCATION

### Financial Capital

#### SDG Alignment

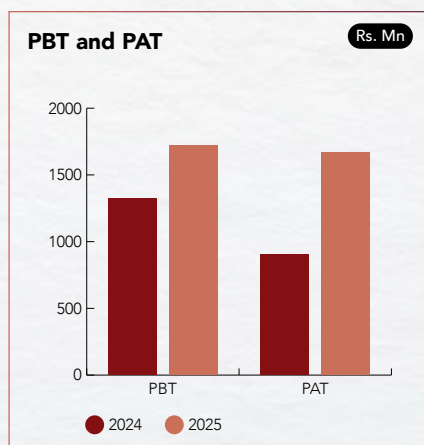


Across 2025, ICBT successfully adopted an approach of balancing strong growth and financial stability, strengthened by its financial capital of internationally generated funds, strategic investments and institutional assets. This was fortified through proper, disciplined financial oversight and commitment to regulatorily aligned operations.

ICBT's approach centred on prudent fiscal management, which included overseeing infrastructure investments while balancing profitability. The Institute optimised its operational efficiencies while ensuring strategic allocation of capital towards long-term institutional expansions and enhanced student experiences.

#### PROFITABILITY AND RESILIENCE

Amidst the broader macroeconomic headwinds, including high inflation and prices faced by students and the institute, ICBT recorded a profit before tax of Rs 1.7 Bn, proving the strength of ICBT's business model and its ability to maintain business and operational growth amidst challenging determinants.

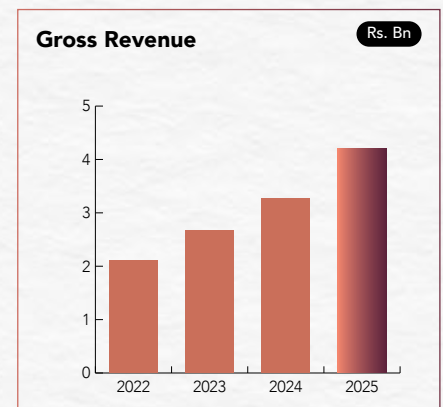


#### REVENUE AND STRATEGIC GROWTH

ICBT's revenue growth was underpinned by steady and commendable student enrolments and the optimisation of its program portfolio. Continued demand for the Institute's internationally-recognised programs enabled it to maintain leadership in the private sector higher education sector.

Despite a focus on revenue and profitability, ICBT also ensured program affordability and high academic standards, which enabled students to access high-quality programs and gain top-tier qualifications for rewarding career growth.

Supporting students to balance economic considerations, ICBT proactively provided flexible financial arrangements and custom payment schemes to ease the financial burden on students and parents. ICBT also renegotiated fee structures with international partner universities to maintain competitive pricing without compromising the quality of programs and academic delivery.



#### EXPENDITURE AND STRATEGIC INVESTMENTS

ICBT maintained its commitment to enhancing its academic capabilities during the year, with a capital expenditure of Rs 1.8 Bn towards infrastructure development. Operational expenditure was carefully managed to support scalability and enhanced service delivery.

While operational expenditure aligned with goals for expansions, these investments and costs were necessary investments that directly reflected ICBT's commitment to ensuring a strong base of physical facilities and digital capabilities – for a future-proof learning environment.

|                   | 2022<br>Rs '000 | 2023<br>Rs '000 | 2024<br>Rs '000 | 2025<br>Rs '000 |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| Gross Revenue     | 2,107,968       | 2,663,177       | 3,260,756       | 4,211,226       |
| Profit Before Tax | 710,358         | 1,062,131       | 1,326,241       | 1,718,265       |
| Profit After Tax  | 696,276         | 878,558         | 902,738         | 1,668,826       |
| Total Assets      | 7,065,945       | 7,987,388       | 8,706,791       | 11,407,390      |

## Human Capital



### SDG Alignment



The Institute’s human capital is the cornerstone of its academic excellence and rise in demand; it is viewed as the primary driver of its institutional growth. The calibre of its faculty and staff is directly linked with the quality of experiences felt by students. ICBT remained committed to an environment where talent thrives through various strategies.

The Institute explicitly focused on the following approaches:

- Professional Development: Continuous investment in pedagogical training and technical certifications.
- Capacity Building: Strengthening leadership skills and succession planning.
- Personal growth and rewards: Creating an enabling work culture that rewards performance and aligns personal growth with institutional goals.

### TEAM DYNAMICS

In the year under review, the staff headcount remained stable, following a period of growth. During the year, ICBT focused on operational consolidation, maintaining a consistent workforce that has enabled the Institute to refine its internal processes and enhance quality standards. Moreover, higher levels of operational efficiency were achieved during the year, without compromising standards.

### FACULTY EXCELLENCE

ICBT has ensured that its faculty is one of its core assets and continues to receive the right impetus to grow professionally and personally. ICBT has been able to secure lecturers with robust experience and knowledge, which has enabled it to consistently ensure academic continuity and student mentorship.

Its visiting industry professionals bring a wealth of real-world acumen, insights and trends, alongside the ability to deliver practice case studies to students.

## Social and Relationship Capital



### SDG Alignment



ICBT continues to strengthen its social capital through stakeholder engagement, partnerships, and community impact initiatives. The institution focuses on building long-term relationships with students, alumni, industry partners, and the wider community to enhance its social footprint and institutional reputation.

### COMMUNITY IMPACT AND CSR

The year marked a milestone in ICBT’s social commitments and contribution to social empowerment. Through student-led community projects, the Institute witnessed a 20% increase in its community-based initiatives. These served the dual purpose of social responsibility, providing tangible support to communities and addressing needs. Moreover, it served the purpose of providing students with the opportunity to hone their social skills and project management abilities.



## SECTOR REVIEW - EDUCATION

### ALUMNI AND STAKEHOLDER NETWORKS

ICBT continues to actively engage its alumni network, strengthening its role as ambassadors and contributors to institutional growth and reputation.



### Intellectual Capital

SDG Alignment



ICBT's intellectual capital is driven by its academic portfolio, research output, and global academic partnerships. The institution continues to enhance its academic offerings and research capabilities to remain relevant in a dynamic global education landscape.

### ACADEMIC PORTFOLIO AND PARTNERSHIPS

During the year, ICBT further strengthened its international presence by establishing a new partnership with the University of Abertay, UK, in addition to its existing collaborations with:

- Cardiff Metropolitan University
- University of Sunderland
- Liverpool John Moores University

This expansion reflects ICBT's ongoing strategy to diversify its academic portfolio and provide students with broader international pathways.

### RESEARCH AND ACADEMIC OUTPUT

Research output, student dissertations, and academic engagement activities have improved significantly, reinforcing ICBT's commitment to fostering a research-driven academic culture.

### Manufactured Capital Management



SDG Alignment



The manufactured capital base of the ICBT campus includes an extensive network of modern campuses, advanced learning spaces, including labs and classrooms. ICBT's approach to managing its manufactured capital includes a commitment to enhancing accessibility and immersion. They continued to invest in expanding and upgrading the existing campus network – ensuring that students receive learning that mirrors world-class learning standards of international partners.

### INFRASTRUCTURE DEVELOPMENT AND MODERNISATION

In 2025, ICBT maintained an upward trend in infrastructure development, enhancing appearances and internal facilities of its campuses.

The Campus increased student intake in high-demand regions; to support this growth, ICBT invested in enhancing student experiences through upgraded lecture halls with hybrid learning technologies and modern labs for engineering and IT.

### STRATEGIC EXPANSION

A key milestone was acquiring the new property in Nugegoda, which marks a strategic shift in increasing capacity in a population-dense city and in enhancing ICBT's presence as a high-density educational centre with world-class learning facilities. The investment serves as a foundation for future growth and expansions.

| Investment Area               | Purpose  |
|-------------------------------|--|
| <b>Laboratory Upgrades</b>    | Enhancing technical proficiency in Engineering and IT.             |
| <b>Digital Infrastructure</b> | Strengthening LMS (Learning Management Systems) and remote access. |
| <b>Campus Expansion</b>       | Increasing physical footprint to reach regional students.          |

## Natural Capital



### SDG Alignment



ICBT recognises that sustainable academic excellence must go hand in hand with a responsible operational footprint. As a result, the Institute remains committed to reducing its ecological footprint and fostering an environmentally conscious campus network. Sustainability has become integrated into the core operational framework of ICBT and is based on three pillars: Resource Efficiency, Waste Mitigation, and Environmental Advocacy.

By optimising how ICBT uses natural resources, they have extended efforts to protect the environment and to drive long-term operational cost savings in the process. Key areas of focus included:

### ENERGY EFFICIENCY AND CARBON FOOTPRINT

- ↳ Switching to energy-efficient lighting (LED) and inverter-based climate control systems in lecture halls and labs.
- ↳ Monitoring energy consumption to eliminate wastage in places with high consumption.

### WASTE MANAGEMENT & CIRCULARITY

- ↳ Implementing robust waste segregation protocols within campuses.
- ↳ Reducing paper dependency by leveraging the Learning Management System (LMS) for assignments and administrative workflows.

### ENVIRONMENTAL ENGAGEMENT:

- ↳ Promoting environmental awareness through student-led 'Green Clubs' and sustainability workshops.
- ↳ Resource-efficient design and consideration of environmentally sound impacts through campus expansion projects.

## OUTLOOK

*ICBT's roadmap has been envisioned on three pillars of Quality, Diversity, and Expansion. The Institute's goal is to embrace growth in line with global education trends and standards while being centred on its mission of accessibility.*

*ICBT will be invested in broadening its academic outlook and future potentialities by integrating new disciplines and specialisations into its program portfolio, in line with emerging job market trends and roles. This is more important at a time when AI has reshaped the job market and has set new demands on future job expectations.*

*Strengthening core partnerships with international principles and academic collaborators will be given equal importance as it expands its network of partner universities and academic institutions for a robust delivery. Their goal is to ensure that ICBT qualifications remain the gold standard in higher education and professional qualifications.*

*Furthermore, a significant focus will be placed on physical and digital infrastructure expansion, which will extend beyond building classrooms to creating innovation hubs that facilitate better student outcomes, higher employability, and a superior overall learning experience.*

## SECTOR REVIEW - EDUCATION



### CHAIRMAN'S MESSAGE

*Dear Shareholders,*

I am pleased to share that the period under review was concluded with significant progress and value creation. Amidst a rapidly shifting global and educational landscape, the Ceylinco Education Group recorded excellent performance that extends beyond financial management into infrastructure improvements, increased academic programs and technologies that support advanced pedagogical techniques across our higher education institutions and schools.

The Group has remained resilient against the rapidly evolving global education landscape and local education needs, actively expanding our footprint as a national leader in private education and academic excellence.

The CEG Group holds over 60% of the postgraduate market, providing British MBAs and Master's in IT, psychology, business, engineering, and law (through ICBT and ANC). This position was safeguarded during the year through the introduction of several new, market-aligned programs, pivoting on the strategic partnerships with British Universities.

Moreover, CEG's primary and secondary education arm (Wycherley) continued to be a cornerstone of the Group's success. The School has now become a choice of many students, driven by a curriculum aligned with the Cambridge syllabus from primary to secondary level and a strong student-to-staff ratio that ensures a 100% pass rate in all examinations.

Favourable and conducive conditions arose during the period under review, prompted by students who favoured foundation studies, private diplomas and overseas study options, particularly in destinations such as Canada, Australia, the UK and Europe. A growing interest in IT-based programs also created a strong demand for related programs.

Technological disruptions and trends continued to compel and empower graduates to reskill and upskill their professional repertoires in analytics, cybersecurity, digital marketing and augmented reality. In response to these requirements, educational institutions are increasingly aligning their portfolios, particularly by partnering with international universities to increase the delivery of employability-focused learning.

These proved favourable for our higher education subsidiaries as they continued to adopt competitive strategies to ensure sustainable growth in an increasingly advancing industry. However, the Group remained conscious of the recent IT sector layoffs due to relocations by MNCs to India and the repercussions of industry trends, including the impact of AI on those employed within the industry, worldwide.

#### FINANCIAL PERFORMANCE

As evidenced by the aforementioned capital management reviews, the education arm of CHPLC has witnessed a resilient financial year, proving yet again that our diversified portfolio can withstand economic, social and regulatory changes.

CEG Education Holdings (Pvt) Ltd. continued to provide a wide range of higher education and academic opportunities in Sri Lanka to enable undergraduates to acquire knowledge in vital sectors, such as Information and Technology, Business, Engineering, Natural Sciences, Psychology and Law. Despite all barriers, the Group managed to improve turnover by 24% and a profit before tax of 8%. Total assets of the Group stood at Rs. 18 Bn as at 31st December 2025 – a collective indicator of the Group's infrastructure improvements and expansions, including vital property acquisitions.

The financial results of the year were a result of improved economic conditions, which turned out to be positive in relation to the previous fiscal year. Moreover, student migration has shown a gradual decline, as visa procedures to Western nations have turned uncertain and challenging, amidst a pattern of reversed migration.

#### SUBSIDIARY GROWTH

Each of our subsidiaries have demonstrated commendable progress, in adopting innovation, efficiencies through digital channels and by adopting prudent financial management for financial health and stability.

Growth of ANC was driven mainly by significant infrastructure developments, including a modernised facility at Colombo 3 with state-of-the-art facilities and learning spaces. Moreover, the campus achieved strong intellectual capital growth with the introduction of several new US degree majors, which expanded its portfolio of business and STEM-aligned BSc programs.

Financial outcomes of ICBT's strategies resulted in a commendable profit before tax. The financial prudence and dynamic management capabilities of the Institute's management team optimised its program portfolios and helped foster a culture of effective staff performance. Moreover, the acquisition of a new property in Nugegoda – a highly suburban and

population-dense location enabled the subsidiary to increase its presence. Together, these enhanced student accessibility and experiences, creating further confidence in ICBT's capacity to create a thriving learning environment.

Wycherley International School achieved growth in its financial performance and human capital, while expanding its physical infrastructure through prudent capital expenditure in the period under review. Through strong financial results, greater commitment to strengthening its British affiliation with Cambridge International Education, the School has secured its strategic advantages as a primary and secondary education provider.

### VISION 2026 AND BEYOND

The industry has a significant potential in attracting large numbers of foreign students, especially to pursue international degree programs in Sri Lanka at a fraction of the cost compared to academic migration to international universities. Sri Lankan visa policies need to be improved to facilitate the mobility of inbound students to Sri Lanka. The industry players believe that if the Government takes the necessary steps towards promoting Sri Lanka as an "education hub" to attract foreign students to study in Sri Lanka, it could be a major foreign exchange earner for many countries.

Approaching the upcoming financial cycle, CEG's strategic direction will be on making prudent and increased investments to further align our academic services and infrastructure with international standards. Our intention to advance curriculum development will be complemented through the introduction of innovative subjects into our academic folios, such as Artificial Intelligence and Sustainability.

Further, we will continue to share mutual economic growth and regional business opportunities through partnerships with prestigious regional and global academic institutions, expanding opportunities for student exchange and mobility.

The Group has also prudently planned financial allocations and mapped processes to make enhancements by deploying adaptable, technology-driven learning resources designed to increase accessibility to a wider spectrum of learners. We anticipate these initiatives will underscore our ability to continuously deliver world-class education and help nurture highly employable and intelligent students in the coming years, to face the fourth industrial revolution with confidence.

### APPRECIATION

I am indebted to all subsidiary CEOs and their corporate management teams for moving companies towards sustainable growth through effective leadership and prudent oversight of core resources. Moreover, I extend my appreciation to all partner universities and faculty for continuing to traverse along our shared view of economic and professional growth. Above all, I am thankful for the trust gained from students and parents. Their confidence in us has shaped our legacy over the decades.

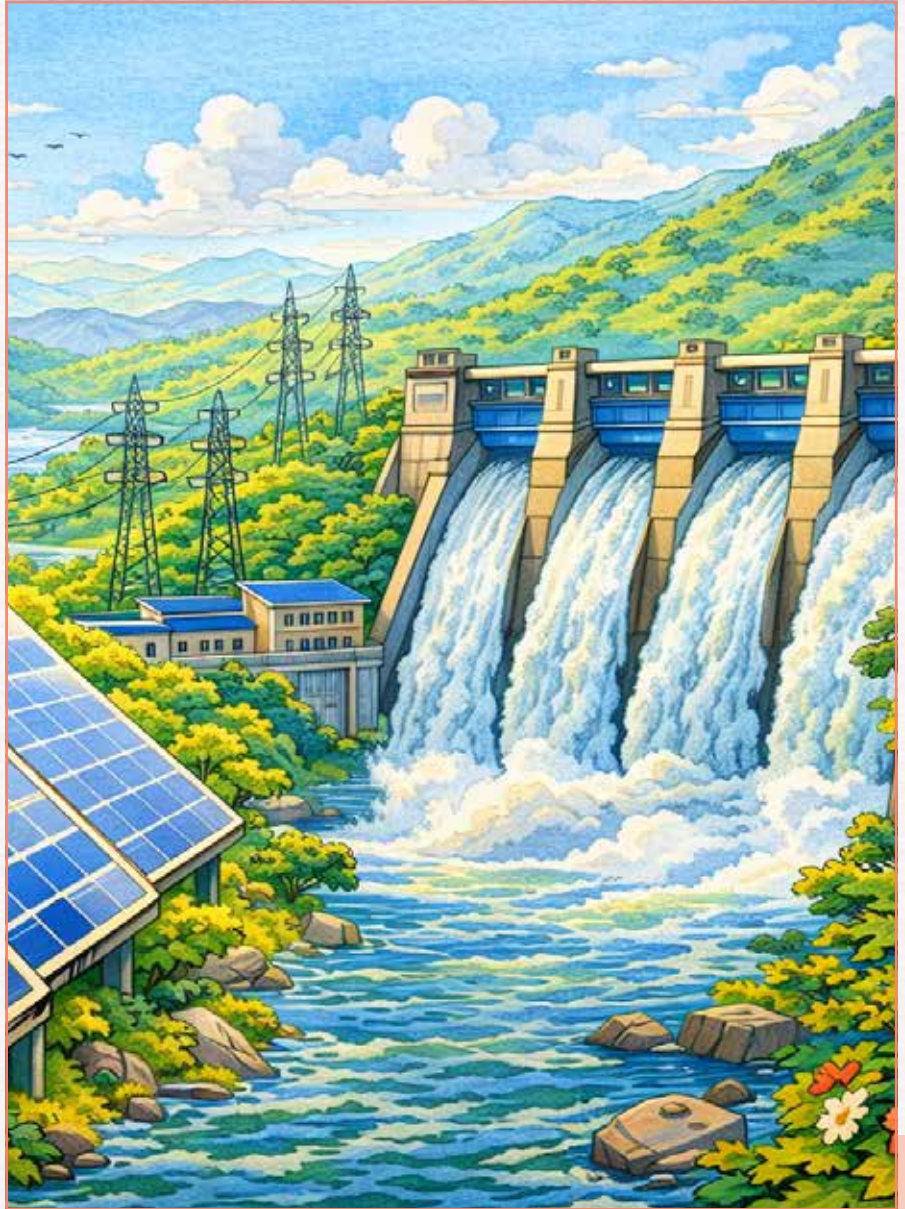
## SECTOR REVIEW - RENEWABLE ENERGY



### RENEWABLE ENERGY

Ceylinco Holdings' energy sector has been anchored through a portfolio of four hydroelectric power plants, located in Rajjamma, Kumburuthaniwala, and both phases of Loggal Oya. All these plants collectively generate over 50 MW of clean energy to the national grid and are instrumental in meeting the demand and supply of the country's electricity requirements.

Over the years, the sector has flourished under the strategic guidance of Mr Upali Witharana, who has led the Power and Energy Sector since its inception. The sector has gained recognition within the national energy sector and has surpassed various challenges and strategic milestones in the past 20 years.



OUR IMPACT

CORE POWER PLANTS

RAJJAMMANA

KUMBURUTHANIWALA

PHASE 1 LOGGAL OYA

PHASE 2 LOGGAL OYA

Management of these four plants has been segregated among the following three specialised subsidiaries: Ceyhydro Developers Pvt Ltd, Energy Generators (Pvt) Ltd, and Ceypower Cascades (Pvt) Ltd. All three plants work towards increasing efficiency, power generation and ensuring reliability with minimal disruptions. Moreover, Energy Lanka Holdings Ltd (ELHL) holds interests in these subsidiaries, ensuring cohesive management and oversight of all energy projects.

The sector is now poised for strong and strategic growth in the coming years, especially as the energy sector is undergoing a challenging environment with international supply disruptions due to the war in the gulf region and due to climate change, which will require a focus on producing energy with minimal impact on the environment and minimal disruptions in meeting the energy and power needs of the Sri Lankan public.

CAPITAL MANAGEMENT

HIGHLIGHTS AND VALUE CREATION

| Capital                        | Outcomes   |
|--------------------------------|--|
| <b>Financial</b>               | → Strong financials driven by solar power generation                                 |
| <b>Intellectual</b>            | → Enhanced technical expertise in renewable energy                                   |
| <b>Human</b>                   | → Specialised roles in renewable energy and engineering                              |
| <b>Social and Relationship</b> | → Enhanced national grid power integration and remaining as a trusted power supplier |
| <b>Manufactured</b>            | → Rs 9 Mn in CSR activities  |
| <b>Natural</b>                 | → Investments and assets in solar and hydro  |
|                                | → Protecting the natural ecosystems and resources of areas surrounding plants        |

Financial Capital

SDG Alignment



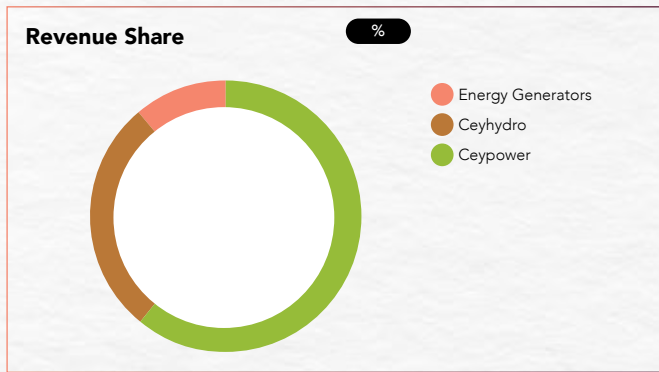
| Pillar            | Focus Area   |
|-------------------|--|
| <b>Growth</b>     | Nearly Rs 1 Bn in earnings   |
| <b>Efficiency</b> | New solar power plant in Akuregaoda, adding more renewable energy to the national grid                 |
| <b>Stability</b>  | 20-year power purchase agreement for the solar plant, securing future business and financial viability |

Energy Generators became the main driving force behind revenue and profitability with Ceyhydro demonstrating strong margins, indicating efficient operations. Overall net profit margin was 32.5% for the power and energy sector with the profit margin of Energy Generators recorded as nearly 40%. Ceypower and Ceyhydro recorded profit margins of 11.9% and 26.7%, respectively.

## SECTOR REVIEW - RENEWABLE ENERGY

### FINANCIAL PERFORMANCE BREAKDOWN (FY 2025)

| Subsidiary                    | Revenue Contribution<br>Rs '000 | Asset Value<br>Rs '000 | Profit<br>Rs '000 |
|-------------------------------|---------------------------------|------------------------|-------------------|
| Energy Generators (Pvt) Ltd   | 604,007                         | 2,317,014              | 235,079           |
| Ceyhydro Developers (Pvt) Ltd | 281,735                         | 870,936                | 75,077            |
| Ceypower Cascades (Pvt) Ltd   | 109,099                         | 298,660                | 12,951            |



The Group recorded assets worth Rs 1.1 Bn against Rs 403 Mn in liabilities, reflecting a stable financial foundation for future expansions.

The energy sector continued to exercise financial prudence amidst the significant capital expenditure injected into the Akuregoda solar power plant. The plant was completed amidst higher costs of construction and materials, but managed with absolute dependence on proper financial management by the relevant subsidiary under the guidance of Ceylinco Holdings' financial expertise.

### Manufactured Capital Management



#### SDG Alignment



In the period under review, the segment recorded Property, Plant and Equipment (PPE) as Rs 828 Mn, encompassing assets of our four hydropower plants. During the year, the group invested Rs 560 Mn in setting up the solar power plant in Akuregoda, which now delivers 4.75 MWp of energy. The plant is located in the Weligama area in Matara and has been built on 16 acres of land, purchased by Akuregoda Solar Energy (Pvt) Ltd.

| Pillar            | Focus Area  |
|-------------------|---|
| <b>Growth</b>     | Increase group PPE due to Solar power plant.  |
| <b>Efficiency</b> | Additional 4.75 MWp power generation to the national grid   |
| <b>Stability</b>  | The plant has been built with equity/debt capital and through pragmatic financial management group liquidity level remains healthy and resilient. |

A considerable portion of the group's assets is associated with inventory, which ensures a prudent and steady supply of assets and maintenance parts to maintain operations and minimise plant downtime. All plants have been future-proofed against potential disruptions, ensuring that the national grid receives uninterrupted energy through our plants.

Other subsidiaries have deliberately deferred major infrastructure projects, while prudently allocating capital to fortify balance sheets and to maintain a high level of liquidity and financial health during the period under review and in the ensuing financial year.



## Intellectual Capital



### SDG Alignment



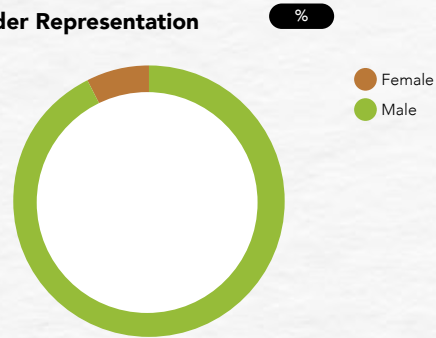
The intellectual capital base of the energy group is deeply rooted in technical expertise that comes with a highly knowledgeable and experienced team of staff members, including engineers and technicians. Their wealth of knowledge on industry standards and the future of the energy sector has enabled Ceylinco Holdings to pursue strategic investments within the power sector, especially in renewable power generation. Their hands-on understanding of the country's unique microclimates and river terrains has become a competitive and strategic advantage in expanding the sector and operations to other areas, sustainably.

| Pillar            | Focus Area  |
|-------------------|---|
| <b>Growth</b>     | Formation of the new solar plant has attracted experienced engineers and technicians            |
| <b>Efficiency</b> | Training programs has enhanced employee knowledge and abilities                                 |
| <b>Stability</b>  | Technical capabilities of staff and internal processes to support growth and future expansions. |

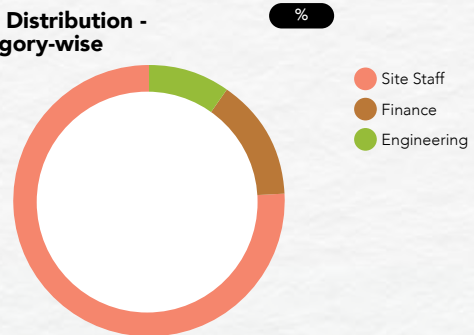
The implicit and explicit knowledge forms of all sector subsidiaries are enhanced and enriched through targeted localised and externally-organised training programs.



### Gender Representation



### Staff Distribution - Category-wise



## Human Capital

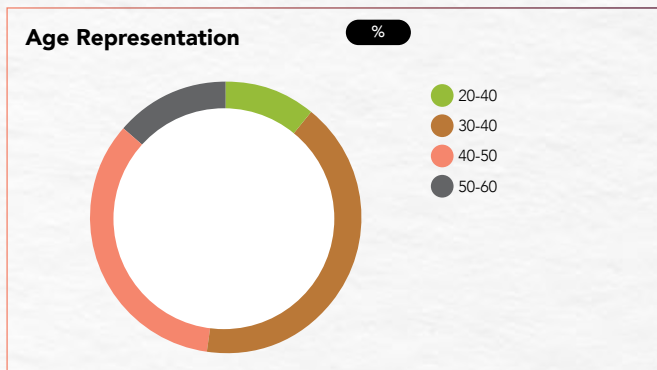


### SDG Alignment



The sector's workforce receives opportunities and options for personal and professional development through various strategies. Employees working in these remote power plant locations are provided with the required financial and non-financial incentives and facilities to work comfortably, while providing the necessary time towards personal commitments.

Nearly 75% of the sector staff are site-based employees, with the remaining majority employed in engineering and finance roles. The majority of the staff (42%) is in the age of 30-40, with 34% in the 40-50 age range. Moreover, a significant number of employees have been with their respective companies for over 10 years.



In total, the energy sector allocated Rs 104 Mn for staff-related expenditures during the financial year under review, with the biggest cost allocated to maintaining the financial growth of employees through salary and remuneration. Moreover, financial allocations have gone towards training programs and activities that have fostered work-life balance among staff members.

### Social and Relationship Capital

**SDG Alignment**

The power and energy sector of CHPLC approaches its social obligations by treating energy as a tool for national progress and social stability. Over the years, the sector has not only aligned with the long-term energy needs of the nation, but has also brought its focus to connect with the needs of the communities in the areas in which its power plants have been situated.

| Pillar            | Focus Area  |
|-------------------|---|
| <b>Growth</b>     | Increased contributions to the community  |
| <b>Efficiency</b> | Long-term contracts and strong partnerships have ensured consistent operations                |
| <b>Stability</b>  | The Group will align its organisational knowledge and human capital requirements in line with |

Power plants such as the Rajjammana and Loggal Oya are designed with the local community in mind. Their investments involve improving local areas and infrastructure, such as roads and water management systems, which have a direct positive influence on the community stakeholders.

The sector also gives priority to locally-sourced labour for construction and maintenance purposes of the power plants, enabling economic growth to individuals and families of those immediate communities.

Moreover, the subsidiaries of the power sector collaborate with the State’s power and energy stakeholders to help shoulder the country’s energy needs and to reduce dependence on non-renewable energy.

The sector and its subsidiaries work closely with the Ceylon Electricity Board (CEB) and other state utility entities to transition the national grid towards renewable sources, working as a partner in Sri Lanka’s energy security.

|                           | Value   |
|---------------------------|---|
| <b>Local Community</b>    | Infrastructure development (e.g., tank renovations for farmers).    |
| <b>Government/ Nation</b> | Direct collaboration to reduce national dependence on fossil fuels. |

Furthermore, the following contributions were undertaken during the year under review, enhancing the sector’s duty to the community.

- ➔ Contributing to social development and ensuring access to education, Energy Generators maintained a dedicated nursery, supporting 60 students; this was done at a cost of Rs 4 Mn
- ➔ Books valued at Rs 2.3 Mn donated to benefit 850 students
- ➔ Dry food was supplied to 395 individuals at a cost of Rs 1.3 Mn
- ➔ A donation of half a million was completed to support 9 families
- ➔ A scholarship of Rs 420,000 was provided
- ➔ The educational fees of one student are supported with a Rs 480,000 spending





## Natural Capital

SDG Alignment



The energy sector of CHPLC is the quiet engine of the group’s ESG goals. By providing clean, renewable energy, the sector is not only selling a utility that helps the country to operate and grow, but they have enabled a future where climate-related changes and challenges are being addressed.

|                    | Value   |
|--------------------|---|
| <b>Environment</b> | Minimal disruption design, and restoring greenery post-construction to maintain local habitats. |

### THE FUTURE RESILIENCE

The sector is gearing to expand its renewable energy footprint, offsetting the country’s use of fossil fuels, especially at a time of great global energy concerns and rising tensions in countries that produce and transport fossil fuels, such as coal and crude oil. Moreover, the group is focused on its duty to reduce the carbon footprint of the country by generating renewable-source-based energy.

The sector will continue to capitalise on the Electricity Act’s decentralisation of generation and distribution, now visible through the restructuring of CEB into six separate state-owned entities, as of March 2026.

## SECTOR REVIEW - RENEWABLE ENERGY



### CHIEF EXECUTIVE DIRECTOR'S REVIEW

*Dear Shareholders,*

The year 2025 marked a defining chapter for Sri Lanka's power sector, one characterised by both meaningful progress and considerable complexity. Against a backdrop of evolving regulatory frameworks and operational challenges, we remained steadfast in our commitment to expanding our renewable energy footprint while navigating an increasingly dynamic environment.

#### OPERATIONAL HIGHLIGHTS

A key highlight of the year was the successful commissioning of the 4.75MWp Akuragoda Solar Power Plant in Udukaawa, Weligama. This milestone represents a significant step forward in our strategic journey. Developed with an investment of Rs. 560 Mn, the facility stands as the largest solar asset within our portfolio. More importantly, the project is supported by a 20-year Power Purchase Agreement with the Ceylon Electricity Board, ensuring long-term revenue visibility and reinforcing the financial resilience of our power segment. The outright ownership of the project land further strengthens our asset base, reflecting our disciplined and forward-looking investment approach.

While our capacity expansion has been encouraging, the broader operating landscape has presented notable challenges. The introduction of curtailment measures for grid-connected solar plants during the year created disruptions across the renewable energy sector. These actions, which affected generation during weekends and holidays, resulted in revenue losses and introduced a level of unpredictability that is inconsistent with the "must-run" status typically given to renewable energy projects. Such developments not only impact project viability but also have wider implications for investor confidence and financial stability within the sector.

Encouragingly, policy discussions around Battery Energy Storage Systems (BESS) gained traction during the year, signalling a pathway to address daytime energy surpluses and improve grid stability. However, delays in the implementation of supporting frameworks have hindered progress. The timely rollout of these mechanisms will be critical in unlocking the full potential of renewable energy and ensuring that clean power generation is effectively integrated into the national grid.

The year also witnessed significant shifts in the legislative and policy landscape governing the electricity sector. Amendments to the Electricity Act and evolving policy directions have introduced new structural dynamics, including changes to market frameworks and investment parameters. While these reforms aim to reshape the sector, they also underscore the importance of maintaining a stable and predictable environment that supports long-term private sector participation, particularly for small and medium-scale developers who play a vital role in expanding renewable capacity.

Meanwhile, the restructuring of the Ceylon Electricity Board continues to evolve, with the transition towards multiple state-owned entities progressing at a measured pace. While this transformation holds the potential to enhance operational efficiency in the

long term, delays in its execution have contributed to ongoing uncertainty within the sector. As stakeholders, we remain closely engaged and attentive to these developments, given their direct impact on grid access, dispatch protocols, and overall sector performance.

Despite these challenges, the underlying fundamentals of renewable energy remain compelling. Our ability to successfully deliver and operationalise key projects during the year reflects both our technical expertise and our resilience as an organisation.

#### APPRECIATION

As we look ahead, our focus will remain on strengthening operational efficiency, maximising the performance of our existing hydro and solar assets, and actively engaging with policymakers to advocate for a more enabling and transparent regulatory environment. We are confident that with the right structural support, the renewable energy sector can play a transformative role in shaping Sri Lanka's sustainable energy future.

I extend my sincere appreciation to our teams for their unwavering dedication and to our shareholders for their continued trust and confidence in our long-term vision.

# GOVERNANCE

$6 \times 5 = 30$   
 $8 \times 3 = 24$   
 $5 \times 9 = 45$   
 $12 \times 7 = 84$



# CORPORATE GOVERNANCE

We at Ceylinco Holdings PLC believe that strong governance is fundamental to creating trust and ensuring long-term success of the Group. Public trust and confidence remain at the center of everything we execute, guiding our decisions and actions. Our corporate governance structure has regularly reviewed and updated to align with evolving regulations and best practices, ensuring that we continue to uphold the highest standards of reliability and transparency. It is further underlined by the principles of ethical governance, reliability, responsibility & clarity, stakeholder engagement and continuous improvement. These philosophies outline the key aspects of our governance approach, including Board oversight, delegation of authorities, policy design and resource deployment, performance evaluation, risk management, statutory compliance and financial reporting.

This report specifies particulars about the Board of Directors, Sub Committees and details of our individual roles and responsibilities. It also provides an insight into the activities of the Board and Sub Committees over the year and how we seek to ensure the highest standards of corporate governance remain embedded throughout the Company and Group, underpinning and supporting our business and the decisions we make.

We believe that ethical behavior and honesty at every level of the Company and Group are vital to maintain effective governance. From the Board of Directors as the highest governing body and the Senior Management team to contributions of all staff members, everyone plays a vital role in upholding the principles of responsibility and moral conduct that explain our culture.

The Board of Directors understands the importance of culture and setting the tone of the Company from the top and embedding it throughout the Group. We refer to our culture as the 'Customer centric' and it is a key component of the Group philosophy we are driving, to deliver our strategy and establish a customer-first culture. We recognize the significance of a comprehensive environment where everyone has the

opportunity to thrive and belong. We believe that a more motivated and productive workforce is integral to delivering our strategic priorities.

Hence at Ceylinco Holdings PLC, we assess corporate governance as more than a compliance requirement. It is a shared responsibility that exceeds legal and regulatory obligations, indicating our commitment to ethical business practices. A robust system of corporate governance structure, processes and guidelines supports this effort, ensuring that good governance is maintained and stakeholders' interests are effectively addressed.

The Board of Directors is responsible for the overall leadership of the Group and, throughout the year, Board activities and discussion focused on the implementation of the Company's strategic activities.

The list of policies together with details with regard to corporate governance under section 9.2.1 of Listing Rules are readily available on the Company website.

The operation of Ceylinco Holdings PLC is governed by the Companies Act No.7 of 2007, and subsequent amendments thereto and the Listing Rules Requirements of the Colombo Stock Exchange.

## BOARD OF DIRECTORS

The Board directs the Company's strategic direction and supports the executive management with its delivery of the strategy within a transparent governance framework. In continuation with the strategic progress and portfolio objectives already reported, Board discussion has focused on the implementation of those strategic priorities, alongside financial performance, risk management, culture and governance.

The Board monitors the Company's progress against established strategic objectives and its performance against given targets. Board meetings are planned with reference to the Company's strategic priorities and meeting agendas

are constructed to deliver information at appropriate junctures and from a broad range of senior leaders, to enable the Board to effectively review and challenge.

The Board is collectively responsible for ensuring leadership through effective oversight and review. It sets the strategic direction with the goal of delivering sustainable stakeholder value over the longer term and has oversight of cultural and ethics programs. The Board collectively establishes the ethical tone from the top, directing all Directors/Key Management Personnels, and employees to uphold integrity, transparency, and the highest ethical standards in their actions and decision-making.

The Board of Directors is responsible for:

- Engage in strategic opportunities within the Board approved risk framework, ensuring sustainable growth.
- Assessing and approving corporate strategy and the performance goals for the Company and Group.
- Developing a proactive risk culture across the Group, encouraging early identification of risks to support better strategic and operational results.
- Fostering transparency and accountability across all levels by monitoring financial and other regulatory reporting practices adopted by the Group.
- Ensuring good governance practices that reflect the interests of a wide range of stakeholders, including shareholders, clients, employees, regulators and the community.

The Board also retains responsibility for the Group's operations and the effectiveness of systems of internal control and risk management, including climate-related risks and opportunities, accounting and compliance (including determining the appropriate level of risk exposure, management and mitigation for the Group). It is also responsible for matters relating to finance, audit, reputation, listed company management, corporate governance, remuneration and effective succession planning,

much of which is overseen through its Sub Committees.

The profiles of the Board of Directors are given on pages 22 to 26 of this Annual Report.

## BALANCED GOVERNANCE STRUCTURE

The Board is designed to ensure effective and accountable governance. With a majority of Non-Executive Directors (09 out of 16), their views and opinions have significant influence, while one-third of the Board comprises Independent Non-Executive Directors, ensuring independence in decision making. Refer composition of Board on page 256.

The Board comprises the Executive Chairman, Senior Independent Director, Non-Executive Directors and Independent Non-Executive Directors. Non-Executive Directors bring independent judgement, and wide and varied commercial, financial and industry experience to the Board and Sub Committees.

The Board, together with the Nominations and Governance Committee, has continued to monitor the composition and skills of the Board with a focus on succession planning for the Non-Executive Directors where retirements are anticipated over the next few years.

As at 31 December 2025, the Board comprised of 16 Directors, of which 04 were Non-Executive Directors, 05 were Independent Non-Executive Directors and 07 Executive Directors, including the Chairman/Chief Executive Officer (CEO). In the opinion of the Board, the composition mix of the Executive and Non-Executive Directors satisfies the requirements of the Listing Rules of the CSE. Further, the Board, through the Nominations and Governance Committee, reviews the composition of the Board on an ongoing basis.

Mr. V. G. De Alwis has resigned from the Company w.e.f. 31.12.2025 and Mr. J. H. R. Peiris was appointed to the Board w.e.f. 01.01.2026 as Independent Non-Executive Director. Further Dr. W.C.J. Alwis

served as Non-Executive Director up to 31.12.2024, was appointed as Executive Director w.e.f. 01.01.2025.

Since Mr. D.H.J. Gunawardena, Senior Independent Director, retired w.e.f. 31.12.2024, Mr. N.V. Kumar was appointed as Senior Independent Director w.e.f.01.01.2025.

The Board has clearly defined the division of responsibilities between the running of the Board and running the day-to-day activities of the Group. The responsibilities of the Chairman/ Chief Executive Officer, Executive Directors, Senior Independent Director, and other Directors are clearly defined so that no individual has unrestricted powers of Board's decision making on business activities.

## EXECUTIVE CHAIRMAN/ CHIEF EXECUTIVE OFFICER

The Executive Chairman/ Chief Executive Officer has committed for the effective management of the Group's businesses and for ensuring that Board decisions are executed in a transparent manner. Further, his duties include.

- Leads the Board, sets each meeting agenda and ensures the Board receives accurate, timely and clear information in order to monitor and challenge management, guiding them and the Board to take sound decisions.
- Promotes an open culture for debate between Executive and Non-Executive Directors.
- Provides leadership to the Company and Group, including representing the Company and Group to customers, government, shareholders, financial institutions, employees, the media, the community and the public, and enhances the Group's reputation.
- Leads the Executive Directors and senior management team in running the Group's business.

The responsibilities of Chairman & Chief Executive Officer are entrusted into one person due to the variety and degree of operations of the Group

and the Board is of the view that this is the most appropriate arrangement for Ceylinco Holdings PLC. The Board has also appointed a Senior Independent Director to facilitate board balance and ensure effective engagement with Non-Executive Directors.

## EXECUTIVE DIRECTORS

The Executive Directors brings a wealth of knowledge and experience along with,

- In-depth knowledge of business administration and decision-making abilities
- Methods for internal control to safeguard shareholders' investment and the Company's assets.
- Suggestions and procedures for recognizing, assessing, and managing the significant risks faced by the Company and the Group.

## NON-EXECUTIVE DIRECTORS

The Non-Executive Directors bring substantial knowledge gained from experience, whilst serving in a variety of public and private companies in various industries. They are further accountable for,

- Monitor and challenge the performance of the management.
- Assist in development, approval and review of strategy.
- Review Group financial information and provide advice to the management.
- Engage with stakeholders and provide insight as to their views.
- Acts leading role in the operating of the Board Sub Committees, bringing an independent view to the conversation.

## SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director enables to have fruitful dialogue in board meetings for the Chairman and acts as an intermediary for the Non-executive Directors. Mr. D.H.J. Gunawardena functioned as the Senior

## CORPORATE GOVERNANCE

Independent Director up to 31.12.2024 and due to his retirement, Mr. N.V. Kumar was appointed to the post of Senior Independent Director w.e.f.01.01.2025. In order to strengthen further, Mr. R. Renganathan functions as Non-Executive Deputy Chairman to provide an effective mechanism to maintain efficiently stable Board.

Senior Independent Director's responsibilities and duties include,

- Providing a sounding board for the Chairman and acts as a trusted intermediary for the Directors as required.
- Meeting Non-Executive Directors (without the Chairman's presence) when necessary and at least once a year to appraise the Chairman's performance, and communicates the results to the Chairman and
- Together with the Nominations and Governance Committee, he leads an orderly succession process for the Board.

The Senior Independent Director is available to shareholders in the event they have any concerns where communication through normal channels has not been successful or where such channels are improper. Further the Senior Independent Director meets with the Non-executive Directors to facilitate board balance and ensure effective engagement in Board activities.

### BOARD APPOINTMENTS

The Board of Directors remain committed to having a Board that is diverse in all aspects. With support from the Nominations and Governance Committee, The Board of Directors continue to monitor requirements and best practices. The recent changes in composition have strengthened the Board dynamic and provided valuable insights and expertise and demonstrated that diversity, skills and knowledge are effectively regarded when composition is considered.

New Board appointments are carried out in a formal and transparent process

and are governed by the Articles of Association and the Company. Further Board appointments are assessed and determined by the Nominations and Governance Committee which assesses the Group's strategic demands as well as the skills and competencies of the Board. Upon appointment to the Board, each Director acknowledges that they must promote the desired culture by acting with integrity and leading by example.

Further, The Nominations and Governance Committee annually evaluates the combined experience, expertise and diversity of the current Board, in order to identify if additional attributes are required for the Board. The appointment of the new Director to the Board will be communicated to the Colombo Stock Exchange (CSE) and the shareholders through an announcement.

### PERFORMANCE OF THE BOARD

The performance and effectiveness of the Board is evaluated through a formalized process, and details are presented to the Board. The Board conducts regular assessments to ensure alignment with the responsibilities outlined in the Board Charter. This assessment process involves a self-assessment conducted by the Board of Directors.

The objectives of the performance review were to provide a measurement of,

- The Board effectiveness and governance.
- The efficiency of Sub Committees. and
- The effectiveness of Directors, including the Executive Chairman's effectiveness, and how effectively Board members work together to achieve objectives, considering their preparation ahead of meetings, time commitment, independence and courage to challenge decisions.

The Nominations and Governance Committee is tasked with evaluating the self-assessments of Directors and subsequently presents its recommendations to the Board.

### BOARD MEETINGS AND ATTENDANCE

The Board is notified about all Board Meetings at the commencing of each year, and every Director is given the opportunity to include concerns in the agenda. Board meetings are structured to allow open discussions. At each meeting, the Directors are made aware of the key negotiations and decisions of the Sub Committees by the respective Committee Chairman. Minutes of Board and Sub Committee meetings are circulated to all Directors after each meeting. The Company maintains an efficient and effective process in preparing the Board members for the Board meetings of the Company. Members of the senior management and external advisors are invited as and when required to attend Board meetings to present proposals and provide further clarity to the Board.

Six Board meetings were conducted during the year 2025. The attendance of Directors at these meetings is set out in this Annual Report page 128.

### BOARD SUB COMMITTEES

The Board's Sub Committees were evaluated and the review concluded that all Sub Committees are working well and effectively, with particular appreciation for their chairperson. This evaluation objective is to ensure that they function effectively and efficiently, in compliance with Code of Best Practice on Corporate Governance and CSE Listing Rule Section 9. Further this evaluation assesses the structure, composition, performance, and effectiveness of each Sub Committee in discharging its responsibilities as outlined in its respective Sub Committee Charter.

Non-Executive Directors have access to supporting materials for all Sub Committees, enhancing their depth of understanding across the Group. This is provided on a timely basis to all Sub Committee members. The Chairpersons of each of the Board Sub Committees report the outcome of the Sub Committee meetings to the Board and the relevant decisions are incorporated in the minutes of the Board meetings.

The Board is assisted by the below mentioned Board Sub Committees which have been assigned with specified duties –

- Board Audit and Risk Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee
- Remuneration Committee

The Committees' composition and areas of overseeing activities for the year 2025 were given in each Board Sub Committee report.

## BOARD INTERACTIONS WITH SHAREHOLDERS

The Board is committed to understanding the views of all stakeholders to guide our decision-making process. We acknowledge that Group's success relies on the Board making decisions that benefit our shareholders while considering the interests of all stakeholders.

The Annual General Meeting 2024 has provided shareholders with the opportunity to share their views and to meet the Board, including the Chairman of the Board sub committees and members of Key Management Personnel. Shareholders were able to pre-submit questions or, if attending in person, ask questions on the day, for consideration by

the Directors at the meeting. We intend to hold the 2025 AGM in the same format.

The Board will continue to strive for sustainable value creation and will monitor the Company and Group's progress in executing its strategies, mainly focusing on Customers. The Company strives to bring mutually-value-adding, reflective interactions with all stakeholders.

The Company communicates with the shareholders through the following methods of communication: -

1. Annual General Meeting (AGM)
2. Announcements to the Colombo Stock Exchange
3. Media Releases
4. Company website

Company's external auditors are also present at the Annual General Meeting to respond to shareholders' questions. The Board of Directors eager to obtain feedback of Shareholders and the Board of Directors invite shareholders' suggestions and views to be sent to [cicosec@ceyins.lk](mailto:cicosec@ceyins.lk)

## REMUNERATION ARRANGEMENTS

Ceylinco Holdings PLC has established a formal and transparent remuneration process that ensures the attraction and retention of high-performing, qualified,

and experienced Directors who possess the expertise necessary to drive corporate strategic goals. During the year the Committee reviewed the remuneration structure across the businesses, which included how arrangements aligned with Company and Group's strategies and supported main purposes. This includes considering the structure of remuneration offerings at each level of the businesses to ensure that there is a strong rationale for how packages evolve across the different levels of the Company and Group. The remuneration of Non-Executive Directors comprises fee for being a Director of the Board and an additional fee for being a member of a Sub Committee.

The compensations paid to the Directors for the financial year 2025 is given in note 47(a) to the Financial Statements on page 244.

The report of the Remuneration Committee is presented on page 120.

## STATEMENT OF COMPLIANCE

In respect of the year ended 31 December 2025, Ceylinco Holdings PLC-Board of Directors is pleased to confirm that the Company applied the principles and complied with all the provisions under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance, throughout the year. Further information on compliance with the same can be found as follows:

| CSE Rule                              |   | Compliance Status | Reference within the Annual Report  |
|---------------------------------------|---|-------------------|---|
| <b>9.1 Corporate Governance Rules</b> |   |                   |   |
| 9.1.3                                 | A statement confirming compliance with Corporate Governance Rules   | Yes               | The Company is in compliance with the Corporate Governance Rules and has stated so within the Annual Report |
| <b>9.2 Policies</b>                   |   |                   |   |
| 9.2.1                                 | The Company has implemented policies, and which have been disclosed under Company website along with additional information | Yes               | The Company is in compliance with implementation of policies  |
| <b>9.3 Board Committees</b>           |   |                   |   |
| 9.3.1                                 | Minimum required Board Committees   | Yes               | The required Committees are maintained, and are functioning effectively                                     |

## CORPORATE GOVERNANCE

| CSE Rule  |  | Compliance Status | Reference within the Annual Report   |
|---|--|-------------------|--|
| 9.3.2   | Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees                          | Yes               | The Company is in compliance with the requirements in respect of the Board Committees  |
| <b>9.4 Meeting procedures and the conduct of all General Meetings with shareholders</b> |  |                   |  |
| 9.4.1   | Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained | Yes               | The Company maintains all records and information regarding resolutions considered at General Meetings   |
| 9.4.2   | Communication and relations with shareholders and investors  | Yes               | Refer Stakeholder Management and Effective Communication Section   |
| <b>9.5 Policy relating to the Board of directors</b>                                    |  |                   |  |
| 9.5.1 - 9.5.2   | The Company has adopted policies along with the information with regard to governing matters of Board of Directors                     | Yes               | Refer Corporate Governance Report  |
| <b>9.6 Chairperson and CEO</b>  |  |                   |  |
| 9.6.1   | Requirement for a SID if the positions of Chairperson and CEO are held by the same individual.   | Yes               | Refer Corporate Governance Report  |
| 9.6.2   | Market announcement on the rationale behind the appointment of a SID   | Yes               | Market Announcement Done   |
| 9.6.3 (a)   | Requirement for a SID  | Yes               | Refer Corporate Governance Report  |
| 9.6.3 (e)   | SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties   | Yes               | Refer Report of SID  |
| 9.6.4   | Rationale for the appointment of a SID set out in the Annual Report  | Yes               | Refer Corporate Governance Report  |
| <b>9.7 Fitness of Directors and CEO</b>   |  |                   |  |
| 9.7.1 to 9.7.5  | Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures  | Yes               | Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board. The Nominations and Governance Committee reviews and makes recommendations to the Board on the fitness and propriety of Directors. No non-compliances were reported during the year in this regard |
| <b>9.8 Board Composition</b>  |  |                   |  |
| 9.8.1 - 9.8.2   | The Board consists of 16 Directors and 05 are Independent. Hence 1/3 of the number of Directors are independent                        | Yes               | Details of the independence criteria are explained within the Corporate Governance Report  |
| 9.8.3   | Requirements for meeting the criteria to be an Independent Director  | Yes               | Details of the independence criteria are explained within the Corporate Governance Report  |
| 9.8.5   | The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'  | Yes               | All NED/IDs have submitted declarations as to their independence, and a determination of their independence is evaluated   |

| CSE Rule   |   | Compliance Status | Reference within the Annual Report   |
|--|---|-------------------|--|
| <b>9.9 Alternate Directors</b>                   |   |                   |  |
|  | Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.  | Yes               | No Alternate Directors were appointed during the financial year.                 |
| <b>9.10 Disclosures relating to Directors</b>    |   |                   |  |
| 9.10.2 - 9.10.3                                  | Market announcement upon the appointment of a new director and any changes to the Board Committee composition   | Yes               | Timely market announcement of the new NED/IDs appointed are made through the CSE |
| 9.10.4   | Details in relation to the Board members  | Yes               | Refer Board of Directors section   |
| <b>9.11 Nominations and Governance Committee</b> |   |                   |  |
| 9.11.1 - 9.11.3                                  | The Company possesses a Nominations and Governance Committee and maintains a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties. | Yes               | Refer Nominations and Governance Committee Report                                |
| 9.11.4   | Composition of the Committee  | Yes               | Refer Nominations and Governance Committee Report                                |
| 9.11.5   | Functions of the Committee  | Yes               | Refer Nominations and Governance Committee Report                                |
| 9.11.6   | Disclosures of the Committee  | Yes               | Refer Nominations and Governance Committee Report                                |
| <b>9.12 Remuneration Committee</b>               |   |                   |  |
| 9.12.2 - 9.12.3                                  | The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors  | Yes               | Refer Remuneration Committee Report  |
| 9.12.4   | Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence   | Yes               | Refer Remuneration Committee Report  |
| 9.12.5   | The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings   | Yes               | Refer Remuneration Committee Report  |
| 9.12.6   | Composition of the Committee  | Yes               | Refer Remuneration Committee Report  |
| 9.12.7   | Functions of the Committee  | Yes               | Refer Remuneration Committee Report  |
| 9.12.8   | Disclosures of the Committee  | Yes               | Refer Remuneration Committee Report  |
| <b>9.13 Board Audit and Risk Committee</b>       |   |                   |  |
| 9.13.1   | The Audit Committee additionally perform the risk management function of the Company  | Yes               | Refer Board Audit and Risk Committee Report                                      |
| 9.13.2   | The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.   | Yes               | Refer Board Audit and Risk Committee Report                                      |
| 9.13.3   | Composition of the Committee  | Yes               | Refer Board Audit and Risk Committee Report                                      |
| 9.13.4   | Functions of the Committee  | Yes               | Refer Board Audit and Risk Committee Report                                      |
| 9.13.5   | Disclosures of the Committee  | Yes               | Refer Board Audit and Risk Committee Report                                      |

## CORPORATE GOVERNANCE

| CSE Rule  |  | Compliance Status | Reference within the Annual Report   |
|---|--|-------------------|--|
| <b>9.14 Related Party Transactions Review Committee</b> |  |                   |  |
| 9.14.1  | Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson       | Yes               | Refer Related Party Transactions Review Committee Report   |
| 9.14.2  |  |                   |  |
| 9.14.3  | Functions of the Committee   | Yes               | Refer Related Party Transactions Review Committee Report   |
| 9.14.4  | General Requirements   | Yes               | Refer Related Party Transactions Review Committee Report   |
| 9.14.5  | Review of Related Party Transactions by the Related Party Transactions Review Committee  | Yes               | Refer Related Party Transactions Review Committee Report   |
| 9.14.6  | Shareholder Approval   | Yes               | A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year |
| 9.14.7  | Disclosures of the Committee   | Yes               | Refer Related Party Transactions Review Committee Report   |
| 9.14.8 (1)  | Details pertaining to Non-Recurrent Related Party Transactions   | Yes               | Refer Notes to the Financial Statements  |
| 9.14.8 (2)  | Details pertaining to Recurrent Related Party Transactions   | Yes               | Refer Notes to the Financial Statements  |
| 9.14.8 (3)  | Report of the Related Party Transactions Review Committee  | Yes               | Refer Report of the Related Party Transactions Review Committee  |
| 9.14.8 (4)  | Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise | Yes               | Refer Annual Report of the Board of Directors  |
| 9.14.9 (1)/ (2)   | Shareholder approval for acquisition and disposal of substantial assets  | Yes               | A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year |
| 9.14.9 (4)/ (5)/ (6)                                    | Competent independent advice on acquisition and disposal of substantial asset  | Yes               | The group has not acquired/ disposed substantial assets from/to related parties                                |

# REPORT OF THE SENIOR INDEPENDENT DIRECTOR

In order to comply with Section 9.6.3 (i) of the Listing Rules of the Colombo Stock Exchange (CSE), the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 1st January 2025.

Section 9.6.3 of the Listing Rules provides that in circumstances where the positions of the Chairperson and CEO are held by the same individual, a Senior Independent Director (SID) shall be appointed. At Ceylinco Holdings PLC the Executive Chairman and Chief Executive Officer (CEO), Mr. A.R. Gunawardena plays a key role in planning and evaluating group strategies for discussion and agreement by the Board. The CSE has been informed that the Board of Directors has unanimously agreed that the combined role of the Executive Chairman and CEO has been beneficial for the effective administration of the Company to achieve the best results for the Company and its stakeholders.

The Senior Independent Director provides guidance to the Chairman on matters of governance of the Company. The role of SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

As the Senior Independent Director for Ceylinco Holdings PLC, I take an active role in deliberating matters set before the Board and have been guided in executing my additional duties by the conditions authorized by the Board. Accordingly, I have encouraged active participation by Non-Executive Directors and have been available for confidential discussions with other Directors or any employee on the affairs of the Company.

## MEETINGS

The following meetings have been held –

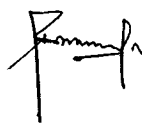
- Meeting of the Independent Directors to discuss matters relating to the Company and the operation of the Board.
- Meeting of Non-Executive Directors without the presence of the Executive Directors. At this meeting the performance of the Executive Chairman/CEO and the Executive Directors were appraised.

The outcome and recommendations of these meetings were informed to the Executive Chairman/CEO and the Board.

The Board is collectively responsible towards ensuring the success and long-term sustainability of the Company whilst adding value to the shareholders and other stakeholders.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, to enhance stakeholder acceptance and make a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



**Mr. N.V. Kumar**  
*Senior Independent Director*

26th March 2026

# BOARD AUDIT AND RISK COMMITTEE REPORT

The Board Audit and Risk Committee oversees the governance of the Group's risk management system, financial reporting, the external audit process, internal control and related assurance processes. The Committee has accountability oversee to assess the effectiveness of the control environment and ensure the objectivity and independence of External Auditors.

This report provides an overview of how the Committee operates, an insight into the Committee's activities during the year and its role in ensuring the integrity of the Group's published financial information and the effectiveness of its risk management, controls and related processes.

The subsidiaries, Ceylinco General Insurance, Ceylinco Life and the Education Sector have their own audit committees. The Audit Committee of Ceylinco Holdings PLC is satisfied with the assurances given by respective audit committees on the scope covered and the confirmation that there are no significant matters that need to be reported to the Holding Company Audit Committee during the year under review.

## OBJECTIVE

The objective of the Committee is the providing of effective governance over the appropriateness of financial reporting of the Group. This includes the adequacy of related disclosures, the performance of both the Internal Audit function and the External Auditor and oversight of the Group's systems of internal control, business risks and related compliance activities.

## COMPOSITION

The Committee comprises of four Non-Executive Directors of whom three are Independent Non-Executive Directors. The Board considers that the Committee members have the required competence in the Company's business sectors, in addition to their general management and commercial experience.

Mr. D.H.J. Gunawardena retired from the post of Chairman of the Audit and Risk Committee w.e.f. 31.12.2024 and Mr. D.R.P. Goonetilleke has been appointed as Chairman of the Committee w.e.f. 01.01.2025. He is a fellow member of the Chartered Institute of Management Accountants of the United Kingdom.

The Committee Chairman invites regular attendees including the Chief Executive Officer, Director Finance, Chief Financial Officer, and representatives of the External Auditor to the meetings of the Audit and Risk Committee.

The Committee comprised of the following Directors of the Company as at 31 December 2025.

- ➔ Mr. D.R.P. Goonetilleke (IND/NED) - Appointed as Chairman w.e.f. 01.01.2025.
- ➔ Mr. N.V. Kumar (IND/NED) - Appointed w.e.f. 27.11.2023.
- ➔ Mr. G.D. Nelson (IND/NED) - Appointed w.e.f. 01.01.2025.
- ➔ Mr. Takashi Kishi (NED) - Appointed w.e.f. 03.06.2022.

*NED – Non - Executive Director*

*IND/NED – Independent Non - Executive Director*

## BOARD AUDIT COMMITTEE CHARTER

The Board Audit Committee Charter clearly defines the Terms of Reference of the Committee and governs the composition, functions and responsibilities. The Board Audit Committee Charter has been approved and adopted by the Board. Its terms of reference comply with the requirements of the Corporate Governance Rules as per Section 9.13.4 of the Listing Rules of the Colombo Stock Exchange (CSE).

## FINANCIAL REPORTING SYSTEM

The Committee reviewed and evaluated the Financial Reporting System adopted by the Group with reference to the following.

- ➔ The preparation, presentation and adequacy of the disclosures in the Group's annual and interim financial statements in accordance with the Sri Lanka Accounting Standards, Listing Rules, the Companies Act No. 7 of 2007 and other applicable statutes.
- ➔ The underlying rationale and basis for the significant estimates and judgments to the financial statements.

Further The Committee assessed that Financial Reporting System has been designed to provide reasonable assurance to the Board of Directors that it can be relied upon in the preparation and presentation of the Financial Statements of the Company and the Group. The respective subsidiary's Board of Directors approve the financial statements of those entities consequent to the them receiving recommendations from those audit committees.

During the year, the Committee considered and recommended the approval of the quarterly financial statements, annual financial statements with connected documents and ensured their compliance with the Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards.

## STATUTORY & REGULATORY REQUIREMENTS

The Committee has the primary responsibility for the oversight of the Group's system of internal control, including the risk management framework, the compliance framework and the scope of Internal Audit functions. The Committee reviews the regulatory compliance reports submitted by the subsidiaries and concludes that the Company and its subsidiaries' compliance framework provides reasonable assurance that all relevant laws, rules, regulations, codes of ethics and standard of conduct have been followed. This process guarantees that compliance with all statutory and regulatory requirements is effectively monitored.

The Group has an internal control environment designed to protect the business of the subsidiaries from the material risks that have been identified. While management is responsible for establishing and maintaining adequate internal controls and the Committee has responsibility for ensuring the effectiveness of those controls. The Committee assists the Board in discharging its responsibilities in relation to Group statutory and regulatory compliance and reviews the quarterly compliance statements submitted to the Committee, prior to its release to the Board.

### AUDIT COMMITTEE MEETINGS

Four Audit Committee meetings were held during the year under review. Director Finance, the CFO and designated management staff attended these meetings as invitees. The External Auditors attended the scheduled meetings of the Committee by invitation. Other members of the senior management attended as invitees when required.

The Committee Chairman reports to the Board, as a separate agenda item, on the activity of the Committee and matters of relevance. The Board has access to the Committee's papers and receives copies of the Committee minutes.

### RISK MANAGEMENT AND INTERNAL GOVERNANCE PROCEDURE

During the year under review, the Audit Committee assessed the Company and its subsidiary Companies' major financial risk exposures and evaluated the policies and procedures implemented by management for monitoring, controlling, and reporting such risks.

All subsidiary companies present information pertaining to the risk management function with the purpose of keeping the Audit Committee updated of the latest developments on managing such risks.

The Company is fully in compliance with the pertinent rules on corporate governance under the listing rules of the Colombo Stock Exchange (CSE). In addition, the Company is compliant with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

### INTERNAL AUDIT

The Internal Audit function of the Company and its subsidiaries provide independent and objective assurance over the design and operating effectiveness of the systems of internal control, through a risk-based approach. The internal audit representatives are present at the respective audit committee meetings when discussions are conducted with regard to their respective audit reports. The management is responsible for ensuring that issues raised by internal auditors are addressed within an agreed timetable. The Committee was assured that all matters raised by the Internal Audit function have been effectively addressed.

### EXTERNAL AUDIT

The Committee has primary responsibility for overseeing the relationship with the External Auditor, Messrs. Ernst & Young. It includes making recommendations on the appointment, reappointment and removal of the external auditor, assessing its independence on an ongoing basis, monitoring the provision of non-audit services and associated fees and reviewing the scope of the statutory audit. This process permits the Audit Committee to ensure that their independence as External Auditors has not been compromised.

The Committee held meetings to review the role of the External Auditors and the scope of its work. Further the Committee received detailed audit plan for the 2025 financial year, which outlined its audit scope, planning materiality and its assessment of key audit risks. The Committee considers reports from the external auditor and management's response to recommendations.

As required by the Companies Act No. 07 of 2007 and Best Practice on Corporate Governance 2023 issued by CA Sri Lanka the Committee has received a declaration from Messrs. Ernst & Young, Chartered Accountants confirming that they do not have any relationship with the Company which may have a bearing on their independence. According to the Company policy, the Engagement Audit Partner is rotated every five years.

### CONCLUSION

The Committee confirms that the system of internal control operated effectively for the 2025 financial year. The Committee is also satisfied that the operating controls and the application of appropriate accounting policies provide reasonable assurance that the financial statements of the Company and of the Group provide a true and fair view of its state of affairs.

The Committee received the necessary collaboration and information from the management of the Company and its subsidiary companies during the year under review to enable them to carry out their duties and responsibilities effectively.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants be recommended for re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2026, subject to approval by the shareholders at the forthcoming Annual General Meeting.



**Mr. D.R.P. Goonetilleke**  
Chairman, Audit Committee

26th March 2026

# REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee (“the Committee”) functions as a Sub Committee of the Board of Directors established to assist the Board in fulfilling oversight responsibilities ensuring that the remuneration practices of the Company and Group comply with the regulatory and other legislative requirements. The Committee is mandated to oversee the remuneration policies adopted by the Group, and to review the overall remuneration policy, strategies, procedures and practices and to recommend any improvements. This endeavors to encourage an entrepreneurial mindset by creating a working environment that motivates high performance so that all employees can positively and ethically contribute to the strategy, vision and goals of the Company and Group while upholding its values.

The Committee also reviews the performance, compensation and benefits of the Chairman/Chief Executive Officer, other Executive Directors and Senior Management. Its functions also include the performance review of the organisation’s top talent for the purpose of succession planning, focusing mainly on key positions in the company and the Group as a whole.

## COMPOSITION

The Remuneration Committee consists solely of Independent Non-Executive Directors. The Committee is delegated with the power to assess, determine, and suggest to the Board of Directors any concern that may affect the Human Resources Management of the Company and Group.

The following Directors currently serve on the Committee.

- Mr. N.V. Kumar (IND/NED) - Appointed as Chairman of Committee w.e.f. 01.01.2025.
- Mr. D.R.P. Goonetilleke (IND/NED) - Appointed w.e.f. 01.01.2025.
- Mr. G.D. Nelson (IND/NED) - Appointed w.e.f. 01.01.2025.

*IND/NED - Independent Non-Executive Director*

The Company Secretary functions as the Secretary to the Remuneration Committee.

## COMMITTEE CHANGES

Mr. D.H.J. Gunawardena retired w.e.f. 31.12.2024 and Dr. W.C.J. Alwis has resigned from the Committee due to being appointed as an Executive Director on the Board with effect from 01.01.2025.

## DUTIES AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- Review and recommend the overall remuneration philosophy, strategy, policies, practices, and performance-based pay plans for the Group.
- Determine and agree with the Board on a framework for remuneration of the Chairman/Chief Executive Officer and Executive Directors, based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.
- Ensure of Succession planning of the Key Management Personnel.
- Operates within agreed terms of reference and is committed to ensuring that remuneration arrangements align -reward with performance, while attracting, motivating and retaining talented individuals.
- Safeguarding the consistency of the Group’s compensation policy and practices.

## REMUNERATION POLICY

The Remuneration Policy is to attract and retain best professional managerial talents within the Group and to motivate and encourage them to perform at their highest level towards the achievement of corporate goals. In setting its parameters, the Committee is committed towards ensuring that the procedures and all its accomplishments are in conformity with its statutory and regulatory obligations.

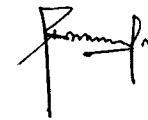
All Non-Executive Directors receive a fee for serving on the Board and serving on Board Committees. They do not receive any performance-related incentive payments.

## MEETINGS

Two meetings were held during the year under review. The attendance of members at the meeting is stated on page 128 on this Annual Report. Proceedings of these meetings were also tabled at a subsequent meeting of the Board.

## DIRECTORS’ REMUNERATION

The aggregate remuneration of the Executive and Non-Executive Directors for the year 2025 is shown in note 47(a) of the Financial Statements.



**Mr. N.V. Kumar**  
*Chairman – Remuneration Committee*

26th March 2026

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee ('the Committee') was constituted to ensure that the interests of shareholders are taken into account by Ceylinco Holdings PLC when entering into Related Party Transactions (RPT) and that these transactions conform to the Listing Rules of the Colombo Stock Exchange (CSE). In doing so, the Committee follows the guidelines set out in the Listing Rules of the CSE when entering into Related Party Transactions (RPTs) whilst ensuring that required disclosures are made in a timely manner.

The Committee is responsible for reviewing 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 conclusion of the transaction, save and except transactions exempted under the CSE Rules. Further the Committee ensures transparency and compliance in transactions involving related parties. It reviews transactions, assesses their fairness, and determines approval requirements.

## COMPOSITION

The Committee, as at 31st December 2025, is comprised of the following members.

- ➔ Mr. D.R.P. Goonetilleke (IND/NED) - Appointed as Chairman w.e.f. 01.01.2025
- ➔ Mr. N.V. Kumar (IND/NED) - Appointed w.e.f. 27.11.2023.
- ➔ Mr. G.D. Nelson (IND/NED) - Appointed w.e.f. 01.01.2025.
- ➔ Mr. T.N.M. Peiris – (ED) Appointed w.e.f. 01.01.2016.
- ➔ Mr. U. Witharana – (ED) Appointed w.e.f. 01.01.2016.
- ➔ Mr. P.A. Jayawardena – (NED) Appointed w.e.f. 01.01.2016.

*ED - Executive Director*

*NED - Non - Executive Director*

*IND/NED - Independent Non-Executive Director*

## COMMITTEE CHANGES

Mr. D.H.J. Gunawardena retired on 31st December 2024, and Mr. G.D. Nelson was appointed to the Committee on 1st January 2025 and serve as a member of the Committee from that date. Consequent to the retirement of Mr. D.H.J. Gunawardena, Mr. D.R.P. Goonetilleke was appointed as the Chairman of the Committee w.e.f. 01.01.2025.

The Company Secretary functioned as the Secretary to the Committee during the year under review.

## POLICIES AND PROCEDURES

The Company identifies related parties as defined by LKAS 24. The Board of Directors of the Company have been identified as Key Management Personnel (KMP).

In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them in any company where they hold office. Based on the information furnished in these declarations, the Company has set up a process which enables the Company to generate data on related party transactions throughout the Company's network.

All intercompany transactions are reported at the RPT meeting held quarterly where the Committee reviews whether the RPT's are conducted on an arm's length basis whilst also ensuring the adherence to the Listing Rules of the Colombo Stock Exchange. The Committee will continue to review RPTs ensure the Company is compliant with the stipulated framework governing Related Party Transactions.

## MEETINGS

The Committee met four times during the financial year ended 31st December 2025, and the proceedings of the Committee meetings have been regularly reported to the Board of Directors during the financial

year. The attendance of the members at these meetings is given on page 128 of this Annual Report.

## DECLARATION

The Committee is satisfied that all related party transactions reviewed by the Committee during the year 2025 were compliant with the CSE Rules pertaining to Related Party Transactions, Related Party Transactions principles and were at arm's length terms and not harmful to the interests of Company and its shareholders. The comments and observations of the Committee have been duly communicated to the Board.

The value of non-recurrent RPTs during the year was below the threshold for immediate disclosure in terms of Rule 9.14.6 of the Listing Rules or disclosure in the Annual Report as per Rule 9.14.7 (a) of the Listing Rules. The aggregate value of recurrent Related Party Transactions entered 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 47 to the Financial Statements in terms of LKAS 24 – Related Party Disclosures.

A declaration by the Board of Directors, affirming compliance with the Listing Rules pertaining to related party transactions, is provided on page 132 of this Annual Report.



**Mr. D.R.P. Goonetilleke**  
*Chairman - Related Party Transactions Review Committee*

26th March 2026

# NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

## OBJECTIVES

The Nominations and Governance Committee ("the Committee") continues to monitor the composition, structure and size of the Board and its Committees to ensure that there is an appropriate balance of skills, knowledge, experience and diversity so that responsibilities can be discharged effectively. The Committee oversees all matters relating to corporate governance and succession planning and makes recommendations to the Board as appropriate.

The terms of reference for the Nominations and Governance Committee set out the role and responsibilities of the Committee. The Committee's prime responsibility is to make recommendations to the Board of Directors regarding the appropriateness of a director's appointment when a vacancy on the Board has to be filled or to recommend the re-election of a Director retiring from the Board, in keeping with the provisions of the Company's Act and the Listing Rules of the Colombo Stock Exchange.

## COMPOSITION OF THE COMMITTEE

The Committee comprises five Non-Executive Directors appointed by the Board of the Company.

The following Directors currently serve on the Committee.

- Mr. N.V. Kumar (IND/NED) - Appointed as Committee Chairman w.e.f. 01.01.2025.
- Mr. D.R.P. Goonetilleke (IND/NED) - Appointed w.e.f. 01.01.2025.
- Mr. G.D. Nelson (IND/NED) - Appointed w.e.f. 01.01.2025.
- Mr. R. Renganathan (NED) - Appointed w.e.f. 30.01.2020
- Mr. P.A. Jayawardena (NED) - Appointed w.e.f. 30.01.2020

*NED - Non - Executive Director*

*IND/NED - Independent Non-Executive Director*

The Company Secretary serves as the secretary to the Committee.

## DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

- Review the performance and conduct of each Director, CEO and Key Management Personnel to assess to ensure that the Directors are fit and proper to hold office.
- To recommend the appointment of new Directors to the Board of the Company.
- 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.
- Provide recommendations to the Board on any such appointment.
- To consider and recommend from time to time the succession planning arrangement for retiring Directors and Key Management Personnel.

## ACTIVITIES DURING THE YEAR 2025

- Recommended to re-elect Mr. Rajkumar Renganathan and Mr. Visvajit Gerald De Alwis, in terms of Section 210 and Section 211 of the Companies Act No 07 of 2007 being over 70 years of age.
- Recommended rotation of Mr. H.D.K.P Alwis, Mr. T. Kishi, Mr. P.D.M. Cooray and Mr. S.R Abeynayake in terms of Article 95 of the company's Articles of Association.
- Recommended reelection of Mr. G.D. Nelson, Mr. D.R.P. Goonetilleke and Mr. C.M. Fernando in terms of Article 87 of the company's Articles of Association.
- Board performance evaluation questionnaire was discussed along with declarations submitted by directors in respect of fit and proper assessment criteria outlined in the CSE Listing rules and code of best practice on corporate governance issued by CA Sri Lanka.

- Determined the independence/non independence of Non-Executive Directors by reviewing declarations submitted by each director.
- Reviewed the company policy on Corporate Governance

## DISCLOSURES

The Company has a documented policy in place for the nomination of Directors to the Board.

All Directors retire by rotation and offer themselves for re-election at regular intervals and at least once every three years.

The Board is diversified with Directors in a wide range of experience and skills. The profiles of the Directors are published in pages 22 to 26 of the Annual report.

All directors have submitted their fit and proper status and Board performance evaluation has been carried out.

The following Directors were re-elected at the 38th Annual General Meeting in terms of provision stipulated in the Articles of Association of Ceylinco Holdings PLC and other applicable regulatory requirements

| Name of the Director                         | Board Sub Committee Membership  | Date of First Appointment as a Director | Date of Last Re-appointment as a Director | Directorships in Other Listed Entities Commitments over the preceding three years  | Material Relationships |
|--|---|---|---|--|------------------------|
| Mr. Hettiarachige Don Kamal<br>Patrick Alwis | None  | 10/01/2001                              | 20.05.2025                                | Not Applicable   | None                   |
| Mr. Takashi Kishi                            | <b>Member</b><br>BARC   | 03/06/2022                              | 20.05.2025                                | Not Applicable   | None                   |
| Mr. Peter Devaan Marlon Cooray               | None  | 05/09/2001                              | 20.05.2025                                | Not applicable   | None                   |
| Mr. Sri Ranga Abeynayake                     | None  | 01/02/2011                              | 20.05.2025                                | Not applicable   | None                   |
| Mr. Visvajit Gerald De Alwis                 | None  | 20/09/2024                              | 20.05.2025                                | Not applicable   | None                   |
| Mr. George Deepal Nelson                     | <b>Member</b><br>BARC<br>BRC<br>BRPTRC<br>BNGC                        | 01/10/2024                              | 20.05.2025                                | Not applicable   | None                   |
| Mr. Dilkushan Ranil Pieris<br>Goonetilleke   | <b>Chairman</b><br>BARC<br>BRPTRC<br><br><b>Member</b><br>BRC<br>BNGC | 01/01/2025                              | 20.05.2025                                | Non-Executive Director of Lion Brewery Ceylon PLC and Pegasus Hotels of Ceylon PLC.<br><br>Non-Executive Director as of 07.11.2024 of Namunukula Plantations PLC.<br><br>Independent Non-Executive Director of Namunukula Plantations PLC as at to date. | None                   |
| Mr. Chrishan Mahesh Fernando                 | None  | 01/01/2025                              | 20.05.2025                                | Not applicable   | None                   |
| Mr. Rajkumar Renganathan                     | <b>Member</b><br>BNGC   | 25/02/1987                              | 20.05.2025                                | Not applicable   | None                   |

BARC - Board of Audit and Risk Committee

BRC - Board of Remuneration Committee

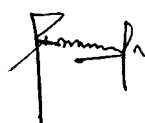
BNGC - Board of Nomination and Governance Committee

BRPTRC - Board of Related Party Transactions Review Committee

## MEETINGS

The Committee held two meetings during the year 2025.

The attendance of the Members for the Committee meetings during year 2025 is given in the page 128 of this annual report.



**Mr. N.V. Kumar**

Chairman - Nominations and Governance Committee

26th March 2026

# STATEMENT OF DIRECTORS' RESPONSIBILITY ON FINANCIAL REPORTING

The responsibilities of the Directors in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 135.

The Companies Act No. 7 of 2007, requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at end of the financial year and of the Profit or Loss of the Company for the financial year. In preparing the financial statements appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 7 of 2007. They are also responsible for taking reasonable measures to safe-guard the assets of the Company and in that context to have a proper regard to the establishment of appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing Accounts. The Directors, after making enquiries and following a review of the Company's budget for 2026 to 2027 including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

BY ORDER OF THE BOARD



**Mrs. Nilika Abhayawardhana**  
Company Secretary

26th March 2026

## COMPLIANCE REPORT

In respect of the financial year ended 31st December, 2025 of Ceylinco Holdings PLC:

- All documents required by the Companies Act No. 7 of 2007 to be filed with the Registrar of Companies have been duly filed and compliance has been made with all other legal requirements in connection with the said Companies Act.
- All Dividend cheques have been dispatched by the due date.



**Mrs. Nilika Abhayawardhana**  
Company Secretary

26th March 2026

# FINANCIAL STATEMENTS



## FINANCIAL CALENDAR - 2026

|                              |                     |
|------------------------------|---------------------|
| Annual Report 2025           | 26th March 2026     |
| Annual General Meeting       | 19th May 2026       |
| Interim Report - 1st Quarter | 15th May, 2026      |
| Interim Report - 2nd Quarter | 14th August, 2026   |
| Interim Report - 3rd Quarter | 13th November, 2026 |
| Interim Report - 4th Quarter | 26th February, 2027 |

# REPORT OF DIRECTORS

The Directors are pleased to submit their report together with the Audited Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flow and the Statement of Financial Position of Ceylinco Holdings Group for the year ended 31st December 2025, and the Report of the Auditors thereon.

## REVIEW OF OPERATIONS

The Chairman's and the Deputy Chairman's Reviews on pages 10 to 14 contain a detailed description of operations carried out in the year under review and projected developments.

The principal activities of the Group constitute Management of Investment, Insurance Operations, Health Care Operations, Education and Power Generation.

| As at 31 December   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2025        | 2024        | 2025        | 2024        |
|   | Rs.'000     | Rs.'000     | Rs.'000     | Rs.'000     |
| Profit After Taxation (After Non - Controlling Interest)                  | 10,448,295  | 9,469,669   | 2,187,030   | 1,548,314   |
| Add : Balance Brought Forward   | 82,967,082  | 75,442,602  | 15,004,189  | 14,723,765  |
| Other Comprehensive Income for the Period                                 | (941,319)   | (1,368,917) | -           | -           |
| Funds Available for Appropriation   | 92,474,058  | 83,543,354  | 17,191,219  | 16,272,079  |
| Appropriation : Dividend Paid - Final                                     | (1,347,137) | (1,267,895) | (1,347,137) | (1,267,890) |
| Transfer (to)/from Long from Term Insurance Fund from Retirement Benefits | 682,656     | 591,685     | -           | -           |
| Transfer (to)/from Retained earnings                                      | (61,179)    | 99,938      | -           | -           |
| Unappropriated Profit Carried Forward                                     | 91,748,398  | 82,967,082  | 15,844,081  | 15,004,189  |

## TRANSFER TO RESERVES AND PROVISIONS

There were no transfers other than those mentioned above to or from reserves or provisions except for normal amounts set aside for items such as depreciation, outstanding claims and unexpired risks as shown in the accounts.

## SHARE CAPITAL

During the Financial year under review, no shares were issued.

The Stated Capital of the Company as at 31st December 2025 was Rs.1,324,822,000 and is represented by issued and fully paid 20,000,000 voting ordinary shares and 6,414,480 non voting ordinary shares.

## DIVIDENDS

The Directors recommend payment of a final dividend of Rs.51/- per share for the year ended 31 December 2025 payable on 26th May 2026.

## DIRECTORS

Mr. Ajith Rohan Gunawardena , Mr. Rajkumar Renganathan, Mr. Hettiarachige Don Kamal Patrick Alwis, Mr. Telge Nihal Mahinda Peiris, Mr. Upali Witharana, Dr. Watuthanthrige Chakine Jagath Alwis, Mr. Peter Devaan Marlon Cooray, Mr. Elmo Thushara Lalindra Ranasinghe, Mr. Palitha Abeysekera Jayawardena, Mr. Sri Ranga Abeynayake, Mr. Takashi Kishi, Mr. Namasivayam Vasantha Kumar, Mr. George Deepal Nelson, Mr. Dilkushan Ranil Pieris Goonetilleke, Mr.Visvajith Gerald De Alwis and Mr. Chrishan Mahesh Fernando served as Directors of the company as at 31st December 2025

In accordance with the Articles of Association of the Company, Mr. Namasivayam Vasantha Kumar, Upali Witharana, Mr. Palitha Abeysekera Jayawardena and Dr. Watuthanthrige Chakrine Jagath Alwis retire by rotation and being eligible, offer themselves for re-election.

Mr. Visvajit Gerald De Alwis, Independent Non Executive Director resigned on 31st December 2025 and Mr. James Heshan Ranier Peiris was appointed to the Board of Directors as an Independent Non Executive Director in place of Mr. Visvajit Gerald De Alwis with effect from 01st January 2026.

The newly appointed Director would seek re-election to the Board at the forthcoming AGM.

Mr. Ajith Rohan Gunawardena and Mr. Rajkumar Renganathan will be 70 years and 73 years of age respectively in December 2026 . In accordance with the Companies Act No. 07 of 2007 they will retire and thereafter being eligible offer themselves for re-election. Special notices have been received from shareholders to move ordinary resolutions at the next Annual General Meeting that Mr. Ajith Rohan Gunawardena and Mr. Rajkumar Renganathan be re-elected as Directors and that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to them.

## REPORT OF DIRECTORS

### FIT AND PROPER ASSESSMENT CRITERIA

All the Directors of the company have submitted declarations confirming their continuous compliance with the fit and proper assessment criteria set out in the amended corporate governance rules of the Colombo Stock Exchange during the financial year.

### BOARD AND BOARD SUB-COMMITTEE PERFORMANCE EVALUATION

The board completed an annual self-assessment of its own performance. The outcome of such evaluations will be summarised and tabled at the next Nominations and Governance Committee meeting for discussion and review purposes prior to being presented at the subsequent Board meeting.

Each of the Board sub-committees also completed a performance evaluation questionnaire, and the results of the evaluations will be tabled at respective sub-committee meetings and presented to the board.

### DIRECTORS' MEETINGS

The number of Board Meetings held during the financial year under review were six meetings and the number of board meetings and sub committee meetings attended by each Director of the Company were as follows;

| Names of Directors                             | No. of Board Meetings Attended |
|--|--------------------------------|
| Mr. A.R. Gunawardena                           | 6/6                            |
| Mr. R. Renganathan                             | 6/6                            |
| Mr. H.D.K.P. Alwis                             | 6/6                            |
| Mr. E.T.L. Ranasinghe                          | 6/6                            |
| Dr. W.C.J. Alwis                               | 6/6                            |
| Mr. P.D.M. Cooray                              | 6/6                            |
| Mr. P.A. Jayawardena                           | 6/6                            |
| Mr. T.N.M. Peiris                              | 6/6                            |
| Mr. U. Witharana                               | 6/6                            |
| Mr. S.R. Abeynayake                            | 6/6                            |
| Mr. N.Vasantha Kumar                           | 4/6                            |
| Mr. Takashi Kishi                              | 6/6                            |
| Mr. V.G. De Alwis (resigned w.e.f. 31.12.2025) | 3/6                            |
| Mr. G.D. Nelson                                | 5/6                            |
| Mr. D.R.P. Goonetilleke                        | 6/6                            |
| Mr. C.M. Fernando                              | 5/6                            |

The number of meetings attended by each Director (who are members of the committee) are as follows:

| Names of Committee Member | Audit and Risk Committee Meetings | Remuneration Committee Meetings | Related Party Transaction Committee Meetings | Nominations and Governance Committee Meetings |
|---------------------------|-----------------------------------|---------------------------------|--|---|
| Mr. Takashi Kishi         | 3/4                               | Not a member                    | Not a member                                 | Not a member                                  |
| Mr. N. Vasantha Kumar     | 4/4                               | 2/2                             | 4/4  | 2/2   |
| Mr. G.D. Nelson           | 4/4                               | 2/2                             | 4/4  | 2/2   |
| Mr. D.R.P. Goonetilleke   | 4/4                               | 2/2                             | 4/4  | 2/2   |
| Mr. P.A. Jayawardena      | Not a member                      | Not a member                    | 4/4  | 2/2   |
| Mr. T.N.M. Peiris         | Not a member                      | Not a member                    | 4/4  | Not a member                                  |
| Mr. U. Witharana          | Not a member                      | Not a member                    | 3/4  | Not a member                                  |
| Mr. R. Renganathan        | Not a member                      | Not a member                    | Not a member                                 | 2/2   |

### DIRECTORS' INTEREST IN SHARES

The Articles of Association of the Company does not stipulate the Directors to hold shares of the Company, as qualifying shares. Directors' Interest in Shares of the Company are as follows: (including 'Close Family Members')

**DIRECTORS' INTEREST IN SHARES OF THE COMPANY ARE AS FOLLOWS:**

(including 'Close Family Members')

|   | Voting Shares       |                     | Non Voting Shares   |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | as at<br>31.12.2025 | as at<br>31.12.2024 | as at<br>31.12.2025 | as at<br>31.12.2024 |
| Mr. A.R. Gunawardena  |                     |                     |                     |                     |
| (Mr. A.R. Gunawardena 130 voting shares and 55 non voting shares; and joint with Mrs. K.S. Gunawardena 121,698 voting shares and 8,600 non voting shares) |                     |                     |                     |                     |
| (Mrs. K.S. Gunawardena 14,900 voting shares and 7,702 non voting shares)  | 121,828             | 121,828             | 8,655               | 8,655               |
| Mr. R. Renganathan  | 126,897             | 126,897             | NIL                 | NIL                 |
| (Mr. R. Renganathan 123,271 voting shares and joint with Mrs. T.R.S. Renganathan 3,626 voting shares)   |                     |                     |                     |                     |
| Mr. H.D.K.P. Alwis  | 3,200               | 3,200               | NIL                 | NIL                 |
| Mr. H.D.K.P. Alwis joint with Mrs. S.R. Alwis   | NIL                 | NIL                 | 2,000               | 2,000               |
| Dr. W.C.J. Alwis  | 529,031             | 529,031             | 219,041             | 219,041             |
| Mr. P.D.M. Cooray   | 10,024              | 10,024              | NIL                 | NIL                 |
| Mr. P.A. Jayawardena  | 3,463               | 3,463               | 134                 | 134                 |
| Mr. T.N.M. Peiris   | 24,831              | 24,831              | 2,000               | 2,000               |
| (Mrs. P.S. Peiris 212 voting shares)  |                     |                     |                     |                     |
| Mr. E.T.L. Ranasinghe   | 9,279               | 9,279               | NIL                 | NIL                 |
| Mr. U. Witharana  | 2,605               | 2,605               | 512                 | 512                 |
| Mr. S.R. Abeynayake   | 9,790               | 9,790               | 200                 | 200                 |
| Mr. Takashi Kishi   | NIL                 | NIL                 | NIL                 | NIL                 |
| Mr. N.Vasantha Kumar  | NIL                 | NIL                 | NIL                 | NIL                 |
| Mr. V.G. De Alwis (Resigned w.e.f. 31.12.2025)  | NIL                 | NIL                 | NIL                 | NIL                 |
| Mr. G.D. Nelson   | NIL                 | NIL                 | NIL                 | NIL                 |
| Mr. D.R.P. Goonetilleke   | NIL                 | NIL                 | NIL                 | NIL                 |
| Mr. C.M. Fernando   | NIL                 | NIL                 | NIL                 | NIL                 |
| Mr. J.H.R. Peiris (Appointed w.e.f. 01.01.2026)   | NIL                 | NIL                 | NIL                 | NIL                 |

The Directors' dealings of the Shares of the Company are in line with the regulations of the Colombo Stock Exchange and in keeping with the regulations of the Company.

## REPORT OF DIRECTORS

### ANALYSIS OF SHAREHOLDERS

#### (Voting)

| Holding Range (Shares)             | Number of Shareholders | Number of Shares  | %          |
|------------------------------------|------------------------|-------------------|------------|
| 1-1000                             | 1,835                  | 276,806           | 1.38       |
| 1001-10000                         | 227                    | 637,670           | 3.19       |
| 10001-100000                       | 31                     | 679,072           | 3.40       |
| 100001-1000000                     | 14                     | 5,702,661         | 28.51      |
| Over Million                       | 6                      | 12,703,791        | 63.52      |
| <b>Total as at 31st. Dec. 2025</b> | <b>2,113</b>           | <b>20,000,000</b> | <b>100</b> |

#### (Non Voting)

| Holding Range (Shares)             | Number of Shareholders | Number of Shares | %          |
|------------------------------------|------------------------|------------------|------------|
| 1-1000                             | 1,561                  | 296,057          | 4.62       |
| 1001-10000                         | 180                    | 576,878          | 8.99       |
| 10001-100000                       | 49                     | 1,213,190        | 18.91      |
| 100001-1000000                     | 15                     | 3,216,515        | 50.15      |
| Over Million                       | 1                      | 1,111,840        | 17.33      |
| <b>Total as at 31st. Dec. 2025</b> | <b>1,806</b>           | <b>6,414,480</b> | <b>100</b> |

### ANALYSIS OF SHAREHOLDINGS

#### Institutional / Non – Institutional

#### (Voting)

| Shareholder Category | Number of Shareholders | Total Shareholdings | Holding %     |
|----------------------|------------------------|---------------------|---------------|
| Individuals          | 1,961                  | 1,965,067           | 9.83          |
| Institutions         | 152                    | 18,034,933          | 90.17         |
|                      | <b>2,113</b>           | <b>20,000,000</b>   | <b>100.00</b> |

#### (Non Voting)

| Shareholder Category | Number of Shareholders | Total Shareholdings | Holding %     |
|----------------------|------------------------|---------------------|---------------|
| Individuals          | 1,680                  | 2,089,243           | 32.57         |
| Institutions         | 126                    | 4,325,237           | 67.43         |
|                      | <b>1,806</b>           | <b>6,414,480</b>    | <b>100.00</b> |

### SHARE OWNERSHIP DISTRIBUTION ANALYSIS AS AT 31.12.2025

| Local Companies % |            | Local Individuals % |            | Foreign Companies % |            | Foreign Individuals % |            |
|-------------------|------------|---------------------|------------|---------------------|------------|-----------------------|------------|
| Voting            | Non Voting | Voting              | Non Voting | Voting              | Non Voting | Voting                | Non Voting |
| 57.52             | 41.61      | 9.80                | 31.74      | 32.65               | 25.82      | 0.03                  | 0.83       |

**PUBLIC HOLDINGS AS AT 31.12.2025****Voting**

|   |                   |
|---|-------------------|
| Public shareholding (%)   | 83.82             |
| Number of public shareholders   | 2,097             |
| Compliant under option 1 - Float adjusted market capitalization (Rs.) | 53,644,800,000.00 |

**Non Voting**

|                               |       |
|-------------------------------|-------|
| Public shareholding (%)       | 96.25 |
| Number of public shareholders | 1,798 |

**THE 20 MAJOR SHAREHOLDERS AS AT 31.12.2025****(Voting)**

| Shareholder  | Holding as at<br>31-12-2025<br>No. of Shares | % of the<br>Issued Share<br>Capital as at<br>31/12/2025 | Holding as at<br>31-12-2024<br>No. of Shares |
|--|--|---|--|
| Global Rubber Industries (Private) Limited   | 4,063,814                                    | 20.32   | 4,063,814                                    |
| Mitsui Sumitomo Insurance Company Limited  | 3,000,000                                    | 15.00   | 3,000,000                                    |
| CB Europe PLC Lux S/A Patrick Schegg   | 2,145,079                                    | 10.73   | *2,145,079                                   |
| Shriram Finance Limited  | 1,264,470                                    | 6.32  | 1,264,470                                    |
| Nephele Private Limited  | 1,182,326                                    | 5.91  | 907,018                                      |
| Eurocorp Investments (Pvt) Ltd   | 1,048,102                                    | 5.24  | 1,034,400                                    |
| Ceylinco Holdings PLC A/C No. 03 (Employees' Gratuity Trust Fund)  | 805,096                                      | 4.03  | 805,096                                      |
| Commercial Bank of Ceylon PLC/ P. Subasinghe   | 787,981                                      | 3.94  | **900,881                                    |
| Citizens Development Business Finance Account No. 01   | 682,464                                      | 3.41  | 663,624                                      |
| Dr. Watuthanthrige Chakrine Jagath Alwis   | 529,031                                      | 2.65  | 529,031                                      |
| Castle Realty (Private) Limited  | 525,400                                      | 2.63  | 525,400                                      |
| Ceylinco Holdings PLC A/C No. 04 (Pension Fund)  | 489,806                                      | 2.45  | 489,806                                      |
| Kutrala Private Limited  | 463,534                                      | 2.32  | 463,534                                      |
| Ceylinco Holdings PLC – A/C No. 05 (The Pension Trust Fund of Ceylinco Holdings PLC)                                 | 403,034                                      | 2.02  | 403,034                                      |
| Seylan Bank PLC/Global Rubber Industries (Private) Limited   | 386,321                                      | 1.93  | 386,321                                      |
| Praesidium Investments (Pvt) Ltd   | 150,732                                      | 0.75  | 150,732                                      |
| Mr. Rajkumar Renganathan<br>(Mr. R. Renganathan 123,271 shares and joint with Mrs. T.R.S. Renganathan 3,626 shares)  | 126,897                                      | 0.63  | 126,897                                      |
| Mr. Ajith Rohan Gunawardena<br>(Mr. A.R. Gunawardena 130 shares and joint with Mrs. K.S. Gunawardena 121,698 shares) | 121,828                                      | 0.61  | 121,828                                      |
| EMFI Capital Limited   | 120,551                                      | 0.60  | NIL  |
| J.B. Cocoshell (Pvt) Ltd   | 109,986                                      | 0.55  | 59,998                                       |

\* Banque Pictet and Cie S/A Patrick Shegg

\*\* P. Subasinghe

## REPORT OF DIRECTORS

### THE 20 MAJOR SHAREHOLDERS AS AT 31.12.2025

#### (Non Voting)

| Shareholder  | Holding as at<br>31-12-2025<br>No. of Shares | % of the<br>issued share<br>Capital as at<br>31-12-2025 | Holding as at<br>31-12-2024<br>No. of Shares |
|--|--|---|--|
| Auerbach Grayson and Company LLC                                 | 1,111,840                                    | 17.33   | 1,101,815                                    |
| J.B. Cocoshell (Pvt.) Ltd.                                       | 529,527                                      | 8.26  | 507,476                                      |
| BBH-Tundra Sustainable Frontier Fund                             | 289,700                                      | 4.52  | 289,700                                      |
| Odyssey Capital Partners (Private) Limited                       | 275,470                                      | 4.29  | 270,535                                      |
| Jafferjee Brothers Exports (Private) Limited                     | 245,300                                      | 3.82  | 230,300                                      |
| Dr. Watuthanthrige Chakrine Jagath Alwis                         | 219,041                                      | 3.41  | 219,041                                      |
| CB Europe PLC Lux S/A Patrick Schegg                             | 200,000                                      | 3.12  | * 200,000                                    |
| Mr. Y.H. Abdulhussein  | 187,610                                      | 2.92  | 179,564                                      |
| Deutsche Bank AG AS Trustee for JB Vantage Value Equity Fund     | 186,230                                      | 2.90  | 106,225                                      |
| Miss. R.H Abdulhussein   | 183,300                                      | 2.86  | 179,631                                      |
| Akbar Brothers Pvt Ltd   | 175,824                                      | 2.74  | 117,500                                      |
| Mr. P. Rathnayaka  | 175,000                                      | 2.73  | 175,000                                      |
| Hatton National Bank PLC - Senfin Growth Fund                    | 170,354                                      | 2.66  | 170,354                                      |
| Mr. H. M. Abdulhussein joint with Mrs. Saema Enayat Lokhandwalla | 165,152                                      | 2.57  | 161,547                                      |
| E.W. Balasuriya & Company (Private) Limited Account No. 01       | 113,846                                      | 1.77  | 113,846                                      |
| Confab Steel (Private) Limited                                   | 100,161                                      | 1.56  | 274,509                                      |
| Commercial Bank of Ceylon PLC A/C No. 03                         | 95,500                                       | 1.49  | 95,500                                       |
| Mr. M.A. Jafferjee   | 68,906                                       | 1.07  | 68,906                                       |
| Rubber Investment Trust Ltd A/C No. 01                           | 64,952                                       | 1.01  | 70,000                                       |
| Mutiara Holdings (Private) Ltd                                   | 50,000                                       | 0.78  | 50,000                                       |

\*Banque Pictet and Cie S/A Patrick Shegg

#### PROPERTY, PLANT & EQUIPMENT

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" (Pages 158 to 167).

#### CURRENT ASSETS

The Directors of the Company have taken reasonable steps to ascertain that whatever current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or adequate provisions have been made for the differences between those values.

#### POST-BALANCE SHEET DATE EVENTS & UNUSUAL ITEMS

Since the end of the financial year, no change in the assets of the Company have arisen which secures the liabilities of any other persons.

In the opinion of the Directors, no item, transaction or event of a material nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially, the results of the operations of the Company for the financial year.

#### HUMAN RESOURCES

It is a Company policy to provide equal opportunities in the recruitment and employment of staff. During the year under review, the Company has taken numerous measures to ensure staff contentment at all levels.

#### RELATED PARTY TRANSACTION

The Company has complied with section 9 of the Colombo Stock Exchange (CSE) listing rules in respect of Related Party Transactions.



# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
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## TO THE SHAREHOLDERS OF CEYLINCO HOLDINGS PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Ceylinco Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2025, and the income statement, statement of 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 policy information.

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 at 31 December 2025, and of

their financial performance and 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matters   | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Assessing the Carrying Value of Life Insurance Contract Liabilities</b></p> <p>Life Insurance Contract Liabilities amounting to Rs. 201 Bn represent 72% of total liabilities of the Group as at 31 December 2025 and are estimated by management using actuarial methodologies as described in Note 23 to the financial statements. The Life Insurance Contract Liabilities were determined by the management specialist engaged by the Group.</p> <p>This was a key audit matters due to:</p> <ul style="list-style-type: none"> <li>➤ materiality of the reported Life Insurance Contract Liabilities; and</li> <li>➤ the degree of management judgements, assumptions and estimation uncertainties associated with the actuarial methodologies used to estimate life insurance contract liabilities and perform the liability adequacy test used to determine the adequacy of the carrying value of Life insurance contract liabilities.</li> </ul> <p>Key areas of significant judgements, assumptions and estimates made by management include mortality rate, morbidity rate, lapses ratio and surrenders ratio, loss ratios, bonus, interest rates, discount rates and related claim handling expenses, as disclosed in Note 23 and 44 (a) i to the financial statements.</p> | <p>Our audit procedures including the following key procedures:</p> <ul style="list-style-type: none"> <li>➤ Assessed the competency, capability and objectivity of the management specialist engaged by the Group.</li> <li>➤ Obtained an understanding of the liability valuation process.</li> <li>➤ Agreed key information used in estimating life insurance contract liabilities to source documents and accounting records.</li> <li>➤ With the support of an expert, we assessed the reasonableness of the key judgements, assumptions and estimates made and actuarial methodology used to estimate the value of life insurance contract liabilities, and the liability adequacy test. Reasonableness was assessed by reference to market data and policyholder experience.</li> </ul> <p>We assessed the adequacy of the disclosures in note 23 and 44 (a) i to the financial statements.</p> |

| Key audit matters   | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Assessing the Carrying Value of Non-Life Insurance Contract Liabilities</b></p> <p>Non-Life Insurance Contract liabilities amounting to Rs 32 Bn represent 12% of total liabilities of the Group as at 31 December 2025 are estimated by management using actuarial methodologies as described in Note 24 to the financial statements. Non-Life Insurance Contract Liabilities consist of provision for reported claims, provision for Incurred But Not Reported &amp; Incurred But Not Enough Reported ( IBNR &amp; IBNER ) and provision for unearned premiums which were determined by the management specialist engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ materiality of the reported Non-Life Insurance Contract Liabilities;</li> <li>➤ the degree of management judgements, assumptions and estimation uncertainty associated with the actuarial methodologies used to estimate Non-Life Insurance Contract Liabilities including the consideration of possible impacts arising from the "Ditwah" cyclone, and performed the liability adequacy test used to determine the adequacy of the carrying value of Non-Life Insurance Contract Liabilities.</li> </ul> <p>Key areas of significant judgments, assumptions and estimates made by management include the determination of historical experience and business expectations such as previous claim experience, existing knowledge of risk events, industry ultimate loss ratio, claims handling expenses and management expenses, as disclosed in Note 24 and 44 (a) ii to the financial statements.</p> | <p>Our audit procedures including the following key procedures:</p> <ul style="list-style-type: none"> <li>➤ Assessed the competency, capability and objectivity of the management specialist engaged by the Group.</li> <li>➤ Obtained an understanding of the liability valuation process.</li> <li>➤ Agreed key information used in estimating non-life insurance contract liabilities to source documents and accounting records.</li> <li>➤ With the support of an expert, we assessed the reasonableness of the key judgements, assumptions and estimates made and actuarial methodology used to estimate the value of non-life insurance contract liabilities, and the liability adequacy test. Reasonableness was assessed by reference to the industry data and considering both historical experience and business expectations. We also assessed the reasonableness of the considerations made by management on any possible impacts arising from the "Ditwah" cyclone, by testing claim liabilities to source documents and agreeing to accounting records.</li> <li>➤ Checked the unearned premium and reported claim calculations.</li> </ul> <p>We assessed the adequacy of the disclosures in note 24, 44 (a) ii to the financial statements.</p> |

**OTHER INFORMATION INCLUDED IN THE 2025 ANNUAL REPORT**

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**RESPONSIBILITIES OF THE 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.

**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

## INDEPENDENT AUDITOR'S REPORT

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 internal controls of the Company and the Group.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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

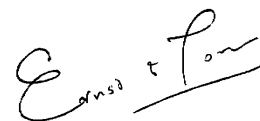
reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.



26th March 2026  
Colombo

# STATEMENT OF FINANCIAL POSITION

|  | Page No | Note  | Group              |                    | Company           |                   |
|--|---------|-------|--------------------|--------------------|-------------------|-------------------|
|  |         |       | 2025               | 2024               | 2025              | 2024              |
|  |         |       | Rs.'000            | Rs.'000            | Rs.'000           | Rs.'000           |
| <b>Assets</b>  |         |       |                    |                    |                   |                   |
| Goodwill   | 155     | 6     | 372,382            | 372,382            | -                 | -                 |
| Other Intangible Assets                                | 156     | 7     | 146,918            | 226,801            | -                 | -                 |
| Deferred Expenses                                      | 157     | 8     | 1,757,956          | 1,450,281          | -                 | -                 |
| Property, Plant and Equipment                          | 158     | 9     | 37,542,111         | 33,068,783         | -                 | -                 |
| Right of Use Asset                                     | 168     | 10    | 1,144,106          | 928,541            | -                 | -                 |
| Investment Properties                                  | 170     | 11    | 4,336,940          | 3,952,230          | 153,332           | 153,332           |
| Investment in Subsidiaries                             | 174     | 12(a) | -                  | -                  | 15,750,764        | 15,896,855        |
| Investment in Associates                               | 177     | 12(b) | 11,080,351         | 10,740,127         | 92,514            | 92,514            |
| <b>Financial Instruments</b>                           |         |       |                    |                    |                   |                   |
| Held to Maturity Financial Assets                      | 184     | 13(a) | 101,856,685        | 119,965,994        | -                 | -                 |
| Loans and Receivables                                  | 184     | 13(b) | 156,552,337        | 108,272,377        | 3,196,614         | 1,739,540         |
| Available-For-Sale Financial Assets                    | 185     | 13(c) | 17,431,711         | 13,072,987         | 639,228           | 1,587,576         |
| Financial Assets at Fair Value Through Profit or Loss  | 186     | 13(d) | 23,380             | 25,436             | -                 | -                 |
| Employee Gratuity Benefit Asset                        | 191     | 14    | 8,666,425          | 7,671,851          | -                 | -                 |
| Employee Pension Benefit Asset                         | 195     | 15    | 5,692,459          | 5,271,868          | -                 | -                 |
| Reinsurance Receivables                                | 198     | 16    | 21,526,386         | 9,024,328          | -                 | -                 |
| Loans to Life Policyholders                            | 198     | 17    | 2,669,765          | 3,008,273          | -                 | -                 |
| Income Tax Receivable                                  | 199     | 18    | 107,043            | 8,478              | -                 | -                 |
| Deferred Tax Assets                                    | 201     | 18(a) | 63,288             | 38,350             | 26,909            | 20,574            |
| Insurance Receivables/Trade Debtors                    | 203     | 19    | 9,817,505          | 9,686,956          | -                 | -                 |
| Other Assets   | 204     | 20    | 1,513,613          | 1,687,505          | 91,057            | 22,004            |
| Cash and Cash Equivalents                              | 204     | 21    | 8,033,737          | 3,639,534          | 74,828            | 22,538            |
| <b>Total Assets</b>                                    |         |       | <b>390,335,098</b> | <b>332,113,082</b> | <b>20,025,246</b> | <b>19,534,934</b> |
| <b>Equity &amp; Liabilities</b>                        |         |       |                    |                    |                   |                   |
| <b>Equity Attributable to Equity Holders of Parent</b> |         |       |                    |                    |                   |                   |
| Stated Capital   | 205     | 22(a) | 1,324,822          | 1,324,822          | 1,324,822         | 1,324,822         |
| Retained Earnings                                      |         |       | 91,748,398         | 82,967,082         | 15,844,082        | 15,004,189        |
| Other Reserves   | 206     | 22(b) | 3,727,827          | 3,333,862          | 2,056,540         | 2,438,961         |
| Revaluation Reserves                                   |         |       | 6,104,701          | 4,957,801          | -                 | -                 |
| Restricted Regulatory Reserve                          | 207     | 23(b) | 3,456,184          | 3,456,184          | -                 | -                 |
| Total Ordinary Shareholders' Equity                    |         |       | 106,361,931        | 96,039,751         | 19,225,444        | 18,767,972        |
| Non-Controlling Interests                              | 226     | 39(a) | 6,037,349          | 4,425,363          | -                 | -                 |
| <b>Total Equity</b>                                    |         |       | <b>112,399,281</b> | <b>100,465,114</b> | <b>19,225,444</b> | <b>18,767,972</b> |
| <b>Liabilities</b>                                     |         |       |                    |                    |                   |                   |
| Life Insurance Contract Liabilities                    | 206     | 23    | 200,960,111        | 180,041,362        | -                 | -                 |
| Unit Linked Fund & Other Funds-Life                    |         |       | 1,086,521          | 647,877            | -                 | -                 |
| Non Life Insurance Contract Liabilities                | 208     | 24    | 32,482,435         | 17,018,713         | -                 | -                 |
| Employee Gratuity Benefit Liability                    | 191     | 14    | 754,834            | 601,974            | 89,702            | 68,578            |
| Deferred Revenue                                       | 210     | 25    | 944,570            | 794,015            | -                 | -                 |
| Interest Bearing Loans & Borrowings                    | 210     | 26    | 9,694,848          | 2,822,626          | 36,423            | 16,835            |
| Deferred Tax Liabilities                               | 202     | 18(c) | 3,883,104          | 2,954,251          | -                 | -                 |
| Reinsurance Payables                                   | 211     | 27    | 11,424,327         | 11,319,270         | -                 | -                 |
| Trade and Other Payables                               | 212     | 28    | 16,705,067         | 15,447,879         | 673,677           | 681,549           |
| <b>Total Liabilities</b>                               |         |       | <b>277,935,816</b> | <b>231,647,967</b> | <b>799,802</b>    | <b>766,962</b>    |
| <b>Total Equity and Liabilities</b>                    |         |       | <b>390,335,098</b> | <b>332,113,082</b> | <b>20,025,246</b> | <b>19,534,934</b> |

The Notes on pages 144 through 246 form an integral part of the Financial Statements.

These Financial Statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.



**T.N.M. Peiris**

Director/Head of Finance

The Board of Directors is responsible for these Financial Statements.

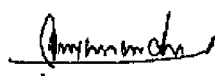
Signed for and on behalf of the Board by:



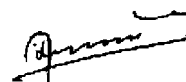
**A.R. Gunawardena**  
Executive Chairman/CEO



**R. Renganathan**  
Deputy Chairman



**P.A. Jayawardena**  
Director



**Upali Witharana**  
Director

26th March 2026  
Colombo

# INCOME STATEMENT

| For the Year Ended 31 December                     | Group   |       |                 |                 |             | Company         |                 |             |
|--|---------|-------|-----------------|-----------------|-------------|-----------------|-----------------|-------------|
|  | Page No | Note  | 2025<br>Rs.'000 | 2024<br>Rs.'000 | Change<br>% | 2025<br>Rs.'000 | 2024<br>Rs.'000 | Change<br>% |
| <b>Net Income</b>                                  | 216     | 29(c) | 99,620,640      | 91,207,525      | 9           | 2,593,186       | 2,021,746       | 28          |
| Gross Written Premium                              | 213     | 29(a) | 78,872,442      | 67,448,893      | 17          | -               | -               | -           |
| Premium Ceded to Reinsurers                        | 215     | 29(b) | (19,646,583)    | (16,071,023)    | 22          | -               | -               | -           |
| <b>Net Written Premium</b>                         |         |       | 59,225,859      | 51,377,871      | 15          | -               | -               | -           |
| Net Change in Reserve for Unearned Premium         |         |       | (1,028,418)     | 98,415          | (1,145)     | -               | -               | -           |
| <b>Net Earned Premium</b>                          |         |       | 58,197,441      | 51,476,286      | 13          | -               | -               | -           |
| Revenue from Non Insurance Subsidiaries            | 150     | 5     | 7,592,764       | 6,417,207       | 18          | -               | -               | -           |
|  |         |       | 65,790,205      | 57,893,493      | 14          | -               | -               | -           |
| Fees and Commission Income                         | 217     | 30    | 1,878,754       | 2,164,069       | (13)        | -               | -               | -           |
| Investment Income                                  | 217     | 31    | 31,258,808      | 30,670,537      | 2           | 2,207,097       | 2,021,746       | 9           |
| Net Realised Gains                                 | 218     | 32    | 21,588          | 253,731         | (91)        | 386,089         | -               | -           |
| Net Fair Value Gains and Losses                    | 219     | 33    | 671,285         | 225,695         | 197         | -               | -               | -           |
| <b>Other Revenue</b>                               |         |       | 33,830,435      | 33,314,033      | 2           | 2,593,186       | 2,021,746       | 28          |
| Gross Benefits and Claims Paid                     | 220     | 34(a) | (42,191,387)    | (35,905,466)    | 18          | -               | -               | -           |
| Claims Ceded to Reinsurers                         | 220     | 34(b) | 4,207,504       | 1,957,236       | 115         | -               | -               | -           |
| Gross Change in Contract Liabilities               | 220     | 34(c) | (35,069,401)    | (23,534,557)    | 49          | -               | -               | -           |
| Change in Contract Liabilities Ceded to Reinsurers | 220     | 34(d) | 12,576,709      | 1,340,217       | 838         | -               | -               | -           |
| <b>Net Benefits and Claims</b>                     |         |       | (60,476,575)    | (56,142,570)    | 8           | -               | -               | -           |
| Cost of Sales - Non Insurance Subsidiaries         | 150     | 5     | (1,779,601)     | (1,574,297)     | 13          | -               | -               | -           |
| Acquisition Cost                                   | 221     | 35    | (5,806,893)     | (5,104,566)     | 14          | -               | -               | -           |
| Other Operating and Administrative Expenses        | 222     | 36    | (16,803,481)    | (14,413,237)    | 17          | (367,793)       | (415,094)       | (11)        |
| Finance Cost                                       | 223     | 37    | (454,734)       | (411,683)       | 10          | (1,297)         | (652)           | 99          |
| <b>Total Benefits, Claims and Other Expenses</b>   |         |       | (85,321,284)    | (77,646,353)    | 10          | (369,090)       | (415,746)       | (11)        |
| <b>Profit Before Share of Associates</b>           |         |       | 14,299,356      | 13,561,172      | 5           | 2,224,096       | 1,606,000       | 38          |
| Share of Profit of Associates                      | 177     | 12(b) | 1,150,477       | 1,281,942       | (10)        | -               | -               | -           |
| <b>Profit Before Tax</b>                           |         |       | 15,449,833      | 14,843,114      | 4           | 2,224,096       | 1,606,000       | 38          |
| Income Tax Expense                                 | 223     | 38    | (3,925,368)     | (4,538,769)     | (14)        | (37,066)        | (57,686)        | (36)        |
| <b>Profit for the Year</b>                         |         |       | 11,524,465      | 10,304,346      | 12          | 2,187,030       | 1,548,314       | 41          |
| <b>Profit Attributable to:</b>                     |         |       |                 |                 |             |                 |                 |             |
| Equity Holders of the Parent                       |         |       | 10,448,295      | 9,469,669       |             | 2,187,030       | 1,548,314       |             |
| Non-Controlling Interests                          | 226     | 39(b) | 1,076,170       | 834,677         |             | -               | -               |             |
|  |         |       | 11,524,465      | 10,304,346      |             | 2,187,030       | 1,548,314       |             |
| <b>Basic/Diluted Earnings Per Share</b>            | 227     | 40    | 395.56          | 358.51          |             | 82.80           | 58.62           |             |
| <b>Dividend Per Share</b>                          | 227     | 41    | 51.00           | 48.00           |             | 51.00           | 48.00           |             |

The Notes on pages 144 through 246 form an integral part of the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

| For the Year Ended 31 December  | Note | Group      |             | Company   |           |
|---|------|------------|-------------|-----------|-----------|
|   |      | 2025       | 2024        | 2025      | 2024      |
|   |      | Rs.'000    | Rs.'000     | Rs.'000   | Rs.'000   |
| <b>Profit for the Year</b>  |      | 11,524,465 | 10,304,346  | 2,187,030 | 1,548,314 |
| <b>Other Comprehensive Income</b>   |      |            |             |           |           |
| <b>Other Comprehensive Income to be reclassified to Income Statement in subsequent period</b>     |      |            |             |           |           |
| Net Gain/(Loss) on Available-for-Sale Assets  | 42   | 403,539    | 638,708     | (382,421) | 114,386   |
| Exchange Differences on Translating Foreign Operations  | 42   | 33,320     | (51,901)    | -         | -         |
| Income Tax relating to Components of Other Comprehensive Income                                   | 42   | 9,430      | (101,458)   | -         | -         |
| Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period        |      | 446,289    | 485,349     | (382,421) | 114,386   |
| <b>Other Comprehensive Income not to be reclassified to Income Statement in subsequent period</b> |      |            |             |           |           |
| Revaluation Surplus/ (Deficit) During the Year  | 42   | 3,629,256  | 604,509     | -         | -         |
| Actuarial Gain/(Loss) on Defined Benefit Plans  | 42   | (976,604)  | (1,431,914) | -         | -         |
| Income Tax relating to Components of Other Comprehensive Income                                   | 42   | (736,925)  | 38,348      | -         | -         |
| Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period    |      | 1,915,727  | (789,057)   | -         | -         |
| <b>Other Comprehensive Income for the Year, Net of Tax</b>  |      | 2,362,016  | (303,708)   | (382,421) | 114,386   |
| <b>Total Comprehensive Income for the Year, Net of Tax</b>  |      | 13,886,481 | 10,000,638  | 1,804,609 | 1,662,700 |
| <b>Total Comprehensive Income Attributable to:</b>  |      |            |             |           |           |
| Equity Holders of the Parent  |      | 12,138,750 | 9,173,920   | 1,804,609 | 1,662,700 |
| Non-Controlling Interests   |      | 1,747,731  | 826,718     | -         | -         |
|   |      | 13,886,481 | 10,000,638  | 1,804,609 | 1,662,700 |

The Notes on pages 144 through 246 form an integral part of the Financial Statements.

## STATEMENT OF CHANGES IN EQUITY

| Group   | Attributable to Equity Holders of the Parent |                      |                               |                         |                   |                            |                                      |                                |                           |              | Total Equity |         |
|---|--|----------------------|-------------------------------|-------------------------|-------------------|----------------------------|--------------------------------------|--------------------------------|---------------------------|--------------|--------------|---------|
|   | Stated Capital                               | Revaluation Reserves | Restricted Regulatory Reserve | Other Retained Reserves | Retained Earnings | Available-for-Sale Reserve | Foreign Currency Translation Reserve | Ordinary Share-Holders' Equity | Non-Controlling Interests | Total Equity |              |         |
|   | Rs.'000                                      | Rs.'000              | Rs.'000                       | Rs.'000                 | Rs.'000           | Rs.'000                    | Rs.'000                              | Rs.'000                        | Rs.'000                   | Rs.'000      | Rs.'000      | Rs.'000 |
| <b>Balance As At 1st January 2024</b>           | 1,324,822                                    | 4,868,385            | 3,456,184                     | 2,057,437               | 75,442,602        | 835,833                    | 92,399                               | 88,077,662                     | 3,759,427                 | 91,837,089   |              |         |
| Profit for the Year                             | -  | -                    | -                             | -                       | 9,469,669         | -                          | -                                    | 9,469,669                      | 834,677                   | 10,304,346   |              |         |
| Other Comprehensive Income for the Year         | -  | 579,860              | -                             | -                       | (1,368,917)       | 545,209                    | (51,901)                             | (295,749)                      | (7,959)                   | (303,708)    |              |         |
| Total Comprehensive Income for the Year         | -  | 579,860              | -                             | -                       | 8,100,752         | 545,209                    | (51,901)                             | 9,173,920                      | 826,717                   | 10,000,638   |              |         |
| Final Dividend of Parent Company                | -  | -                    | -                             | -                       | (1,267,895)       | -                          | -                                    | (1,267,895)                    | -                         | (1,267,895)  |              |         |
| Subsidiary Dividend to Non-Controlling Interest | -  | -                    | -                             | -                       | -                 | -                          | -                                    | -                              | (160,781)                 | (160,781)    |              |         |
| Transfer to Reserve During the Year             | -  | -                    | -                             | -                       | 99,938            | (60,895)                   | -                                    | 39,043                         | -                         | 39,043       |              |         |
| Transfer to Long Term Fund                      | -  | (490,444)            | -                             | -                       | 591,685           | (84,220)                   | -                                    | 17,021                         | -                         | 17,021       |              |         |
| <b>Balance as at 31st December 2024</b>         | 1,324,822                                    | 4,957,801            | 3,456,184                     | 2,057,437               | 82,967,082        | 1,235,927                  | 40,498                               | 96,039,751                     | 4,425,363                 | 100,465,114  |              |         |
| Profit for the Year                             | -  | -                    | -                             | -                       | 10,448,295        | -                          | -                                    | 10,448,295                     | 1,076,170                 | 11,524,465   |              |         |
| Other Comprehensive Income for the Year         | -  | 2,185,485            | -                             | -                       | (941,319)         | 412,969                    | 33,320                               | 1,690,455                      | 671,561                   | 2,362,016    |              |         |
| Total Comprehensive Income for the Year         | -  | 2,185,485            | -                             | -                       | 9,506,976         | 412,969                    | 33,320                               | 12,138,750                     | 1,747,731                 | 13,886,481   |              |         |
| Final Dividend of Parent Company                | -  | -                    | -                             | -                       | (1,347,137)       | -                          | -                                    | (1,347,137)                    | -                         | (1,347,137)  |              |         |
| Subsidiary Dividend to Non-Controlling Interest | -  | -                    | -                             | -                       | -                 | -                          | -                                    | -                              | (133,791)                 | (133,791)    |              |         |
| Transfer to Reserve During the Year             | -  | -                    | -                             | -                       | (61,179)          | 21,634                     | -                                    | (39,545)                       | -                         | (39,545)     |              |         |
| Changes in Control in Subsidiary/Associates     | -  | (25,721)             | -                             | -                       | -                 | (18,963)                   | -                                    | (44,684)                       | (1,954)                   | (46,638)     |              |         |
| Transfer to Long Term Fund                      | -  | (1,012,864)          | -                             | -                       | 682,656           | (54,995)                   | -                                    | (385,203)                      | -                         | (385,203)    |              |         |
| <b>Balance As At 31st December 2025</b>         | 1,324,822                                    | 6,104,701            | 3,456,184                     | 2,057,437               | 91,748,398        | 1,596,572                  | 73,818                               | 106,361,931                    | 6,037,349                 | 112,399,281  |              |         |

The Notes on pages 144 through 246 form an integral part of the Financial Statements.

| Company                                 | Stated<br>Capital | Revaluation<br>Reserves | Other<br>Retained<br>Reserves | Retained<br>Earnings | Available-for<br>Sale Reserve | Total<br>Ordinary<br>Share-<br>Holders'<br>Equity |
|---|-------------------|-------------------------|-------------------------------|----------------------|-------------------------------|---|
|   | Rs.'000           | Rs.'000                 | Rs.'000                       | Rs.'000              | Rs.'000                       | Rs.'000   |
| <b>Balance As At 1st January 2024</b>   | 1,324,822         | -                       | 2,057,437                     | 14,723,765           | 267,138                       | 18,373,162  |
| Profit for the Year                     | -                 | -                       | -                             | 1,548,314            | -                             | 1,548,314   |
| Other Comprehensive Income for the Year | -                 | -                       | -                             | -                    | 114,386                       | 114,386   |
| Total Comprehensive Income for the Year | -                 | -                       | -                             | 1,548,314            | 114,386                       | 1,662,700   |
| Final Dividend Paid                     | -                 | -                       | -                             | (1,267,890)          | -                             | (1,267,890)                                       |
| <b>Balance As At 31st December 2024</b> | 1,324,822         | -                       | 2,057,437                     | 15,004,189           | 381,524                       | 18,767,972  |
| Profit for the Year                     | -                 | -                       | -                             | 2,187,030            | -                             | 2,187,030   |
| Other Comprehensive Income for the Year | -                 | -                       | -                             | -                    | (382,421)                     | (382,421)   |
| Total Comprehensive Income for the Year | -                 | -                       | -                             | 2,187,030            | (382,421)                     | 1,804,609   |
| Final Dividend Paid                     | -                 | -                       | -                             | (1,347,137)          | -                             | (1,347,137)                                       |
| <b>Balance As At 31st December 2025</b> | 1,324,822         | -                       | 2,057,437                     | 15,844,082           | (897)                         | 19,225,444  |

The Notes on pages 144 through 244 form an integral part of the Financial Statements.

## STATEMENT OF CASH FLOWS

| For the Year Ended 31 December   | Note   | Group               |                     | Company            |                    |
|--|--------|---------------------|---------------------|--------------------|--------------------|
|  |        | 2025                | 2024                | 2025               | 2024               |
|  |        | Rs.'000             | Rs.'000             | Rs.'000            | Rs.'000            |
| <b>Cash Flows from Operating Activities</b>  |        |                     |                     |                    |                    |
| Premiums/Revenue received from Customers   |        | 86,334,657          | 74,448,999          | -                  | -                  |
| Reinsurance Premiums (Net of Commission) Paid  |        | (19,541,526)        | (13,616,062)        | -                  | -                  |
| Commission Paid  |        | (5,667,725)         | (5,002,450)         | -                  | -                  |
| Claims and Benefits Paid   | 34 (a) | (42,191,387)        | (35,905,466)        | -                  | -                  |
| Reinsurance Receipts in respect of Claims & Benefits                                     |        | 6,311,464           | 3,071,872           | -                  | -                  |
| Interest and Dividends Received  |        | 29,673,623          | 30,670,537          | 2,205,332          | 2,114,302          |
| Other Operating Cash Payments  |        | (14,848,658)        | (15,674,929)        | (419,402)          | 10,782             |
| Other Income   |        | 1,103,324           | 456,933             | 1,765              | -                  |
| Contributions to Gratuity Fund/Gratuity Payments   |        | (1,178,457)         | (459,515)           | -                  | -                  |
| Income Taxes Paid  |        | (2,157,225)         | (4,036,014)         | (43,924)           | (57,686)           |
| Interest Paid  |        | (415,002)           | (388,978)           | (1,297)            | (74,784)           |
| <b>Net Cash Flows from Operating Activities ( Note A)</b>                                |        | <b>37,423,088</b>   | <b>33,564,926</b>   | <b>1,742,474</b>   | <b>1,992,614</b>   |
| <b>Cash Flows from Investing Activities</b>  |        |                     |                     |                    |                    |
| Acquisition of Financial Investments   | 13 (e) | (531,797,796)       | (585,970,878)       | (2,053,205)        | (3,790,678)        |
| Acquisition of Investment Property   |        | -                   | (17,783)            | -                  | -                  |
| Disposal of Investment Properties  |        | 231,825             | -                   | -                  | -                  |
| Proceeds from Sale of Financial Investments  |        | 497,270,477         | 561,135,149         | 1,544,479          | 3,201,798          |
| Acquisition of Property, Plant & Equipment   | 9      | (3,415,763)         | (2,653,371)         | -                  | -                  |
| Acquisition of Intangible Assets   | 7      | (39,030)            | (221,457)           | -                  | -                  |
| Disposal of Intangible Assets  | 7      | 6,163               | -                   | -                  | -                  |
| Proceeds from Share buyback  |        | -                   | -                   | 146,091            | -                  |
| Proceeds from Disposal of Property , Plant & Equipment                                   |        | (160,539)           | 358,846             | -                  | -                  |
| <b>Net Cash Flows from Investing Activities</b>  |        | <b>(37,904,663)</b> | <b>(27,369,494)</b> | <b>(362,635)</b>   | <b>(588,880)</b>   |
| <b>Cash Flows from Financing Activities</b>  |        |                     |                     |                    |                    |
| Repayment of Lease Liabilities   | 28 (a) | (533,149)           | (441,499)           | -                  | -                  |
| Repayment of Loans   | 26 (a) | (277,154)           | (4,262,544)         | -                  | -                  |
| Loans Obtained   | 26 (a) | 3,907,710           | 338,428             | -                  | -                  |
| Dividends Paid to Equity Holders including WHT   |        | (1,480,928)         | (1,428,676)         | (1,347,137)        | (1,267,890)        |
| <b>Net Cash Flows from Financing Activities</b>  |        | <b>1,616,479</b>    | <b>(5,794,291)</b>  | <b>(1,347,137)</b> | <b>(1,267,890)</b> |
| Impact of Foreign Currency Translation   |        | (33,320)            | 51,901              | -                  | -                  |
| <b>Increase / (Decrease) in Cash &amp; Cash Equivalents ( Note B)</b>                    |        | <b>1,101,584</b>    | <b>453,042</b>      | <b>32,702</b>      | <b>135,844</b>     |
| <b>Note A</b>  |        |                     |                     |                    |                    |
| <b>Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities</b> |        |                     |                     |                    |                    |
| Profit Before Tax  |        | 15,449,833          | 14,843,114          | 2,224,096          | 1,606,000          |
| <b>Adjustments for:</b>  |        |                     |                     |                    |                    |
| Depreciation on Property, Plant & Equipment  | 36     | 898,932             | 1,029,608           | -                  | -                  |
| Depreciation on Right of use Assets  | 10     | 475,242             | 354,658             | -                  | -                  |
| Amortisation of Intangible Assets  | 7      | 112,750             | 294,412             | -                  | -                  |
| Change in Trade and Other Receivables  |        | (1,464,491)         | (2,020,406)         | (75,388)           | (21,830)           |
| Change in Reinsurance Receivable   |        | (12,502,058)        | (2,266,432)         | -                  | -                  |
| Increase in Life Insurance Funds   |        | 21,357,393          | 23,344,441          | -                  | -                  |
| Increase in Non - Life Insurance Provisions  |        | 15,463,722          | 305,556             | -                  | -                  |
| Change in Trade and Other Payables   |        | 1,665,661           | 3,057,276           | 23,779             | 540,914            |
| Realised Gain on Property, Plant & Equipments  |        | (54,348)            | (74,021)            | -                  | -                  |
| Realised Gain on Right to Use Assets   |        | (6,197)             | 62,790              | -                  | -                  |
| Realised Gain on Investment Properties   |        | (113,825)           | -                   | -                  | -                  |
| Realised Gain/(Loss) on Other Assets   |        | 152,782             | -                   | (386,089)          | -                  |
| Fair value Gain recorded in Income Statement   |        | (671,285)           | (100,015)           | -                  | -                  |
| Exchange Differences   |        | (33,320)            | 51,901              | -                  | (74,784)           |
| Income Tax Paid  |        | (2,157,225)         | (4,036,014)         | (43,924)           | (57,686)           |
| Share of Associate Profits   | 12 (b) | (1,150,477)         | (1,281,942)         | -                  | -                  |
| <b>Net Cash Flows from Operating Activities</b>  |        | <b>37,423,088</b>   | <b>33,564,926</b>   | <b>1,742,474</b>   | <b>1,992,614</b>   |
| <b>Note B</b>  |        |                     |                     |                    |                    |
| Cash and Cash Equivalents at 1st January   |        | 2,193,640           | 1,740,598           | 5,703              | (130,141)          |
| Cash and Cash Equivalents at 31st December   | Note C | 3,295,224           | 2,193,640           | 38,405             | 5,703              |
| <b>Increase / (Decrease) in Cash and Cash Equivalents</b>                                |        | <b>1,101,584</b>    | <b>453,042</b>      | <b>32,702</b>      | <b>135,844</b>     |
| <b>Note C</b>  |        |                     |                     |                    |                    |
| Cash in Hand & Cash at Bank  | 21     | 8,033,737           | 3,639,534           | 74,828             | 22,538             |
| Bank Overdraft   | 26     | (4,738,513)         | (1,445,894)         | (36,423)           | (16,835)           |
|  |        | 3,295,224           | 2,193,640           | 38,405             | 5,703              |

The Notes on pages 144 through 246 form an integral part of the Financial Statements.  
The cash flow statement has been prepared using the "direct method".

# INSURANCE REVENUE ACCOUNT

| For the Year Ended 31 December  | Glossary Item | 2025             | 2024             | Change      |
|---|---------------|------------------|------------------|-------------|
|   |               | Rs. '000         | Rs. '000         | %           |
| <b>Non - Life Insurance ( Sri Lankan Operations)</b>                    |               |                  |                  |             |
| Gross Written Premium   | 12            | 28,037,683       | 24,548,782       | 14          |
| Net Earned Premium  | 17            | 14,595,599       | 14,816,037       | (1)         |
| Net Claims Incurred   | 22            | (8,669,021)      | (8,053,597)      | 8           |
| Underwriting and Net Acquisition Costs (Including Reinsurance)          | 1 & 27        | (1,489,230)      | (942,543)        | 58          |
| <b>Underwriting Result</b>  | 32            | <b>4,437,348</b> | <b>5,819,897</b> |             |
| Other Operating, Investments Related and Administrative Expenses        |               | (6,439,464)      | (5,964,579)      | 8           |
| Investment and Other Income   |               | 2,477,414        | 1,724,556        | 44          |
| Interest Expense  |               | (47,408)         | (67,136)         | (29)        |
| <b>Profits From Operations After Interest Expense</b>                   |               | <b>427,890</b>   | <b>1,512,738</b> | <b>(72)</b> |
| <b>Key Ratios Non - Life Insurance</b>                                  |               |                  |                  |             |
| <b>Net Loss Ratio</b>   | 19            | <b>59</b>        | <b>54</b>        | <b>9</b>    |
| <b>Net Expense Ratio</b>  | 18            | <b>55</b>        | <b>47</b>        | <b>16</b>   |
| <b>Net Combined Ratio</b>   | 16            | <b>114</b>       | <b>101</b>       | <b>12</b>   |
| <b>Life Insurance</b>   |               |                  |                  |             |
| Gross Written Premium   | 12            | 44,182,751       | 37,140,416       | 19          |
| Net Written Premium (Net of Reinsurance Premium and Commission)         | 1 & 27        | 43,513,384       | 36,590,453       | 19          |
| Investment and Other Income Attributable to Policyholders               |               | 21,682,935       | 22,245,927       | (3)         |
| Net Benefits Payable  |               | (31,074,962)     | (25,048,619)     | 24          |
| Increase in Long Term Insurance Fund                                    |               | (20,681,104)     | (23,051,748)     | (10)        |
| Acquisition Cost  | 1             | (2,868,468)      | (2,478,258)      | 16          |
| Operating and Administrative Expenses Attributable to Policyholders     |               | (5,531,029)      | (3,912,180)      | 41          |
| Interest Expense  |               | (90,701)         | (82,853)         | 9           |
| Tax expenses  |               | (1,449,774)      | (1,255,722)      | 15          |
| <b>Surplus from Life Insurance Business</b>                             | 34            | <b>3,500,281</b> | <b>3,006,998</b> | <b>16</b>   |
| Investment & Other Income not Attributable to Policyholders             |               | 6,570,648        | 6,162,310        | 7           |
| Operating and Administrative Expenses not Attributable to Policyholders |               | (307,671)        | (372,950)        | (18)        |
| Tax Expenses  |               | (1,916,061)      | (1,724,871)      | 11          |
| <b>Profits From Operations After Interest Expense</b>                   |               | <b>7,847,197</b> | <b>7,071,487</b> | <b>11</b>   |

The Notes on pages 144 through 246 form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### 1.1. General

Ceylinco Holdings PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka and its shares are publicly traded on the Colombo Stock Exchange. The registered office and the main place of business of the Company is located at No. 69, Janadhipathi Mawatha, Colombo 1. Additional corporate information is given on page 256.

In the Annual Report of the Board of Directors and in the Financial Statements, "the Company" refers to Ceylinco Holdings PLC as the holding company and "the Group" refers to the companies whose accounts have been consolidated therein.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka except for one subsidiary (Ceylinco Insurance Company (Pvt) Ltd., Maldives) and one associate (Sagaramatha Insurance Ltd) which are incorporated and domiciled in the Republic of Maldives and the Republic of Nepal respectively.

### 1.2. Principal Activities and Nature of Operations

During the year, the principal activities of the group were underwriting of all classes of general insurance, life insurance, healthcare services, fund management, power generation, education and investment holding.

There were no significant changes in the nature of principal activities of the Company and the Group during the financial year under review.

### 1.3. Ultimate Parent Company

The Company has no identified parent Company.

### 1.4. Consolidated Financial Statements

The Consolidated Financial Statements of Ceylinco Holdings PLC, as at and

for the year ended 31 December 2025 encompass the Company, its Subsidiaries (together referred to as the 'Group') and the Group's interest in Associates.

The assets and liabilities presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

### 1.5. Reporting Date

The financial statements of all companies in the group are prepared for a common financial year which ends on 31st December 2025 except for few associate Companies.

### 1.6. Responsibility for Financial Statement

The Board of Directors is responsible for these Financial Statements of the Group/ Company as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. The responsibility of the Directors in relation to the Financial Statements is set out in detail in the Statement of Directors' Responsibility Report in on page 124.

### 1.7. Date of Authorization for Issue

The Consolidated Financial Statements of Ceylinco Holdings PLC for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 26th March 2026.

## 2. BASIS OF PREPARATION

### 2.1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka) and comply with the requirements of the Companies Act, No. 7 of 2007, the Regulation of Insurance Industry Act, No.

43 of 2000 and amendments thereto, rules and regulations of the Insurance Regulatory Commission of Sri Lanka and the listing rules of the Colombo Stock Exchange (CSE).

### 2.2. Basis of Measurement

The Financial Statements have been prepared on accrual basis and under the historical cost except for the following:

- ↪ Investment property is measured at fair value
- ↪ Available for sale financial assets and financial assets at fair value through profit or loss are measured at fair value
- ↪ Land and buildings are stated at revalued amounts
- ↪ Defined benefit obligations are actuarially valued and recognised at present value of the defined benefit obligation
- ↪ The ultimate cost of outstanding claims (IBNR) of General Insurance business is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter- Ferguson methods.
- ↪ Life insurance contract liability is valued actuarially and recognized at present value
- ↪ Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability
- Or
2. In the absence of a principal market, in the most advantageous market for the asset or liability

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

### 2.3. Materiality & Aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

### 2.4. Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information is presented in Sri Lankan rupees rounded to the nearest thousand.

The functional currency of each entity in the group is Sri Lankan rupees, except for Ceylinco Insurance Company (Pvt) Ltd. Maldives and Sagaramatha Insurance Ltd. whose functional currencies are the Maldivian rufiyaa and the Nepalese rupee respectively.

### 2.5. Going Concern

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed, the Directors have a reasonable expectation that the Company and the Group possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

### 2.6. Comparative information

The comparative information is consistently applied during the year.

The Consolidated Financial Statements provide comparative information in respect of the previous financial year. The

presentation and classification of assets and liabilities in the Financial Statements of the previous financial year have been amended, where relevant for better presentation and to be comparable with those of the current year.

## GENERAL ACCOUNTING POLICIES AND NOTES

Accounting policies relating to each financial statement areas is given along with the relevant notes to the Financial Statements. The other significant accounting policies are described below;

### 2.7. Basis of Consolidation

The Group's Financial Statements comprises, Consolidated Financial Statements for the Company and its Subsidiaries In terms of Sri Lanka Financial Reporting Standards 10 (SLFRS 10); "Consolidated Financial Statements".

## 3. MATERIAL ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented in these financial statements of the Company and Group.

### (a) Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Insurance contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

Likely to be a significant portion of the total contractual benefits

The amount or timing of which is contractually at the discretion of the issuer

### That are contractually based on:

- ↳ The 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 issuer.
- ↳ The profit or loss of the company, fund or other entity that issues the contract.

### (b) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the date. The foreign currency gain or loss on monetary items is the difference between the cost in the functional currency at the beginning of the period adjusted for payments during the period and the cost in the foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation is recognised in income statement. The Group's consolidated financial statements are presented in Sri Lankan rupees which is also the parent company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

### (i) Transactions and Balances

Transaction in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

All differences are taken to the income statement.

### (ii) Group Companies

The assets and liabilities of foreign operations are translated into rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation is recognised in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

### (c) Financial Liabilities – Initial Recognition and Subsequent

#### Measurement

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

### (d) Cash Flow Statement

The cash flow statement has been prepared using the "direct method".

### (e) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 recognized.

### 3.1. New and amended standards and interpretations

The Group applied for the first time the following standard and amendment which is effective for annual periods beginning on or after 1 January 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

➔ Lack of exchangeability - Amendments to LKAS 21

### 3.2. Use of Judgments Estimates and Assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (LKAS and SLFRS) requires management to make judgements, estimates and assumptions that 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 based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

| Critical Accounting Judgments, Estimates and Assumptions | Disclosure Note | Reference Page |
|--|-----------------|----------------|
| Unearned premium and deferred acquisition cost           | 24.(b) & 8      | 210 & 157      |
| Life Insurance contract liabilities                      | 23.(a)          | 206            |
| Reserve for gross outstanding claims                     | 24.(a)          | 209            |
| Valuation of investment property                         | 11              | 170            |
| Leases - Estimating the incremental borrowing rate       | 10              | 168            |
| Deferred tax   | 18.(b)          | 202            |
| Measurement of defined benefit obligation                | 14              | 191            |
| Revaluation of Land & Building                           | 9               | 158            |

| Critical Accounting Judgments, Estimates and Assumptions | Disclosure Note | Reference Page |
|--|-----------------|----------------|
| Income Tax uncertainty over income tax treatment         | 45(a) ii        | 243            |
| Investment in an associate                               | 12 (b) i        | 179            |

#### 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended accounting standards issued up to the date these financial statements are authorised for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

##### SLFRS 17 Insurance Contracts

Scope SLFRS 17 applies to all types of insurance contracts including life, non life, direct insurance, and reinsurance regardless of the type of entity that issues them. The Standard also covers certain financial guarantees and financial instruments that contain discretionary participation features. However, a limited number of scope exceptions apply.

**Key requirements** The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Unlike SLFRS 4, which largely relied on grandfathered local accounting policies, SLFRS 17 introduces a comprehensive and consistent model that addresses all key aspects of insurance contract accounting.

The core of SLFRS 17 is the general measurement model, supported by:

- ↳ The variable fee approach (VFA): an adaptation for contracts with direct participation features.
- ↳ The premium allocation approach (PAA): a simplified method primarily intended for short-duration contracts.
- ↳ The key features of SLFRS 17's insurance contract accounting model include:
- ↳ Fulfilment cash flows: Measurement of the present value of future cash flows, including an explicit risk adjustment, remeasured at every reporting date.
- ↳ Contractual Service Margin (CSM): A liability representing unearned profit, equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. It is recognised in profit or loss as insurance services are provided over the coverage period.
- ↳ CSM adjustments: Certain changes in expected future cash flows are offset against the CSM and recognised in profit or loss over the remaining coverage period.
- ↳ Discount rate effects: Changes in discount rates are recognised either in profit or loss or in other comprehensive income, based on the entity's accounting policy choice.
- ↳ Revenue and expense presentation: Insurance revenue and service expenses are presented based on the concept of services provided during the reporting period.
- ↳ Non-distinct investment components: Amounts payable to policyholders regardless of an insured event are excluded from the income statement and recognised directly on the balance sheet.
- ↳ Separate presentation of results: Insurance service results (earned revenue minus incurred claims) are shown separately from insurance finance income or expense.

Professional Practice, EY Sri Lanka Insurance Sector Standards issued but not yet effective YE 31 December 2025.

- ↳ Reinsurance loss recovery component: A loss recovery asset is recognised in profit or loss when reinsurance covers losses from onerous underlying contracts and is subsequently remeasured as recoveries occur.
- ↳ Balance sheet presentation: Entities must separately present portfolios of insurance contracts issued that are assets and those that are liabilities; the same applies to reinsurance portfolios held.
- ↳ Enhanced disclosures: Extensive disclosures are required on recognised amounts and the nature and extent of risks arising from insurance contracts.

##### Transition

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required.

##### Estimated impact of the adoption of SLFRS 17

The Group is in the process of assessing and finalizing its accounting policies, transition approach including the impact on comparative information and the implications for current practices, as well as determining the appropriate implementation methodology. Consequently, the financial impact of the initial application of SLFRS 17 has not been disclosed in these financial statements, as it is not yet reasonably estimable.

## NOTES TO THE FINANCIAL STATEMENTS

### Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements

In May 2025, the Institute of Chartered Accountants of Sri Lanka issued a Statement of Alternative Treatment (SoAT) relating to the figures in interim financial statements for entities reporting under LKAS 34 Interim Financial Reporting. The SoAT provides temporary conditional reliefs for the first, second, and third quarters of 2026, as detailed in the SoAT. The fourth-quarter interim financial statements and the annual financial statements must be prepared in accordance with SLFRS 17 and Professional Practice, EY Sri Lanka Insurance Sector Standards issued but not yet effective YE 31 December 2025 SLFRS 9, including comparative information for 2025 in line with the applicable transition requirements. We will apply the provisions in the Statement of Alternative Treatment when preparing interim financial statements under LKAS 34 in 2026.

### SLFRS 9 Financial Instruments

SLFRS 9 replaced LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to SLFRS 4 to apply the temporary exemption from SLFRS 9, deferring the initial application date of SLFRS 9 to align with the initial application of SLFRS 17.

### Classification and measurement

SLFRS 9 requires all financial assets other than equity instruments and derivatives to be evaluated based on both the entity's business model for managing those assets and the contractual cash flow characteristics of the instruments. The measurement categories under LKAS 39 have been replaced with the following: Fair Value through Profit or Loss (FVPL), Fair Value through Other Comprehensive Income (FVOCI), and Amortised Cost.

### Impairment

SLFRS 9 will fundamentally change the loan loss impairment methodology. The standard replaces the incurred loss model under LKAS 39 with a forward looking Expected Credit Loss (ECL) approach. Under SLFRS 9, it is required to recognise an allowance for expected credit losses on all loans and other debt instruments not measured at fair value through profit or loss, as well as on loan commitments and financial guarantee contracts.

### The impairment model under SLFRS 9 is based on a three stage approach

**Stage 1:** For financial assets that have not experienced a significant increase in credit risk since initial recognition, impairment is measured based on a 12 month Expected Credit Loss (12 month ECL). This represents the portion of lifetime expected losses that result from default events possible within the next 12 months.

**Stage 2:** Under SLFRS 9, financial assets are classified into Stage 2 when there has been a significant increase in credit risk since initial recognition. For these assets, it is required to recognise a loss allowance based on lifetime Expected Credit Losses (lifetime ECL).

**Stage 3:** Financial assets are categorized into Stage 3 when there is objective evidence that the asset is credit-impaired. For Stage 3 assets, impairment continues to be measured based on lifetime ECL, and interest income is generally recognised on a net-carrying amount basis, reflecting the credit impaired status of the asset.

### Hedging

SLFRS 9 introduces a more principles based and risk-management-aligned hedge accounting model compared with LKAS 39. It aims to reflect an entity's actual risk management activities in its financial statements.

### Estimated impact of the adoption of SLFRS 9

The Company is in the process of evaluating the impact. Consequently, the financial impact of the initial, as it is not yet reasonably estimable.

### SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

### SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles. The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that

financial statements remain high quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

YE 31 December 2025 The potential impact of SLFRS 19 is currently being identified and evaluated.

#### **Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7**

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements.

#### **Annual improvements to Sri Lanka Accounting Standards**

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

## **5. SEGMENT INFORMATION**

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The Operating Segments represent this business structure.

For management purposes, the Group is organised into business units based on their products and services and has following reportable operating segments as follows:

- The Life Insurance Segment offers a wide range of whole life products, Endowment products, term products, universal life products and mortgage protection products.
- The non-life insurance segment comprises of products namely motor, fire, engineering, marine, employers' liability and miscellaneous.
- Healthcare Segment includes Healthcare centre for Cancer Screening, Radition Treatment units and Diabetes Centre.
- Maldives Foreign operations- this segment offers Non-Life Insurance products in Maldives.
- Education Services Segment includes Primary, Secondary, High Education courses through various subsidiary companies.
- Power generation segment business is to generate and distribute Hydro Power to the national grid.

Other segment includes investment holding associate business, investment management & hotel services.

Transaction between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will be eliminated on consolidation.

## **Segment Reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The activities of the Group are located mainly in Sri Lanka. Consequently, the economic environment in which the Group operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not provided.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. SEGMENT INFORMATION

## Segment Income Statement for the Year Ended 31 December 2025

|   | Life Insurance |              | Non-Life Insurance |           | Healthcare  | Education | Power Generation | Other Operations | Adjustments and Eliminations | Total        |
|---|----------------|--------------|--------------------|-----------|-------------|-----------|------------------|------------------|------------------------------|--------------|
|   | Rs.'000        | Rs.'000      | Domestic           | Foreign   |             |           |                  |                  |                              |              |
| Gross Premium   | 44,182,751     | 28,037,683   | 6,652,008          | -         | -           | -         | -                | -                | -                            | 78,872,442   |
| Premium Ceded to Reinsurers   | (669,367)      | (12,421,658) | (6,555,558)        | -         | -           | -         | -                | -                | -                            | (19,646,583) |
| Change in Reserve for Unearned Premium  | -              | (1,020,426)  | (7,992)            | -         | -           | -         | -                | -                | -                            | (1,028,418)  |
| <b>Net Earned Premium</b>   | 43,513,384     | 14,595,599   | 88,459             | -         | -           | -         | -                | -                | -                            | 58,197,441   |
| Revenue from Non Insurance Subsidiaries   | -              | -            | -                  | 430,611   | 6,651,369   | 390,835   | 119,950          | -                | -                            | 7,592,764    |
| Fees and Commission Income  | 80,365         | 1,139,886    | 630,455            | -         | -           | -         | 14,024           | 14,024           | -                            | 1,878,754    |
| Investment Income   | 27,524,790     | 2,323,611    | 89,370             | 109,506   | 753,477     | 27,655    | 2,259,926        | (1,829,527)      | -                            | 31,258,808   |
| Realised Gains  | 231,250        | 153,803      | -                  | -         | -           | -         | 386,089          | (749,554)        | -                            | 21,588       |
| Fair Value Gains and Losses   | 417,179        | 284,000      | -                  | 10,048    | -           | -         | -                | (39,942)         | -                            | 671,285      |
| <b>Other Revenue &amp; Revenue from Non Insurance Subsidiaries</b>              | 28,253,583     | 3,901,300    | 719,825            | 550,165   | 7,404,846   | 418,490   | 2,779,989        | (2,604,997)      | -                            | 41,423,199   |
| <b>Segment Revenue</b>  | 71,766,967     | 18,496,899   | 808,284            | 550,165   | 7,404,846   | 418,490   | 2,779,989        | (2,604,997)      | -                            | 99,620,640   |
| Gross Benefits and Claims Paid  | (31,374,861)   | (10,036,204) | (780,322)          | -         | -           | -         | -                | -                | -                            | (42,191,387) |
| Claims Ceded to Reinsurers  | 299,899        | 3,151,394    | 756,211            | -         | -           | -         | -                | -                | -                            | 4,207,504    |
| Gross Change in Contract Liabilities  | (20,681,104)   | (14,134,888) | (253,409)          | -         | -           | -         | -                | -                | -                            | (35,069,401) |
| Change in Contract Liabilities Ceded to Reinsurers                              | -              | 12,350,677   | 226,032            | -         | -           | -         | -                | -                | -                            | 12,576,709   |
| Cost of Sales - Non Insurance Subsidiaries                                      | -              | -            | -                  | (153,682) | (1,610,252) | (187,650) | (52,333)         | 224,316          | -                            | (1,779,601)  |
| <b>Net Benefits and Claims &amp; Cost of Sales - Non Insurance Subsidiaries</b> | (51,756,066)   | (8,669,021)  | (51,488)           | (153,682) | (1,610,252) | (187,650) | (52,333)         | 224,316          | -                            | (62,256,176) |
| Acquisition Cost  | (2,868,468)    | (2,629,116)  | (309,309)          | -         | -           | -         | -                | -                | -                            | (5,806,893)  |
| Other Operating and Administrative Expenses                                     | (5,838,700)    | (6,439,464)  | (337,497)          | (243,690) | (3,377,520) | (140,743) | (460,035)        | 34,168           | -                            | (16,803,481) |
| Finance Costs   | (90,701)       | (47,408)     | (2,650)            | (767)     | (307,442)   | (3,118)   | (2,649)          | -                | -                            | (454,734)    |
| <b>Total of Other Expenses</b>  | (8,797,869)    | (9,115,988)  | (649,456)          | (244,457) | (3,684,962) | (143,861) | (462,684)        | 34,168           | -                            | (23,065,108) |
| <b>Segment Benefits, Claims and Other Expenses</b>                              | (60,553,935)   | (17,785,009) | (700,944)          | (398,139) | (5,295,214) | (331,511) | (515,017)        | 258,484          | -                            | (85,321,284) |
| Share of Profit of Associates   | -              | -            | -                  | -         | -           | -         | 1,150,477        | -                | -                            | 1,150,477    |
| <b>Profit Before Taxation</b>   | 11,213,032     | 711,889      | 107,340            | 152,026   | 2,109,632   | 86,979    | 3,415,449        | (2,346,513)      | -                            | 15,449,833   |
| Taxation  | (3,365,835)    | 92,247       | (14,643)           | (93,088)  | (105,058)   | (19,674)  | (46,861)         | (372,456)        | -                            | (3,925,368)  |
| <b>Profit After Taxation</b>  | 7,847,197      | 804,136      | 92,697             | 58,938    | 2,004,574   | 67,305    | 3,368,588        | (2,718,969)      | -                            | 11,524,465   |

Adjustment and elimination mainly include elimination of inter segment dividend, rent and interest

## Segment Income Statement For The Year Ended 31 December 2024

|   | Life Insurance |              | Non-Life Insurance |         | Healthcare | Education   | Power Generation | Other Operations | Adjustments and Eliminations | Total        |
|---|----------------|--------------|--------------------|---------|------------|-------------|------------------|------------------|------------------------------|--------------|
|   | Rs.'000        | Rs.'000      | Domestic           | Foreign |            |             |                  |                  |                              |              |
| Gross Premium   | 37,140,416     | 24,548,782   | 5,759,695          | -       | -          | -           | -                | -                | -                            | 67,448,893   |
| Premium Ceded to Reinsurers   | (549,963)      | (9,830,750)  | (5,690,310)        | -       | -          | -           | -                | -                | -                            | (16,071,023) |
| Change in Reserve for Unearned Premium  | -              | 98,005       | 410                | -       | -          | -           | -                | -                | -                            | 98,415       |
| <b>Net Earned Premium</b>   | 36,590,453     | 14,816,037   | 69,796             | -       | 366,623    | 5,370,562   | 538,153          | 141,870          | (1)                          | 51,476,286   |
| Revenue from Non Insurance Subsidiaries   | -              | -            | -                  | -       | -          | -           | -                | -                | (1)                          | 6,417,207    |
| Fees and Commission Income  | 232,301        | 1,383,284    | 548,484            | -       | -          | -           | -                | 12,663           | (12,663)                     | 2,164,069    |
| Investment Income   | 27,776,646     | 1,428,039    | 72,335             | -       | 123,268    | 885,734     | 28,916           | 2,092,397        | (1,736,799)                  | 30,670,537   |
| Realised Gains  | 191,948        | 58,417       | -                  | -       | -          | 1,920       | -                | 1,446            | -                            | 253,731      |
| Fair Value Gains and Losses   | 207,342        | 238,100      | -                  | -       | 8,955      | -           | -                | -                | (228,702)                    | 225,695      |
| <b>Other Revenue &amp; Revenue from Non Insurance Subsidiaries</b>              | 28,408,237     | 3,107,840    | 620,819            | -       | 498,846    | 6,258,216   | 567,069          | 2,248,376        | (1,978,265)                  | 39,731,240   |
| <b>Segment Revenue</b>  | 64,998,690     | 17,923,877   | 690,615            | -       | 498,846    | 6,258,216   | 567,069          | 2,248,376        | (1,978,265)                  | 91,207,525   |
| Gross Benefits and Claims Paid  | (25,298,611)   | (9,612,420)  | (994,435)          | -       | -          | -           | -                | -                | -                            | (35,905,466) |
| Claims Ceded to Reinsurers  | 249,992        | 749,593      | 957,651            | -       | -          | -           | -                | -                | -                            | 1,957,236    |
| Gross Change in Contract Liabilities  | (23,051,748)   | (879,302)    | 396,493            | -       | -          | -           | -                | -                | -                            | (23,534,557) |
| Change in Contract Liabilities Ceded to Reinsurers                              | -              | 1,688,532    | (348,315)          | -       | (178,142)  | (1,185,893) | (129,628)        | (80,634)         | -                            | (1,574,297)  |
| Cost of Sales - Non Insurance Subsidiaries                                      | -              | -            | -                  | -       | -          | -           | -                | -                | -                            | -            |
| <b>Net Benefits and Claims &amp; Cost of Sales - Non Insurance Subsidiaries</b> | (48,100,367)   | (8,053,597)  | 11,394             | -       | (178,142)  | (1,185,893) | (129,628)        | (80,634)         | -                            | (57,716,867) |
| Acquisition Cost  | (2,478,258)    | (2,325,827)  | (300,481)          | -       | -          | -           | -                | -                | -                            | (5,104,566)  |
| Other Operating and Administrative Expenses                                     | (4,285,131)    | (5,964,579)  | (301,025)          | -       | (371,308)  | (2,861,185) | (169,760)        | (496,850)        | 36,601                       | (14,413,237) |
| Finance Costs   | (82,853)       | (67,136)     | (3,253)            | -       | (181)      | (254,310)   | (9,136)          | (2,662)          | 7,848                        | (411,683)    |
| <b>Total of Other Expenses</b>  | (6,846,242)    | (8,357,542)  | (604,759)          | -       | (371,489)  | (3,115,495) | (178,896)        | (499,512)        | 44,449                       | (19,929,486) |
| <b>Segment Benefits, Claims and Other Expenses</b>                              | (54,946,609)   | (16,411,139) | (593,365)          | -       | (549,631)  | (4,301,388) | (308,524)        | (580,146)        | 44,449                       | (77,646,353) |
| Share of Profit of Associates   | -              | -            | -                  | -       | -          | -           | -                | 1,281,942        | -                            | 1,281,942    |
| <b>Profit Before Taxation</b>   | 10,052,081     | 1,512,738    | 97,250             | -       | (50,785)   | 1,956,826   | 258,545          | 2,950,172        | (1,933,714)                  | 14,843,114   |
| Taxation  | (2,980,594)    | (454,176)    | (13,121)           | -       | 64,611     | (591,253)   | (93,732)         | (83,673)         | (386,830)                    | (4,538,769)  |
| <b>Profit After Taxation</b>  | 7,071,487      | 1,058,562    | 84,129             | -       | 13,826     | 1,365,575   | 164,813          | 2,866,499        | (2,320,544)                  | 10,304,346   |

Adjustment and elimination mainly include elimination of inter segment dividend, rent and interest

## NOTES TO THE FINANCIAL STATEMENTS

## Segment Statement of Financial Position at 31 December 2025

|                                    | Life Insurance     |                   | Non-Life Insurance |                  | Healthcare        | Education        | Power Generation  | Other Operations    | Adjustments and Eliminations | Total   |
|------------------------------------|--------------------|-------------------|--------------------|------------------|-------------------|------------------|-------------------|---------------------|------------------------------|---------|
|                                    | Rs.'000            | Rs.'000           | Domestic           | Foreign          |                   |                  |                   |                     |                              |         |
| Intangible Assets (Incl. Goodwill) | 135,987            | -                 | 2,014              | 208              | 376,233           | -                | 4,857             | -                   | -                            | 519,300 |
| Property, Plant & Equipment        | 15,124,208         | 4,630,453         | 8,999              | 453,897          | 12,956,865        | 828,268          | 28,167            | 3,511,254           | 37,542,111                   |         |
| Investment Property                | 5,013,850          | 2,960,500         | -                  | -                | -                 | -                | 153,333           | (3,790,743)         | 4,336,940                    |         |
| Investment in Associates           | 2,641,672          | -                 | -                  | -                | -                 | -                | 8,586,975         | (148,296)           | 11,080,351                   |         |
| Investments in Subsidiaries        | 1,511,000          | -                 | -                  | -                | -                 | -                | 15,750,764        | (17,261,764)        | -                            |         |
| Financial Instruments              | 244,260,064        | 20,879,999        | 1,792,305          | 1,479,846        | 2,149,468         | 151,542          | 4,788,046         | 362,843             | 275,864,113                  |         |
| Reinsurance Assets                 | 429,753            | 20,422,294        | 674,339            | -                | -                 | -                | -                 | -                   | 21,526,386                   |         |
| Insurance/Trade Receivables        | 449,783            | 6,440,875         | 2,426,241          | -                | 401,488           | 92,133           | 6,985             | -                   | 9,817,505                    |         |
| Other Assets                       | 17,457,284         | 7,803,610         | 2,050,964          | 15,303           | 2,092,874         | 51,516           | 241,071           | (64,230)            | 29,648,392                   |         |
| <b>Total Assets</b>                | <b>287,023,601</b> | <b>63,137,731</b> | <b>6,954,862</b>   | <b>1,949,254</b> | <b>17,976,928</b> | <b>1,123,459</b> | <b>29,560,198</b> | <b>(17,390,936)</b> | <b>390,335,098</b>           |         |
| Insurance Contract Liabilities     | 202,046,633        | 31,659,626        | 822,809            | -                | -                 | -                | -                 | -                   | 234,529,067                  |         |
| Other Liabilities                  | 17,116,796         | 11,615,179        | 5,538,925          | 257,065          | 7,408,474         | 403,085          | 1,155,054         | (87,830)            | 43,406,749                   |         |
| <b>Total Liabilities</b>           | <b>219,163,429</b> | <b>43,274,805</b> | <b>6,361,734</b>   | <b>257,065</b>   | <b>7,408,474</b>  | <b>403,085</b>   | <b>1,155,054</b>  | <b>(87,830)</b>     | <b>277,935,816</b>           |         |

## Segment Statement of Financial Position at 31 December 2024

|                                    | Life Insurance     |                   | Non-Life Insurance |                  | Healthcare        | Education        | Power Generation  | Other Operations    | Adjustments and Eliminations | Total   |
|------------------------------------|--------------------|-------------------|--------------------|------------------|-------------------|------------------|-------------------|---------------------|------------------------------|---------|
|                                    | Rs.'000            | Rs.'000           | Domestic           | Foreign          |                   |                  |                   |                     |                              |         |
| Intangible Assets (Incl. Goodwill) | 193,120            | 24,567            | 2,674              | 20               | 372,957           | -                | 5,845             | -                   | -                            | 599,183 |
| Property, Plant & Equipment        | 13,721,111         | 4,254,439         | 925                | 492,284          | 10,224,769        | 863,155          | 29,298            | 3,482,802           | 33,068,783                   |         |
| Investment Property                | 4,755,199          | 2,794,500         | -                  | -                | -                 | -                | 153,333           | (3,750,802)         | 3,952,230                    |         |
| Investment in Associates           | 2,641,673          | -                 | -                  | -                | -                 | -                | 7,985,980         | 112,474             | 10,740,127                   |         |
| Investments in Subsidiaries        | 1,511,000          | -                 | -                  | -                | -                 | -                | 15,896,856        | (17,407,856)        | -                            |         |
| Financial Instruments              | 213,600,746        | 19,837,981        | 1,265,496          | 1,206,875        | 1,498,304         | 256,760          | 4,279,321         | (608,689)           | 241,336,794                  |         |
| Reinsurance Assets                 | 545,635            | 8,071,617         | 407,076            | -                | -                 | -                | -                 | -                   | 9,024,328                    |         |
| Insurance/Trade Receivables        | 423,419            | 6,707,248         | 2,134,768          | -                | 336,115           | 85,406           | -                 | -                   | 9,686,956                    |         |
| Other Assets                       | 14,045,250         | 6,662,955         | 992,587            | 18,689           | 1,855,073         | 99,985           | 94,377            | (64,235)            | 23,704,681                   |         |
| <b>Total Assets</b>                | <b>251,437,153</b> | <b>48,353,307</b> | <b>4,803,526</b>   | <b>1,717,868</b> | <b>14,287,218</b> | <b>1,305,306</b> | <b>28,445,010</b> | <b>(18,236,306)</b> | <b>332,113,081</b>           |         |
| Insurance Contract Liabilities     | 182,193,847        | 16,504,311        | 514,402            | -                | -                 | -                | -                 | (854,352)           | 197,707,951                  |         |
| Other Liabilities                  | 8,497,854          | 11,919,562        | 3,753,148          | 84,565           | 6,824,730         | 447,574          | 1,133,143         | 629,183             | 33,940,016                   |         |
| <b>Total Liabilities</b>           | <b>190,691,701</b> | <b>28,423,873</b> | <b>4,267,550</b>   | <b>84,565</b>    | <b>6,824,730</b>  | <b>447,574</b>   | <b>1,133,143</b>  | <b>(225,169)</b>    | <b>231,647,967</b>           |         |

## 5 (a). Summarized information of Material Partly-Owned Subsidiaries

|  | Energy<br>Lanka<br>Holdings<br>(PVT)<br>Ltd | CEG<br>Education<br>Holdings<br>(Group) | Ceylinco<br>Insurance<br>Company<br>Ltd<br>Maldives | Ceylinco<br>Investcrop<br>(PVT)<br>Ltd | International<br>College of<br>Business and<br>Technology<br>Ltd | American<br>Education<br>Center<br>Limited |
|--|---|---|---|--|--|--|
|  | Rs.000'                                     | Rs.000'                                 | Rs.000'   | Rs.000'                                | Rs.000'  | Rs.000'                                    |
| <b>Summarized Income Statement for the year ended 31st December 2025</b> |   |   |   |  |  |  |
| Revenue  | 418,490                                     | 7,404,846                               | 808,283   | 39,638                                 | 4,611,913  | 2,733,662                                  |
| Cost of Sales  | (187,650)                                   | (1,610,252)                             | (360,797)   | (11,641)                               | (771,600)  | (805,670)                                  |
| Administrative & Selling Expenses  | (140,743)                                   | (3,377,520)                             | (337,496)   | (26,301)                               | (2,023,321)  | (1,318,401)                                |
| Finance Cost   | (3,118)                                     | (307,442)                               | (2,650)   | -                                      | (85,197)   | (222,244)                                  |
| Profit Before Tax  | 86,979                                      | 2,109,632                               | 107,340   | 1,696                                  | 1,731,795  | 387,347                                    |
| <b>Profit for the year from Continuing Operations</b>                    |   |   |   |  |  |  |
| Total Comprehensive Income   | 67,303                                      | 3,717,606                               | -   | (191)                                  | 2,358,299  | 846,529                                    |
| Attributable to Non-Controlling Interests                                | 1,530                                       | 313,882                                 | -   | 94                                     | 188,664  | 80,695                                     |
| Dividends paid to Non-Controlling Interests                              | 292   | 67,539                                  | -   | -                                      | 125,916  | 117,277                                    |
| <b>Summarized Income Statement for the year ended 31st December 2024</b> |   |   |   |  |  |  |
| Revenue  | 567,069                                     | 6,258,216                               | 690,615   | 70,184                                 | 3,648,623  | 2,543,852                                  |
| Cost of Sales  | (129,628)                                   | (1,185,893)                             | (289,087)   | (42,459)                               | (549,028)  | (609,568)                                  |
| Administrative & Selling Expenses  | (169,760)                                   | (2,861,185)                             | (301,025)   | (22,852)                               | (1,695,906)  | (1,128,979)                                |
| Finance Cost   | (9,136)                                     | (254,310)                               | (3,253)   | -                                      | (65,560)   | (188,751)                                  |
| Profit Before Tax  | 258,545                                     | 1,956,828                               | 97,250  | 4,873                                  | 1,338,129  | 616,554                                    |
| <b>Profit for the year from Continuing Operations</b>                    |   |   |   |  |  |  |
| Total Comprehensive Income   | 164,813                                     | 1,366,885                               | 25,950  | 14,545                                 | 917,964  | 453,139                                    |
| Attributable to Non-Controlling Interests                                | 89  | 814,266                                 | 5,522   | 3,636                                  | 339,646  | 26,297                                     |
| Dividends paid to Non-Controlling Interests                              | -   | 78,470                                  | -   | -                                      | 92,237   | -  |

## NOTES TO THE FINANCIAL STATEMENTS

|  | Energy<br>Lanka<br>Holdings<br>(PVT)<br>Ltd | CEG<br>Education<br>Holdings<br>(Group) | Ceylinco<br>Insurance<br>Company<br>Ltd<br>Maldives | Ceylinco<br>Investcrop<br>(PVT)<br>Ltd | International<br>College of<br>Business and<br>Technology<br>Ltd | American<br>Education<br>Center<br>Limited |
|--|---|---|---|--|--|--|
|  | Rs.000'                                     | Rs.000'                                 | Rs.000'   | Rs.000'                                | Rs.000'  | Rs.000'                                    |
| <b>Summarized Statement of Financial Position as at 31 December 2025</b> |   |   |   |  |  |  |
| Current Assets   | 39,934                                      | 3,897,597                               | 4,941,745   | 320,324                                | 2,203,914  | 1,559,988                                  |
| Non-Current Assets   | 1,083,525                                   | 14,079,342                              | 2,013,117   | 23,437                                 | 9,290,763  | 5,062,317                                  |
| Current Liabilities  | 403,085                                     | 3,831,953                               | 6,015,994   | 270,523                                | 1,900,393  | 1,819,471                                  |
| Non-Current Liabilities  | -   | 3,852,757                               | 345,740   | 18,656                                 | 1,947,300  | 1,884,163                                  |
| Total Equity   | 720,374                                     | 10,292,229                              | 593,128   | 54,582                                 | 7,646,984  | 2,918,671                                  |

|  |           |            |           |         |           |           |
|--|-----------|------------|-----------|---------|-----------|-----------|
| <b>Summarized Statement of Financial Position as at 31 December 2024</b> |           |            |           |         |           |           |
| Current Assets   | 185,391   | 1,659,388  | 3,534,431 | 22,003  | 1,492,668 | 1,524,055 |
| Non-Current Assets   | 1,119,915 | 12,627,830 | 1,269,095 | 353,085 | 7,298,772 | 4,308,329 |
| Current Liabilities  | 369,510   | 5,215,000  | 3,753,148 | 41,636  | 1,957,956 | 1,852,667 |
| Non-Current Liabilities  | 78,064    | 1,609,730  | 514,402   | 279,337 | 1,245,648 | 1,805,994 |
| Total Equity   | 857,732   | 7,462,488  | 535,976   | 54,115  | 5,587,836 | 2,173,723 |

Please refer Note 39 for details of Non-Controlling Interest

|   | Energy<br>Lanka<br>Holdings<br>(PVT)<br>Ltd | CEG<br>Education<br>Holdings<br>(Group) | Ceylinco<br>Insurance<br>Company<br>Ltd<br>Maldives | Ceylinco<br>Investcrop<br>(PVT)<br>Ltd | International<br>College of<br>Business and<br>Technology<br>Ltd | American<br>Education<br>Center<br>Limited |
|---|---|---|---|--|--|--|
|   | Rs.000'                                     | Rs.000'                                 | Rs.000'   | Rs.000'                                | Rs.000'  | Rs.000'                                    |
| <b>Summarized Statement of Cash Flows information for the year ended 31 December 2025</b> |   |   |   |  |  |  |
| Operating Cash Flow   | 115,541                                     | 2,372,487                               | 1,568,605   | (37,021)                               | 1,542,640  | 733,472                                    |
| Investing Cash Flow   | 29,432                                      | (2,262,312)                             | (469,459)   | 87,705                                 | (1,735,137)  | 23,043                                     |
| Financing Cash Flow   | (218,158)                                   | (47,803)                                | (78,872)  | (50,954)                               | 27,418   | (633,141)                                  |
| Net Increase /(Decrease ) In Cash and Cash Equivalents                                    | (73,185)                                    | 62,372                                  | 1,020,274   | (270)                                  | (165,079)  | 123,374                                    |

|   |           |             |           |          |           |           |
|---|-----------|-------------|-----------|----------|-----------|-----------|
| <b>Summarized Statement of Cash Flows information for the year ended 31 December 2024</b> |           |             |           |          |           |           |
| Operating Cash Flow   | 214,396   | 1,598,410   | 171,251   | 37,732   | 1,150,458 | 361,926   |
| Investing Cash Flow   | 40,640    | (1,093,990) | 31,073    | (89,675) | (654,606) | (307,030) |
| Financing Cash Flow   | (232,317) | (250,137)   | (125,650) | 46,444   | (366,101) | (46,436)  |
| Net Increase /(Decrease ) In Cash and Cash Equivalents                                    | 22,719    | 254,283     | 76,674    | (5,499)  | 129,751   | 8,460     |

## 6. GOODWILL

| Year Ended 31 December        | Group          |                |
|-------------------------------|----------------|----------------|
|                               | 2025           | 2024           |
|                               | Rs.'000        | Rs.'000        |
| <b>Cost</b>                   |                |                |
| At 1 January                  | 379,135        | 379,135        |
| <b>At 31 December</b>         | <b>379,135</b> | <b>379,135</b> |
| <b>Accumulated Impairment</b> |                |                |
| At 1 January                  | 6,753          | 6,753          |
| <b>At 31 December</b>         | <b>6,753</b>   | <b>6,753</b>   |
| <b>Carrying Amount</b>        |                |                |
| <b>At 31 December</b>         | <b>372,382</b> | <b>372,382</b> |

The amount represents Goodwill reflected in the CEG Education Holdings (Pvt) Ltd which is included under Education Segment.

The Group performs its annual impairment test as at 31 December of each financial year. The Group considers the net assets position and future cashflows of each operating segment when assessing the recoverable amount. As at 31 December 2025, there were no potential impairment of goodwill except Net Assist International (Pvt) Ltd Subsidiary of CEG Education Holdings (Pvt) Ltd., for which provision has been made in 2015.

### Accounting Judgements, Estimates and Assumptions

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the cash generating unit, are as follows;

#### Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

#### Discount rates

This discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium, is 17%

#### Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

#### Volume growth

Volume growth has been budgeted for five years on a reasonable and realistic basis, taking into account the industry growth rate of 12% -15%.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. OTHER INTANGIBLE ASSETS

#### ACCOUNTING POLICY

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The estimated useful lives for the current and comparative periods are as follows:

| Item              | Useful Life   |
|-------------------|---------------|
| Computer Software | 03 - 05 Years |

Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

| Year Ended 31 December                         | Notes | Group                       |                  |
|--|-------|-----------------------------|------------------|
|  |       | Computer Software & License |                  |
|  |       | 2025                        | 2024             |
|  |       | Rs.'000                     | Rs.'000          |
| <b>Cost</b>                                    |       |                             |                  |
| At 1 January 2025                              |       | 2,016,220                   | 1,794,763        |
| Cost Capitalised                               |       | 39,030                      | 221,457          |
| Disposal                                       |       | (6,163)                     | -                |
| <b>At 31 December 2025</b>                     |       | <b>2,049,087</b>            | <b>2,016,220</b> |
| <b>Accumulated Amortisation and Impairment</b> |       |                             |                  |
| At 1 January 2025                              |       | 1,789,419                   | 1,495,007        |
| Amortisation During the Period                 | 36    | 112,750                     | 294,412          |
| <b>At 31 December 2025</b>                     |       | <b>1,902,169</b>            | <b>1,789,419</b> |
| <b>Carrying Amount</b>                         |       |                             |                  |
| At 1 January 2025                              |       | 226,801                     | 299,756          |
| <b>At 31 December 2025</b>                     |       | <b>146,918</b>              | <b>226,801</b>   |

**7(a). Acquisition of Other Intangible Assets during the year**

During the financial year, the Group acquired/capitalised Intangible Assets (Computer Software & License) to the aggregate value of Rs. 39,030,000 (2024 - Rs. 221,457,000). Cash payments amounting to Rs. 39,030,000 (2024 - Rs. 221,457,000) were made during the year for purchase of Intangible assets (Computer Software & License).

**7(b). Title Restriction on Other Intangible Assets**

There are no restrictions that existed on the title of the intangible assets as at the reporting date.

**7(c). Assessment of Impairment of Intangible Assets**

The Board of Directors has assessed potential impairment indicators of Intangible Assets as at 31st December 2025. Based on the assessment, no impairment indicators were identified.

**7(d). Capitalisation of Borrowing Costs**

There were no capitalised borrowing costs related to the acquisition of Intangible Assets during the year (2024 - Nil)

**7(e). Fully amortized intangible assets in use**

Intangible assets include fully amortized computer software which are in the use of normal business activities having a gross carrying amount of Rs. 849,491,211 (2024- Rs. 885,309,427)

**8. DEFERRED EXPENSES****ACCOUNTING POLICY****Deferred Acquisition Costs (DAC)**

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums.

DAC for general insurance is amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the income statement. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognised when the related contracts are either settled or disposed of.

| Year Ended 31 December | Group   |                  |
|------------------------|---|------------------|
|                        | Deferred Acquisition Costs on Insurance Contracts |                  |
|                        | 2025  | 2024             |
|                        | Rs.'000   | Rs.'000          |
| At 1 January           | 1,450,281   | 1,438,654        |
| Expenses Deferred      | 3,519,529   | 2,906,630        |
| Amortisation           | (3,211,854)                                       | (2,895,003)      |
| <b>At 31 December</b>  | <b>1,757,956</b>                                  | <b>1,450,281</b> |

Deferred Acquisition Cost is those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts and deferred to the extent that these costs are recoverable out of future premiums.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. PROPERTY, PLANT AND EQUIPMENT

#### ACCOUNTING POLICY

##### Property, Plant and Equipment

##### (i) Recognition and Measurement

Items of property, plant and equipment is stated at cost or valuation less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

##### (ii) Subsequent Costs

The cost of replacing part of an item of property, plant and 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, plant and equipment are recognised in income statement as incurred.

##### (iii) Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The assets are depreciated from the month it is available for use and cease to depreciate from the month of disposal.

The estimated useful lives for the current and comparative periods are as follows:

| Item                                | Useful Life |
|-------------------------------------|-------------|
| <b>Buildings</b>                    |             |
| Buildings                           | 50-70 Years |
| Improvement on Leasehold Building   | 04-06 Years |
| Civil Construction                  | 57-60 Years |
| Furniture and Fittings              | 05-10 Years |
| Office Equipment                    | 03-10 Years |
| Computer Equipment                  | 02-05 Years |
| Motor Vehicles                      | 04-05 Years |
| <b>Plant &amp; Machinery</b>        |             |
| Plant & Machinery/Project Equipment | 04-30 Years |
| Medical Equipment                   | 05 Years    |
| Electric Equipment                  | 05 Years    |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**(iv) Revaluations**

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value. Land and buildings are revalued in every three years. Fair values are reviewed at each reporting date to ensure that carrying amount does not differ materially from fair value.

The revaluation surplus is recognised on the net carrying value of the asset and is transferred to a revaluation reserve (on shareholder assets) and to Life Insurance Fund (on policyholder assets) after restating the asset at the revalued amount.

**(v) De-recognition**

An item of property, plant and equipment is de-recognised 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 recognised in income statement in the year the asset is de-recognised. When revalue assets are sold, the amount included in the revaluation reserve are transferred to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS

| Group                                    | Freehold Land | Building   | Plant & Machinery | Motor Vehicles | Office Equipment | Computer Equipment | Furniture & Fittings | Capital WIP | Total       |
|--|---------------|------------|-------------------|----------------|------------------|--------------------|----------------------|-------------|-------------|
| Notes                                    | Rs.'000       | Rs.'000    | Rs.'000           | Rs.'000        | Rs.'000          | Rs.'000            | Rs.'000              | Rs.'000     | Rs.'000     |
| <b>At Cost/Valuation</b>                 |               |            |                   |                |                  |                    |                      |             |             |
| <b>At 1 January 2024</b>                 | 14,864,939    | 12,298,728 | 2,006,442         | 4,039,426      | 2,020,710        | 947,121            | 1,019,142            | 364,180     | 37,560,688  |
| Additions/Transfers                      | 421,489       | 338,220    | 388,572           | 186,000        | 312,257          | 380,393            | 137,115              | 489,324     | 2,653,371   |
| Disposals/Transfers                      | -             | (8,813)    | (504,453)         | (140,218)      | (20,699)         | (13,015)           | (1,441)              | (8,546)     | (697,185)   |
| Revaluation                              | 339,328       | 170,621    | -                 | -              | -                | -                  | -                    | -           | 509,949     |
| <b>At 1 January 2025</b>                 | 15,625,756    | 12,798,756 | 1,890,561         | 4,085,208      | 2,312,268        | 1,314,499          | 1,154,816            | 844,958     | 40,026,823  |
| Additions/Transfers                      | 878,890       | 1,226,195  | 93,549            | 326,182        | 417,847          | 130,772            | 194,549              | 147,779     | 3,415,763   |
| Disposals/Transfers                      | (318,968)     | (488,769)  | (104)             | (136,321)      | (14,751)         | (20,128)           | (6,838)              | (985,093)   | (1,970,972) |
| Revaluation                              | 1,578,805     | 1,809,562  | -                 | -              | -                | -                  | -                    | -           | 3,388,367   |
| <b>At 31 December 2025</b>               | 17,764,483    | 15,345,744 | 1,984,006         | 4,275,069      | 2,715,364        | 1,425,143          | 1,342,527            | 7,644       | 44,859,980  |
| <b>Accumulated Depreciation</b>          |               |            |                   |                |                  |                    |                      |             |             |
| <b>At 1 January 2024</b>                 | -             | 444,071    | 882,650           | 2,315,996      | 1,365,570        | 666,434            | 760,631              | -           | 6,435,352   |
| Depreciation                             | -             | 281,302    | 201,343           | 155,624        | 183,019          | 140,364            | 67,956               | -           | 1,029,608   |
| Disposals                                | -             | (178)      | (276,415)         | (99,915)       | (23,056)         | (9,305)            | (3,493)              | -           | (412,362)   |
| Revaluation Transfers                    | -             | (94,557)   | -                 | -              | -                | -                  | -                    | -           | (94,557)    |
| <b>At 1 January 2025</b>                 | -             | 630,638    | 807,578           | 2,371,705      | 1,525,533        | 797,493            | 825,094              | -           | 6,958,040   |
| Depreciation                             | -             | 229,503    | 158,497           | 74,634         | 179,537          | 171,488            | 85,272               | -           | 898,932     |
| Disposals                                | -             | -          | (104)             | (51,757)       | (13,974)         | (19,028)           | (5,848)              | -           | (90,711)    |
| Revaluation Transfers                    | -             | (448,393)  | -                 | -              | -                | -                  | -                    | -           | (448,393)   |
| <b>At 31 December 2025</b>               | -             | 411,748    | 965,971           | 2,394,582      | 1,691,096        | 949,953            | 904,518              | -           | 7,317,869   |
| <b>Carrying Amount at Cost/Valuation</b> |               |            |                   |                |                  |                    |                      |             |             |
| At 1 January 2025                        | 15,625,756    | 12,168,118 | 1,082,983         | 1,713,503      | 786,735          | 517,006            | 329,722              | 844,958     | 33,068,783  |
| At 31 December 2025                      | 17,764,483    | 14,933,996 | 1,018,035         | 1,880,487      | 1,024,267        | 475,190            | 438,009              | 7,644       | 37,542,111  |

| Group   | Freehold Land    | Building         |
|---|------------------|------------------|
|   | Rs.'000          | Rs.'000          |
| <b>Movement of Revalued Freehold Land and Building if accounted on cost basis</b> |                  |                  |
| <b>At Cost</b>  |                  |                  |
| At 1 January 2025   | 7,015,056        | 6,366,855        |
| Additions/Transfers   | 421,489          | 338,220          |
| Revaluation   | -                | -                |
| Disposals   | -                | (8,813)          |
| <b>At 31 December 2025</b>  | <b>7,436,545</b> | <b>6,696,262</b> |
| <b>Accumulated Depreciation</b>   |                  |                  |
| At 1 January 2025   | -                | 862,285          |
| Depreciation  | -                | 167,407          |
| Disposals   | -                | -                |
| Revaluation   | -                | -                |
| At 31 December 2025   | -                | 1,029,692        |
| <b>Carrying Amount at Cost</b>  |                  |                  |
| At 1 January 2025   | 7,015,056        | 5,504,570        |
| At 31 December 2025   | 7,436,545        | 5,666,570        |

The transfer relating to the accumulated depreciation of Rs.448,393,000 as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset, is presented together with revaluation amount under cost.

## NOTES TO THE FINANCIAL STATEMENTS

## 9.(a). Details of Freehold Land &amp; Building

## Group

## Non Life Insurance Business

| Addresses   | Building | Extent          | Method of Valuation             | Significant Unobservable Inputs | Estimation for Unobservable Inputs | Value of Land | Value of Buildings | Total     | Date of Valuation |
|---|----------|-----------------|---------------------------------|---------------------------------|------------------------------------|---------------|--------------------|-----------|-------------------|
|   | Sq. Ft.  |                 |                                 | Rent Per Sq.ft per month        | Rs.                                | Rs.'000       | Rs.'000            | Rs.'000   |                   |
| 282, High Level Road, Kottawa   | 862      | Condominium     | Investment Method               | Rent Per Sq.ft per month        | 110                                | 11,025        | 2,975              | 14,000    | 31-Dec-2025       |
| 97, Bauddhaloka Mawatha, Gampaha  | 10,535   | A-0-R-0-P-16.5  | Market Comparable Method        | Price per perch                 | 7,500,000                          | 123,000       | 79,000             | 202,000   | 31-Dec-2025       |
| 42/1, Mihidu Mawatha, Kurunegala  | 7,635    | A-0-R-0-P-8.2   | Market Comparable Method        | Price per Sq ft                 | 12,500                             | 69,500        | 69,500             | 139,000   | 31-Dec-2025       |
| 583/ 63 Liyanagemulla , Seeduwa   | 51,830   | A-3-R-1-P-3.6   | Market Comparable Method        | Price per perch                 | 8,500,000                          | 183,000       | 81,000             | 264,000   | 31-Dec-2025       |
| 60 ,Yovunpitiya Watte, Gnanawimala Mawatha.Kosgoda , Balapitiya                           | 11,282   | A-0-R-1-P-29    | Market Comparable Method        | Price per perch                 | 800,000                            | 55,000        | 70,000             | 125,000   | 31-Dec-2025       |
| 63, Janadhipathi Mawatha, Colombo 1.  | -        | A-0-R-0-P-13.84 | Market Comparable Method        | Price per perch                 | 23,500,000                         | 325,000       | -                  | 325,000   | 31-Dec-2025       |
| 3rd,4th, 7th & 11th Floors of Ceylinco House Building                                     | 31,326   | -               | Investment Method               | Rent per Sq.ft per month        | 214                                | -             | 831,000            | 831,000   | 31-Dec-2025       |
| 5th Floor of Ceylinco House Building, 69, "Ceylinco House" Janadipathi Mawatha, Colombo 1 | 11,323   | -               | Investment Method               | Rent Per Sq.ft per month        | 220                                | -             | 312,000            | 312,000   | 31-Dec-2025       |
| 46 / 34, "VIP Centre", Nawam Mawatha , Colombo 2.   | 18,068   | A-0-R-0-P-19    | Market Comparable / Cost Method | Price per perch                 | 18,000,000                         | 342,000       | 162,000            | 504,000   | 31-Dec-2025       |
| Madabawita, Warakapola  | 608      | A-0-R-0-P-16.25 | Market Comparable Method        | Price per perch                 | 800,000                            | 12,000        | 2,700              | 14,700    | 31-Dec-2025       |
| Malangama, Kuruwita   | 643      | A-0-R-0-P-15    | Market Comparable Method        | Price per Sq ft                 | 6,000                              | 12,000        | 2,600              | 14,600    | 31-Dec-2025       |
| Induruwa, Kosgoda   | 856      | A-0-R-0-P-24.3  | Market Comparable Method        | Price per perch                 | 800,000                            | 18,000        | -                  | 18,000    | 31-Dec-2025       |
| Ibbagamuwa, Meisiripura   | 620      | A-0-R-1-P-0     | Contractor Method               | Price per perch                 | 750,000                            | 16,000        | 2,700              | 18,700    | 31-Dec-2025       |
| Bibilioya, Kithulgala   | 5,326    | A-0-R-2-P-0.07  | Contractor Method               | Price per Sq ft                 | 400,000                            | 39,000        | 26,000             | 65,000    | 31-Dec-2025       |
| Puttalam -South, Mundel   | 705      | A-0-R-0-P-20    | Contractor Method               | Price per Sq ft                 | 6,400                              | 5,000         | 2,900              | 7,900     | 31-Dec-2025       |
| 232,Bauddhaloka Mawatha Colombo-7   | 25,474   | A-1-R-0-P-0     | Sales Comparison Approach       | Price per perch                 | 250,000                            | 2,240,000     | 60,000             | 2,300,000 | 31-Dec-2025       |
| 302 & 302 1/1, D.S.Senanayake Mw, Kandy   | 9,070    | A-0-R-0-P-13.5  | Contractor Method               | Price per Sq ft                 | 32,500                             | 121,000       | 68,000             | 189,000   | 31-Dec-2025       |
| <b>Total</b>  |          |                 |                                 |                                 | 10,000                             | 3,571,525     | 1,772,375          | 5,343,900 |                   |

## 9.(a). Life Insurance Business

| Addresses  | Building | Land Extent     | Method of Valuation      | Significant Unobservable Inputs                       | Estimation for Unobservable Inputs    | Value of Land | Value of Buildings | Cost/ Revaluation | Date of the Valuation |
|--|----------|-----------------|--------------------------|---|---------------------------------------|---------------|--------------------|-------------------|-----------------------|
|  |          |                 |                          |   |                                       |               |                    |                   |                       |
| No.115, Greens Road, Negombo                             | 13,169   | A-0-R-0-P-15.00 | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 5,000,000<br>15,000                   | 75,000        | 143,200            | 218,200           | 31-Dec-2025           |
| No.115, Greens Road, Negombo                             | 7,345    | A-0-R-0-P-37.5  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 4,500,000<br>15,700                   | 168,800       | 115,300            | 284,100           | 31-Dec-2025           |
| No. 60, Colombo Road, Kaluwella, Galle                   | 11,385   | A-0-R-0-P-20.00 | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 5,000,000<br>15,000                   | 80,400        | 106,600            | 187,000           | 31-Dec-2025           |
| No.163, Dharmapala Mawatha, Anuradhapura                 | 22,015   | A-0-R-1-P-6.00  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | L1-6,500,000,<br>L2-3,650,000         | 253,400       | 247,600            | 501,000           | 31-Dec-2025           |
| No.144, Hambanthota Road, Kachcheryyagama, Tissamaharama | 8,130    | A-0-R-1-P-00.00 | Contractor's Test Method | Price per Sq ft<br>Price per perch<br>Price per Sq ft | 15,000<br>L1-3,100,000,<br>L2-900,000 | 80,000        | 76,200             | 156,200           | 31-Dec-2025           |
| No. 45, Dharmapala Mawatha , Rathnapura                  | 2,560    | A-0-R-0-P-35.50 | Contractor's Test Method | Price per Sq ft<br>Price per perch<br>Price per Sq ft | 12,500<br>3,200,000<br>12,000         | 113,600       | 21,500             | 135,100           | 31-Dec-2025           |
| No. 45, Dharmapala Mawatha , Rathnapura (New Building)   | 8,102    | -               | Contractor's Test Method | Price per Sq ft                                       | 20,000                                | -             | 145,800            | 145,800           | 31-Dec-2025           |
| No. 401, Main street , Panadura                          | 7,116    | A-0-R-1-P-4.12  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 6,000,000<br>18,500                   | 264,700       | 107,300            | 372,000           | 31-Dec-2025           |
| No. 423, Main Street , Kalutara                          | 12,001   | A-0-R-0-P-32.75 | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 4,000,000<br>17,000                   | 131,000       | 163,000            | 294,000           | 31-Dec-2025           |
| No. 327, Badulla Road , Bandarawela                      | 8,970    | A-0-R-0-P-17.01 | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 3,000,000<br>15,000                   | 51,000        | 111,000            | 162,000           | 31-Dec-2025           |
| No. 106, Havelock Road, Colombo 05                       | 61,630   | A-0-R-0-P-35.27 | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 20,000,000<br>20,000                  | 705,400       | 924,400            | 1,629,800         | 31-Dec-2025           |
| No. 32, Mistry Hills, Nuwara Eliya                       | 5,227    | A-0-R-0-P-26.9  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 1,250,000<br>12,500                   | 33,600        | 65,300             | 98,900            | 31-Dec-2025           |
| No. 15, Rex dias Piyanaama Mawatha, Wennappuwa.          | 8,664    | A-0-R-0-P-37.40 | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 1,750,000<br>15,000                   | 65,000        | 104,000            | 169,000           | 31-Dec-2025           |
| No 91, Baudhaloka Mawatha, Gampaha                       | 9,458    | A-0-R-0-P-32.5  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 7,500,000<br>17,000                   | 243,800       | 132,600            | 376,400           | 31-Dec-2025           |
| No. 40, Rajapihilla Road, Kurunegala                     | 10,485   | A-0-R-0-P-15.5  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 4,000,000<br>17,000                   | 62,000        | 147,000            | 209,000           | 31-Dec-2025           |
| No.90/4, Kurunegala Road, Munneswaram, Chilaw            | 6,385    | A-0-R-0-P-30.0  | Contractor's Test Method | Price per perch<br>Price per Sq ft                    | 1,500,000<br>17,000                   | 45,000        | 108,500            | 153,500           | 31-Dec-2025           |

## NOTES TO THE FINANCIAL STATEMENTS

| Addresses  | Building | Land Extent     | Method of Valuation      | Significant Unobservable Inputs    | Estimation for Unobservable Inputs                      | Value of Land | Value of Buildings | Cost/ Revaluation | Date of the Valuation |
|--|----------|-----------------|--------------------------|------------------------------------|---|---------------|--------------------|-------------------|-----------------------|
|  |          |                 |                          |                                    |   |               |                    |                   |                       |
| No 406, Galle Road, Rawatawatta, Moratuwa                              | 6,874    | A-0-R-0-P-39.72 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 4,500,000<br>2,000                                      | 178,700       | 13,700             | 192,400           | 31-Dec-2025           |
| No. 37,39 & 41, Kannarthiddy Road, Jaffna                              | 4,144    | A-0-R-1-P-7.94  | Contractor's Test Method | Price per perch                    | 4,000,000   | 191,600       | -                  | 191,600           | 31-Dec-2025           |
| No. 37,39 & 41, Kannarthiddy Road, Vannarponnai, Jaffna - New Building | 13,710   | -               | Contractor's Test Method | Price per Sq ft                    | 15,000  | -             | 185,000            | 185,000           | 31-Dec-2025           |
| No.22 (New 32), Lloyd's Avenue, Batticaloa                             | 12,317   | A-0-R-0-P-23.83 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 3,500,000<br>17,000                                     | 83,400        | 167,500            | 250,900           | 31-Dec-2025           |
| No.2, Gower Street, Colombo-05   | 2,610    | A-0-R-1-P-27.25 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 20,000,000<br>11,000                                    | 1,345,000     | 14,300             | 1,359,300         | 31-Dec-2025           |
| No. 20 & 22/3 Kandy Road, Trincomalee                                  | 11,310   | A-0-R-1-P-20    | Contractor's Test Method | Price per perch<br>Price per Sq ft | 2,000,000<br>17,000                                     | 120,000       | 173,000            | 293,000           | 31-Dec-2025           |
| No.38,38/B Rajapilla Road, Kurunegala                                  | -        | A-0-R-0-P-23.93 | Sales Comparison Method  | Price per perch                    | 4,000,000   | 95,700        | -                  | 95,700            | 31-Dec-2025           |
| No.92 & 98 Jampettah Street, Colombo - 13                              | 18,480   | A-0-R-1-P-11.22 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 7,000,000   | 358,500       | 125,000            | 483,500           | 31-Dec-2025           |
| No.70, Park Street, Colombo 02   | 4,510    | A-0-R-1-P-32.4  | Contractor's Test Method | Price per perch<br>Price per Sq ft | 20,000,000<br>31,000                                    | 1,448,000     | 125,800            | 1,573,800         | 31-Dec-2025           |
| No.615, Galle Road, Mount Lavinia                                      | 4,315    | A-0-R-1-P-12.44 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 7,500,000<br>7,800                                      | 393,300       | 23,600             | 416,900           | 31-Dec-2025           |
| No.274, Panadura Road, Horana  | 5,860    | A-0-R-0-P-25.5  | Contractor's Test Method | Price per perch<br>Price per Sq ft | 4,000,000<br>17,000                                     | 102,000       | 87,000             | 189,000           | 31-Dec-2025           |
| No.65, King Street, Kandy  | 14,650   | A-0-R-1-P-1.125 | Contractor's Test Method | Price per perch                    | Front -<br>Rs.12,500,500,<br>Rear land<br>-Rs.8,680,000 | 452,400       | 95,200             | 547,600           | 31-Dec-2025           |
| No.45, Anagarika Dharmapala Mawatha, Matara                            | 7,232    | A-0-R-0-P-26.44 | Contractor's Test Method | Price per Sq ft                    | 10,000  | 224,700       | 41,200             | 265,900           | 31-Dec-2025           |
| No.213, Highlevel Road, Nugegoda                                       | 2,250    | A-0-R-0-P-23.75 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 6,000,000<br>10,000                                     | 142,500       | 20,200             | 162,700           | 31-Dec-2025           |
| No.15A, Jaya Mawatha, Kadawatha  | 5,914    | A-0-R-0-P-19.5  | Contractor's Test Method | Price per perch<br>Price per Sq ft | 3,300,000<br>17,000                                     | 62,000        | 88,000             | 150,000           | 31-Dec-2025           |
| No.26, Expressway Access Road, Ja-Ela                                  | 7,230    | A-0-R-0-P-32    | Contractor's Test Method | Price per perch<br>Price per Sq ft | 2,750,000<br>27,500                                     | 88,000        | 198,800            | 286,800           | 31-Dec-2025           |
| 192, Horana Road, Piliyandala  | 5,683    | A-0-R-0-P-25.34 | Contractor's Test Method | Price per perch<br>Price per Sq ft | 5,000,000<br>17,000                                     | 126,700       | 86,900             | 213,600           | 31-Dec-2025           |

| Addresses   | Building<br>Sq. Ft. | Land<br>Extent  | Method of<br>Valuation      | Significant<br>Unobservable<br>Inputs           | Estimation<br>for<br>Unobservable<br>Inputs | Value of<br>Land | Value of<br>Buildings | Cost/<br>Revaluation | Date of the<br>Valuation |
|---|---------------------|-----------------|-----------------------------|---|---|------------------|-----------------------|----------------------|--------------------------|
|   |                     |                 |                             |   |   |                  |                       |                      |                          |
| No 43 & 45, Galle Road,<br>Wellawatta, Colombo 6                      | 14,338              | A-0-R-0-P-25.31 | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 18,000,000<br>16,200                        | 455,600          | 51,600                | 507,200              | 31-Dec-2025              |
| No.582 Malabe Road Malabe   | 5,600               | A-0-R-0-P-29    | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 5,750,000<br>19,000                         | 166,700          | 101,100               | 267,800              | 31-Dec-2025              |
| No 301, Point Pedro Rd, Nelliady,<br>Karaveddy                        | 9,462               | A-0-R-1-P-4.30  | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 1,200,000<br>17,000                         | 53,200           | 140,700               | 193,900              | 31-Dec-2025              |
| No 301/A, Point Pedro Rd,<br>Nelliady, Karaveddy                      | -                   | A-0-R-1-P-13.78 | Sales Comparison<br>Method  | Price per perch                                 | 475,000                                     | 25,500           | -                     | 25,500               | 31-Dec-2025              |
| Mirigama Road, Wewagedara,<br>Divulapitiya.                           | 5,229               | A-0-R-0-P-40    | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 1,750,000<br>17,000                         | 70,000           | 80,000                | 150,000              | 31-Dec-2025              |
| No.746/1/1, Trincomalee<br>Street, Madandawela, Matale                | 4,904               | A-0-R-0-P-31    | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 3,750,000<br>33,500                         | 117,300          | 164,300               | 281,600              | 31-Dec-2025              |
| No.101, Veyangoda Road,<br>Minuwangoda                                | 3,475               | A-0-R-0-P-37.23 | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 2,000,000<br>23,000                         | 74,400           | 79,900                | 154,300              | 31-Dec-2025              |
| No 143, Neboda Road, Matugama   | 1,400               | A-0-R-1-P-2.74  | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 1,400,000<br>14,500                         | 59,800           | 25,200                | 85,000               | 31-Dec-2025              |
| No. 60, Park Street, Colombo 02                                       | 34,854              | A-0-R-1-P-2.82  | Investment Method           | Rent per Sq ft<br>per month                     | 220-330                                     | 770,800          | 325,700               | 1,096,500            | 31-Dec-2025              |
| Serene Resorts, Bopitiya Road,<br>Uswetakeiyawa                       | 38,177              | A-2-R-3-P-30    | Contractor's Test<br>Method | Price per perch                                 | 7,000,000                                   | 329,000          | 302,400               | 631,400              | 31-Dec-2025              |
| Horagollawatta, Malwatta<br>Nittambuwa                                | 5,789               | A-0-R-0-P-35.90 | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 2,500,000<br>16,750                         | 89,700           | 97,000                | 186,700              | 31-Dec-2025              |
| No. 207-G Tangalle Road,<br>Ambalantota                               | 3,990               | A-0-R-1-P-8     | Contractor's Test<br>Method | Price per perch<br>Price per Sq ft              | 1,400,000<br>15,000                         | 67,200           | 59,800                | 127,000              | 31-Dec-2025              |
| 67C, Delovita, Kirindiwela  | -                   | A-0-R-0-P-30    | Sales Comparison<br>Method  | Price per perch<br>Front<br>Rear -<br>per month | 36,000<br>-1,300,000,<br>1,000,000          | 36,000           | -                     | 36,000               | 31-Dec-2025              |
| No.02, Gower Street, Colombo-05                                       | 2,610               | -               | Contractor's Test<br>Method | Price per Sq ft                                 | 11,000                                      | -                | 20,000                | 20,000               | 31-Dec-2025              |
| No.70, Park Street, Colombo 02  | 4,510               | -               | Contractor's Test<br>Method | Price per Sq ft                                 | 35,000                                      | -                | 142,100               | 142,100              | 31-Dec-2025              |
| Land & Buildings - Ceylinco<br>Holdings PLC and Other<br>Subsidiaries |                     |                 |                             |   |   | 10,100,400       | 5,754,300             | 15,854,700           |                          |
|   |                     |                 |                             |   |   | 4,092,558        | 7,819,069             | 11,911,627           |                          |
| <b>Group -Total</b>   |                     |                 |                             |   |   | 17,764,483       | 15,345,744            | 33,110,227           |                          |

## NOTES TO THE FINANCIAL STATEMENTS

The Group uses the revaluation model of measurement of land and buildings. The Land and Buildings of Group were revalued by an independent expert valuer, Mr. W.M. Chandrasena Incorporated valuer, to determine the fair value of its land and buildings on 31/12/2025, which have indicated increase in fair value significantly during the year. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuation is based on open market prices, adjusted for any difference in the nature, location or condition of the specific property.

The net revaluation surplus was transferred to Revaluation Reserve except for the Life Insurance business policyholders' revaluation surplus which was transferred to the Life Fund.

The group has 58 number of buildings.

### 9.(b). 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.3,415,763,000 (2024-Rs.2,653,371,000). Cash payments amounting to Rs.3,415,763,000 (2024-Rs.2,653,371,000) were made during the year to purchase of Property, Plant and Equipments.

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

| Valuation Technique   | Significant Unobservable Valuation Inputs   | Sensitivity of the Fair Value Measurement to Inputs  |
|---|---|--|
| <p><b>Market Comparable Method/ Sales Comparison Method</b></p> <p>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 active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.</p> | <p>Price per perch for Land</p> <p>Price per square foot for Building</p> <p>Depreciation rate for Building</p> | <p>Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases</p> |
| <p><b>Investment Method</b></p> <p>This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.</p>  | <p>Gross Monthly Rental Years</p>   | <p>Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases</p>                      |
| <p><b>Contractor's Test Method/ Contractor Method</b></p> <p>This method consists of estimating the "Effective Capital Value" of the property and applying to this a rate percent in order to estimate the rental value</p>   | <p>Construction cost per square foot for Building</p>   | <p>Estimated fair value would increase/ (decrease) if; Effective Capital Value increases/ (decreases)</p>  |

**9.(c). Fully Depreciated Property, Plant and Equipment**

The initial cost of fully depreciated Property, Plant and Equipment which are still in use as at reporting date is as follows;

| At 31 December         | Group            |                  |
|------------------------|------------------|------------------|
|                        | 2025             | 2024             |
|                        | Rs.'000          | Rs.'000          |
| Plant and Machinery    | 247,040          | 172,980          |
| Computer Equipment     | 595,288          | 470,730          |
| Office Equipments      | 931,480          | 920,440          |
| Furniture and Fittings | 385,370          | 381,624          |
| Motor Vehicles         | 391,516          | 215,539          |
|                        | <b>2,550,693</b> | <b>2,161,313</b> |

**9.(e). Capital Commitments**

Capital commitments relating to the acquisition of Property, Plant and Equipment during the year. (Refer Note 45b)

**9.(f). Property, Plant and Equipment Pledged as Security for Liabilities**

There are no items of Property, Plant and Equipment pledged as securities for liabilities during the year other than those disclosed in Note 46.

**9.(g). Title Restriction on Property, Plant and Equipment**

There are no restrictions that existed on the title of the Property, Plant and Equipment of the Company as at the reporting date.

**9.(h). Assessment of Impairment**

The Board of Directors has assessed the potential impairment indicators of Property, Plant and Equipment as at 31st December 2025. Based on the assessment, no impairment indicators were identified.

**9.(i). Capitalisation of Borrowing Costs**

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2024 - Nil)

**9.(j). Temporarily idle Property, Plant and Equipment**

There were no temporarily idle Property, Plant and Equipment as at the year ended 31st December 2025. (2024 - Nil)

## NOTES TO THE FINANCIAL STATEMENTS

### 10. RIGHT OF USE ASSETS

#### ACCOUNTING POLICY

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Asset Useful Life       | Useful Life   |
|-------------------------|---------------|
| Buildings 2 to 10 years | 2 to 10 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note (e) Impairment of non-financial assets.

#### iii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Trade and Other Payables (see Note 28)

**iv) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of building and (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**v) Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**vi) Leases**

Lease that do not transfer to the company substantially all of the risks and benefits incidental to ownership of the leases items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over lease term.

|                                     | Notes | Group            |                  |
|-------------------------------------|-------|------------------|------------------|
|                                     |       | 2025<br>Rs.'000  | 2024<br>Rs.'000  |
| <b>Cost</b>                         |       |                  |                  |
| As at 01 January                    |       | 2,521,498        | 2,352,902        |
| Addition                            |       | 795,392          | 536,781          |
| Derecognition                       |       | (606,370)        | (368,184)        |
| <b>As at 31 December</b>            |       | <b>2,710,520</b> | <b>2,521,498</b> |
| <b>Accumulated Depreciation</b>     |       |                  |                  |
| As at 01 January                    |       | 1,592,957        | 1,539,696        |
| Depreciation on Right-of-Use Assets | 36    | 475,242          | 354,658          |
| Derecognition                       |       | (501,785)        | (301,397)        |
| <b>As at 31 December</b>            |       | <b>1,566,414</b> | <b>1,592,957</b> |
| Carrying Value as at 31 December    |       | 1,144,106        | 928,541          |

|   | Notes | Group           |                 |
|---|-------|-----------------|-----------------|
|   |       | 2025<br>Rs.'000 | 2024<br>Rs.'000 |
| <b>At 31 December</b>                                       |       |                 |                 |
| The following are the amounts recognised in profit or loss: |       |                 |                 |
| Depreciation on Right-of-Use Assets                         | 36    | 475,242         | 354,658         |
| Interest Expense on Lease Liabilities                       | 37    | 39,732          | 22,705          |

## NOTES TO THE FINANCIAL STATEMENTS

### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure 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 (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### 11. INVESTMENT PROPERTIES

#### ACCOUNTING POLICY

##### Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model, when there are indications of fair value changes in investment property.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

|                       | Notes | Group            |                  | Company        |                |
|-----------------------|-------|------------------|------------------|----------------|----------------|
|                       |       | 2025             | 2024             | 2025           | 2024           |
|                       |       | Rs.'000          | Rs.'000          | Rs.'000        | Rs.'000        |
| At 1 January          |       | 3,952,230        | 3,834,432        | 153,332        | 153,332        |
| Additions             |       | -                | 17,783           | -              | -              |
| Transfers             |       | (126,017)        | -                | -              | -              |
| Disposal              |       | (118,000)        | -                | -              | -              |
| Fair Value Gains      | 33    | 628,727          | 100,015          | -              | -              |
| <b>At 31 December</b> |       | <b>4,336,940</b> | <b>3,952,230</b> | <b>153,332</b> | <b>153,332</b> |

As at 31st December 2025, investment properties were valued by qualified valuer Mr. W.M. Chandrasena.

**11.(a). Details of Investment Property****Group****Non Life Insurance Business**

| Addresses  | Building | Extent Perches          | Method of Valuation       | Significant Unobservable Inputs | Estimation for Unobservable Inputs | Value of Land | Value of Building | Total   | Date of Valuation |
|--|----------|-------------------------|---------------------------|---------------------------------|------------------------------------|---------------|-------------------|---------|-------------------|
|  | Sq. Ft.  |                         |                           |                                 | Rs.                                | Rs.'000       | Rs.'000           | Rs.'000 |                   |
| No. 34, Muhandiram ED Dabare Mawatha, Colombo-05 (1 Apartment) | 2,663    | 1/A/1M & 1A/4           | Investment Method         | Rent per Sq.ft per month        | 77.50                              | -             | 38,000            | 38,000  | 31-Dec-2025       |
| Prime Residences 23B1  | 1,423    | -                       | Investment Method         | Rent per Sq.ft per month        | 430                                | -             | 143,000           | 143,000 | 31-Dec-2025       |
| 232, Baudhaloka Mawatha Colombo-7                              | 28,948   | A-1-R-0-P-0             | Sales Comparison Approach | Price per perch                 | 32,500                             | -             | 276,000           | 276,000 | 31-Dec-2025       |
| Ceylinco House, 6th Floor & 7th Floor                          | 16,988   | X/F6/U1,X/F6/U2,X/F7/U2 | Investment Method         | Rent per Sq.ft per month        | 225                                | -             | 479,500           | 479,500 | 31-Dec-2025       |
|  |          |                         |                           |                                 | 227.50                             |               |                   |         |                   |
| <b>Total</b>   |          |                         |                           |                                 |                                    | -             | 936,500           | 936,500 |                   |

## NOTES TO THE FINANCIAL STATEMENTS

## Life Insurance Business

| Addresses  | Building | Extent          | Method of Valuation      | Significant Unobservable Inputs | Estimation for Unobservable Inputs | Value of Land | Value of Building | Total     | Date of Valuation |
|--|----------|-----------------|--------------------------|---------------------------------|------------------------------------|---------------|-------------------|-----------|-------------------|
|  | Sq. Ft.  | Perches         |                          |                                 | Rs.                                | Rs.'000       | Rs.'000           | Rs.'000   | Rs.'000           |
| No. 36, 1st Cross road, Talbot Town, Galle         | 6,668    | A-0-R-0-P-20    | Contractor's Test Method | Rent per Sq.ft per month        | 190-250                            | 170,000       | 34,500            | 204,500   | 31-Dec-2025       |
| No.24A, New Galle Road, Nambimulla, Ambalangoda    | 4,614    | A-0-R-0-P-20    | Contractor's Test Method | Rent per Sq.ft per month        | 150-200                            | 110,000       | 37,000            | 147,000   | 31-Dec-2025       |
| No. 428, 428/2/1, R. A. De Mel Mawatha, Colombo 03 | 8,249    | Condominium     | Investment Method        | Rent per Sq.ft per month        | 90-200                             | -             | 165,000           | 165,000   | 31-Dec-2025       |
| No. 06, Railway Station Road, Matara               | 2,982    | A-0-R-0-P-25.88 | Contractor's Test Method | Rent per Sq.ft per month        | 120-180                            | 138,200       | 10,100            | 148,300   | 31-Dec-2025       |
| No 38, Abdul Gafoor Mawatha, Colombo 03            | -        | A-0-R-1-P-4.5   | Contractor's Test Method | Price per perch                 | 22,000,000                         | 979,250       | -                 | 979,250   | 31-Dec-2025       |
| No.09 1 & 9A,Layards Road,Colombo 05               | 4,120    | A-0-R-0-P14.26  | Contractor's Test Method | Price per Sq.ft per             | 9,500                              | 249,000       | 36,000            | 285,000   | 31-Dec-2025       |
| 63 Janadhipathi Mawatha Colombo 1                  | -        | A-0-R-0-P-13.84 | Sales Comparison Method  | Price per perch                 | 23,500,000                         | 325,200       | -                 | 325,200   | 31-Dec-2025       |
| No. 10, Gower Street, Colombo 05                   | 5,680    | A-0-R-0-P-20.25 | Contractor's Test Method | Price per Sq.ft per             | 11,000,000                         | 364,500       | 31,200            | 395,700   | 31-Dec-2025       |
| No.42/1, Dickmon Road, Havelock town, Colombo 05   | 3,885    | A-0-R-0-P-20.00 | Investment Method        | Price per perch                 | 13,000,000                         | 260,000       | 86,158            | 346,158   | 31-Dec-2025       |
| No . 01 A,Gower Street , Colombo 05                | 3,260    | A-0-R-0-P-10.75 | Contractor's Test Method | Price per perch                 | 19,000,000                         | 204,000       | 34,000            | 238,000   | 31-Dec-2025       |
| No. 37, 39 & 41 Kannathiddy Road Jaffna            | 4,144    | -               | Contractor's Test Method | Price per Sq.ft per             | 80-190                             | -             | 13,000            | 13,000    | 31-Dec-2025       |
| <b>Total</b>                                       |          |                 |                          |                                 |                                    | 2,800,150     | 446,958           | 3,247,108 |                   |
| Investment Property - Ceylinco Holdings PLC        |          |                 |                          |                                 |                                    | 104,288       | 49,044            | 153,332   |                   |
| <b>Group Total</b>                                 |          |                 |                          |                                 |                                    | 2,904,438     | 1,432,502         | 4,336,940 |                   |

The fair value of Investment Property reflects the actual market value as at reporting date.

**11.(b)****Company**

| Addresses                                      | Building | Land Extent  | Method of Valuation      | Significant Unobservable Inputs              | Estimation for Unobservable Inputs | Value of Land | Value of Building | Total   |
|--|----------|--------------|--------------------------|--|------------------------------------|---------------|-------------------|---------|
|  | Sq. Ft.  |              |                          |  |                                    | Rs'000        | Rs'000            | Rs'000  |
| No.2, R.A.De Mel Mawatha Colombo-04 (Note 11c) | 12,432   | A-0-R-0-P-11 | Market Comparable Method | Rent per Sq. ft Per Month or Price per perch | 52.50 or 2,500,000                 | 104,288       | 49,044            | 153,332 |
|  |          |              |                          |  |                                    | 104,288       | 49,044            | 153,332 |

**11.(c). Title Restriction for use**

Golden Key Building situated at No 2, R.A.De Mel Mawatha, Colombo 04, which is jointly owned by the Company & Golden Key Credit Card Company Limited, mortgaged to Seylan Bank PLC by Golden Key Credit Card Company Limited to obtain loan facility. (value of the property is amounting to Rs.153Mn). (Refer note 46). The Property was not fair valued as at the reporting date

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used.

| Valuation Technique   | Significant Unobservable Valuation Inputs                           | Sensitivity of the Fair Value Measurement to Inputs   |
|---|---|---|
| <b>Market Comparable Method</b><br>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 active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value. | Price per perch for Land<br><br>Price per square foot for Buildings | Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases |
| <b>Investment Method</b><br>This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.   | Gross Monthly Rental Years  | Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases                      |
| <b>Cost Method</b><br>The cost approach is a real estate valuation method that estimates the price a buyer should pay for a piece of property is equal the cost to build an equivalent building. In the cost approach, the property's value is equal to the cost of land plus total cost of construction less depreciation.   | Current Replacement Cost  | The cost of land plus total cost of construction less depreciation.   |

## NOTES TO THE FINANCIAL STATEMENTS

### 12.(a). Investment in Subsidiaries

#### ACCOUNTING POLICY

Subsidiaries are entities controlled by the Group. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed or has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Especially, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (ie. Existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. The ability to use its power over the investee to affect its return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual agreement with the other vote holders of the investee
2. Rights arising from other contractual agreements
3. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements comprise the financial statements of the Group as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Losses within a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

#### Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income expenses arising from intra-group transactions and dividends are eliminated in preparing the Consolidated Financial Statements.

**Business Combination**

Business combinations were accounted for using the acquisition method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments:

Recognition and Measurement, is measured at fair value with changes in fair value recognised either in income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**Loss of Control**

When the group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary and any related Non Controlling interest and other components of equity. Any resulting gain or loss is recognised in income statements. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, it is accounted for as an Associates or in accordance with the Group's Accounting policy for financial instruments depending on the level of influence retained.

Investments in Subsidiaries are treated as long - term investments and valued at cost in separate financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

| As at 31 December   | % of Direct/Indirect Holding |      | Number of Shares |             | Cost       |            |
|---|------------------------------|------|------------------|-------------|------------|------------|
|   | 2025                         | 2024 | 2025             | 2024        | 2025       | 2024       |
|   |                              |      |                  |             | Rs.'000    | Rs.'000    |
| <b>Company/Group</b>                                      |                              |      |                  |             |            |            |
| Serene Resorts Ltd.                                       | 100%                         | 100% | 500,000          | 500,000     | -          | -          |
| Ceylinco Healthcare Services Ltd.                         | 99%                          | 99%  | -                | -           | -          | -          |
| Ceylinco Investcorp (Pvt) Ltd.                            | 75%                          | 75%  | 112,500          | 112,500     | 1,125      | 1,125      |
| Ceylinco Insurance Company (Pvt) Ltd (Maldives)           | 79%                          | 79%  | 12,252           | 12,252      | 63,981     | 63,981     |
| Energy Lanka Holdings Ltd                                 | 100%                         | 100% | 107,589,508      | 144,111,973 | 430,357    | 576,448    |
| International College of Business & Technology Ltd.       | 64%                          | 64%  | 150,000          | 150,000     | 1,500      | 1,500      |
| Ceylinco General Insurance Ltd.                           | 100%                         | 100% | 2,501,000        | 2,501,000   | 7,348,359  | 7,348,359  |
| Ceylinco Life Insurance Ltd.                              | 100%                         | 100% | 50,000,050       | 50,000,050  | 7,811,652  | 7,811,652  |
| CEG Education Holdings (Pvt) Ltd                          | 63%                          | 63%  | 2,912,499        | 2,912,499   | 64,007     | 64,007     |
| American Education Centre Ltd.                            | 41%                          | 41%  | 460,000          | 460,000     | 4,600      | 4,600      |
| <b>Preference Shares</b>                                  |                              |      |                  |             |            |            |
| International College of Business and Technology Ltd.-10% |                              |      | 195,828          | 195,828     | 1,958      | 1,958      |
| International College of Business and Technology Ltd.-08% |                              |      | 2,322,500        | 2,322,500   | 23,225     | 23,225     |
|   |                              |      |                  |             | 15,750,764 | 15,896,855 |

Principal place of business of all Subsidiaries' except Ceylinco Insurance Company (Pvt) Ltd Maldives is Sri Lanka. The Principal place of business of Ceylinco Insurance Company (Pvt) Ltd (Maldives) is Maldives.

Summarised financial information material Partly-Owned Subsidiaries are set out in note 5(a)

**12.(b). Investment in Associates****ACCOUNTING POLICY****Associates (equity accounted investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies of the associate with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investees.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in income statement.

Investments in Associates are recognised at cost in the separate financial statements of the company and accounted under equity method in financial statements.

**Company/Group Investments in Associates**

|  | % Direct/Indirect Holding |      | Number of Shares |            |               |               |
|--|---------------------------|------|------------------|------------|---------------|---------------|
|  | 2025                      | 2024 | 2025             | 2024       | 2025          | 2024          |
|  |                           |      |                  |            | Rs.'000       | Rs.'000       |
| <b>Company</b>   |                           |      |                  |            |               |               |
| <b>Unquoted Investments</b>                            |                           |      |                  |            |               |               |
| Ceylinco Homes International Ltd.                      | 33%                       | 33%  | 1,300,000        | 1,300,000  | 13,050        | 13,050        |
| Sagaramatha Lumbini Insurance Co. Ltd (Note 12(b) (i)) | 11%                       | 11%  | 2,997,458        | 2,997,458  | 18,557        | 18,557        |
| Energy Generators (Pvt)Ltd.                            | 23%                       | 23%  | 86,483,872       | 86,483,872 | 60,907        | 60,907        |
| <b>Company Investments in Associates ( At Cost)</b>    |                           |      |                  |            | <b>92,514</b> | <b>92,514</b> |

## NOTES TO THE FINANCIAL STATEMENTS

|  | % Direct/Indirect Holding |        | Number of Shares |             | 2025       | 2024       |
|--|---------------------------|--------|------------------|-------------|------------|------------|
|  | 2025                      | 2024   | 2025             | 2024        |            |            |
|  |                           |        |                  |             | Rs.'000    | Rs.'000    |
| <b>Group</b>   |                           |        |                  |             |            |            |
| Citizens Development Business Finance PLC (Cost)             | 35.03%                    | 39.00% | 21,498,096       | 23,877,750  | 879,800    | 879,800    |
| Kings Hospital Colombo (Pvt) Ltd.                            | 43.69%                    | 43.69% | 176,859,657      | 176,859,657 | 1,834,000  | 1,834,000  |
| <b>Negative Goodwill on Acquisition Over Consideration</b>   |                           |        |                  |             |            |            |
| Ceylinco Homes International Ltd.                            |                           |        |                  |             | 13,218     | 13,218     |
| Citizens Development Business Finance PLC                    |                           |        |                  |             | 14,485     | 14,485     |
| <b>Group's Share of Associates Companies Retained Assets</b> |                           |        |                  |             |            |            |
| Ceylinco Homes International Ltd.                            |                           |        |                  |             | 29,912     | 29,912     |
| Sagaramatha Lumbini Insurance Co. Ltd                        |                           |        |                  |             | 956,472    | 934,378    |
| Citizens Development Business Finance PLC                    |                           |        |                  |             | 7,193,331  | 6,942,040  |
| Energy Generators (Pvt)Ltd.                                  |                           |        |                  |             | 388,089    | 417,016    |
| Kings Hospital (Pvt) Ltd.                                    |                           |        |                  |             | (321,470)  | (417,236)  |
|  |                           |        |                  |             | 10,987,837 | 10,647,613 |
| <b>Group Investments in Associates ( Equity Basis)</b>       |                           |        |                  |             | 11,080,351 | 10,740,127 |

| As at 31 December   | Group      |            |
|---|------------|------------|
|   | 2025       | 2024       |
|   | Rs.'000    | Rs.'000    |
| <b>Share of Associate's Statement of Financial Position</b> |            |            |
| Total Assets  | 71,004,233 | 56,391,583 |
| Total Liabilities   | 59,282,547 | 45,513,022 |
| <b>Net Assets</b>   | 11,721,686 | 10,878,561 |
| <b>Share of Associate's Revenue and Profit</b>              |            |            |
| Revenue   | 11,549,790 | 12,293,042 |
| Profit  | 1,150,477  | 1,281,942  |
| Profit attributable to Ordinary Shareholders                | 1,150,477  | 1,281,942  |
| Share of Associate ownership in Other Comprehensive income  | 232,960    | 98,166     |

Principal place of business of Associate Companies' except Sagaramatha Lumbini Insurance Ltd is Sri Lanka. The principal place of business of Sagaramatha Insurance Ltd is Nepal.

Fair Value of Investment in Citizens Development Business Finance PLC is amounted to Rs. 8,223,021,720 as at 31st December 2025 (2024 - Rs. 5,897,804,250)

**12.(b).i. Sagarmatha Lumbini Insurance Company Ltd is an associate company to the Group due to,**

The Company can appoint members to the board, supervisory board, or significant committees of the investee and that is enough to provide significant influence.

The Company has the power to veto significant financial and operating decisions.

The Company share essential technical information with the entity.

A group of shareholders that holds the majority ownership of the investee operates with the views of the investor.

| Summarized information of material Associates | Citizens Development Business Finance PLC |             | Sagarmatha Lumbini Insurance Co.Ltd |            |
|---|---|-------------|-------------------------------------|------------|
|   | 2025                                      | 2024        | 2025                                | 2024       |
|   | Rs.'000                                   | Rs.'000     | Rs.'000                             | Rs.'000    |
| Profit Before Tax                             | 6,252,603                                 | 5,645,534   | 1,402,596                           | 1,393,627  |
| Current Assets                                | 196,948,508                               | 128,350,446 | 15,709,772                          | 17,657,401 |
| Non-Current Assets                            | 6,816,661                                 | 15,189,840  | 15,562,856                          | 14,825,257 |
| Current Liabilities                           | 173,363,274                               | 88,078,674  | 3,344,184                           | 4,941,646  |
| Non-Current Liabilities                       | 3,297,430                                 | 32,494,356  | 14,392,486                          | 14,154,722 |
| Total Equity                                  | 27,104,465                                | 22,967,256  | 13,535,958                          | 13,386,290 |

**13. FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS****ACCOUNTING POLICY****Financial Assets****Initial Recognition and Measurement**

Financial assets within the scope of LKAS 39 are classified as Financial Assets at Fair Value through Profit or Loss, Loans and Receivables, Held to Maturity investments, Available- for-Sale Financial Assets, as appropriate.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the settlement date.

The Group's financial assets include cash and short-term deposits, loans and receivables, quoted and unquoted financial instruments.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

## NOTES TO THE FINANCIAL STATEMENTS

Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

### **Available-for-sale financial assets**

Available-for-sale financial investments include equity and debt securities. Equity investments classified as Available-for-Sale are those, which are neither classified as held for trading nor designated at Fair Value through Profit or Loss.

Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, Available-for-Sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the Available-for-Sale Reserve until the asset is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The Group evaluated its Available-for-Sale Financial Assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Group is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to Loans and Receivables is permitted when the financial asset meets the definition of Loans and Receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity.

The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the Available-for-Sale category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the Effective Interest Rate (EIR).

If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

### **Loans and other receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

### **Held to maturity financial assets**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold until maturity.

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR method, less impairment. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

#### **Derecognition of financial assets**

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired

The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) The Group has transferred substantially all the risks and rewards of the asset; or
- (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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.

#### **Impairment of Financial Assets**

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, defaulter delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### **Financial assets carried at Amortised Cost**

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### Available-for-sale financial investments

For Available-for-Sale Financial Investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset derecognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

### Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs. For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published net asset values.

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, net assets, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

The fair value of repo and call deposits with credit institutions is their carrying value. The carrying value is the cost of the investment and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability except for fair value through P&L. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

The Group's Financial Instruments are summarised by categories as follows:

| As at 31 December                                     | Notes | Group              |                    | Company          |                  |
|---|-------|--------------------|--------------------|------------------|------------------|
|   |       | 2025               | 2024               | 2025             | 2024             |
|   |       | Rs.'000            | Rs.'000            | Rs.'000          | Rs.'000          |
| Held to Maturity Financial Assets                     | 13(a) | 101,856,685        | 119,965,994        | -                | -                |
| Loans and Receivables                                 | 13(b) | 156,552,337        | 108,272,377        | 3,196,614        | 1,739,540        |
| Available-for-Sale Financial Assets                   | 13(c) | 17,431,711         | 13,072,987         | 639,228          | 1,587,576        |
| Financial Assets at Fair Value Through Profit or Loss | 13(d) | 23,380             | 25,436             | -                | -                |
| <b>Total Financial Instruments</b>                    |       | <b>275,864,113</b> | <b>241,336,794</b> | <b>3,835,842</b> | <b>3,327,116</b> |

Available-for-Sale Financial Assets (AFS) have been valued at fair value

Loans and Receivables (L&R) are valued at Amortized Cost

Financial Assets at Fair Value Through Profit or Loss have been measured at Fair Value

Held to Maturity Financial Assets measured at Amortized Cost

The following table compares the fair values of the Financial Instruments to their carrying values:

|   | Group              |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 2025               |                    | 2024               |                    |
|   | Carrying value     | Fair value         | Carrying value     | Fair value         |
|   | Rs.'000            | Rs.'000            | Rs.'000            | Rs.'000            |
| Held to Maturity Financial Assets                     | 101,856,685        | 103,776,431        | 119,965,994        | 124,916,543        |
| Loans and Receivables                                 | 156,552,337        | 156,552,337        | 108,272,377        | 108,272,377        |
| Available-for-Sale Financial Assets                   | 17,431,711         | 17,431,711         | 13,072,987         | 13,072,987         |
| Financial Assets at Fair Value Through Profit or Loss | 23,380             | 23,380             | 25,436             | 25,436             |
| <b>Total Financial Instruments</b>                    | <b>275,864,113</b> | <b>277,783,859</b> | <b>241,336,794</b> | <b>246,287,343</b> |

|                                     | Company          |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | 2025             |                  | 2024             |                  |
|                                     | Carrying value   | Fair value       | Carrying value   | Fair value       |
|                                     | Rs.'000          | Rs.'000          | Rs.'000          | Rs.'000          |
| Loans and Receivables               | 3,196,614        | 3,196,614        | 1,739,540        | 1,739,540        |
| Available-for-Sale Financial Assets | 639,228          | 639,228          | 1,587,576        | 1,587,576        |
| <b>Total Financial Instruments</b>  | <b>3,835,842</b> | <b>3,835,842</b> | <b>3,327,116</b> | <b>3,327,116</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 13.(a). Held to Maturity Financial Assets

| As at 31 December  | Notes   | Group              |                    |
|--|---------|--------------------|--------------------|
|  |         | 2025               | 2024               |
|  |         | Rs.'000            | Rs.'000            |
| <b>Amortised Cost</b>  |         |                    |                    |
| Treasury Bills   |         | 41,851,066         | 45,045,108         |
| Treasury Bonds   |         | 59,488,525         | 74,403,720         |
| Debentures - Quoted  | 13(a).i | 517,094            | 517,165            |
| <b>Total Held to Maturity Financial Assets at Amortised Cost</b> |         | <b>101,856,685</b> | <b>119,965,994</b> |

| As at 31 December  | Group              |                    |
|--|--------------------|--------------------|
|  | 2025               | 2024               |
|  | Rs.'000            | Rs.'000            |
| <b>Fair Value</b>  |                    |                    |
| Treasury Bills & Bonds                                       | 103,279,563        | 124,423,975        |
| Debentures - Quoted  | 496,868            | 492,568            |
| <b>Total Held to Maturity Financial Assets at Fair Value</b> | <b>103,776,431</b> | <b>124,916,543</b> |

### 13.(a).i. Debentures Quoted

| As at 31 December             | Group   |         |
|-------------------------------|---------|---------|
|                               | 2025    | 2024    |
|                               | Rs.'000 | Rs.'000 |
| Commercial Bank of Ceylon PLC | 517,094 | 517,165 |
|                               | 517,094 | 517,165 |

### 13.(b). Loans and Receivables

| As at 31 December                                    | Notes    | Group              |                    | Company          |                  |
|--|----------|--------------------|--------------------|------------------|------------------|
|  |          | 2025               | 2024               | 2025             | 2024             |
|  |          | Rs.'000            | Rs.'000            | Rs.'000          | Rs.'000          |
| Staff Vehicle Loans                                  |          | 272,284            | 433,115            | -                | -                |
| Staff Loans other than Vehicle Loans                 |          | 583,437            | 585,741            | -                | -                |
| Repo Investment                                      |          | 14,272,279         | 9,697,829          | 475,198          | 8,077            |
| Debentures - Unquoted                                | 13(b).i  | 2,001,667          | 2,033,634          | -                | -                |
| Debentures - Quoted                                  | 13(b).ii | 24,922,147         | 17,057,357         | -                | -                |
| Term Deposits  |          | 114,500,523        | 78,464,701         | 2,721,416        | 1,731,463        |
| <b>Total Loans and Receivables at Amortised Cost</b> |          | <b>156,552,337</b> | <b>108,272,377</b> | <b>3,196,614</b> | <b>1,739,540</b> |

**13.(b).i. Debentures - Unquoted**

| As at 31 December                 | Group            |                  |
|-----------------------------------|------------------|------------------|
|                                   | 2025             | 2024             |
|                                   | Rs.'000          | Rs.'000          |
| <b>Fair Value</b>                 |                  |                  |
| Nations Trust Bank PLC            | 445,082          | 448,380          |
| Kings Hospital Colombo (Pvt) Ltd. | 1,556,585        | 1,585,254        |
|                                   | <b>2,001,667</b> | <b>2,033,634</b> |

**13.(b).ii. Debentures - Quoted**

| As at 31 December             | Group             |                   |
|-------------------------------|-------------------|-------------------|
|                               | 2025              | 2024              |
|                               | Rs.'000           | Rs.'000           |
| Seylan Banl PLC               | 1,695,287         | -                 |
| Vallibel Finance PLC          | 262,403           | -                 |
| Sampath Banl PLC              | 1,133,380         | -                 |
| Commercial Bank of Ceylon PLC | 8,757,148         | 8,479,605         |
| DFCC Bank PLC                 | 3,058,776         | 2,635,502         |
| Hatton National Bank PLC      | 8,450,239         | 4,427,457         |
| National Development Bank PLC | 1,564,913         | 1,514,793         |
| <b>Total</b>                  | <b>24,922,147</b> | <b>17,057,357</b> |

**13.(c). Available-For-Sale Financial Assets**

| As at 31 December  | Notes     | Group             |                   | Company        |                  |
|--|-----------|-------------------|-------------------|----------------|------------------|
|  |           | 2025              | 2024              | 2025           | 2024             |
|  |           | Rs.'000           | Rs.'000           | Rs.'000        | Rs.'000          |
| Treasury Bonds & Bills   |           | 12,951,222        | 9,234,648         | 606,765        | 966,928          |
| Unquoted Share Investment                                      | 13(c).i.  | 235,495           | 597,399           | 31,743         | 32,153           |
| Quoted Debentures  | 13.(c).ii | 2,562,203         | 2,309,583         | -              | -                |
| Quoted Share Investment  |           | 970,907           | 475,729           | 720            | 588,495          |
| Unit Trust Investments   | 13(c).iii | 711,884           | 455,628           | -              | -                |
| <b>Total Available-for-Sale Financial Assets at Fair Value</b> |           | <b>17,431,711</b> | <b>13,072,987</b> | <b>639,228</b> | <b>1,587,576</b> |

**13.(c).i. Unquoted Share Investment**

| As at 31 December                 | Group          |                | Company       |               |
|-----------------------------------|----------------|----------------|---------------|---------------|
|                                   | 2025           | 2024           | 2025          | 2024          |
|                                   | Rs.'000        | Rs.'000        | Rs.'000       | Rs.'000       |
| Ultratech Cement Lanka (Pvt) Ltd. | 106,263        | 419,587        | -             | -             |
| Asset Trust Management (Pvt) Ltd  | 8,566          | 9,485          | 8,566         | 9,485         |
| Asian Reinsurance Corporation     | 23,177         | 22,668         | 23,177        | 22,668        |
| Other Unquoted Share Investments  | 97,489         | 145,659        | -             | -             |
|                                   | <b>235,495</b> | <b>597,399</b> | <b>31,743</b> | <b>32,153</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 13.(c).ii. Quoted Debentures

| As at 31 December               | Group     |           |
|---------------------------------|-----------|-----------|
|                                 | 2025      | 2024      |
|                                 | Rs.'000   | Rs.'000   |
| Seylan Bank PLC                 | 18,355    | 18,886    |
| Commercial Bank of Ceylon PLC   | 464,734   | 469,390   |
| Hatton National Bank PLC        | 682,271   | 676,104   |
| National Development Bank PLC   | 618,976   | 620,022   |
| DFCC Bank PLC                   | 444,826   | 396,221   |
| Commercial Credit & Finance PLC | 107,453   | 107,089   |
| Asia Asset Finance PLC          | 21,551    | 21,871    |
| Sampath Bank PLC                | 103,488   | -         |
| Assetline Finance PLC           | 100,549   | -         |
|                                 | 2,562,203 | 2,309,583 |

### 13.(c).iii. Unit Trust Investments

| As at 31 December         | Group        |              |         |         |
|---------------------------|--------------|--------------|---------|---------|
|                           | 2025         | 2024         | 2025    | 2024    |
|                           | No. of Units | No. of Units | Rs.'000 | Rs.'000 |
| ASTRUE Alpha Fund         | 8,101,069    | 8,101,069    | 270,140 | 199,356 |
| ASTRUE Active Income Fund | 901,850      | 901,850      | 188,539 | 172,632 |
| SENFIN Money Market Fund  | 1,273,699    | 404,096      | 36,079  | 33,246  |
| Premier Money Market Fund | 6,505,790    | 1,626,509    | 217,126 | 50,394  |
|                           |              |              | 711,884 | 455,628 |

### 13.(d). Financial Assets at Fair Value Through Profit or Loss

| As at 31 December  | Group         |               |
|--|---------------|---------------|
|  | 2025          | 2024          |
|  | Rs.'000       | Rs.'000       |
| <b>Fair value</b>  |               |               |
| Treasury Bills   | -             | 814           |
| Unquoted/Quoted Investments  | 23,380        | 24,622        |
| <b>Total Financial Assets at Fair Value Through Profit or Loss</b> | <b>23,380</b> | <b>25,436</b> |

**13.(e). Carrying Values of Financial Instruments Movement - Company**

|   | Loans and<br>Receivables | Available-<br>For-Sale | Total       |
|---|--------------------------|------------------------|-------------|
|   | Rs.'000                  | Rs.'000                | Rs.'000     |
| <b>At 1st January 2025</b>                              | 1,739,540                | 1,587,576              | 3,327,116   |
| Purchases   | 845,789                  | 1,207,416              | 2,053,205   |
| Maturities  | (823,171)                | (222,762)              | (1,045,933) |
| Disposals   | -                        | (1,607,059)            | (1,607,059) |
| Fair Value Gains Recorded in Other Comprehensive Income | -                        | (382,421)              | (382,421)   |
| Interest accrual adjustment                             | 1,434,456                | 56,478                 | 1,490,934   |
| <b>At 31 December 2025</b>                              | 3,196,614                | 639,228                | 3,835,842   |

**Carrying Values of Financial Instruments - Group**

|   | Held to<br>Maturity | Loans and<br>Receivables | Available-<br>For-Sale | Fair value<br>Through<br>Profit or<br>Loss | Total         |
|---|---------------------|--------------------------|------------------------|--|---------------|
|   | Rs.'000             | Rs.'000                  | Rs.'000                | Rs.'000                                    | Rs.'000       |
| <b>At 1st January 2025</b>                              | 119,965,994         | 108,272,377              | 13,072,987             | 25,436                                     | 241,336,794   |
| Purchases   | 61,245,957          | 420,435,608              | 21,283,160             | 28,833,071                                 | 531,797,796   |
| Maturities  | (83,382,758)        | (374,285,480)            | (8,928,132)            | (817)                                      | (466,597,187) |
| Disposals   | -                   | -                        | (8,385,611)            | (29,118,670)                               | (37,504,281)  |
| Fair Value Gains Recorded in the Income Statement       | -                   | (4,470)                  | 183,174                | 32,512                                     | 211,216       |
| Fair Value Gains Recorded in Other Comprehensive Income | -                   | -                        | 403,539                | -  | 403,539       |
| Impairment  | -                   | -                        | (313,324)              | -  | (313,324)     |
| Foreign Exchange Adjustment                             | 40,688              | 436,478                  | -                      | -  | 477,166       |
| Interest accrual adjustment                             | 3,986,804           | 1,697,824                | 115,918                | 251,848                                    | 6,052,394     |
| <b>At 31 December 2025</b>                              | 101,856,685         | 156,552,337              | 17,431,711             | 23,380                                     | 275,864,113   |

**Fair Value of Financial Assets and Liabilities not Carried at Fair Value**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements (i.e., held to maturity and loans and receivables).

**Assets for which fair value approximates carrying value**

For Financial Assets and Financial Liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

## NOTES TO THE FINANCIAL STATEMENTS

### Fixed Rate Financial Instruments

The fair value of fixed rate Financial Assets and Liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

For quoted debt instruments the fair values are determined based on quoted market prices.

For unquoted equity instruments have been fair valued using discounted cash flow method

For unquoted debt instruments, the carrying value approximates the fair value of the investments

### 13.(f). Determination of Fair Value and Fair Values Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and

**Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Transfer between levels of the fair value hierarchy,

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

|   | 2025  |   |   | Total Fair Value<br>Rs.'000 |
|---|---|---|---|-----------------------------|
|   | Level 1<br>Quoted Prices<br>in active<br>markets<br>Rs.'000 | Level 2<br>Significant<br>Observable<br>Inputs<br>Rs.'000 | Level 3<br>Significant<br>Unobservable<br>Inputs<br>Rs.'000 |                             |
| <b>Financial Assets</b>   |   |   |   |                             |
| <b>Financial Assets at Fair Value Through Profit/Loss</b>                     |   |   |   |                             |
| Equity Securities   | 2,057   | -   | -   | 2,057                       |
|   | 2,057   | -   | -   | 2,057                       |
| <b>Available-For-Sale Financial Assets:</b>                                   |   |   |   |                             |
| Equity Securities   | 565,650   | -   | 108,788   | 674,438                     |
| Debt Securities   | 11,108,555  | 2,562,203   | -   | 13,670,758                  |
| Unit Trust  | -   | 494,758   | -   | 494,758                     |
|   | 11,674,205  | 3,056,961   | 108,788   | 14,839,954                  |
| <b>Total Financial Assest (Insurance Business)</b>                            | 11,676,262  | 3,056,961   | 108,788   | 14,842,011                  |
| Financial Instruments at Fair Value -Other Businesses & Ceylinco Holdings PLC | 783,891   | 217,126   | 1,612,063   | 2,613,080                   |
| <b>Total Financial Assest (Group)</b>   | 12,460,153  | 3,274,087   | 1,720,851   | 17,455,091                  |

| 2024  |                                       |                                     |                                       |                  |
|---|---------------------------------------|-------------------------------------|---------------------------------------|------------------|
|   | Level 1                               | Level 2                             | Level 3                               | Total Fair Value |
|   | Quoted Prices<br>in active<br>markets | Significant<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |                  |
|   | Rs.'000                               | Rs.'000                             | Rs.'000                               | Rs.'000          |
| <b>Financial Assets</b>   |                                       |                                     |                                       |                  |
| <b>Financial Assets at Fair Value Through Profit/Loss</b>                     |                                       |                                     |                                       |                  |
| Equity Securities   | 1,545                                 | -                                   | -                                     | 1,545            |
| Debt Securities   | 814                                   | -                                   | -                                     | 814              |
|   | 2,359                                 | -                                   | -                                     | 2,359            |
| <b>Available-For-Sale Financial Assets:</b>                                   |                                       |                                     |                                       |                  |
| Equity Securities   | 370,234                               | -                                   | 422,112                               | 792,346          |
| Debt Securities   | 7,020,699                             | 2,309,583                           | -                                     | 9,330,282        |
| Unit Trust  | -                                     | 405,234                             | -                                     | 405,234          |
|   | 7,390,933                             | 2,714,817                           | 422,112                               | 10,527,862       |
| <b>Total Financial Asset (Insurance Business)</b>                             | 7,393,292                             | 2,714,817                           | 422,112                               | 10,530,221       |
| Financial Instruments at Fair Value -Other Businesses & Ceylinco Holdings PLC | -                                     | -                                   | 2,568,202                             | 2,568,202        |
| <b>Total Financial Asset (Group)</b>  | 7,393,292                             | 2,714,817                           | 2,990,314                             | 13,098,423       |
|   |                                       |                                     |                                       |                  |
| 2025  |                                       |                                     |                                       |                  |
|   | Level 1                               | Level 2                             | Level 3                               | Total Fair Value |
|   | Quoted Prices<br>in active<br>markets | Significant<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |                  |
|   | Rs.'000                               | Rs.'000                             | Rs.'000                               | Rs.'000          |
| <b>Non Financial Assets</b>   |                                       |                                     |                                       |                  |
| <b>Property Plant and Equipment</b>   |                                       |                                     |                                       |                  |
| Land  | -                                     | -                                   | 17,764,483                            | 17,764,483       |
| Building  | -                                     | -                                   | 15,345,744                            | 15,345,744       |
|   | -                                     | -                                   | 33,110,227                            | 33,110,227       |
| <b>Investment Property</b>  |                                       |                                     |                                       |                  |
| Land  | -                                     | -                                   | 2,904,438                             | 2,904,438        |
| Building  | -                                     | -                                   | 1,432,502                             | 1,432,502        |
|   | -                                     | -                                   | 4,336,940                             | 4,336,940        |
| <b>Total Non Financial Assets</b>   | -                                     | -                                   | 37,447,167                            | 37,447,167       |

## NOTES TO THE FINANCIAL STATEMENTS

|                                     | 2024                            |                               |                                 |                  |
|-------------------------------------|---------------------------------|-------------------------------|---------------------------------|------------------|
|                                     | Level 1                         | Level 2                       | Level 3                         | Total Fair Value |
|                                     | Quoted Prices in active markets | Significant Observable Inputs | Significant Unobservable Inputs |                  |
|                                     | Rs.'000                         | Rs.'000                       | Rs.'000                         | Rs.'000          |
| <b>Non Financial Assets</b>         |                                 |                               |                                 |                  |
| <b>Property Plant and Equipment</b> |                                 |                               |                                 |                  |
| Land                                | -                               | -                             | 15,625,756                      | 15,625,756       |
| Building                            | -                               | -                             | 12,798,757                      | 12,798,757       |
|                                     | -                               | -                             | 28,424,513                      | 28,424,513       |
| <b>Investment Property</b>          |                                 |                               |                                 |                  |
| Land                                | -                               | -                             | 2,795,486                       | 2,795,486        |
| Building                            | -                               | -                             | 1,156,744                       | 1,156,744        |
|                                     | -                               | -                             | 3,952,230                       | 3,952,230        |
| <b>Total Non Financial Assets</b>   | -                               | -                             | 32,376,743                      | 32,376,743       |

### Reconciliation of Movements in Level 3 Financial Instruments Measured at Fair Value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 financial assets which are recorded at fair value:

| Insurance Business | At 1 January 2025 | Total Gains/(Loss) Recorded in Other Comprehensive Income | Additions/ Disposals | At 31 December 2025 |
|--------------------|-------------------|---|----------------------|---------------------|
|                    | Rs.'000           | Rs.'000   | Rs.'000              | Rs.'000             |
|                    |                   |   |                      |                     |

### Financial Assets

#### Available-For-Sale Financial Assets:

|                                |         |   |           |         |
|--------------------------------|---------|---|-----------|---------|
| Equities                       | 422,112 | - | (313,324) | 108,788 |
| Total Level 3 Financial Assets | 422,112 | - | (313,324) | 108,788 |

### Significant unobservable inputs used to valuation of unquoted investments is as follows

|                      | 2025  | 2024  |
|----------------------|-------|-------|
|                      | %     | %     |
| <b>Growth Rate</b>   | 5.00  | 5.00  |
| <b>Discount Rate</b> | 17.88 | 19.50 |

### 13.(g).A. Quantitative sensitivity analysis for significant assumption as at 31 December 2025 as shown below Sensitivity

| Sensitivity Analysis                | 10% Increase | 10% Discrease |
|-------------------------------------|--------------|---------------|
|                                     | Rs'000       |               |
| 1. Revenue growth at terminal value | 3,477        | (3,220)       |
| 2. Weighted Average Cost of Capital | (6,896)      | 7,553         |

### (h). Financial Instruments not under the fair value measurement hierarchy

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re-prise to current market rates frequently.

#### Assets

- ↳ Cash and Cash Equivalents
- ↳ Repo
- ↳ Reinsurance Receivables
- ↳ Premium Receivables
- ↳ Loans to Policyholders

#### Liabilities

- ↳ Reinsurance Creditors
- ↳ Other Liabilities (Excluding Government Levies and Accruals)

### 14. GRATUITY BENEFIT LIABILITY/(ASSET)

#### ACCOUNTING POLICY

##### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions (%) into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognised as an employee benefit expense in income statement when they are due.

##### Short-Term Benefits

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.

However, according to the Payment of Gratuity Act No. 12 Of 1983, the liability for gratuity payments to an employee arises on the completion of five years of continued service with the Company.

This note indicates the assumptions used and the movement in the Employee Benefit Plan. As at 31 December 2025 the Gratuity Liability was actuarially valued under the Projected Unit Credit Method (PUC) by M/S.K.A.Pandit Actuarial valuer. The valuation performed annually.

## NOTES TO THE FINANCIAL STATEMENTS

The amounts recognised in the Income Statement are as follows:

| As at 31 December   | Group       |             |
|---|-------------|-------------|
|   | 2025        | 2024        |
|   | Rs.'000     | Rs.'000     |
| Current Service Cost  | 218,249     | 157,471     |
| Interest Cost on Benefit Obligation                                     | 431,694     | 479,448     |
| Expected Return on Plan Assets  | (1,321,629) | (1,963,162) |
|   | (671,686)   | (1,326,243) |
| Net Actuarial Gain/ (Loss) recognised in the Other Comprehensive Income | (792,096)   | (3,121,105) |

The amounts recognised in the Statement of Financial Position at the reporting date are as follows:

| As at 31 December                               | Group            |                  |
|---|------------------|------------------|
|   | 2025             | 2024             |
|   | Rs.'000          | Rs.'000          |
| Present Value of the Defined Benefit Obligation | (4,378,650)      | (3,721,498)      |
| Fair Value of Plan Assets                       | 13,045,075       | 11,393,349       |
| <b>Total Net Defined Benefit Asset</b>          | <b>8,666,425</b> | <b>7,671,851</b> |

The Movement in the Defined Benefit Liability is as follows:

|   | Group            |                  |
|---|------------------|------------------|
|   | 2025             | 2024             |
|   | Rs.'000          | Rs.'000          |
| At 1 January  | 4,323,472        | 3,732,260        |
| Current Service Cost  | 304,391          | 242,786          |
| Interest Cost   | 484,780          | 531,172          |
| Benefits Paid   | (549,752)        | (442,893)        |
| Actuarial (Gains)/ Losses                                     | 570,593          | 260,147          |
| <b>At 31 December</b>   | <b>5,133,484</b> | <b>4,323,472</b> |
| Defined Gratuity Benefit Obligation of the Insurance Business | (4,378,650)      | (3,721,498)      |
| Gratuity Liability -Other Subsidiaries                        | 754,834          | 601,974          |

The Movement in the Defined Benefit Liability of the company is as follows:

|                       | Company       |               |
|-----------------------|---------------|---------------|
|                       | 2025          | 2024          |
|                       | Rs.'000       | Rs.'000       |
| At 1 January          | 68,578        | 51,640        |
| Current service cost  | 21,124        | 16,938        |
| <b>At 31 December</b> | <b>89,702</b> | <b>68,578</b> |

The Gratuity Benefit Liability of the Insurance Businesses is valued by M/S.K.A.Pandit Actuarial valuer.

The average duration of the defined benefit plan obligation at the end of the reporting period is 20 years.

The Movement in the Plan Assets is as follows:

|                                | Group               |                     |
|--------------------------------|---------------------|---------------------|
|                                | 2025                | 2024                |
|                                | Rs.'000             | Rs.'000             |
| <b>At 1 January</b>            | <b>(11,393,349)</b> | <b>(12,116,396)</b> |
| Expected Return on Plan Assets | (1,379,649)         | (1,963,162)         |
| Actuarial Gains                | 318,764             | 2,856,204           |
| Benefit Paid                   | 94,000              | 145,647             |
| Contribution Paid by Employer  | (684,841)           | (315,644)           |
| <b>At 31 December</b>          | <b>(13,045,075)</b> | <b>(11,393,349)</b> |

The distribution of the Plan Assets at the reporting date is as follows:

| As at 31 December        | Group             |                   |
|--------------------------|-------------------|-------------------|
|                          | 2025              | 2024              |
|                          | Rs.'000           | Rs.'000           |
| Investment in Shares     | 9,484,317         | 9,524,707         |
| Other Assets             | 3,560,758         | 1,868,644         |
| <b>Total Plan Assets</b> | <b>13,045,075</b> | <b>11,393,349</b> |

Gratuity funds' Plan Assets include investment in equity shares of Ceylinco Holdings PLC, market value amounting to Rs.5,847,177,090 as at the reporting date.(2024 - Rs. 3,926,028,381).

The overall expected rate of return on assets is determined based on market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal actuarial assumptions used in determining the Gratuity Benefit Obligation for the Group's plan assets are as follows:

|  | 2025       | 2024            |
|--|------------|-----------------|
| Future Salary Increases                | 5% - 11%   | 8% -10%         |
| Discount Rate                          | 8.30% -11% | 11.60% - 12.60% |
| Expected Rate of Return on Plan Assets | 11%        | 10%-11.6%       |
| Retirement Age                         | 60 Yrs     | 60 years        |

## NOTES TO THE FINANCIAL STATEMENTS

## Changes in the Defined Benefit Obligation and Fair Value of Plan Assets

| Group 2025                 | Amount Charged to Income Statement |              |              |                                     |              | Remeasurement Gains/(Losses) in Other Comprehensive Income                  |   |                        |                          |                           |             |
|----------------------------|------------------------------------|--------------|--------------|-------------------------------------|--------------|---|---|------------------------|--------------------------|---------------------------|-------------|
|                            | 01-Jan-25                          | Service Cost | Net Interest | Subtotal included in Profit or Loss | Benefit Paid | Return on Plan Assets (Excluding amounts included in Net Interest Expenses) | Actuarial Changes Arising from Changes in Financial Assumptions | Experience Adjustments | Subtotal included in OCI | Contribution by Employers | 31-Dec-25   |
|                            | Rs.000                             | Rs.000       | Rs.000       | Rs.000                              | Rs.000       | Rs.000  | Rs.000  | Rs.000                 | Rs.000                   | Rs.000                    | Rs.000      |
| Defined Benefit Obligation | (3,721,498)                        | (218,249)    | (431,694)    | (649,943)                           | 524,143      | -   | (115,592)   | (415,760)              | (531,352)                | -                         | (4,378,652) |
| Fair Value of Plan Assets  | 11,393,349                         | -            | -            | -                                   | (94,000)     | 1,321,629   | -   | (260,744)              | (260,744)                | 684,841                   | 13,045,077  |
| Benefit Assets/(Liability) | 7,671,851                          | (218,249)    | (431,694)    | (649,943)                           | 430,143      | 1,321,629   | (115,592)   | (676,504)              | (792,096)                | 684,841                   | 8,666,425   |
| Group 2024                 | Amount Charged to Income Statement |              |              |                                     |              | Remeasurement Gains/(Losses) in Other Comprehensive Income                  |   |                        |                          |                           |             |
|                            | 01-Jan-24                          | Service Cost | Net Interest | Subtotal included in Profit or Loss | Benefit Paid | Return on Plan Assets (Excluding amounts included in Net Interest Expenses) | Actuarial Changes Arising from Changes in Financial Assumptions | Experience Adjustments | Subtotal included in OCI | Contribution by Employers | 31-Dec-24   |
|                            | Rs.000                             | Rs.000       | Rs.000       | Rs.000                              | Rs.000       | Rs.000  | Rs.000  | Rs.000                 | Rs.000                   | Rs.000                    | Rs.000      |
| Defined Benefit Obligation | (3,208,263)                        | (157,471)    | (479,447)    | (636,919)                           | 388,585      | -   | (303,505)   | 38,604                 | (264,902)                | -                         | (3,721,498) |
| Fair Value of Plan Assets  | 12,116,396                         | -            | -            | -                                   | (145,648)    | 1,963,162   | -   | (2,856,203)            | (2,856,203)              | 315,644                   | 11,393,349  |
| Benefit Assets/(Liability) | 8,908,133                          | (157,471)    | (479,447)    | (636,919)                           | 242,938      | 1,963,162   | (303,505)   | (2,817,599)            | (3,121,105)              | 315,644                   | 7,671,851   |

A quantitative sensitivity analysis for significant assumptions as at 31 December is shown below:

| Sensitivity Analysis                       | Discount Rate  |                | Future Salary Increment Rate |                |
|--|----------------|----------------|------------------------------|----------------|
|  | Increase<br>1% | Decrease<br>1% | Increase<br>1%               | Decrease<br>1% |
|  | Rs.000         | Rs.000         | Rs.000                       | Rs.000         |
| Impact on Defined Benefit Obligation -2025 | (347,619)      | 399,854        | 398,122                      | (352,172)      |
| Impact on Defined Benefit Obligation -2024 | (285,505)      | 349,329        | 349,391                      | (309,105)      |

Following payments are expected contributions to the Defined Benefit Plan Obligation in the future years.

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Within the next 12 Months | 225,985    | 293,101    |
| Between 2 and 5 Years     | 1,373,951  | 817,855    |
| Between 6 and 10 Years    | 3,119,905  | 2,530,372  |
| Sum of Years 11 and above | 11,625,043 | 11,878,298 |

## 15. PENSION BENEFIT OBLIGATION

### ACCOUNTING POLICY

#### Pensions and Other Post-Employment Benefits

Past service costs are recognised in income statement on the earlier of:

- ↳ The date of the plan amendment or curtailment, and
- ↳ The date that the Group recognises restructuring- related costs

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly.

Plan assets are assets that are held by a long- term employee benefit fund. Plan assets are not available to creditors of the Group nor can they be paid directly to the Group.

Fair value is based on market price information and, in the case of quoted securities, it is the published market price. The value of any defined benefit asset is restricted to the sum of any past service cost and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The amount recognised as defined benefit liabilities has been netted with the fair value of the plan assets of the reporting period. Any surplus in plan assets has been measured based on the requirements of LKAS 19 – Employee Benefits, Para 58 and IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income.

However, according to the Payment of Gratuity Act No. 12 Of 1983, the liability for gratuity payments to an employee arises on the completion of five years of continued service with the Company. The provision is externally funded.

## NOTES TO THE FINANCIAL STATEMENTS

Changes in the Defined Benefit Obligation, Fair Value of Plan Assets and Unrecognised past service costs.

| Group 2025  | Amount Charged to Income Statement |                |                                   |                                   | Remeasurement Gains/(Losses) in Other Comprehensive Income    |   |  |   |   |                           |                           |                           |                  |
|---|------------------------------------|----------------|-----------------------------------|-----------------------------------|---|---|--|---|---|---------------------------|---------------------------|---------------------------|------------------|
|   | 01-Jan-25                          | Service Cost   | Net Interest                      | Sub Total Included in Profit/Loss | Benefit Paid  | Return on Assets (Excluding amounts in Net Interest Expenses) | Recognised in Income Statement                         | Actuarial Changes Arising from Demographic Assumptions          | Actuarial Changes Arising from Changes in Financial Assumptions | Experience Adjustments    | Sub Total included in OCI | Contributions by Employer | 31-Dec-25        |
|   | 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          |
| Defined Benefit Obligation                          | (1,444,772)                        | -              | (97,129)                          | (97,129)                          | 331,342   | -   | (50,427)   | 22,129  | -   | 23,859                    | 45,988                    | -                         | (1,164,571)      |
| Fair Value of Plan Assets                           | 6,716,640                          | 230,999        | -                                 | 230,999                           | (331,342)   | 461,665   | 452,849  | (91,982)  | -   | (172,708)                 | (264,690)                 | 43,758                    | 6,857,030        |
| <b>Total Recognised Benefit (Liability) / Asset</b> | <b>5,271,868</b>                   | <b>230,999</b> | <b>(97,129)</b>                   | <b>133,870</b>                    | <b>-</b>  | <b>461,665</b>  | <b>402,422</b>   | <b>(69,853)</b>   | <b>-</b>  | <b>(148,849)</b>          | <b>(218,702)</b>          | <b>43,758</b>             | <b>5,692,459</b> |
| Group 2024  | Amount Charged to Income Statement |                |                                   |                                   | Remeasurement Gains/(Losses) in Other Comprehensive Income    |   |  |   |   |                           |                           |                           |                  |
| 01-Jan-24   | Service Cost                       | Net Interest   | Sub Total Included in Profit/Loss | Benefit Paid                      | Return on Assets (Excluding amounts in Net Interest Expenses) | Recognised in Income Statement                                | Actuarial Changes Arising from Demographic Assumptions | Actuarial Changes Arising from Changes in Financial Assumptions | Experience Adjustments  | Sub Total included in OCI | Contributions by Employer | 31-Dec-24                 |                  |
|   | Rs.'000                            | Rs.'000        | Rs.'000                           | Rs.'000                           | Rs.'000   | Rs.'000   | Rs.'000  | Rs.'000   | Rs.'000   | Rs.'000                   | Rs.'000                   | Rs.'000                   |                  |
| Defined Benefit Obligation                          | (665,948)                          | -              | (99,619)                          | (99,619)                          | 16,622  | -   | (45,301)   | (170,987)   | (524,840)   | -                         | (695,827)                 | -                         | (1,444,772)      |
| Fair Value of Plan Assets                           | 3,770,041                          | 275,661        | -                                 | 275,661                           | (16,622)  | 199,362   | 182,740  | (363,459)   | -   | 2,808,882                 | 2,445,423                 | 42,775                    | 6,716,640        |
| <b>Total Recognised Benefit (Liability) / Asset</b> | <b>3,104,093</b>                   | <b>275,661</b> | <b>(99,619)</b>                   | <b>176,042</b>                    | <b>-</b>  | <b>199,362</b>  | <b>137,439</b>   | <b>(534,446)</b>  | <b>(524,840)</b>  | <b>2,808,882</b>          | <b>1,749,596</b>          | <b>42,775</b>             | <b>5,271,868</b> |

A quantitative sensitivity analysis for significant assumption as at 31 December as shown below.

| Sensitivity level                        | Change in Discounting Rate |          |
|--|----------------------------|----------|
|  | Increase                   | Decrease |
|  | 1%                         | 1%       |
| Impact on Define Benefit Obligation 2025 | (37,057)                   | 40,224   |
| Impact on Define Benefit Obligation 2024 | (43,830)                   | 47,879   |

The distribution of the Plan Assets at the reporting date is as follows:

|                      | 2025      | 2024      |
|----------------------|-----------|-----------|
|                      | Rs.'000   | Rs.'000   |
| Investment in Shares | 5,635,562 | 5,947,527 |
| Others*              | 1,221,468 | 769,113   |
|                      | 6,857,030 | 6,716,640 |

\*Others include Fixed Deposit, Interest Receivable and others

Projected Pension Benefit Obligation has been valued based on Projected Unit Cost Method.

Actuarial Gains and Losses have been recognised immediately in the Statement of Other Comprehensive Income.

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

|                               |         | 2025       | 2024       |
|-------------------------------|---------|------------|------------|
| Discount Rate                 | Current | 11.00%     | 10%        |
| Rate of Return on Plan Assets |         | 11.00%     | 10%        |
| Salary Escalation Rate        |         | 8%-9%      | 8%-9%      |
| Attrition Rate                |         | 1% p.a.    | 1% p.a.    |
| Retirement Age                |         | 60 Yrs     | 60 Yrs     |
|                               |         | 55Yrs      | 55Yrs      |
| Mortality Table               |         | AMT2012-15 | AMT2012-15 |

Plan Assets include investment in equity shares of Ceylinco Holdings PLC, market value amounting to Rs.5,635,562,000 at the Reporting date. (2024 - Rs.5,947,527,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 16. REINSURANCE RECEIVABLES

#### ACCOUNTING POLICY

##### Reinsurance

Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsurance policy.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and is recognized in income statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer.

| As at 31 December                    | Group             |                  |
|--------------------------------------|-------------------|------------------|
|                                      | 2025              | 2024             |
|                                      | Rs.'000           | Rs.'000          |
| Reinsurance of Insurance Contracts   | 21,526,386        | 9,024,328        |
| <b>Total Reinsurance Receivables</b> | <b>21,526,386</b> | <b>9,024,328</b> |

The carrying amounts disclosed above is in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.

### 17. LOANS TO POLICY HOLDERS

#### ACCOUNTING POLICY

Policyholder Loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate.

Policyholder loans are initially measured at Fair value of 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.

Policyholder Loans are reviewed for impairment at each reporting date. Loans receivable as at reporting date as follows:

|  | Group            |                  |
|--|------------------|------------------|
|  | 2025             | 2024             |
|  | Rs.'000          | Rs.'000          |
| At 1 January   | 3,008,273        | 2,930,981        |
| Loans Granted During the Period/ Capitalizations During the Period | 2,594,051        | 2,919,204        |
| Repayment During the Period  | (2,932,559)      | (2,841,912)      |
| <b>At 31 December</b>  | <b>2,669,765</b> | <b>3,008,273</b> |

**17.(a).i. Fair value of Loans to Life Policyholders**

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates.

**17.(a).ii. Concentration risk of Loans to Life Policyholders**

There is lower concentration of credit risk with respect to policyholders, as the Group has a large number of dispersed receivables.

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 a first lien on all policies which are subject to policy loans. This mitigates the Group's credit exposure on Policy Loans.

**17.(a).iii. Impairment of Loans to Life Policyholders**

The Board of Directors has assessed the potential impairment loss of Loans to Life Policyholders as at 31st 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.

**17.(a).iv. Number of Policy Loans**

Number of policy loans due as at 31 December 2025 was 22,049 (2024 - 26,998)

**17.(a).v. Collateral Details**

The Group does not hold any collateral as security against potential default by policyholders other than surrender value.

**18. TAXATION****ACCOUNTING POLICY****Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Inland Revenue Act No. 24 of 2017 and amendments thereto are applied in determining the taxable income/loss of the Company and its subsidiaries.

Certain Subsidiaries of the Company are tax exempt and tax liable under concessionary rates (Refer Note No. 38).

**Deferred Tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) When the deferred tax liability arises 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 taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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 taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Sales Taxes and Premium Taxes

Revenues, expenses and assets are recognised net of the amount of sales taxes and premium taxes except:

Where the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables that are stated with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

| As at 31 December                                    | Notes  | Group              |                    | Company         |                 |
|--|--------|--------------------|--------------------|-----------------|-----------------|
|  |        | 2025               | 2024               | 2025            | 2024            |
|  |        | Rs.'000            | Rs.'000            | Rs.'000         | Rs.'000         |
| <b>Tax Receivable</b>                                |        |                    |                    |                 |                 |
| At 1 January   |        | 8,478              | 8,111              | -               | -               |
| Amounts recorded in the Income Statement             | 38 (a) | (3,665,020)        | (4,206,048)        | (67,580)        | (62,768)        |
| Payments made on-account during the year             |        | 1,625,901          | 2,068,281          | 35,702          | 13,616          |
| <b>At 31 December</b>                                |        | <b>(2,030,641)</b> | <b>(2,129,656)</b> | <b>(31,878)</b> | <b>(49,152)</b> |
| Payable Balance included under Trade & Other Payable | 28     | 2,137,684          | 2,138,134          | 31,878          | 49,152          |
| <b>At 31 December</b>                                |        | <b>107,043</b>     | <b>8,478</b>       | <b>-</b>        | <b>-</b>        |

**18.(a). Deferred Tax Asset - Group**

| As at 31 December  | Other Comprehensive Income Statement |                | Income Statement |                 | Statement of Financial Position |               |
|--|--------------------------------------|----------------|------------------|-----------------|---------------------------------|---------------|
|  | 2025                                 | 2024           | 2025             | 2024            | 2025                            | 2024          |
|  | Rs.'000                              | Rs.'000        | Rs.'000          | Rs.'000         | Rs.'000                         | Rs.'000       |
| Losses Carried Forward   | -                                    | -              | -                | -               | 14,817                          | 14,817        |
| Temporary Difference from Retirement Benefit Liability               | 117                                  | 142            | 7,118            | (7,216)         | 35,056                          | 22,739        |
| Temporary Difference from Property Plant and Equipment               | 169                                  | (4,256)        | 4,433            | (15,620)        | 11,180                          | (1,712)       |
| Available For Sale Financial Assets                                  | -                                    | (418)          | -                | (2,085)         | -                               | -             |
| Temporary Difference from allowance for Impairment                   | -                                    | -              | -                | -               | 2,040                           | 2,040         |
| Temporary Difference from Allowance for net of ROU & Lease creditors | -                                    | -              | (359)            | (183)           | 195                             | 466           |
| <b>Deferred Tax Expense/(Income)</b>                                 | <b>286</b>                           | <b>(4,532)</b> | <b>11,192</b>    | <b>(25,104)</b> | <b>-</b>                        | <b>-</b>      |
| <b>Deferred Tax Asset</b>  |                                      |                |                  |                 | <b>63,288</b>                   | <b>38,350</b> |

**Total Deferred Tax Assets**

|  | Group         |               |
|--|---------------|---------------|
|  | 2025          | 2024          |
|  | Rs.'000       | Rs.'000       |
| At 1 January                                   | 38,350        | 46,159        |
| Transfer from Liability                        | 13,460        | 21,827        |
| Amounts recorded in the Income Statement       | 11,192        | (25,104)      |
| Amounts recorded in Other Comprehensive Income | 286           | (4,532)       |
| <b>At 31 December</b>                          | <b>63,288</b> | <b>38,350</b> |

**Deferred Tax Asset - Company**

|  | Company       |               |
|--|---------------|---------------|
|  | 2025          | 2024          |
|  | Rs.'000       | Rs.'000       |
| At 1 January   | 20,574        | 15,492        |
| <b>Amounts recorded in the Income Statement</b>        |               |               |
| Temporary Difference from Retirement Benefit Liability | 6,335         | 5,082         |
| <b>At 31 December</b>                                  | <b>26,909</b> | <b>20,574</b> |

A Deferred Tax Asset is recognised for a tax loss carried forward only to the extent that realisation of the related tax benefit is probable.

## NOTES TO THE FINANCIAL STATEMENTS

### 18.(b). Deferred Tax Liabilities- Group

| As at 31 December   | Other Comprehensive Income Statement |               | Income Statement |                | Statement of Financial Position |                  |
|---|--------------------------------------|---------------|------------------|----------------|---------------------------------|------------------|
|   | 2025                                 | 2024          | 2025             | 2024           | 2025                            | 2024             |
|   | Rs.'000                              | Rs.'000       | Rs.'000          | Rs.'000        | Rs.'000                         | Rs.'000          |
| Losses Carried Forward                                    | -                                    | -             | (228,361)        | -              | (228,361)                       | (26,771)         |
| Temporary Difference from Retirement Benefit Obligation   | (39,265)                             | (62,323)      | (2,521)          | (32,567)       | (800,421)                       | (757,701)        |
| Temporary difference from Investment Property             | -                                    | -             | 151,039          | 122,906        | 1,976,271                       | 1,567,595        |
| Temporary Difference from Property Plant and Equipment    | -                                    | (1,825)       | 253,459          | 98,473         | 870,618                         | 757,976          |
| Temporary difference form Intangible Assets               | -                                    | -             | (9,627)          | (3,709)        | (1,119)                         | 7,370            |
| Revaluation Reserve                                       | 708,410                              | 24,649        | 36,693           | 2,634          | 810,746                         | 331,246          |
| Temporary Difference from Allowance for impairment        | -                                    | -             | 10,476           | 9,992          | (41,571)                        | 245,684          |
| Right of Use Asset  | -                                    | -             | 11,388           | -              | 13,395                          | (19,084)         |
| Available For Sale Financial Assets                       | (9,431)                              | 101,144       | (24,107)         | -              | 557,187                         | 234,617          |
| Temporary Difference from Retained Reserves of Associates | -                                    | -             | 80,546           | 101,506        | 759,002                         | 626,661          |
| Unrealised Exchange Gain                                  | -                                    | -             | (29,829)         | 8,383          | (32,643)                        | (13,341)         |
| <b>Deferred Tax Expense/(Income)</b>                      | <b>659,714</b>                       | <b>61,644</b> | <b>249,156</b>   | <b>307,618</b> |                                 |                  |
| <b>Deferred Tax Liability</b>                             |                                      |               |                  |                | <b>3,883,104</b>                | <b>2,954,251</b> |

### 18.(c). Total Deferred Tax Liability

|  | Group            |                  |
|--|------------------|------------------|
|  | 2025             | 2024             |
|  | Rs.'000          | Rs.'000          |
| At 1 January                                   | 2,954,251        | 2,597,374        |
| Transfer from liability                        | 19,983           | (12,386)         |
| Amounts recorded in the Income Statement       | 249,156          | 307,618          |
| Amounts recorded in Other Comprehensive Income | 659,714          | 61,644           |
| <b>At 31 December</b>                          | <b>3,883,104</b> | <b>2,954,251</b> |

The Inland Revenue Act No 24 of 2017 applied in determining the deferred tax asset/liabilities of the group. And amendments in line with the inland revenue (amendments) Act no 45 of 2022 were considered to calculate the deferred tax assets/liability of the group.

**19. INSURANCE RECEIVABLES/TRADE DEBTORS****ACCOUNTING POLICY****Insurance Receivables**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are derecognised when the derecognising criteria for financial assets have been met.

| As at 31 December        | Group     |            |
|--------------------------|-----------|------------|
|                          | 2025      | 2024       |
|                          | Rs.'000   | Rs.'000    |
| Premium Receivables      | 9,452,861 | 10,018,719 |
| Due from Trade Debtors   | 778,913   | 98,005     |
| Provision for impairment | (414,269) | (429,768)  |
|                          | 9,817,505 | 9,686,956  |

**19.(a). Credit Quality of Premium Receivables/Trade Debtors that are neither past due nor impaired is explained below;**

| As at 31 December | Group         |               |           |
|-------------------|---------------|---------------|-----------|
|                   | Below 60 days | Above 60 days | Total     |
|                   | Rs.'000       | Rs.'000       | Rs.'000   |
| <b>2025</b>       | 8,281,339     | 1,536,166     | 9,817,505 |
| 2024              | 8,382,155     | 1,304,801     | 9,686,956 |

In the age analysis Loans to policyholders are not included.

The Group considers a financial asset in default when contractual payments are long due, based on industry practices and management judgement. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. OTHER ASSETS

#### ACCOUNTING POLICY

##### Inventories

Inventories include all consumable items and are measured at the lower of cost and net realisable value. Cost is generally determined by reference to weighted average cost. Net realizable value is the estimated market price in the ordinary course of business less any estimated expense to sell.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae.

Stationery }  
Course Materials } First in First out Basis

##### Other Receivables

Other receivables are recognized when it is probable that future economic benefits will flow to the entity and the cost or value of the asset can be measured reliably.

| As at 31 December                | Group     |           | Company |         |
|----------------------------------|-----------|-----------|---------|---------|
|                                  | 2025      | 2024      | 2025    | 2024    |
|                                  | Rs.'000   | Rs.'000   | Rs.'000 | Rs.'000 |
| Advances, Deposits & Prepayments | 1,168,529 | 1,293,912 | 26,449  | 10,604  |
| Inventories                      | 145,095   | 243,741   | -       | -       |
| Deferred Staff Benefits          | 52,517    | 60,494    | -       | -       |
| Other Receivables                | 147,472   | 89,359    | 64,608  | 11,400  |
|                                  | 1,513,613 | 1,687,505 | 91,057  | 22,004  |

### 21. CASH AND CASH EQUIVALENTS

#### ACCOUNTING POLICY

##### Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and cash at bank. Bank overdrafts are included in the statement of financial position under current liabilities.

For cash flow purposes, cash and cash equivalents are presented net of bank overdraft.

| As at 31 December                      | Group            |                  | Company       |              |
|--|------------------|------------------|---------------|--------------|
|  | 2025             | 2024             | 2025          | 2024         |
|  | Rs.'000          | Rs.'000          | Rs.'000       | Rs.'000      |
| <b>Favourable Balances</b>             |                  |                  |               |              |
| Cash in Hand and at Bank               | 8,033,737        | 3,639,534        | 74,828        | 22,538       |
| <b>Unfavourable Balance</b>            |                  |                  |               |              |
| Bank Overdraft (Note 26)               | (4,738,513)      | (1,445,894)      | (36,423)      | (16,835)     |
| <b>Total Cash and Cash Equivalents</b> | <b>3,295,224</b> | <b>2,193,640</b> | <b>38,405</b> | <b>5,703</b> |

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

**22.(a). Stated Capital****ACCOUNTING POLICY****Stated Capital**

The Group has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

| As at 31 December                     | Group     |           | Company   |           |
|---------------------------------------|-----------|-----------|-----------|-----------|
|                                       | 2025      | 2024      | 2025      | 2024      |
|                                       | Rs.'000   | Rs.'000   | Rs.'000   | Rs.'000   |
| <b>Issued &amp; Fully Paid</b>        |           |           |           |           |
| Ordinary shares - Voting 21(a).i      | 200,000   | 200,000   | 200,000   | 200,000   |
| Ordinary shares - Non Voting 21(a).ii | 1,122,534 | 1,122,534 | 1,122,534 | 1,122,534 |
| Share Premium 21 (a).iii              | 2,288     | 2,288     | 2,288     | 2,288     |
|                                       | 1,324,822 | 1,324,822 | 1,324,822 | 1,324,822 |

The holders of ordinary shares - voting are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**22.(a).i. Ordinary Shares - Voting**

| As at 31 December                 | Group   |         | Company |         |
|-----------------------------------|---------|---------|---------|---------|
|                                   | 2025    | 2024    | 2025    | 2024    |
|                                   | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 20,000,000 Ordinary Shares Voting | 200,000 | 200,000 | 200,000 | 200,000 |
|                                   | 200,000 | 200,000 | 200,000 | 200,000 |

**22.(a).ii. Ordinary Shares - Non - Voting**

| As at 31 December                      | Group     |           | Company   |           |
|--|-----------|-----------|-----------|-----------|
|  | 2025      | 2024      | 2025      | 2024      |
|  | Rs.'000   | Rs.'000   | Rs.'000   | Rs.'000   |
| 6,414,480 Ordinary Shares - Non-Voting | 1,122,534 | 1,122,534 | 1,122,534 | 1,122,534 |
|  | 1,122,534 | 1,122,534 | 1,122,534 | 1,122,534 |

**22.(a).iii. Share Premium**

| As at 31 December      | Group   |         | Company |         |
|------------------------|---------|---------|---------|---------|
|                        | 2025    | 2024    | 2025    | 2024    |
|                        | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Balance as at year end | 2,288   | 2,288   | 2,288   | 2,288   |
|                        | 2,288   | 2,288   | 2,288   | 2,288   |

## NOTES TO THE FINANCIAL STATEMENTS

### 22.(b). Other Reserves

| As at 31 December                    | Group     |           | Company   |           |
|--------------------------------------|-----------|-----------|-----------|-----------|
|                                      | 2025      | 2024      | 2025      | 2024      |
|                                      | Rs.'000   | Rs.'000   | Rs.'000   | Rs.'000   |
| Other Retained Reserves              | 2,057,437 | 2,057,437 | 2,057,437 | 2,057,437 |
| Available for Sale Reserve           | 1,596,572 | 1,235,927 | (897)     | 381,524   |
| Foreign Currency Translation Reserve | 73,818    | 40,498    | -         | -         |
|                                      | 3,727,827 | 3,333,862 | 2,056,540 | 2,438,961 |

Other Retained Reserves represent General reserves.

### 23. INSURANCE CONTRACT LIABILITIES

| As at 31 December                           | Notes | Group              |                    |
|---|-------|--------------------|--------------------|
|   |       | 2025               | 2024               |
|   |       | Rs.'000            | Rs.'000            |
| Life Insurance Contracts                    | 23(a) | 200,960,111        | 180,041,362        |
| Non-life Insurance Contracts                | 24    | 32,482,435         | 17,018,713         |
| <b>Total Insurance Contract Liabilities</b> |       | <b>233,442,546</b> | <b>197,060,075</b> |

Unearned Premium Reserve included in Non-Life Insurance Contract Liabilities had been presented on net basis.

The actuaries have performed Liability Adequacy Test in accordance with SLFRS -4 Insurance Contracts requirements.

#### 23.(a). Life Insurance Contract Liabilities

##### ACCOUNTING POLICY

These liabilities are calculated as the total of best estimate liability and a risk margin for adverse deviation. The best estimate liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, investment income from assets backing such liabilities and investment management expenses, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows, based on the valuation assumptions used, charges and fees. Adjustments to the liabilities at each Reporting date are recorded in the Income Statement in "gross change in contract liability". The liability is released when the contract expires, discharged or cancelled. At each Reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, by using an existing liability adequacy test in accordance with SLFRS 4. Insurance and investment contracts are further classified as being either with or without discretionary participating features (DPF).

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- ↳ likely to be a significant portion of the total contractual benefits;
- ↳ the amount or timing of which is contractually at the discretion of the issuer; and that are contractually based on:
- ↳ the performance of a specified pool of contracts or a specified type of contracts;
- ↳ realised and or unrealised investment returns on a specified pool of assets held by the issuer; and
- ↳ the profit or loss of the Company, fund or other entity that issues the contract.

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 (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders.

At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders) and the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the Appointed Actuary. All DPF liabilities including unallocated surpluses, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

|   | Insurance<br>Contract<br>Liabilities<br>with DPF<br>Rs.'000 | Insurance<br>Contract<br>Liabilities<br>without<br>DPF<br>Rs.'000 | Total<br>Gross<br>Insurance<br>Contract<br>Liabilities<br>Rs.'000 |
|---|---|---|---|
| At 1 January 2025   | 78,804,922  | 101,236,440   | 180,041,362   |
| Gross Premium Income  | 4,647,492   | 39,535,259  | 44,182,751  |
| Premiums Ceded to Reinsurers  | (12,232)  | (657,135)   | (669,367)   |
| Liabilities Paid for Death, Maturities, Surrenders, Benefits and Claims | (7,813,154)   | (23,323,647)  | (31,136,801)  |
| Investment Return   | 8,505,026   | 13,257,239  | 21,762,265  |
| Reinsurance Commission Income   | 5,991   | (56,254)  | (50,263)  |
| Other Operating and Admin Expenses including Income Tax                 | (2,237,110)   | (4,904,789)   | (7,141,899)   |
| Underwriting and Net Acquisition Cost                                   | (318,772)   | (2,508,283)   | (2,827,055)   |
| Net transfer to Shareholder   | (250,283)   | (3,250,000)   | (3,500,283)   |
| Increase in Pension Saver Fund  | -   | 8,032,619   | 8,032,619   |
| Revaluation Reserve and AFS Reserve transferred to Life Fund            | 870,356   | (8,603,574)   | (7,733,218)   |
| <b>At 31 December 2025</b>  | <b>82,202,236</b>   | <b>118,757,875</b>  | <b>200,960,111</b>  |

The valuation of the Life Insurance business as at 31 December 2025 was carried out by our Consulting Actuary, Mr Vivek Jalan, FIA, on behalf of Willis Towers Watson. In the opinion of the Consulting Actuary, proper reserves have been provided for all known liabilities in respect of the Life Insurance business and the Company has adequate financial resources to cover its capital requirements in accordance with the Solvency Margin (risk-based capital) Rules 2015 dated 15th December 2015.

Following the actuarial valuation as at 31 December 2025 the Consulting Actuary has approved a transfer of Rs 3.5 Bn. (2024 - Rs.3 Bn) from the Life Fund to the Shareholder's Retained Profit Account.

The Company's Capital Adequacy Ratio (CAR) as at 31 December 2025 is 432% (2024- 448%) and is well above the minimum requirement of 120%.

### 23.(b). Restricted Regulatory Reserve

Restricted Regulatory reserve is created as result of One-Off Surplus generated due to change in valuation method from 'Net Premium Valuation' to 'Gross Premium Valuation' as specified in Direction 16, issued by IRCSL on 20th March 2018, for identification and treatment of One-Off Surplus. Complying with the same, the transfer made from policyholders' to Shareholders' fund is limited to surplus generated from other than participating business, whereas the surplus generated from the participating business will be maintained within the participating fund.

The basis for computation of one-off surplus is in line with the Direction issued by IRCSL titled "Directions on the Identification and Treatment of One-off Surplus" dated 20th March 2018.

The Company's One-off Surplus is equal to the minimum One-off Surplus prescribed in the recommendations in the Direction issued by the IRCSL. The basis is same for both participating business and other than participating business.

## NOTES TO THE FINANCIAL STATEMENTS

The One-Off Surpluses in amounts, created for participating business and other than participating business are as follows:

| Line item                         | One-off Surplus  |
|-----------------------------------|------------------|
|                                   | Rs.000           |
| Participating Business            | 2,736,685        |
| Other than Participating Business | 3,456,184        |
| Tabarru Reserve                   | 1,920            |
| <b>Total</b>                      | <b>6,194,789</b> |

Distribution of One-Off Surplus to Shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRC SL and can only be released upon receiving approval from IRC SL. The One-Off Surplus in the SHF will remain invested in assets in below note as per directions of IRC SL.

One-off surplus of participating business amounted to Rs. 2,736,685,339/-will be held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholders by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No.43 of 2000".

The composition of the assets, which will be held to support the Restricted Regulatory Reserves (One-off Surplus for other than participating business) as at 31 December 2025 are disclosed below at their market values:

|                            | 2025             | 2024             |
|----------------------------|------------------|------------------|
| Assets                     | Market Value     | Market Value     |
|                            | (Rs. 000)        | (Rs. 000)        |
| Government Debt Securities | 631,726          | 842,568          |
| <b>Deposits</b>            |                  |                  |
| Peoples' Bank              | 2,828,096        | 2,625,595        |
| <b>Total</b>               | <b>3,459,822</b> | <b>3,468,164</b> |

### 24. NON-LIFE INSURANCE CONTRACT LIABILITIES

#### Non-life Insurance Contract Liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision comprises of reserve for the net unearned premium, reserve for the deferred acquisition cost (net), reserve for gross outstanding claims and the incurred but not reported (IBNR) provision. Unearned premium, deferred acquisition cost and the reserve for gross outstanding claims are stated according to the industry practices whereas the IBNR reserve is decided by an independent external actuary to estimate the outstanding liabilities as of reporting date.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed as laid out under SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

| As at 31 December                                    |       | 2025                           | 2024                           |
|--|-------|--------------------------------|--------------------------------|
|  |       | Insurance Contract Liabilities | Insurance Contract Liabilities |
|  |       | Rs.'000                        | Rs.'000                        |
|  | Note  |                                |                                |
| Provision for Reported Claims by Policyholders       |       | 23,432,672                     | 9,033,238                      |
| Provision for Claims IBNR/IBNER                      |       | 785,765                        | 753,223                        |
| Outstanding Claims Provision                         | 24(a) | 24,218,437                     | 9,786,461                      |
| Provision for Unearned Premiums                      | 24(b) | 8,263,998                      | 7,232,252                      |
| <b>Total Non Life Insurance Contract Liabilities</b> |       | <b>32,482,435</b>              | <b>17,018,713</b>              |

#### 24.(a). Outstanding Claims Provision

| Group  | 2025                           |                            |                  | 2024                           |                            |                  |
|--|--------------------------------|----------------------------|------------------|--------------------------------|----------------------------|------------------|
|  | Insurance Contract Liabilities | Reinsurance of Liabilities | Net              | Insurance Contract Liabilities | Reinsurance of Liabilities | Net              |
|  | Rs.'000                        | Rs.'000                    | Rs.'000          | Rs.'000                        | Rs.'000                    | Rs.'000          |
| At 1 January   | 9,786,461                      | 7,345,786                  | 2,440,675        | 9,372,977                      | 6,074,471                  | 3,298,506        |
| Claims Incurred in the Current Accident Year               | 25,204,823                     | 16,484,314                 | 8,720,509        | 11,723,767                     | 3,662,221                  | 8,061,546        |
| Other Movements in Claims Incurred in Prior Accident Years | 199,508                        | (115,104)                  | 314,612          | (703,428)                      | (683,662)                  | (19,766)         |
| Claims Paid During the year                                | (10,972,355)                   | (6,773,761)                | (4,198,594)      | (10,606,855)                   | (1,707,244)                | (8,899,611)      |
| <b>At 31 December</b>                                      | <b>24,218,437</b>              | <b>16,941,235</b>          | <b>7,277,202</b> | <b>9,786,461</b>               | <b>7,345,786</b>           | <b>2,440,675</b> |

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs 2,710,327,020 (Rs.1,998,083,242/- in 2024.)

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date.

The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claim reserve have been actuarially computed by M/S K.A.Pandit - Consultants and Actuaries. The valuation is performed on an annual basis.

The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

## NOTES TO THE FINANCIAL STATEMENTS

### 24.(b). Provision for Unearned Premiums

| Group                           | 2025                                      | 2024                                      |
|---------------------------------|---|---|
|                                 | Insurance Contract Liabilities<br>Rs.'000 | Insurance Contract Liabilities<br>Rs.'000 |
| At 1 January                    | 7,232,252                                 | 7,340,180                                 |
| Premiums Written in the Year    | 15,627,344                                | 15,097,947                                |
| Premiums Earned During the Year | (14,595,598)                              | (15,205,875)                              |
| <b>At 31 December</b>           | <b>8,263,998</b>                          | <b>7,232,252</b>                          |

### 25. DEFERRED REVENUE

This represents entitle Reinsurance Commission on Insurance Business to be recognised in the future periods proportionately.

| Group                 | 2025   | 2024   |
|-----------------------|--|--|
|                       | Deferred Revenue on Insurance Contracts<br>Rs.'000 | Deferred Revenue on Insurance Contracts<br>Rs.'000 |
| At 1 January          | 794,015  | 917,233  |
| Revenue Deferred      | 1,949,629  | 1,808,550  |
| Amortisation          | (1,799,074)  | (1,931,768)  |
| <b>At 31 December</b> | <b>944,570</b>                                     | <b>794,015</b>                                     |

### 26. INTEREST BEARING LOANS & BORROWINGS

#### ACCOUNTING POLICY

Interest bearing loans and borrowings are recognised initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process

| As at 31 December       | Notes  | Group            |                  | Company         |                 |
|-------------------------|--------|------------------|------------------|-----------------|-----------------|
|                         |        | 2025<br>Rs.'000  | 2024<br>Rs.'000  | 2025<br>Rs.'000 | 2024<br>Rs.'000 |
| Bank Overdraft          | 21     | 4,738,513        | 1,445,894        | 36,423          | 16,835          |
| Borrowings              | 26 (a) | 4,956,335        | 1,376,732        | -               | -               |
| <b>Total Borrowings</b> |        | <b>9,694,848</b> | <b>2,822,626</b> | <b>36,423</b>   | <b>16,835</b>   |

**26.(a). Borrowings**

| As at 31 December                | Notes    | Group            |                  |
|----------------------------------|----------|------------------|------------------|
|                                  |          | 2025             | 2024             |
|                                  |          | Rs.'000          | Rs.'000          |
| Bank Loans                       | 26 (a) i | 4,522,832        | 892,276          |
| Repo Borrowings                  |          | 127,737          | 175,642          |
| Funds under Management Agreement |          | 85,766           | 88,814           |
| Other                            |          | 220,000          | 220,000          |
| <b>Total</b>                     |          | <b>4,956,335</b> | <b>1,376,732</b> |

**26.(a).i. Bank Loans**

|                               | As at<br>01.01.2025 | Loans<br>Obtained | Repayments       | As at<br>31.12.2025 |
|-------------------------------|---------------------|-------------------|------------------|---------------------|
|                               | Rs.'000             | Rs.'000           | Rs.'000          | Rs.'000             |
| Commercial Bank of Ceylon PLC | -                   | 3,401,710         | -                | 3,401,710           |
| Sampath Bank PLC              | 288,572             | 506,000           | (262,154)        | 532,418             |
| NDB Bank PLC                  | 533,790             | -                 | -                | 533,790             |
| Seylan Bank PLC               | 31,250              | -                 | (15,000)         | 16,250              |
| NTB Bank PLC                  | 38,664              | -                 | -                | 38,664              |
| <b>Total</b>                  | <b>892,276</b>      | <b>3,907,710</b>  | <b>(277,154)</b> | <b>4,522,832</b>    |

Loans were obtained at variable rates and it is assumed that the carrying value approximates fair value.

The Assets pledged against borrowings are disclosed in Note 46.

**27. REINSURANCE PAYABLES**

| As at 31 December   | Group             |                   |
|---|-------------------|-------------------|
|   | 2025              | 2024              |
|   | Rs.'000           | Rs.'000           |
| Domestic Reinsurer - National Insurance Trust Fund (NITF) | 321,682           | 1,029,035         |
| Domestic Reinsurers - Others                              | 192,091           | 162,819           |
| Foreign Reinsurers  | 10,910,554        | 10,127,416        |
| <b>Total</b>  | <b>11,424,327</b> | <b>11,319,270</b> |

The above amounts include Reinsurance payable to National Insurance Trust Fund, Local reinsurers and Foreign reinsurers.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. TRADE AND OTHER PAYABLES

#### ACCOUNTING POLICY

##### Financial Liabilities – Initial Recognition and Subsequent

##### Measurement

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings, and reinsurance payables.

##### Subsequent measurement

The subsequent measurement of financial liabilities as follows:

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

##### Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

##### Derecognition insurance payables

Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

##### Provisions-General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

| As at 31 December                | Notes  | Group             |                   | Company        |                |
|----------------------------------|--------|-------------------|-------------------|----------------|----------------|
|                                  |        | 2025              | 2024              | 2025           | 2024           |
|                                  |        | Rs.'000           | Rs.'000           | Rs.'000        | Rs.'000        |
| Policyholders Payment in Advance |        | 1,245,682         | 1,306,640         | -              | -              |
| Agency Commission Payable        |        | 1,903,385         | 1,764,217         | -              | -              |
| Government Levies                |        | 574,717           | 1,961,304         | -              | -              |
| Trade and Other Creditors        |        | 7,542,250         | 3,350,747         | 641,799        | 632,397        |
| Death Claims Payable             |        | 171,980           | 1,235,840         | -              | -              |
| Accrued Expenses                 |        | 1,987,576         | 2,811,971         | -              | -              |
| Lease Creditors                  | 28 (a) | 1,141,793         | 879,026           | -              | -              |
| Income Tax Payable               | 18     | 2,137,684         | 2,138,134         | 31,878         | 49,152         |
| <b>Total</b>                     |        | <b>16,705,067</b> | <b>15,447,879</b> | <b>673,677</b> | <b>681,549</b> |

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

All amounts are payable within one year.

**28.(a). Lease Creditor**

|                          | 2025             | 2024           |
|--------------------------|------------------|----------------|
|                          | Rs.'000          | Rs.'000        |
| As at 1 January          | 879,026          | 787,740        |
| Addition                 | 741,615          | 491,843        |
| Accretion of interest    | 138,073          | 119,228        |
| Payments                 | (533,149)        | (441,499)      |
| Derecognition            | (83,772)         | (78,287)       |
| <b>As at 31 December</b> | <b>1,141,793</b> | <b>879,026</b> |

**28.(a).i. Maturity analysis for lease creditors based on contractual undiscounted payments are as follows,**

| As at 31 December | Within One Year | 1-3 Year       | Above 3 Years  | Total            |
|-------------------|-----------------|----------------|----------------|------------------|
|                   | Rs.'000         | Rs.'000        | Rs.'000        | Rs.'000          |
| <b>2025</b>       | <b>329,693</b>  | <b>657,564</b> | <b>237,598</b> | <b>1,224,855</b> |
| 2024              | 362,701         | 576,976        | 251,304        | 1,190,980        |

**29. NET PREMIUMS****29.(a). Gross Written Premium****ACCOUNTING POLICY****Gross Written Premium****(1.) Non Life Insurance**

Gross written premium is generally recognised as written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided.

**(2.) Life Insurance**

Gross premium on life insurance contracts are recognised as revenue when receivable from the policyholder. Premium received in advance are not recognised as revenue but as a liability until the premium become due. For single premium business, revenue is recognised on the date on which the policy is effective.

**Unearned Premiums– Non Life Insurance**

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/365 basis except for the marine and title Policies in accordance with the Insurance Regulations.

The basis of calculating unearned premiums for marine and title policies are as follows,

| Class of the Policy Basis | Basis  |
|---------------------------|--|
| Marine                    | 60% in the same month 40% after three months of underwriting the policy        |
| Title                     | 60% in the same year 40% is deferred until the validity of the policy expires. |

## NOTES TO THE FINANCIAL STATEMENTS

| Year ended 31 December             | Notes     | Group             |                   |
|------------------------------------|-----------|-------------------|-------------------|
|                                    |           | 2025              | 2024              |
|                                    |           | Rs.'000           | Rs.'000           |
| Non-Life Insurance                 | 29 (a) i  | 34,689,691        | 30,308,477        |
| Life Insurance                     | 29 (a) ii | 44,182,751        | 37,140,416        |
| <b>Total Gross Written Premium</b> |           | <b>78,872,442</b> | <b>67,448,893</b> |

The premium income for the year by major classes of business is as follows;

### 29.(a).i. Non - Life Insurance

| Year Ended 31 December | Group             |                   |           |
|------------------------|-------------------|-------------------|-----------|
|                        | 2025              | 2024              | Change    |
|                        | Rs.'000           | Rs.'000           | %         |
| Fire                   | 9,943,569         | 9,032,531         | 10        |
| Motor                  | 14,239,548        | 11,370,171        | 25        |
| Marine                 | 1,947,843         | 1,569,381         | 24        |
| Miscellaneous          | 6,228,760         | 6,370,279         | (2)       |
| Engineering            | 2,078,151         | 1,710,330         | 22        |
| Employers' Liability   | 251,820           | 255,785           | (2)       |
| <b>Total</b>           | <b>34,689,691</b> | <b>30,308,477</b> | <b>14</b> |

The Gross written Premium of 2025 includes Rs.161,169,422 and USD 568,787.80 (2024-Rs. 126,661,905 and USD 404,140.50) which are collected on behalf of Co-insurance partners.

### 29.(a).ii. Life Insurance

| Year ended 31 December               | Group             |                   |           |
|--------------------------------------|-------------------|-------------------|-----------|
|                                      | 2025              | 2024              | Change    |
|                                      | Rs.'000           | Rs.'000           | %         |
| New Businesses                       | 11,745,381        | 9,314,077         | 26        |
| Single Premium                       | 13,162,232        | 11,674,194        | 13        |
| Renewal Premium                      | 18,610,801        | 15,518,536        | 20        |
| Group Life Premium                   | 664,337           | 633,608           | 5         |
|                                      | <b>44,182,751</b> | <b>37,140,416</b> | <b>19</b> |
| Annualised New Business Life Premium | 13,234,752        | 12,064,412        | 10        |

**29.(b). Premiums Ceded to Reinsurers****ACCOUNTING POLICY****Reinsurance Premium****(1.) Non Life Insurance**

Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

**(2.) Life Insurance**

Gross reinsurance premiums are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

| Year ended 31 December              | Notes     | Group             |                   |
|-------------------------------------|-----------|-------------------|-------------------|
|                                     |           | 2025              | 2024              |
|                                     |           | Rs.'000           | Rs.'000           |
| Non-Life Insurance                  | 29 (b) i  | 18,977,216        | 15,521,060        |
| Life Insurance                      | 29 (b) ii | 669,367           | 549,963           |
| <b>Premiums Ceded to Reinsurers</b> |           | <b>19,646,583</b> | <b>16,071,023</b> |

**29.(b).i. Non- Life Insurance**

| Year ended 31 December               | Group             |                   |           |
|--------------------------------------|-------------------|-------------------|-----------|
|                                      | 2025              | 2024              | Change    |
|                                      | Rs.'000           | Rs.'000           | %         |
| Fire                                 | 10,198,540        | 8,150,719         | 25        |
| Motor                                | 2,265,837         | 1,596,508         | 42        |
| Marine                               | 1,388,391         | 1,109,671         | 25        |
| Miscellaneous                        | 3,044,021         | 3,193,721         | (5)       |
| Engineering                          | 1,970,612         | 1,454,695         | 35        |
| Employers' Liability                 | 109,815           | 15,747            | 597       |
| <b>Total</b>                         | <b>18,977,216</b> | <b>15,521,060</b> | <b>22</b> |
| <b>National Insurance Trust Fund</b> |                   |                   |           |
| Compulsory Reinsurance Cessions      | 664,907           | 647,864           | 3         |
| Strike , Riots, Civil Commotion      | 2,879,958         | 2,734,836         | 5         |
| Foreign Reinsurers                   | 15,134,651        | 11,825,541        | 28        |
| Local Coinsurance Partners           | 297,700           | 312,819           | (5)       |
|                                      | <b>18,977,216</b> | <b>15,521,060</b> | <b>22</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 29.(b).ii. Life Insurance

| Year ended 31 December | Group   |         | Change |
|------------------------|---------|---------|--------|
|                        | 2025    | 2024    |        |
|                        | Rs.'000 | Rs.'000 | %      |
| Foreign Reinsurers     | 669,367 | 549,963 | 22     |
|                        | 669,367 | 549,963 |        |

### 29.(c). Net Income

| Year Ended 31 December    | Group             |                   | Company          |                  |
|---------------------------|-------------------|-------------------|------------------|------------------|
|                           | 2025              | 2024              | 2025             | 2024             |
|                           | Rs.'000           | Rs.'000           | Rs.'000          | Rs.'000          |
| Net Earned Premium        | 58,197,441        | 51,476,286        | -                | -                |
| Revenue from Subsidiaries | 7,592,764         | 6,417,207         | -                | -                |
| Other Revenue             | 33,830,435        | 33,314,033        | 2,593,186        | 2,021,746        |
| <b>Total Net Income</b>   | <b>99,620,640</b> | <b>91,207,525</b> | <b>2,593,186</b> | <b>2,021,746</b> |

Net Income represents Total Net Earned Premium, Other Revenue and Revenue from Subsidiaries (Group).

#### Revenue from Non-Insurance subsidiaries

The source of revenue from other operations is recognised as per SLFRS 15 revenue from contract with customers.

#### 1.) Healthcare Segment

This income of the Company comprises of three avenues such as medical testing, screening test and cancer treatment. All such revenue is recognised in the Income Statement on accrual basis upon completion of the task.

#### (2.) Services

Revenue is recognised in the accounting periods in which the services are performed.

#### 3.) Power Generation

Revenue is recognised in the accounting period in which the power is generated and supplied to national grid.

#### (4.) Education

Revenue from rendering of services is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from relevant services are recognised as an income on periodic basis over time. Income from services relate to future periods are shown in the statement of financial position under other liabilities.

### 30. FEES AND COMMISSION INCOME

#### ACCOUNTING POLICY

##### Fees and Commission Income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue when the related services are performed.

| Year ended 31 December                  | Group            |                  |
|---|------------------|------------------|
|   | 2025             | 2024             |
|   | Rs.'000          | Rs.'000          |
| Reinsurance Commission Income           | 1,748,126        | 2,050,703        |
| Other Fees                              | 130,628          | 113,366          |
| <b>Total Fees and Commission Income</b> | <b>1,878,754</b> | <b>2,164,069</b> |

### 31. INVESTMENT INCOME

#### ACCOUNTING POLICY

##### Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Investment income also includes dividend income which is recognised when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

##### Other Income

##### (1.) Rental Income

Rental income from property is recognised in income statement on a straight-line basis over the term of the lease.

| Year Ended 31 December   | Group             |                   | Company          |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 2025              | 2024              | 2025             | 2024             |
|  | Rs.'000           | Rs.'000           | Rs.'000          | Rs.'000          |
| Rental Income from Investment Properties   | 97,861            | 46,205            | -                | -                |
| <b>Financial Assets at Fair Value through Profit or Loss<br/>(Held for Trading Purposes)</b> |                   |                   |                  |                  |
| Interest Income  | 324,756           | 848,188           | -                | -                |
| <b>Held to Maturity Financial Assets Interest Income</b>                                     | <b>13,372,757</b> | <b>15,807,357</b> | <b>-</b>         | <b>66,461</b>    |
| <b>Available-For-Sale Financial Assets</b>   |                   |                   |                  |                  |
| Interest Income  | 1,818,040         | 1,545,615         | 88,085           | 34,786           |
| Dividend Income  | 212,033           | 117,689           | 1,947,271        | 1,791,915        |
| <b>Loans and Receivables Interest Income</b>   | <b>13,896,946</b> | <b>12,340,432</b> | <b>169,976</b>   | <b>128,584</b>   |
| Interest Income from Staff Loan  | 49,092            | 53,902            | -                | -                |
| Cash and Cash equivalents interest income  | -                 | 54                | -                | -                |
| Other Operating Revenue  | 1,487,323         | (88,905)          | 1,765            | -                |
| <b>Total Investment Income</b>   | <b>31,258,808</b> | <b>30,670,537</b> | <b>2,207,097</b> | <b>2,021,746</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### Maturity analysis-Contractual undiscounted cash flows

The group has entered into operating lease agreements with various parties including its subsidiaries. Cash flows from operating leases from subsidiaries are eliminated in the Group figures. The remaining period of these lease arrangements varies between one to ten years.

Future minimum rentals receivable under operating leases as at 31 December 2025 are as follows.

| Year Ended 31 December                       | Group          |                |
|--|----------------|----------------|
|  | 2025           | 2024           |
|  | Rs.'000        | Rs.'000        |
| Within one year                              | 54,164         | 28,993         |
| After one year but not more than three years | 124,876        | 33,873         |
| After one year but not more than five years  | 19,900         | 24,988         |
| More than five years                         | 8,264          | 18,514         |
| <b>Expected Future Rentals</b>               | <b>207,204</b> | <b>106,368</b> |

### 32. NET REALISED GAINS

#### ACCOUNTING POLICY

##### Realised Gains and Losses

Realised gains and losses recorded in the income statement on investments include gains and losses on sale of financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

| Year Ended 31 December  | Group            |                | Company        |          |
|---|------------------|----------------|----------------|----------|
|   | 2025             | 2024           | 2025           | 2024     |
|   | Rs.'000          | Rs.'000        | Rs.'000        | Rs.'000  |
| <b>Property, Plant and Equipment</b>                                |                  |                |                |          |
| Gains on Disposal   | 54,348           | 74,021         | -              | -        |
| <b>Investment Properties</b>  |                  |                |                |          |
| Gains on Disposal   | 113,825          | -              | -              | -        |
| <b>Right to Use Assets</b>  |                  |                |                |          |
| Gains on Disposal   | 6,197            | -              | -              | -        |
| <b>Loans and Receivables</b>  |                  |                |                |          |
| <b>Realised Gains</b>   |                  |                |                |          |
| Unit Trusts   | 596              | -              | -              | -        |
| <b>Available-For-Sale Financial Assets</b>                          |                  |                |                |          |
| <b>Realised Gains</b>   |                  |                |                |          |
| Equity Securities   | (336,553)        | 3,366          | 386,089        | -        |
| Debt Securities   | 183,175          | 176,344        | -              | -        |
| <b>Total Realised Gains for Available-For-Sale Financial Assets</b> | <b>(153,378)</b> | <b>179,710</b> | <b>386,089</b> | <b>-</b> |
| <b>Total Realised Gains</b>   | <b>21,588</b>    | <b>253,731</b> | <b>386,089</b> | <b>-</b> |

**33. NET FAIR VALUE GAINS AND LOSSES****ACCOUNTING POLICY****Net Fair Value Gains and Losses**

Net fair value gains and losses recorded in the income statement include gains and losses on fair valuation of investment properties and gain and losses on financial assets at fair value through Profit and Loss.

| Year Ended 31 December  | Group          |                |
|---|----------------|----------------|
|   | 2025           | 2024           |
|   | Rs.'000        | Rs.'000        |
| Fair Value Gains on Investment Properties   | 628,726        | 100,015        |
| Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss (Held for Trading Purposes) | 42,559         | 125,680        |
| <b>Total Fair Value Gains and Losses</b>  | <b>671,285</b> | <b>225,695</b> |

**34. NET BENEFITS AND CLAIMS****ACCOUNTING POLICY****Claims****(1.) Non Life Insurance**

Claims expenses and liabilities for outstanding claims are recognised in respect of direct and inwards reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported claims ("IBNR") and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by review of individual claim files estimating changes in the ultimate cost of settling claim. The provision in respect of IBNR & IBNER (Incurred But Not Enough Reported) are actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuation is performed on an annual basis.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for estimates of that period. The methods used and the estimates made are reviewed regularly.

**(2.) Life Insurance**

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claim handling costs that are directly related to the processing and settlement of claims and policyholder bonuses. Death claims and surrenders are recorded on the basis of notifications received. Maturities, annuity payments and interim payments are recorded when due.

**(3.) Reinsurance on Claims**

Reinsurance on claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

## NOTES TO THE FINANCIAL STATEMENTS

| Year ended 31 December   | Notes    | Group               |                    |
|--|----------|---------------------|--------------------|
|  |          | 2025                | 2024               |
|  |          | Rs.'000             | Rs.'000            |
| <b>34.(a). Gross Benefits and Claims Paid</b>                      |          |                     |                    |
| Life Insurance Contracts   | (34 (e)) | 31,374,861          | 25,298,611         |
| Non-Life Insurance Contracts                                       |          | 10,816,526          | 10,606,855         |
| <b>Total Gross Benefits and Claims Paid</b>                        |          | <b>42,191,387</b>   | <b>35,905,466</b>  |
| <b>34.(b). Claims Ceded to Reinsurers</b>                          |          |                     |                    |
| Life Insurance Contracts   |          | (299,899)           | (249,992)          |
| Non-Life Insurance Contracts                                       |          | (3,907,605)         | (1,707,244)        |
| <b>Total Claims Ceded to Reinsurers</b>                            |          | <b>(4,207,504)</b>  | <b>(1,957,236)</b> |
| <b>34.(c). Gross Change in Contract Liabilities</b>                |          |                     |                    |
| Change in Life Insurance Contract Liabilities                      |          | 20,681,104          | 23,051,748         |
| Change in Non-Life Insurance Contract Outstanding Claims Provision |          | 14,388,297          | 482,809            |
| <b>Total Gross Change in Contract Liabilities</b>                  |          | <b>35,069,401</b>   | <b>23,534,557</b>  |
| <b>34.(d). Change in Contract Liabilities Ceded to Reinsurers</b>  |          |                     |                    |
| Change in Non-Life Insurance Contract Outstanding Claims Provision |          | (12,576,709)        | (1,340,217)        |
| <b>Total Change in Contract Liabilities Ceded to Reinsurers</b>    |          | <b>(12,576,709)</b> | <b>(1,340,217)</b> |
| <b>Net Benefits and Claims</b>                                     |          | <b>60,476,575</b>   | <b>56,142,570</b>  |
| <b>Net Benefits and Claims - Non Life Insurance</b>                | (34 (f)) | <b>8,720,509</b>    | <b>8,042,203</b>   |
| <b>Net Benefits and Claims - Life Insurance</b>                    |          | <b>51,756,066</b>   | <b>48,100,367</b>  |
|  |          | <b>60,476,575</b>   | <b>56,142,570</b>  |

### 34.(e). Gross Claims and Benefits (Excluding Life Fund Increase)

| Year ended 31 December                          |  | Group             |                   |
|---|--|-------------------|-------------------|
|   |  | 2025              | 2024              |
|   |  | Rs.'000           | Rs.'000           |
| Claims - Death, Disability and Hospitalisation  |  | 2,185,763         | 1,818,332         |
| Policy Maturities                               |  | 24,188,429        | 19,531,226        |
| Interim Payments on Anticipated Endowment Plans |  | 1,254,254         | 1,287,694         |
| Surrenders                                      |  | 3,730,371         | 2,628,633         |
| Annuities                                       |  | 16,044            | 32,726            |
|   |  | <b>31,374,861</b> | <b>25,298,611</b> |
| Reinsurance Recoveries                          |  | (299,899)         | (249,992)         |
| <b>Life Insurance Net Claims and Benefits</b>   |  | <b>31,074,962</b> | <b>25,048,619</b> |

**34.(f). Non - Life Net Claims Incurred**

| Year ended 31 December           | 2025             | 2024             |
|----------------------------------|------------------|------------------|
|                                  | Rs.'000          | Rs.'000          |
| Gross Claims Incurred            | 25,204,824       | 11,089,664       |
| Reinsurance Recoveries           | (16,484,315)     | (3,047,461)      |
| <b>Total Net Claims Incurred</b> | <b>8,720,509</b> | <b>8,042,203</b> |

**34.(g). The Net Claims Incurred for the year by major classes of business is as follows.**

| Year ended 31 December | 2025             | 2024             |
|------------------------|------------------|------------------|
|                        | Rs.'000          | Rs.'000          |
| Fire                   | 1,520,538        | 1,142,705        |
| Motor                  | 5,131,990        | 4,912,252        |
| Marine                 | 191,103          | 155,850          |
| Miscellaneous          | 1,487,502        | 1,409,558        |
| Engineering            | 132,118          | 166,990          |
| Employer's Liability   | 257,258          | 254,848          |
|                        | <b>8,720,509</b> | <b>8,042,203</b> |

**35. ACQUISITION COSTS****ACCOUNTING POLICY****Acquisition Costs****(1) Non Life Insurance**

Acquisition costs, representing commissions, which vary with and are directly related to the production of business are deferred and amortised over the period in which the related written premiums are earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

**(2) Life Insurance**

Commission Expense is charged to the period in which it's incurred. Commission payable on accrued premium is recognised to the extent that these costs are recoverable out of future premiums.

All expenses vary with, and are primarily related to, the acquisition of new insurance contracts.

| Year ended 31 December       | Group            |                  |
|------------------------------|------------------|------------------|
|                              | 2025             | 2024             |
|                              | Rs.'000          | Rs.'000          |
| Fees and Commission Expenses | 6,105,471        | 5,154,213        |
| Deferred Expenses            | (298,578)        | (49,647)         |
|                              | <b>5,806,893</b> | <b>5,104,566</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 36. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

| Year Ended 31 December                                   | Notes  | Group             |                   | Company        |                |
|--|--------|-------------------|-------------------|----------------|----------------|
|  |        | 2025              | 2024              | 2025           | 2024           |
|  |        | Rs.'000           | Rs.'000           | Rs.'000        | Rs.'000        |
| Amortisation of Intangible Assets & Goodwill             | 7      | 112,750           | 294,412           | -              | -              |
| Depreciation on Property, Plant and Equipment            | 9      | 898,932           | 1,029,608         | -              | -              |
| Depreciation of Right of Use Assets                      | 10     | 475,242           | 354,658           | -              | -              |
| Other Operating Expenses                                 | 36 (b) | 5,155,741         | 5,964,056         | 36,258         | 158,294        |
| Auditors' Remuneration                                   |        |                   |                   |                |                |
| Audit fee  |        | 30,978            | 28,490            | 1,695          | 1,409          |
| Non Audit fee  |        | 9,922             | 6,898             | -              | -              |
| Employee Benefits Expense                                | 36 (a) | 7,111,292         | 4,905,370         | 306,860        | 237,612        |
| Selling Expenses   |        | 2,941,647         | 1,800,593         | -              | -              |
| Legal Expenses   |        | 34,354            | 21,438            | 22,980         | 17,779         |
| Donations  |        | 32,622            | 7,714             | -              | -              |
| <b>Total Other Operating and Administrative Expenses</b> |        | <b>16,803,481</b> | <b>14,413,237</b> | <b>367,793</b> | <b>415,094</b> |

#### 36.(a). Employee Benefits Expense

| Year Ended 31 December                          | Notes  | Group            |                  | Company        |                |
|---|--------|------------------|------------------|----------------|----------------|
|   |        | 2025             | 2024             | 2025           | 2024           |
|   |        | Rs.'000          | Rs.'000          | Rs.'000        | Rs.'000        |
| Wages and Salaries Including Bonus & Incentives |        | 6,718,658        | 4,797,351        | 232,715        | 164,945        |
| Employees' Provident Fund                       |        | 551,223          | 445,805          | 21,124         | 16,938         |
| Employees' Trust Fund                           |        | 138,430          | 109,506          | 5,281          | 4,234          |
| Defined Gratuity Benefit & Pension Costs        | 36 (c) | (738,489)        | (1,655,334)      | 21,124         | 16,937         |
| Other Staff Related Cost                        |        | 441,470          | 1,208,042        | 26,615         | 34,559         |
| <b>Total Employee Benefits Expense</b>          |        | <b>7,111,292</b> | <b>4,905,370</b> | <b>306,860</b> | <b>237,612</b> |

#### 36.(b). Other Operating Expenses

The Operating Expenses incurred in respect of Investment Property which does not earn rental income is Rs.4,796,642 (2024 - Rs.4,017,870/-) The Operating Expenses incurred in respect of Investment Property which earns rental income is Rs.1,921,277 (2024 - Rs.4,307,511 )

**36.(c).** Net Gratuity Benefit and Pension Cost shows a negative amount primarily due to expected return on plan assets over current service cost and interest cost on benefit obligations.

**37. FINANCE COSTS****ACCOUNTING POLICY****Finance Cost**

Finance cost is recognised as expenditure in the period in which they are incurred. However, finance costs are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the assets.

| Year ended 31 December             | Group          |                | Company      |            |
|------------------------------------|----------------|----------------|--------------|------------|
|                                    | 2025           | 2024           | 2025         | 2024       |
|                                    | Rs.'000        | Rs.'000        | Rs.'000      | Rs.'000    |
| <b>Current Borrowings</b>          |                |                |              |            |
| Interest Expense on Bank Overdraft | 92,096         | -              | -            | -          |
| Interest Expense on Loans          | 158,348        | 255,779        | -            | -          |
| Other Finance Charges              | 164,558        | 133,199        | 1,297        | 652        |
| Lease Interest                     | 39,732         | 22,705         | -            | -          |
| <b>Total Finance Cost</b>          | <b>454,734</b> | <b>411,683</b> | <b>1,297</b> | <b>652</b> |

**38. INCOME TAX EXPENSE**

The major components of Income Tax Expense for the years ended 31 December 2025 and 2024 are:

**38.(a). Current Year Tax Charge**

| Year ended 31 December                                | Group            |                  | Company       |               |
|---|------------------|------------------|---------------|---------------|
|   | 2025             | 2024             | 2025          | 2024          |
|   | Rs.'000          | Rs.'000          | Rs.'000       | Rs.'000       |
| <b>Current tax</b>                                    |                  |                  |               |               |
| Income Tax  | 3,772,105        | 4,253,973        | 67,580        | 62,768        |
| Over/Under Provision in respect of Previous Year      | (119,524)        | (50,986)         | (24,179)      | -             |
| Dividend Tax  | 12,439           | 3,060            | -             | -             |
| <b>Total Current Tax</b>                              | <b>3,665,020</b> | <b>4,206,047</b> | <b>43,401</b> | <b>62,768</b> |
| <b>Deferred Tax</b>                                   |                  |                  |               |               |
| Origination of Temporary Differences (note 17a and b) | 260,348          | 332,722          | (6,335)       | (5,082)       |
| <b>Total Income Tax Expense</b>                       | <b>3,925,368</b> | <b>4,538,769</b> | <b>37,066</b> | <b>57,686</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 38.(a).i. Statutory Income Tax Rate applicable for each period

| Year Ended 31 December  | Group     |           | Company  |         |
|---|-----------|-----------|----------|---------|
|   | 2025      | 2024      | 2025     | 2024    |
|   | Rs.'000   | Rs.'000   | Rs.'000  | Rs.'000 |
| Y/A 2025/2026 / Y/A 2024/2025 @ 15% p.a.  | 78,237    | 33,119    | -        | -       |
| Y/A 2025/2026 / Y/A 2024/2025 @ 30% p.a.  | 3,681,429 | 4,220,854 | 67,580   | 62,768  |
| Dividend Tax  | 12,439    | 3,060     | -        | -       |
| Over/under provision in respect of previous year  | (119,524) | (50,986)  | (24,179) | -       |
| Tax effect on accounting Profit Before Tax  | 3,665,020 | 4,206,047 | 43,401   | 62,768  |
| Amount of deferred tax expense relating to the origination and reversal of temporary difference | 260,348   | 332,722   | (6,335)  | (5,082) |
| Total Income Tax Expense  | 3,925,368 | 4,538,769 | 37,066   | 57,686  |

### 38.(b). Tax recorded in Other Comprehensive Income (see Note 42)

| Year Ended 31 December                                | Group          |               |
|---|----------------|---------------|
|   | 2025           | 2024          |
|   | Rs.'000        | Rs.'000       |
| Deferred Tax  | 727,495        | 63,110        |
| <b>Total Tax Charge to Other Comprehensive Income</b> | <b>727,495</b> | <b>63,110</b> |

### 38.(c). Reconciliation of Tax Charge

| Year Ended 31 December                           | Company   |           |
|--|-----------|-----------|
|  | 2025      | 2024      |
|  | Rs.'000   | Rs.'000   |
| <b>Reconciliation of Effective Tax Rate</b>      |           |           |
| Profit Before Tax                                | 2,224,096 | 1,606,000 |
| Income Tax using the Company's Domestic Tax Rate | 667,229   | 481,800   |
| Tax Exempt Income                                | (736,284) | (537,574) |
| Net Non-Deductible/(Deductible) Expenses         | 112,457   | 118,542   |
| Deferred Tax Charge/(Reverse)                    | (6,335)   | (5,082)   |
|  | 37,067    | 57,686    |

| Year Ended 31 December                                       | Group       |             |
|--|-------------|-------------|
|  | 2025        | 2024        |
|  | Rs.'000     | Rs.'000     |
| <b>Reconciliation of Effective Tax Rate</b>                  |             |             |
| Profit Before Tax  | 15,449,833  | 14,843,114  |
| Income Tax using the Company's Domestic Tax Rate             | 4,618,848   | 5,033,696   |
| Tax Exempt Income  | (2,024,251) | (1,909,109) |
| Net Non-Deductible/(Deductible) Expenses                     | (188,669)   | (77,617)    |
| Tax Effect of Loss Claimed for the Year                      | (71,158)    | (45,656)    |
| Income Tax for Bonuses distributed/declared to policyholders | 399,689     | 353,619     |
| Income Tax for Surplus distributed to Shareholders           | 1,050,085   | 902,100     |
| Over / (Under) Provision of Previous Years                   | (119,524)   | (50,986)    |
| Deferred Tax Charge/(Reverse)                                | 260,348     | 332,722     |
|  | 3,925,368   | 4,538,769   |

### 38.(d). Change in Income Tax Rate

Ceylinco General Insurance is liable to pay income tax at the rate of 30%.

Income tax applicable for Ceylinco Life Insurance for the year of assessment 2025/26 are as follows.

1. Surplus distributed to shareholders from Life Insurance business as certified by appointed actuary @ 30%
2. Investment Income of Shareholder fund less any expenses incurred in the production of such income @ 30%
3. Bonus Distributed to policyholders @ 30%
4. Realization of capital gain @ 30%
5. Dividend income @ 15%

CEG Education Holdings (Pvt) Ltd and other Subsidiaries computed the Income Tax Liability for the year of assessment 2025/26 by applying the Income Tax Rate of 30%.

The Deferred tax assets/liabilities of the Group as at 31st December 2025 were computed using the Income tax Rate of 30%.

Ceylinco Insurance Company (Pvt) Ltd. -Maldives is liable to pay income tax at 15% on its business income in Maldives.

Other subsidiaries are liable for income tax at the rate of 30%.

### 38.(e). Other Taxes

#### Social Security Contribution Levy

Social Security Contribution Levy shall be paid by any person carrying on the business services, on the liable turnover, at the rate of 2.5%, with effect from 1st October 2022.

As per the provisions of the act, Life insurance business, supply of medical services and supply of pharmaceutical products are exempted.

## NOTES TO THE FINANCIAL STATEMENTS

### Crop Insurance Levy

In terms of the Finance Act No. 12 of 2013, all institutions under the purview of Banking Act No. 30 of 1988, Finance Business Act No. 42 of 2011 and Regulation of Insurance Industry Act No. 43 of 2000 are required to pay 1% of the profit after tax as crop Insurance Levy to the National Insurance Trust Fund effective from 1st April 2013.

### 39. NON CONTROLLING INTERESTS (NCI)

#### 39.(a). Accumulated Balances of Non-Controlling Interest

| Name of Company                        | 2025      | 2024      | Effective ownership by NCI % |
|--|-----------|-----------|------------------------------|
|  | Rs.'000   | Rs.'000   |                              |
| Ceylinco Healthcare (Pvt) Ltd          | 6,068     | 5,595     | 80                           |
| Ceylinco Insurance (Pvt) Ltd -Maldives | 120,551   | 108,396   | 21                           |
| Ceylinco Investcorp (Pvt) Ltd          | 13,580    | 13,529    | 25                           |
| Energy Lanka Holdings Ltd              | 11,195    | 11,352    | -                            |
| CEG Education Holdings Ltd             | 5,885,955 | 4,286,491 | 37                           |
|  | 6,037,349 | 4,425,363 |                              |

#### 39.(b). Profit allocated to Non-Controlling Interest

| Name of the Company                    | 2025      | 2024    |
|--|-----------|---------|
|  | Rs.'000   | Rs.'000 |
| Ceylinco Healthcare (Pvt) Ltd          | 474       | 111     |
| Ceylinco Insurance (Pvt) Ltd -Maldives | 19,726    | 17,903  |
| Ceylinco Investcorp (Pvt) Ltd          | 381       | 703     |
| Energy Lanka Holdings Ltd              | 1,530     | 3,185   |
| CEG Education Holdings Ltd             | 1,054,059 | 812,775 |
|  | 1,076,170 | 834,677 |

**40. BASIC/DILUTED EARNINGS PER SHARE****ACCOUNTING POLICY****Earnings Per Share**

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding at the reporting date.

Basic/Diluted Earnings Per Share has been calculated by dividing profit after taxation attributable to ordinary shareholders of the parent by the weighted average Ordinary Shares in issue at the year end.

| Year Ended 31 December                                 | Group         |               | Company      |              |
|--|---------------|---------------|--------------|--------------|
|  | 2025          | 2024          | 2025         | 2024         |
|  | Rs.'000       | Rs.'000       | Rs.'000      | Rs.'000      |
| Profit for the Year                                    | 10,448,295    | 9,469,669     | 2,187,030    | 1,548,314    |
| Weighted Average Number of Ordinary Shares ('000)      | 26,414        | 26,414        | 26,414       | 26,414       |
| <b>Basic/Diluted Earnings Per Ordinary Share (Rs.)</b> | <b>395.56</b> | <b>358.51</b> | <b>82.80</b> | <b>58.62</b> |

There were no potential dilutive Ordinary Shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

**41. DIVIDENDS PAID**

| Year Ended 31 December                     | Company   |           |
|--|-----------|-----------|
|  | 2025      | 2024      |
|  | Rs.'000   | Rs.'000   |
| Final Dividend Paid (Rs.'000)              | 1,347,137 | 1,267,890 |
| No. of Shares in issue for the year ('000) | 26,414    | 26,414    |
| Dividend Per Share (Rs.)                   | 51        | 48        |

**42. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME**

| Year ended 31 December                                 | 2025             |                  |                  | 2024              |                       |                   |
|--|------------------|------------------|------------------|-------------------|-----------------------|-------------------|
|  | Before Tax       | Tax (Expense)    | Net of Tax       | Before Tax Amount | Tax (Expense) Benefit | Net of Tax Amount |
|  | Rs.'000          | Rs.'000          | Rs.'000          | Rs.'000           | Rs.'000               | Rs.'000           |
| Exchange Differences on Translating Foreign Operations | 33,320           | -                | 33,320           | (51,901)          | -                     | (51,901)          |
| Net Gain/(Loss) on Available-for-Sale Financial Assets | 403,539          | 9,430            | 412,969          | 638,708           | (101,458)             | 537,250           |
| Actuarial Gain on Defined Benefit Plans                | (976,604)        | 35,285           | (941,319)        | (1,431,914)       | 62,997                | (1,368,917)       |
| Revaluation Surplus/(Deficit) During the Year          | 3,629,256        | (772,210)        | 2,857,046        | 604,509           | (24,649)              | 579,860           |
| <b>Total</b>   | <b>3,089,511</b> | <b>(727,495)</b> | <b>2,362,016</b> | <b>(240,598)</b>  | <b>(63,110)</b>       | <b>(303,708)</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

### 42.1. Movement of share of other Comprehensive Income /(Loss) of an associates

|  | Group          |               |
|--|----------------|---------------|
|  | 2025           | 2024          |
|  | Rs.'000        | Rs.'000       |
| Actuarial Gain on Defined Benefit Plans                | 58,939         | (63,251)      |
| Net Gain/(Loss) on Available-for-Sale Financial Assets | 23,456         | 162,111       |
| Revaluation Surplus/(Deficit) During the Year          | 148,867        | -             |
| <b>Total</b>   | <b>231,262</b> | <b>98,860</b> |

| Year ended 31 December                                 | 2025              |                       |                   | 2024              |                       |                   |
|--|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| Company  | Before Tax Amount | Tax (Expense) Benefit | Net of Tax Amount | Before Tax Amount | Tax (Expense) Benefit | Net of Tax Amount |
|  | Rs.'000           | Rs.'000               | Rs.'000           | Rs.'000           | Rs.'000               | Rs.'000           |
| Net Gain/(Loss) on Available-for-Sale Financial Assets | (382,421)         | -                     | (382,421)         | 114,386           | -                     | 114,386           |
| <b>Total</b>   | <b>(382,421)</b>  | <b>-</b>              | <b>(382,421)</b>  | <b>114,386</b>    | <b>-</b>              | <b>114,386</b>    |

### 43. RISK MANAGEMENT FRAMEWORK

#### 43.(a). Governance Framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management process with specified objectives with clear tasks. The board of directors and senior managers manage the risks through various committees and delegated authorities. The reviews of risks on regular basis and the strategies adopted timely ensures the risk management function an important activity within the organisation.

The risks are identified with clear understanding of market environment, regulatory environment and macro economic changes. The Group has well experienced and skilled directors who could assess the risks and execute appropriate strategies and achieve the targets with less negative effect to shareholders.

#### 43.(b). Capital Management Objectives, Policies and Approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

Operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Insurance business maintains capital, investments and solvency as per the regulations prescribed by Insurance Regulatory Commission of Sri Lanka. (IRCSL). Further, under the parallel run requirements of IRCSL the insurance business maintains required Capital Adequacy Ratio (CAR) under the Risk Based Capital (RBC) Regime.

New changes in regulations are timely adopted and necessary changes are made to internal processes.

### Approach to Capital Management

The Group allocates capital to businesses as required and ensures the sufficient returns to shareholders and policyholders. The assets and liabilities management establishes the required level of liquidity and reduces the risks of the Group and achieves the required capital levels of the Group.

The primary source of capital used by the Group is equity shareholders' funds. The Group also utilises, where efficient to do so, sources of capital such as reinsurance.

The returns expectations are regularly forecast and comparisons are made in order to ensure the requirements of stakeholders are achieved.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Ceylinco General Insurance Ltd has following Capital Resources.

| Year Ended 31 December              | 2025              | 2024              |
|-------------------------------------|-------------------|-------------------|
|                                     | Rs.'000           | Rs.'000           |
| Total Equity                        | 19,862,926        | 19,929,433        |
| Adjustments onto a regulatory basis | (7,626,116)       | (6,534,064)       |
| <b>Available Capital Resources</b>  | <b>12,236,810</b> | <b>13,395,369</b> |

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

Ceylinco Life Insurance Ltd has following Capital Resources.

| Year Ended 31 December              | 2025               | 2024               |
|-------------------------------------|--------------------|--------------------|
|                                     | Rs.'000            | Rs.'000            |
| Total Equity                        | 67,860,172         | 60,745,459         |
| Adjustments onto a regulatory basis | 42,584,429         | 40,087,131         |
| <b>Available Capital Resources</b>  | <b>110,444,601</b> | <b>100,832,590</b> |

The adjustments onto a regulatory basis Includes the followings:.

1. Adjustment for valuation differences of Assets and Liabilities between SLFRS and RBC frameaeworks.
2. Unallocated valuation surplus maintained in the insurance funds.
3. 50% of net future bonuses in respect of participating business
4. Value of Inadmissible Assets under RBC framework.

## NOTES TO THE FINANCIAL STATEMENTS

### 43.(c). Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the insurance business is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the insurance business maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The insurance business is regulated by Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of protecting shareholders and policyholders. There are various regulations and directive the insurance business is expected to adhere in order to achieve the expected norms, which leads the insurance business to maintain required solvency and maintain sufficient capital.

Financial risks arise due to movements in market rates. The risks mainly involve interest rates risks, share price changes etc. The Group manages these risks through various strategies adopted at asset liability committee, investment committee and risk management committees.

IRCSL ensures that the Company maintains required solvency position to meet future liabilities. The Insurance Companies successfully implemented the Risk Based Capital (RBC) framework on solvency margin as required by IRCSL.

The capital adequacy positions of the Insurance Companies as of 31st December 2025 and 2024 are as follows.

#### Ceylinco General Insurance Ltd

|                           | Total Available Capital (TAC) | Minimum Capital Requirement | Risk-Based Capital Adequacy Ratio (CAR) | Regulatory Minimum CAR |
|---------------------------|-------------------------------|-----------------------------|---|------------------------|
|                           | Rs. Mn                        | Rs. Mn                      | %                                       | %                      |
| <b>31st December 2025</b> | <b>12,237</b>                 | <b>6,687</b>                | <b>183</b>                              | <b>120</b>             |
| 31st December 2024        | 13,395                        | 5,013                       | 267                                     | 120                    |

#### Ceylinco Life Insurance Ltd

|                           | Total Available Capital (TAC) | Minimum Capital Requirement | Risk-Based Capital Adequacy Ratio (CAR) | Regulatory Minimum CAR |
|---------------------------|-------------------------------|-----------------------------|---|------------------------|
|                           | Rs. Mn                        | Rs. Mn                      | %                                       | %                      |
| <b>31st December 2025</b> | <b>110,445</b>                | <b>25,543</b>               | <b>432</b>                              | <b>120</b>             |
| 31st December 2024        | 100,862                       | 22,494                      | 448                                     | 120                    |

### 43.(d). Asset Liability Management (ALM) Framework

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve an organisation's financial objectives, given the organisation's risk tolerance and other constraints. ALM deals with the optimal investment of assets in view of meeting current goals and future liabilities.

Various financial risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces, due to the nature of its investments and liabilities, is interest rate risk.

The Investment committee identifies the nature of the liabilities arising from the product portfolio and evaluates the investment options that best suit to hedge the liability. The Group manages these selected positions within a strategically crafted ALM framework that has been developed considering the cyclical nature of the domestic interest rates to achieve investment returns in excess of its obligations in the long term.

## 44. INSURANCE AND FINANCIAL RISK

### 44.(a). Insurance Risk

The principal insurance risk the Group faces is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group has entered into reinsurance treaties with world's leading reinsurers as a part of its risks mitigation programme. All reinsurance is designed to mitigate the group's net exposure to a single claim as well as to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. The Group has all reinsurance arrangements with many leading reinsurance companies.

#### 44.(a).i. Life Insurance Contracts

Life insurance contracts offered by the Group include: whole life, term assurance and endowment plans.

Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death.

Death and maturity benefits of endowment products are subject to a guaranteed minimum amount.

For contracts with DPF the guaranteed minimum may be increased by the additions such as bonuses.

The main risks that the Group is exposed to are as follows:

**Mortality risk** – risk of loss arising due to policyholder death experience being different than expected

**Morbidity risk** – risk of loss arising due to policyholder health experience being different than expected

**Investment return risk** – risk of loss arising from actual returns being different than expected

**Expense risk** – risk of loss arising from expense experience being different than expected

**Policyholder decision risk** – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

#### Key Assumptions

The Insurance Companies exercise significant judgment in determining the policy liabilities and in selecting assumptions. The key assumptions to which the liability value can be sensitive are mortality, morbidity, expenses, discount rates, lapse and surrender rates. The choice of assumptions depends on the past and current experience of the Insurance Companies and other available information. Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Insurance Companies historical experience. Discount rates are based on current industry risk free rates. All these assumptions are within the guidelines issued by the IRCSL.

#### Mortality rate

Mortality assumptions are based on standard mortality tables.

## NOTES TO THE FINANCIAL STATEMENTS

### Lapse rates

Lapses occur due to non-payment of premiums before the policy acquires a surrender value. Surrenders occur due to termination of policies by policyholders after acquiring a surrender value.

### Risk Free Rate

Risk free discount rate is used to discount the cash flows for corresponding durations for guaranteed benefits of non-participating and participating insurance fund policies. The applicable risk free rates are shared by the IRCSL every quarter.

### Fund-Based Yield

Fund-based yield is used in the participating fund to discount the cash flows for corresponding durations where total benefits are considered.

### Management Expenses

The assumptions for management expenses are determined based on the investigation into the expenses of the Insurance Company over the last four calendar years. Each expense is classified as acquisition/maintenance/termination and then classified as fixed/variable.

### 44.(a).i. Sensitivity of the Value of Insurance Liabilities for Change in Assumptions

| Sensitivity of the Value of Insurance Liabilities as at 2025-12-31 | Changes in Assumptions | Impact on the Net Best Estimate Liabilities |
|--|------------------------|---|
| Expenses   | +10%                   | 0.90%                                       |
| Expenses   | -10%                   | -0.90%                                      |
| Mortality  | +10%                   | 0.21%                                       |
| Mortality  | -10%                   | -0.21%                                      |
| Morbidity  | +20%                   | 0.25%                                       |
| Morbidity  | -20%                   | -0.27%                                      |
| Withdrawal Rate  | +20%                   | -0.53%                                      |
| Withdrawal Rate  | -20%                   | 0.64%                                       |

Changing assumptions as mentioned above doesnot have material impact to the income statement.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that premium charged takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to revive individual policies and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behaviour.

The main risk faced by non-life insurance business is that the actual claims are varying from the expected claims are varying from different types of policies. The non-life insurance business minimises the risks by evaluating the business in detail and charges the correct premiums so that the company has sufficient reserves to meet any unforeseen claims.

There are other types of risks such as reinsurance, default risk, concentration risk, liquidity risks and market risks. The business's risk management policies and processes mitigate the impact of these risks and also benefits the organisation by accepting some calculated risks at appropriate times.

#### 44.(a).ii. Non-Life Insurance Contracts

The non-life insurance principally issues the following types of general insurance contracts: motor, marine, engineering, fire, suwa sampatha and miscellaneous products. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from accidents, climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

#### Insurance Risk and Impact of Natural Catastrophes

The Ditwa cyclone, which struck at the end of November 2025, exemplifies the significant insurance risks posed by natural catastrophes. This event affected all districts nationwide, resulting in widespread damage to policyholders' property and infrastructure. Consequently, the initial estimated claim expenses amounted to Rs. 16 Bn. With prudent underwriting and efficient reinsurance arrangements, the net impact of Ditwa on the profit and loss statement is Rs. 0.88 Bn as at the balance sheet date.

This event highlights the inherent volatility in underwriting risk associated with catastrophic weather events and underscores the importance of robust risk management and reinsurance strategies. The increase in restatement premium by Rs. 0.48 Bn reflects adjustments made to the reinsurance balances reported in the financial statements to better align with the heightened risk environment.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the non-life. Further on the spot claims settlement procedures also helps to reduce the exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The non-life has also limited its exposure by arranging reinsurance contracts with rated Reinsurers internationally.

#### Key assumptions and sensitivities

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience.

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes, impact of natural catastrophic or uncertainty in the estimation process.

Sensitivity of the Value of Insurance Liabilities as at 31/12/2025

Outstanding claim reserve based on BF with a 5% increase in the Initial Estimated Ultimate Loss Ratio (IEULR)

Impact on the Best Estimate Liability (Rs .000)

113,507

## NOTES TO THE FINANCIAL STATEMENTS

### Claims Development Table

The following table shows the Estimated Net Claims Liability (after considering reinsurance) for each successive accident year at each reporting date for domestic operations of Ceylinco General Insurance Ltd

| Year | 0             | 1             | 2           | 3           |
|------|---------------|---------------|-------------|-------------|
| 2016 | (359,345,658) | (201,260,832) | 60,691,997  | 128,184,503 |
| 2017 | 1,024,084,173 | (364,476,124) | 495,972     | 758,285,869 |
| 2018 | 988,889,167   | 20,145,932    | 12,012,341  | 991,526,647 |
| 2019 | 952,207,050   | 30,712,276    | 19,286,206  | -           |
| 2020 | 323,652,514   | 83,737,967    | 33,338,721  | 708,278,966 |
| 2021 | 992,194,186   | 152,937,696   | 35,758,168  | 789,134,288 |
| 2022 | 972,512,044   | 110,175,150   | 31,263,345  | 618,719,250 |
| 2023 | 1,194,458,186 | 74,143,775    | 263,306,171 | -           |
| 2024 | 344,899,592   | 175,198,066   | -           | -           |
| 2025 | 1,966,428,513 | -             | -           | -           |

### 44.(b). Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Life insurance segment exposure to credit risk:

- Credit risk policy is set based on the assessment and IRC SL determination. Accordingly Life insurance segment has the maximum amounts and limits that may be advanced to counterparties by reference to their long-term credit ratings. Policy is monitored at each reporting date or when required for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating. At each reporting date, an assessment of creditworthiness of reinsurers are performed and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The following processes/activities of General insurance segment division reduces the credit risk of financial instruments.

- Credit risk policy is based on the IRC SL determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- The regular review by the Board also minimises the credit risks.

**44.(b).i. Credit Exposure**

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

| Year ended 31 December   | Notes | 2025               |                    | 2024               |                    |
|--|-------|--------------------|--------------------|--------------------|--------------------|
|  |       | Group<br>Rs.'000   | Company<br>Rs.'000 | Group<br>Rs.'000   | Company<br>Rs.'000 |
| <b>Financial Instruments</b>                                       |       |                    |                    |                    |                    |
| <b>Held-to-Maturity Financial Assets</b> 13(a)                     |       |                    |                    |                    |                    |
| Debt Securities  |       | 101,856,685        | -                  | 119,965,994        | -                  |
| <b>Loans and Receivables</b> 13(b)                                 |       |                    |                    |                    |                    |
| Debt Securities  |       | 155,696,616        | 3,196,614          | 107,253,521        | 1,739,540          |
| Other  |       | 855,721            | -                  | 1,018,856          | -                  |
|  |       | 156,552,337        | 3,196,614          | 108,272,377        | 1,739,540          |
| <b>Available-for-Sale Financial Assets</b> 13(c)                   |       |                    |                    |                    |                    |
| Equity Securities  |       | 1,206,402          | 32,463             | 1,073,128          | 620,648            |
| Debt Securities  |       | 16,225,309         | 606,765            | 11,999,859         | 966,928            |
|  |       | 17,431,711         | 639,228            | 13,072,987         | 1,587,576          |
| <b>Financial Assets at Fair Value through Profit or Loss</b> 13(d) |       |                    |                    |                    |                    |
| Equity Securities  |       | -                  | -                  | 814                | -                  |
| Debt Securities  |       | 23,380             | -                  | 24,622             | -                  |
|  |       | 23,380             | -                  | 25,436             | -                  |
| Reinsurance Assets   | 16    | 21,526,386         | -                  | 9,024,328          | -                  |
| Insurance Receivables  | 19    | 9,817,505          | -                  | 9,686,956          | -                  |
| Cash and Cash Equivalents  | 21    | 8,033,737          | 74,828             | 3,639,534          | 22,538             |
| <b>Total Credit Risk Exposure</b>                                  |       | <b>315,241,741</b> | <b>3,910,670</b>   | <b>263,687,612</b> | <b>3,349,654</b>   |

## NOTES TO THE FINANCIAL STATEMENTS

### 44.(b).ii. Industry Analysis

31 December 2025

| Insurance Business  | Financial Services | Government         | Services         | Manufacturing and Power | Others         | Total              |
|---|--------------------|--------------------|------------------|-------------------------|----------------|--------------------|
|   | Rs.'000            | Rs.'000            | Rs.'000          | Rs.'000                 | Rs.'000        | Rs.'000            |
| <b>Assets</b>   |                    |                    |                  |                         |                |                    |
| <b>Held-to-Maturity Financial Assets</b>                          |                    |                    |                  |                         |                |                    |
| Debt securities   | 517,094            | 100,471,342        | -                | -                       | -              | 100,988,436        |
|   | 517,094            | 100,471,342        | -                | -                       | -              | 100,988,436        |
| <b>Loans and Receivables</b>                                      |                    |                    |                  |                         |                |                    |
| Term Deposits   | 108,168,908        | -                  | -                | -                       | -              | 108,168,908        |
| Repo Investments  | -                  | 13,363,465         | -                | -                       | -              | 13,363,465         |
| Unquoted Debentures   | 445,082            | -                  | 1,556,584        | -                       | -              | 2,001,666          |
| Debentures Quoted   | 24,922,147         | -                  | -                | -                       | -              | 24,922,147         |
| Staff and Vehicle Loans   | -                  | -                  | -                | -                       | 853,430        | 853,430            |
|   | 133,536,137        | 13,363,465         | 1,556,584        | -                       | 853,430        | 149,309,616        |
| <b>Available-for-Sale Financial Assets</b>                        |                    |                    |                  |                         |                |                    |
| Equity Securities   | 423,786            | -                  | 7,615            | 3,108                   | 106,794        | 541,303            |
| Debt Securities   | 2,562,203          | 11,108,555         | 133,135          | -                       | -              | 13,803,893         |
| Unit Trust  | 494,758            | -                  | -                | -                       | -              | 494,758            |
|   | 3,480,747          | 11,108,555         | 140,750          | 3,108                   | 106,794        | 14,839,954         |
| <b>Financial Assets at Fair Value through</b>                     |                    |                    |                  |                         |                |                    |
| <b>Profit or Loss</b>   |                    |                    |                  |                         |                |                    |
| Equity Securities   | 493                | -                  | 863              | 701                     | -              | 2,057              |
|   | 493                | -                  | 863              | 701                     | -              | 2,057              |
| <b>Sub Total</b>  | <b>137,534,471</b> | <b>124,943,362</b> | <b>1,698,197</b> | <b>3,809</b>            | <b>960,224</b> | <b>265,140,063</b> |
| Financial Instruments -Other Subsidiaries & Ceylinco Holdings PLC |                    |                    |                  |                         |                | 10,724,050         |
| <b>Total Credit Risk Exposure</b>                                 |                    |                    |                  |                         |                | <b>275,864,113</b> |

**31 December 2024**

| Insurance Business  | Financial Services | Government  | Services  | Manufacturing and Power | Others    | Total       |
|---|--------------------|-------------|-----------|-------------------------|-----------|-------------|
|   | Rs.'000            | Rs.'000     | Rs.'000   | Rs.'000                 | Rs.'000   | Rs.'000     |
| <b>Assets</b>   |                    |             |           |                         |           |             |
| Debt securities   | 517,165            | 118,633,989 | -         | -                       | -         | 119,151,154 |
|   | 517,165            | 118,633,989 | -         | -                       | -         | 119,151,154 |
| <b>Loans and Receivables</b>                                      |                    |             |           |                         |           |             |
| Term Deposits   | 73,962,087         | -           | -         | -                       | -         | 73,962,087  |
| Repo Investments  | -                  | 9,689,752   | -         | -                       | -         | 9,689,752   |
| Unquoted Debentures   | 448,380            | -           | 1,585,254 | -                       | -         | 2,033,634   |
| Debentures Quoted   | 17,057,357         | -           | -         | -                       | -         | 17,057,357  |
| Staff and Vehicle Loans   | -                  | -           | -         | -                       | 1,014,514 | 1,014,514   |
|   | 91,467,824         | 9,689,752   | 1,585,254 | -                       | 1,014,514 | 103,757,344 |
| Equity Securities   | 242,524            | -           | 11,352    | 5,140                   | 533,330   | 792,346     |
| Debt Securities   | 2,309,583          | 7,020,699   | -         | -                       | -         | 9,330,282   |
| Unit Trust  | 405,234            | -           | -         | -                       | -         | 405,234     |
|   | 2,957,341          | 7,020,699   | 11,352    | 5,140                   | 533,330   | 10,527,862  |
| Equity Securities   | 367                | -           | 657       | 520                     | -         | 1,544       |
| Debt Securities   | -                  | 814         | -         | -                       | -         | 814         |
|   | 367                | 814         | 657       | 520                     | -         | 2,358       |
| <b>Sub Total</b>  | 94,942,697         | 135,345,254 | 1,597,263 | 5,660                   | 1,547,844 | 233,438,718 |
| Financial Instruments -Other Subsidiaries & Ceylinco Holdings PLC |                    |             |           |                         |           | 7,898,076   |
| <b>Total Credit Risk Exposure</b>                                 |                    |             |           |                         |           | 241,336,794 |

## NOTES TO THE FINANCIAL STATEMENTS

## 44.(b).iii. The below table indicates the rating of investments as at 31st December 2025 &amp; 2024.

## Group

| 31 December 2025   | AAA                | AA+      | AA                | AA-              | A+                | A                 | A-                | BBB+              | BBB              | BBB-     | BB+      | BB       | BBB-          | B            | Unrated          | 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  | Rs.'000  | Rs.'000       | Rs.'000      | Rs.'000          | Rs.'000            |
| <b>Insurance Business</b>  |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Financial Instruments</b>   |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Held-to-Maturity Financial Assets</b>                                     |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| Debt Securities  | -                  | -        | -                 | -                | -                 | 517,094           | -                 | -                 | -                | -        | -        | -        | -             | -            | -                | 100,988,436        |
| Loans and Receivables  | -                  | -        | 76,576,422        | 6,052,082        | 33,451,333        | 1,695,287         | 1,858,022         | 627,188           | 16,084           | -        | -        | -        | -             | -            | 2,329,813        | 149,309,617        |
| <b>Available-for-Sale Financial Assets</b>                                   |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| Equity Securities  | -                  | -        | -                 | -                | -                 | 153,480           | -                 | -                 | -                | -        | -        | -        | -             | -            | 303,965          | 457,445            |
| Debt Securities  | -                  | -        | 1,467,485         | 39,906           | 1,164,351         | -                 | 107,453           | -                 | -                | -        | -        | -        | -             | -            | -                | 13,887,750         |
| Unit Trust   | -                  | -        | -                 | -                | -                 | -                 | -                 | -                 | -                | -        | -        | -        | -             | -            | 494,758          | 494,758            |
| <b>Financial Assets at Fair Value through Profit or Loss</b>                 |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| Equity Securities  | 520                | -        | -                 | -                | -                 | 115               | 378               | -                 | -                | -        | -        | -        | -             | -            | 1,044            | 2,057              |
| <b>Sub Total</b>   | <b>138,283,802</b> | <b>-</b> | <b>78,043,908</b> | <b>6,091,988</b> | <b>35,286,373</b> | <b>1,695,665</b>  | <b>1,858,022</b>  | <b>734,641</b>    | <b>16,084</b>    | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>      | <b>-</b>     | <b>3,129,580</b> | <b>265,140,063</b> |
| <b>Financial Instruments -Other Subsidiaries &amp; Ceylinco Holdings PLC</b> |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Total</b>   | <b>10,724,050</b>  | <b>-</b> | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>      | <b>-</b>     | <b>-</b>         | <b>275,864,113</b> |
| <b>31 December 2024</b>  |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Insurance Business</b>  |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Financial Instruments</b>   |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Held-to-Maturity Financial Assets</b>                                     |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| Debt Securities  | 118,633,989        | -        | -                 | -                | -                 | -                 | -                 | 517,165           | -                | -        | -        | -        | -             | -            | -                | 119,151,154        |
| Loans and Receivables  | 23,220,822         | -        | -                 | -                | 19,296            | 44,385,371        | 17,892,048        | 12,935,501        | 2,598,300        | -        | -        | -        | 10,973        | 5,374        | 2,689,656        | 103,757,344        |
| <b>Available-for-Sale Financial Assets</b>                                   |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| Equity Securities  | -                  | -        | -                 | -                | -                 | -                 | -                 | -                 | -                | -        | -        | -        | -             | -            | -                | -                  |
| Debt Securities  | 7,020,699          | -        | -                 | -                | 21,870            | 1,145,494         | 1,035,129         | -                 | -                | -        | -        | -        | -             | -            | 792,346          | 9,330,282          |
| Unit Trust   | -                  | -        | -                 | -                | -                 | -                 | -                 | -                 | -                | -        | -        | -        | -             | -            | 405,234          | 405,234            |
| <b>Financial Assets at Fair Value through Profit or Loss</b>                 |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| Equity Securities  | 41                 | -        | -                 | 199              | 299               | -                 | -                 | -                 | -                | -        | -        | -        | -             | -            | 1,006            | 1,545              |
| Debt Securities  | 814                | -        | -                 | -                | -                 | -                 | -                 | -                 | -                | -        | -        | -        | -             | -            | -                | 814                |
| <b>Sub Total</b>   | <b>148,876,365</b> | <b>-</b> | <b>-</b>          | <b>199</b>       | <b>41,465</b>     | <b>45,530,865</b> | <b>18,927,177</b> | <b>13,452,666</b> | <b>2,598,300</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>10,973</b> | <b>5,374</b> | <b>3,995,334</b> | <b>233,438,718</b> |
| <b>Financial Instruments -Other Subsidiaries &amp; Ceylinco Holdings PLC</b> |                    |          |                   |                  |                   |                   |                   |                   |                  |          |          |          |               |              |                  |                    |
| <b>Total</b>   | <b>7,898,076</b>   | <b>-</b> | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>      | <b>-</b>     | <b>-</b>         | <b>241,336,794</b> |

#### 44.(c). Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial instruments. Even at a catastrophic events liquidity risk of Life insurance segment is low as the cash inflow is greater than cash outflow.

The following policies and procedures are in place to mitigate the Life insurance segment exposure to liquidity risk:

- Assessment and determination of Liquidity risk in order to maintain optimal liquidity mix.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The liquidity risks in General insurance segment is where the Group does not have enough cash/arrangements to meet payments./ commitments as they fall due. Following processes/activities are in place to minimise the liquidity risk.

- The regular maintenance of investments in accordance with the IRCSL guidelines.
- The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

#### 44.(c).i. Maturity analysis for Financial Assets and Financial Liabilities

Table below represent the maturity profiles of Financial Assets and Financial Liabilities

As at December 2025

| Insurance Business                      | Within One<br>Year | After one<br>year not more<br>than to three<br>years | Above Three<br>Years | Total              |
|---|--------------------|--|----------------------|--------------------|
|   | Rs.'000            | Rs.'000  | Rs.'000              | Rs.'000            |
| <b>Financial Assets</b>                 |                    |  |                      |                    |
| <b>Financial Instrument</b>             |                    |  |                      |                    |
| Measured at Fair Value                  | 5,554,837          | 4,284,050  | 7,616,204            | 17,455,091         |
| Measured at Amortized Cost              | 18,214,270         | 46,720,214   | 193,474,538          | 258,409,022        |
| Reinsurance Receivable                  | 21,526,386         | -  | -                    | 21,526,386         |
| Loans to Life Policyholders             | 267,863            | 916,911  | 1,484,991            | 2,669,765          |
| Insurance Receivable                    | 9,817,505          | -  | -                    | 9,817,505          |
| Other Assets                            | 1,513,613          | -  | -                    | 1,513,613          |
| Cash and Cash Equivalents               | 8,033,737          | -  | -                    | 8,033,737          |
| <b>Total Financial Assets</b>           | <b>64,928,211</b>  | <b>51,921,175</b>                                    | <b>202,575,733</b>   | <b>319,425,119</b> |
| <b>Financial Liabilities</b>            |                    |  |                      |                    |
| Non Life Insurance Contract Liabilities | 32,482,435         | -  | -                    | 32,482,435         |
| Reinsurance Payable                     | 11,424,327         | -  | -                    | 11,424,327         |
| Interest Bearing Loans and Borrowings   | 9,694,848          | -  | -                    | 9,694,848          |
| Other Liabilities                       | 16,705,067         | -  | -                    | 16,705,067         |
| <b>Total Financial Liabilities</b>      | <b>70,306,677</b>  | <b>-</b>   | <b>-</b>             | <b>70,306,677</b>  |

## NOTES TO THE FINANCIAL STATEMENTS

### As at December 2024

| Insurance Business                      | Within One<br>Year | After one<br>year not more<br>than to three<br>years | Above Three<br>Years | Total              |
|---|--------------------|--|----------------------|--------------------|
|   | Rs.'000            | Rs.'000  | Rs.'000              | Rs.'000            |
| <b>Financial Assets</b>                 |                    |  |                      |                    |
| <b>Financial Instrument</b>             |                    |  |                      |                    |
| Measured at Fair Value                  | 2,464,491          | 5,836,536  | 4,797,396            | 13,098,423         |
| Measured at Amortized Cost              | 119,142,913        | 70,407,371   | 38,688,087           | 228,238,371        |
| Reinsurance Receivable                  | 9,024,328          | -  | -                    | 9,024,328          |
| Loans to Life Policyholders             | 409,388            | 955,632  | 1,643,253            | 3,008,273          |
| Insurance Receivable                    | 9,686,956          | -  | -                    | 9,686,956          |
| Other Assets                            | 1,687,505          | -  | -                    | 1,687,505          |
| Cash and Cash Equivalents               | 3,639,534          | -  | -                    | 3,639,534          |
| <b>Total Financial Assets</b>           | <b>146,055,116</b> | <b>77,199,539</b>                                    | <b>45,128,736</b>    | <b>268,383,391</b> |
| <b>Financial Liabilities</b>            |                    |  |                      |                    |
| Non Life Insurance Contract Liabilities | 17,018,713         | -  | -                    | 17,018,713         |
| Reinsurance Payable                     | 11,319,270         | -  | -                    | 11,319,270         |
| Interest Bearing Loans and Borrowings   | 1,930,350          | 892,276  | -                    | 2,822,626          |
| Other Liabilities                       | 12,700,662         | -  | -                    | 12,700,662         |
| <b>Total Financial Liabilities</b>      | <b>42,968,995</b>  | <b>892,276</b>                                       | <b>-</b>             | <b>43,861,271</b>  |

#### 44.(d). Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and equity price risk and commodity prices (price risk).

The investment committee reviews the impact of market risks and corrective actions are suggested regularly.

#### 44.(d).i. Currency Risk

The Group has no significant concentration of currency risk.

However, the investments in foreign currency deposits is subject to currency risks. Since the Group makes some payments in foreign currency the impact of risk is minimised. Further the investment in subsidiary in Maldives is exposed to exchange rate risk. (translation risk.)

**44.(d).ii. Interest Rate Risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The Group's interest risk policy identifies the volatile nature of Sri Lankan interest rate environment. Therefore the Group closely monitors the reinvestment calendar of the investment fund and obtains internal and external expert opinion on the behaviour of interest rate environment in taking reinvestment decisions. Group maintains mix of short term and long term asset mix and also maintains interest rate sensitive and Inflation rate sensitive asset classes in managing the interest rate risk. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. However, the investments in foreign currency deposits is subject to currency risks. Since the Group makes some payments in foreign currency the impact of risk is minimised. Further the investment in subsidiary in Maldives is exposed to exchange rate risk. (translation risk.)

**44.(d).iii. Equity Price Risk** Equity price risk arises as a result of any change in market prices and volatilities of individual equities.

|   | 2025   |  |         | 2024   |  |         |
|---|--|--|---------|--|--|---------|
|   | Financial Assets recognized through Profit or Loss | Financial Assets recognized through Other Comprehensive Income | Total   | Financial Assets recognized through Profit or Loss | Financial Assets recognized through Other Comprehensive Income | Total   |
| Market value of equity securities as at December 31 | 2,057  | 674,438  | 676,495 | 1,545  | 262,637  | 264,182 |

|  | 2025                        |               |                  | 2024                        |               |                  |
|--|-----------------------------|---------------|------------------|-----------------------------|---------------|------------------|
|  | Impact on Income Statements | Impact on OCI | Impact on Equity | Impact on Income Statements | Impact on OCI | Impact on Equity |
| Shock of 10% on equity prices (upward)   | 206                         | 67,444        | 67,650           | 155                         | 26,264        | 26,418           |
| Shock of 10% on equity prices (downward) | (206)                       | (67,444)      | (67,650)         | (155)                       | (26,264)      | (26,418)         |

**44.(e). Operational Risks**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Business risks such as changes in environment, technology and the industry are monitored through the strategic management and budgeting process. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 45. CONTINGENCIES AND COMMITMENTS

#### 45.(a). Legal Proceedings and Regulations

**45.(a).i.** One of the Subsidiary, Ceylinco General Insurance Ltd. operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. However, there is a tax appeal relating on VAT on reinsurance recoveries.

In relation to Ceylinco General Insurance Ltd. the Department of Inland Revenue has issued VAT assessments for the taxable period in the years 2003 and 2004 mainly imposing VAT on Reinsurance recoveries and reinsurance discounts. Upon the determination of the Commissioner General of Inland Revenue, holding the position they are chargeable with VAT, Company appealed to the Tax appeals Commission. The Tax appeals commission has given its decision in favour of Inland Revenue. Hence, upon the receipt of the decision of the tax appeals commission, company appealed to the Honourable Court of appeal on the questions of Law. Now the matter is pending before the Honourable court of appeal for their opinion. The amount so assessed by Inland Revenue is Rs. 195.9 Million.

#### 45.(a).ii. Assessments from Department of Inland Revenue - Ceylinco Life Insurance Ltd

The table below summarizes the status of tax assessments for each class of taxes within the Group's Life Division.

| Pertaining Company              | Type of Tax               | Year of Assessment | Current Status                         | Remarks     |
|---------------------------------|---------------------------|--------------------|--|-------------|
| Ceylinco Holdings PLC           | Income Tax<br>(Note - 01) | 2010/2011          | Court of Appeal                        |             |
|                                 |                           | 2011/2012          | Court of Appeal                        |             |
|                                 |                           | 2012/2013          | Court of Appeal                        |             |
|                                 |                           | 2013/2014          | Court of Appeal                        |             |
|                                 |                           | 2014/2015          | Court of Appeal                        |             |
|                                 | VAT on FS<br>(Note - 03)  | 2014               | Court of Appeal                        |             |
| Ceylinco Life Insurance Limited | Income Tax<br>(Note - 01) | 2015/2016          | Court of Appeal                        |             |
|                                 |                           | 2016/2017          | Court of Appeal                        |             |
|                                 |                           | 2017/2018          | Tax Appeals Commission                 |             |
|                                 |                           | 2018/2019          | Court of Appeal                        | (Note - 02) |
|                                 |                           | 2019/2020          | Court of Appeal                        | (Note - 02) |
|                                 |                           | 2020/2021          | Tax Appeals Commission                 |             |
|                                 |                           | 2021/2022          | Commissioner General of Inland Revenue |             |
|                                 |                           | 2022/2023          | Commissioner General of Inland Revenue |             |
|                                 | VAT on FS<br>(Note - 03)  | 2016               | Court of Appeal                        |             |
|                                 |                           | 2018               | Tax Appeals Commission                 |             |
|                                 |                           | 2021               | Commissioner General of Inland Revenue |             |
|                                 |                           | 2022               | Commissioner General of Inland Revenue |             |
|                                 | NBT on FS<br>(Note - 03)  | 2016               | Court of Appeal                        |             |
|                                 |                           | 2017               | Court of Appeal                        |             |

#### Note - 01

Income Tax Assessments from Y/A 2010/11 up to first three months of Y/A 2018/19 as mentioned in the above table have been issued based on the Section 92 of the Inland Revenue Act, No. 10 of 2006 concerning the "Investment Income less Expenses" (I-E) tax calculation a matter with broad implications for the life insurance industry.

Further, part of the assessment relating to Y/A 2018/19 and assessments relating to Y/A 2019/20 through 2022/23 have been issued contrary to the section 67 of the Inland Revenue Act, No. 24 of 2017 which came to effect on 01/04/2018.

Impact of Court Order on Section 92 of Inland Revenue Act, No. 10 of 2006 ("I-E" Dispute)

On February 19, 2026, the Court of Appeal (CoA) ruled in favor of the industry with regards to the interpretation of the Section 92 of the Inland Revenue Act, No. 10 of 2006.

Following this landmark decision, the Company expects the I-E assessments for Y/A 2010/11 through first three months of Y/A 2018/19 to be resolved in its favor. This resolution would effectively settle approximately 60% of the total pending Income Tax Assessments.

The Company's management is of the view that the probability of materializing any of these tax Assessments are highly unlikely due to the fact that the Company has acted in accordance with the requirements under the Inland Revenue Acts.

#### Note - 02

For the Income Tax Assessment for the Y/A 2018/19 and Y/A 2019/20, the TAC's ruling was mixed, with some grounds of appeal being upheld and others being rejected. Both the Company and the Commissioner General of Inland Revenue have filed appeals with the Court of Appeal regarding the unfavorable aspects of the TAC's decision.

#### Note - 03

Assessments relating to VAT on Financial Services and NBT on Financial Services were issued under the Value Added Tax Act, No. 14 of 2002 by the Inland Revenue Department.

Tax Appeals Commission has accepted that the Company's primary business activities does not fall within the scope of VAT or NBT on Financial Services and decided to allow the appeals and dismiss the determination made by the Commissioner General of Inland Revenue. However, based on the Tax Appeals Commission's determination, CGIR has appealed to the Court of Appeal. The case is now fixed for support at the Court of Appeal.

Management believes that the Company is outside the scope of VAT and NBT on FS as the Company engages in the Life Insurance business and therefore, materialization of the above assessments is very remote.

#### Compliance with IFRIC 23 - Uncertainty Over Income Tax Treatments

The Company reviewed its uncertain income tax positions that could have an impact on the financial statements in order to comply with the provisions stipulated under IFRIC 23 interpretation.

Consequently, the management concluded that the current accounting treatment for uncertain tax positions is in accordance with IFRIC 23.

#### 45.(b). Capital Expenditure Commitments

The Group has following Capital commitment as at the reporting date.

**45.(b).i.** Ceylinco Life Insurance Limited has committed to pay an amount of Rs.65 Mn (2024-Rs. 166.6 Mn) as at the reporting date under contract entered into on Capital expenditure projects.

#### 46. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

| Nature of Assets                                    | Nature of Liability  | Carrying Amount Pledged | Included under              |
|---|--|-------------------------|-----------------------------|
|   |  | Rs.'000                 |                             |
| Building - Company                                  | Mortgaged to Seylan Bank PLC by Golden Key Credit Card Company Limited to obtain loan facility (Note 11) | 153,333                 | Investment Property         |
| Fixed Deposit - Ceylinco General Insurance Ltd.     | Pledged to Seylan Bank PLC to obtain bank overdraft facilities.  | 187,209                 | Loans & Receivables         |
| Land & Buildings - CEG Education Holdings Ltd Group | Loan facilities from Sampath Bank PLC  | 599,760                 | Property, Plant & Equipment |

## NOTES TO THE FINANCIAL STATEMENTS

### 47. RELATED PARTY DISCLOSURES

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company. In addition, Chief Executive Officer together with their immediate family members have also been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs. As the Ceylinco Holdings PLC (CHPLC) is the ultimate parent of the Company, and the Board of Directors of the CHPLC have the authority and responsibility of planning, directing and controlling the activities of the Company, the Directors of the CHPLC and their immediate family members have also been identified as Key Management Personnel of the Company.

#### Terms and conditions of transactions with related parties

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2025, the Group has not recorded an impairment of receivables relating to amounts owed by related parties (2024 – Nil).

#### 47.(a). Compensation of Key Management Personnel

| Year Ended 31 December  | Group         |               | Company     |             |
|---|---------------|---------------|-------------|-------------|
|   | 2025          | 2024          | 2025        | 2024        |
|   | Rs.           | Rs.           | Rs.         | Rs.         |
| Short-Term Employee Benefits -Company                                   | 310,272,889   | 243,044,095   | 310,272,889 | 243,044,095 |
| Short Term & Long Term Employee Benefits Received from the Subsidiaries | 1,414,838,778 | 1,049,138,092 | -           | -           |
|   | 1,725,111,667 | 1,292,182,187 | 310,272,889 | 243,044,095 |

#### 47.(b). Transaction With Related Parties-Subsidiaries

| Year Ended 31 December    | 2025          | 2024          |
|---------------------------|---------------|---------------|
|                           | Rs.'000       | Rs.'000       |
| Dividend Received/ (Paid) | 1,638,941,102 | 1,706,957,609 |
|                           | 1,638,941,102 | 1,706,957,609 |

#### Transaction With related Parties - Subsidiaries

##### 47.(b).i. CEG Education Holding (pvt) Ltd

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Dividend Received/ (Paid) | 66,499,975 | 79,799,970 |
|                           | 66,499,975 | 79,799,970 |

**47.(b).ii. Ceylinco Insurance Company(Pvt) Ltd-Maldives**

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Dividend Received/ (Paid) | 57,157,740 | 53,296,200 |
|                           | 57,157,740 | 53,296,200 |

**47.(b).iii. Ceylinco General Insurance Ltd.**

| Year Ended 31 December    | 2025        | 2024        |
|---------------------------|-------------|-------------|
|                           | Rs.'000     | Rs.'000     |
| Dividend Received/ (Paid) | 680,912,227 | 766,215,900 |
|                           | 680,912,227 | 766,215,900 |

**47.(b).iv. Ceylinco Life Insurance Ltd.**

| Year Ended 31 December    | 2025        | 2024        |
|---------------------------|-------------|-------------|
|                           | Rs.'000     | Rs.'000     |
| Dividend Received/ (Paid) | 776,726,371 | 750,000,750 |
|                           | 776,726,371 | 750,000,750 |

**47.(b).v. Energy Lanka Holdings Limited**

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Dividend Received/ (Paid) | 57,644,789 | 57,644,789 |
|                           | 57,644,789 | 57,644,789 |

**47.(c). Transaction With related Parties - Sub Subsidiaries**

| Year Ended 31 December    | 2025        | 2024        |
|---------------------------|-------------|-------------|
|                           | Rs.'000     | Rs.'000     |
| Dividend Received/ (Paid) | 150,928,292 | 132,602,590 |
|                           | 150,928,292 | 132,602,590 |

**47.(c).i. American Education Centre Ltd.**

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Dividend Received/ (Paid) | 12,328,869 | 15,916,250 |
|                           | 12,328,869 | 15,916,250 |

**NOTES TO THE FINANCIAL STATEMENTS****47.(c).ii. International College of Business & Technologies Ltd.**

| Year Ended 31 December    | 2025        | 2024        |
|---------------------------|-------------|-------------|
|                           | Rs.'000     | Rs.'000     |
| Dividend Received/ (Paid) | 138,599,423 | 116,686,340 |
|                           | 138,599,423 | 116,686,340 |

**Transaction With Related Parties -Equity Accounted Investees**

| Year Ended 31 December    | 2025        | 2024       |
|---------------------------|-------------|------------|
|                           | Rs.'000     | Rs.'000    |
| Dividend Received/ (Paid) | 157,387,860 | 49,444,361 |
|                           | 157,387,860 | 49,444,361 |

**47.(d).i. Energy Generators (Pvt)Ltd.**

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Dividend Received/ (Paid) | 35,285,420 | 35,285,420 |
|                           | 35,285,420 | 35,285,420 |

**47.(d).ii. Citizens Development Business Finance PLC**

| Year Ended 31 December    | 2025       | 2024       |
|---------------------------|------------|------------|
|                           | Rs.'000    | Rs.'000    |
| Dividend Received/ (Paid) | 10,113,529 | 14,158,941 |
|                           | 10,113,529 | 14,158,941 |

**47.(d).iii. Sagaramatha Lumbini Insurance Co. Ltd**

| Year Ended 31 December    | 2025        | 2024    |
|---------------------------|-------------|---------|
|                           | Rs.'000     | Rs.'000 |
| Dividend Received/ (Paid) | 111,988,911 | -       |
|                           | 111,988,911 | -       |

**48. EMPLOYEE AND INDUSTRIAL RELATIONS**

There were no material issues pertaining to Employees & Industrial relations during the year.

**49. DISCLOSURES ABOUT THE TEMPORARY EXEMPTION FROM SLFRS 9**

Group's activities are predominately connected with Insurance and therefore its permitted by SLFRS 9 temporary exemption to defer SLFRS 9 until adoption of IFRS 17 which is expected to be adopted in 2026

|   |       |
|---|-------|
| As at balance sheet date % of insurance related liabilities           | 90.2% |
| As required by SLFRS 9 the minimum % to be eligible for the exemption | 90%   |

**50. EVENTS AFTER THE REPORTING PERIOD**

No circumstances have arisen since the reporting date which would require adjustment to, or disclosure in the Financial Statements.

# **SUPPLEMENTARY INFORMATION**

## QUARTERLY ANALYSIS 2025

### CONSOLIDATED STATEMENT OF INCOME

|   | 1st quarter         | 2nd quarter         | 3 rd quarter        | 4th quarter         | Total               |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Jan-Mar.25          | Apr- Jun.25         | Jul-Sep.25          | Oct-Dec.25          | Jan-Dec.25          |
|   | Rs.'000             | Rs.'000             | Rs.'000             | Rs.'000             | Rs.'000             |
| Gross Written Premiums                            | 18,978,573          | 20,050,403          | 19,688,128          | 20,155,338          | 78,872,442          |
| Premiums Ceded to Reinsurers                      | (5,038,894)         | (4,276,223)         | (4,737,948)         | (5,593,518)         | (19,646,583)        |
| <b>Net Written Premiums</b>                       | <b>13,939,679</b>   | <b>15,774,180</b>   | <b>14,950,180</b>   | <b>14,561,820</b>   | <b>59,225,859</b>   |
| <b>Net change in Reserve for Unearned Premium</b> | <b>(706,469)</b>    | <b>(107,566)</b>    | <b>(509,465)</b>    | <b>295,082</b>      | <b>(1,028,418)</b>  |
| <b>Net Earned Premium</b>                         | <b>13,233,210</b>   | <b>15,666,614</b>   | <b>14,440,715</b>   | <b>14,856,902</b>   | <b>58,197,441</b>   |
| Revenue from Subsidiaries                         | 1,676,062           | 1,670,977           | 1,784,035           | 2,461,690           | 7,592,764           |
|   | 14,909,272          | 17,337,591          | 16,224,750          | 17,318,592          | 65,790,205          |
| Investment and Other Income                       | 8,624,284           | 8,645,447           | 8,200,603           | 8,360,101           | 33,830,435          |
| <b>Net Income</b>                                 | <b>23,533,556</b>   | <b>25,983,038</b>   | <b>24,425,353</b>   | <b>25,678,693</b>   | <b>99,620,640</b>   |
| Net Benefits and Claims                           | (8,523,750)         | (10,569,866)        | (10,839,157)        | (9,862,698)         | (39,795,471)        |
| Increase in Life Insurance Fund                   | (6,842,644)         | (6,710,080)         | (4,784,982)         | (2,343,398)         | (20,681,104)        |
| Acquisition Cost                                  | (1,325,300)         | (1,426,728)         | (1,490,678)         | (1,564,187)         | (5,806,893)         |
| Cost of sales of Subsidiaries                     | (375,945)           | (378,595)           | (460,987)           | (564,074)           | (1,779,601)         |
| Other Operating and Administrative Expenses       | (3,897,276)         | (4,209,746)         | (4,153,827)         | (4,542,632)         | (16,803,481)        |
| Finance Cost                                      | (63,922)            | (132,104)           | (77,308)            | (181,400)           | (454,734)           |
| <b>Total Benefits, Claims and Other Expenses</b>  | <b>(21,028,837)</b> | <b>(23,427,119)</b> | <b>(21,806,939)</b> | <b>(19,058,389)</b> | <b>(85,321,284)</b> |
| <b>Profit Before Share of Associates</b>          | <b>2,504,719</b>    | <b>2,555,919</b>    | <b>2,618,414</b>    | <b>6,620,304</b>    | <b>14,299,356</b>   |
| Share of Profit of Associates                     | 497,559             | 235,325             | 75,500              | 342,093             | 1,150,477           |
| <b>Profit Before Tax</b>                          | <b>3,002,278</b>    | <b>2,791,244</b>    | <b>2,693,914</b>    | <b>6,962,397</b>    | <b>15,449,833</b>   |
| Income Tax Expense                                | (791,140)           | (971,781)           | (674,587)           | (1,487,860)         | (3,925,368)         |
| <b>Profit For the Year</b>                        | <b>2,211,138</b>    | <b>1,819,463</b>    | <b>2,019,327</b>    | <b>5,474,537</b>    | <b>11,524,465</b>   |

### COMPANY STATEMENT OF INCOME

|   | 1st quarter     | 2nd quarter      | 3 rd quarter    | 4th quarter      | Total            |
|---|-----------------|------------------|-----------------|------------------|------------------|
|   | Jan-Mar.25      | Apr-Jun.25       | Jul-Sep.25      | Oct-Dec.25       | Jan-Dec.25       |
|   | Rs.'000         | Rs.'000          | Rs.'000         | Rs.'000          | Rs.'000          |
| Gross Written Premiums                            | -               | -                | -               | -                | -                |
| Premiums Ceded to Reinsurers                      | -               | -                | -               | -                | -                |
| <b>Net Written Premiums</b>                       | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| <b>Net change in Reserve for Unearned Premium</b> | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| <b>Net Earned Premium</b>                         | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| Investment and Other Income                       | 143,335         | 1,910,875        | 164,262         | 374,714          | 2,593,186        |
| <b>Net Income</b>                                 | <b>143,335</b>  | <b>1,910,875</b> | <b>164,262</b>  | <b>374,714</b>   | <b>2,593,186</b> |
| Net Benefits and Claims                           | -               | -                | -               | -                | -                |
| Increase in Life Insurance Fund                   | -               | -                | -               | -                | -                |
| Acquisition Cost                                  | -               | -                | -               | -                | -                |
| Other Operating and Administrative Expenses       | (94,657)        | (93,563)         | (79,493)        | (100,080)        | (367,793)        |
| Finance Cost                                      | (66)            | (661)            | (47)            | (523)            | (1,297)          |
| <b>Total Benefits, Claims and Other Expenses</b>  | <b>(94,723)</b> | <b>(94,224)</b>  | <b>(79,540)</b> | <b>(100,603)</b> | <b>(369,090)</b> |
| <b>Profit Before Tax</b>                          | <b>48,612</b>   | <b>1,816,651</b> | <b>84,722</b>   | <b>274,111</b>   | <b>2,224,096</b> |
| Income Tax Expense                                | (10,177)        | (13,202)         | (12,527)        | (1,160)          | (37,066)         |
| <b>Profit for the Year</b>                        | <b>38,435</b>   | <b>1,803,449</b> | <b>72,195</b>   | <b>272,951</b>   | <b>2,187,030</b> |

# QUARTERLY ANALYSIS 2024

## CONSOLIDATED STATEMENT OF INCOME

|   | 1st quarter         | 2nd quarter         | 3 rd quarter        | 4th quarter         | Total               |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Jan-Mar.24          | Apr-Jun.24          | Jul-Sep.24          | Oct-Dec.24          | Jan-Dec.24          |
|   | Rs.'000             | Rs.'000             | Rs.'000             | Rs.'000             | Rs.'000             |
| Gross Written Premiums                            | 17,789,915          | 17,512,946          | 14,741,690          | 17,404,342          | 67,448,893          |
| Premiums Ceded to Reinsurers                      | (4,964,866)         | (3,596,396)         | (3,904,382)         | (3,605,379)         | (16,071,023)        |
| <b>Net Written Premiums</b>                       | <b>12,825,049</b>   | <b>13,916,550</b>   | <b>10,837,308</b>   | <b>13,798,964</b>   | <b>51,377,871</b>   |
| <b>Net change in Reserve for Unearned Premium</b> | <b>(612,874)</b>    | <b>542,281</b>      | <b>250,808</b>      | <b>(81,800)</b>     | <b>98,415</b>       |
| <b>Net Earned Premium</b>                         | <b>12,212,175</b>   | <b>14,458,831</b>   | <b>11,088,116</b>   | <b>13,717,164</b>   | <b>51,476,286</b>   |
| Revenue from Subsidiaries                         | 1,654,755           | 1,468,847           | 1,584,680           | 1,708,925           | 6,417,207           |
|   | 13,866,930          | 15,927,678          | 12,672,796          | 15,426,089          | 57,893,493          |
| Investment and Other Income                       | 8,464,105           | 8,522,843           | 8,183,162           | 8,143,923           | 33,314,033          |
| <b>Net Income</b>                                 | <b>22,331,035</b>   | <b>24,450,521</b>   | <b>20,855,958</b>   | <b>23,570,012</b>   | <b>91,207,525</b>   |
| Net Benefits and Claims                           | (7,481,395)         | (10,563,167)        | (7,695,688)         | (30,402,320)        | (56,142,570)        |
| Increase in Life Insurance Fund                   | (6,245,361)         | (5,405,691)         | (4,486,847)         | 16,137,899          | -                   |
| Acquisition Cost                                  | (1,295,781)         | (1,404,061)         | (1,347,673)         | (1,057,051)         | (5,104,566)         |
| Cost of sales of Subsidiaries                     | (356,236)           | (375,245)           | (408,419)           | (434,397)           | (1,574,297)         |
| Other Operating and Administrative Expenses       | (3,578,332)         | (3,801,044)         | (3,841,204)         | (3,192,657)         | (14,413,237)        |
| Finance Cost                                      | (91,878)            | (83,782)            | (83,999)            | (152,024)           | (411,683)           |
| <b>Total Benefits, Claims and Other Expenses</b>  | <b>(19,048,983)</b> | <b>(21,632,990)</b> | <b>(17,863,830)</b> | <b>(19,100,550)</b> | <b>(77,646,353)</b> |
| <b>Profit Before Share of Associates</b>          | <b>3,282,052</b>    | <b>2,817,531</b>    | <b>2,992,128</b>    | <b>4,469,462</b>    | <b>13,561,173</b>   |
| Share of Profit of Associates                     | 479,313             | 475,782             | 224,292             | 102,555             | 1,281,942           |
| <b>Profit Before Tax</b>                          | <b>3,761,365</b>    | <b>3,293,313</b>    | <b>3,216,420</b>    | <b>4,572,017</b>    | <b>14,843,114</b>   |
| Income Tax Expense                                | (961,395)           | (1,077,450)         | (889,897)           | (1,610,027)         | (4,538,769)         |
| <b>Profit For the Year</b>                        | <b>2,799,970</b>    | <b>2,215,863</b>    | <b>2,326,523</b>    | <b>2,961,990</b>    | <b>10,304,346</b>   |

## COMPANY STATEMENT OF INCOME

|   | 1st quarter     | 2nd quarter      | 3 rd quarter    | 4th quarter      | Total            |
|---|-----------------|------------------|-----------------|------------------|------------------|
|   | Jan-Mar.24      | Apr-Jun.24       | Jul-Sep.24      | Oct-Dec.24       | Jan-Dec.24       |
|   | Rs.'000         | Rs.'000          | Rs.'000         | Rs.'000          | Rs.'000          |
| Gross Written Premiums                            | -               | -                | -               | -                | -                |
| Premiums Ceded to Reinsurers                      | -               | -                | -               | -                | -                |
| <b>Net Written Premiums</b>                       | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| <b>Net change in Reserve for Unearned Premium</b> | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| <b>Net Earned Premium</b>                         | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>-</b>         | <b>-</b>         |
| Investment and Other Income                       | 118,708         | 1,479,445        | 56,326          | 367,267          | 2,021,746        |
| <b>Net Income</b>                                 | <b>118,708</b>  | <b>1,479,445</b> | <b>56,326</b>   | <b>367,267</b>   | <b>2,021,746</b> |
| Net Benefits and Claims                           | -               | -                | -               | -                | -                |
| Increase in Life Insurance Fund                   | -               | -                | -               | -                | -                |
| Acquisition Cost                                  | -               | -                | -               | -                | -                |
| Other Operating and Administrative Expenses       | (92,448)        | (71,478)         | (89,789)        | (161,379)        | (415,094)        |
| Finance Cost                                      | (20)            | (168)            | (87)            | (377)            | (652)            |
| <b>Total Benefits, Claims and Other Expenses</b>  | <b>(92,468)</b> | <b>(71,646)</b>  | <b>(89,876)</b> | <b>(161,756)</b> | <b>(415,746)</b> |
| <b>Profit Before Tax</b>                          | <b>26,240</b>   | <b>1,407,799</b> | <b>(33,550)</b> | <b>205,511</b>   | <b>1,606,000</b> |
| Income Tax Expense                                | (11,968)        | (11,121)         | (8,481)         | (26,116)         | (57,686)         |
| <b>Profit for the Year</b>                        | <b>14,272</b>   | <b>1,396,678</b> | <b>(42,031)</b> | <b>179,395</b>   | <b>1,548,314</b> |

Note: The financial information reported quarterwise is reflected above for three quarters and based on audited financial statements fourth quarter is shown.

## TEN YEAR SUMMARY

## STATEMENT OF COMPREHENSIVE INCOME

| Year ended 31 December                               | 2025         | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      | Rs.'000      |
| <b>Non-Life (Sri Lanka)</b>                          |              |              |              |              |              |              |              |              |              |              |
| Gross Written Premium                                | 28,037,683   | 24,548,782   | 25,246,863   | 24,351,536   | 20,206,104   | 20,094,192   | 19,802,995   | 19,186,707   | 17,976,991   | 16,116,889   |
| Net Earned Premium                                   | 14,595,599   | 14,816,037   | 14,510,651   | 14,671,926   | 13,253,522   | 13,555,494   | 14,386,415   | 14,192,538   | 13,209,435   | 11,783,117   |
| Investment Income and Other Income                   | 3,901,300    | 3,107,840    | 4,129,897    | 6,606,138    | 1,745,143    | 1,367,114    | 1,605,967    | 1,686,768    | 1,509,953    | 1,099,638    |
| Net Claims   | (8,669,021)  | (8,053,597)  | (8,239,975)  | (7,830,283)  | (7,063,541)  | (6,635,199)  | (8,253,594)  | (7,523,261)  | (7,371,429)  | (6,699,268)  |
| Acquisition Expenses (Net of Reinsurance Commission) | (2,629,116)  | (2,325,827)  | (1,256,570)  | (1,249,064)  | (1,169,605)  | (1,221,200)  | (1,112,842)  | (1,034,245)  | (1,123,388)  | (883,178)    |
| Operating & Administrative Expenses                  | (6,439,464)  | (5,964,579)  | (5,008,307)  | (5,469,259)  | (4,966,757)  | (5,150,081)  | (4,800,854)  | (4,933,854)  | (4,474,776)  | (3,856,112)  |
| Impairment Provision                                 | -            | -            | -            | (2,758,529)  | -            | -            | -            | -            | -            | -            |
| Operating Profit Before Interest Expenses            | 759,298      | 1,579,874    | 4,135,696    | 3,970,929    | 1,798,762    | 1,916,128    | 1,825,092    | 2,387,946    | 1,749,795    | 1,444,197    |
|  |              |              |              |              |              |              |              |              |              |              |
| <b>Life</b>  |              |              |              |              |              |              |              |              |              |              |
| Gross Written Premium                                | 44,182,751   | 37,140,416   | 33,411,394   | 29,160,164   | 25,565,050   | 22,076,250   | 18,718,553   | 17,812,774   | 15,765,484   | 15,027,600   |
| Net Written Premium                                  | 43,513,384   | 36,590,453   | 32,771,519   | 28,687,967   | 25,256,551   | 21,570,787   | 18,168,431   | 17,355,265   | 15,343,267   | 14,653,771   |
| Investment Income and Other Income                   | 28,253,583   | 28,408,237   | 27,991,108   | 19,865,261   | 14,931,254   | 14,781,176   | 13,214,619   | 11,254,983   | 10,153,418   | 8,660,289    |
| Net Claims and Benefit                               | (31,074,962) | (25,048,619) | (23,135,049) | (18,969,267) | (12,736,308) | (12,266,513) | (10,604,065) | (9,803,550)  | (3,230,796)  | (6,651,682)  |
| Acquisition Expenses (Net of Reinsurance Commission) | (2,868,468)  | (2,478,258)  | (2,267,578)  | (1,891,337)  | (2,171,869)  | (1,992,619)  | (1,784,857)  | (1,787,203)  | (1,655,350)  | (1,573,586)  |
| Increase in Life Insurance Fund                      | (20,681,104) | (23,051,748) | (23,015,741) | (13,375,957) | (11,803,985) | (9,423,994)  | (7,189,811)  | (6,457,292)  | (7,258,502)  | (8,397,889)  |
| Operating & Administrative Expenses                  | (5,838,700)  | (4,285,131)  | (3,824,629)  | (4,300,707)  | (4,836,630)  | (3,823,330)  | (3,550,209)  | (3,384,487)  | (3,532,496)  | (2,937,262)  |
| Operating Profit Before Interest Expenses            | 11,303,733   | 10,134,934   | 8,519,630    | 10,015,960   | 8,639,013    | 8,845,507    | 8,254,108    | 7,177,716    | 9,819,541    | 3,753,641    |
|  |              |              |              |              |              |              |              |              |              |              |
| <b>Total Business ( Group)</b>                       |              |              |              |              |              |              |              |              |              |              |
| Gross Written Premium                                | 78,872,443   | 67,448,893   | 64,303,371   | 58,239,661   | 47,881,540   | 43,896,576   | 40,217,891   | 38,161,544   | 34,662,431   | 31,818,590   |
| Revenue  | 99,620,640   | 91,207,525   | 88,113,694   | 77,020,273   | 60,613,392   | 55,924,487   | 52,539,868   | 49,425,436   | 44,388,628   | 39,824,723   |
|  |              |              |              |              |              |              |              |              |              |              |
| Net Earned Premium                                   | 58,197,441   | 51,476,286   | 47,380,328   | 43,474,912   | 38,583,559   | 35,208,695   | 32,672,321   | 31,689,100   | 28,651,040   | 26,551,980   |
| Benefit Losses and Expenses                          | (68,063,069) | (57,716,867) | (56,030,446) | (41,382,070) | (32,561,211) | (29,270,312) | (27,229,416) | (24,770,538) | (18,728,842) | (22,503,122) |
| Other Revenue  | 41,423,199   | 39,731,240   | 40,733,366   | 33,545,361   | 22,029,833   | 20,715,792   | 19,867,547   | 17,736,336   | 15,737,588   | 13,272,743   |
| Operating and Administrative Expenses                | (16,803,481) | (19,517,803) | (17,284,112) | (17,128,162) | (16,484,078) | (15,396,692) | (14,464,635) | (14,065,610) | (13,248,750) | (11,665,905) |
| Impairment Provision                                 | -            | -            | (13,223)     | (2,782,117)  | -            | -            | -            | -            | -            | -            |
| Operating Profit Before Interest Expenses            | 14,754,090   | 13,972,856   | 14,785,913   | 15,727,924   | 11,568,103   | 11,257,483   | 10,845,817   | 10,589,288   | 12,411,036   | 5,655,696    |
| Interest Expenses                                    | (454,734)    | (411,683)    | (392,228)    | (389,925)    | (249,539)    | (273,088)    | (288,606)    | (170,888)    | (153,112)    | (143,853)    |
| Income from Associates                               | 1,150,477    | 1,281,942    | 568,551      | 943,006      | 1,304,768    | 928,097      | 493,980      | 646,371      | 393,414      | 288,518      |
| Profit Before Taxation                               | 15,449,833   | 14,843,114   | 14,962,236   | 16,281,005   | 12,623,332   | 11,912,492   | 11,051,191   | 11,064,771   | 12,651,338   | 5,800,361    |
| Income Tax Expenses                                  | (3,925,368)  | (4,538,769)  | (3,434,221)  | (3,025,115)  | (2,562,683)  | (2,534,488)  | (2,268,103)  | (2,399,319)  | (868,751)    | (953,741)    |
| Profit for the Year                                  | 11,524,465   | 10,304,346   | 11,528,015   | 13,255,890   | 10,060,649   | 9,378,004    | 8,783,088    | 8,665,452    | 11,782,587   | 4,846,618    |

## STATEMENT OF FINANCIAL POSITION

## Group

| As at 31 December                           | 2025               | 2024               | 2023               | 2022               | 2021               | 2020               | 2019               | 2018               | 2017               | 2016               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           | Rs. '000           |
| <b>Assets</b>                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Intangible Assets                           | 146,918            | 226,801            | 299,756            | 367,179            | 319,879            | 388,710            | 398,227            | 116,208            | 165,621            | 136,861            |
| Property, Plant and Equipment               | 37,542,111         | 33,068,783         | 31,125,336         | 28,448,031         | 22,943,260         | 21,998,187         | 22,076,319         | 18,926,835         | 17,546,527         | 17,546,496         |
| Investments                                 | 275,864,113        | 256,029,151        | 229,254,609        | 194,464,820        | 181,129,789        | 154,616,448        | 134,973,999        | 120,240,010        | 107,801,759        | 97,387,970         |
| Other Assets                                | 76,781,956         | 42,788,347         | 39,044,994         | 38,400,226         | 27,945,437         | 24,136,418         | 22,451,495         | 21,649,406         | 19,030,420         | 17,243,197         |
| Total Assets                                | 390,335,098        | 332,113,082        | 299,724,695        | 261,680,256        | 232,338,365        | 201,139,763        | 179,900,040        | 160,932,459        | 144,544,327        | 132,314,524        |
| <b>Equity and Liabilities</b>               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Issued Share Capital                        | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          | 1,324,822          |
| Retained Earnings                           | 91,748,398         | 82,967,082         | 75,442,602         | 66,713,406         | 57,898,521         | 48,633,350         | 41,501,562         | 35,174,468         | 26,623,524         | 19,630,683         |
| Retained Reserves                           | 3,727,827          | 3,333,862          | 2,985,669          | 2,336,611          | 2,897,854          | 2,980,010          | 2,338,439          | 2,477,581          | 2,974,246          | 2,703,501          |
| Revaluation Reserve                         | 6,104,701          | 4,957,801          | 4,868,385          | 4,789,378          | 4,608,433          | 4,704,195          | 4,434,995          | 3,325,935          | 3,365,706          | 3,411,509          |
| Restricted Regulatory Reserve               | 3,456,184          | 3,456,184          | 3,456,184          | 3,456,184          | 3,456,184          | 3,456,184          | 3,456,184          | 3,456,184          | 3,456,184          | -                  |
| Total Capital and Reserve                   | 106,361,931        | 96,039,751         | 88,077,662         | 78,620,401         | 70,185,814         | 61,098,561         | 53,056,002         | 45,758,990         | 37,744,482         | 27,070,515         |
| Minority Interest                           | 6,037,349          | 4,425,363          | 3,759,427          | 3,274,900          | 2,544,124          | 2,323,015          | 2,324,107          | 1,890,031          | 1,658,418          | 1,551,468          |
| <b>Liabilities</b>                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Insurance Provision - Life                  | 200,960,111        | 180,041,362        | 156,683,565        | 134,031,487        | 118,780,428        | 105,883,025        | 95,349,737         | 87,194,850         | 80,869,407         | 77,070,762         |
| Unit Linked Fund                            | 1,086,521          | 647,877            | 661,233            | 663,337            | 686,266            | 657,389            | 582,925            | 519,695            | 427,146            | 333,129            |
| Insurance Provision - Non- Life             | 32,482,435         | 17,018,713         | 16,713,157         | 15,573,919         | 15,227,333         | 13,033,217         | 12,470,431         | 12,353,210         | 11,887,150         | 11,660,029         |
| Other Liabilities                           | 43,406,752         | 33,940,017         | 33,829,651         | 29,516,212         | 24,914,400         | 18,144,556         | 16,116,838         | 13,215,683         | 11,957,724         | 13,078,621         |
| Total Liabilities                           | 277,935,818        | 231,647,969        | 207,887,606        | 179,784,955        | 159,608,427        | 137,718,187        | 124,519,931        | 113,283,438        | 105,141,427        | 102,142,541        |
| <b>Total Equity and Liabilities</b>         | <b>390,335,098</b> | <b>332,113,082</b> | <b>299,724,695</b> | <b>261,680,256</b> | <b>232,338,365</b> | <b>201,139,763</b> | <b>179,900,040</b> | <b>160,932,459</b> | <b>144,544,327</b> | <b>130,764,524</b> |
| <b>Long Term - Supplemental</b>             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Assets</b>                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Intangible Assets                           | 135,987            | 193,120            | 260,235            | 317,695            | -                  | 362,838            | 349,627            | 37,358             | 56,950             | 2,759              |
| Property, Plant and Equipment               | 15,124,208         | 13,721,111         | 12,999,402         | 12,031,022         | 9,343,481          | 9,280,573          | 9,401,315          | 7,567,806          | 7,371,482          | 7,068,634          |
| Investments                                 | 244,260,064        | 222,508,618        | 198,100,434        | 165,906,315        | 117,580,700        | 133,707,835        | 116,918,311        | 103,744,946        | 92,264,056         | 84,220,630         |
| Other Assets                                | 27,503,339         | 15,014,304         | 13,355,197         | 13,276,908         | 4,101,192          | 7,450,140          | 6,542,149          | 6,709,280          | 6,402,007          | 5,166,066          |
| Total Assets                                | 287,023,598        | 251,437,153        | 224,715,268        | 191,531,940        | 131,025,373        | 150,801,386        | 133,211,402        | 118,059,390        | 106,094,495        | 96,458,089         |
| <b>Liabilities</b>                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Insurance Provision - Life                  | 200,960,111        | 180,895,714        | 157,768,305        | 134,885,839        | 119,634,780        | 106,737,377        | 96,204,089         | 88,049,202         | 81,723,759         | 77,925,114         |
| Unit linked Fund and Other Funds            | 1,086,521          | 647,877            | 661,232            | 663,337            | 686,266            | 657,389            | 582,925            | 519,695            | 427,146            | 33,129             |
| Equity and Other Liabilities                | 84,976,966         | 69,893,562         | 66,285,731         | 55,982,764         | 10,704,327         | 43,406,620         | 36,424,389         | 29,490,493         | 23,943,590         | 18,199,846         |
| Total Liabilities                           | 287,023,598        | 251,437,153        | 224,715,268        | 191,531,940        | 131,025,373        | 150,801,386        | 133,211,403        | 118,059,390        | 106,094,495        | 96,458,089         |
| <b>Investor Information</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Return on Net Assets                        | 9.82               | 9.86               | 12.26              | 20.71              | 17.99              | 19.50              | 20.83              | 24.18              | 24.36              | 21.43              |
| Net Assets Per Share - Group                | 4,026.73           | 3,635.94           | 3,334.51           | 2,976.41           | 2,657.10           | 2,313.07           | 2,008.60           | 1,732.34           | 1,428.90           | 1,024.83           |
| Net Assets Per Share - Company              | 727.85             | 710.53             | 695.58             | 682.76             | 668.30             | 652.39             | 679.19             | 666.32             | 653.09             | 639.98             |
| <b>Market Price Per Share 31st December</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Voting                                      | Rs.                | 3,200.00           | 3,000.00           | 2,450.00           | 2,249.50           | 1,997.80           | 1,986.90           | 1,990.00           | 1,597.00           | 1,490.00           |
| Non - Voting                                | Rs.                | 1,796.50           | 1,375.00           | 820.00             | 1,026.75           | 1,197.00           | 1,021.80           | 840.00             | 825.10             | 730.00             |
| Earnings Per Share                          | Rs.                | 395.56             | 358.51             | 408.67             | 478.66             | 368.58             | 323.45             | 317.76             | 306.21             | 176.00             |
| Price Earnings (times) - Voting             | Rs.                | 8.09               | 8.37               | 6.00               | 4.70               | 6.10               | 5.69               | 6.14               | 6.26               | 8.47               |
| Price Earnings (times) - Non Voting         | Rs.                | 4.54               | 3.83               | 2.00               | 2.10               | 3.25               | 2.91               | 2.60               | 2.69               | 4.15               |
| Market Capitalisation                       | Rs.Mn              | 75,523.61          | 68,815.00          | 54,259.00          | 51,575.07          | 52,673             | 46,510             | 45,126             | 45,894             | 37,233             |
| Dividend Per Share                          | Rs.                | 51.00              | 51.00              | 48.00              | 45                 | 42                 | 40.00              | 35.00              | 31.50              | 27.50              |
| <b>Employee Information</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Revenue Per Employee                        | Rs.Mn              | 23,055             | 22,165             | 24,744             | 20,446             | 15,777             | 14,881             | 15,13              | 12,71              | 11,94              |
| Net Profit Per Employee                     | Rs.'000            | 2,667              | 2,504              | 4,201              | 4,322              | 3,856.61           | 3,169.90           | 3,182.95           | 2,845.15           | 3,403.64           |
| Number of Employees                         | Nos.               | 4,321              | 4,115              | 3,561              | 3,767              | 3,842              | 3,758              | 3,472              | 3,889              | 3,546              |

## SHARE INFORMATION

|                                 | 31-Dec-25 | 31-Dec-24 |
|---------------------------------|-----------|-----------|
| <b>Net Assets Per Share</b>     |           |           |
| Book Value                      | 4,027     | 3,636     |
| <b>Earnings</b>                 |           |           |
| Earnings Per Share              | 396       | 359       |
| P/E (Voting)                    | 8.1       | 8.4       |
| P/E (Non-Voting)                | 4.5       | 3.8       |
| <b>Dividends</b>                |           |           |
| Interim & Final Dividend        | 51.00     | 51.00     |
| <b>Share Price (LKR)</b>        |           |           |
| <b>Voting</b>                   |           |           |
| High                            | 4,000.00  | 3,200.00  |
| Low                             | 2,800.25  | 2,100.00  |
| Last Transaction                | 3,200.00  | 3,000.00  |
| <b>Non-Voting</b>               |           |           |
| High                            | 2,250.00  | 1,445.00  |
| Low                             | 1,200.00  | 780.00    |
| Last Transaction                | 1,790.00  | 1,375.00  |
| <b>Share Trading</b>            |           |           |
| <b>Voting</b>                   |           |           |
| No. of Transactions             | 1,600     | 671       |
| No. of Shares Traded            | 1,297,902 | 566,968   |
| Value of Shares Traded (LKR Mn) | 4,294.90  | 1,633.74  |
| <b>Non-Voting</b>               |           |           |
| No. of Transactions             | 3,581     | 3,480     |
| No. of Shares Traded            | 771,014   | 2,260,569 |
| Value of Shares Traded (LKR Mn) | 1,183.22  | 1,940.53  |
| <b>Days Traded</b>              |           |           |
| Total No. of Market Days        | 238       | 240       |
| <b>Voting</b>                   |           |           |
| No. of Days Traded              | 207       | 136       |
| % of Market Days Traded         | 87%       | 57%       |
| <b>Non-Voting</b>               |           |           |
| No. of Days Traded              | 230       | 225       |
| % of Market Days Traded         | 97%       | 94%       |
| <b>Market Capitalisation</b>    |           |           |
| Total Market Cap (LKR Mn)       | 8,068,624 | 5,695,560 |
| <b>Voting</b>                   |           |           |
| Value (LKR Mn)                  | 64,000    | 60,000    |
| % of Market                     | 0.79%     | 1.05%     |
| <b>Non-Voting</b>               |           |           |
| Value (LKR Mn)                  | 11,524    | 8,815     |
| % of Market                     | 0.14%     | 0.15%     |
| <b>Price Movements</b>          |           |           |
| CSE ASPI Index                  | 22,624.31 | 15,944.61 |
| S&P SL20 Index                  | 6,157.38  | 4,862.10  |
| CINS.N0000                      | 3,200.00  | 3,000.00  |
| CINS.X0000                      | 1,790.00  | 1,375.00  |

# GLOSSARY OF FINANCIAL & INSURANCE TERMS

## 1. ACQUISITION EXPENSES

All expenses which vary with and are primarily related to the acquisition of new insurance contracts and the renewal of existing insurance contracts.

## 2. ACTUARY

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

## 3. ADMISSIBLE ASSETS

Assets that are included in determining an insurer's statutory solvency margin, specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.

## 4. CLAIMS

The amount payable under a contract of insurance arising from 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.

## 5. 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.

## 6. CLAIMS INCURRED BUT NOT REPORTED (IBNR)

A Reserve to cover the expected cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.

## 7. COMMISSION

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.

## 8. DEFERRED ACQUISITION EXPENSES / DEFERRED ACQUISITION EXPENSE RESERVE

Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.

## 9. EARNED PREMIUM

Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.

## 10. EARNINGS PER SHARE

Net Profits of the Company after tax divided by the Number of Ordinary shares in issue.

## 11. GROSS CLAIMS RESERVE

The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated ultimate cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.

## 12. GROSS WRITTEN PREMIUM

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

## 13. INSURANCE

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, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

## 14. INSURANCE CONTRACT LIABILITIES

Life Due to the long-term nature of life insurance business, life insurers are required to maintain a separate fund to meet future policyholder obligations.

This fund is known as 'Insurance Contract Liabilities - Life', or more commonly as 'Life Fund'. An actuarial valuation is performed at each year end to determine the size of the fund necessary in comparison to the assets maintained out of the fund. Any excess of assets over the policy liabilities of the fund, known as the 'Life Surplus', is transferred to the shareholders' funds of the company

Unit Linked "These items represent the balances of the other separately identifiable funds, in addition to the Life Fund, maintained by a life insurer." Insurance Contract Liabilities-Family Takaful Individual Investment Fund ISF

## 15. INSURANCE PROVISION

Long-Term The fund to be maintained by an insurer in respect of its life insurance business in accordance with the Regulation of the Insurance Industry Act No. 43 of 2000

This comprises of the gross claims reserve unearned premium reserve net of re-insurance and the deferred acquisition expenses

## 16. NET COMBINED RATIO

This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio.

## 17. NET EARNED PREMIUM

Gross Written Premium adjusted for the reinsurance incurred and for the increase or decrease in Unearned Premium.

## 18. NET EXPENSE RATIO

A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium.

### Formula:

|   |
|---|
| Acquisition and Other Operating and Administrative Expenses |
| Net Earned Premium  |

## GLOSSARY OF FINANCIAL & INSURANCE TERMS

### 19. NET LOSS RATIO

A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

**Formula:**

|                     |
|---------------------|
| Net Claims Incurred |
| Net Earned Premium  |

### 20. NET ASSETS PER SHARE

Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.

### 21. NET WRITTEN PREMIUM

Gross Written Premium less reinsurance premium

### 22. NET CLAIMS INCURRED

Claims incurred less reinsurance recoveries.

### 23. NON LIFE INSURANCE

Non Life Insurance and General Insurance have the identical meaning.

### 24. POLICY

The printed document issued to the policyholder by the Company stating the terms of the insurance contract.

### 25. PREMIUM

The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.

### 26. REINSURANCE

A method of insurance arranged by insurers to share the exposure of risks accepted.

### 27. REINSURANCE COMMISSION

Commission received or receivable in respect of premium paid or payable to a reinsurer.

### 28. REINSURANCE PREMIUM

The premium payable to the reinsurer.

### 29. RETURN ON SHAREHOLDERS' EQUITY

Profits after tax divided by the Capital employed as at Balance Sheet date.

### 30. RETURN ON TOTAL ASSETS

Profits after Tax divided by Total assets attributable to Shareholders.

### 31. RISK BASED CAPITAL (RBC)

An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.

### 32. UNDERWRITING RESULT

This is the profit generated purely from the Non life Insurance business without taking into account the investment income and other non- technical income and expenses.

### 33. UNEARNED PREMIUM/ UNEARNED PREMIUM RESERVE

It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.

### 34. LIFE FUND SURPLUS

The excess of the assets over the liabilities as determined by the actuary and after the distribution of dividends to policyholders.

# NOTICE OF MEETING

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Shareholders of the Company will be held on 19th May 2026 at 10.30 a.m. at the Auditorium - Level 7, ICBT Building, No. 36, De Krestler Place, Bambalapitiya, Colombo 04 and the business to be brought before the meeting will be :

## ORDINARY BUSINESS

1. To read the Notice convening the meeting.
2. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st. December, 2025 and the Report of the Auditors thereon.
3. To declare a Dividend for the year ended 31st. December, 2025
4. To re-elect Mr. Namasivayam Vasantha Kumar, who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
5. To re-elect Mr. Upali Witharana who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
6. To re-elect Mr. Palitha Abeysekera Jayawardena who retires by rotation at the Annual General Meeting, in terms of Article 95, as a Director.
7. To re-elect Dr. Watuthanthrige Chakrine Jagath Alwis who retires by rotation at the Annual General Meeting in terms of Article 95, as a Director.
8. To re-elect Mr. Ajith Rohan Gunawardena, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :  
"Resolved that Mr. Ajith Rohan Gunawardena who has reached 70 years of age in February 2026 be re-elected as a Director of the Company and it is specifically declared that
- the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Ajith Rohan Gunawardena."
9. To re-elect Mr. Rajkumar Renganathan, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice has been given pursuant to Sections 210 and 211 of the Companies Act No. 07 of 2007 of the intention to propose the following resolution as an ordinary resolution :  
"Resolved that Mr. Rajkumar Renganathan who will be 73 years of age in December, 2026 be re-elected as a Director of the Company and it is specifically declared that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Rajkumar Renganathan."
10. To re-elect Mr. James Heshan Ranier Peiris who was appointed to the Board in terms of Article 87, as a Director.
11. To authorise the Directors to determine payments for charitable purposes for the year 2026.
12. To re-appoint Auditors and authorise the Board of Directors to determine their remuneration.
13. To transact any other business of which due notice shall be given.

By Order of the Board of  
Ceylinco Holdings PLC



**Mrs. Nilika Abhayawardhana**  
Company Secretary

26th March 2026

## Note :

Any shareholder unable to attend the Meeting may appoint another to attend and vote for him and such proxy need not be a shareholder of the Company.

The completed Form of Proxy should be deposited at the Head Office of the Company, "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1, before 10.30 a.m. on 17th May 2026. A Proxy drop box is also available at Ground floor of the Ceylinco House.

Shareholders/Proxyholders should bring with them their National Identity Card or any form of valid identification when attending the Meeting.

# CORPORATE INFORMATION

## REGISTERED OFFICE

"Ceylinco House"  
No. 69, Janadhipathi Mawatha,  
Colombo 1, Sri Lanka.

## COMPANY WEBSITE

www.ceylincoholdings.com

## COMPANY REGISTRATION NUMBER

PQ 24

## LEGAL FORM

A Quoted Public Company with limited liability, incorporated in Sri Lanka in 1987.

## MAIN PLACES OF BUSINESS

### LIFE INSURANCE

"Ceylinco Life Tower", No. 106, Havelock Road, Colombo 5, Sri Lanka.  
Telephone : 2461000  
Call Centre : 2461461 (Hotline)  
Fax : 2555959  
E-mail : service@ceylife.lk  
Website : www.ceylincolife.com

### GENERAL INSURANCE

"Ceylinco House",  
No. 69, Janadhipathi Mawatha,  
Colombo 1, Sri Lanka.  
Telephone : 2485757-9  
Call Centre : 2393939  
Fax : 2485701  
E-mail : ceylincoinsurance@ceylins.lk  
Website : www.ceylinco-insurance.com

## THE STOCK EXCHANGE LISTING

The Ordinary Shares (Voting and Non Voting) of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

## PRINCIPAL ACTIVITIES

Management of Investment, Insurance Operations, Health Care Operations, Education and Power Generation.

## AUDITORS

Ernst & Young, Chartered Accountants,  
"Rotunda Towers"  
No. 109, Gall Road,  
PO BOX 101, Colombo 03, Sri Lanka.

## CONSULTING ACTUARIES

### LIFE INSURANCE

Willis Towers Watson India Private Ltd.,  
Registered Office:  
7th Floor, Emaar Capital Tower II  
Sector 26 Sikanderpur, MG Road,  
Gurugram – 122022 Haryana, India

### GENERAL INSURANCE

M/s. K. A. Pandit Consultants & Actuaries,  
2nd Floor - "Churchgate House",  
Veer Nariman Road, Fort, Mumbai -  
400 001, India.

## BOARD OF DIRECTORS

**Mr. A.R. Gunawardena** F.C.I.C., Honorary Fellow - ICBT Campus, Associate Collage of Cardiff Metropolitan University, U.K. Executive Chairman / Chief Executive Officer (Executive Director)

**Mr. R. Renganathan** F.C.A., F.C.M.A. (Non-Executive Deputy Chairman)

**Mr. H.D.K.P. Alwis** F.C.I.C. Executive Director/Chief Operating Officer- General Insurance & Subsidiaries

**Mr. E.T.L. Ranasinghe** M.B.A., (Sri J.), Executive Director/Chief Operating Officer- Life & Subsidiaries

**Mr. T.N.M. Peiris** B.A. (Econ.) (Hons.), F.C.A., F.C.M.A., F.C.I.C. Executive Director (Finance) / Head of Finance

**Mr. U. Witharana** F.C.A., M.B.A., F.C.M.A. Executive Director/Chief Financial Officer

**Dr. W.C.J. Alwis** B.Sc., F.I.I.I., F.C.I.I. (Lond.), F.I.o.D. (U.K.) Executive Director

**Mr. P.D.M. Cooray** LUTCF (U.S.A.), C.I.A.M., C.I.I. (AWARD) Executive Director/Head of Training

**Mr. S.R. Abeynayake** F.C.A., M.B.A. (Sri J.), F.C.M.A. (Non-Executive Director)

**Mr. P.A. Jayawardena** F.C.A., F.C.M.A. (Non-Executive Director)

**Mr. Takashi Kishi** (Non-Executive Director)

**Mr. N. Vasantha Kumar** M.B.A. ("Independent" Non-Executive Director)

**Mr. Visvajit Gerald De Alwis** ("Independent" Non-Executive Director) Resigned w.e.f. 31.12.2025

**Mr. George Deepal Nelson** ("Independent" Non-Executive Director)

**Mr. Dilkushan Ranil Pieris Goonetilleke** F.C.M.A. ("Independent" Non-Executive Director)

**Mr. Chrisan Mahesh Fernando** MBA (Marketing), C.P.M. ("Independent" Non-Executive Director)

**Mr. J.H.R. Peiris** M.B.A., F.C.M.A., C.G.M.A. ("Independent" Non-Executive Director) Appointed w.e.f. 01.01.2026

## COMPANY SECRETARY

Mrs. Nilika Abhayawardhana  
A.C.I.S. (U.K.) A.C.C.S (S.L.)

## BANKERS

Bank of Ceylon  
Cargills Bank PLC  
Commercial Bank of Ceylon PLC  
DFCC Bank  
DFCC Vardhana Bank  
Hatton National Bank PLC  
Housing Development Finance Corporation  
National Development Bank PLC  
National Savings Bank  
Nations Trust Bank PLC  
Pan Asia Banking Corporation PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Standard Chartered Bank  
State Mortgage and Investment Bank  
Union Bank of Colombo PLC

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