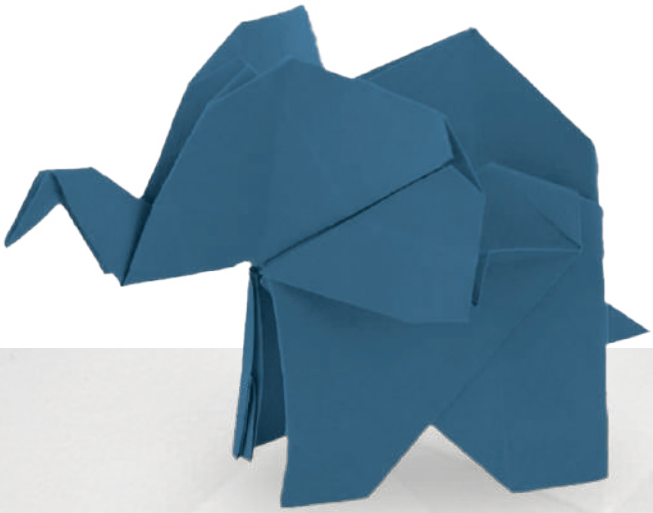
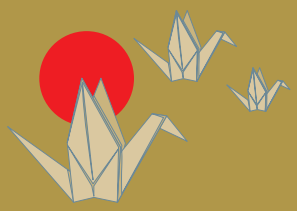


FOLDS OF VALUE







Origami

Paper was first introduced to Japan in the 7th century, and soon after, the Japanese began to fold paper for decorative purposes and as tools for religious ceremonies. Origami animals began to take on symbolic meanings, and were soon used as gifts and adornments at weddings and at other life-changing ceremonies. The beauty of origami lies in what it represents – precision, innovation and transformation. Basic folds coalesce to form intricate shapes and patterns, leading to the art form that is revered and exalted around the world today.



Origami is an ancient art built around conjuring countless possibilities from a single sheet of paper. The origami elephant is a symbol of perseverance; the bird symbolises happiness and the koi fish is a representation of good fortune – all things that inspire us and that we provide to those we serve. Inspired by this traditional art form, the pages that follow detail how Union Assurance PLC is creating a whole new world of value designed for the future.



FOLDS OF VALUE

"Real value means people value-and creating value really means helping people choose better lives." – Oliver DeMille

At Union Assurance PLC, we believe that real value is found where people are transformed, and where people harness their power to change their future. Over the years, we have, in service of our goal to enhance the lives of people, driven innovation forward and sought new opportunities for growth. This has enabled us to become an integral part of Sri Lanka's socio-economic development as the country's first private insurer.

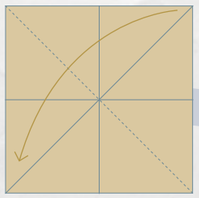
In the year under review, we have thrived, thanks to our "value over volume" approach to operational excellence. Across the year, we have provided multifaceted folds of value to our customers, while endeavouring to create a whole new world of value where it may not usually be found.

With a vision to transform every life in Sri Lanka for the better, we forge ahead, focusing on delivering technological and ideological advancements that will continue to place us at the forefront of our industry.

These folds of value, take us forward.

UNION ASSURANCE
A JOHN KEELLS COMPANY

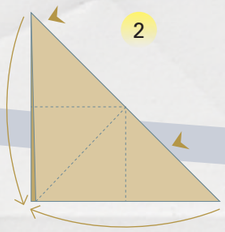
UNFOLDING DECADES OF VALUE



1

1988

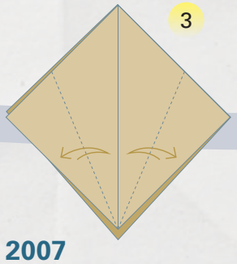
Listed on the Colombo Stock Exchange.



2

2006

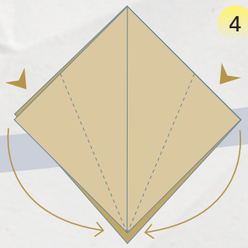
Achieved the milestone of Rs. 6 Bn of Life Fund, in the 20th year of operations.



3

2007

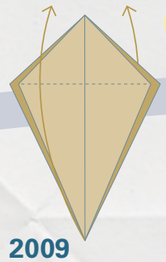
Launched Union Pay Easy, the country's first automated payment system and SMS support facility for motor claims.



4

2008

Launched a web based Motor Insurance Policy where customers could print their policy at anytime.



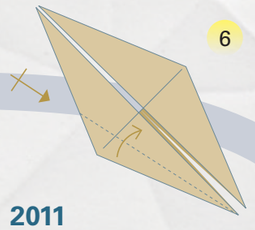
5

2009

John Keells Holdings PLC gained an 81% stake in the Company.

The brand was repositioned on a platform of Trust.

Expanded Bancassurance distribution channel.

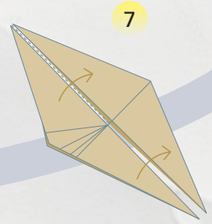


6

2011

Launched the first trilingual website in the insurance industry.

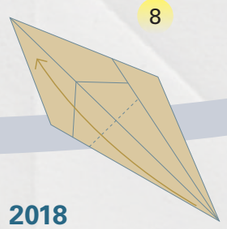
Introduced the SAP Financials to integrate the core business activities with financial reporting.



7

2015

Segregated Life and Non-Life businesses and divested 78% of the Non-Life business to Fairfax Asia Limited.

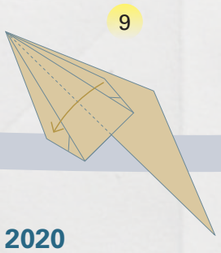


8

2018

A state-of-the-art, web based policy administration system was implemented.

Forbes Asia Ranked the Company in "Best Under A Billion List".

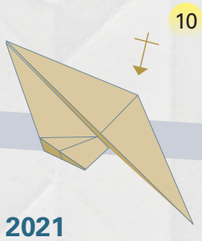


9

2020

The new Company brand and logo was launched.

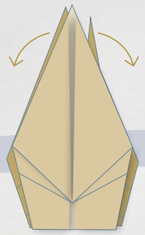
Introduced Clicklife, a self-servicing App.



10

2021

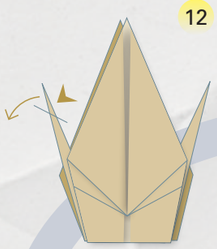
Premier Agency, a high calibre agent grooming platform was launched.



11

2022

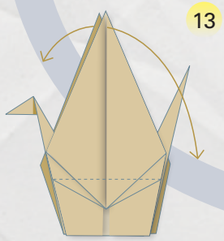
Expanded Banca Partnerships to be the leader in Bancassurance in the industry.



12

2023

Launch of **e-policy and policy certificate**

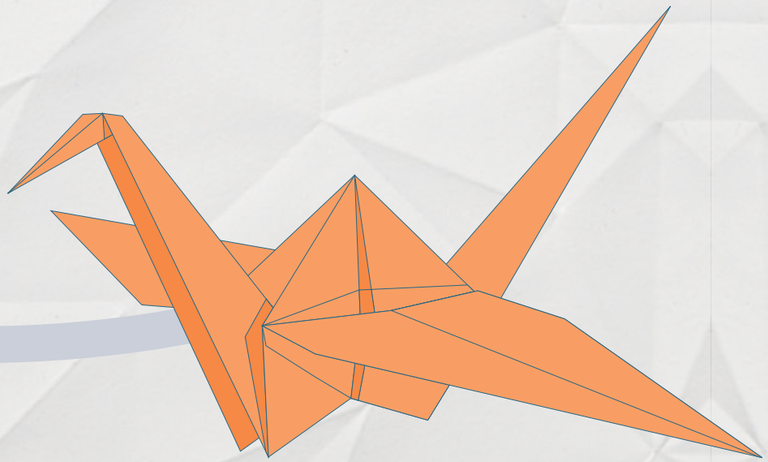


13

2024

Total Assets Crossed Rs. 100 Bn.

Industry-First Financial Underwriting Automation System.









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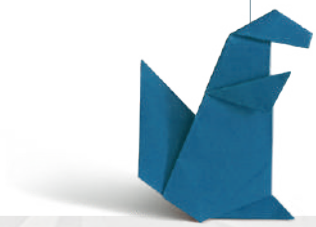
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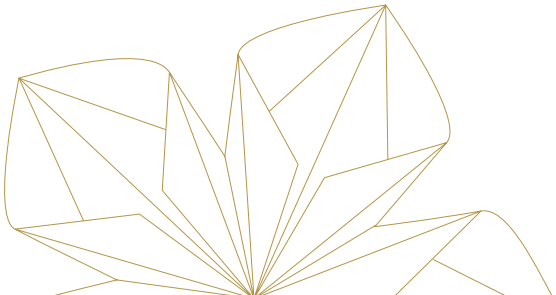
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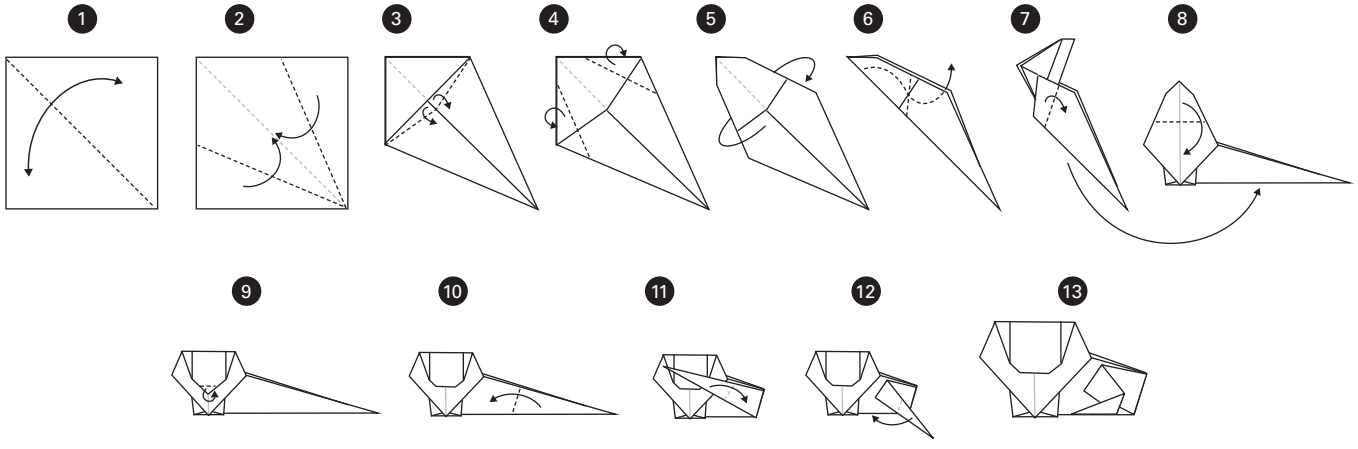


The lion, in origami culture, is a powerful symbol of prestige and resilience. While the origin of the papered lion is complex, its folds capture the essence of the dynamic king of the jungle – silent in its strength and firm in its power. Like the lion, Union Assurance PLC forges ahead with resilience and with the strength to overcome any adversity that lies in our path



FOLDS OF POWER

UNION ASSURANCE AT A GLANCE



ABOUT THE REPORT

GRI 2-27

This Integrated Annual Report provides a comprehensive overview of Union Assurance PLC's ("the Company") performance during the financial year ending 31 December 2024. The report details our value creation process and strategies and presents relevant information across financial, social, environmental, and governance areas within the context of our operating environment. Furthermore, we offer our forward-looking perspective and share our aspirations for the future, acknowledging that these could be shaped by the economic realities of the ensuing year.

Scope and Boundary

This Annual Report details the Company's operations, building upon our previous report for the financial year ending 31 December 2023. Our reporting encompasses the risks and opportunities arising from our business strategy and diverse stakeholders. We aim to manage these complex business relationships and focus on material matters that define our success, which are:



Reporting Improvements During FY 2024

1. Regulatory Compliance:

- Full GRI and SASB disclosures are tagged for streamlined identification.
- Our approach to adopting SLFRS S1 and S2 standards is clearly outlined, ensuring transparency and alignment with evolving reporting requirements.
- The financial section reflects revisions mandated by updated accounting standards, ensuring accuracy and compliance.
- Ensured full compliance with the revised Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance.
- Content from the Corporate Governance Code of Best Practice issued by Chartered Accountants of Sri Lanka (CA Sri Lanka) is integrated to reflect adherence to standards of governance.

2. Content Enhancement & Strategic Communication:

- The strategy section is expanded with detailed explanations and future target projections, providing a comprehensive understanding of our long-term vision.
- The report incorporates our ESG framework and clarifies Group directions on adoption and integration, demonstrating our commitment to sustainable practices.
- The business model section is revamped with insightful analysis of past trends, providing a dynamic and contextualised overview.

3. Report Structure & Usability:

- Cross-referencing throughout the report to minimise duplication.
- Hyperlinks to facilitate seamless navigation and enhance the overall user experience.

4. Dissemination & Engagement:

- A compelling "Annual Report 2024 Reveal" video, highlighting this year's theme and key accomplishments, will be shared across our social media platforms to maximise reach and engagement.

GRI 2-2, 2-3, 2-4, 2-5, 2-27

Reporting Frameworks

We use the combined assurance model to ensure the reliability and integrity of our reporting and the effectiveness of the underlying data management processes.

The Regulation	Internal Assurance	External Assurance
Financial Reporting, Governance, Risk Management and Operations		
Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)	Reporting to Board Audit and Compliance Committee (BACC) Internal Audit The internal control mechanisms Strong Governance framework and compliance with regulatory guidelines	An Independent Auditor confirming the accuracy of the Annual Financial Statements Refer pages 228 to 231 An Independent Actuary confirming the Life Fund Valuation and Liability Adequacy Refer page 226
Listing Requirements of the Colombo Stock Exchange and subsequent revisions to date		
Code of Best Practice on Corporate Governance issued by ICASL		
Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)		
Laws and regulations of the Companies Act No. 7 of 2007		
Insurance Industry Act No. 43 of 2000 and subsequent amendments to date		
Guidelines, Determinations, Circulations, Rules and Regulations issued by the IRCSL		
Integrated Reporting		
International<IR> Framework of the International Integrated Reporting Council (IIRC)		An Independent Assurance engagement on Integrated Reporting Refer pages 341 to 342
The guidelines for presentation of Annual Reports 2022 issued by the ICASL		
A Preparer's Guide to Integrated Corporate Reporting issued by the ICASL		
Handbook on Integrated Corporate Reporting issued by the ICASL		
Sustainability Reporting		
Global Reporting Initiative (GRI) Sustainability Reporting Standards	Sustainability reporting assessment by the Group Sustainability Reporting System Carbon footprint assessment	An Independent Assurance engagement for specific financial and non-financial sustainability indicators Refer pages 338 to 340
United Nations Sustainable Development Goals		
Environmental, Social and Governance (ESG) disclosures through the framework and operations in conformity with the Principles of the United Nations Global Compact		
Disclosure on Gender Parity Reporting issued by the ICASL		
Sustainability Accounting Standards Board (SASB) Standards		

Disclaimer for the Publication of Forward - Looking Statements & Data

This report includes forward-looking statements regarding the Company's potential future performance and prospects. These statements are not guarantees of future results and are subject to various risks and uncertainties, including unforeseen events, volatile economic and political conditions, and other factors beyond our control. Actual outcomes may differ significantly from current expectations. The reader is advised to seek expert professional advice in all such aspects.

Approval by the Board

The Board acknowledges its responsibility of confirming the integrity of this integrated report.

The Board has critically evaluated the assurances obtained and is satisfied that there is an adequate and effective control environment to ensure the completeness of the information.

The Board is also of the view that, to the best of its knowledge and belief, the integrated report addresses all issues material to the stakeholder decision making as explained by the Company value creation process. This report was approved by the Board of Directors of Union Assurance PLC on 28 February 2025.

K N J Balendra
Chairperson

S Rajendra
Director

Keells Consultants (Pvt) Ltd
Secretaries

28 February 2025

ABOUT THE REPORT

GRI 2-3

Navigating the Report

To enhance the user experience and facilitate navigation in line with the <IR> principle of connectivity of information, we have incorporated the following navigation icons throughout this report.

Financial Capital
Driving Growth Through Financial Management

Manufactured Capital
Investing in Our Operational Footprint

Human Capital
Our People: The Foundation of Our Success

Natural Capital
Contributing to a Sustainable Future

Social and Relationship Capital
Creating Shared Value: Strong Relationships, Sustainable Growth

Intellectual Capital
Harnessing the Power of Intangible Assets

Feedback & Inquiries

We are committed to improving our reporting practices continuously and welcome any feedback that will enhance the value of our future reports. Please forward your suggestions and comments to:

Himani Weerasekera
Chief Financial Officer,
Union Assurance PLC,
No 20, St. Michael's Road,
Colombo 03
Sri Lanka



This Annual Report is available on our website

www.unionassurance.com

Simply scan the QR code to connect instantly on your smartphone

Visit our social media pages to view the highlights video of the Annual Report

facebook.com/unionassurance

instagram.com/unionassuranceplc

linkedin.com/company/union-assurance-plc

youtube.com/UnionAssurance



KEY HIGHLIGHTS

GRI 2-6, 2-7, 201-1

'Most Innovative Life Insurance Service Provider Sri Lanka–2024'
-Gazet International Annual Awards-

'Most Digitally Forward Life Insurer– 2024'
-Global Brands Magazine Awards-

'Most Loved Insurer Brand Sri Lanka–2024'
-World Economic Magazine Awards-

'Best Digital Life Insurer – Sri Lanka 2024'
-Global Business & Finance Magazine Awards-



Value Created to Our Policyholders

12%
Policyholder Dividend

Rs. 6.7 Bn
Paid in Claims

Industry-First Financial Underwriting Automation System for Faster Customer Service

Industry-First to Enable App Based Product Purchases

Industry-First to Launch Digital Loyalty Rewards Programme

Wealth Created to Our Shareholders

54%
Growth in Share Price

8%
Shareholder Dividend Yield

Rs. 3 Bn
Recurrent Business Profit

Rs. 36 Bn
Market Capitalisation

Commitment to Our Communities

16,000+
Lives Impacted by Our Flagship CSR Initiative 'Suwamaga' Diabetes Prevention Programme

"Circle of Well-Being" Talk Show to Enhance Public Knowledge on Financial Literacy and Inclusion

HOPE Initiative Touched Over 800 School Children in Local Communities

Empowerment to Our Employees

Rs. 1.8 Bn
Employment Benefit Expenses

Launched Ground Breaking Women's Empowerment Initiative **'GROW'**

Career Advancements for **12%** of the Staff

Launch of **SHIFT,** Structured Leadership Development Programme

ABOUT US

GRI 2-6

Who We Are

Established in 1987 as Sri Lanka's pioneering private insurer, we have been an integral part of our nation's economic and social progress. For nearly four decades, we have navigated challenges and celebrated milestones alongside the people of Sri Lanka, remaining a steadfast partner in their journey.

Our vision is to empower progress for all Sri Lankans. We achieve this by making life insurance accessible nationwide, offering comprehensive solutions tailored to meet diverse needs at every stage of life – from protection and retirement to health, investment, and education. We are committed to fortifying the financial, emotional, and physical well-being of all, believing that this is essential for individual and national advancement. Our purpose is to extend our strength through innovative and personalised solutions, supported by a dynamic sales force, the largest social media presence, and cutting-edge technology.

Our Strength



329,000+
Lives Protected

737
Employees

94
Branches Across Sri Lanka

3,000+
Field Sales Force including IROs

Rs. 77.5 Bn
Life Fund

264%
Capital Adequacy Ratio

#1
PR RANKING
Advertising Value Equivalent

How We Are Different

Our Vision

Empowering Human Progress by Protecting What Matters

Our Purpose

Protecting Lives and Enriching Well-being

Our Environmental Statement

We extend our commitment to environmental stewardship and pollution prevention, by continuously striving to meet or surpass all environmental regulatory requirements. Moreover, we focus on purchasing products with greater recycled content, reducing toxicity, and minimal packaging, to reduce our reliance on natural resources. Our green initiatives reflect our commitment to preserving the environment and minimising our carbon footprint through the efficient use of vehicles and machinery.

Our Social Statement

We envision empowering individuals on their unique paths to progress. Accordingly, we make life insurance more accessible to provide the strength and confidence needed to thrive in all aspects of life. We believe this individual empowerment drives national development and contributes to the economic and social progress of our nation. Our purpose is to protect lives and enhance the financial, emotional, and physical well-being of everyone, empowering progress for all.

GRI 2-6

Our Driving Forces

Agency

39,500+
New policies sold

193
MDRT qualifiers (COT 18, TOT 5)

59%
LIMRA 13 month persistency

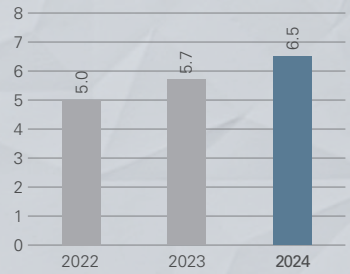
How Our Agency Excels:

- Established for strategic growth.
- Recognises and rewards top-performing agents.
- A scheme in place to accelerate earnings for newly recruited agents.
- Offers the most comprehensive reward and recognition programme in the industry.

Agency Achievements:

- Achieved one of the highest numbers of Million Dollar Round Table (MDRT) qualifiers in the industry.
- Celebrated record-breaking wins at the 15th National Forum for Life Insurance Advisers Conference (NAFLIA).

Agency ANBP
(Rs. Bn)



Bancassurance

5,000+
New policies sold

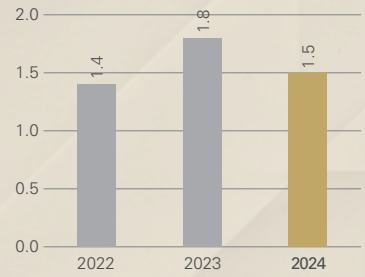
78
MDRT qualifiers (COT 16, TOT 2)

68%
LIMRA 13 month persistency

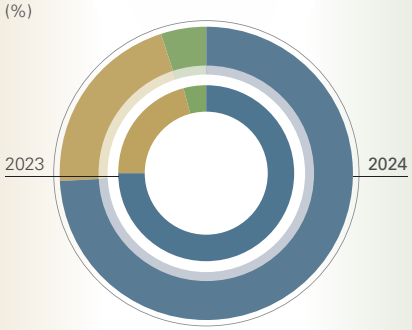
Banca Excellence:

- Offers attractive reward and recognition criteria within the industry.
- Won two outstanding Gold Awards at the 15th National Forum for Life Insurance Advisers Conference (NAFLIA).

Banca ANBP
(Rs. Bn)



GWP Contribution of Channels
(%)



	2024	2023
Agency	74.6%	75.2%
Banca	20.7%	20.9%
Alternate	4.7%	3.9%

Alternate Channel

305
Grouplife & Surgical clients

6
MDRT qualifiers

6
Contractual partnerships

How Our Alternate Channel Excels:

- Offers Differentiated client value propositions.
- Digital self-servicing capability for corporate clients.
- Customer-centric digitalisation drive.

ABOUT US

GRI 2-6

How We Protect

Health Products



Providing assured care to support in times of need, so our customers always have the strength to progress.

- Health360
- Hospital Cash Benefit
- Smart Health Premier
- Hospital Cash Child
- Comprehensive Surgery Benefit
- Child Health Benefit

Education Products



Empowering the next generation of leaders, to drive our collective progress.

- Sisumaga +

Retirement Products



Supporting steady progress towards a lifetime of comfort, so customers can fully enjoy the rewards of their hard work.

- Pension Advantage

Group Life Products



Enabling corporates to be supportive and caring, nurturing employee well-being.

- Group Health Plus/Group Life

Investment Products



An opportunity to fulfil dreams, those which are in progress.

- Super Investor
- Single Premium Advantage
- Advantage Premier
- Smart Investor

Protection Products



Offering safety nets from uncertainty, so customer progress never stops.

- Advantage Starter
- Ultra Protect
- Loan Protector
- ClickLife
- Life Plus
- Smart Life

AWARDS AND RECOGNITIONS





1. Union Assurance Shines with Multiple Prestigious Global Awards, Recognising Innovation and Excellence

- 'Most Innovative Life Insurance Service Provider Sri Lanka–2024' by Gazet International
- 'Most Digitally Forward Life Insurer–2024' by Global Brands Magazine
- 'Most Loved Insurer Brand Sri Lanka–2024' by World Economic Magazine

2. Union Assurance Crowned as 'Best Digital Life Insurer of Sri Lanka 2024'

This prestigious recognition from Global Business & Finance Magazine Awards underscores the Company's leadership in revolutionising the Life Insurance sector through strategic digital advancements and a relentless focus on customer needs.

3. TAGS Awards - Bronze Award for the Insurance Sector

Demonstrating its commitment to transparency, accountability, and excellence at the TAGS Awards 2024, hosted by the Institute of Chartered Accountants of Sri Lanka, Union Assurance earned the Bronze Award in the Insurance Sector (Gross Premium Above Rs.10 Bn) and received certifications for Integrated Reporting and Corporate Governance Disclosure in Financial Services.

4. Union Assurance Triumphs with Record-Breaking Wins at the 15th National Forum for Life Insurance Advisers Conference (NAFLIA)

Union Assurance advisors and managers swept the leader boards in the National and Large Insurer categories. This remarkable achievement highlights the Company's unwavering commitment to customer centricity and its dedication to upholding the highest standards of conduct in the industry.

5. JKH Chairperson's Award for Disruptive Transformation

The Chairperson's Award for Disruptive Innovation recognises individuals and teams that use digital technology to transform processes, enhance user experiences, and drive meaningful impact. In 2024, the award was presented to Union Assurance's Life Operations - Underwriting Team for their Digital Transformation of the Underwriting Landscape.

6. Great Manager Award - 2023

Union Assurance was honoured with the prestigious award recognising its outstanding leadership and dedication to nurturing a high-performance culture. This accolade celebrates the Company's commitment to developing inspiring managers who empower their teams to achieve exceptional results, drive innovation, and deliver unparalleled customer service.

THE YEAR AT A GLANCE



January

Union Assurance PLC launches Unishipinternship programme in collaboration with Wayamba University to empower students



February

Union Assurance partners with Great Place to Work for ‘mastering greatness – a Brains and Brawn Challenge’



March

Union Assurance takes the lead as platinum sponsor of SLASSCOM's FIT HIT 2024, promoting wellness and well-being for Sri Lanka's IT/BPM professionals



April

Union Assurance breaks new ground with industry-first digital loyalty rewards programme to enrich customer well-being



August

Union Assurance introduced a new brand vision and brand purpose

Union Assurance PLC unveils SHIFT: A transformative leadership program to empower employees and shape future leaders



July

Launched the inaugural batch of mentors through " Nurture Network" mentoring program

Union Assurance launched the inaugural ceremony of the "Certified Financial Advisor Program" affiliated with SLIM



June

U Craft, a new initiative launched to empower young minds, foster innovation, and cultivate future entrepreneurs



May

Union Assurance tops rankings as the #1 Transparent Life Insurer in Sri Lanka



September

BLOG-IT 3.0: Celebrating three consecutive years of creativity with an impressive 1,100+ submissions



October

Union Assurance organised UA BRAINBLAST quiz competition to foster knowledge and teamwork



November

Union Assurance unveils ‘Suwamaga Mobile Screening Unit’ to create awareness on diabetes in Sri Lanka

UA Success Driver launch



December

UA held its annual ball and centre functions awards ceremony at Cinnamon Life City of Dreams

VALUE CREATING BUSINESS MODEL

GRI 201-1

Value Created Value Preserved

Our value creation framework is anchored on our core values, strategic framework and commitment to sustainability.

This framework illustrates how we leverage inputs, execute our business activities (processes), and generate outputs, ultimately leading to desired outcomes that create value across the short, medium, and long term.

Our Vision and Purpose

Our Inputs

Leveraging our resources and relationships

Financial Capital

Refer page 66

- Equity Rs. 24 Bn.
- Life fund Rs. 78 Bn.
- Financial investments Rs. 96 Bn.
- Total assets Rs. 109 Bn.

Manufactured Capital

Refer page 88

- Rs. 132 Mn investment in property, plant & equipment
- 10 new branches
- Digital infrastructure

Human Capital

Refer page 94

- Committed team of 737 employees
- Rs. 33 Mn investment in training and development
- Employee benefits & engagement
- Competitive remuneration

Natural Capital

Refer page 106

- Energy consumption 6,264 GJ
- Water consumption 17,919 m^3
- Waste management 1,556 Kgs

Social and Relationship Capital

Refer page 114

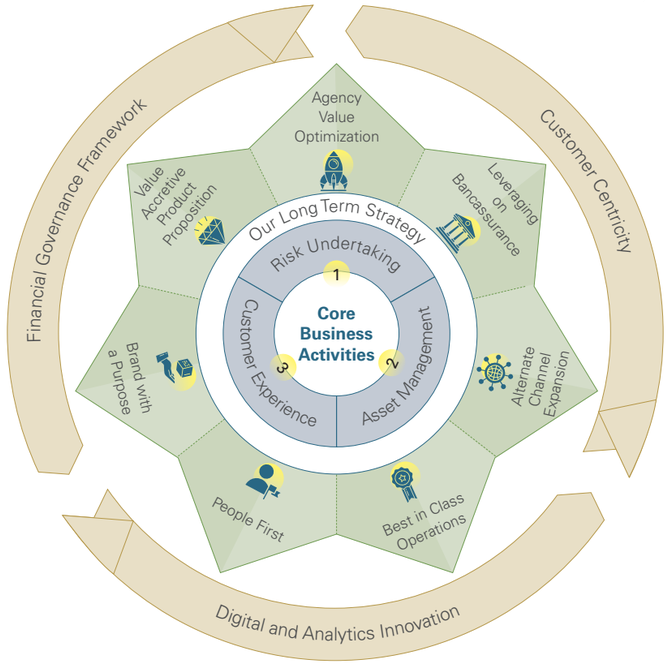
- 329,000+ Customer relationships
- Rs. 24 Mn investment in CSR
- Strong supplier relationships
- 2,800+ Agency salesforce
- 2 Exclusive Bancassurance partnerships

Intellectual Capital

Refer page 128

- Systems and processes
- Rs. 55 Mn invested in digital presence.
- Industry best practices
- 121 employees with over 10 years experience in UA

Our Core Functions and Enablers



1. Risk Undertaking

Underwriting and managing risk - Our core expertise lies in insuring and managing risk. By understanding, measuring, and modeling risks, we price them fairly and accurately leading to competitive premiums.

Reserves - The Company's actuarial department applies well-defined and prudent standards. The reserving process is backed by robust governance, including thorough and regular external reviews.

2. Asset Management

We invest premiums received from customers in a diverse portfolio of high-quality assets, including government and corporate bonds, as well as equities. Our asset management is aligned with our liabilities, ensuring we meet our obligations to policyholders. Our focus is then on generating consistent and sustainable excess returns for both our policyholders and shareholders, capitalising on the dynamics of the markets.

3. Customer Experience

Managing claims - We believe that sales, service, and claims are the key touchpoints where we interact with our customers. For us, the most valuable form of innovation is discovering new ways to serve our customers during these "moments of truth."

Digital touch points - We have made every effort to be accessible to our customers across multiple digital platforms, offering a faster and hassle-free experience. Our platforms are integrated to ensure a seamless journey for our customers.

Our Outputs

To achieve tangible outputs

Policyholder Surplus (Rs. Mn)

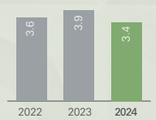


Rs. 6.35 ▼ Earning per share (EPS)

Rs. 61.9 ▲ Share price

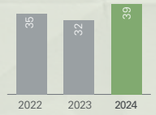
264% ▼ Capital Adequacy Ratio (CAR)

ROA (%)



94 Branches

Employee Turnover (%)

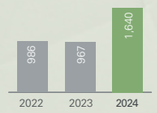


26 Hrs ▲ Training hours per employee

51:49 Female:Male Gender diversity ratio

26% ▲ Female employees in decision making roles

Carbon Footprint (tCO2e)

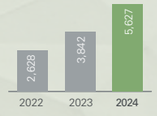


1,632m^3 ▼ Water treated

2,377kg ▼ Paper recycled

40 ▼ Trees saved

Payment to Suppliers (Rs. Mn)



277 ▲ MDRT achievers

84% ▼ Complaints resolution rate

93% ▼ One day claims settlement ratio

Straight Through Processing (STP) Rate (%)



#1 PR rank (AEV) position

3 New features added to Clicklife app

Compliance with ISO 27001:2013 information security management system

Our Outcomes

And deliver purpose-led outcomes

- Improved returns to policyholders
- Improved financial stability
- Improved financial strength
- Increased wealth creation

- Improved accessibility to customers
- Enhanced efficiency through automated process

- Loyal and motivated workforce
- Increased labour force participation of women
- Improved diversity within the workforce
- More employment opportunities

- Environmental protection
- Sustainable natural resource utilisation

- Improved customer experience
- Sustainable communities
- Strong supply chain
- Strong supplier relationships

- Enhanced brand visibility and reputation
- Industry Disrupter status with market leading innovation
- Ability to cater to dynamic customer needs

Stakeholders

To generate long-term stakeholder value outcomes

Corporate Governance and Risk Management

GROUP STRUCTURE

90% John Keells Group 10% Public Holding

John Keells Holdings PLC (JKH)

One of the largest listed conglomerates on the Colombo Stock Exchange, with business interests primarily in Leisure, Transportation, Retail, Consumer Foods, Property, Financial Services, Plantation Services and IT & Innovation.

UNION ASSURANCE A JOHN KEELLS COMPANY 22%

Union Assurance PLC

Union Assurance is a primary brand under the financial services sector of John Keells Group.

fairfirst INSURANCE A FAIRFAX Company

Fairfirst Insurance Limited

Fairfirst is the amalgamated entity of the former Union Assurance General Limited and the former Asian Alliance General Insurance Limited. Fairfirst is in the Non-Life insurance business.

John Keells Industry Groups

Consumer Foods

Transportation

Leisure

Retail

Property

Financial Services

IT & Innovation

Plantation Services

ORGANISATIONAL STRUCTURE

The Company is managed by a highly skilled and dedicated team of professionals with defined roles and responsibilities and clear lines of accountability.

Board of Directors



Krishan Balendra
Chairperson/
Non-Executive Director



Suresh Rajendra
Non-Executive
Director



Dumith Fernando
Independent
Non-Executive Director



Stephen Anthony Appleyard
Independent
Non-Executive Director



Daminda Gamlath
Non-Executive
Director



Pasan Wanigasekara
Independent
Non-Executive Director



CEO
Senath Jayatilake



Harsha Senanayake
Chief Information Officer



Rumesh Modarage
Chief Operating Officer



Imtiyaz Aniff
Chief Agency Officer



Mahen Gunarathna
Chief Marketing Officer



Shubham Jain
Chief Actuarial Officer



Wathsala Aluthgedara
Chief Partnership
Distribution Officer



Himani Weerasekera
Chief Financial Officer



Nisansala Paranayapa
Chief People Officer



Rehan Ismail
Assistant Vice
President -
Risk & Compliance

REPORT ON ESG

GRI 2-22

The core objective of Life Insurance is to ensure the long-term financial security of families and safeguard lifestyles, making sustainability a vital and indispensable component of Union Assurance's business model.

We have integrated sustainability into our operations, utilising a comprehensive sustainability management framework that includes matrices on governance, risk and financial performance, environmental considerations, and social responsibilities.

We have launched the following initiatives to advance our sustainability impact on the environment and our communities.



Environmental Practices

To support a lower-carbon economy and manage climate-related risks, we have adopted a strategy focused on sustainable operations and environmental awareness. Our environmental stewardship includes effective water, energy, waste and emissions management.

Please refer to Contributing to a Sustainable Future from page 106 to 113 for more information.

Commitment to reduce paper consumption;

- 100% digital submission of insurance quotations
- E-policy certificates
- System integration with hospital networks for lab reports, eliminating the need for physical records

Responsible disposal of hazardous waste

Optimized vehicle fleet by improving usage efficiency

Social Responsibility

We build lasting relationships with stakeholders by placing their interests first, fostering a culture of trust, and continuously improving our value proposition to drive mutual success and a sustainable future.

Please refer to Creating Shared Value: Strong Relationships, Sustainable Growth from page 114 to 127 for more information.

16,000+
Lives touched by Suwamaga Diabetes Prevention Programme

800+
Lives touched by HOPE initiative focused on the well-being of school children

Rs. 5.6 Bn
Paid to local suppliers

Corporate Governance, Risk and Financial Performance

We strengthened Governance and Risk Management through diligent compliance with the relevant laws and regulations. Our Board of Directors play a critical role in providing effective oversight, ensuring ethical leadership and strategic direction, and ultimately driving sustainable value creation for all stakeholders.

Please refer to Corporate Governance from page 138 to 205 and Risk Management from pages 206 to 216 for more information.

- Zero incidents of non-compliance with applicable regulations
- Zero incidents of child labour & forced labour violations
- Zero work-related fatalities, injuries, or hazardous incidents
- Zero incidents of non-compliance on human rights
- Zero incidents of non-compliance on our Anti-Corruption policy.

GRI 2-22

Progress of our ESG Journey

We are integrating Environmental, Social, and Governance (ESG) principles into our operations, aligning our efforts with the John Keells Holdings (JKH) Group's broader ESG framework and ambitions.

Recognising ESG adoption as an ongoing process, we will embed these targets into our business strategy, daily operations, decision-making, and risk management. Central to this approach is consistent stakeholder engagement, ensuring regular communication with customers, employees, investors, and communities to understand their expectations and keep the strategy relevant. Environmentally, we operate under JKH's Environmental Policy utilising the Sustainability tools and defined methodologies to track key indicators such as energy consumption, emissions, water discharge, and waste management. Socially, we adhere to JKH's Social Responsibility Policy, engaging in community development projects based on identified needs and tracking project outcomes. Finally, in governance, we demonstrate our commitment through ethical business practices, responsible governance and strong financial performance.

Alignment with JKH Group's Targets



Environmental

- Net zero greenhouse gas (GHG) emissions by 2050
- Use 100% recyclable plastic in the medium-term
- Eliminate 50% of internally consumed plastic
- Achieve zero waste to landfill
- Become plastic-neutral by 2030
- Become plastic-positive by 2040
- Reduce water consumption per revenue earned
- Achieve water neutrality by 2040
- Achieve water positivity by 2050

Social

- Zero preventable injuries across all businesses in the medium-term
- All businesses achieve Occupational Health and Safety (OHS) accreditation in the long-term
- Female workforce representation of 40% by 2025
- Ensure workplace accessibility by 2027
- 30% women in leadership positions in the medium-term
- Enhance accessible communication for all in the medium-term
- Gender parity in the long-term
- Specific representation target for persons with disabilities (PWDs) by 2040

Community

- Enhance skills in the short-term
- Increase market access in the short-term
- Implement activities to promote social health by 2025
- Enhance the sustainability of the supply chain

SUSTAINABILITY REPORTING

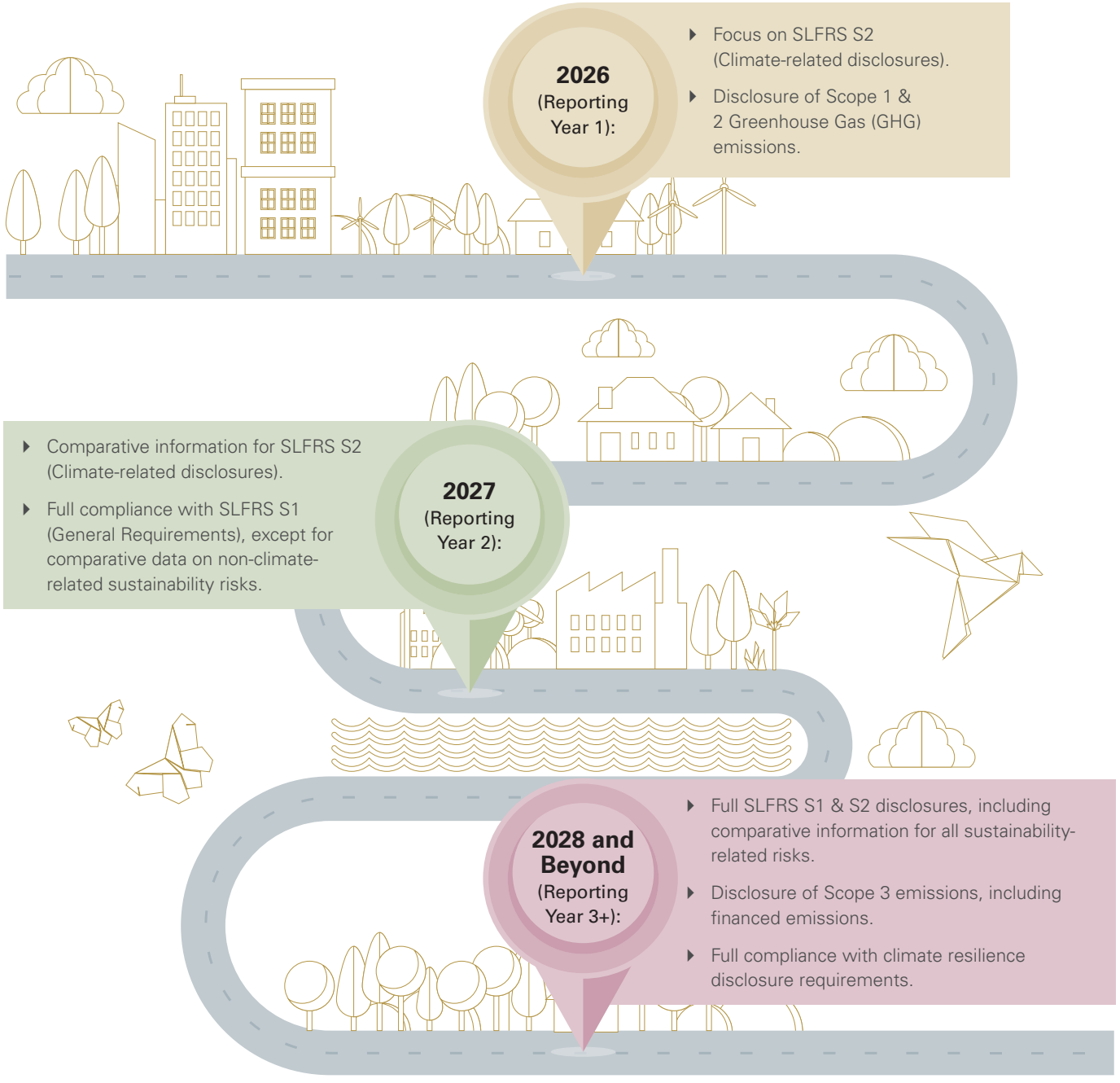
GRI 2-22

Our Sustainability Reporting Roadmap

In June 2023, the International Sustainability Standards Board (ISSB) released its inaugural standards, IFRS S1 and IFRS S2. IFRS S1 outlines the general requirements for disclosing sustainability-related financial information, while IFRS S2 provides detailed climate-specific disclosure requirements. Subsequently, CA Sri Lanka issued localised standards, SLFRS S1 and S2, mirroring the ISSB's framework. These standards are expected to take effect on 1 January 2025.

We fall under the purview of SLFRS S1 & S2 due to our position as the 41st largest entity on the Colombo Stock Exchange (CSE) by market capitalisation as of 1 January 2025. This necessitates us to adopt the standards, starting with the reporting period from 1 January 2025 to 31 December 2025.

To demonstrate our commitment to financial transparency and alignment with global best practices, we have conducted a comprehensive gap assessment to evaluate our current standing in relation to SLFRS S1 and SLFRS S2. Based on the requirements of the standard, a high-level timeline for compliance as given below:

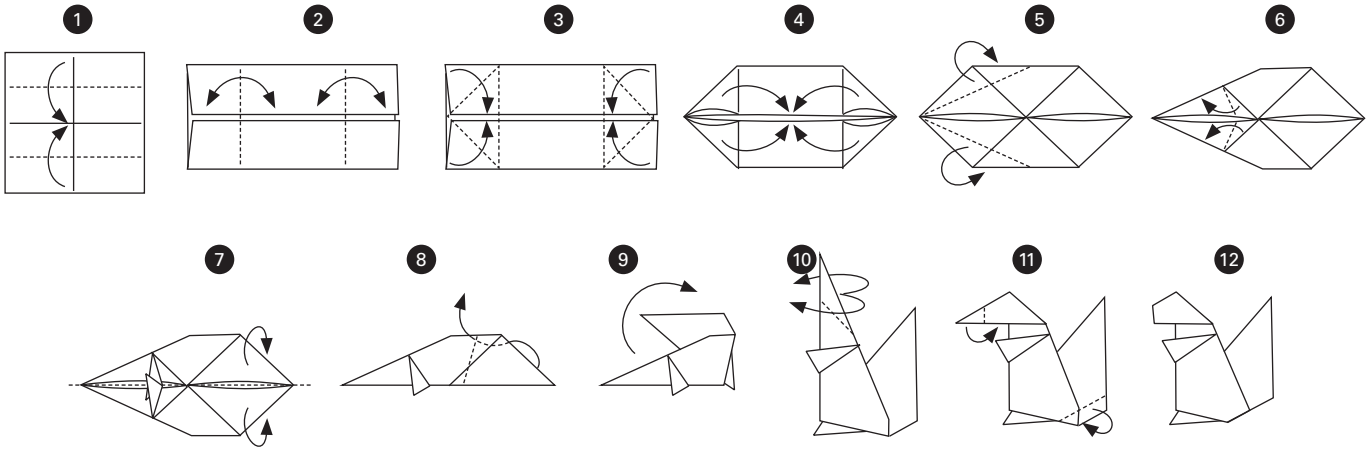


The squirrel symbolises the will to survive across challenging circumstances and intelligence, and in origami culture, it represents forward-thinking and agility, in a quest to prosper and ensure longevity in an ever-changing world. With acute, critical thinking guiding our way forward, Union Assurance PLC, much like a squirrel, thrives in any economic landscape.



FOLDS OF INNOVATION

STRATEGIC REVIEW



CHAIRPERSON'S REVIEW



We will focus on our strategic investments in agency expansion, bancassurance partnerships and digital initiatives to explore the strong market opportunities of the insurance industry in a more stable macroeconomic outlook."

Dear Stakeholder,

I am pleased to present the Integrated Annual Report and the Financial Statements for the financial year ended 31 December 2024.

I trust our Report will provide you with an in-depth understanding of the Company's long term value creation process, the strategic framework towards sustainable growth, the governance philosophy and underlying principles in which the Company conducts its affairs.

We emerged stronger and more resilient in 2024 by navigating many challenges and taking up opportunities to drive strong business growth. We sustained our growth momentum and our commitment to deliver value to our stakeholders, which resulted in Union Assurance recording a strong financial performance for the year.

Operating Environment

Year 2024 marked a significant turning point for Sri Lanka, with the economic recovery gaining momentum through difficult policy reforms and a renewed focus on fiscal responsibility. The resulting currency stabilisation, declining inflation, and growing foreign reserves created a more favourable business environment. The successful restructuring of international sovereign bonds, and the subsequent sovereign credit rating upgrade, have further reinforced macroeconomic stability and investor confidence.

However, the higher inflation levels that prevailed in the previous year, cost reflective pricing mechanisms implemented by the government and tax reforms continued to create pressure on the disposable income of customers, resulting in challenges in accelerating business growth. During the year, the Central Bank of Sri Lanka (CSBL) reduced interest rates, considering the stable inflation indicators, to support the rebound of domestic economic activity. The resulting low interest rates coupled with limited investment opportunities available, posed challenges in improving investment returns and driving profitability.

Performance

The strong growth in gross written premium (GWP) was driven by double-digit growth in both regular new business premiums and renewal premiums. While the agency distribution of the Company continued its strong growth momentum, it also strategically focused on driving policy retention through persistency centric initiatives. The bancassurance channel with its strong growth potential, consolidated its position as a leading bancassurance provider by solidifying existing relationship and adding new partnerships to the portfolio.

Revenue
Rs. 21.6 Bn
2023 – Rs. 18.9 Bn ▲ 15%

Net Investment Income
Rs. 11.8 Bn
2023 – Rs. 10.8 Bn ▲ 9%

Surplus
Rs. 3.0 Bn
2023 – Rs. 2.8 Bn ▲ 7%

Asset Under Management
Rs. 95.6 Bn
2023 – Rs. 83.4 Bn ▲ 15%

Net investment income recorded a 9% YOY increase to Rs. 11.8 Bn, despite lower yields on fixed income portfolio facilitated by an effective asset allocation strategy, together with the increase in the size of the life fund. The gains from the trading investment portfolio increased by 123% to Rs. 2.9 Bn driven by the dynamic equity investment strategy capturing the outstanding performance of the Colombo Stock Exchange during the latter part of the year.

The Company recorded a life insurance surplus of Rs.3.0 Bn in 2024, an increase against the surplus of Rs.2.8 Bn recorded in the previous year, mainly arising from an increase in GWP, increase in net investment income and managing overheads via effective cost containment and optimization initiatives.

During the year, the total assets exceeded Rs. 100 Bn, a key milestone for the Company, while assets under management (AUM) recorded a strong growth of 15% and stood at Rs. 95.6 Bn driven by cash generated by the business, together with marked to market valuation gains from investments.

As at the end of the financial year, the Life fund backed by a quality asset base grew by 20% to Rs. 78.4 Bn. The Company also maintained a strong capital and liquidity position with a Capital Adequacy Ratio (CAR) of 264%, which is well above the regulatory requirement of 120%.

Employees

We attract and retain the best talent through a holistic employee value proposition that fosters a performance-oriented, inclusive culture built on ethical behaviour and transparency. We invest continuously in our team through ongoing training and development, ensuring they have the skills and opportunities to thrive. Recognising pressure on disposable income, we continued to maintain the Temporary Crisis Allowance to support our employees to mitigate the increase in costs. Furthermore, we launched the 'Success Drivers' competency framework and the 'Shift' leadership development programmes to guide employee development and nurture a value-centric culture that drives innovation and growth.

Governance

I am pleased to state that there were no reported violations of the Company's Code of Conduct or Code of Business Conduct and Ethics in the Code of Best Practice of Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. I also wish to affirm our commitment to upholding Company policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations.

During the year under review, several initiatives were undertaken to further strengthen the Company's governance framework and controls. We have made significant progress and are on track to meet the SLFRS 17 standard compliance timeline of 1st January 2026. Moreover, we are taking steps to implement the Personal Data Protection Act (PDPA), including appointing a Data Protection Officer and implementing enhanced data protection measures. Furthermore, we have enhanced our AML/CFT processes, including implementing a real-time alert system and strengthening customer due diligence.

Further details on governance compliance and initiatives can be found in the Corporate Governance Commentary of this Report.

Sustainability

With the increasing importance of Environmental, Social, and Governance (ESG) factors, we have integrated these principles into our business strategy, daily operations, decision-making, and risk management. By focusing on key areas of relevance and materiality, we are leveraging ESG to drive long-term value creation and sustainable growth for our stakeholders. Moreover, understanding the critical importance of sustainable business operations, we are in the process of implementing SLFRS S1 and S2.

Corporate Social Responsibility

Our CSR is focused on community wellbeing. In 2024, recognising the alarming prevalence of diabetes in the country, the company partnered with the Diabetes Association of Sri Lanka (DASL) and launched its flagship CSR programme 'Suwamaga', a national programme aiming to raise awareness on diabetes, promote healthy lifestyles, support early detection and risk management, and foster community engagement.

The Suwamaga created awareness amongst 16,000 people and tested over 7,000 people for early detection at the end of the reporting period.

Policyholder Value

The Company continued to fulfill the dynamic needs of customers via our comprehensive product portfolio and deliver an exceptional customer service by leveraging its digital infrastructure and platforms. In year 2024, the Company declared a universal life policyholder dividend rate of 12% which is significantly above the average fixed deposit rate offered by the market.

Shareholder Value

The Board declared a first and final dividend of Rs. 5.00 per share amounting to a total payout of Rs. 2.9 Bn which will be paid in April 2025. The Company will continue

CHAIRPERSON'S REVIEW

with its dividend policy that corresponds with sustainable growth in profits, whilst maintaining adequate funds for future expansion and business continuity in a volatile business environment.

Distributor Value

Our over 3,000 insurance advisors, banking partners and broker distributors deliver protection to over 329,000 Sri Lankans every day. The Company's strong results were due to the robust performance of our distribution channels. While we offer one of the industry's most comprehensive reward and recognition programmes, we paid Rs. 4.1 Bn as commissions and incentives to our distributors during the year.

Looking Ahead

While Sri Lanka witnessed a period of fiscal and monetary consolidation and strong recovery momentum in 2024, we believe, sustaining fiscal discipline and broadly keeping to the parameters of the IMF – EFF programme is vital to ensuring Sri Lanka's economic recovery transitions into sustainable growth.

We will focus on our strategic investments in agency expansion, bancassurance partnerships and digital initiatives to explore the strong market opportunities of the insurance industry in a more stable macroeconomic outlook. We continue to drive growth in the agency channel and invest in our strong bancassurance partnerships to deliver superior value to both our partners and their customer bases. In January 2025, the Company entered into an exclusive bancassurance partnership with Sampath Bank PLC, enabling us to offer our innovative solutions to its customer base. We are confident that this partnership will derive significant mutual value creation to both Union Assurance and Sampath Bank.

While the government is planning on a significant investment in digital infrastructure, our investments in digitalisation over the years continue to provide the necessary tools to significantly improve customer centricity and create an eco-system to deliver exceptional customer service. These strategic investments will pave the way for a sustained and strong period of growth in the years ahead while creating long term value for all our stakeholders.

Appreciation

In conclusion, I extend my sincere gratitude to the team at Union Assurance, whose dedication and resilience have been instrumental to our success. My sincere thanks and special gratitude are extended to the Chairman, Director General, and the team at the Insurance Regulatory Commission of Sri Lanka for guiding and supporting Union Assurance and the life insurance industry. I also appreciate the ongoing support from the Insurance Ombudsman. Furthermore, on behalf of the Board of Directors and all employees, I thank all our stakeholders for their continued support to the company during the year.

Finally, I thank my fellow directors for their invaluable guidance and support during the year.



Krishan Balendra
Chairperson

28 February 2025

CHIEF EXECUTIVE OFFICER'S REVIEW



The future of the life insurance sector depends on proactive efforts to raise awareness, develop tailored products, and provide outstanding, customer-focused service. We are committed to leading this evolution by transforming into a fully digital, customer-centric insurer."

Union Assurance concluded 2024 with outstanding performance, demonstrating resilience and strategic foresight in a stable yet dynamically shifting macroeconomic landscape. Successfully navigating the challenges of evolving economic conditions, the Company proactively leveraged opportunities, solidifying its position as Sri Lanka's most trusted and digitally advanced Life Insurer. This achievement underscores our ongoing commitment to innovation, reinforcing our ability to protect lives, empower individuals, and improve the well-being of our policyholders, setting new benchmarks in the industry.

Operating Environment

Sri Lanka's economy rebounded strongly in 2024, driven by key sector growth and financial stabilisation, supported by the IMF-EFF programme. Foreign debt restructuring led to credit rating upgrades, and inflation rapidly declined, reaching deflation by September 2024 due to lower energy costs and a stronger currency. Accommodative monetary policies, including interest rate cuts, spurred consumer spending and investment compared to the previous year, aiding further economic recovery.

The economic growth fuelled demand for health insurance and long-term financial protection, enabling us to achieve a 15% increase in GWP for the year. However, the imposition of direct and indirect taxes created headwinds, diminishing consumer spending power and limiting the growth potential of the insurance sector, with affordability remaining a key challenge.

Delivering Steady Earnings, Value and Cash Generation

Our strategy focuses on long-term value creation and prioritising stakeholder satisfaction. We achieve this by exceeding the expectations of our policyholders, shareholders, distributors, and employees, while maintaining resilience and agility.

For the year under review, regular new business premium income reached Rs. 6.2 Bn while Gross GWP totalled Rs. 21.6 Bn. The 15% growth in GWP was driven by a 13% increase in regular new business premiums, a 13% rise in renewal premiums, and a 27% increase in Group Life premiums.

Net investment income grew by 9% to Rs.11.8 Bn driven by a strategic asset allocation approach, despite the

CHIEF EXECUTIVE OFFICER'S REVIEW

challenging low-interest-rate environment that prevailed throughout the year. The net fair value gains for the year recorded at Rs. 2.0 Bn, an increase of 292% compared to 2023 driven by a strategic asset allocation approach that leveraged positive equity market performance.

Net outgoings in 2024 showed stable net claims and benefits paid to policyholders at Rs. 6.7 Bn compared to 2023. While net acquisition and underwriting costs increased by 13%, in line with the GWP increase, driven by a new incentive scheme designed to optimise volume, quality of business sold and profitability. Other operating, administrative, and acquisition expenses increased by 12% due to external factors, namely higher indirect taxes in 2024 and expansion of distribution channels. A key focus remained on cost discipline with ongoing monitoring, cost-saving measures, and optimisation initiatives aimed at reducing the overall cost ratio below 2023 levels.

Surplus transfer to shareholders increased by 7% to Rs. 3.0 Bn. However, the Profit before tax (PBT) for the year decreased marginally to Rs. 5.2 Bn due to lower shareholder investment income in a falling rate environment.

The Company's assets under management (AUM) recorded a commendable growth of 15% during the year, reaching Rs. 95.6 Bn as of 31 December 2024. The strong growth in AUM was driven by business cash inflow and the positive valuation impact on Available for Sale (AFS) assets resulting from declining interest rates during the year. The life fund was backed by a quality asset base, which recorded a growth of 21% to Rs. 77.5 Bn as of 31 December 2024.

In terms of Solvency and Liquidity, we maintained a healthy capital adequacy ratio (CAR), which is highly sensitive to interest rate movements in the market. The CAR as of 31 December 2024 was 264% and was well above the minimum regulatory requirement of 120%.

The strong balance sheet and healthy CAR supported a dividend of Rs. 5.00 per share as the first and final dividend for the year 2024.

Entering a New Phase of Growth

Guided by our vision of "Empowering Human Progress by Protecting What Matters," our dedicated team of over 3,000 colleagues works tirelessly to provide protection to over 329,000 Sri Lankans every day. Our results reflect the strong performance of our distribution channels, which continue to drive our success.

The Agency channel remains our primary engine of growth, driving 75% of our GWP. This year, the channel took an ambitious approach to expand, extending our network reach nationwide. We also enhanced customer experience by relocating 6 branches for better access and upgrading 7 others. These efforts resulted in strong double-digit growth in Annualised New Business generation, driven by improvements in key performance indicators such as persistency and case size, showcasing the team's ability to scale rapidly.

Moreover, we took a leadership position in 2024 by becoming the first in the Life Insurance industry to incorporate LIMRA persistency metrics into incentive calculations and reward/recognition for advisors. This ensures that advisors are rewarded for promoting high-quality business and enhancing the overall value of new business. Alongside this change, we offer one of the industry's most comprehensive reward and recognition programmes Additionally, UA Premier Club remains committed to advisor skill and leadership development initiatives, consistently producing one of the highest number of MDRT winners in the industry.

Furthermore, we triumphed with record-breaking success at the 15th National Forum for Life Insurance Advisers Conference securing all national-level awards along with several category-specific honours. This reinforces our leadership and dominance in the insurance industry. Reflecting this strength, the Agency channel delivered encouraging growth of 14% in GWP during the year.

15%
Growth in GWP

21%
Growth in Life Fund

The Bancassurance vertical holds significant growth potential, driven by the higher banking penetration in Sri Lanka. The Bancassurance channel recorded a 14% growth in GWP, with notable improvements in key performance indicators including persistency, case size and productivity. Our Bancassurance strategy continues to focus on capitalising on synergies from exclusive partnerships to drive revenue growth, while expanding our reach by targeting new consumer segments within other banking partnerships. This approach is designed to unlock new business opportunities and further strengthen our market position.

The Alternate channel achieved strong GWP growth of 37% driven by the outstanding performance in the corporate channel and DTA business. In particular, the corporate channel adopted a selective approach to business acquisition, focused on profitability and strong combined ratio, resulting in a 27% growth in GWP.

The Decreasing Term Assurance (DTA) business experienced a resurgence, driven by a high loan demand. This was as a result of the lower interest rates which boosted personal loans and investments. Aligning with our channel diversification strategy, we expanded our partnership network forging five strategic partnerships during the year, marking significant progress.

The Company was able to declare a Universal Life policyholder dividend of 12% for the year 2024."

12%
Policyholder Dividend

Demonstrating our commitment to excellence, we produced 277 Million Dollar Round Table (MDRT) qualifiers in 2024, solidifying our position as a leader in the Sri Lankan insurance market for nurturing the highest number of MDRT achievers.

Leveraging Digitalisation for Superior Service

Our digital transformation journey is anchored on three key pillars: digitising customer experience, developing a comprehensive customer value proposition, and implementing a bionic distribution model. From the outset, we recognised the importance of addressing our customers' evolving needs in the digital era. As the first life insurer to offer 100% digital proposal submissions, we have made significant progress this year, delivering cutting-edge solutions and industry-leading automation to further enhance speed and convenience for our customers.

In a collaborative effort with Munich Re, we introduced a groundbreaking financial underwriting automation system, an industry-first. This innovative project uses advanced technology to automate the evaluation of financial questionnaires, improving the speed and accuracy of customer risk assessments.

Furthering our commitment to customer-centric innovation, we introduced a market-first Digital Loyalty Rewards Programme within the Clicklife App. This innovative programme supports the Company's mission to enhance the well-being of all Sri Lankans by offering accessible platforms that elevate their quality of life, while providing essential financial protection. Through the app's seamless integration, customers can easily earn and redeem valuable digital rewards at a broad network of participating merchants.

2024 marked a pivotal year with the launch of the Cancer Care Product, directly accessible through the Clicklife app. This groundbreaking offer empowers customers with financial support to manage financial burdens in the eventuality of a cancer, ensuring access to comprehensive care through a seamless, fully digital experience. Clicklife is setting a new standard in the insurance sector as the first app to enable direct product purchases, reinforcing our leadership in digital accessibility and meeting the evolving needs of today's self-directed consumers.

Our new Digital Onboarding Module transforms the advisor onboarding process by digitising manual documents and integrating IRCSL exam registration. This industry-first solution enhances user experience with streamlined lead entry, intuitive dashboards, and clear visibility into the onboarding journey.

Central to our strategy is the integration of digital transformation, which has made our entire business operations paperless, improving both efficiency and accessibility. We remain committed to driving innovation, progress, and ESG values through seamless digital channels that support customers and distributors at every stage of their journey, while also minimising the industry's ecological footprint and reflecting our dedication to environmental preservation.

Our digital transformation journey is focused on our customers' evolving needs in the digital era. As the first life insurer to offer 100% digital proposal submissions, we have made significant progress this year, delivering industry-leading automation to further enhance speed and convenience for our customers."

We were honoured as 'Most Innovative Life Insurance Service Provider Sri Lanka–2024' at the Gazet International Annual Awards; 'Most Digitally Forward Life Insurer– 2024' at the Global Brands Magazine Awards and the 'Most Loved Insurer Brand Sri Lanka–2024' at the World Economic Magazine Awards.

Further affirming our position as Sri Lanka's premier Life Insurer, Union Assurance was awarded as the 'Best Digital Life Insurer – Sri Lanka 2024' at the Global Business & Finance Magazine Awards. This esteemed platform recognises exceptional achievements in business and finance worldwide, celebrating individuals, companies and organisations that have made remarkable contributions to their industries.

These awards are a testament to our leadership in pioneering digital transformation and revolutionising the life insurance industry through innovative, customer-centric technology solutions.

During the year, we achieved the number one position in PR ranking based on AEV, further solidifying our brand presence.

Looking Ahead

The anticipated stability of the Sri Lankan economy, with steady currency, interest rates, and supportive policies, provides a favourable environment for business. Leveraging our robust digital infrastructure and the exceptional capabilities of our employees and sales force, we are well-prepared to navigate the future with agility and capitalise on emerging opportunities.

The future of the life insurance sector depends on proactive efforts to raise awareness, develop tailored products, and provide outstanding, customer-focused

CHIEF EXECUTIVE OFFICER'S REVIEW

service. We are committed to leading this evolution by transforming into a fully digital, customer-centric insurer. This will drive the creation of innovative products, fuel stronger growth, optimise returns on capital, and foster deeper customer loyalty.

We are committed to driving accelerated growth in the agency channel through both internal developments and strategic expansions. Our efforts prioritise strengthening internal capabilities and expanding our presence in high-potential areas. To support these initiatives, we have equipped our agency force with advanced technology, empowering them to operate more efficiently and make an impactful contribution to the Company's growth.

Our strategic collaboration with Sampath Bank is expected to generate synergies by combining our best-in-class product offerings and advanced digital capabilities with Sampath Bank's extensive product portfolio, creating a transformative partnership that will accelerate growth.

Appreciation

I extend my sincere appreciation to all our employees for their outstanding performance, a testament to their unwavering commitment to our core purpose, innovative thinking, determination, and hard work.

I express my gratitude to our customers, partners, intermediaries, all other stakeholders and the Regulator for their invaluable guidance, timely support, and ongoing support.

We look forward to continued success in 2025 and beyond.



Senath Jayatilake
Chief Executive Officer

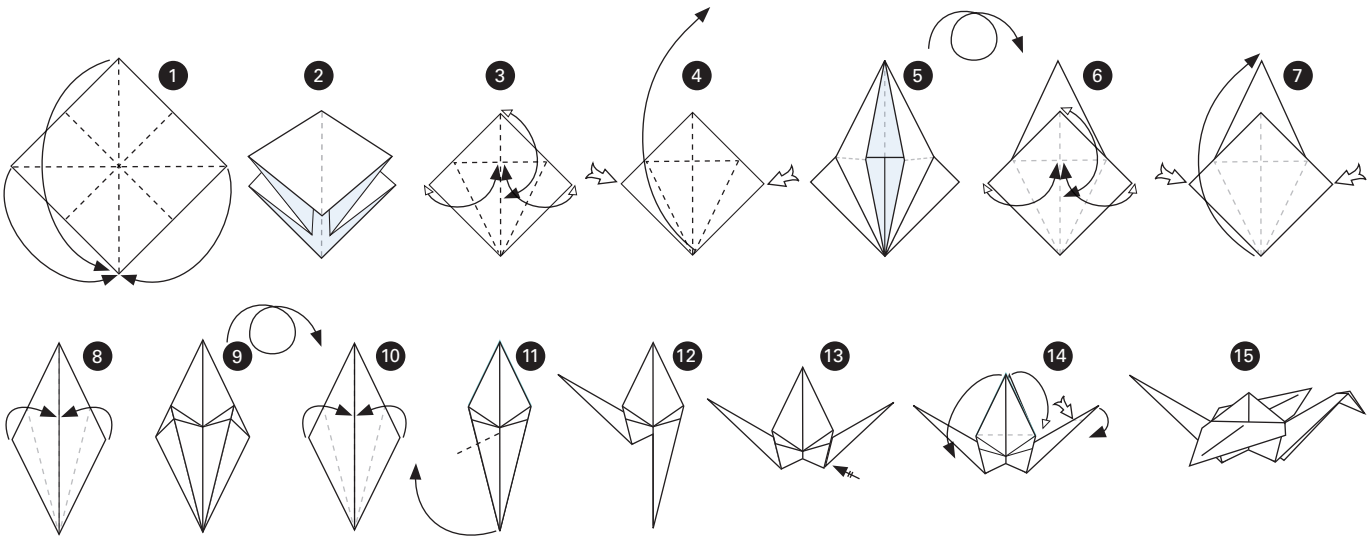
28 February 2025

Cranes are symbols of happiness – considered to possess powerful wings capable of carrying souls to heaven. An old tradition suggests that those who fold a thousand origami cranes will see all their wishes come true. At Union Assurance, we strive to make our customers' wishes come true through operational excellence, and guarantee happiness at every turn.



FOLDS OF PRECISION

MANAGEMENT DISCUSSION & ANALYSIS



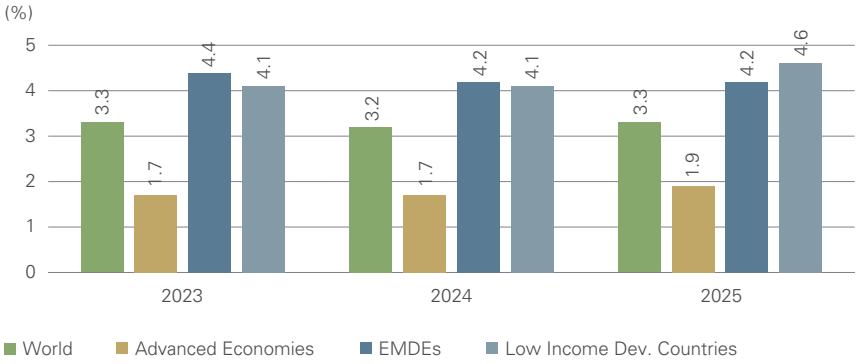
OPERATING ENVIRONMENT

Sri Lanka's economy experienced a strong recovery in 2024, driven by growth across key sectors. Positive inflation trends and improved macroeconomic stability provided a supportive environment for the rebound. In response, the Central Bank of Sri Lanka implemented an increasingly accommodative monetary policy. The external sector also maintained positive momentum, leading to a stronger Balance of Payments."

Global economy

The global economy indicated signs of stability, though its strength varied significantly across countries. Global GDP growth in the third quarter of 2024 slightly underperformed expectations, falling to 3.2%. Global growth is projected to remain stable but lackluster at 3.3% for 2025 and 2026. This figure is below the historical average of 3.7% (2000-19). Despite this seemingly steady outlook, underlying economic divergences and a fragile global growth profile persist.

Global Growth



Source: IMF WEO January 2025 update

A gradual cooling in labour markets is expected to ease demand pressures, while declining energy prices are projected to further reduce headline inflation toward Central Bank targets. However, inflation is expected to remain slightly above the 2% target in the United States in 2025, while inflationary pressures are anticipated to be more subdued in the Euro area. China is projected to maintain low inflation.

Global Life Insurance Industry

The global life and retirement insurance sector navigated a year of mixed signals, characterised by uncertainty and unexpected positive outcomes. Unexpected macroeconomic resilience including global GDP growth, easing inflation, and recovering equity markets provided some momentum; however, the benefits were unevenly distributed across product lines and regions. While some pockets of growth were evident, the industry as a whole faced a struggle for relevance. Despite these challenges, the global landscape presents significant opportunities.

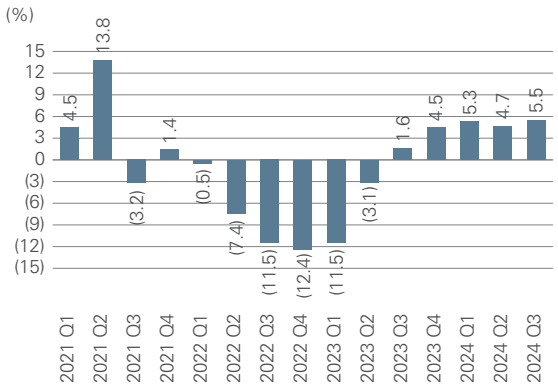
The life insurance market is being fundamentally reshaped by the aging global population of individuals aged 65 and over, coupled with the concentration of wealth among Generation X and retirees. Moreover, shifting social norms and lifestyles, including declining marriage and fertility rates and an increasing number of dual-income households, are pushing the traditional life insurance model, yet also opening up opportunities for the development of more flexible and inclusive policies.

Sri Lanka's Economic Developments

GDP Growth

Sri Lanka's economy rebounded strongly in 2024, with a 5.2% GDP growth in the first three quarters, driven by expansions across key sectors. This trend continued, resulting in a projected 5.0% real GDP growth for the year, the highest since 2017. The year witnessed considerable progress in economic and financial stabilisation, supported by the IMF EFF programme. Sri Lanka completed most of its debt restructuring, which improved relations with creditors and external partners. This turnaround led to Moody's upgrading Sri Lanka's long-term foreign currency issuer rating to Caa1 (stable outlook) in December 2024, due to the completed bond restructuring. Moreover, Fitch Ratings upgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC+' from 'RD' (Restricted Default) and the Long-Term Local-Currency IDR to 'CCC+' from 'CCC-' at the of 2024.

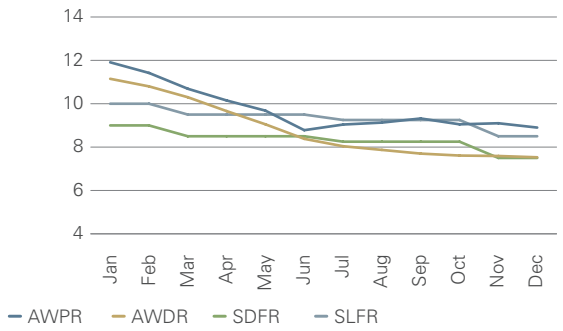
GDP Growth



Interest Rates

Supported by a positive inflation outlook and improved macroeconomic stability, the Central Bank of Sri Lanka implemented an increasingly accommodative monetary policy in 2024. This resulted in three policy easing measures that significantly lowered market interest rates, effectively transmitting these changes to the broader economy. Ample liquidity in the domestic money market kept short-term rates in line with the policy stance. This low-interest rate environment and sufficient liquidity spurred economic recovery through increased consumer spending and investment.

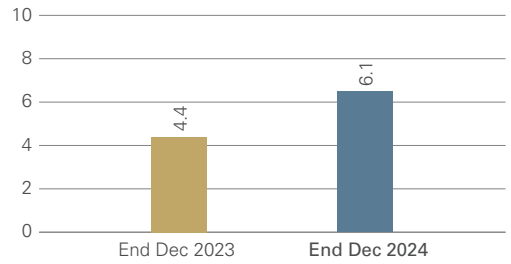
Interest Rates
(%)



External Sector

The external sector of Sri Lanka maintained positive momentum in 2024, resulting in a stronger Balance of Payments and a second consecutive year of current account surpluses. A flexible exchange rate policy and improved market sentiment supported a more stable and appreciating Sri Lankan rupee. Workers' remittances rose to USD 6,575 Mn in Jan-Dec 2024, compared to USD 5,970 Mn the previous year, and Gross Official Reserves (GOR) climbed to USD 6.1 Bn by end-December 2024 from USD 4.4 Bn at end-December 2023. Despite late-year fluctuations and a monthly dip in December 2024, the Sri Lankan rupee appreciated 10.7% against the US dollar in 2024, gaining value against major currencies as well.

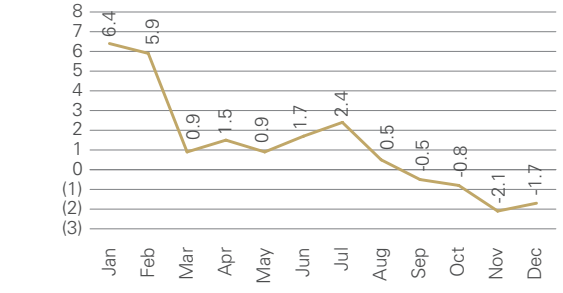
Gross Official Reserves
(USD. Bn)



Inflation

Initially spiking due to VAT adjustments, inflation quickly reversed course, falling below 5% and reaching deflation in September 2024. This was driven by reduced energy costs, a stronger currency, and lower food prices. A decline in core inflation further confirmed the reduction in demand pressures.

Inflation 2024 - CCPI
(%)



Equity Market

In 2024, the Sri Lankan equity market delivered an exceptional performance, with the All Share Price Index (ASPI) surging from 10,654 to 15,944.61 and the S&P SL20 index rising from 3,068.36 to 4,862.10, reflecting year-on-year gains of 49.66% and 58.46%, respectively. This positive momentum was driven by several factors, including political stability following the presidential and general elections, progress in the IMF's four-year Extended Fund Facility (EFF) program, successful external debt restructuring, and improved macroeconomic fundamentals such as a rebound in economic growth, low interest rates, low inflation, and a competitive exchange rate.

Equity Market
(Index)



OPERATING ENVIRONMENT

Impact on our operations

Improved GDP growth positively impact the demand for life insurance products

Decreasing interest rates adversely impact investment income

Decreasing inflation rates reduce expenses and positively impact profitability

Appreciation of Rupee impact foreign currency denominated IT vendor Payments and consultancy payments

● Positive Impact ● Negative Impact

Opportunities

- Improved disposable income levels increase demand for insurance products
- Disinflation improves customer buying behaviour and reduces the lapse ratio
- Appreciation of the Rupee and low inflation have a favourable impact on cost and in turn profitability

Risks

- Due to a substantial portion of income being derived from fixed income assets, there is an increased reinvestment risk and lower returns from new cash flows

Macroeconomic Outlook

Short Term

In the short term, we expect the current low-interest rate environment to continue through the first half of 2025, with a gradual increase anticipated towards the end of the year, resulting in lending rates (AWPR) reaching 10-12% by the end of 2025. As consumer demand picks up, inflation is projected to turn positive and gradually increase in 2025, aligning with the CBSL's target range of 5.0%. We expect that increases in salaries and tax relief will improve disposable income levels, thereby enhancing consumer creditworthiness in 2025. This will support private sector credit growth throughout the year. With the ongoing economic recovery, we anticipate real GDP growth of 4-6% in 2025.

Medium Term

In the medium term, we expect Sri Lanka to continue its growth trajectory, also with the political stability and the present government's adherence to the existing IMF program and reforms will further encourage investor confidence. In the medium term, the recovery in consumer demand is likely to trigger a pickup in imports, further amplified by increased foreign exchange outflows following the lifting of the import ban on motor vehicles. Improvements in the country's credit rating are also expected to attract more foreign direct investments. Furthermore, improvement of earnings from tourism and worker remittances are expected to support the balance of payments and foreign exchange reserves in the medium term. These improvements are likely to enhance overall demand, providing a favourable environment for corporates and benefiting the financial sector.

Long Term

In the long term, attracting foreign direct investments will play a crucial role in the economy, The current government's trade agreements and strategic partnerships with India and China, particularly in the energy sector, are expected to benefit Sri Lanka's economy. Also, the continuation of sound fiscal and monetary policies is anticipated to reduce the debt-to-GDP ratio, alleviate the debt burden, and maintain a favourable fiscal deficit. Strengthening social safety nets and public services is also a priority to reduce poverty and enhance the quality of life for citizens. Further, we expect efforts to improve governance, fiscal discipline, and investments in digital infrastructure are central to Sri Lanka's long-term economic growth. The positive economic environment is expected to favourably impact the life insurance industry in Sri Lanka. As disposable incomes rise and economic stability improves, demand for life insurance products is likely to increase, providing growth opportunities for the sector.

Environmental, Social and Technological Developments

Environmental impacts

Environmental, Social, and Governance (ESG) considerations are becoming increasingly crucial as customers integrate these factors into their purchasing decisions. This trend signals a demand for transparency and accountability, compelling companies to demonstrate a genuine commitment to sustainability, environmental protection, and ethical practices. This shift is impacting which products and brands consumers choose to support.

Social impacts

Sri Lanka has the most rapidly aging population in South Asia. By 2042, almost one in four Sri Lankans is projected to be elderly, highlighting the country's accelerated aging process (Source: Dept, of Census and Statistics).

Increasing disposable income in the milieu of improving economic conditions.

Technological impacts

Increased cyber crimes

Increased mobile and internet penetration in Sri Lanka

Increased use of technologies such as Predictive Analytics, Artificial Intelligence, Machine Learning, Chatbots and Insurtech / FinTech

Impact on Our Operations

Evolving socio-economic conditions are reshaping the insurance industry, influencing product demand, delivery channels, and marketing approaches. Therefore, accelerating our digital transformation is of critical importance to remain competitive.

● Positive Impact ● Negative Impact

Opportunities

- Opportunities to promote retirement products
- Opportunities to develop distribution channels
- Greater cost and process efficiencies
- Leverage partnerships with FinTech and Insurtech companies presents significant opportunities to enhance our operating and distribution models

Risks

- Data theft and the impact of viruses are posing serious and significant concerns that require our immediate attention
- Increase in regulations over environmental protection

Regulatory Developments

The insurance regulatory framework was strengthened this year through the issuance of several new directions and circulars by the IRCSL, as well as customer due diligence guidelines from the Central Bank of Sri Lanka.

Regulatory Pronouncements Issued by IRCSL in 2024

- Circular 1 of 2024 on Eligibility for Valuers repealing Circular 30 and 35, combining the requirements of the same.
- Circular 2 of 2024 was issued repealing Circular 41 in respect of non-compliance of reporting requirements and non-compliance of the provisions of the RII Act.
- Amendments to Direction No. 11 of 28 August 2017 pertaining to overseas health insurance, prohibiting insurance brokers from marketing and canvassing for sale any foreign health insurance product (Direction No. 7 of 2024)
- Direction on issuing Insurance Product Information Document (IPID) by insurance companies and insurance intermediaries dated 24 September 2024 (Direction No. 6 of 2024)
- Direction on sale of insurance products to customers of Mobile Network Operators (MNOs) and Fixed Line Operators (FLOs) through the usage of data and platform of MNOs and FLOs (Direction 5 of 2024)
- Direction on advertisements issued by insurers, insurance brokers and insurance agents (No. 3 of 2004)
- Direction pertaining to dividend declaration and distribution (Direction No. 4 of 2024)
- Direction issued to insurance and brokers on qualification of insurance agents (verification of educational qualifications of insurance agents (Direction No. 2 of 2024)
- Direction in respect of long-term insurance products and required revisions to insurance policy documents (Direction No. 1 of 2024)
- Guidelines issued on Insurance Policy Framework for Long Term insurance companies

Circular and Guidelines issued by the Financial Intelligence Unit of Sri Lanka

- Compliance with the Reporting Requirements under the Financial Transaction Reporting Act No. 06 of 2006 (Circular 1 of 2024)
- Compliance with Rules on Customer Due Diligence for Insurance Companies (Circular 2A of 2024)
- Compliance with the Financial Transaction Reporting Act No. 06 of 2006 (Circular 1 of 2024)

OPERATING ENVIRONMENT

Impact on Our Operations

Compliance aspects towards customer awareness and protection Need for period and frequent compliance reviews	Strengthened governance, risk management and compliance aspects	Increased transparency

● Positive Impact ● Negative Impact

Opportunities

- Promotion of healthy competition and greater transparency
- Streamlining processes, improving productivity and brand reputation

Risks

- Risk of non-compliance due to the number of new directions and any legal enforcements
- Increase in resources to ensure compliance
- Reputational impacts arising from non-compliances

The Insurance Industry of Sri Lanka

The sector was comprised of 29 insurance companies at the end of Q4 of 2024.



Insurance penetration in Sri Lanka remained low in the first half of 2024. However, there was a marginal improvement by the end of Q2, with the annualised Gross Written Premium (GWP) reaching 1.1% of gross domestic product (GDP), compared to 1.0% at the end of Q2 2023.

The insurance industry demonstrated resilience and stability, reflecting its commitment to policyholder protection and business continuity. The sector has experienced a consistent rise in Gross Written Premium (GWP) since 2019, indicating a growing demand for long-term financial security. This trend is further supported by the growth in total assets, which reached Rs. 1,214,965 Mn, a 7% increase compared to Rs. 1,133,075 Mn in Q4 2023. Gradual improvements were observed in both the life and general insurance sectors throughout 2023, aided by proactive regulatory measures implemented by the Insurance Regulatory Commission of Sri Lanka (IRCSL). This positive trajectory continued into the fourth quarter of 2024, marked by a further steady increase in GWP.

The liquidity level of the Insurance sector continued to remain at a healthy level mainly due to increased investments in Government securities. Moreover, the capital level of both insurance subsectors exceeded the minimum CAR requirement of 120%.

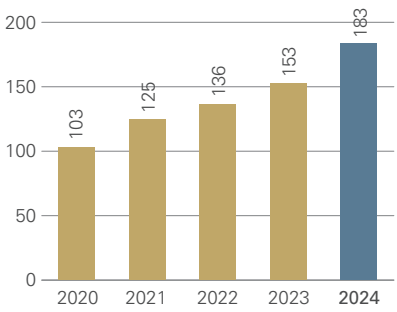
Life Insurance Industry

In 2024, the Life Insurance Business recorded a 20% YoY growth in Gross Written Premium (GWP), reaching Rs. 184 Bn from Rs. 153 Bn. This was supported by 32% growth in new business premiums and 22% growth in short pay products.

While the business experienced significant growth, claims paid increased by 9% to Rs. 83,535 Mn, up from Rs. 76,502 Mn in the previous year. Profit Before Tax (PBT) increased by 7% to Rs. 32,849 Mn compared to Rs. 30,617 Mn in Q4 2023.

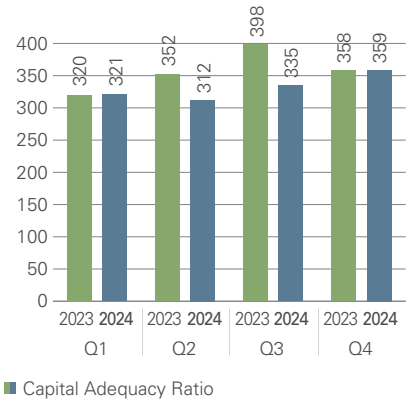
Liquidity Ratio slightly decreased to 0.8 at end Q4 of 2024 compared to 0.82 at end Q4 of 2023. The capital level was above the minimum requirement of 120%. Capital Adequacy Ratio (CAR) increased marginally from 358% in Q4 2023 to 359% in Q4 2024.

GWP
(Rs. Bn)



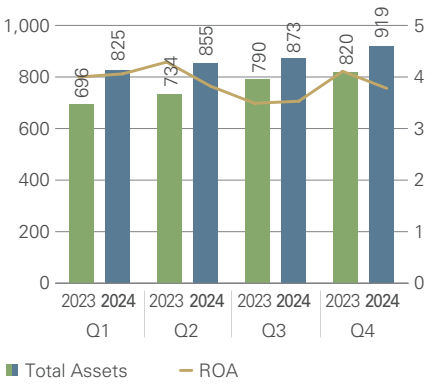
CAR

(%)

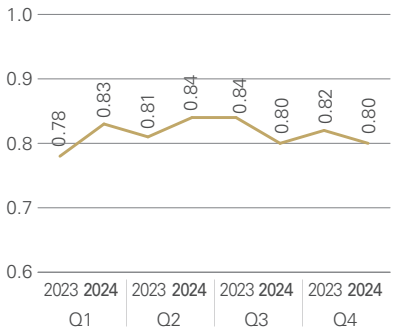


Total Assets Vs. ROA

(Rs. Bn) (%)



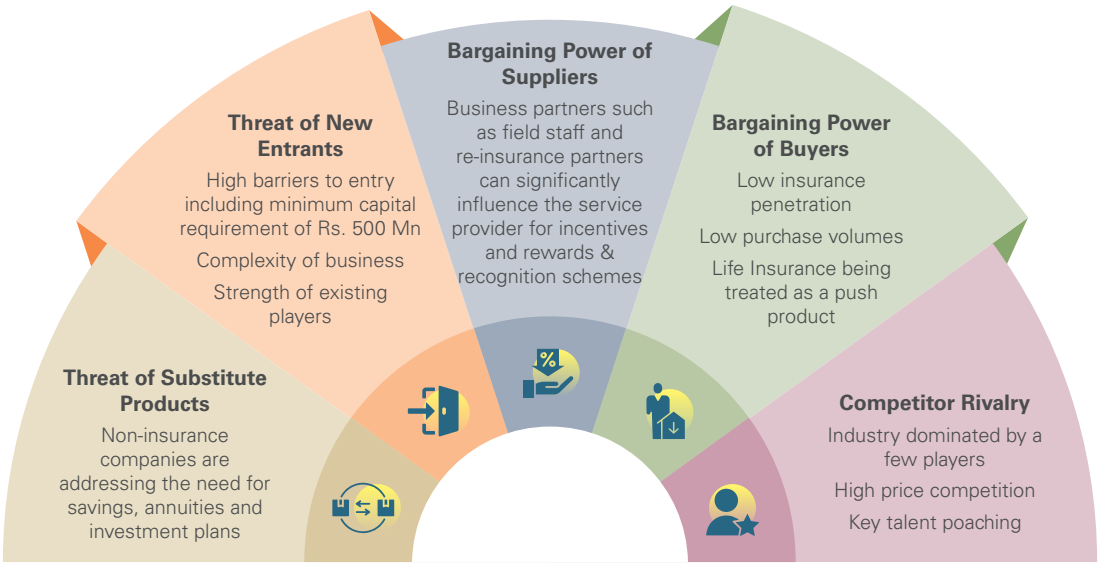
Liquidity Ratio



Our Competitive Position

Porter's Five Forces

Porter's Five Forces framework offers a valuable strategic analysis of the evolving dynamics within the life insurance industry in Sri Lanka.

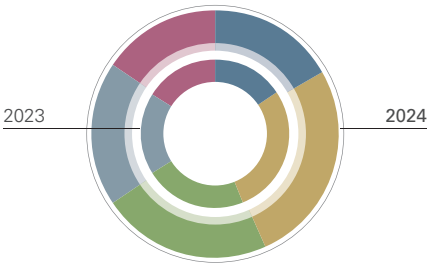


Market Position

During the year, UA experienced a slight decline in GWP market share, ranking as the 5th largest life insurer. This was primarily attributed to a decrease in new business premiums following the loss of the exclusive partnership with a commercial bank. Despite this, over the past five years, UA has consistently outpaced the industry's FYP growth rate of 16%, achieving a Compound Annual Growth Rate (CAGR) of 18%. Additionally, demonstrating its sustainable business model and strong persistency, UA exceeded the industry's renewal premium CAGR of 11%, achieving a growth rate of 12%.

GWP Market Share

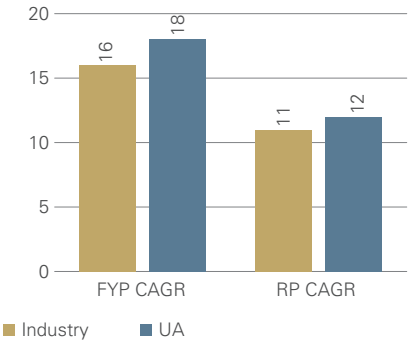
(%)



	2024	2023
AIA	12.9%	12.3%
Ceylinco Life	20.3%	21.9%
Softlogic Life	17.2%	17.3%
SLIC	14.4%	13.8%
UAL	11.8%	12.4%

5 Year CAGR - (2019-24)

(%)



OPERATING ENVIRONMENT

Industry Outlook

Sector Potential

The Sri Lankan insurance sector is poised for growth as the nation's economy continues its recovery trajectory. Improved business conditions, coupled with low inflation and reduced interest rates, are expected to boost demand for insurance services. As such, the insurance sector is seen as a critical element in fostering sustained economic growth.

While the sector's significant investment in government securities may present challenges due to the current low yield environment, the underlying potential for the industry remains strong. Compared to regional counterparts, Sri Lanka's insurance sector still has room for expansion. As the country's economic recovery gains momentum, the insurance industry is expected to play an increasingly important role, contributing to financial security and long-term stability.

Innovation as a Differentiator

We see significant impact from Artificial Intelligence (AI) and Robotic Process Automation (RPA) on the life insurance industry. These technologies are transforming various aspects of the sector, from underwriting and claims processing to customer service and fraud detection. AI-driven analytics enable insurers to assess risk more accurately, leading to more personalised policy offerings and pricing. Meanwhile, RPA streamlines repetitive administrative tasks, improving operational efficiency and reducing costs. Additionally, AI-powered chatbots and virtual assistants are enhancing customer experience by providing instant responses and support. By integrating AI and RPA, the life insurance industry is becoming more efficient, customer-centric, and data-driven, ultimately leading to better service delivery and improved business outcomes.

Company Outlook

Short Term

Recognising the significance of SLFRS 17 implementation, the Board has approved the Company's plan to adopt the standard starting from 1 January 2026. A skilled project management team, consisting of experts from the Finance, Actuarial, IT, and Technical departments, will support the Company's commitment to successfully implementing SLFRS 17.

Medium Term

The Company plans to adopt SLFRS S1 and S2 in the coming years by initiating a comprehensive transition strategy that includes training key personnel, updating internal systems, and revising financial reporting processes. The focus will be on ensuring that sustainability-related risks and opportunities, as well as the impact of climate change, are properly integrated into financial disclosures. The Company will also engage with external auditors to ensure compliance and enhance transparency.

The importance of these standards lies in their role in enhancing the comparability, consistency, and transparency of sustainability-related information, enabling investors and stakeholders to make informed decisions. Adoption of SLFRS S1 and S2 will help the Company align with global best practices, address growing regulatory expectations, and demonstrate its commitment to sustainable business practices.

Long Term

Our goal is to become a fully digital, customer-focused insurer for the modern era, while responsibly serving our communities. With a well-defined strategy and the expertise we've built over time, the Company is positioned to enhance profitability and strengthen its corporate foundation, ensuring a sustainable future.

RISK AND OPPORTUNITIES

A company faces both internal and external risks but can foster growth by leveraging its strengths, driving innovation, and differentiating itself to achieve operational excellence and secure a competitive advantage.

We identify two main risk and opportunity types based on the source of origin.

Risks and Opportunities

Internal Environment

Key risks and opportunities originated from factors internal to the organisation which are identified from the SWOT analysis

External Environment

Key risks and opportunities that originate from external sources which are identified through the PESTEL analysis.

SWOT Analysis

Strengths

- Solid financial foundation
- Cutting-edged solutions
- Strong strategic alliances
- Strong brand awareness
- Efficient distribution channels
- Extensive reach via branch network
- Strong partnerships with banks and other partners
- Highest social media reach and presence

Weaknesses

- High turnover among the sales force
- High first year lapse rates
- Misappropriation and mis-selling by field and permanent staff leading to lapses and surrenders

S W O T

Opportunities

- Growth in e-commerce platforms and users
- Underpenetrated Life Insurance market in Sri Lanka
- Recovering equity market performance
- An ageing population and other demographic shifts.

Threats

- Reduced disposable income of customers as a result of high personal and corporation taxes
- The life insurance sector is experiencing increased competition, which could result in price wars and decreased profits.
- Changes in consumer preferences regarding life insurance may necessitate adjustments to the Company's marketing approaches.

PESTEL Analysis

P Political

- Challenges in setting long term strategic plans due to frequent policy changes
- Political instability may affect economic policies and insurance demand
- Geopolitical conflicts impacting economic growth, leading to an increase in costs

E Economic

- Economic recovery boosts life insurance demand as consumers seek financial protection
- Inflation and interest rate changes directly affects profitability and the product margins for insurers

S Social

- Younger people seeking innovative insurance solutions on digital platforms
- While awareness of insurance is rising, cultural resistance still exists in some areas
- Growing awareness of health issues may drive demand for health-related life insurance products
- Demand for more disclosure on sustainability and transparency

T Technological

- Increased use of mobile apps and social media is reshaping how insurance is marketed and sold
- Data analytics help insurers personalise offerings and assess risk more accurately
- Safeguarding sensitive data is crucial for maintaining trust

E Environmental

- Natural disasters can increase demand for disaster-related insurance, while posing risks to insurers
- Growing environmental concerns pushing insurers to adopt sustainable practices and offer green financial products

L Legal / Regulatory

- Determinations, directions, circulars issued by the IRCSL
- SLFRS 17 leading to greater transparency of financial performance of industry players
- Legal disputes regarding claims or policies can impact reputation and stability

RISK AND OPPORTUNITIES

Sales growth through agency value optimisation, leveraging bancassurance and expansion of alternate channels

Risk	Impact	How We Respond
High turnover rates of agents and IROs due to better opportunities in other sectors or difficulty in sustaining performance in a competitive market.	Loss of high performing sales cadre leading to lower sales growth	▸ Strengthen relationships with sales force ▸ Improve agent well-being and recognition through industry's best rewards and recognition schemes ▸ Retain quality agents by providing attractive incentives ▸ Effective training and development for agents
Competition over exclusive bank partnerships	Loss of new business from exclusive partnerships being acquired by competitors	▸ Identify potential banks for exclusive partnerships ▸ Strengthen existing partnerships ▸ Maintain a relevant and diverse product portfolio for Bancassurance
Competitor pressure	Strong competition causing lower sales and loss of market share	▸ Differentiating through a unique customer value proposition
Persistency risk	With evolving customer needs, people are opting to forgo insurance coverage in favour of prioritising other essentials leading to lower renewals	▸ Adoption of LIMRA persistency to incentivise agents based on long term persistency ▸ Use Policy Conservation Unit to collect premium ▸ Use of Data Analytics & ML technology for Lapse prevention and maturity recapture monitoring ▸ Carryout policy revival campaigns
Opportunity	**Impact**	**How We Respond**
Sri Lanka's economy showed a robust recovery in 2024, recording a 5.2% GDP growth in the first three quarters, fuelled by growth in key sectors.	Positive GDP growth provides positive economic outlook for life insurance industry through improved disposable income	▸ Expanding sales force ▸ Maintain a well-diverse product portfolio ▸ Identify untouched market segments ▸ Improve accessibility through geographical expansion
Inflation initially surged due to VAT adjustments but swiftly declined, entering deflation by September 2024. Closed the year at a inflation rate of -1.7%	Disinflation improves customer buying behaviour and reduced lapse ratio	
The ASEAN Bancassurance market was valued at USD 34.51 Bn in 2024, with a CAGR of 6.5% from 2025 to 2032, Sri Lanka's overall insurance market is expected to grow at an 8% CAGR from 2024-2028. However, Bancassurance remains a smaller portion of this growth	Growth opportunity in Bancassurance sector	▸ Increase customer awareness ▸ Open existing products to all Bancassurance channels ▸ Build and capture strategic Bancassurance partnerships ▸ Persistency & productivity centric IRO incentivisation ▸ Improved Banca customer relationships
Growing internet and mobile penetration and increase in technology adoption	Improve agent productivity through digitization	▸ Leverage technology tools to empower agents to provide quick quotes and policy information, increasing productivity. ▸ FAME 4.0 performance monitoring dashboard ▸ Creation of customer financial need analysis

Efficiency through best in class operations

Risk	Impact	How We Respond
Digitisation & Automation of manual processes	Implementing new technologies may face resistance from staff or result in temporary inefficiencies during the transition phase.	▸ Effective training and development ▸ Test and parallel run before go live to ensure accuracy ▸ Continuous effort to enhance performance automated process and its accuracy
Opportunity	**Impact**	**How We Respond**
Use of Big Data Analytics and Artificial Intelligence	Process automation & digitisation	▸ Expand digital lab integrations ▸ Health/Surrender and OPD claim automation ▸ Improve Avg. processing time of a health claim

People first

Risk	Impact	How We Respond
Head hunting of key talents	Losing skilled employees, especially those in key positions, can create a gap in the Company's knowledge and expertise. This can disrupt operations of the Company	▸ Strategically planning talent acquisition ▸ Offer attractive remuneration packages ▸ Effective training and development
Skill gap	The changing insurance landscape may create a mismatch between the existing workforce's skill sets and evolving Company needs.	▸ Continuous training and development session ▸ Attend external workshops to be abreast of all evolving trends
Implications of regulatory developments	Risk of non-compliance to regulations in place for people management and development	▸ Ensure all operations are compliant with regulatory requirements through effective and stringent internal controls inbuilt in organisational processes and procedures.
Opportunity	**Impact**	**How We Respond**
Increase in GenZ in the workforce	Increase in supply of young talent in the labour market who are professionally qualified	▸ Enhance employee value proposition via encouraging continuous education, providing relevant training and development opportunities, and fostering a culture where all employees, regardless of rank, can actively contribute to the business ▸ Use of interactive IT technology for trainings and grooming sessions ▸ Use of social media for employee and sales force recruitment
Diversity, Equity and Inclusion	Opportunity for a diverse workforce	▸ Foster DE&I within Union Assurance by conducting programmes

RISK AND OPPORTUNITIES

Brand with a purpose

Risk	Impact	How We Respond
Implications of regulatory developments	Stringent regulatory compliance in life insurance related advertising and branding to protect customers from mis-selling and mis-information	▸ Ensure all operations are compliant with regulatory requirements through effective and stringent internal controls
Loss of market share and negative impact on brand equity	Reduction in revenue and profits	▸ Continuous investment in uplifting brand position
Opportunity	**Impact**	**How We Respond**
Growing internet and mobile penetration and increase in technology adoption	Leveraging the increase use of social media, SEO and other digital means to increase brand visibility and awareness among a diverse audience and customer engagement	▸ Utilise technologies to create personalised campaigns by tailoring messages and content based on individual customer profiles to enhance engagement and conversion rates ▸ Improve brand visibility and product awareness through rigorous promotional campaigns
Increased focus on CSR activities	Enhance brand reputation	▸ Conduct CSR programmes to improve community well being

Value accretive product proposition

Risk	Impact	How We Respond
Regulatory compliance	Risk of non-compliance due to number of new directions and any legal enforcements Changes in regulations could impact the feasibility or profitability of certain products, particularly in terms of capital requirements or product features	▸ Compliance with all regulatory aspects ▸ Frequent discussions with the industry and the regulator to be informed of regulatory changes
Opportunity	**Impact**	**How We Respond**
The population aged 60 and above is projected to rise to 24.5% by 2052.	Increase in life expectancy rates creating a higher demand for retirement planning, health coverage, and financial protection solutions	▸ Continue to build health and retirement portfolios ▸ Introduction of retirement calculator
The CBSL implemented an increasingly accommodative monetary policy in 2024, resulting in three policy easing measures that significantly lowered market interest rates	Lower interest rates may improve demand for investment products	▸ Maintain product portfolio to capture changing economic environment
The global microinsurance market, valued at $74.2 Bn in 2023, is projected to grow at a compound annual growth rate (CAGR) of over 6.5% between 2024 and 2032	Potential market expansion to low income individuals	▸ Looking at the feasibility of capturing the microinsurance segment by assessing the affordability
Need based product development	Identify the changing needs of customers to create relevant products and maintain a competitive edge in the industry	▸ Continuous research and development tailored products that meet emerging customer needs ▸ Introduction of the new cancer care cover ▸ Innovative add-ons

Innovation through analytics and digitisation

Risk	Impact	How We Respond
Cyber and Data Security Risk	As cyber threats continue to rise, our vulnerability grows due to the extensive adoption of digital infrastructures and processes within our operations.	▸ Procedures and controls Please refer page 132 Intellectual Capital
Use of Big Data Analytics and Artificial Intelligence	Delays in IT transformation process	▸ Proper planning, execution and rigorous monitoring of IT process automation
Opportunity	**Impact**	**How We Respond**
Growing internet and mobile penetration and increase in technology adoption	Ability to capitalise on online products	▸ The Company has taken measures to move towards a bionic distribution strategy which embraces the technological advancements ▸ Improve engagements through the Clicklife App by enabling new features to enhance the user experience
Use of Big Data Analytics and Artificial Intelligence	Ability to understand customer needs and trends better to make informed decisions	▸ Use of big data and data analytics to identify untapped opportunities ▸ Implement initiatives under digital road map to remain ahead of the industry
	Reduce the time spent on routine activities of analysing data	▸ Continuous replacement of manual work using Power BI dashboards and robotic processes
Increased scrutinity over data protection	Prioritising data protection and adhering to evolving regulations, we expect to foster a strong reputation for safeguarding customer information.	▸ Procedures and controls are in place to ensure data protection Please refer page 132 Intellectual Capital

Financial governance

Risk	Impact	How We Respond
Implementation of SLFRS 17	Significant capital investment, Complexity in providing data and changes in actuarial and accounting processes	▸ Company has proactively identified SLFRS 17 related risks and how they can be mitigated. Please refer pages 74 and 77 for more details
The CBSL implemented an increasingly accommodative monetary policy in 2024, resulting in three policy easing measures that significantly lowered market interest rates	Lower Interest rates impacting investment income	▸ Proactive and efficient investment portfolio management by staying informed about macroeconomic developments.
Opportunity	**Impact**	**How We Respond**
SLFRS 17 and SLFRS 9 Transition	SLFRS 17 will enhance transparency in financial statements, providing clearer insights into Company performance.	▸ Strategically aligning the business decisions to maximise performance

STRATEGY AND RESOURCE ALLOCATION

GRI 2-22, 2-24, 2-25

Our strategy is long-term focused, built upon the analysis of external market conditions and a thorough assessment of our strengths and weaknesses. This enables us to craft a robust strategy that leverages growth opportunities effectively."

We conduct an annual SWOT analysis to assess our strengths, weaknesses, opportunities, and threats, considering changes in the business landscape. Moreover, we also use Porter's Five Forces to identify structural shifts, risks, and potential avenues for growth that could affect our financial health and competitive standing. These insights directly inform our strategic planning.



Strategies for 2024

Our strategic priorities focus on building a resilient and future-ready business, ensuring continued value creation for our customers, shareholders, and stakeholders. We are embarking on a strategic transformation journey, shifting our focus from a Volume-centric approach to a Value-centric proposition. This shift signifies our commitment to delivering superior quality and productivity. These 2024 priorities were developed through a thorough analysis of our operating environment. It also outlines the actions we need to take to achieve our short, medium, and long-term goals, ultimately delivering value to our shareholders and other stakeholders.

Our Strategic Pillars

Growth	Efficiency	Value Creation
Agency Value Optimisation	Best in Class Operations	Brand with a Purpose
Leveraging on Bancassurance	People First	Value Accretive Product Proposition
Alternate Channel Expansion	Innovation Through Analytics and Digitisation	Financial Governance

Our Targets

	ANBP growth	Cost ratio	Our Position
Short-term	+10%	23%	Spontaneous Awareness (Avg) 25%
Mid-term	+12%	22%	Spontaneous Awareness (Avg) 28%
Long-term	>12%	< 22%	Spontaneous Awareness (Avg) 30%

Short-term – Next 1-2 years | Mid-term – Next 2-5 years | Long term – Next 5-10 years

⊕ Positive impact to capital ⊖ Negative impact to capital

Growth

We are committed to sustainable growth, which is why our primary focus is underwriting profitable business. To achieve this, we optimise our networks and invest in training our sales force to bring in high-quality business, ensure customer retention, and facilitate upselling opportunities. Furthermore, we strive to maintain lean channels and efficiently manage branch costs to deliver higher profitability margins.

1. Agency Value Optimisation

1. Value Driven Agent Behaviour

Our agency channel is a vital contributor, generating over 80% of our new business through a dedicated sales force of over 2,800 professionals across the island. Recognising the importance of this channel, we have invested in transforming how insurance is offered to customers, shifting from a volume-centric approach to a value-driven one. Moreover, we engage in the continuous development of our agency sales cadres, providing them with ongoing training in best practices and professional growth opportunities.

i. LIMRA Persistency Centric Incentivisation

LIMRA persistency is adopted by insurers to enhance long-term customer retention and drive consistent business performance. By leveraging data-driven insights, this approach ensures that policies remain in force, reinforcing customer loyalty and fostering sustainable growth. Ultimately, it aligns with our broader objectives of delivering enduring value while maintaining a strong market position.

Resource allocation - During FY 2024,
Rs. 22 Mn
was invested in agency training

We were the first in the industry to implement a LIMRA-based incentivisation

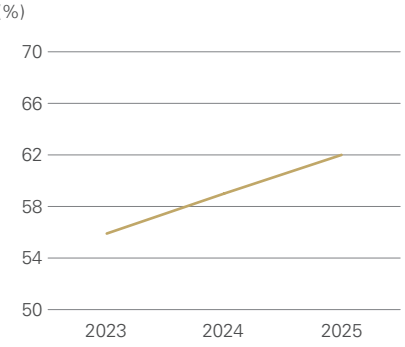
Why we adopted LIMRA based persistency:

In line with the Company's objective of maximizing long-term value, we have introduced a groundbreaking initiative by embedding a LIMRA-based rewarding mechanism. This strategic move positions us at the forefront of the industry, driving sustainable business growth.

Resource allocation -
Rs. 2.8 Bn
incentives and commissions paid to agents

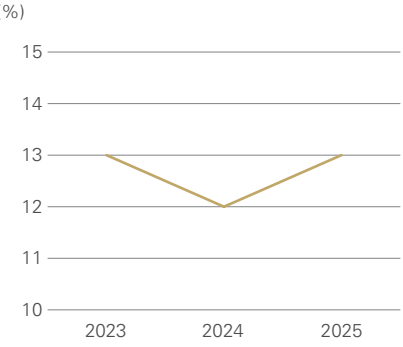
Strategy to action

Agency LIMRA 13 M



Strategy to action

Rider Ratio



2. Agency Network Optimisation

Our objective is to drive profitability-focused branch operations by instilling a strategic shift in the agency mindset, moving from a top-down approach to one that optimises resources, controls costs, and maximises agent efficiency and productivity. This strategy ensures effective, sustainable branch operations that contribute to the overall profitability of the company.

STRATEGY AND RESOURCE ALLOCATION

i. Building efficiencies in branch network

To ensure long-term financial stability and optimise resource use, we strategically control costs, starting with branch operations. Accordingly, 6 branches were relocated to enhance reach and secure better rental terms. This was complemented by a top-down approach to cost management awareness among agency leadership, driving a targeted reduction in the overhead cost ratio.

Resource allocation -

Rs. 100+ Mn

investment in branch network expansion, relocations & refurbishments

ii. Optimum cadre allocation

To enhance profitability and efficiency, we have strategically optimised our branch network by focusing on agent cadre allocation. This is a key component in maximising resource utilisation, minimising operational costs, and increasing agent productivity. Through this approach, we ensure our branches effectively respond to varying customer needs and demand, with sufficient agent presence in high-potential areas, while avoiding overstaffing fewer active regions.

Resource allocation -

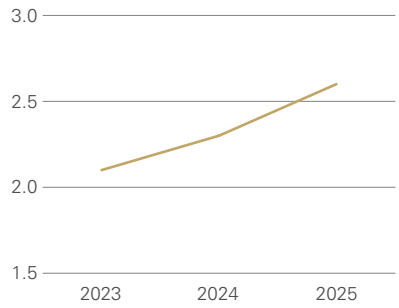
Over 1,500

New advisors in 2024

Strategy to action

ANBP Per Agent

(Rs. Mn)



Future focus:

- Aggressive recruitment drive to build a high-performing sales team.
- Launch strategic reskilling programmes to ensure agents are equipped for success.
- Implement branch-specific profitability targets and continuous monitoring of distribution channels and their effectiveness.
- Carefully planned branch expansion and branch closure, refurbishment, relocation based on performance

Capitals impacted

SDGs Impacted

2. Leveraging on Bancassurance

1. Channel & Partnership Expansion

We currently collaborate with six banking partners, including exclusive partnerships with NTB and Union Bank, supported by an extensive IRO network. Over the years, Union Assurance has firmly established itself as a strong leader in bancassurance. Our strategy focuses on two key areas: first, monetising the synergies created through our exclusive partnerships to drive revenue growth, and second, expanding our reach by exploring new consumer segments within our other banking partnerships. By doing so, we aim to unlock new business opportunities and further strengthen our market position.

I. Expansion of branch access

Within our existing Non-exclusive partnerships, we aim to increase our branch presence to better access and engage potential customers within each partner bank's network.

II. Expansion into new partnerships

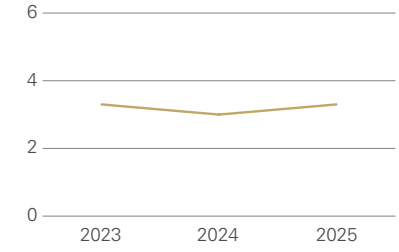
Beyond organic growth within existing partnerships, our strategy includes onboarding new exclusive partners to accelerate expansion and ensure sustainable growth in the mid- to long-term. In 2024, we were in discussion for potential partnerships which will be in execution in 2025.

Our current operations are limited to a select group of predominantly private banks. To expand our reach and capture a larger market share, we recognise the

Strategy to action

IRO Productivity

(No.)



significant untapped customer base within the banks where we expect to deep dive in to different customer segments.

In addition to expanding our banking partnerships, we see potential in collaborating with non-bank financial institutions. As the banking landscape continues to evolve digitally, UA is strategically positioned to leverage these opportunities as part of its broader expansion strategy.

Resource allocation -
Over Rs. 250 Mn
paid for contractual relationships

2. Value Centric Incentivisation

We have transitioned our bancassurance approach to a value-centric business model, aligning to the Company strategy, to drive profitability. To support this, we have shifted our focus to empower and motivate the bancassurance sales force through targeted incentive and reward mechanisms. This approach ensures that we remain as the channel with the highest new business margin, fostering a culture of performance and value creation across the organisation.

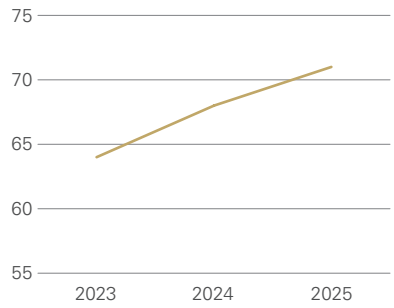
I. Persistency & productivity centric IRO incentivisation

We have implemented a multi-faceted incentivisation programme for our Insurance Relationship Officers (IROs), designed to drive new business acquisition and customer retention. This includes integrating LIMRA persistency-based incentives, mirroring successful strategies employed within our agency channel, to ensure the quality and longevity of acquired business. IRO productivity is further incentivised through a system of rewards and recognition, with performance-based bonuses and recognition for achieving significant sales targets. Demonstrating our commitment to recognising excellence, we hosted our inaugural MDRT event to celebrate MDRT winners within the bancassurance channel.

Resource allocation -
Rs. 224 Mn
incentives paid to IROs in 2024

Strategy to action

Banca LIMRA 13 M



Future focus:

- Pursue and establish exclusive partnerships with high-potential banks to expand market reach and distribution channels.
- Monetise current banking partnerships to achieve a targeted 10% growth in Annualised New Business Premium (ANBP), leveraging existing infrastructure for efficient expansion.
- Continuously invest in specialised Bancassurance Learning & Development programmes to improve employee skills, increase engagement, and reduce employee turnover within the channel.

Capitals impacted

SDGs Impacted

3. Alternate Channel Expansion

1. D2C Expansion

In 2024, the Company identified the need to enhance its performance in alternate channels, which had previously contributed just 5% to Gross Written Premium (GWP). The focus had been limited in terms of creating new partnerships for growth. To address this, a strategic initiative was implemented to scale contractual partnerships. This approach resulted in a remarkable 122% year-over-year increase in revenue. Additionally, to further recognise and motivate success within the alternate channel, the Company hosted its first-ever MDRT event, celebrating the achievements of MDRT winners in this segment.

STRATEGY AND RESOURCE ALLOCATION

I. Digital lead generation

Our digital lead generation strategy leverages online tools and targeted strategies to attract potential customers and drive business expansion. Strategic partnerships are integral to this effort, enabling us to access broader customer segments, streamline lead-generation processes, and enhance customer engagement through partner-driven outreach.

II. Data Analytics-based lead generation

We adopt data analytics-driven lead generation to identify and target potential customers with greater precision. This approach enables us to generate high-quality leads by focusing on prospects with the highest propensity to convert, thereby significantly improving the efficiency and effectiveness of our lead-generation efforts.

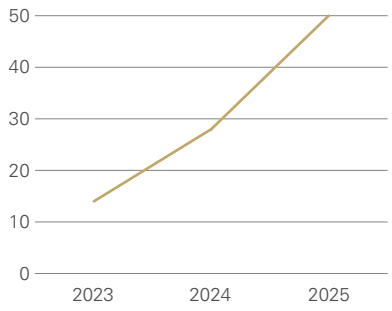
2. Establish partnerships in retail, telco, education and health sectors

As part of our growth strategy, we aim to establish strategic partnerships across key sectors, including retail, telecommunications, education, and healthcare. These partnerships will enable us to expand our market reach, enhance our service offerings, and create mutually beneficial opportunities that drive innovation and business growth.

Strategy to action

ANBP - Alternate Channel

(Rs. Mn)



Resource allocation -

5

new partnerships in 2024

300+

Grouplife and surgical clients

Future focus:

- Expand sales of D2C products to achieve a GWP growth of 10%
- Expansion of segment-centric product propositions
- Adopt data analytics-based monetisation

Capitals impacted

SDGs Impacted

Positive impact to capital Negative impact to capital

Efficiency

In our efforts to become a leading digital life insurer and pioneer industry innovation, operational efficiency is paramount. By leveraging automation and advanced digital solutions across underwriting and claims management, we are significantly enhancing customer satisfaction, reducing operational costs, and driving profitability.This streamlining of core processes minimises administrative overhead, mitigates errors, and boosts overall productivity, enabling us to optimise resource allocation and strengthen our competitive edge in a demanding regulatory environment.

1. Best In Class Operations

1. Underwriting Quality & Efficiency

In underwriting, efficient processes ensure quick, accurate risk assessments, allowing insurers to offer timely policies. The Value Driver is focused on enhancing Underwriting Quality and Efficiency. The strategy involves implementing advanced technology to Automate and streamline processes.

I. Expand Digital Lab integrations

We are strategically integrating our systems with hospital networks to directly access laboratory reports for underwriting and risk assessment. This initiative eliminates paper-based processes, reduces human intervention, and enhances accuracy. Our long-term objective is to achieve real-time policy issuance. We are currently integrated with Durdans Hospital.

GRI 2-7

Resource allocation – Fully integrated with Durdans Hospitals

II. Process automation & Digitisation

Our objective is to set new benchmarks in the Sri Lankan life insurance industry.

Through the automation of financial and medical underwriting, we have transformed the life underwriting journey, driving enhanced operational efficiencies, improved accuracy, and significantly reduced turnaround times.

Our innovative approach is not only reshaping the industry but also ensuring that we provide better, faster, and more reliable service. Following our strategy, during 2024 we achieved many industry first initiatives such as Medical UW automation, Financial UW automation and E-MER.

2. Claim Quality and Efficiency

Our primary Value Drive is to enhance Claim Quality and Efficiency. We are committed to delivering high-quality services while maintaining operational efficiency

We have worked on our strategy to provide the fastest settlement in cashless claims in the industry with 80% of the cashless settlements being processed in under 45 minutes.

Resource allocation -
Rs. 77 Mn
paid for claims handling

Future focus:

- Our future strategy is focused on enhancing operational efficiency, delivering superior customer experiences, and leveraging cutting-edge technologies for policy issuance and claims processing by introducing industry first initiatives.

Capitals impacted



SDGs Impacted



2. People First

1. Attract and Retain Top Tier Talent

Our commitment to long-term business success begins with a strong employer brand that reflects our core values, vibrant culture, and dedication to employee well-being. This strategy is essential for attracting and retaining top talent in a competitive market. By cultivating a positive employer brand, we foster higher employee engagement, reduce turnover, and creates a more productive and loyal workforce – all contributing to sustained growth and a thriving organisational reputation.

I. Stronger Employer Value Proposition

Under this value driver we focus on becoming the employer of choice.

A positive, inclusive, and supportive work environment where employees feel valued and connected to the Company's mission and values. We have invested in corporate engagement events throughout the year. Please refer to page 104 for information on employee engagement activities.

Our strategy focuses on establishing clear paths for growth internally and within the JKH Group and promotions that demonstrate the Company's investment in employees' long-term professional development.

We aim to provide competitive salary packages, comprehensive health benefits, and additional perks such as flexible work options and wellness programs to enhance employee well-being. Further, by establishing a reputation for offering long-term employment and career stability, we aim to reassure employees that they can thrive and build successful careers within the organisation.

Union Assurance expanded the university recruitment network to attract top emerging talent through collaborative initiatives such as the Uniship programme. Moreover, we have invested in increasing our brand as an employer through impactful social media activations and content.

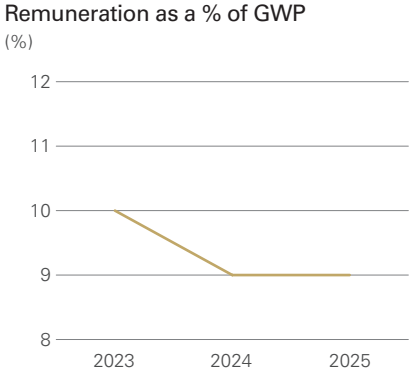
Resource allocation -
262
new recruits

Extension of the Uniship programme to all Universities in Sri-Lanka

STRATEGY AND RESOURCE ALLOCATION

Strategy to action

Remuneration as a % of GWP



II. Focused Key Talent Retention

Talent retention strategy involves creating a Stronger employee value proposition and building a healthy talent pipeline. These strategies aim to enhance the overall employee experience, ensure a steady flow of talent, and retain key personnel.

Our strategy is to nurture a culture of appreciation by consistently recognising employees' efforts through meaningful rewards, regular feedback, and formal career recognition.

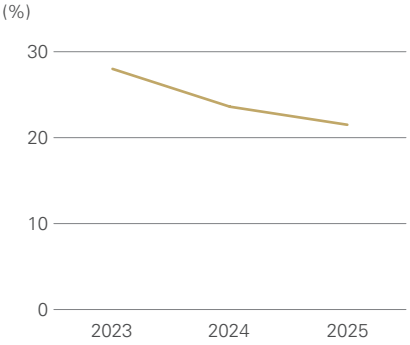
Resource allocation -

86

Promotions in 2024

Strategy to action

Attrition Ratio - Non IRO



2. Building Employee Capabilities

The strategy for building employee capabilities focuses on enhancing leadership skills through targeted development programmes, cross-functional exposure, and mentorship. Special emphasis is placed on developing female leaders through mentorship, training, and diversity initiatives. A culture of continuous learning is fostered with personalised development plans and knowledge-sharing opportunities. Success is measured by tracking career progression, diversity metrics, and employee feedback to ensure effective growth.

I. Enhancing Leadership Capabilities

The strategy focuses on developing leadership capabilities through targeted training programmes, executive coaching, and workshops on key skills such as decision-making and team management. Mentorship initiatives provide emerging leaders with guidance and visibility. Moreover, continuous feedback, personalised development plans, and fostering a leadership-driven culture ensure ongoing growth and readiness for leadership roles.

A new SHIFT programme has been established for leadership development and a structured learning platform for employees.

Resource allocation -

4,258 Hrs

on Leadership & Management Training programmes

II. Developing Female Leaders

New women-centric platform 'GROW' leveraging on diversity, equity and inclusion (DE&I). Our aim is to enhance leadership skills and promote gender diversity in leadership roles.

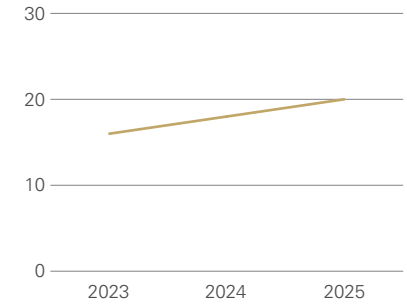
Resource allocation -

4

events /programmes conducted in 2024

Strategy to action

Female Participation - Senior Manager and above



Future focus:

- Strengthening soft skills, such as emotional intelligence, communication, and collaboration, to complement technical expertise and cultivate well-rounded, effective leaders.
- Continuously enhancing digital literacy and technical skills across the leadership pipeline to ensure we remain at the forefront of industry advancements.
- Expanding diversity, equity, and inclusion initiatives to cultivate a more inclusive leadership pipeline, with a specific focus on creating opportunities for underrepresented groups.

Capitals impacted

SDGs Impacted

3. Innovation through Analytics and Digitisation

Innovation is a fundamental strategy and a driver of exceptional execution. Our history is marked by industry-first initiatives designed to transform customer experience and optimise our operations. As we pursue our objective of becoming the best-in-class digital insurer, this strategy delivers measurable value to shareholders and policyholders. Efficiencies gained through innovation drive significant cost reductions alongside volume growth, while our digitised processes and platforms empower us to provide faster, more responsive, and superior service to our customers.

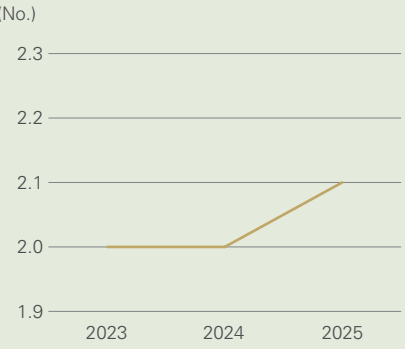
1. Bionic Distribution Model

Our strategy blends the strengths of human advisors and digital technologies to create a hybrid sales and service mode FAME that delivers enhanced customer experiences. By combining the personalised touch of agents with the efficiency and scalability of digital platforms, the model ensures broader reach, faster response times, and more tailored solutions, ultimately driving higher engagement and better customer outcomes. This approach leverages advanced tools such as AI, data analytics, and automation to support agents in making smarter, data-driven decisions while maintaining a human-centric relationship with customers.

Resource allocation -
Rs. 10 Mn
invested in FAME

Strategy to action

Agent Productivity



I. Recruitment

Digital onboarding of agents through FAME

II. Training

Blended learning curriculum and training activity tracking

III. Selling

Agency activation for improved productivity e-FNA and product recommendation adoption

Future focus:

- Drive 100% digital onboarding
- Further improvements to agency productivity with innovation

Capitals impacted



SDGs Impacted



⊕ Positive impact to capital ⊖ Negative impact to capital

Value Creation

In our efforts to become a leading digital life insurer and pioneer industry innovation, operational efficiency is paramount. By leveraging automation and advanced digital solutions across underwriting and claims management, we are significantly enhancing customer satisfaction, reducing operational costs, and driving profitability. This streamlining of core processes minimises administrative overhead, mitigates errors, and boosts overall productivity, enabling us to optimise resource allocation and strengthen our competitive edge in a demanding regulatory environment. The result is improved service delivery, sustained profitability, and compliance.

1. Brand with a Purpose

I. Comprehensive corporate campaign

Witnessing an exciting new chapter of growth, our company embraced a transformative brand vision and purpose that defines our core ethos and drives our fundamental reason for existence. To bring this new brand identity to life, a comprehensive corporate campaign was launched to ensure that all stakeholders—both internal and external—understand and align with the new brand direction.

This included introducing new company artifacts, brand assets, programmes, and ESG initiatives, all designed to embed our brand identity into the fabric of our organisational culture. Our campaign also extended beyond our walls, 360-degree communications, and nationwide CSR programmes, demonstrating our commitment through tangible, impactful actions.

STRATEGY AND RESOURCE ALLOCATION

1. Customer Satisfaction

We differentiate ourselves through a steadfast commitment to delivering an exceptional customer experience for our policyholders. Recognising that technological advancements have fuelled increased customer expectations for speed and self-service, we have strategically prioritised personalised and seamless service across all touchpoints. This includes empowering customers through accessible digital platforms, providing responsive customer support, and leveraging data insights for proactive communication. Our ultimate goal is to build trust, enhance satisfaction, and nurture enduring relationships that extend throughout the entire customer journey.

I. Smooth Customer Onboarding

A smooth customer onboarding process for a life insurance policy is crucial for building trust and ensuring a positive first impression. It sets the tone for the entire customer experience, making clients feel confident and valued from the outset. A streamlined process accelerates policy activation, leading to higher customer satisfaction and retention. Additionally, a seamless onboarding experience can foster long-term relationships by ensuring clients fully understand their coverage and feel supported throughout their journey with the insurer.

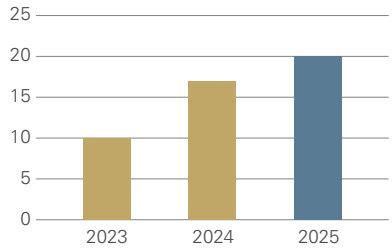
II. Seamless Claims Experience

A key priority for us is to differentiate ourselves by delivering a best-in-class claim experience. As part of our technology-driven strategy to provide a more seamless customer journey, we have focused on the Clicklife app as a central engagement platform. This strategy has included a significant investment in promoting the Clicklife app directly to our policyholders. The app delivers self-service experience, providing real-time updates on policy information powered by cutting-edge digital technology, including details on premiums due, account balances, and claim status.

Strategy to action

Clicklife Penetration

(%)



Future focus:

- Expand communications around strategically relevant CSR initiatives/Clicklife that align with our brand
- Drive NPS to be within the top 3 players
- Improving the app engagement to drive penetration by over 20%

Capitals impacted

SDGs Impacted

2. Value Accretive Product Proposition

In the highly competitive life insurance market, we recognise that offering value-accretive products is essential to sustained success. Our strategy centres on developing customer-centric solutions characterised by comprehensive coverage, customisable options, and innovative features. This approach enables us to attract a broader customer base and enhance our position as a market leader.

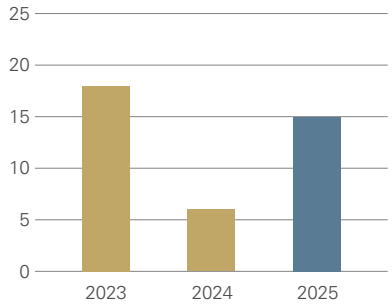
I. Enhanced Protection

We have a proven track record of serving a broad customer base, spanning ages from 18 to 65. [Please refer to "Creating Shared Value: Strong Relationships, Sustainable Growth" on page 114 for more details]. Recognising significant opportunities to address diverse needs within the market, our Company strategy focuses on expanding our product offerings with enhanced and appealing solutions. We are committed to maintaining competitive pricing to ensure our products are accessible and can protect a broader customer base.

Strategy to action

New Business Growth

(%)



II. Product Optimisation

To meet our financial objectives, we are prioritizing the promotion of offerings that provide greater value. Additionally, we are optimizing our product mix to maintain a balanced approach, with the goal of maximizing profitability and long term stability delivering strong value to our customers.

GRI 2-22, 2-27

Future focus:

- Diversify our offerings through the introduction of new product verticals
- Our focus will also include enhancing operational efficiency, particularly through the integration of new financial reporting standards.
- Remain committed to broadening access to affordable insurance solutions for a wider population.

Capitals impacted

SDGs Impacted

3. Financial Governance Framework

At the heart of our transformation is a Financial Value Management strategy, designed to drive financial performance and maximise long-term value creation. This strategy focuses on optimising volume, quality, and productivity across all operations. A key component of this transformation is our insurance operations, where we aim to underwrite policies and set premiums that consistently exceed the cost of claims and other associated expenses, thereby generating increased insurance profits.

I. SLFRS 17 and SLFRS 9 Transition

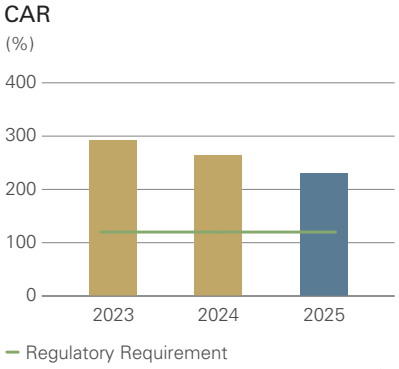
The strategic alignment aims for a smooth rollout by 2026 for the go-live of SLFRS 17 reporting.

We recognise the importance of Contractual Service Margin (CSM) under the SLFRS 17 accounting standard in our insurance operations. We are committed to effectively managing CSM to ensure compliance and enhance our financial performance.

II. Solvency Management

The objective of the strategy is to roll out a comprehensive policy framework for solvency management. The strategy involves the inclusion of several key policies. These policies are crucial components in the comprehensive framework for effective solvency management. By incorporating these policies, the strategy aims to enhance the overall solvency management process.

Strategy to action



Future focus:

- SLFRS 17 Implementation by 2026
- Driving company profitability in the long-term by 10% YoY

Capitals impacted

SDGs Impacted

ECONOMIC VALUE ADDED

GRI 2-22, 201-1

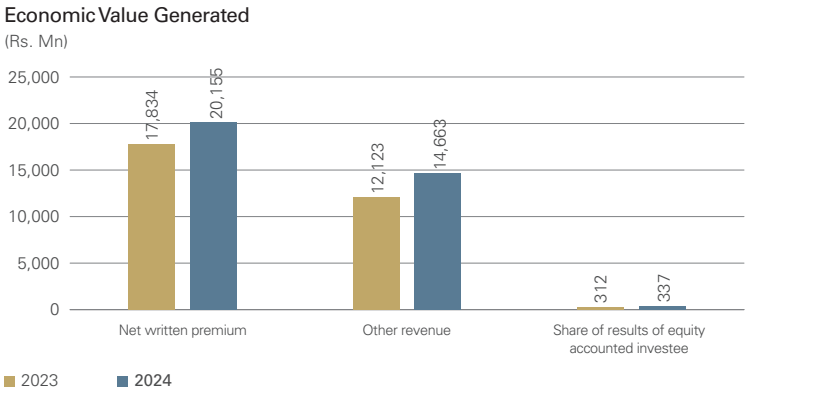
Economic Value-Added Statement (EVA)

This reflects how we generated value and distributed it among stakeholders within the value chain.

Economic Value Generated

Rs. 35,156 Mn

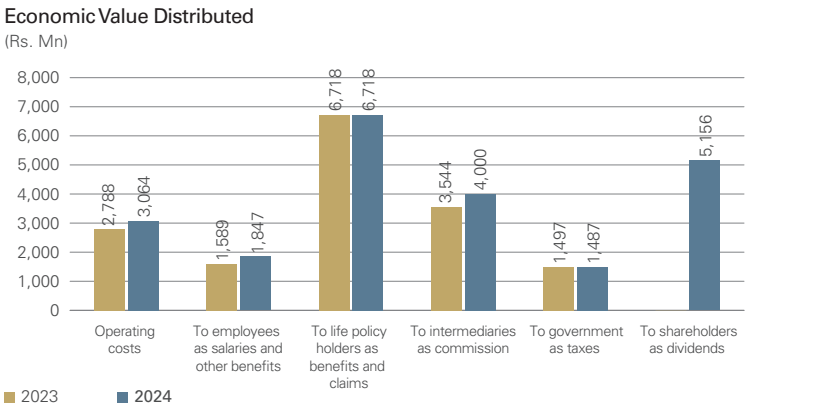
2023 – Rs. 30,269 Mn



Economic Value Distributed

Rs. 22,272 Mn

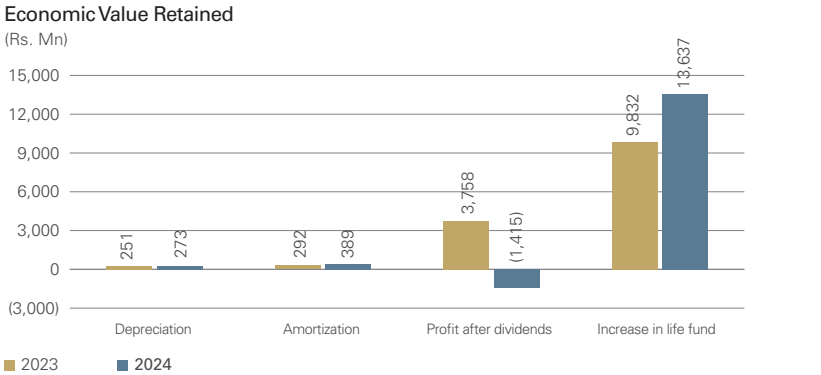
2023 – Rs. 16,136 Mn



Economic Value Retained

Rs. 12,884 Mn

2023 – Rs. 14,133 Mn



Market Value Added Statement (MVA)

This demonstrates the Company's ability to enhance shareholder value over time, driven by effective management practices and robust operational capabilities.

Market Value of Equity

Rs. 36,477 Mn

2023 – Rs. 23,689 Mn

Shareholders' Fund

Rs. 23,668 Mn

2023 – Rs. 24,161 Mn

Market Value Added

Rs. 12,809 Mn

2023 – (Rs. 472 Mn)

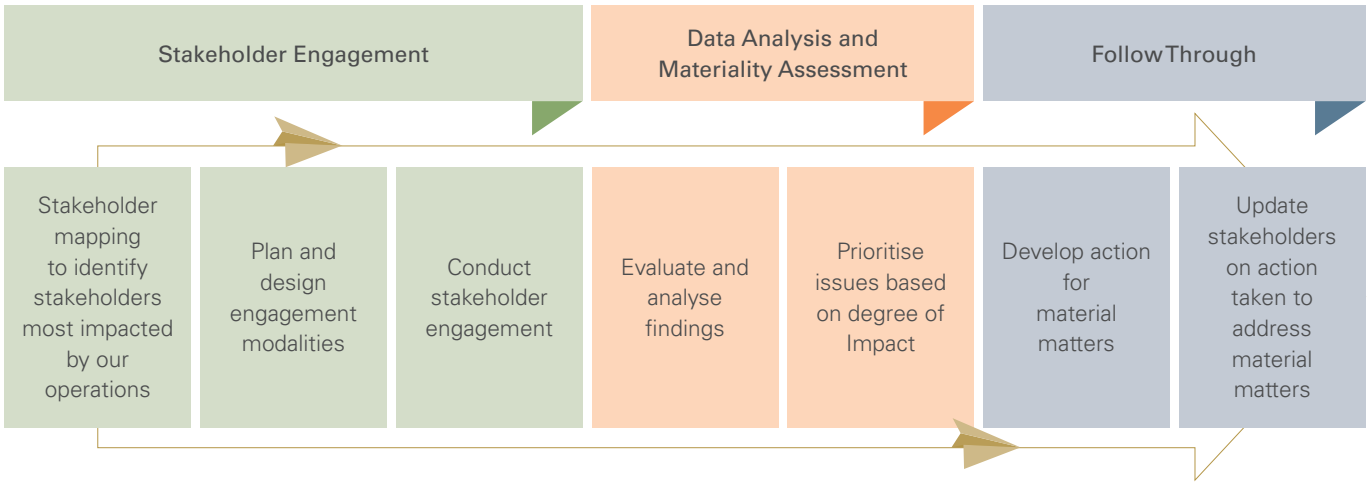
STAKEHOLDER ENGAGEMENT

GRI 2-29

Building strong relationships with our stakeholders is a cornerstone of our long-standing presence in the Sri Lankan insurance sector. We recognise the critical importance of addressing matters that materially impact them. Proactive stakeholder engagement is vital to our value creation process, allowing us to identify and address their key concerns, especially in today's rapidly evolving environment. Our strong engagement process has been crucial to our successful navigation over the years.

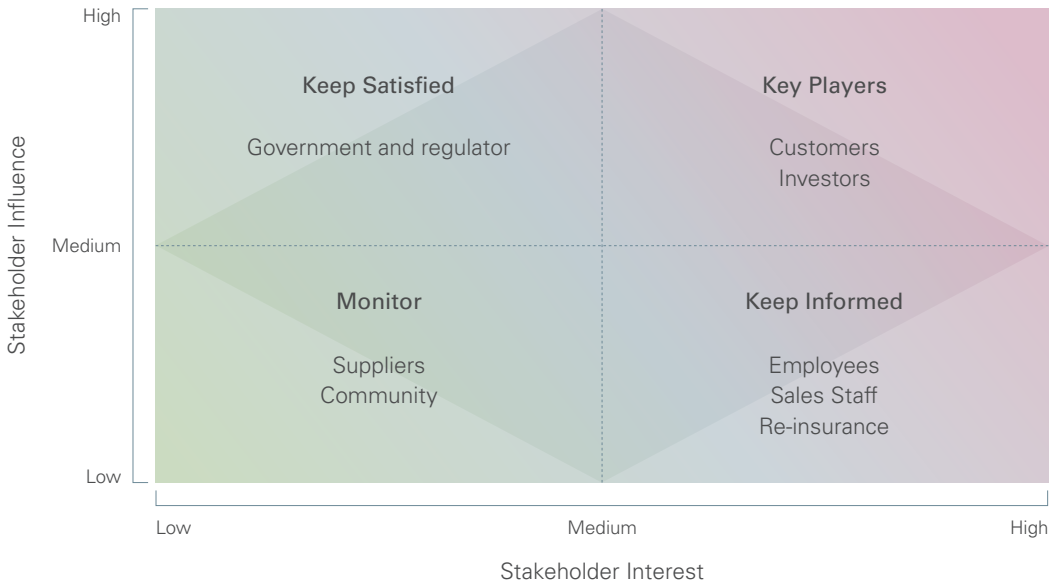
Stakeholder Engagement Process

We adopt a structured seven-step engagement process that ensures transparency, accountability, and consistent follow-through at every stage. Recognising the evolving communication landscape, we continually assess and innovate our engagement methods to deepen stakeholder connections.



Stakeholder Mapping

Our stakeholder engagement strategy begins by mapping stakeholders according to the extent our operations affect them. This assessment determines both the level of engagement and the appropriate methods, which are further customised to each specific stakeholder group.



STAKEHOLDER ENGAGEMENT

GRI 2-7

Given below are the stakeholder engagement mechanisms, their concerns, and our responses during 2024.

Stakeholder Group	Why We Engage	Our Engagement Mechanisms	Stakeholder Concerns	Our Strategic Response / Value Proposition	Value Created	Relevant Capital	Relevant SDG	Level of Engagement	Impact on Stakeholder
Customers	We achieve long-term success by fostering a loyal customer base, whose insights drive our innovation and sustainability, enhance our brand, and inspire us to improve our services through proactive engagement and diligent monitoring.	▸ Island-wide branch network ▸ Customer surveys ▸ Advertising campaigns ▸ Customer communication / social media / corporate website ▸ Customer research ▸ Complaint management ▸ Clicklife portal for digitised transactions ▸ Call centre	▸ Products catering to evolving needs ▸ Affordability and accessibility of services ▸ Timely settlement of claims ▸ Reliability of operations ▸ Automated service environment ▸ Speedy complaint resolution	▸ Customised product solutions ▸ Exceptional service delivery ▸ Seamless digital customer experience ▸ Fair pricing ▸ Technology-driven products ▸ Enhancing service quality through customer feedback	329,000+ Individual clients Launch of Cancer Care Cover 94 No of Branches 93% One day claims settlement ratio			High	High
Employees	We value our employees as our greatest asset. Through a culture of well-being, open communication, and engagement, we empower them to drive performance and ensure ongoing success.	▸ Training programmes ▸ Recreation activities ▸ Corporate communications ▸ Performance appraisals ▸ One-to-one discussions ▸ Employee surveys ▸ HR portal for all HR-related matters	▸ Migration, other career options ▸ Job security ▸ Expectation of work/life balance ▸ Rewards and recognition ▸ Career progression ▸ Training and development opportunities ▸ Open communication ▸ Diversity and equal opportunity	▸ Fair remuneration on par with industry standards and market expectation ▸ Employee engagement activities ▸ Robust HR governance ▸ Providing flexible employment practices ▸ Safe workplace and conducting awareness sessions ▸ Opportunities for career growth ▸ Two-way communication process ▸ Whistleblower process ▸ Programs to encourage DE&I	737 No of employees 49-51 Male - Female Rs. 1.8 Bn Payments to employees 26 Training hours per employee			High	High
Investors	Our commitment to proactive engagement and open communication with investors fosters long-term relationships, ensuring informed stakeholders, enhanced governance, and sustained success.	▸ Annual General Meeting ▸ Extraordinary General Meeting ▸ Annual report ▸ Interim financial statements ▸ Corporate website ▸ CSE announcements ▸ Media releases/ publications ▸ One-to-one meetings as required	▸ Sustainable returns ▸ Resilience amid macro-economic uncertainties ▸ Financial performance and healthy financial position ▸ Transparent reporting ▸ Adherence to corporate governance rules and risk management	▸ Sound financial stewardship ▸ Commitment to a robust corporate governance system ▸ Open and transparent investor communication ▸ Focus on long-term sustainable value creation ▸ Strengthen risk assessment and mitigation plans	Rs. 5.00 DPS Rs. 3.7 Bn PAT 16% ROE 36.5 Bn Market Capitalisation			Low	High

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Why We Engage	Our Engagement Mechanisms	Stakeholder Concerns	Our Strategic Response / Value Proposition	Value Created	Relevant Capital	Relevant SDG	Level of Engagement	Impact on Stakeholder
Suppliers and Business Partners	Our commitment to a smooth and reliable value chain is supported by strategic partnerships with trustworthy suppliers and sound risk management through rigorous onboarding, due diligence, and continuous communication.	▸ Supplier relationship management ▸ Maintain service level agreements ▸ Strategic sourcing opportunities ▸ Formal interactions	▸ Timely settlement of payments ▸ Supplier performance management ▸ Fairness and transparency ▸ Data privacy and protection	▸ Ongoing sustainable supplier relationships ▸ Prompt payment settlement ▸ Developed effective communication lines ▸ Approachability ▸ Fair and transparent vendor selection process	2,031 No of Suppliers Rs. 6.2 Bn Payments to local and foreign suppliers			Low	Low
Communities	By engaging regularly with our community partners, we collaboratively develop, implement, and evaluate impactful interventions and ensure effective resource allocation to maximise our positive impact on the community.	▸ CSR projects ▸ Press releases ▸ Public events ▸ Community forums ▸ Corporate website and social media	▸ Employment opportunities ▸ Increasing demand for community development activities ▸ Responsible business conduct ▸ Conduct environmentally friendly initiatives ▸ Data privacy and protection	▸ Creating new job opportunities ▸ Flagship CSR initiative covering the island ▸ Adherence to ethical and business standards ▸ Energy saving programmes and proper waste management to encourage paperless operations	Rs. 24 Mn Investment in CSR 2,377Kg Paper recycled 1,632m³ Water treated			Medium	Low
Regulators	We maintain proactive engagement with regulatory bodies, providing feedback, seeking clarifications on requirements, and participating in policy discussions at both national and international levels to ensure compliance.	▸ Periodic returns and one-to-one meetings, when required ▸ On-site surveillance ▸ Press releases	▸ Comprehensive regulatory compliance ▸ Thorough understanding of applicable regulations ▸ Commitment to responsible tax practices ▸ Prioritising customer fairness ▸ Upholding ethical and responsible business practices	▸ Proactive engagement with industry and regulatory bodies ▸ Consistent and timely tax compliance ▸ Exemplary corporate governance practices	Rs. 1.5 Bn Payment of taxes 264% CAR			High	Low

In 2025 and beyond, we will seek ways and means to strengthen our key relationships that weighs in on the way we do business and our planned longevity, While pursuing new business relationships that adds value to us, we deliver value for mutual benefit.

MATERIALITY

GRI 3-2, 3-3

Our material matters are issues with significant economic, environmental, and social impact, including human rights considerations. We assess these issues annually to ensure relevance, as they drive our strategic priorities and reporting disclosures.

Identification of Issues

- The identification of material matters incorporates synthesised information from the following sources:
  - PESTEL Analysis, SWOT Analysis, and Porter's Five Forces
  - Findings from stakeholder engagement
  - Internal discussions: management meetings, focus group discussions

Prioritisation of Material Matters

- Material topics are prioritised based on their actual and potential impacts - both positive and negative - on the economy, environment, and people, including human rights. This prioritisation considers both the scope and significance of these impacts across our Company activities and business relationships.

Integration of Material Matters

- We obtain Board approval on identified material matters and develop comprehensive strategies to effectively address these key issues.

Material Matters of 2024

Level of materiality: High Medium Low

NC - Not Changed **INC** - Increased **DC** - Decreased

No.	Material Topic	Level of materiality 2022		Level of materiality 2023		Level of materiality 2024		YoY Change in materiality (2023-2024) (INC/DEC/NC)		Relevant GRI Indicator /SDG Management of Material Topic	Link to the capital	Relevant stakeholders	Strategic pillar	Management of Material Topic
		To UAL	To Stakeholders	To UAL	To Stakeholders	To UAL	To Stakeholders	To UAL	To Stakeholders					
1	Financial Stability & Profitability							NC	NC			All stakeholders	Financial Governance	Driving Growth Through Financial Management Refer page 66
2	Geographical Expansion							INC	NC			Customers Investors Employees Suppliers & Business Partners Community	Agency Value Optimisation Leveraging on Bancassurance	Investing in our operational footprint Refer page 88

Level of materiality: High Medium Low

NC - Not Changed **INC** - Increased **DC** - Decreased

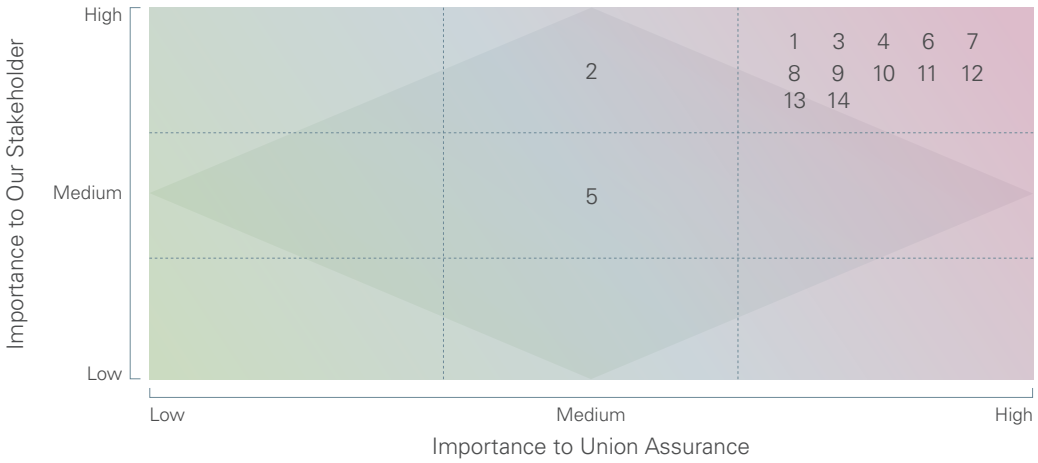
No.	Material Topic	Level of materiality 2022		Level of materiality 2023		Level of materiality 2024		YoY Change in materiality (2023-2024) (INC/DEC/NC)		Relevant GRI Indicator /SDG Management of Material Topic	Link to the capital	Relevant stakeholders	Strategic pillar	Management of Material Topic
		To UAL	To Stakeholders	To UAL	To Stakeholders	To UAL	To Stakeholders	To UAL	To Stakeholders					
3	Corporate Governance							INC	NC		-	All stakeholders	-	Corporate Governance Refer page 138
4	Employment							NC	NC			Employees	People First	Our People: The Foundation of Our Success Refer page 94
5	Anti-Corruption							NC	NC		-	All stakeholders	Financial Governance	Corporate Governance Refer page 114
6	Retention, training and development							NC	NC			Employees	People First	Our People: The Foundation of Our Success Refer page 94
7	Health & Safety of Customers							INC	NC			Customers	-	Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114
8	Transparent and fair advice to Customers							NC	NC			Customers	Value Accretive Product Proposition	Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114
9	Customer Privacy							NC	NC			Customers	-	Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114
10	Diversity, Equal Opportunity & Non-Discrimination							INC	NC			Employees	People First	Our People: The Foundation of Our Success Refer page 94

MATERIALITY

Level of materiality: High Medium Low

NC - Not Changed **INC** - Increased **DC** - Decreased

No.	Material Topic	Level of materiality 2022		Level of materiality 2023		Level of materiality 2024		YoY Change in materiality (2023-2024) (INC/DEC/NC)		Relevant GRI Indicator /SDG Management of Material Topic	Link to the capital	Relevant stakeholders	Strategic pillar	Management of Material Topic
		To UAL	To Stakeholders	To UAL	To Stakeholders	To UAL	To Stakeholders	To UAL	To Stakeholders					
11	Channel partnerships							NC	NC			Customers Employee Investors Suppliers & Business Partners	Leveraging On Bancassurance Alternate Channel Expansion	Our People: The Foundation of Our Success Refer page 94 Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114
12	Reinsurance Partners							NC	NC			Suppliers & Business Partners	Value Accretive Product Proposition	Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114
13	Systematic Risk Management							NC	NC		-	All stakeholders	Financial Governance	Corporate Governance Refer page 138
14	Corporate Citizenship							INC	INC			All stakeholders	-	Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114
15	Socio-economic Compliance			-	-			INC	INC			All stakeholders	-	Creating Shared Value: Strong Relationships, Sustainable Growth Refer page 114



VALUE DELIVERED

GRI 201-1

Financial Highlights

	Unit	2024	2023	YoY Change	2022
Financial Performance Ratios					
Annualised new business premium	Rs. Mn	8,015	7,560	6%	6,398
Gross written premium (GWP)	Rs. Mn	21,647	18,867	15%	16,675
Net written premium (NWP)	Rs. Mn	20,155	17,834	13%	15,788
Cession ratio	%	6.9	5.5	26%	5.3
Operating profit	Rs. Mn	4,891	4,944	-1%	3,490
Operating profit margin	%	23	26	-14%	21
EBITDA	Rs. Mn	5,890	5,799	2%	4,255
Profit before tax	Rs. Mn	5,228	5,256	-1%	3,720
Income tax expense	Rs. Mn	1,487	1,497	-1%	973
Net profit after tax	Rs. Mn	3,741	3,758	0%	2,747
Surplus from life insurance business	Rs. Mn	3,000	2,800	7%	2,300
Retained earnings	Rs. Mn	12,398	13,805	-10%	10,043
Premium growth ratio	%	15	13	12%	8
Investment and other income					
Life	Rs. Mn	12,799	10,022	28%	6,277
Shareholder	Rs. Mn	1,864	2,102	-11%	1,251
Expense Ratios					
Acquisition cost	Rs. Mn	4,000	3,544	13%	3,152
Acquisition cost as a % GWP	%	18.5	18.8	-2%	18.9
Net claims and benefits	Rs. Mn	6,718	6,718	0%	5,699
Net claims and benefits as a % of NWP	%	33	38	-12%	36
Operating, administrative and selling expenses	Rs. Mn	4,910	4,377	12%	3,967
Total expense as a % of GWP	%	23	23	-2%	24
Financial Position					
Total assets	Rs. Mn	109,459	95,670	14%	75,969
Total equity	Rs. Mn	23,668	24,161	-2%	14,214
Assets under management	Rs. Mn	95,567	83,420	15%	64,456
Life Fund	Rs. Mn	77,514	64,130	21%	54,517
Regulatory Ratios / Position					
Capital adequacy ratio (CAR) (Minimum requirement 120%)	%	264	291	-9%	194
Determination 1 – admissible assets over liabilities (Minimum requirement 100%)	Rs. Mn	14,131	9,939	42%	4,762
Investment in government securities (Minimum 30%)	%	87	77	13%	77
Liquidity Position					
Cash generated from operating activities	Rs. Mn	15,264	11,806	29%	9,024
Material Drivers					
LIMRA persistency	%	61	58	6%	N/A
Productivity	No.	2.89	2.05	40%	2.05
Investment yield					
Life	%	17.87	18.34	-3%	12.11
Shareholder	%	15.12	17.43	-13%	12.79
Share Information					
Market capitalisation	Rs. Mn	36,477	23,689	54%	16,441
Value as at end of the year	Rs.	61.9	40.2	54%	27.9

VALUE DELIVERED

	Unit	2024	2023	YoY Change	2022
Financial Capital					
Investor Ratios					
Dividend per share	Rs.	5.00	8.75	-43%	-
Dividend yield	%	8	22	-63%	-
Net asset per share	Rs.	40.16	41.00	-2%	24.12
Earnings per share	Rs.	6.35	6.38	-0.5%	4.66
Return on assets (ROA)	%	3.42	3.93	-13%	3.62
Return on equity (ROE)	%	16	20	-20%	19
Price earning ratio	Times	9.75	6.30	55%	5.99
Total shareholder return	%	66	75	-11%	(5)
Price to book ratio	Times	1.54	0.98	57%	1.16

Non-Financial Highlights

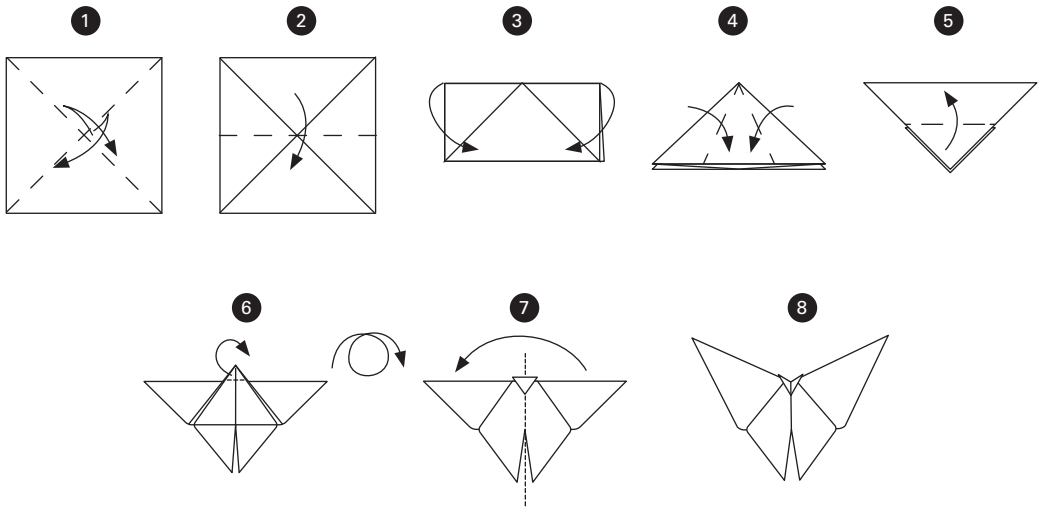
	Unit	2024	2023	YoY Change	2022	GRI
Social & Relationship Capital						
One day claims settlement ratio	%	93	94	-1%	91	
Complaints resolution rate	%	84	89	-5%	100	
Total payments made to local suppliers	Rs. Mn	5,627	3,842	46%	2,628	
New suppliers screened using human rights criteria	%	100	100	0%	100	414-1
Invested in CSR initiatives	Rs. Mn	23.9	10.2	134%	7.5	413-1
Manufactured Capital						
Total no. of branches	No.	94	85	11%	87	
Investment in property, plant & equipment	Rs. Mn	132	67	97%	127	
Human Capital						
Permanent cadre	No.	666	675	-1%	659	2-8
Fixed term contract	No.	71	105	-32%	139	2-8
New Recruitments	No.	262	277	-5%	321	401-1
Diversity & inclusion levels	Ratio (Male: Female)	49:51	49:51	0%	52:48	405-1
Social welfare cost per employee	Rs.	32,440	12,767	154%	9,373	
Revenue per employee	Rs.Mn	29	24	21%	21	
Contribution to defined benefit plan	Rs.Mn	230	191	21%	152	201-3
Employee turnover	%	39	32	23%	35	401-1
Training hours	Hrs	19,044	18,278	4%	11,982	404-1
Natural Capital						
Energy consumption	GJ	6,264	5,703	10%	5,284	302-1
Water consumption	m^3	17,919	17,319	3%	15,062	303-5
Solid waste disposal	KG	1,556	2,299	-32%	2,685	306-3
Bottled water consumption	m^3	323.0	309.5	4%	240.2	303-5
Water treatment	m^3	1,632	2,849	-43%	2,741	303-4
Paper recycled	KG	2,377	6,255	-62%	6,620	306-2
Fuel consumption	Litres	20,660	18,943	9%	23,102	302-1
GHG emission	tCO2e	1,640	967	70%	986	305-5
Intellectual Capital						
Clicklife App user base	No.	33,000+	22,000+	50%	13,000+	
Power BI dashboards	No.	120+	110+	9%	100+	
Clicklife App downloads	No.	20,000+	17,000+	18%	11,000+	

The butterfly represents the beauty of life, the freedom of transformation, new beginnings and longevity. Traditionally, an origami butterfly is also a token of good fortune that is gifted to loved ones at the start of a new journey. We, at Union Assurance, focus our efforts on transforming our business segments into prosperous and progressive versions of themselves.



FOLDS OF TRANSFORMATION

CAPITAL REPORTS



FINANCIAL CAPITAL

Driving Growth Through Financial Management

GRI 3-3

Financial capital is fundamental for our operations and growth, as it drives investment and shapes our trajectory. Effective management of these resources ensures sustainable value and stakeholder satisfaction, which are key to our success.

Link to Material Topics

Financial Stability & Profitability

SDG Impact

Related Stakeholders

Key Challenges and Opportunities

Challenges	Opportunities
▸ Reduction in reinvestment rates impacting the investment returns of both policyholder and shareholder	▸ Capitalising on equity market performance through optimal investment levels
▸ Cost escalations of material and services driven by inflationary pressure	▸ Enhanced transparency in financial statements with SLFRS 17, providing corporates the opportunity to disclose clearer insights into Company performance
▸ Limited investment opportunities	▸ Significant protection gap creates opportunities for investments in business
▸ Volatility in the equity market	



Value Creation Process

Inputs	Value Creation	Outputs	Outcomes
▸ Financial capital from shareholders ▸ Gross Written Premium (GWP) generated ▸ Funds under management ▸ Earnings retained after dividend distribution	▸ Investment management ▸ Sales management ▸ Budgetary control, expense, containment and optimisation ▸ Cash flow, solvency and liquidity management ▸ Sound risk management, ▸ Compliance Framework, and ▸ Internal policies and procedures	▸ 15% increase in GWP ▸ 7% increase in surplus ▸ 15% increase in Assets Under Management (AUM) ▸ 264% Capital Adequacy Ratio	▸ GWP growth ▸ Stable Capital Adequacy Ratio ▸ AUM growth ▸ Surplus growth

Capital Trade-offs

Investing in our operational footprint	Investment in property, plant and buildings and digital infrastructure while requiring an initial outlay of financial resources, drive long-term revenue growth and capacity expansion.
Our People: The Foundation of Our Success	Investment in training and development and employee benefits and ensuring a conducive work environment requires a financial outlay in the short term, but this generates long-term benefits in terms of increased efficiency, productivity, and employee motivation.
Contributing to a Sustainable Future	Investment in automation, digitalisation, and energy saving initiatives contributes to less paper usage and improved efficiency leading to environmental sustainability.
Creating Shared Value: Strong Relationships, Sustainable Growth	Improved profitability and business stability contributes to increased stakeholder value through investment in CSR, increased dividend, policy holder benefits etc.
Harnessing the Power of Intangible Assets	Investment in strengthening governance, risk management, innovations and brand building enhances the reputation and trust in the Company.

Our Strategic Focus Areas in 2024

Focus Area	KPI	GRI
Improve new business volumes	ANBP	-
Ensuring the quality of new business	Persistency	-
Maximise investment yield in a low-interest environment	Reinvestment rate	-
Cost optimisation and operational efficiency improvement	Expense ratio	-
Maintaining healthy financial position	CAR	-

FINANCIAL CAPITAL

Management Approach

We are committed to driving top-line and earnings growth, maintaining strong capital buffers, and maximising shareholder value through responsible financial management. Moreover, we strive to meet our financial obligations and make a positive impact on society.

Key financial risks in FY 2024 and our response

Positive outlook Positive outlook

Risks	Impact	Our response	Outlook
The strain on consumer disposable income	▸ Pressure on acquiring new business ▸ Extra effort put into renewal collections and lapse prevention ▸ Increase in surrenders	▸ Aligned rewards and recognition to drive high volumes of business ▸ Rider attachment-based incentivisation to improve the case value of policies sold ▸ LIMRA 13 persistency based incentivisation for sales staff	The cost of living continues to be a concern in the short and mid-term with direct and indirect taxes imposed With the lower savings rates in the market, traction towards insurance policies can be expected
Rising cost of products and services in the market	▸ Increase in the value of medical claims ▸ Escalation in overheads	▸ Repriced the health riders to reflect the current market prices ▸ Cost optimisation drive across all departments including branch network ▸ Spend control committee to scrutinise all overheads before payment processing ▸ Tight budget ceiling imposed to be within the committed KPIs to the Board	The cost of services will continue to be on the rise despite negative inflation and a downward revision in utility prices Ease of USD/LKR will reduce the cost of Dollar denominated payments in the short term
Declining interest rates	Negatively impacted both policyholder and shareholder Investment income due to lower re-investment rates in the market	▸ Revision in investment strategies to increase portfolio returns	Interest rates are expected to remain low in the short to mid-term

Financial performance

The financial performance metrics outlined below showcase the revenue and profitability generated, as well as the costs incurred by our business. Detailed explanations of key income statement line items follow.

Rs. Mn.	2024	2023	YoY Change	2022
Gross Written Premium (GWP)	21,647	18,867	15%	16,675
Regular new business premium	6,233	5,501	13%	4,666
Premium ceded to the reinsurers	(1,492)	(1,033)	44%	(888)
Surplus	3,000	2,800	7%	2,300
Net investment income	11,757	10,817	9%	7,479
Net Insurance benefits and claims	(6,718)	(6,718)	0%	(5,699)
Underwriting and net acquisition cost	(4,000)	(3,544)	13%	(3,152)

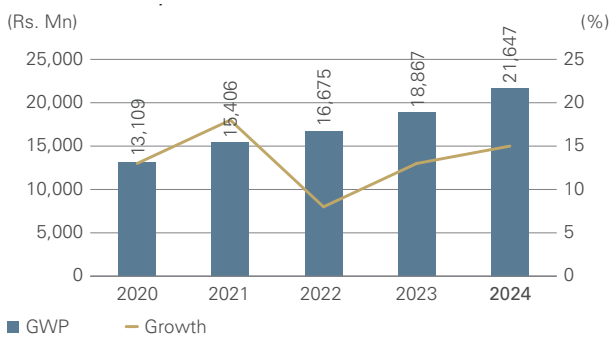
Rs. Mn.	2024	2023	YoY Change	2022
Other operating, administrative and selling expenses	(4,910)	(4,377)	12%	(3,967)
Profit from operations	4,891	4,944	-1%	3,490
EBITDA	5,890	5,799	2%	4,255
Profit before tax	5,228	5,256	-1%	3,720
Profit for the year	3,741	3,758	0%	2,747
Ratios				
Investment Yield	17%	18%	-4%	12%
Return on Equity (ROE)	16%	20%	-22%	19%
Cession Ratio	6.9%	5.5%	26%	5.3%
Claim Ratio (% of NWP)	33%	38%	-12%	36%
Net acquisition cost Ratio	18%	19%	-2%	19%
Expense Ratio	23%	23%	-2%	24%
Return on Assets (ROA)	3.4%	3.9%	-13%	3.6%

Gross Written Premium (GWP)

Represents the total sum of premiums collected by an insurance Company during a specific period, before any adjustments for discounts or refunds.

Performance during the year

For the year ended 31 December 2024, GWP recorded a growth of 15% YoY to Rs. 21.6 Bn from Rs. 18.9 Bn a year ago. This growth is attributed to the increase in regular new business premiums, renewal premiums and group life premiums during the year under review.

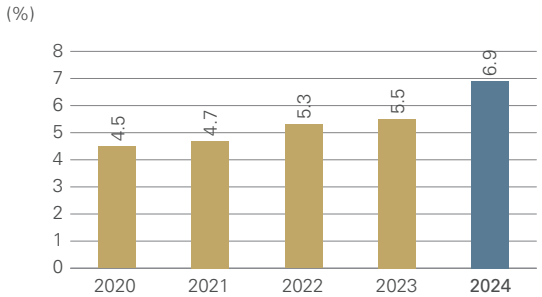


Premium Ceded to Reinsurers

Represents portion of the risk transferred to reinsurers, which lowers the overall exposure and enables competitive pricing for accessing varied markets. This reinsurance strategy, as part of our risk management policy, involves partnering with four reinsurers to protect the balance sheet, reduce earnings volatility, and optimise capital use.

Performance during the year

The premium ceded to reinsurers increased by 44% YoY to Rs. 1.5 Bn in 2024 compared to Rs. 1.0 Bn in 2023. This was due to the increase in reinsurance rates and health premiums in the year under review. As a result, the cession ratio increased from 5.5% to 6.9% in 2024.



FINANCIAL CAPITAL

Net Investment and Other Income

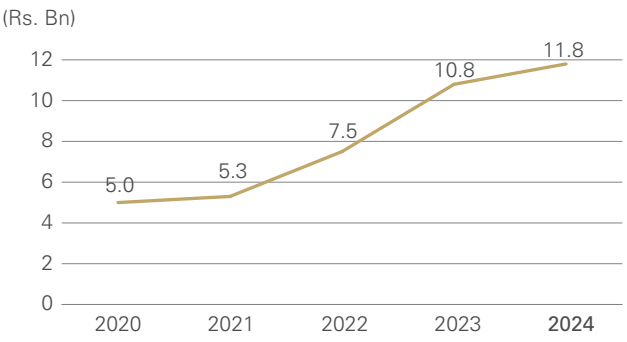
Comprises income generated from the investment portfolio to settle liabilities.

Performance during the year

Net investment income recorded a growth of 9% YoY from Rs. 10,817 Mn in 2023 to Rs. 11,757 Mn in 2024. The increase was mainly due to the increase in interest income from government securities by Rs. 757 Mn due to efficient fixed income management and asset reallocation. Interest income from corporate debt also increased by Rs. 86 Mn while dividend income from share investments increased by Rs. 64 Mn compared to FY 2023.

Net realised gains grew by 12% YoY to Rs. 862 Mn in FY 2024 from Rs. 768 Mn in FY 2023. The increase is attributed to the increase in realised gains of equity securities by Rs. 300 Mn and unit trust by Rs. 169 Mn. However, the realised gain of government securities decreased by Rs. 375 Mn.

Net fair value gains increased by a substantial 292% YoY from Rs. 510 Mn in FY 2023 to Rs. 1,999 Mn in FY 2024. This surge was primarily driven by Rs. 1,605 Mn increase in unrealised gains from equity shares, reflecting the positive performance of the Colombo Stock Exchange (CSE) in the latter half of 2024. However, unrealised gains from government securities and unit trusts decreased by Rs. 74 Mn and Rs. 48 Mn, respectively, compared to the previous year.



Other Comprehensive Income

Other comprehensive income during the year amounted to Rs. 906 Mn mainly due to fair value changes in available for sale financial assets as a result of increase in market interest rates by 370 basis points.

Net Insurance Benefits and Claims

The compensation paid or accrued in line with a formal request (claim) by a policyholder for a covered loss or policy event after setting off amounts recovered from reinsurers in relation to the claim.

Performance during the year

Net benefits and claims expenses remained unchanged at Rs.6,718 Mn in FY 2024 driven by controlled surrenders. The maturity payouts were 6% less compared to FY 2023 and was in line with contractual obligations.

	2024	2023	2022	2021	2020
Net Insurance Benefits and Claims (Rs. Mn.)	6,718	6,718	5,699	4,610	3,794
As a % of NWP	33%	38%	36%	31%	30%

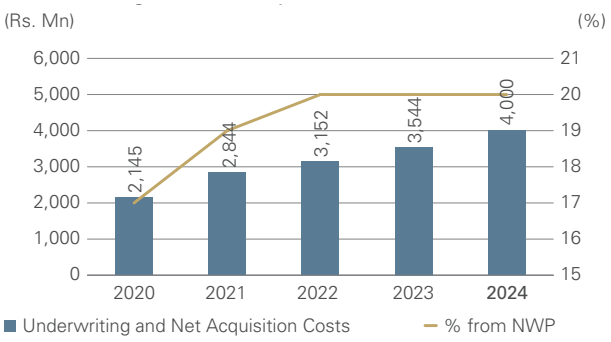
Underwriting and Net Acquisition Costs

Represent the expenses incurred by insurance companies to acquire customers, specifically commissions and incentives paid to intermediaries, less any commission revenue received from reinsurers for ceded business.

Performance during the year

Underwriting and net acquisition costs surged by 13% YoY to Rs. 4,000 Mn in 2024 from Rs, 3,544 Mn in 2023. This growth was driven by a corresponding increase in commission expenses and incentives, aligned with the higher GWP.

Underwriting and new acquisition cost amounted to 20% of Net written premium earned in 2024 and maintained the same level as 2023.

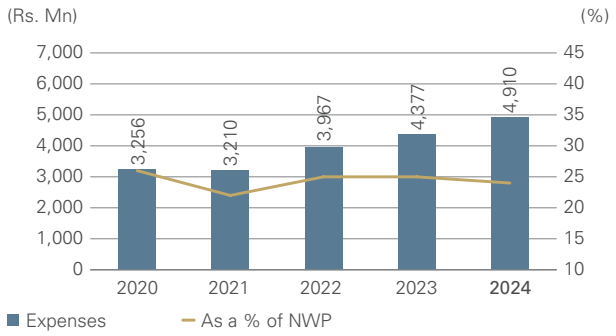


Other Operating, Administrative and Selling Expenses

Costs incurred to manage the business and generate future and current revenues.

Performance during the year

Other operating, administrative, and selling expenses increased by 12% YoY, from Rs. 4,377 Mn in FY 2023 to Rs. 4,910 Mn in FY 2024. This increase is primarily due to the rewards & recognition expenses which increase in line with revenue growth and branch network expansion, and brand communication expenses. With proactive cost control measure implemented, Company reduces the overall expense ratio YoY.

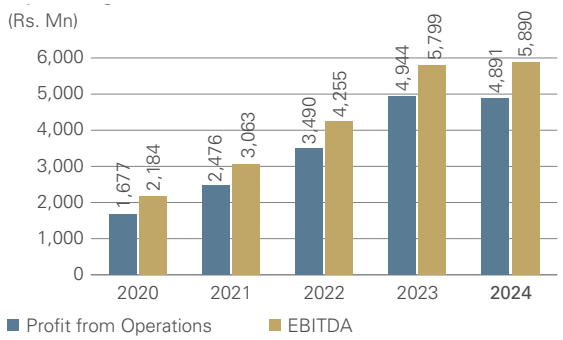


Operating Profits and EBITDA

Performance during the year

Operating profit decreased slightly by 1% YoY, from Rs. 4,944 Mn in FY 2023 to Rs. 4,891 Mn in FY 2024. This marginal decline resulted from the movement in contract liabilities outpacing the revenue growth and low investment returns.

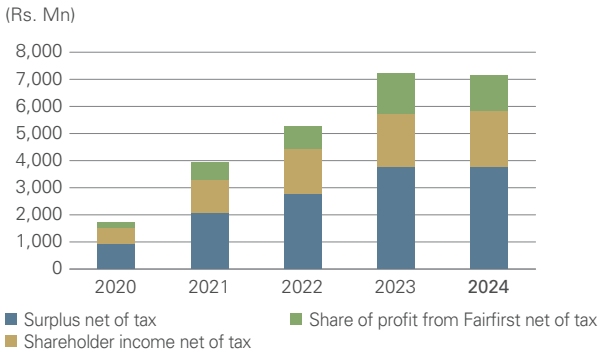
However, EBITDA grew by 2% to Rs. 5,890 Mn compared to Rs. 5,799 Mn in 2023.



Profit After Tax (PAT)

Performance during the year

The PAT amounted to Rs. 3,741 Mn in 2024, recording marginal 0.5% dilution compared to 2023. The degrowth was mainly due to the dilution in shareholder income as a result of the lower fixed income interest rates prevailed during the year.



Changes in insurance contract liabilities

The change in insurance contract liabilities reflects amounts set aside during the year to facilitate the future claims and benefits

Performance during the year

The change in contract liabilities increased by 39% to Rs. 13,682 Mn.

Rs. Mn.	2024	2023	2022	2021	2020
Change in insurance Contract Liabilities before the surplus transfer	16,637	12,632	8,773	8,676	7,032
Surplus Transfer as recommended by the appointed Actuary	3,000	2,800	2,300	1,600	825
Change in insurance contract liabilities after the surplus transfer	13,637	9,832	6,473	7,076	6,207

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Financial Position

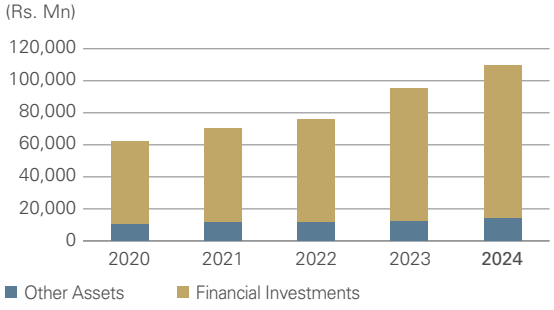
The statement of financial position presents the Company's assets, liabilities, and equity as of 31 December 2024. Material line items are discussed below.

Rs. Mn.	2024	2023	YoY Change	2022
Total Assets	109,459	95,670	14%	75,969
Financial Investments	95,567	83,420	15%	64,456
Life Fund	77,514	64,130	21%	54,517
Total Liabilities	85,791	71,509	20%	61,755
Insurance Contract Liabilities	78,400	65,043	20%	55,431
Shareholder Funds	23,668	24,161	-2%	14,214
Capital Adequacy Ratio (CAR)	264%	291%	-9%	194%
Determination 1 – Admissible Assets Over Liabilities	14,131	9,939	42%	4,762

Total Assets

Performance during the year

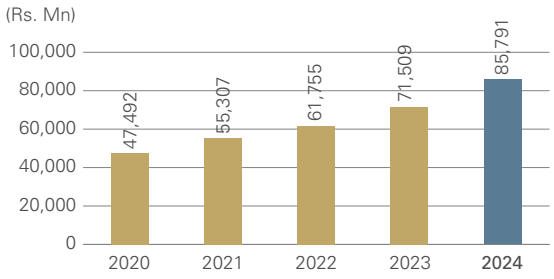
Total assets swelled by 14% to Rs. 109.5 Bn as of 31 December 2024 from Rs. 95.7 Bn as of 31 December 2023. This increase is mainly attributed to the Rs. 12.1 Bn increase in financial investments which increased to Rs. 95.6 Bn at the end of the financial year under review. This was driven by business cashflows, coupon payments and positive mark to market adjustment of equity share portfolio.



Total Liabilities

Performance during the year

Total liabilities increased by 20% YoY to Rs. 85.8 Bn as of 31 December 2024 compared to Rs. 71.5 Bn in 2023. The increase was fuelled by the growth of insurance contract liabilities which increased by Rs. 13.4 Bn in the year under review.

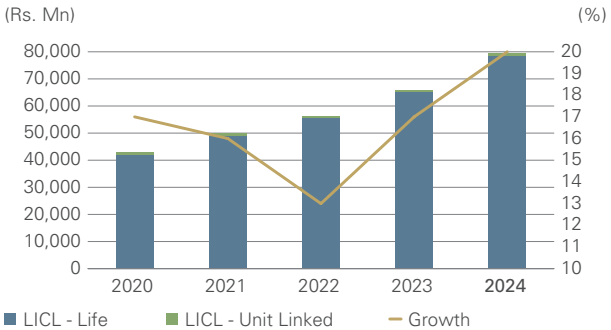


Insurance Contract Liabilities

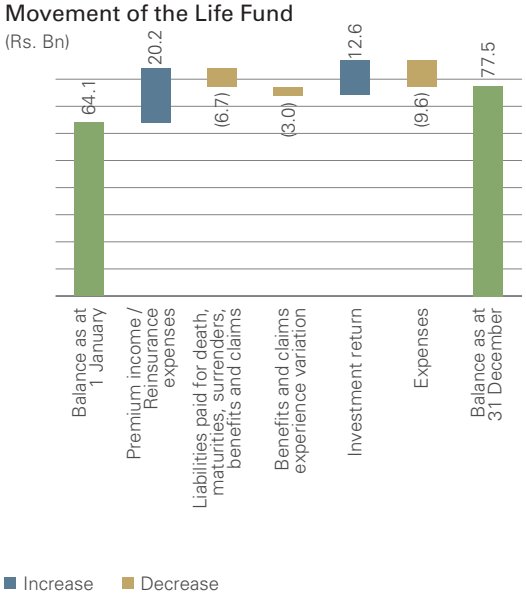
The Insurance Contract Liabilities, also known as the "Life Fund," is a fund maintained for our long-term insurance business, in compliance with the Regulation of Insurance Industry Act No. 43 of 2000 (as amended). These liabilities represent reserves set aside to meet the future obligations to policyholders, including claims and maturities.

Performance during the year

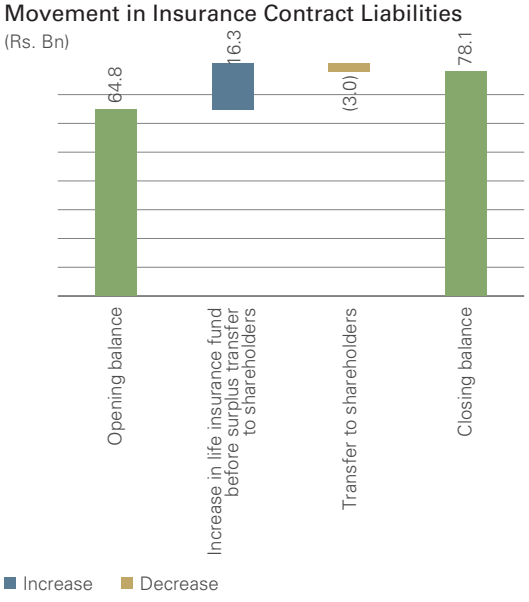
Life insurance contract liabilities increased by 21% to Rs. 78.4 Bn following an independent actuarial valuation, as disclosed in Note 42 of the financial statements (page 318 of the Annual Report). Simultaneously, the Unit Linked Fund grew by 10% to Rs. 792 Mn. We also upheld compliance with Direction 15 of the Insurance Regulatory Commission of Sri Lanka by strictly segregating assets and liabilities for the three sub-funds of the Life Fund: Participating, Non-Participating and Universal Life. The Life Fund passed the liability adequacy test stipulated under SLFRS 4.



Movement of the Life Fund



Movement in Insurance Contract Liabilities



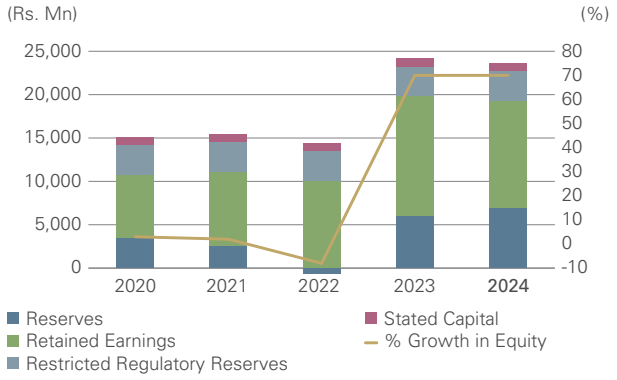
Shareholders' Funds

Performance during the year

UAL is a fully equity-funded Company and future expansions are primarily financed through retained profits.

Shareholders' funds decreased by 2% YoY to Rs. 23.7 Bn as of 31 December 2024 from Rs. 24.1 Bn in 2023. This was mainly due to the 10% decline in retained profits during the year.

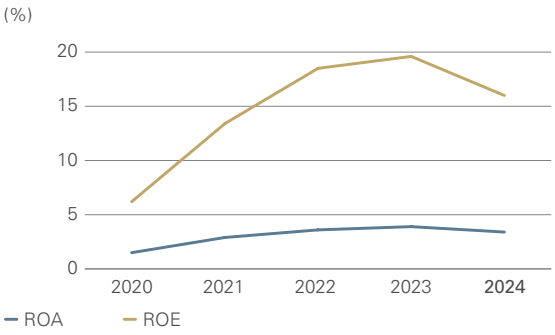
Available for Sale (AFS) reserve increased by Rs. 922 Mn reflecting the downward trend in interest rates of government debt securities during 2024.



Return on Assets (ROA) and Return on Equity (ROE)

Performance during the year

ROA and ROE stood at 3.4% and 16% respectively in 2024 compared to 3.9% and 20% in 2023. The decline in profits impacted these ratios.

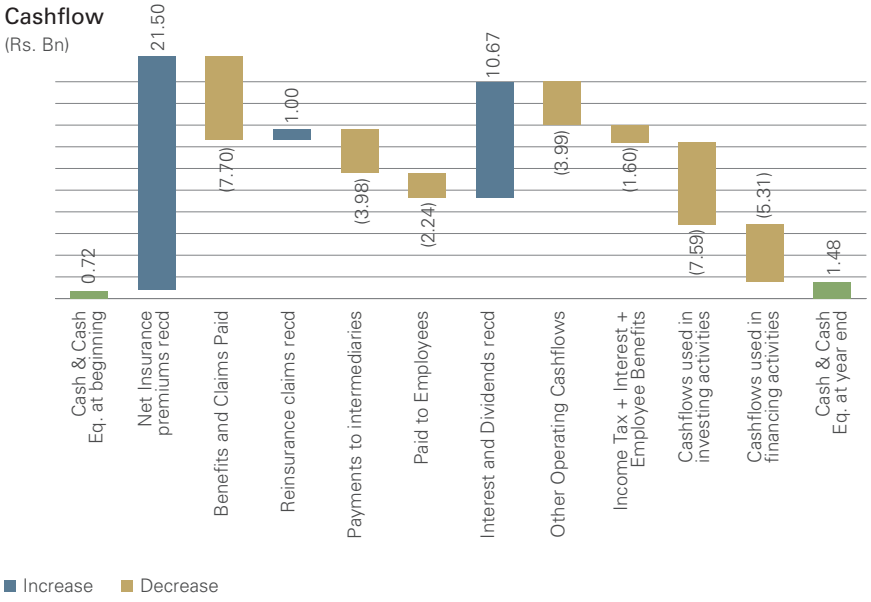


FINANCIAL CAPITAL

Cash Flow

Cash flow indicates cash generated from operating activities, cash deployed in investing activities and cash used in financing activities. The analysis of cash flow indicates the ability to adapt and survive in changing operating contexts and generate sufficient cash for future expansions.

Rs. Mn.	2024	2023	YoY Change	2022
Net cash flow generated from operating activities	13,662	10,412	31%	8,279
Net cash flow used in investing activities	7,592	10,301	-26%	6,808
Net cash used in financing activities	5,307	118	>4,000%	1,467
Cash and cash equivalents at the end of the year	1,480	717	106%	724



During the year under review, the Company successfully doubled its cash balance, rising from Rs. 0.7 Bn to Rs. 1.5 Bn. The net operating cash flow increased by 31%, driven by higher premium collections and effective management of expense outflows. Additionally, net cash inflows from financing activities surged by 40 times, primarily due to proceeds from the sale of investments, which were utilised for the payment of 2023 dividend."

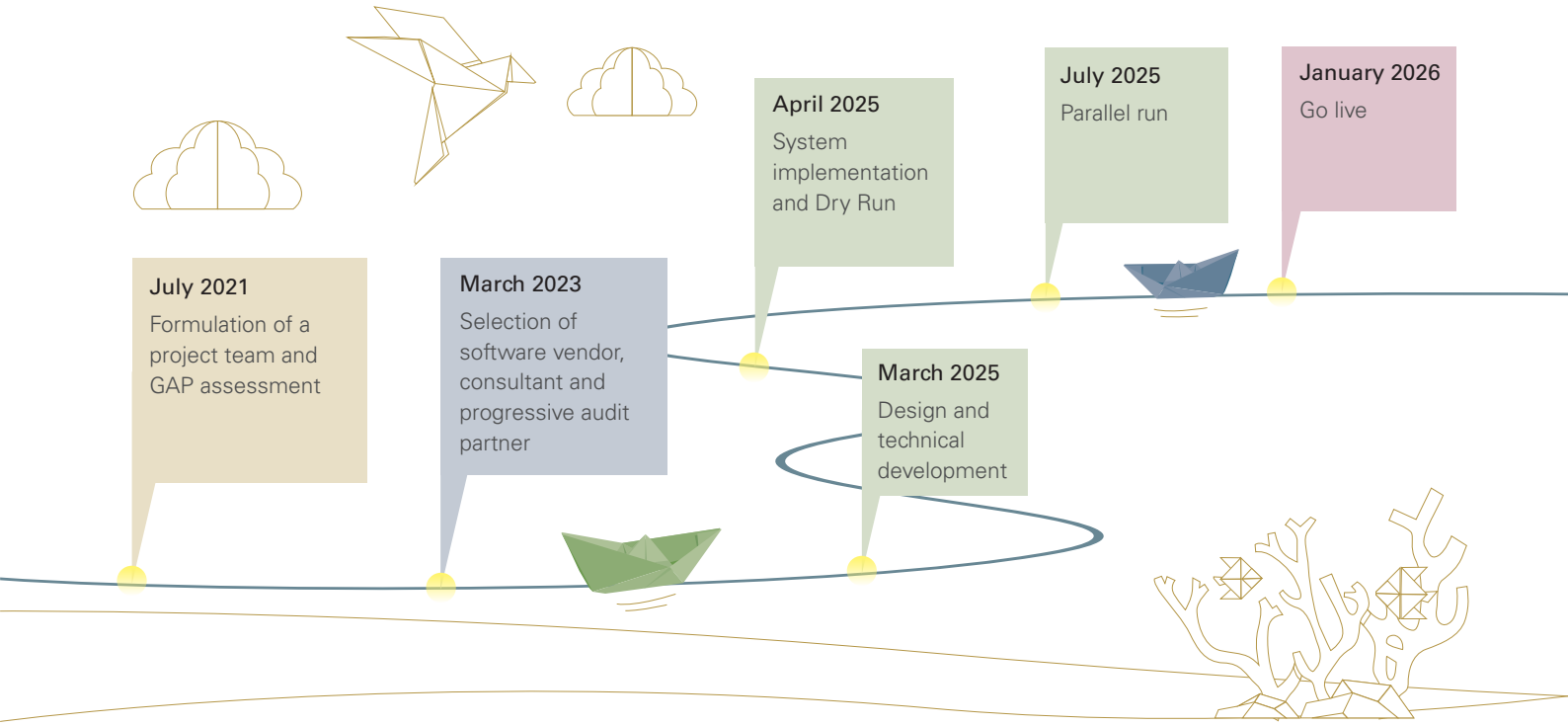
SLFRS 17 Implementation

Introduction

SLFRS 17 will significantly alter the financial reporting landscape for insurance companies, enhancing transparency and enabling better comparability of financial performance across firms. For UA, the implementation of SLFRS 17 is seen as more than just a compliance requirement; it is a strategic opportunity. This initiative allows the Company to thoroughly reassess its strategy and corporate plans to drive performance improvements. The implementation aligns with the Company's goal of transitioning from a volume-driven to a value-centric organisation, with a focus on increasing the Value of New Business (VNB). There is a clear connection between VNB and the Contractual Service Margin (CSM), which represents the overall profit attributable to an insurance contract.

Effective Date and project road map

To ensure a smooth transition and provide sufficient time for implementation, the Council of the ICASL has approved a one-year extension for the effective date of SLFRS 17. As a result, SLFRS 17 will now be applicable for the annual reporting period starting on or after 1 January 2026. At the same time, the mandatory application of SLFRS 9 – Financial Instruments, which affects the recognition and measurement of financial assets, will also take effect from 1 January 2026. This aligns with the deferred implementation of SLFRS 17 for companies that have opted for the temporary exemption from SLFRS 9.



Governance Structure

The project governance structure including SLFRS 17 Board steering committee, SLFRS 17 Executive steering committee and SLFRS 17 project team is outlined on the page 147 of the corporate governance report.

Overcoming Challenges to Unlock Strategic Opportunities

As UA enters the implementation stage of SLFRS 17 and SLFRS 9, the adoption of these accounting standards will have a significant impact across various areas of the business. To fully capitalise on the opportunities presented by these standards, we aim to approach the implementation with a forward-thinking mindset, leveraging new technologies to transform regulatory requirements into strategic advantages. This proactive approach will position the Company in a more resilient and competitive position in an evolving market. While the journey is complex, the potential rewards are expected to be substantial as we focus on exploring strategic opportunities.

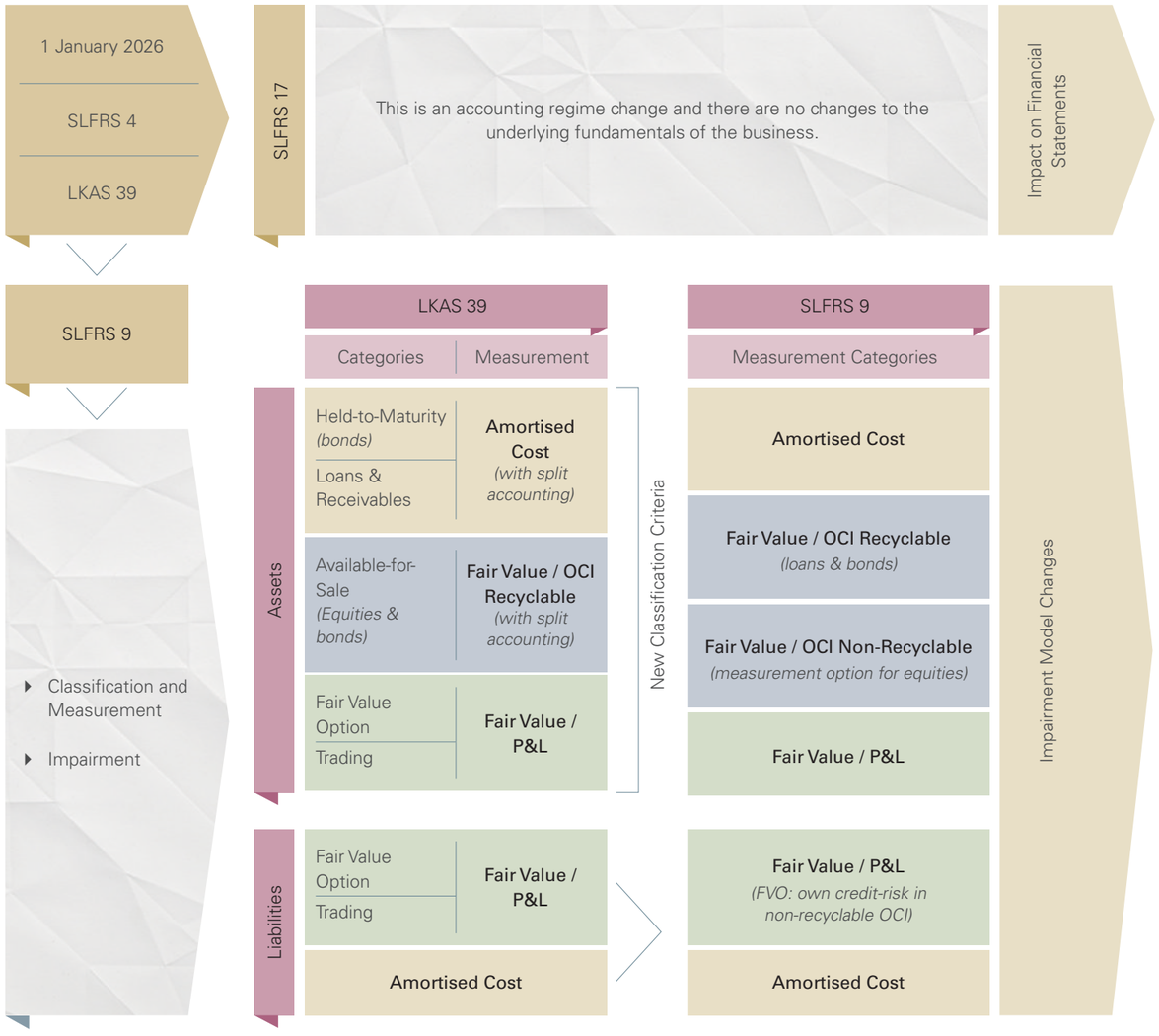
Leveraging new accounting standard changes for strategic advantages despite challenges.

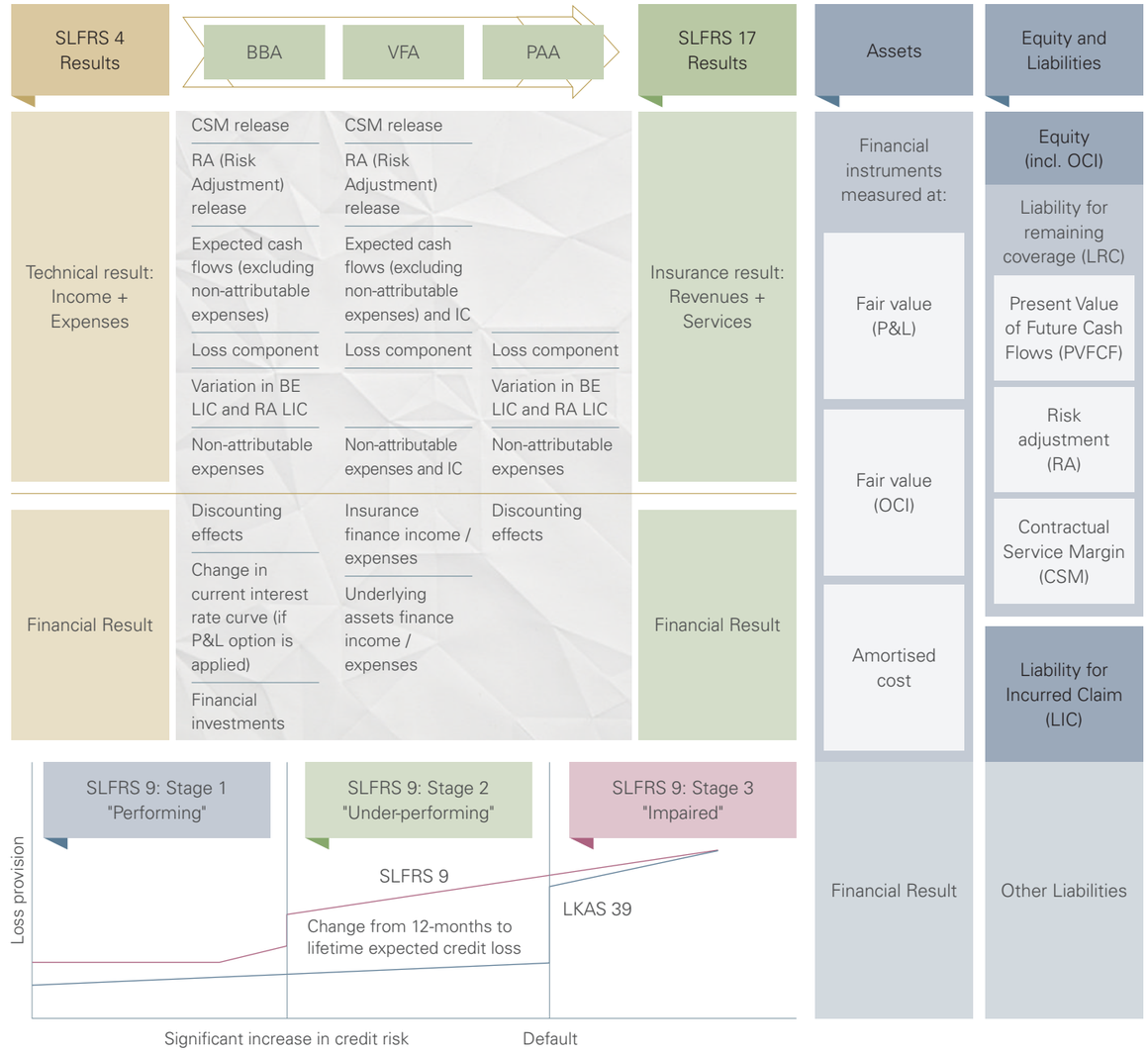
Technology-driven Efficiency	Enhanced product and investment portfolio Analysis	Improved financial steering, reporting and transparency	Enhance Stakeholder communication

Navigating Challenges		
	▸ Requirement of granular data ▸ Complexity of System integration ▸ CSM engine result accuracy ▸ Knowledge gap ▸ Regulatory requirements	▸ Automate Data Processing Workflows ▸ Enhance system integrations ▸ Perform UAT ▸ Hire External Consultant and audit partners ▸ Continuous training ▸ Ensure flexibility of system to cater to all regulatory requirements ▸ Continuous engagement with industry and auditors

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Embracing SLFRS 17 and SLFRS 9 as a catalyst for transformation





In the ever-evolving landscape of financial reporting, the introduction of SLFRS 17 and SLFRS 9 has marked a pivotal moment for the Company. These new accounting standards, effective from January 2026, are transforming how companies manage and report their financial performance, risks, and investments.

The implementation of SLFRS 17 and SLFRS 9 has been a catalyst for digital transformation within our Company. These standards have prompted a comprehensive review of our existing systems, leading to the adoption of advanced technologies and platforms capable of managing the increased data complexity and reporting requirements by integrating advanced technology into our operations, we have not only streamlined our financial reporting but also enhanced the overall customer experience. Real-time data insights and improved decision-making capabilities are allowing us to respond more quickly to market changes, offer personalised products, and engage with our clients in a more meaningful way.

Way Forward

Objectives	2025 Short-term target	Medium to Long-term target
New business growth	+15% ANBP growth	+ 12% ANBP growth
Cost optimisation	23% Overhead ratio	22% Overhead ratio
Maximising returns	13% + ROE	13% + ROE
Maintain financial stability	160% + CAR	160% + CAR
Adoption of SLFRS 17	Testing and Parallel runs	SLFRS 17 based financial reporting
S1 & S2 compliance	Setting up the framework for adoption of the standard	Integration of S1 & S2 impact assessment to financials

FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS

Assets under management and performance



Liability Matching

- Treasury bonds
- Debentures

Active Equity

- Equity

Active Fixed Income

- Treasury bonds
- Treasury bills
- Unit trust

Liquidity Matching

- Treasury bills
- Reverse repo
- Cash

The asset management division is integral to UA's operations, responsible for generating income and achieving sustainable, long-term capital growth. To meet this objective, the division develops and implements strategic investment approaches. We primarily employ a liability-driven investment (LDI) strategy, complemented by active fixed income and equity strategies to capitalise on interest rate fluctuations and equity market opportunities.

Asset management is crucial to the insurance business, ensuring sufficient asset accumulation to meet policyholder obligations in the event of unforeseen circumstances. This function also plays a significant role in capital markets and contributes to the overall economic health.

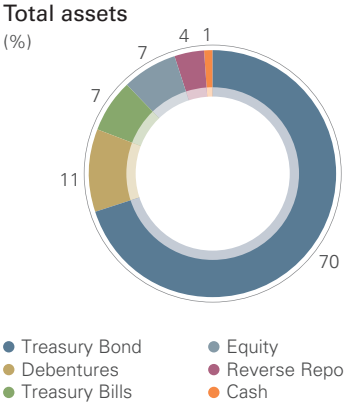
The asset management team's operations adhere to regulations issued by the IRCSL and the Investment Policy Statements established for each managed fund. In 2024, our commitment to stakeholders yielded a net investment income of Rs. 14.6 Bn, representing a 21% increase over the previous year. To enhance long-term, sustainable asset growth, we partnered with a new external asset manager to oversee an actively balanced allocation within the participating fund. As a result of effective investment strategies, we paid a higher dividend than the minimum guaranteed rate for Universal Life fund policyholders.

Looking ahead, the fund management team will continuously evaluate both existing and emerging asset classes to identify suitable investment opportunities and develop strategies that promote sustainable asset growth.

Assets under management

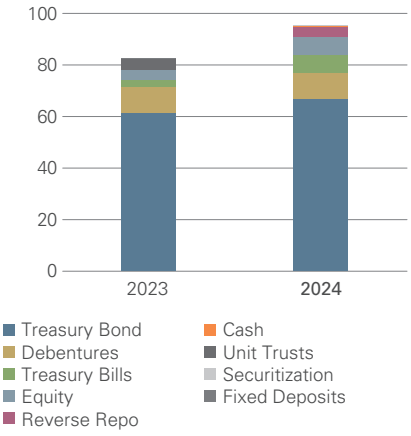
Total assets

(%)



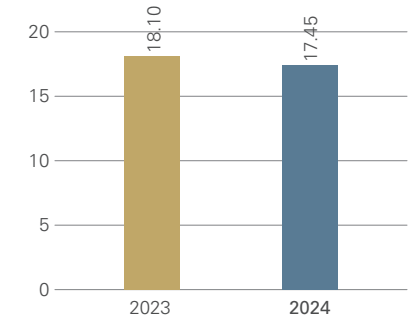
Full Fund AUM

(Rs. Bn)



Full Fund Return

(%)

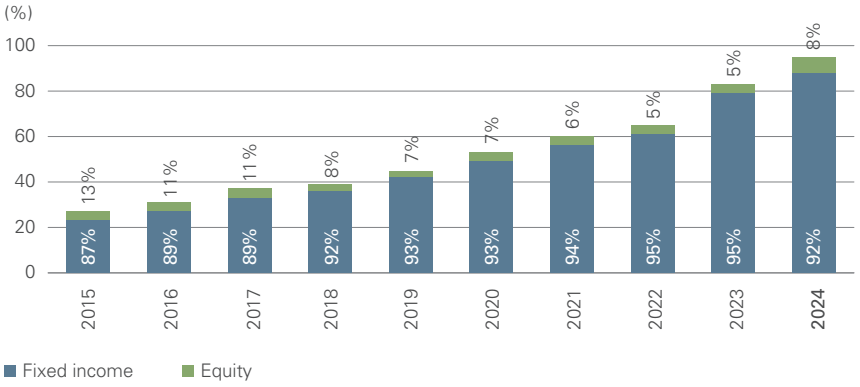


Our assets under management (AUM) have experienced sustained long-term growth, reaching Rs. 96 Bn. by the end of 2024. This represents a compound annual growth rate (CAGR) of 15% over the past 10 years.

The total AUM is allocated across distinct portfolios based on fund ownership and the nature of associated liabilities. All portfolios are managed in strict adherence to IRCSL regulations and the Investment Policy Statements established for each.

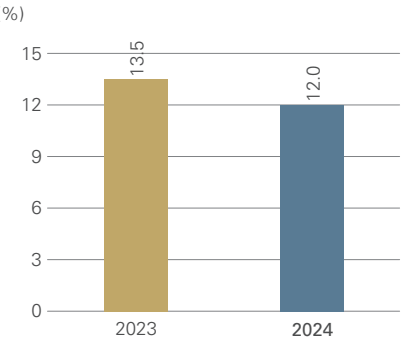
In 2024, our total AUM (excluding unit-linked funds) generated a return of 17.45%, only 65 basis points (bps) below the previous year's performance. This strong performance was underpinned by strategic investments in high-yielding fixed income assets made over the past three years, coupled with significant contributions from our equity holdings.

AUM

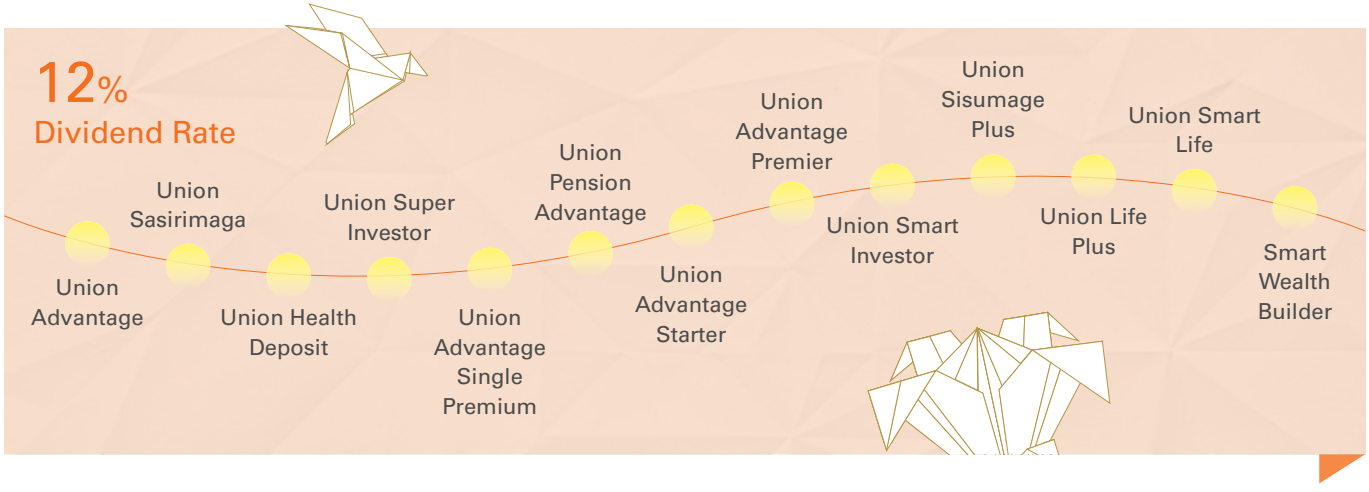


We have allocated 9% of our total AUM to two external asset managers, entrusting them with long-term and active equity mandates. The objective of these mandates are to outperform a specified equity market index over a given period.

Policyholders' Dividend Rate



This performance enabled the company to declare an attractive dividend rate of 12.00% for our Universal Life product policyholders, exceeding the 9.00% guaranteed rate for the year. This rate applies to the following company products:



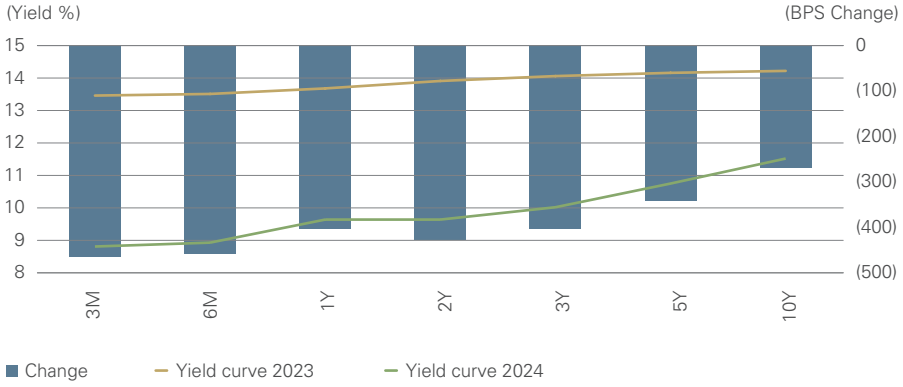
Fixed income investments

Our fixed income investments are primarily managed using a liability-matching investment (LMI) strategy, with a significant allocation to treasury assets. We focus on acquiring high-quality fixed-income assets that offer attractive risk-adjusted returns, carefully considering the yield curve in our investment decisions.

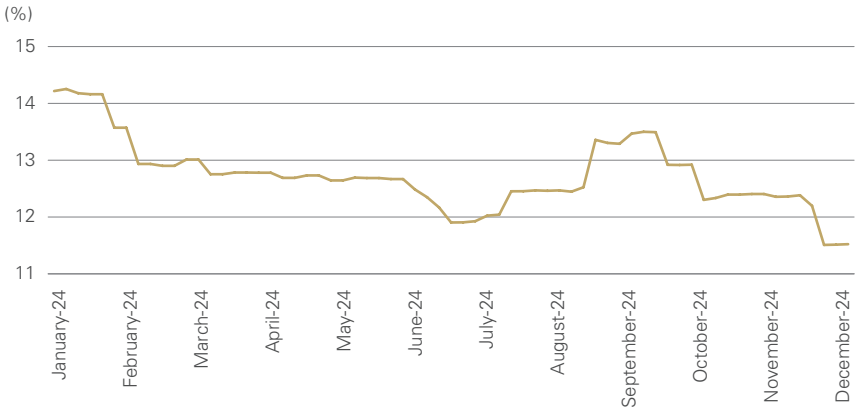
FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS

Government Security Yield Change in 2024



10YT Bond Yield Change in 2024

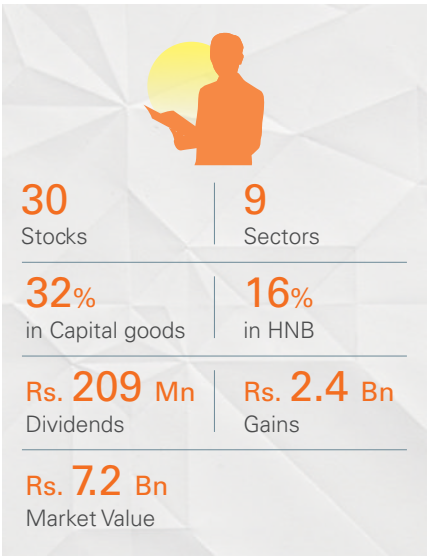


By the end of 2024, the yield curve reflected a significant downward shift across all maturities, with short-term yields experiencing the most pronounced declines. Specifically, the 3-month yield decreased by 465 basis points, while the 10-year yield declined by 270 basis points. This substantial decrease in short-term yields suggests a shift in investor sentiment, indicating expectations of lower interest rates in the near term. Generally, a steepening yield curve often signals expectations of stronger economic growth and potentially higher inflation in the future.

Equity investments

By year-end 2024, equity investments totalled Rs. 7 Bn, a 67% YoY increase, driven primarily by positive returns and new equity investments during the year. Equities represented 8% of the total AUM at the end of 2024.

In May 2024, UA partnered with a new asset manager to implement a distinct investment strategy and increase our equity allocation. We now leverage the expertise of two external managers specialising in equity management to enhance the value of our policyholder funds. By the end of 2024, 9% of our total AUM was managed by external fund managers, contributing 18% to the total investment income for the year.



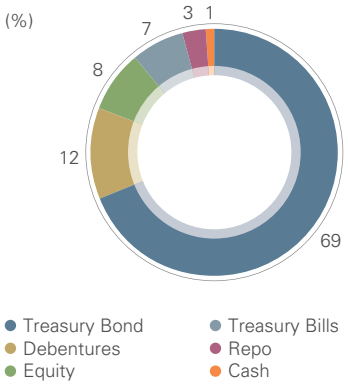
Assets under management in conventional Policyholder funds

We manage a well-diversified portfolio of policyholder funds, segregated according to the nature of their insurance liabilities. By the end of 2024, we managed Rs. 82 Bn across various conventional policyholder funds, representing a 20% YoY increase.

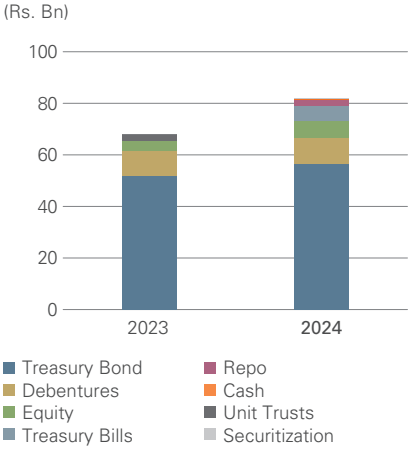
These funds delivered a strong return of 17.87% in 2024, driven by high-yielding treasury bonds, elevated interest rates earlier in the year, exceptional equity investment performance, and the successful implementation of active investment strategies. Conventional policyholder funds are further segregated into four distinct funds based on the nature of their liabilities. Throughout 2024, we strategically invested substantial cash generated from business operations and existing investments into treasury assets across various maturities. Additionally, we increased our equity investments by appointing a new asset manager and allocating a greater share of cash flow to our existing manager. These investment strategies enabled the Company to provide an attractive dividend rate to our Universal Life policyholders.

Looking ahead, we will continue to deploy Policyholder's cash flows to achieve sustainable asset growth, ensuring the policyholders' fund have adequate resources to meet it's long-term objectives.

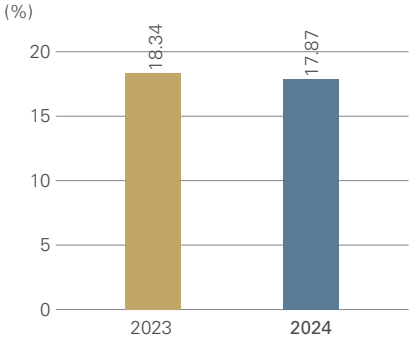
Conventional Policyholder - Assets



Conventional Policyholder AUM



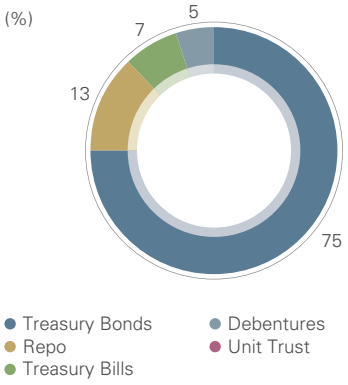
Conventional Policyholder Return



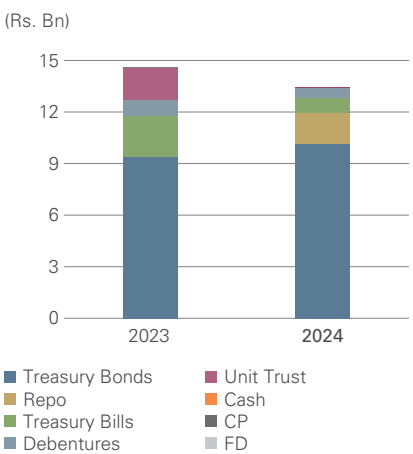
Assets under management in Shareholders' fund

The shareholders' fund primarily adheres to a short-term investment strategy designed to meet dividend payments and cover operational and capital expenditure. The fund's AUM decreased from Rs. 14.6 Bn to Rs.13.4 Bn, primarily due to the higher dividends which were disbursed in 2024. Throughout the year, we implemented targeted active fixed income strategies to capitalise on declining interest rates, which positively impacted the fund's yield.

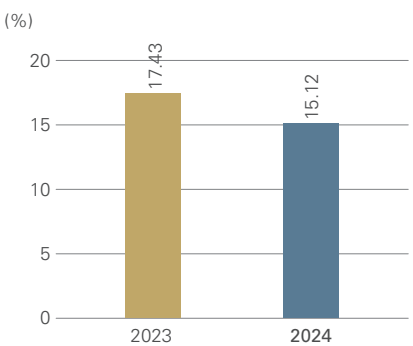
Shareholders - Assets



Shareholder Fund AUM



Shareholder Return



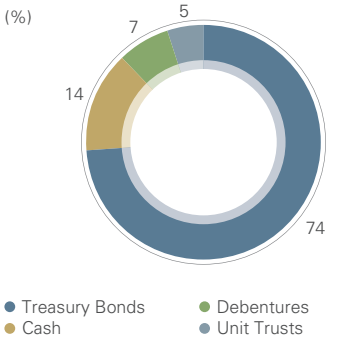
Assets under management under Unit Linked investments

We manage three unit-linked funds, each corresponding to a specific unit-linked insurance product. Upon purchase, policyholders are allocated units, which are valued daily. Fluctuations in unit prices drive returns, and policyholders have the flexibility to allocate their investments among equity, fixed income, or a combination of both to optimise returns based on their risk profiles.

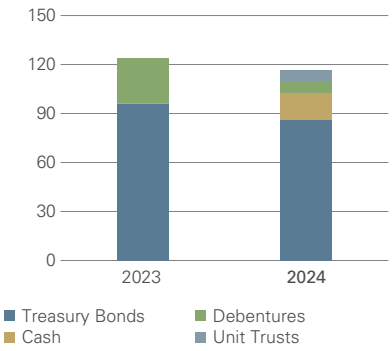
FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS

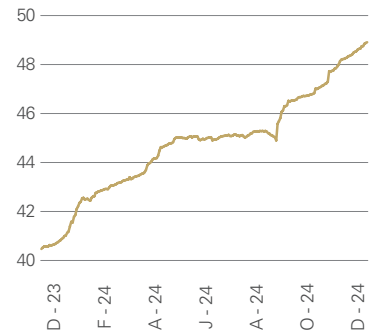
Unit Linked Fixed Income - Assets



Unit Linked Fixed Income AUM

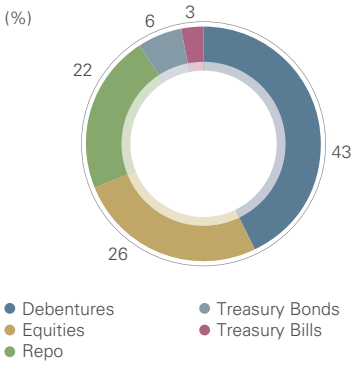


Unit Linked Fixed Income Unit Prices

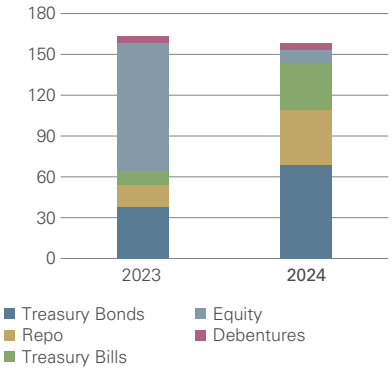


This fund is a fully fixed-income portfolio designed to generate consistent income over the medium term. In 2024, it delivered a return of 21%, primarily driven by the decline in interest rates, which resulted in unrealised gains on our treasury bond holdings. Given that the Company no longer offers new unit-linked products, the fund adhered to a short-term investment strategy in 2024 to meet liquidity needs.

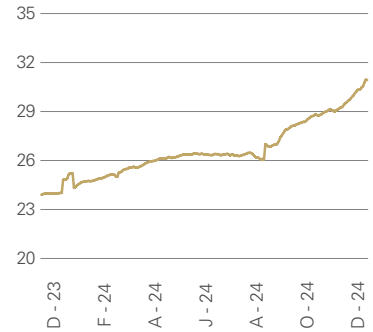
Unit Linked Managed - Assets



Unit Linked Managed AUM

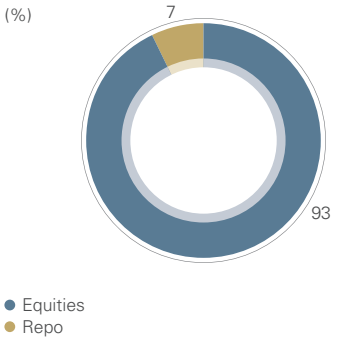


Unit Linked Managed Unit Prices

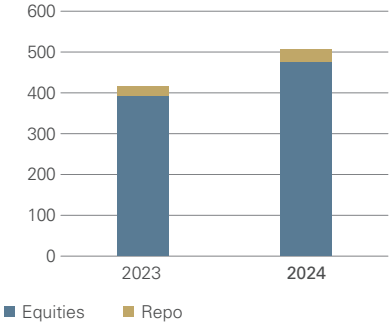


The managed fund is a balanced portfolio with allocations to both fixed income and equity, overseen by an external fund manager. In 2024, the fund generated a return of 29%, while its AUM decreased by 3% due to regular outflows. During 2024, the fund's investment strategy shifted from lower-risk treasury bonds to relatively high-risk assets, including corporate debentures and equities.

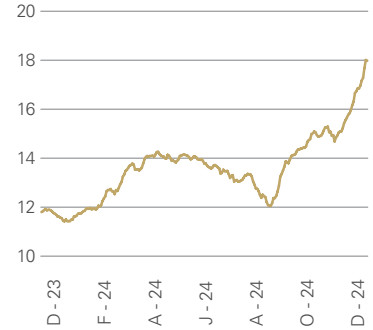
Unit Linked Equity



Unit Linked Equity AUM



Unit Linked Equity



The Unit Linked Equity fund invests exclusively in listed equities and reverse repurchase agreements (repos), targeting policyholders with a high-risk tolerance. In 2024, the fund delivered a return of 52%, the highest since its inception in 2010. Despite outflows from business operations, strong equity investment gains increased the fund's AUM to Rs. 507 Mn, a 22% increase for the year.

SHARE INFORMATION

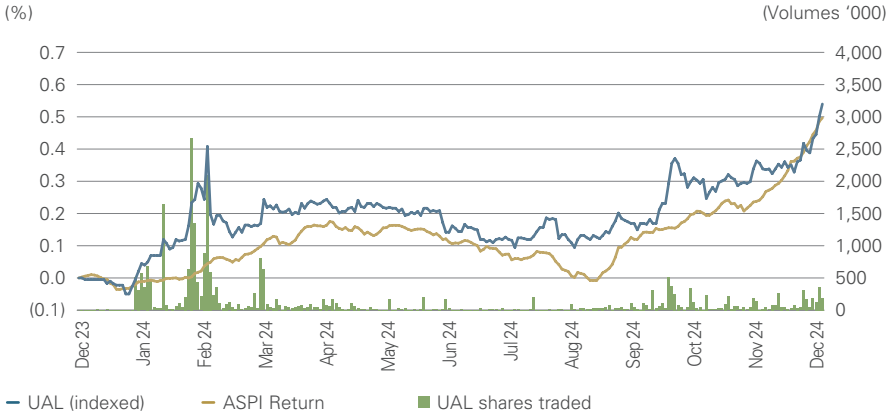
Value Created for Shareholders

UA continued to deliver value to shareholders despite the prevailing extremely challenging operating context. The following measures depict the values thus created.

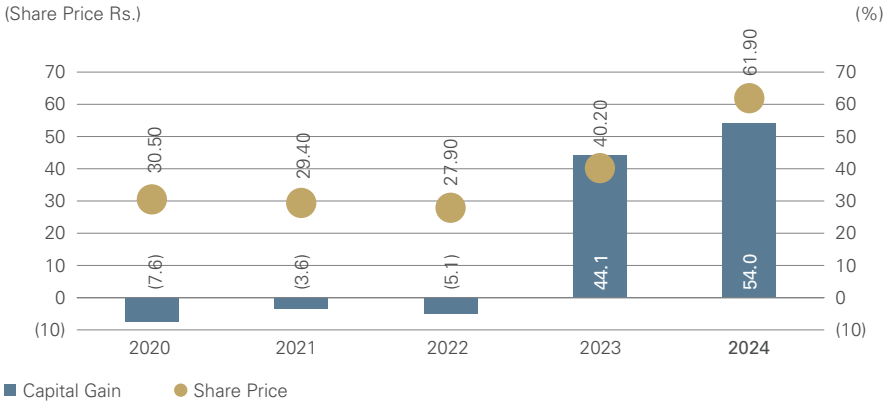
Share Performance

UA is listed on the CSE (UAL.N0000) with a market capitalisation of Rs. 36.48 Bn as of 31 December 2024. The number of shares in issue was 589,285,720. Highlights of the UA share performance are depicted below;

ASPI vs UA Share Performance



UA's share price increased by 54% outperforming the ASPI by 400 bps in 2024 to close at Rs. 61.90. This was the highest return during the past 5 years. The shares traded between a low of Rs.38.00 and a high of Rs. 62.00. The average daily trading volume amounted to 113,052 shares. The shares beta which reflects UA share movement against the movement in ASPI stood at 0.45 as of the fourth quarter of 2024.



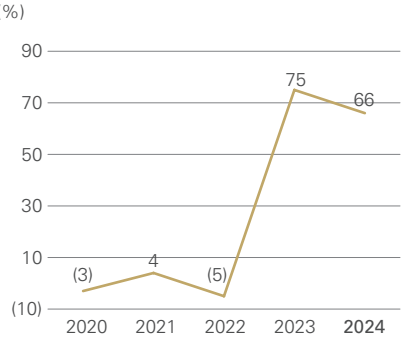
Rs. 36.5 Bn
54% ▲
Market Capitalisation

Rs. 6.35
1% ▼
Earnings Per Share

Total Shareholder Return

The Total Shareholder Return (TSR) of the UA share stood at 66 per cent for the period under review, while the total return index on allshare (ASTRI) index stood at 58%.

Total Shareholder Return



Trading Statistics

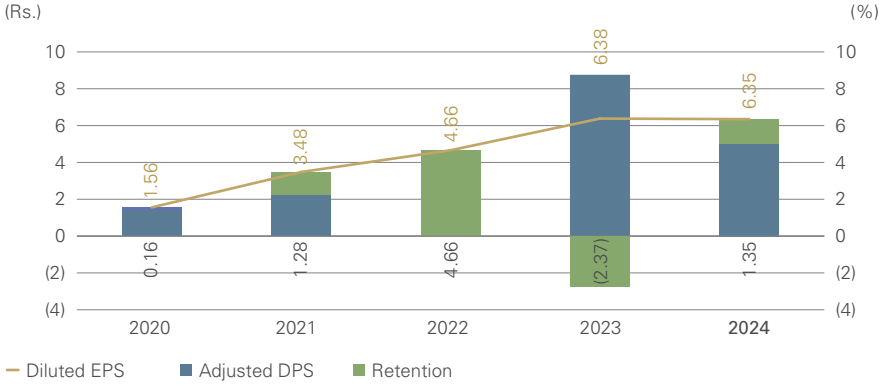
During the year, a total of 26,793,268 UA shares were traded through 15,363 transactions. This volume of trades highlights the active participation and interest in UA shares within the market. The average daily turnover of UA shares in 2024 was Rs. 5,540,402, which represents an increase compared to Rs. 1,691,007 recorded in 2023. This rise in average daily turnover indicates growing confidence among investors and a higher level of liquidity in the market for UA shares.

FINANCIAL CAPITAL

SHARE INFORMATION

Rs. Mn.	2024	2023
Number of transactions	15,363	4,418
Number of shares traded	26,793,268	10,537,913
Value of shares traded	1,313,075,165	387,240,588
Shares traded as a percentage of total shares in issue (%)	4.55%	1.79%
Market Capitalisation (Rs. Mn)	36,477	23,689
Percentage of Market Capitalisation (%)	0.64%	0.56%
Gross Dividend (Rs. Mn)	2,946	5,156

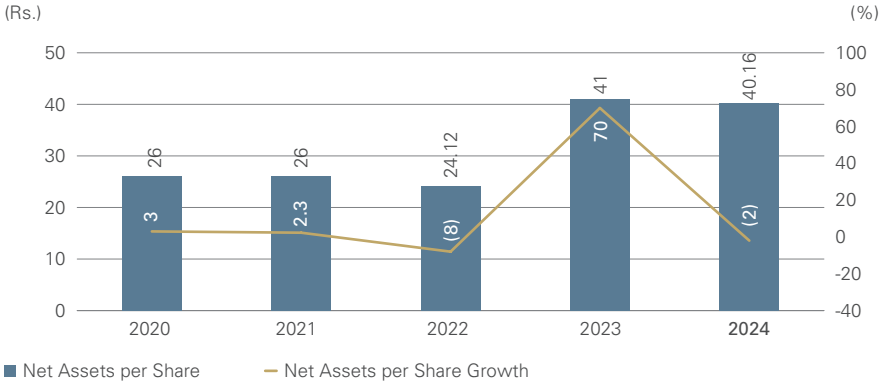
EPS vs Retention per Share



Net Assets Per Share (NPS)

Net Assets per Share declined by 2% to Rs. 40.16, primarily due to a decrease in the market value of financial investments. This decline was influenced by reduced unrealised gains from available-for-sale treasury assets and business expansions resulting from lower interest rates.

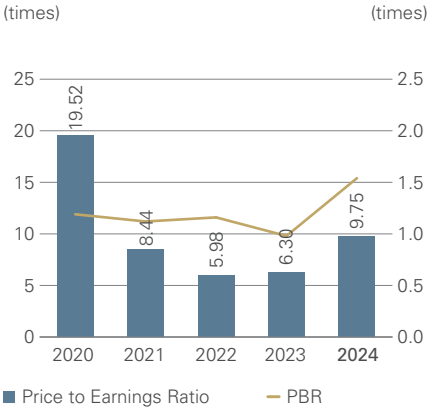
Net Assets Per Share



Price Earnings Ratio (PER) and Price to Book Ratio

UA's PER stood at 9.75 times as of 31 December 2024. It was higher than the 6.30 times recorded in 2023 mainly due to increase in Share Price. The sector and market PE stood at 5.85 times and 8.89 times respectively. The price to book value ratio as of 31 December 2024 was 1.54 times compared to 0.98 times the previous year due to the increase in net assets. The sector and market price to book value stood at 0.95 times and 1.17 times respectively.

Price Earnings Ratio and Price to Book Ratio



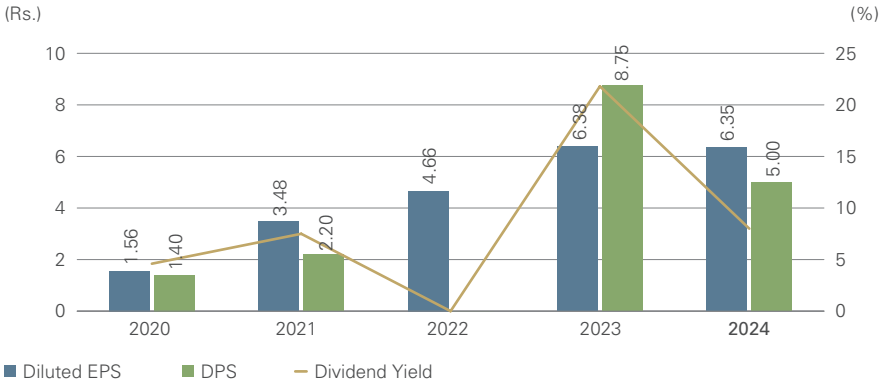
Dividend Yield

UA's dividend policy represents the maintenance of a good Capital Adequacy Ratio while attempting to offer a dividend payout that is associated with the increase in earnings.

Rs. 4.4 Bn
2% ▲
Cash Earnings

8%
-63% ▼
Dividend Yield

EPS vs Dividend Yield



Summary Company Indicators		2024	2023	2022
Market Capitalisation	(Rs. Million)	36,477	23,689	16,441
Diluted EPS	(Rs.)	6.35	6.38	4.66
PER	(Diluted)	9.75	6.30	5.98
Price to Book Value	(Times)	1.54	0.98	1.16
Price/Cash Earnings	(Times)	8.28	5.51	5.01
Dividend Yield	(%)	8	22	-
Dividend Payout Ratio	(%)	79	137	-
Net Assets Per Share	(Rs.)	40.16	41.00	24.12
TSR	(%)	66	75	-5

Distribution and Composition of Shareholders

The Company has a diversified base of shareholders across a wide geographical spread and includes both private and institutional shareholders. The Company has 2,247 registered individual shareholders representing 93.98% of the shareholders. A majority of the individual shareholders are residents of Sri Lanka and 6.02% of the Company shareholdings consists institutional shareholding. The top 20 shareholders hold 95.7% of UA's share capital. The Directors do not hold any share in their capacity as of 31st December 2024.

Composition of Shareholders

Summary Company Indicators	31-Dec-24				31-Dec-23			
	No. of Shareholders	%	No. of shares	%	No. of Shareholders	%	No. of shares	%
Directors & spouses:								
Resident:								
Individuals	2,230	93.27	39,556,043	6.71	1,596	92.95	36,484,120	6.19
Institutions	140	5.86	547,574,667	92.92	102	5.94	546,701,945	92.77
Non-Resident:								
Individuals	17	0.71	989,908	0.17	15	0.87	685,688	0.12
Institutions	4	0.17	1,165,102	0.20	4	0.23	5,413,967	0.92
Total	2,391	100.00	589,285,720	100.00	1,717	100.00	589,285,720	100.00

FINANCIAL CAPITAL

SHARE INFORMATION

Distribution of Shareholders

Range of Shareholders	31-Dec-24				31-Dec-23			
	No. of Shareholders	%	No. of shares	%	No. of Shareholders	%	No. of shares	%
Less than 1,000	1,169	48.89	296,377	0.05	765	44.55	189,387	0.03
1,001 to 10,000	771	32.25	3,339,014	0.57	557	32.44	2,461,525	0.42
10,001 to 100,000	380	15.89	12,010,160	2.04	327	19.04	10,569,545	1.79
100,001 to 1,000,000	64	2.68	17,794,804	3.02	61	3.55	17,031,534	2.89
Over 1,000,000	7	0.29	555,845,365	94.33	7	0.41	559,033,729	94.87
Total	2,391	100.00	589,285,720	100.00	1,717	100.00	589,285,720	100.00

Public Shareholding

The Company is listed on the Colombo Stock Exchange and the percentage of shares held by the public, the number of public shareholders and the float adjusted market capitalisation is as given below;

Range of Shareholders	31-Dec-24				31-Dec-23			
	No. of Shareholders	No. of Shares	% of Total Holding	Compliant under option 1 - float adjusted market Capitalisation (Rs. Bn)	No. of Shareholders	No. of Shares	% of Total Holding	Compliant under option 1 - float adjusted market Capitalisation (Rs. Bn)
Public Shareholding	2,390	58,928,570	10%	3.6	1,715	58,923,570	10%	2.4

Directors' Shareholding

Full Name	31.12.2024	31.12.2023
Mr. Krishan Niraj Jayasekara Balendra - Chairperson	Nil	Nil
Mr. Suresh Rajendra	Nil	Nil
Mr. Daminda Prabath Gamlath	Nil	Nil
Mr. Dumith Hemantha Fernando	Nil	Nil
Mr. Stephen Anthony Appleyard	Nil	Nil
Mr. Pasan Thaminda Wanigasekara	Nil	Nil

CEO's Shareholding

No. of Shares as at	31.12.2024	31.12.2023
Mr. Subasinghe Arachige Jude Senath Wijewardana Jayatilake	Nil	N/A
Mr. Jude Gomes - Resigned w.e.f. 31 December 2023	N/A	5,000

Twenty Largest Shareholders

Name of Shareholder	As at 31 December 2024		As at 31 December 2023	
	No. of shares	%	No. of shares	%
John Keells Holdings PLC	530,357,150	90.0%	530,357,150	90.0%
Mr. S. N. P. Palihena	14,000,000	2.4%	14,000,000	2.4%
J.B. Cocoshell (PVT) LTD	3,698,495	0.6%	2,335,411	0.4%
People's Leasing & Finance PLC / Mr. L. P. Hapangama	3,415,510	0.6%	3,041,262	0.5%
Seylan Bank PLC/Channa Nalin Rajahmoney	1,780,480	0.3%	-	0.0%
Corporate Holdings (Private) Limited A/C No.01	1,513,730	0.3%	1,493,730	0.3%
Mrs. A. Selliah	1,080,000	0.2%	1,000,000	0.2%
Standard Chartered Bank DIFC Branch S/A EFG Hermes	957,460	0.2%	670,000	0.1%
Mr. V. Sharda	692,000	0.1%	442,000	0.1%
Mr. J.D.Bandaranayake & Miss. N. Bandaranayake & Dr. (Mrs.) V.Bandaranayake	665,190	0.1%	590,190	0.1%
Mr. J.D.Bandaranayake & Miss. N. Bandaranayake & Dr. (Mrs.) V.Bandaranayake	665,190	0.1%	590,190	0.1%
People's Leasing & Finance PLC / Mr. L. H. L. M. P Haradasa	637,380	0.1%	805,325	0.1%
Dr. S. Selliah	580,000	0.1%	500,000	0.1%
Mr. J. W. Nanayakkara	562,500	0.1%	562,500	0.1%
Mr. H. A. D. Ratnapala	562,500	0.1%	562,500	0.1%
People's Leasing & Finance PLC /DR. K.A.P. Gunawardhana	559,256	0.1%	-	0.0%
Seylan Bank PLC/Swisloyd Limited	553,678	0.1%	-	0.0%
Mr. M.M.C.Cooray	505,000	0.1%	200,000	0.0%
Odyssey Capital Partners (Private) Limited	475,000	0.1%	-	0.0%
Arunodhaya Industries (Private) Limited	400,000	0.1%	300,000	0.1%
Others	25,625,201	4.3%	31,835,462	5.4%
Total number of shares issued	589,285,720	100.0%	589,285,720	100.0%

MANUFACTURED CAPITAL

Investing in Our Operational Footprint

Our investment in our operational footprint, encompassing both physical and digital infrastructure, forms the foundation of our client-centric, digitally enabled transformation. This infrastructure enables us to effectively reach our customers, optimise our operations and provide productive employee spaces. We make strategic investments to expand our reach and achieve operational and product excellence. Rs. 186 Mn was invested in physical and digital infrastructure in 2024.

Link to Material Topics

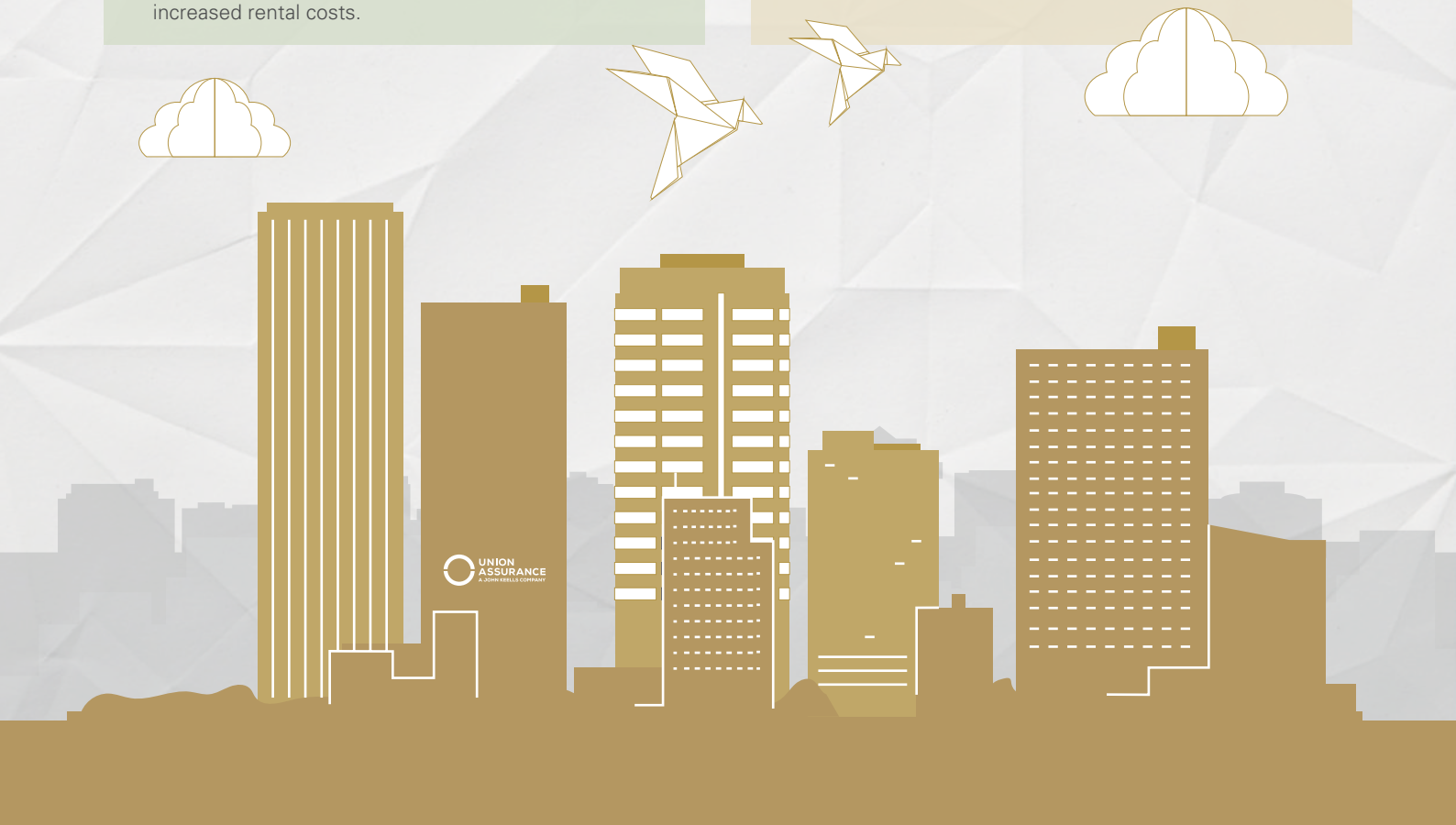
Geographical Expansion

SDG Impact

Related Stakeholders

Key Challenges and Opportunities

Challenges	Opportunities
▸ Rising building maintenance costs can lead to higher expenditures for upkeep, repairs, and compliance with evolving standards. ▸ The shortage of imported materials can lead to higher costs and delays in projects. ▸ High demand for office spaces in key locations leading to increased rental costs.	▸ Investing in automation and advanced technologies can enhance productivity and reduce operational costs. ▸ Expand to untapped areas with branch expansion.



GRI 3-3

Value Creation Process

Inputs	Value Creation	Outputs	Outcomes
▸ Property, Plant and Equipment (PPE) ▸ Digital infrastructure	▸ Investment in technology ▸ Equipment maintenance ▸ Automation and technology upgrades ▸ Investment in branches ▸ Renovation, relocation and closure of branches	▸ Rs. 132 Mn increase in PPE ▸ 10 new branches	▸ 18% increase in digital platform reach ▸ Revenue from relocated/ refurbished branches Rs. 2,976 Mn

Capital Trade-offs

Driving Growth Through Financial Management	Investments in plant and machinery, while requiring an initial outlay of financial resources, drive long-term revenue growth and capacity expansion.
Our People: The Foundation of Our Success	A well-designed work environment boosts employee morale and drives increased productivity.
Creating Shared Value: Strong Relationships, Sustainable Growth	Automation and digitalisation enabled us to deliver higher quality products, resulting in greater customer satisfaction.
Harnessing the Power of Intangible Assets	Technology and process improvements strengthen our ability to harness the power of intangible assets.

Key Risks	Mitigation
▸ Market price fluctuations and material, and equipment shortages could cause project delays and increase costs beyond the budget.	▸ Flexibility in adjusting initial proposals through alternative options guarantees the achievement of the ultimate objective.
▸ Fire & natural disasters	▸ Our Business Continuity Plan (BCP) includes coverage for fire and natural disasters as part of our risk mitigation strategy. ▸ To facilitate preparedness, we conduct awareness sessions for Regional Managers and new recruits.

Management Approach

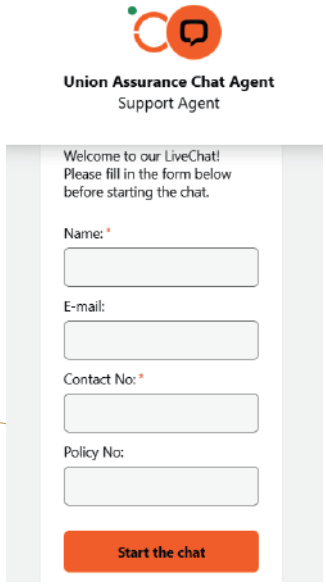
Our investment in our operational footprint, encompassing our branch network, IT infrastructure, and customer contact points (essentially our Property, Plant, and Equipment or PPE), is fundamental to our success. In 2024, we enhanced our investment in our operational footprint through branch expansion and relocation aligned with our distribution strategy, alongside investments in our digital value proposition. This is crucial for creating employment, boosting customer satisfaction, improving business agility and scalability, providing a competitive advantage, and expanding our customer reach.

Our physical and digital infrastructure consists of a comprehensive omni-channel approach, which enhances both our distribution channels and customer reach.

In 2024, we enhanced our investment in our operational footprint through branch expansion and relocation aligned with our distribution strategy, alongside investments in our digital value proposition. This is crucial for creating employment, boosting customer satisfaction, improving business agility and scalability, providing a competitive advantage, and expanding our customer reach.

MANUFACTURED CAPITAL





Live agent chatbot

Rs. 132 Mn
(2023: Rs. 67Mn)
Investment in PPE

Rs. 2,976 Mn
(13 Branches)
(2023: Rs. 1,300 Mn)
(9 Branches)
Revenue from relocated & refurbished branch network

55,463 Sq. ft.
(2023: 52,237 Sq. ft.)
Training space

349,681 Sq. ft.
(2023: 294,065 Sq. ft.)
Building space
Total capacity utilisation

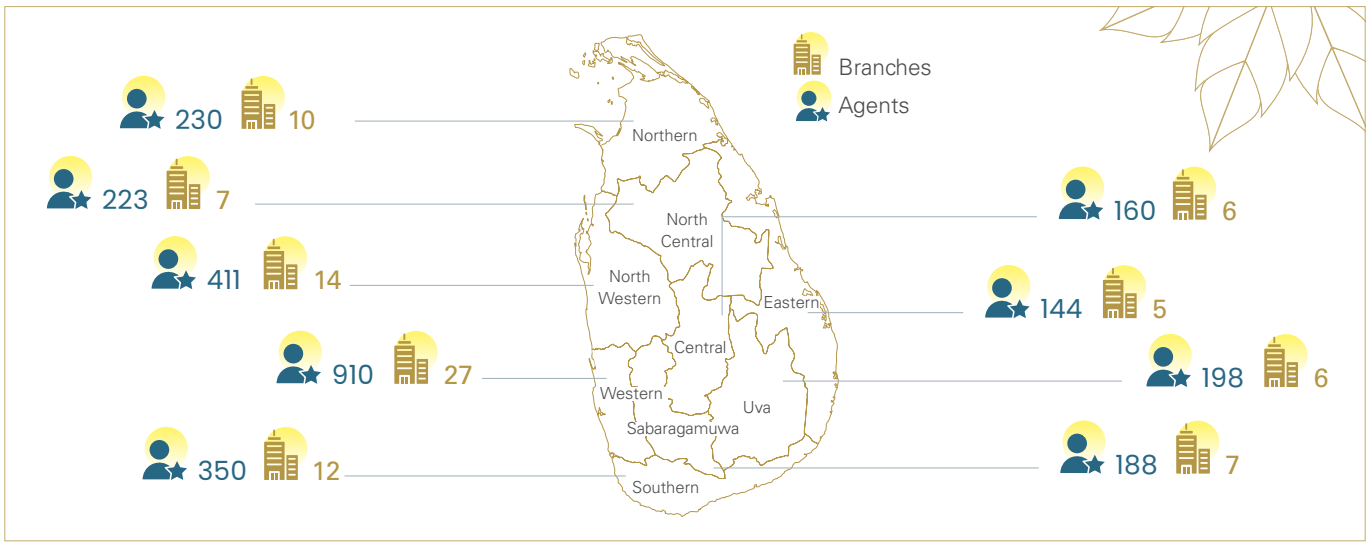
3.4%
(2023: 3.9%)
Return on Asset

Rs. 116
(2023: Rs. 282)
Revenue per Investment in operational footprint

Branch Expansion

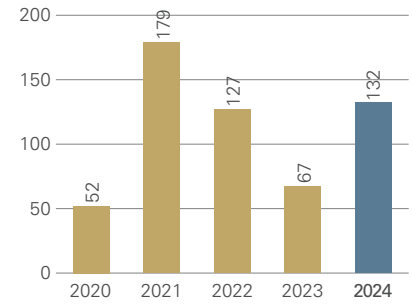
To achieve market success, build customer confidence, and capture market share, brand visibility and easy access to our products and services are essential. Alongside our digital thrust, our well-established network comprises 94 strategically located branches across the island. These branches are equipped with the latest technology and supported by a team of skilled and trained staff who foster a customer-centric culture essential for customer acquisition and retention.

Our Branch Network



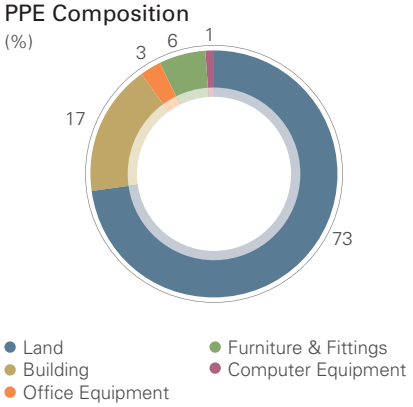
Investment in Property, Plant and Equipment

(Rs. Mn)



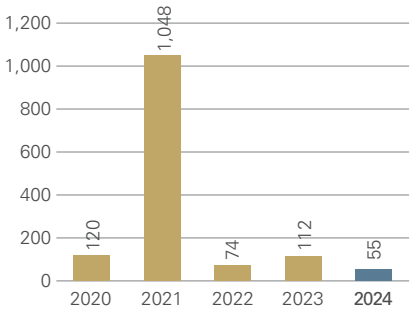
PPE Composition

(%)



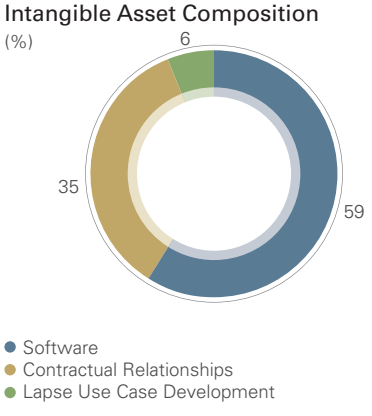
Investment in Intangible Assets

(Rs. Mn)



Intangible Asset Composition

(%)



In 2024, we expanded our branch network by 10 locations, relocated 6 branches, and refurbished 7 branches. These actions resulted in a net book value of Rs. 2,191 Mn in land, Rs. 529 Mn in buildings, and Rs. 301 Mn in other investments.

Our expansion of the New Channel 4 branch network is a key strategic initiative to enhance operational efficiency and broaden our customer reach. This growth strengthens our physical footprint and has improved our ability to serve customers effectively. Moreover, this enables us to drive growth and maintain a competitive advantage in the market.

- Galle
- Matara
- Kurunegala
- Wellawaya
- Kegalle - Channel 4
- Jaffna 2
- Jaffna metro
- Jaffna city
- Chilaw 2
- Vavuniya 2

10 New Branches



Galle - new agency channel branch opening

We identified strategically significant locations that enable more effective customer engagement and reach. Accordingly, the following branches were relocated.

- Malsiripura
- Wariyapola
- Kalmunai
- Aluthgama
- City branch
- Kegalle

6 Relocations



Kalmunai branch relocation

The following branches were refurbished to enhance the quality of our customer and employee interactions.

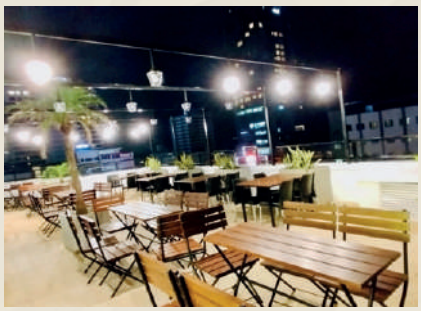
- Kurunegala 01
- Kurunegala 02
- Kurunegala Metro
- Vavuniya
- Kalutara
- Mullaitivu
- Puttalam

7 Refurbishments

MANUFACTURED CAPITAL

Investment in Property, Plant and Equipment in 2024

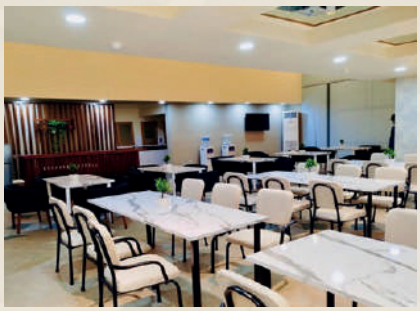
Investments in Property, Plant, and Equipment (PPE), such as office buildings, computer systems, furniture, and vehicles, are essential to enable our daily operations. Strategic oversight of these assets, including depreciation, maintenance costs, and technological obsolescence, is critical to supporting our capital structure and enhancing our value proposition by delivering quality insurance products and services.



Recreational areas were upgraded with added green spaces, comfortable seating, and relaxation facilities, enhancing the experience for employees and customers.



Enhanced common areas with improved lighting, comfortable seating, and modern décor, creating a welcoming and functional environment.



Renovations at our Head Office have modernised workspaces, improved energy efficiency, and ergonomic designs to facilitate a comfortable and productive employee experience.



Our facilities in Kurunegala were renovated to facilitate improved functionality and aesthetics.



The city branch was strategically relocated to a prime location for improved customer access and convenience.

Impact

- Creating new employment opportunities
- Opening chances to learn new digital skills
- Enhancing customer experience
- Establishing a competitive market advantage
- Achieving greater business agility and scalability

Maintenance Certification

We have implemented several initiatives to ensure regular asset maintenance. All assets are recorded by their purchase date, and some are subject to service maintenance. We have obtained the necessary certifications for new branch openings and maintenance.

Strategic oversight of the assets, including depreciation, maintenance costs, and technological obsolescence, is critical to supporting our capital structure and enhancing our value proposition by delivering quality insurance products and services.

Contribution to Our Business

Alongside our strong brand, our branch network is meticulously maintained and adheres to comprehensive health and safety guidelines, significantly enhancing the well-being of both our employees and customers.

Customers

- Tailored and attentive service
- Peace of mind and trust
- Easily accessible location
- Fast and seamless service

Employees

- Professional development and training opportunities
- A safe, supportive and enjoyable workplace
- Opportunities to showcase and grow employee skills
- A strong culture of teamwork and respect



Training Space Development

Training Spaces

We understand that investment in training is a two-way street between employer and employee. Therefore, we provide dedicated training spaces essential for employee development, skill enhancement, and compliance. These training facilities are fundamental to our value-creation process. Our ongoing investment in modern training facilities empowers our employees with the knowledge and skills they need to enhance the Organisation's overall effectiveness and competitiveness. This year, we have added approximately 2,548 sq. ft. of training spaces across 5 branches.

Way Forward

Objectives	2025 Short-term target	Medium to Long-term target
Branch network expansion	▸ Addition of one strategic branch ▸ Relocation of five branches and refurbishment of two	Investment in the expansion of our physical presence based on strategic needs
Maintenance of assets	▸ Regular BCP testing to mitigate risks associated with property, plant, and equipment	Continuous initiatives to maximise asset usability and extend asset lifespan

HUMAN CAPITAL

Our People: The Foundation of Our Success

The professionalism, dedication, and knowledge of our employees directly impact the successful delivery of our brand promise. Hence, we are dedicated to empowering our team with the skills, knowledge, and opportunities needed to achieve their full potential within a supportive and thriving environment prioritising their well-being.

Link to Material Topics

Employment

Retention, training and development

Diversity, Equal Opportunity & Non-Discrimination

Channel partnerships

SDG Impact

Related Stakeholders

Key Challenges and Opportunities

Challenges	Opportunities
▸ High employee turnover in the sales force. ▸ Lack of technical expertise in the market. ▸ Retention of skilled talent due to migration.	▸ Investing in human capital provides an opportunity to enhance workforce skills, increase productivity, and drive innovation. ▸ Opportunity for a diverse workforce with DE&I. ▸ Digital fluency and creativity of Gen Z workforce to drive innovation, foster inclusivity, and stay competitive.



GRI 3-3

Value Creation Process

Inputs	Value Creation	Outputs	Outcomes
▸ 737 Employees ▸ Employee skills, qualifications, and competencies ▸ Competitive pay and other benefits ▸ HR Governance	▸ Training and development ▸ Performance management ▸ Work-life balance ▸ Nurturing a diverse and inclusive culture	▸ 51% Female participation ▸ 76.4% Retention ratio ▸ 86 Promotions ▸ 19,044 Training hours ▸ Rs. 1.8 Bn payment to employees	▸ Diversity and equal opportunity ▸ A competent and engaged team

Capital Trade-offs

Driving Growth Through Financial Management	Strategic investment in human capital enhances long-term sustained earnings while having an initial effect on short-term financials.
Creating Shared Value: Strong Relationships, Sustainable Growth	Establishes trust and confidence with customers, business partners, and the broader community.
Harnessing the Power of Intangible Assets	Investment in training and development drives innovation and enhances the Organisational tacit knowledge.

Our Strategic Focus Areas in 2024

Focus Area	KPI	GRI
Solid Governance to recruit and retain top talent	▸ Enhance recruitment quality through targeted assessments and compliance processes. ▸ Utilise predictive recruitment analytics to anticipate hiring needs and optimise workforce planning. ▸ Enhance employee well-being through impactful initiatives and a commitment to a positive work environment. ▸ Cultivate a strong leadership pipeline by identifying, developing, and positioning high-potential employees for future success	-
Strong Employer Brand	▸ Expand the university recruitment network to attract top emerging talent through collaborative initiatives. ▸ Increase Brand Awareness through impactful social media activations and content. ▸ Gather stakeholder insights and create a strategic roadmap to launch an Employee Value Proposition (EVP) Project.	-

HUMAN CAPITAL

GRI 405-1, 2-7, 2-8

Focus Area	KPI	GRI
Deliver superior service to our customers and stakeholders to be added	▸ Ensure compliance with all established policies and procedures. ▸ Conduct a comprehensive compensation and benefits survey to ensure market competitiveness. ▸ Establish a professional development programme through a structured curriculum to enhance employee skills. ▸ Streamline the recruitment process by automating clearance processes.	GRI 404, 405
Best practices for sustainable human resource value creation	▸ Develop structured learning programmes aligned with the Success Drivers competency framework, empowering employees for current and future roles. ▸ Launch the SHIFT leadership development programme, offering level-based and transitional training pathways. ▸ Establish a mentorship programme to nurture a solid internal professional network. ▸ Conduct diverse employee engagement activities throughout the year.	GRI 404

Our Team Profile

Our competitive edge is driven by our strong team. We do not employ workers who are not employees in our Organisation. The profile of our team is given below:

Employees by Gender



2024
364 Male
373 Female

2023
382 Male
398 Female

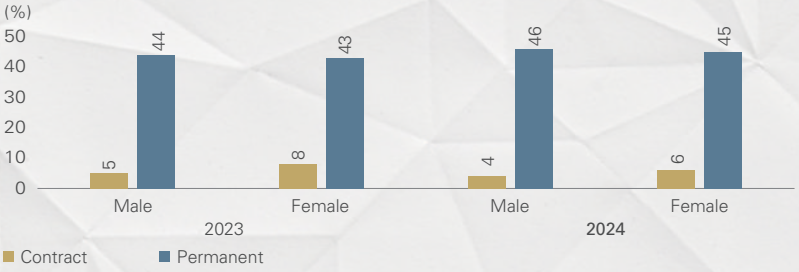


Over 20% of our employees have served the Company for more than 8 years.

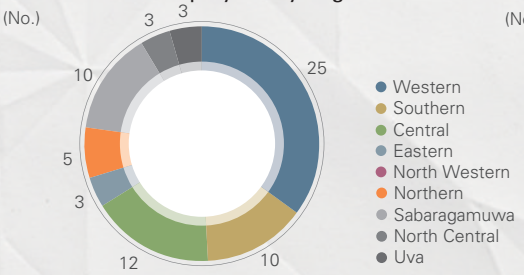
45% of employees are under 31 years.

44% of permanent employees are from outside the Western province.

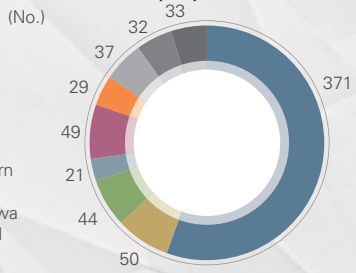
Employees by Contract



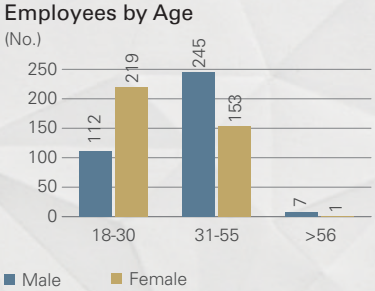
Fixed Contract Employees by Region



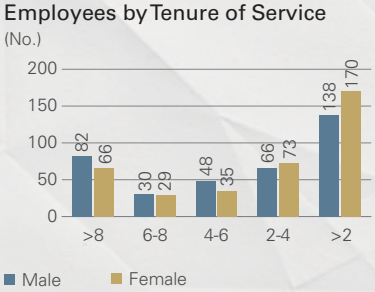
Permanent Employees



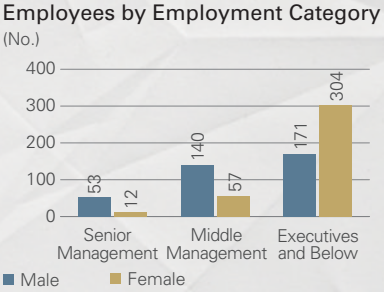
Employees by Age



Employees by Tenure of Service



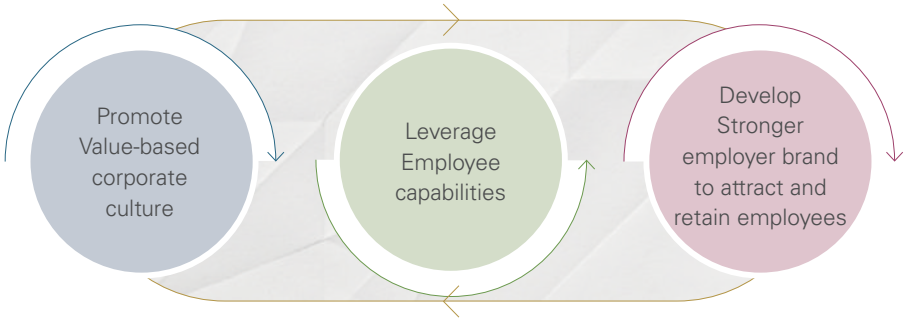
Employees by Employment Category



GRI 403-9

HR Governance

Human Capital Value Creation



Our human resource policies

- Anti-Fraud, Anti-Corruption and Anti-Bribery Policies
- Code of Conduct
- Succession Planning
- Parental Leave Policy
- Whistle Blowing Policy
- Controls on Gift Receiving and Offering Favours
- Recruitment Policy
- Grievance Handling Policy

HR Compliance

Focus Area	Our Actions
Compliance with rules and regulations relating to compensation, dismissal, recruitment, promotion, working hours, other benefits, and welfare.	We are compliant with all applicable labour laws, rules, and regulations enforced by the authorities of Sri Lanka. Moreover, we provide sufficient notice regarding any operational changes to our employees. There were no fines or sanctions imposed for non-compliance during 2024.
Child labour & forced labour	We maintain clear policies prohibiting the employment of underage and forced labour. No incidents of such violations were reported during the year.
Non-compliances in relation to labour practices	We continuously improve our labour practices and maintain robust monitoring to ensure full compliance. Our policies are developed based on industry best practices.
Compliance with laws and regulations to provide safe work environment	We are committed to providing a safe and healthy work environment for all our employees. Accordingly, we ensure comprehensive health and safety policies, protocols, and standards are in place to protect our workforce from all forms of harm. We are pleased to report that there were no work-related fatalities, injuries, or hazardous incidents during the year.
Protecting human rights	Our HR policy reflects our commitment to protecting human rights and safeguarding employee rights. No violations were reported during 2024.

Employee Movement

We adhere to a rigorous recruitment process to onboard top talent, focusing on the future to build a sustainable business. Emphasis is placed on organisational knowledge and mastery of soft skills as key criteria.

A total of 262 employees were recruited during 2024 and employee turnover was 300. Our focused recruitment and retention efforts resulted in a 55% increase in female participation in the year under review.

Employee Turnover Ratio - Non IRO
2024
23.6%

Recruitment Cost
2024
Rs. 8 Mn



HUMAN CAPITAL

GRI 401-1



Recruitment by Gender

2024

117	145
Male	Female
45%	55%

Turnover by Gender

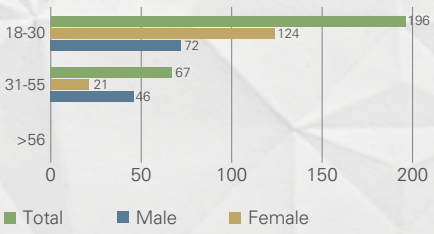
2024

134	166
Male	Female
45%	55%

	Employee Recruitments				
	Male	Female	Total	Male %	Female %
Central	10	13	23	43	57
Eastern	7	2	9	78	22
North Central	7	10	17	41	59
North Western	12	8	20	60	40
Northern	1	4	5	20	80
Sabaragamuwa	15	9	24	63	38
Southern	12	15	27	44	56
Uva	6	10	16	38	63
Western	47	74	121	39	61
Total	117	145	262	45	55

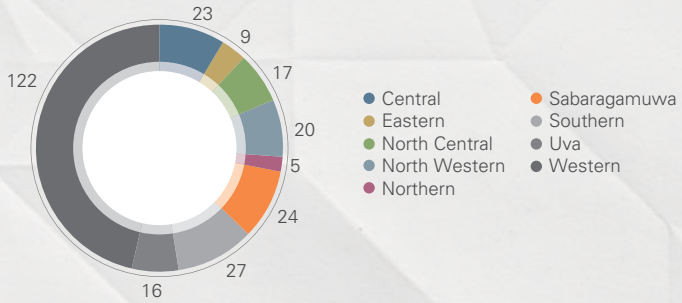
Recruitment by Age

(No.)



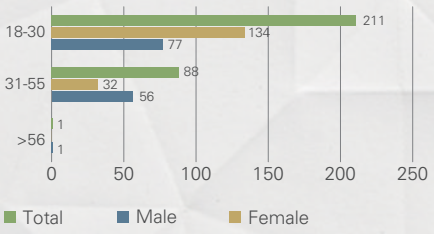
Recruitment by Region

(No.)



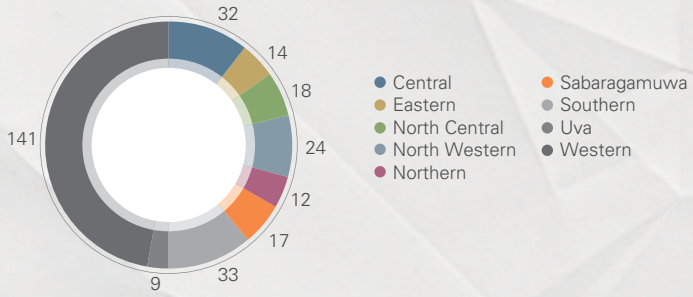
Turnover by Age

(No.)



Turnover by Region

(No.)



Recruitment by Category

112	150
Fixed Term Contract	Permanent

Resignation by Category

103	197
Fixed Term Contract	Permanent

22
No. of internally filled positions

	Employee Turnover				
	Male	Female	Total	Male %	Female %
Central	14	18	32	44	56
Eastern	7	7	14	50	50
North Central	5	13	18	28	72
North Western	10	14	24	42	58
Northern	6	6	12	50	50
Sabaragamuwa	9	8	17	53	47
Southern	13	20	33	39	61
Uva	1	8	9	11	89
Western	69	72	141	49	51
Total	134	166	300	45	55

GRI 405-1, 406-1

Gender Diversity and Inclusion

Our three-pronged approach to driving DE&I

Workplace
Address unconscious bias

Workforce
Data-driven interventions

Market Place
Benchmark progress

Guided by the 'ONEJKH' commitment to Diversity, Equity, and Inclusion (DE&I), we uphold a culture of diversity, equality, and inclusivity throughout our Organisation. Our DE&I policy is rooted in the values of empowerment, inclusion, zero tolerance for discrimination, equal opportunity and participation, and diverse value chains. Moreover, we have invested in awareness-building programmes to address unconscious bias, and have implemented Equal 100 Days of Parental Leave, providing both parents with 100 days of paid leave. We are pleased to confirm that no instances of discrimination were reported during the year.

GROW Initiative

Moreover, during 2024 We launched "GROW," a women empowerment initiative, on International Women's Day. GROW aims to foster an inclusive environment that supports the professional and personal development of our female team members, who already represent 51% of the workforce. The programme focuses on Growth and Development, Recognition, Opportunities, and Well-being, with goals to increase female representation in leadership positions and non-traditional roles. A range of actions were taken to boost women's growth, all under the GROW programme banner.





Launch of Grow Initiative

This year, GROW delivered targeted programmes, including:

Workshop	No. of participants	Focus areas
Gender-Based Violence Awareness	14 men 13 women	Conducted workshops for all employees to raise awareness about gender-based violence and promote a safe workplace.
Empower Her Programme	60	A comprehensive program on Women's Professional Development was led by Deshika Rodrigo, an Executive Coach and HR Consultant.
Celebrating Pink October - Breast Cancer Awareness Session along with medical camp	180	The session led by Dr. Sandani Wijeratne, a Consultant Cancer Surgeon, included a medical camp in partnership with HEMAS Hospital, focusing on breast cancer, early detection, and breast screening.
Be your own brand	20	This workshop highlighted the importance of showcasing skills, personality, and professional ethos to build a personal brand.
Empower your Journey with Stakeholder Management	80	The Women's Development Initiative for Non-traditional Roles, specifically designed for the Sales team in Agency and Banca, covered a range of topics including understanding stakeholder perspectives, conflict resolution techniques, effective communication strategies, stakeholder engagement techniques, risk management in stakeholder relations, ethics in stakeholder management, negotiation skills, and building trust with stakeholders.

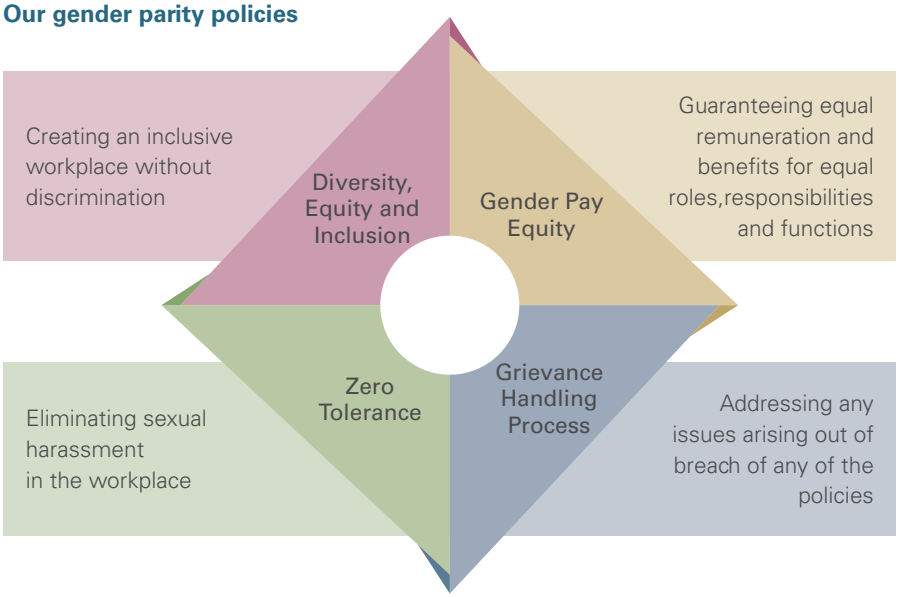
HUMAN CAPITAL

GRI 2-24, 2-25, 202-3, 401-2, 401-3, 405-2, 406-1

Impact Assessment

- **Participation Data:** We quantified the effectiveness of our initiatives by analysing participation numbers, which indicated active engagement.
- **Survey Results:** We collected 133 survey responses from female staff members to gain insights into their experiences and the impact of our programmes. This data was crucial for identifying areas for improvement and tailoring future initiatives

Our gender parity policies



Our impact assessment reveals significant progress in women empowerment, highlighting increased participation.

Diversity of Governance Bodies



Male		Female
6	Executive Committee	3
53	Senior Management	12
140	Middle Management	57
171	Executive and below	304



45
Female staff members were promoted

Parental Leave

100%
Retention of women at work for 12 months after maternity leave

Entitled



6 | 8
Male Female

Utilised



0 | 8
Male Female



Mothers Day Celebration

Category	Head Count	Head Count	Total Head Count	Avg. Salary Ratio	Avg. Salary Ratio
Senior Mgmt. and above	53	12	65	0.43	0.57
Middle Mgmt.	140	57	197	0.46	0.54
Senior Executive	49	47	96	0.49	0.51
Executive and below	122	257	379	0.54	0.46
	364	373	737		

*Above ratios are calculated based on basic salaries paid to employees

GRI 404-1, 404-2

Learning and Development

We empower our employees to achieve their personal and professional growth through tailored learning and development programmes. Our training needs are based on the strategic objectives of the Organisation and the unique aspirations of each individual. Using a robust, systematic approach, we ensure that training is relevant and effective, and its impact is measurable. To accomplish this, we leverage diverse options, including on-the-job training, digital resources, workshops, mentorship, coaching, and structured management development. Throughout 2024, our employees benefited from 19,044 hours of training delivered across 88 programmes, with the average training hours per employee being 25.84 hours. All our permanent staff, Bancassurance and Agency Sales Cadre underwent training during the year in digital, hybrid and blended modes.

Process for Identifying Training Needs

- One to one conversations with immediate supervisor to identify specific training needs of employee
- Compilation of training needs and registering for the programs based on the needs identified
- Voluntary registration by the employees based on the requirements as per the quarterly training calendar published
- Training evaluation to ensure that the respective objectives of the training program has achieved

Our learning and development programmes are structured around five key pillars:





Our leadership and management development training programmes

- Implemented a digital-based tool to enhance the ease of doing business for the agency sales team.
- SHIFT Leadership Programme - develop leaders for current and future roles.
- Nurture Network Mentoring Programme - foster learning and collaboration across departments.
- GROW Initiative to enhance women's growth and development.
- Launch of the UA Success Drivers
- University of Kelaniya Partnership - Implemented Diploma and Higher Diploma in Financial Service Management.
- SSO Development Programme to support regional staff development.
- Agency & Banca Curriculum Revamp updated based on LIMRA standards.
- Train-the-Trainer Programme - certified academy trainers in new content.
- Digital Sales Toolkit Training: - equipped the agency sales team.
- Regional Trainer Panel - decentralised training delivery.
- Bite-Size Agency Training - developed short-form training for agency sales team.
- Digital Self-Paced Learning - created digital training materials for agency sales.

Key training programmes conducted in 2024

Type of training	Description	No. of hours
Leadership & Management	These programs are designed to enhance the personal effectiveness, skills, and abilities of individuals in managerial and leadership roles. Examples include SHIFT (Leadership Development Program), Performance Conversations for People Managers, and Nurture Network (a programme fostering a mentoring culture).	4,258
Onboarding	Programmes designed to integrate new employees into the organisation. These programmes include Company Orientation, Departmental processes and procedures, and training on John Keells Group Values.	4,500
Product & Technical	These programmes ensure employees possess the necessary knowledge and skills to understand, use, and support our products and technical processes. Examples include Fundamentals in Life Insurance, Process Understanding Trainings, and Microsoft Office OneDrive training.	5,416

HUMAN CAPITAL

Type of training	Description	No. of hours
Sales & Service Excellence	Sales and service excellence training focuses on enhancing customer interactions, fostering client relationships, and achieving excellence in both sales and service delivery. Examples include Soft Skills for Customer Service and Service Transformation Workshops.	4,169
Systems, Operations & Compliance	These programmes focus on raising awareness of the organisation's legal and regulatory requirements, as well as equipping staff with the knowledge to safeguard the organisation's brand image. Examples include Anti-Money Laundering, Information Security, and Personal Data Protection Act awareness sessions.	701
Total		19,044

55%
of Women Received Training
(2023: 52%)

Rs. 32,440
Social Welfare Cost per Employee
(2023: Rs. 12,767)

Rs. 33 Mn
Total Investment in Training
(2023: Rs. 22 Mn)

19,044
Hours of Training
(2023: 18,278)



Compliance Training Initiatives

We ensure all our employees are well-versed in compliance through the following training initiatives:

New Hire Orientation

- Includes comprehensive training on the Code of Conduct, Anti-Money Laundering (AML), Business Continuity Planning, Information Security, and Anti-Sexual Harassment policies.

Refresher Training

- Regular refreshers on Anti-Money Laundering and Information Security policies were offered to reinforce the importance of compliance and security.

Personal Data Protection Act (PDPA)

- Divisional representatives were educated on the requirements of the standard, compliance, potential data breach instances to roll out in their respective departments

Bancassurance & Agency Sales Staff Training

- Provided specialised training for Bancassurance and Agency sales staff on Anti-Money Laundering (AML), combating the Financing of Terrorism (CFT), and IT Data Security Policy.

UA Success Drivers

"Success Drivers" is the competency development framework of the organisation to create a future-ready workplace. This is the foundation for all level development initiatives, such as the SHIFT Leadership program, which is designed to make employees more flexible, creative, and focused on adding value for customers.

Inclusive Leadership

Nurtures a welcoming environment that values diversity, fosters collaboration, and inspires team members through empathy and open communication.

Key facets include: building inclusive and diverse teams, encouraging transparent communication and collaboration, demonstrating compassion and empathy, providing coaching and mentoring, and upholding organisational values through ethical leadership.

Connecting the Dots

This competency enables individuals to drive strategic value by understanding the bigger picture and integrating diverse perspectives. It involves connecting individual roles to organisational goals, applying knowledge from various domains, using critical thinking to synthesise complex information, and making value-driven decisions aligned with long-term strategy.

GRI 2-19, 201-3, 202-1, 401-2, 404-3

Being Agile	This competency focuses on navigating change with resilience and adaptability. It involves adjusting plans in response to challenges, thriving in uncertainty, quickly recovering from setbacks, rapidly experimenting with new ideas, and maintaining a solution-oriented mindset focused on personal and professional growth.
Relentless Execution	This competency reflects a commitment to achieving high-quality results through effective task prioritisation, time management, and unwavering focus. It entails taking initiative, prioritising high-impact tasks, managing time efficiently, and consistently delivering excellence through dedication.
Storytelling	This competency emphasises effective communication skills for engaging and inspiring audiences. Key components include: conveying impactful messages, actively listening to understand perspectives, using narratives to motivate teams, and employing creative engagement techniques to build rapport.
360 Stakeholder Commitment	This competency reflects a dedication to understanding and addressing the needs of all stakeholders to build trust and create long-term value. It involves demonstrating respect for all stakeholders, building synergies through collaboration, acting with integrity to foster trust, and aligning business goals with ethical and sustainable practices.

Remuneration and Benefits

We provide fair and equitable remuneration and benefits that align with our performance-based culture. Our compensation package includes a competitive base salary, performance-based bonuses, statutory payments, and a comprehensive range of benefits, including medical coverage.

In addition, we provide life and personal accident insurance, critical illness coverage, total and permanent disability cover, and 100 days of parental leave for both parents.

Our remuneration policy



Rs. 29.37 Mn
Revenue per Employee
(2023: Rs. 24.2 Mn)

Rs. 230 Mn
Contribution to Defined Benefit Plan
(2023: Rs. 191 Mn)

Rs. 1,847 Mn
Payment to Employees
(2023: Rs. 1,589 Mn)

Performance Management

Our performance management system focuses on motivating employees and driving alignment with our strategic objectives. We ensure all our employees receive annual performance and career development reviews and we are continuously refining our practices to improve their effectiveness. Moreover, we have strengthened the link between individual performance and organisational productivity. To evaluate performance, we have enhanced our reward philosophy and practices to reflect these improvements, adopting financial and non-financial metrics.

86
Employees were promoted

78%
Employees participated in performance appraisals

Rs. 5.1 Mn
Profit per Employee
(2023: Rs. 4.8 Mn)



HUMAN CAPITAL

GRI 403-1

Employee Engagement

Throughout the year, we fostered employee engagement through numerous internal initiatives and collaborations with the JKH Group. We believe these efforts cultivate a sense of belonging, promote team effectiveness, and develop leadership qualities in a supportive environment that allows our employees to highlight their soft skills. Moreover, celebratory, and fellowship-building events were held to further promote employee engagement.



UA Brainblast Quiz competition



Iftar celebration



Avurudu festival



Vesak celebration



Jolly Friday



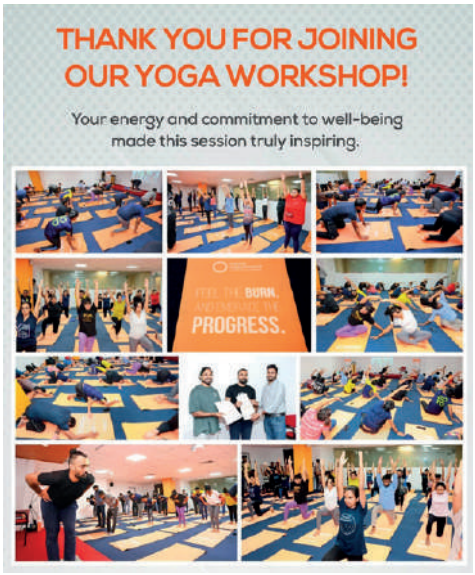
UA annual ball

Health and Safety

To maintain occupational health and safety, the Company has established a process to identify and either eliminate or minimise risks associated with each work segment. This process is developed with input from employees and ensures that risk mitigation strategies are clearly communicated to all levels exposed to specific job-related risks.

Additionally, in 2024, we organised several health awareness sessions to promote the physical and mental well-being of our employees. These initiatives included yoga session, mental well-being workshops, and a breast cancer awareness program for female employees. As part of the 'Suwamaga' diabetes campaign, a two-day health screening program was conducted for head office staff.

The Company launched an online awareness initiative titled "Well-Being Essentials," aimed at continuously educating employees on various aspects of health and safety. This series provided valuable insights and practical tips on financial, emotional, and physical well-being, fostering a holistic approach to daily life. By promoting such awareness, the initiative empowers employees to prioritise their own health and the well-being of their loved ones, extending beyond the workplace to create a balanced and sustainable lifestyle.





Way Forward

Objectives	2025 Short-term target	Medium to Long-term target
Building a strong talent pipeline	▸ Succession planning and successor development ▸ Prepare individual development plans for top talent to reduce the turnover to 6% ▸ Conduct industry mapping for identified roles	▸ Develop and maintain succession plans with multiple ready successors for all critical roles ▸ Top talent turnover to be kept below 5%
Maintain Gender parity	▸ Achieve the Organisation's gender parity target of 50:50	▸ Maintain a healthy gender balance at the managerial level over 20% female representation ▸ Increase female representation in leadership roles
Training & development	▸ Investment in employee Training & development to ensure 100% of the total cadre completing 1 training learner day ▸ Collaborate with learning partners and professional bodies to define learning paths and curriculum	▸ Build a future-ready workforce equipped with the skills and knowledge by ensuring 100% of the total cadre completing 1 training learner day ▸ Embed success drivers into all levels of people development
Active employee management & participation	▸ Provide opportunities for employee engagement through diverse activities ▸ Launch the quarterly employee Pulse survey	▸ Improve employee engagement and motivation, drive productivity and innovation ▸ Implement a quarterly survey and action plans
Employer Branding	▸ Launch the employee value proposition	▸ Implementation of Employee Value Proposition (EVP) initiatives

NATURAL CAPITAL

Contributing to a Sustainable Future

As a responsible corporate entity, we are committed to supporting the global climate agenda by encouraging environmentally friendly behaviour within our organisation and the wider community. Our robust systems and processes ensure that we contribute positively to environmental preservation, resource conservation (including energy and water), and effectively manage emissions and waste.

Link to Material Topics

Corporate Citizenship

SDG Impact

Related Stakeholders

Key Challenges and Opportunities

Challenges	Opportunities
▸ Obtaining initial funding has grown more difficult due to various economic factors.	▸ Implementing sustainable practices, such as energy-efficient machinery and waste reduction technologies, leads to long-term cost savings.
▸ Feasibility of implementing energy-efficient technologies and practices.	▸ Development of life insurance products that reward individuals or communities for adopting eco-friendly practices.
▸ More frequent extreme weather events, such as heatwaves, storms, and flooding, can impact public health and increase mortality rates, raising the likelihood of life insurance claims.	▸ Promoting sustainability can boost brand reputation, attract eco-conscious customers, and foster loyalty.



GRI 3-3, 201-2

Value Creation Process

Inputs	Value Creation	Outputs	Outcomes
▸ Electricity consumption – 6,264 GJ ▸ Water consumption – 17,919 m^3	▸ Responsible waste, water, energy and emissions management	▸ 1,639.7 tCO2e GHG emissions ▸ 11.45 GJ Energy intensity per employee	▸ 1% YoY decrease in energy consumption per branch ▸ 2% YoY decrease in water consumption per employee

Capital Trade-offs

Driving Growth Through Financial Management	Committing to environmental sustainability requires an initial financial investment but provides substantial cost savings and long-term value creation
Our People: The Foundation of Our Success	Enhances employee well-being and contributes to a good working environment
Creating Shared Value: Strong Relationships, Sustainable Growth	Our actions lead to improved community well-being, support a thriving sustainable value chain, and adhere to environmental compliance standards
Harnessing the Power of Intangible Assets	Environmental sustainability drive enhances our brand value

Our Strategic Focus Areas in 2024

Focus Area	KPI	GRI
Waste management	Implement waste management practices throughout the Company	GRI 306
Responsible water consumption	Monitor water usage and create awareness of water conservation	GRI 303
Sustainable emission management	Evaluate emission levels in comparison to established emission targets	GRI 305
Efficient energy management	Identify energy efficiency improvements and transition to renewable energy sources	GRI 302

Management Approach

As a service provider, our reliance on natural resources is minimal, resulting in a limited direct environmental footprint. However, we are committed to supporting the shift towards a lower-carbon economy. Accordingly, we foster environmental awareness and promote sustainable business practices through responsible choices in our operations.

Climate Action

The escalating impacts of climate change pose considerable challenges to the insurance industry, leading to increased financial exposure from extreme weather events and jeopardising the stability and sustainability of our operations. Recognising this urgent need for action, we continue to be committed to protecting natural resources and achieving a sustainable reduction in emissions. Our ESG framework formally outlines this commitment. Additionally, we ensure full adherence to all environmental standards, maintaining a record free of fines or penalties throughout the year.

Moreover, we are proactively identifying and mitigating both direct and indirect climate-related risks affecting our operations.

NATURAL CAPITAL

GRI 302-1

Governance

- Integrate climate risks into the Company's overall risk management framework.
- Implement robust reporting practices in line with reporting frameworks

Climate Sensitive Operations

- Implement energy-efficient technologies and practices across all operations.
- Implement waste reduction, recycling programs.
- Adopt water-efficient technologies and practices to reduce water consumption.

Measuring Our Impact

- Measure greenhouse gas (GHG) emissions across Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (all other indirect emissions, such as those from the supply chain) using the Greenhouse Gas Protocol.
- Publish sustainability reports in line with framework of the Global Reporting Initiative (GRI).

Energy Management

Energy management objective

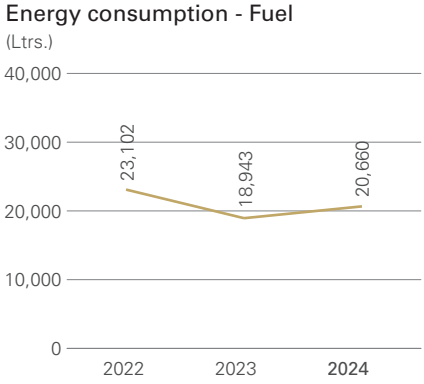
Implement sustainable and efficient practices to enhance and optimise energy use

Initiatives implemented:

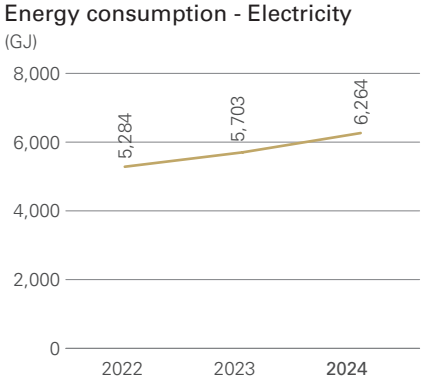
- Transitioned to LED lighting in all offices, which can contribute to energy savings & sustainability.
- Monitoring the power saving mechanism on air conditioners.
- Adopted eco-friendly, thermal-free printers to lower energy use and our carbon footprint.
- Utilised strategic floor design to maximise natural light, reducing reliance on artificial lighting.

	2024	2023	YoY Change (%)
Energy Consumption within the Organisation – Fuel (Ltr)	20,660	18,943	9%
Energy Consumption within the Organisation – Electricity (GJ)	6,264	5,703	10%
Energy Intensity - per Employee	11.45	11.01	4%
Energy Intensity - per Branch	66.64	67.09	-1%

Energy consumption - Fuel



Energy consumption - Electricity

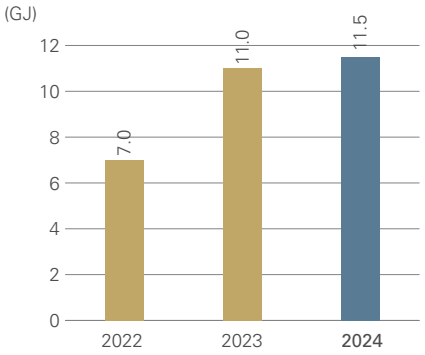


0.29GJ

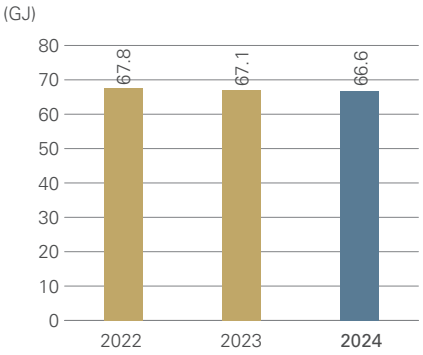
Energy Consumption per Rs. 1 Mn Revenue

GRI 302-3, 305-1, 305-2, 305-3, 305-4, 413-1

Energy Intensity Per Employee



Energy Intensity Per Branch



66.64GJ
Energy Consumption per Branch

11.5GJ
Consumption per employee

0.02GJ
Energy Consumption per Capacity Utilisation



Emissions Management

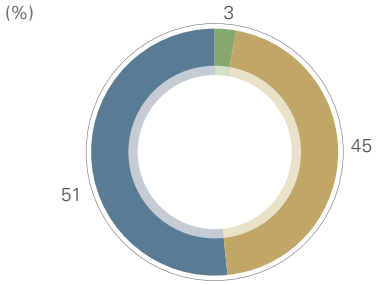
Emissions management objective

Lowering GHG Emission Levels through adoption of sustainable business practices

Initiatives implemented:

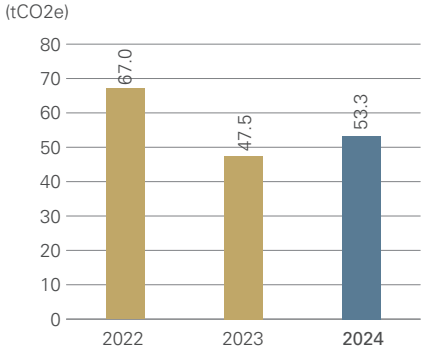
- Leveraged technology for virtual meetings, reducing travel, costs, and emissions.
- In order to maximise the utilisation of hired vehicles, all the passenger vehicles were taken into the pool with a booking arrangement.
- Reduced carbon-intensive activities and decreased reliance on fossil fuels.

Emissions Composition



(tCO2e)	2024	2023	YoY Change (%)
Direct (Scope 1) GHG Emissions	53.29	47.46	12%
Indirect (Scope 2) GHG Emissions	744.37	836.81	-11%
Indirect (Scope 3) GHG Emissions	842.03	82.23	924%
Total Carbon Footprint	1,639.70	966.5	70%
Emission Intensity (Emissions per Employee)	2.22	1.24	80%

Direct Scope 1 Emissions



Emission Intensity
2.22tCO_2e
GHG Emission per Employee

1,639.7tCO_2e
Total Carbon Footprint

*In 2024 we broadened scope 3 emissions to encompass business travel.



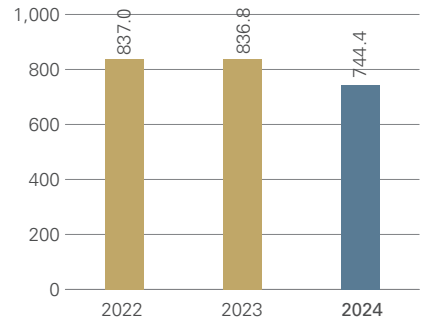
For Certificate of Assessment – Greenhouse Gas Emissions Inventory Refer page 348

NATURAL CAPITAL

GRI 303-1, 303-3, 303-5

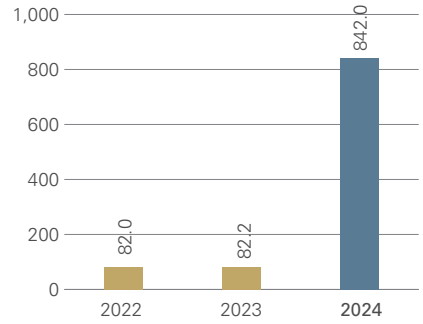
Indirect Scope 2 Emissions

(tCO2e)



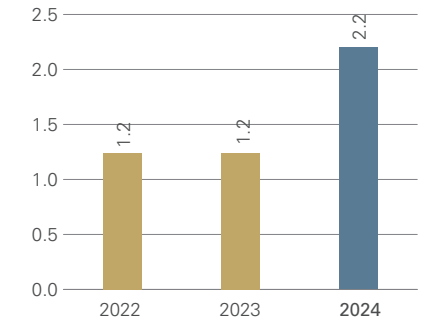
Indirect Scope 3 emissions

(tCO2e)



Emissions intensity

(tCO2e)



Water Management

Water management objective

Sustainable and efficient usage of water resource by adopting responsible water management practices

Initiatives implemented:

- Installed sensor-activated taps and vacuum siphons to minimise water usage.
- Raising awareness among staff about practicing responsible water consumption.

Water Intensity

0.59m³

Bottled water consumption per employee

32.76m³

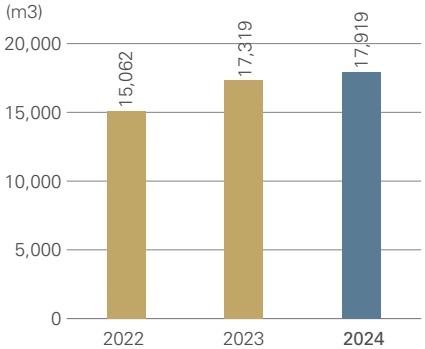
Water consumption per employee



	2024	2023	YoY Change (%)
Water Consumption – Main line (m³)	17,919	17,319	3%
Water Consumption - Main line per Employee (m³)	32.76	33.43	-2%
Bottled water (m³)	323.06	309.54	4%
Water Usage per Rs. 1 Mn of Revenue (m³)	0.83	0.92	-10%

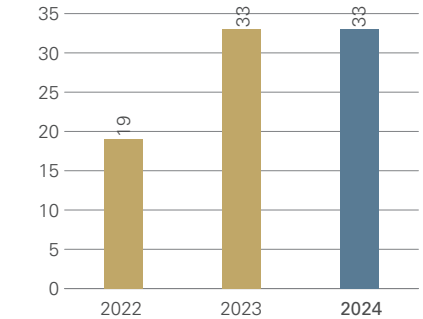
Water consumption - Main line

(m3)



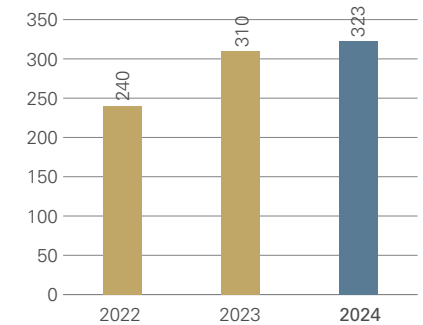
Water Consumption Per Employee

(m3)



Bottled Water

(m3)



GRI 306-3, 306-4

Waste Management

Waste management objective

Contribute positively to the preservation of our environment by reducing waste

Initiatives implemented:

- Adhered to guidelines for separating and disposing of hazardous waste.
- Collaborated with Neptune Papers (Pvt) Ltd for the sustainable disposal of waste paper.
- Implemented food waste sorting at the point of generation for maximum efficiency.
- Ensured our water purification treatment system, managed in partnership with Lalanka Engineering Company (Pvt) Ltd, met all government standards for effluent release.

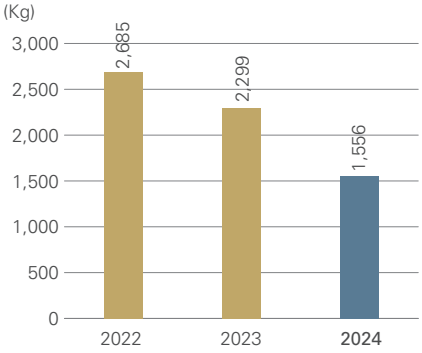
	2024	2023	YoY Change (%)
Solid Waste (Kg)	1,556	2,299	-32%
Waste disposed by recycling (Kg)	2,377	6,255	-62%
Landfill (Cu. Mt.)	7	19	-63%
Water Withdrawal – water treatment (m³)	1,632	2,849	-43%



Zero waste day employee communication

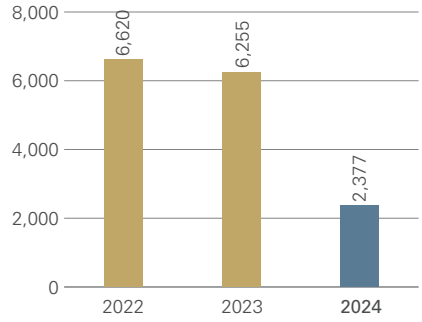
Solid waste

(Kg)



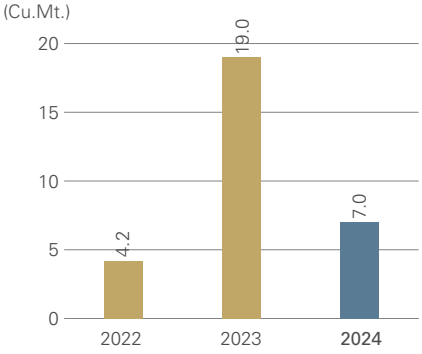
Recycled waste

(Kg)



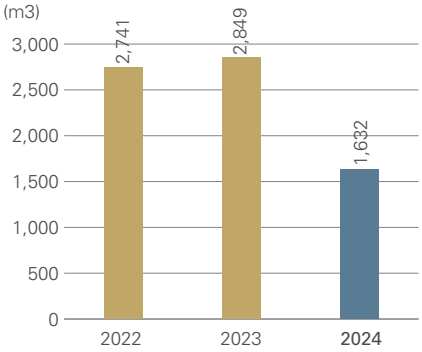
Landfill

(Cu.Mt.)



Water Withdrawal – water treatment

(m3)



NATURAL CAPITAL

GRI 306-2



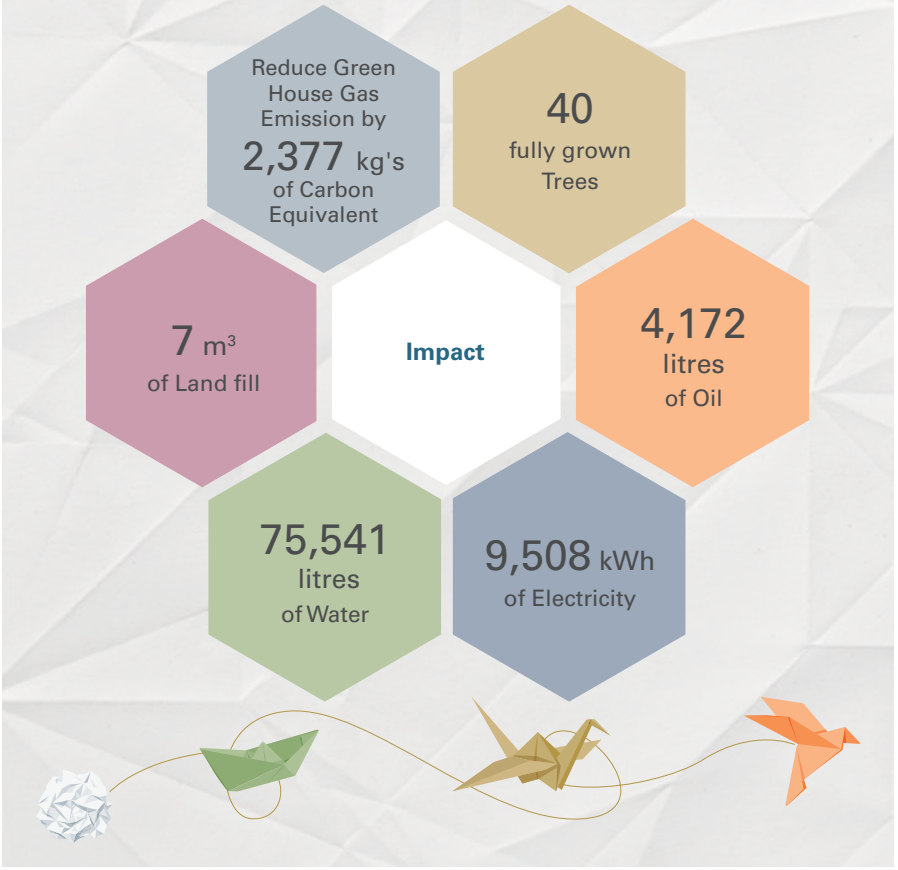
Segregation of food waste



Waste water treatment plant in Kurunegala branch

Paper saving initiatives

Throughout the year, we collaborated with Neptune Papers (Pvt) Ltd to dispose of 2,377 kg of wastepaper, leading to numerous positive environmental impacts.



Integrating Sustainability to Our Operations

We integrate sustainability into our core business operations through strategic initiatives across several key areas. This enables us to improve our environmental and social impact and ensure the long-term well-being of our stakeholders.

1. Environmental Stewardship:

- Energy Efficiency: We have transitioned to LED lighting across our branch network and established a fully digital, paperless value chain to reduce energy consumption.
- Responsible Waste Management: Strictly adhere to protocols for the responsible management and recycling of plastic, paper, food, and hazardous waste.

2. Digital-First Transformation:

- Paperless Operations: Minimised paper use by digitising customer service and insurance proposal processes, supporting environmental sustainability.
- Enhanced Customer Engagement: Utilise digital platforms to engage with customers, enhancing service efficiency while reducing reliance on physical resources.

3. Employee Empowerment:

- Foster a culture of environmental responsibility by encouraging employees to engage in sustainability initiatives.

4. Alignment with Global Standards & Continuous Improvement:

- Sustainable Development Goals: Our sustainability targets are aligned with the United Nations Sustainable Development Goals (SDGs), with an emphasis on energy conservation and renewable energy adoption.
- Continuous Innovation: We are committed to continuous evaluation and improvement of our sustainability practices to maximise our long-term positive impact on the environment and society.



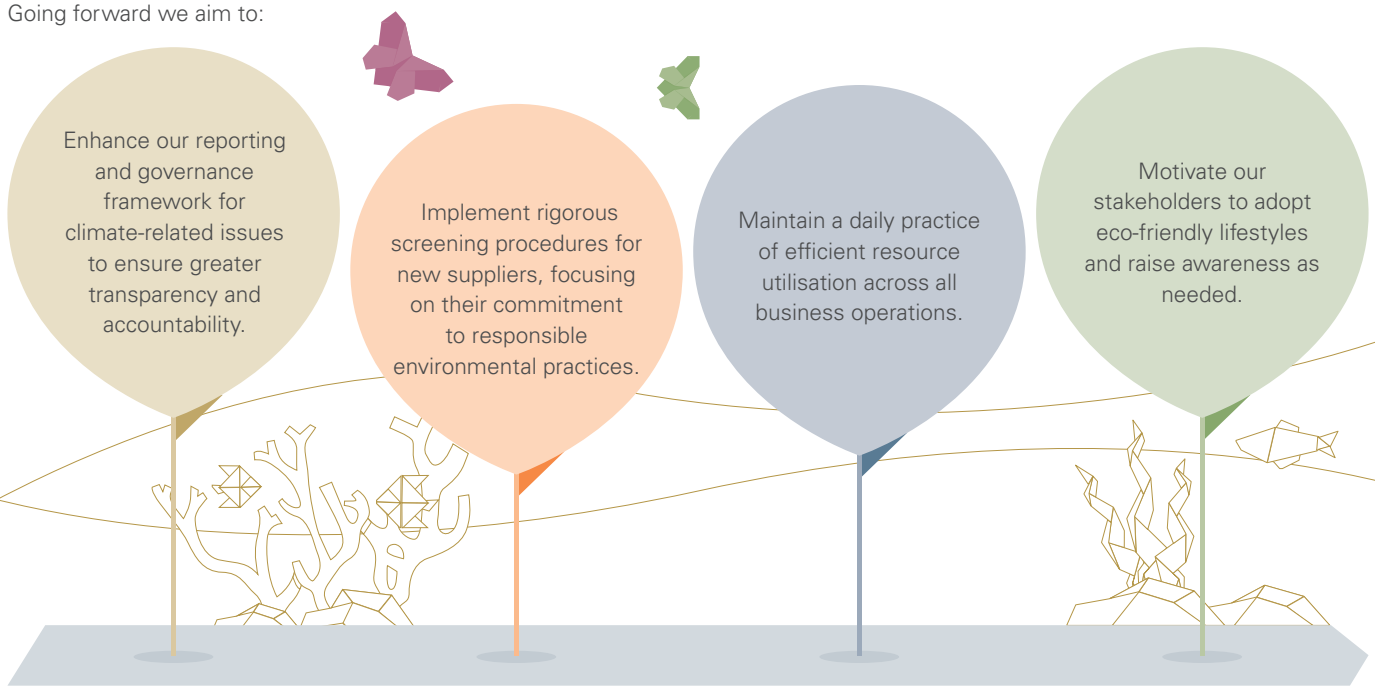
Revitalise empty spaces by planting trees



Bringing a touch of nature to our branches

Way Forward

Going forward we aim to:



Objectives	2025 Short-term target	Medium to Long-term target
Long-term strategies to manage and control resources effectively	Investment in solar power initiatives	Rainwater harvesting for the efficient use of water
Pollution-less environment	Zero plastic approach to reduce plastic waste	Zero emissions through reducing emissions at source
Provide sustainable solutions to climate related risks	Conduct an energy audit and take measures based on the findings.	Planting trees which help to mitigate climate change.

SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-6, 3-3

Creating Shared Value: Strong Relationships, Sustainable Growth

We are dedicated to creating value for our customers, business partners, and community through strong, mutually beneficial relationships built on trust, transparency, and accountability. As a life insurer, these vital connections are central to our value-creation process. These relationships enable our operations, expand our market reach, and drive business growth. Our strong social ties, strengthened by our extensive network and shared values, are fundamental to our success

Link to Material Topics

- Geographical expansion
- Corporate Governance
- Anti-corruption
- Health & safety for customers
- Customer Privacy
- Diversity, Equal Opportunity & Non-Discrimination
- Channel partnerships
- Reinsurance Partners
- Systemic Risk Management
- Corporate Citizenship
- Socio-economic Compliance
- Compliance

SDG Impact

Related Stakeholders

Key Challenges and Opportunities

Challenges

Customer-Related:

- The economic recovery, coupled with increased taxes, has resulted in lower disposable income for customers, leading to policy surrenders.
- High medical inflation causing higher claim settlements.

Agent-Related:

- The challenging economic and competitive environment has made it difficult to retain our valued agents.

Business Partners

- Revision of prices of goods and services to match external environment factors.

Opportunities

Customer-Focused:

- Leveraging the digital landscape to enhance customer experience and engagement.
- With lower interest rates, our life insurance investment products have become more appealing to customers.

Agent-Focused:

- Prioritising the maintenance of a strong and high-quality agency force.
- Encouraging our sales force to acquire and retain quality business.

Business Partners:

- Build sustainable quality relationships with suppliers.



Value Creation Process

Inputs	Value Creation	Outputs	Outcomes
▸ Rs. 24 Mn investment in community development ▸ Rs. 6,151 Mn paid to suppliers ▸ Diverse Product Portfolio ▸ Total commission paid to business partners Rs. 4,000 Mn	▸ CSR initiatives ▸ Customer relationship management ▸ Supplier engagement and retention ▸ Product development ▸ Training and development for field staff ▸ Governance and Compliance with policies	▸ 277 MDRT qualifiers ▸ Rs. 65,571 revenue per customer ▸ Customer loyalty ▸ Beneficiaries from CSR initiatives	▸ Empowered communities ▸ Strong supplier relationships ▸ Customer retention ▸ Improve brand image from CSR ▸ Increased business partner relationships

Capital Trade-offs

Driving Growth Through Financial Management	Investment in CSR and training of business partners requires outlay of financial resources in the short run, but yields benefits in terms of efficiency and productivity improvement
Our People: The Foundation of Our Success	Training and development of the agency and bancassurance partners nurture a loyal workforce
Contributing to a Sustainable Future	Digitisation of activities leading to lower usage of paper
Harnessing the Power of Intangible Assets	Enhanced brand awareness

Customers

We continually create value for our customers by consistently striving for excellence in product delivery, and service. Our customer capital includes both individual and corporate clients, allowing us to cultivate deeper relationships and deliver exceptional service.

Our Strategic Focus Areas in 2024

- Diverse product offering for different customer segments
- Enabling data privacy, cyber security to maintain confidentiality
- Convenient reach and accessibility
- Ensuring trust through ethics, integrity and transparency
- Effective and efficient complaints management

Management Approach

We are committed to enhancing our connections with customers, suppliers, and communities by continually refining our value proposition to drive mutual value and ensure stakeholder satisfaction. Our management approach prioritises strong engagement, fostering a culture of trust that places stakeholder interests at the forefront. This approach ensures their ongoing commitment to our long-term sustainability and growth, with a focus on allocating resources to address specific community needs, meeting evolving customer requirements, maintaining open communication with our business partners, and strengthening the resilience of our supply chain.

Customer Acquisition

36,800+ New policy holders during the year	Rs. 6,226 Mn Revenue from new customer

Customer Retention

61% LIMRA Persistency	12% Market share

Customer Engagement

33,250+ Clicklife app registration (2024)	#1 PR ranking

Customer Satisfaction

93% One day claims settlement	65% STP %

SOCIAL AND RELATIONSHIP CAPITAL

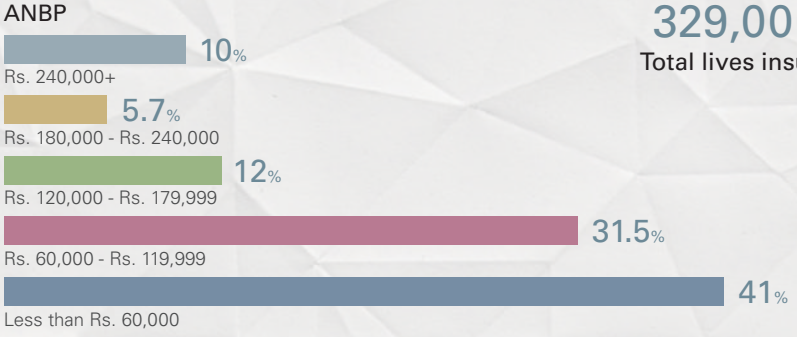
GRI 2-6

1. Diverse Product Offering for Different Customer Segments

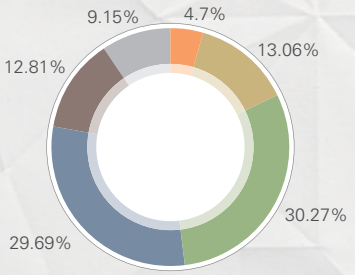
Our Diverse Customer Bases

ANBP

329,000+
Total lives insured



By Age

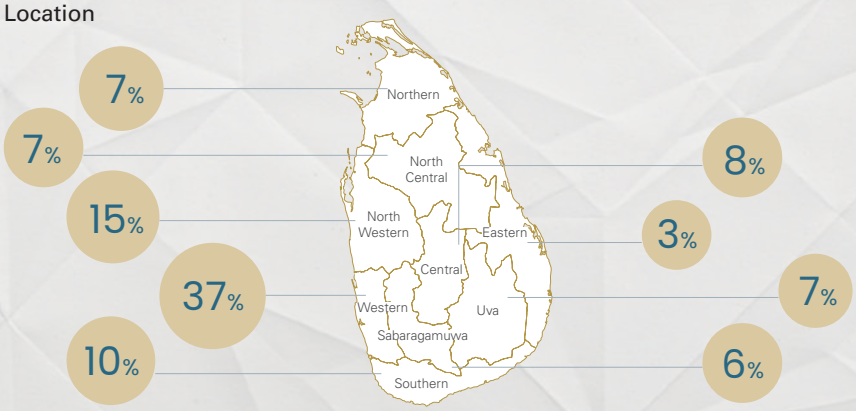


By Gender



57% Male 43% Female

Location





Our Product Portfolio

We combine our deep industry knowledge with the power of data analytics to gain insights that inform the development of innovative and relevant insurance solutions. This approach allows us to meet each customer's unique needs throughout their life journey. In 2024, we further demonstrated this commitment by launching the cancer care cover tailored to the evolving requirements of our customers

Health Products

- Health360
- Hospital Cash Benefit
- Smart Health Premier
- Hospital Cash Child
- Comprehensive Surgery Benefit
- Child Health Benefit

Education Products

- Sisumaga +

Group Life Products

- Group Health Plus/Group Life

Protection Products

- Advantage Starter
- Ultra Protect
- Loan Protector
- ClickLife
- Life Plus
- Smart Life
- Cancer Care Cover

Investment Products

- Super Investor
- Single Premium Advantage
- Advantage Premier
- Smart Investor

Retirement Products

- Pension Advantage

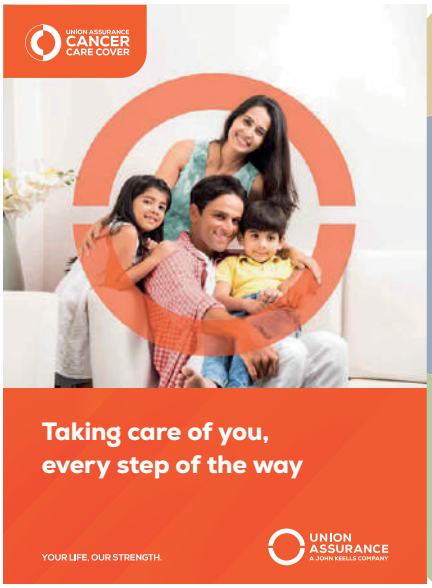
GRI 417-2, 417-3

Union Assurance Cancer Care Cover: An Essential Shield Against the Growing Cancer Threat

A cancer diagnosis can take an immense emotional and physical toll on individuals and their families, but it can also be financially devastating. In Sri Lanka, many rely on the public healthcare system, but due to its limited resources and overcrowding, patients are often forced to seek private medical care, leading to high out-of-pocket costs. For primary breadwinners, this can result in the loss of income, causing families to cut back on essentials like food, clothing, and education. Additionally, the increasing cost of transportation adds more strain to the financial burden.

In response to these challenges, Union Assurance has introduced the Cancer Care Cover, a plan designed to provide financial protection and support for policyholders and their families in the event of a cancer diagnosis. This cover is available as an optional add-on through the Union Assurance Clicklife App, offering customers the flexibility to tailor their coverage to meet their specific needs.

Key Benefits of Cancer Care Cover:



Choose What Suits the Best

Customers can select a coverage amount that fits their financial security needs.

Immediate Lump- Sum Benefit Payout

Upon a cancer diagnosis, a pre-defined percentage of the Cancer Care Cover value will be immediately paid to the life assured, providing crucial financial support when needed the most.

Medical Assistance Benefit

Along with the Cancer Care Cover, this benefit provides a monthly financial payout for up to 12 months. This ensures patients and their loved ones can focus on treatment and recovery without additional financial stress.

While cancer is unpredictable, being financially prepared is within your control. Union Assurance Cancer Care Cover ensures that our customers and their loved ones are financially supported during difficult times, allowing them to focus on what matters most – their well-being and recovery.

Pricing of Products

The Company follows sound underwriting practices, taking into account mortality and interest rates that are applicable to its products. Pricing decisions are influenced by a range of factors, including lifestyle and behaviour of customers.

- Throughout the year, Union Assurance implemented strategic measures to adjust the pricing of selected products in alignment with customer affordability. Additionally, the Company reintroduced existing products through various sales channels to enhance accessibility for customers.

Product Responsibility

We ensure customers and prospects fully understand each product's benefits, features, and terms through clear and comprehensive explanations. Our trained advisory team provides expert support throughout the customer journey. Moreover, our product development adheres to all applicable regulatory requirements and laws. To further enhance accessibility, our omni-channel approach and updated website provide seamless channels for customers to connect with us for any additional product inquiries.

Ensuring Compliance

Our commitment to ethical conduct is foundational to our business. We strictly adhere to all internal and external regulatory requirements in product design and advertising to maintain transparency and integrity for our customers. Our internal policies and thorough advisory training ensure appropriate selling practices. Moreover, we are fully compliant with IRCSL guidelines for fair customer treatment. A systematic review and continuous oversight of our customer management unit reinforces these commitments. Furthermore, we have implemented automated processes to mitigate risks and prevent fraud.

Accountability	
Incidents of non-compliance concerning product and service information and labelling	Nil
Incidents of non-compliance concerning marketing communications	Nil
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil

SOCIAL AND RELATIONSHIP CAPITAL

2. Enabling Data Privacy, Cyber Security to Maintain Confidentiality

Data Privacy

Protecting customer information is our utmost priority. We maintain stringent controls and robust IT security measures to ensure the confidentiality of customer data. Our IT processes align with ISO 27001:2013 information security management system controls and CIS critical security controls, minimising information security risks and ensuring strong IT governance. We also conduct regular awareness and training sessions for employees to reinforce the importance of data security.

Please refer to 'Intellectual Capital' on page 132 for more information on data privacy

3. Convenient Reach and Accessibility

Delivery Channels

With 94 branches, 6 Banca partnerships, Brokers and digital Clicklife App, our customers have greater accessibility and convenience in reaching us for their needs and concerns. Our commitment to enhancing customer experience is reflected in our ongoing efforts to expand delivery channels, increase payment options via multiple service providers, and strengthen our digital capabilities. As customers increasingly adopt digital platforms, we are proactively expanding our digital value proposition to provide seamless and convenient solutions.

Our multiple channels for customers to voice their concerns and manage their policies are given below:

24/7 Trilingual Call Centre

- Our call centre provides round-the-clock support in multiple languages.

Dedicated Customer Service Unit

- Located at our Head Office for in-person assistance.

Social Media Engagement

- Stay connected via Facebook, Instagram, YouTube, and LinkedIn

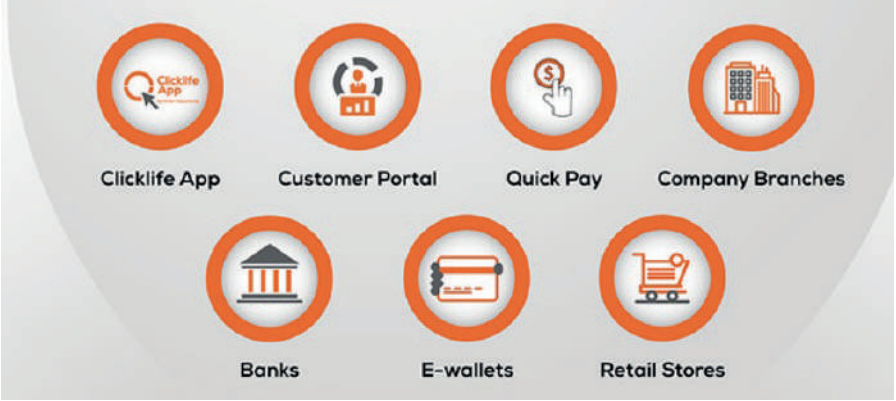
Clicklife App

- Manage policies on the go with the industry's most comprehensive Life Insurance app

Live Chat Support

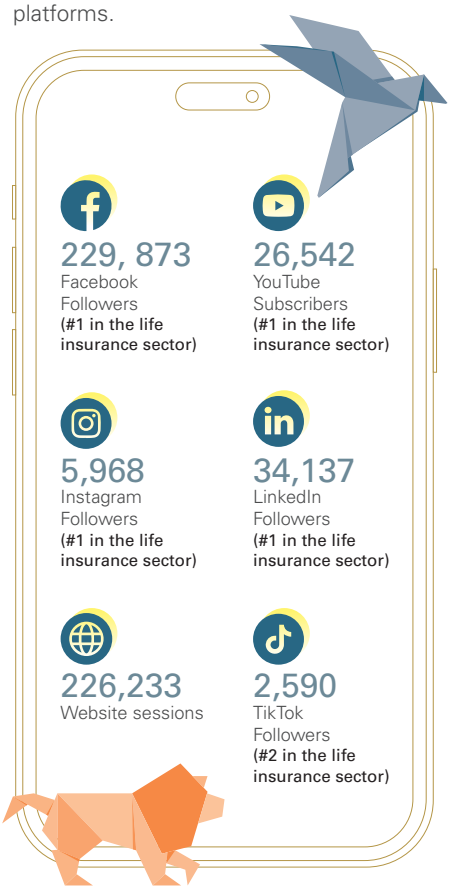
- Via our website's Chatbot with two dedicated agents.

Premium Payment Options



Our Digital Reach and Engagement

Our online presence reflects strong engagement and reach across multiple platforms.



Customer Engagement

We focus on maintaining a constant dialogue with our customers, ensuring we are always accessible through multiple channels. This ongoing engagement enables us to proactively understand and respond to their evolving needs. Leveraging our established omni-channel approach, we utilise social media, media advertising, physical and digital brochures, sponsored events, and product stalls at key events to both promote general insurance awareness and showcase our specific product offerings.

- Interactive Social Media Engagement: Enhanced customer interaction through engaging posts and competitions on social media platforms.

- Exclusive Customer Forums: Hosted forums with customers and partners to foster relationships and gather feedback. This includes our ongoing Bancassurance partnership with Union Bank, where we have held several exclusive customer forums.

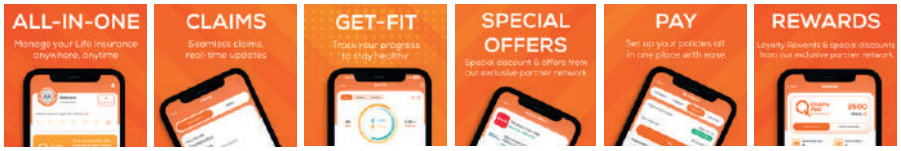


Union Bank Customer Forum

Clicklife App

Our innovative Clicklife App goes beyond insurance management. Union Assurance now offers consumers the next level of insurance to give our customers control in managing and staying updated on their protection needs. Clicklife, a self-service app powered by cutting-edge digital technology which would eliminate the complex and time-consuming follow up process of staying up-to-date on policies after purchase. The app provides real-time updates on policy information including dues, balances, and claims status, and goes a step further in enabling digital policy loan submissions. Clicklife will also include a health tracker linked to a rewards scheme for instant redemption of vouchers and discount coupons.

Key Features of the Clicklife App



Union Assurance has introduced Sri Lanka's first Digital Loyalty Rewards Programme in Life Insurance

Union Assurance introduces another groundbreaking initiative in the Sri Lankan Life Insurance industry with the launch of the Clicklife App's Digital Loyalty Rewards Programme. This innovative programme, the first-of-its-kind in the market, aligns perfectly with the Company's purpose of supporting all Sri Lankans to enrich their well-being, by championing innovative platforms that elevate their quality of life while being financially protected every step of the way.

Union Assurance's new Digital Loyalty Rewards Programme offers all customers an opportunity to earn rewards worth millions through the Clicklife App. The programme is seamlessly integrated into the Clicklife App, allowing customers to accumulate digital rewards and redeem them at a vast network of over 100+ merchants, ranging from supermarkets and pharmacies to restaurants and apparel outlets.



New additions to the app

- Opening the Clicklife app worldwide, enabling UA customers living abroad to use the app in any country they reside in to manage their life insurance.
- Launch of Sri Lanka's first digital loyalty rewards program in life insurance, where we reward our customers for their behaviours.
- For the first time in Sri Lanka, you can now easily purchase life insurance through the Clicklife app. This feature allows customers to buy a base cover only or a base cover with a cancer care rider.

Empowering Customers through Education and Transparency

We recognise the complexity of the insurance landscape and are dedicated to equipping our customers with the knowledge they need to make informed decisions. To build trust, minimise misunderstandings, and develop long-term relationships, we have launched the following educational initiatives:

- **Circle of Well-being by Union Assurance** is a YouTube talk show dedicated to empower and educate Sri Lankans on achieving holistic well-being. The show covers key aspects of financial, emotional, and physical well-being, offering expert insights, practical advice, and inspiring stories to help individuals lead more balanced and fulfilling lives.
- **"Annual BLOG IT 3.0" Competition:** Encouraging passionate writers to raise awareness about the importance of financial protection by submitting essays, stories, or poems on life insurance.
- **Community Outreach:** Conducted islandwide outreach programmes in towns and villages during 2024 to create awareness on savings, health, and retirement planning.

SOCIAL AND RELATIONSHIP CAPITAL

GRI 418-1



BLOG it 3.0

UNION ASSURANCE CIRCLE OF WELL-BEING

Enhancing Customer Experience through Digitisation

We leverage digital capabilities to enhance the customer experience, drive transparency, and simplify our processes. This has enabled us to achieve a competitive edge, bring our products and services to market more quickly and deliver superior results. Key initiatives include:

Straight Through Processing (STP):

Our advanced Auto Underwriting Rule Engine automates risk assessment, enables faster policy issuance by automatically validating straightforward cases. This reduces manual intervention, improves underwriting quality, and efficiently handles increased business volumes. We continued to improve STP rates and accuracy throughout the year.

100% Paperless Insurance Proposal Submission:

As part of our dedication to sustainability, we have introduced paperless policy certificates and E-policy documents, minimised our environmental footprint and promoted broader conservation efforts. Customers also have easy access to policy documents, such as bonus letters, payment receipts, visa letters, and tax letters, directly through our mobile app.

Online Policy Purchase & Convenient Payments via Clicklife App:

Customers can now conveniently purchase policies online through the Clicklife app, including our simple and easily accessible cancer cover. The app also allows customers to manage their policies, apply for claims, and make payments online. Throughout the year, we enhanced the portal to further improve customer ease of use.

Integrated Customer Service (I-PHONIC System):

Our I-PHONIC system streamlines policyholder communication by integrating all channels, inbound and outbound call centre activities into a single application. The dashboard monitoring feature ensures efficient call centre management from any location, enhancing operational scalability and significantly improving policyholder satisfaction.

4. Ensuring Trust through Ethics, Integrity and Transparency

- Internal/external regulatory and procedure compliance to govern product design and advertising of products to ensure transparency and integrity for customers
- Internal policies and trainings to ensure appropriate selling by advisors
- Comply to all IRCSL guidelines highlighted upon fair treatment of customers
- Systematic review and overview of customer management unit.
- Automated processes in place to mitigate risks and other fraudulent activities.

5. Effective and Efficient Complaints Management

We offer our customers a seamless and accessible multi-platform complaint lodging system through all our branches, Head Office, social media, WhatsApp, website chatbot, hotline, and email. All policyholder complaints are handled under our detailed Complaint Management Policy, which is readily available on our website. Our Agent Inquiry Resolution Committee (AIRC) and Customer Feedback and Service Committee (CFS), comprising senior management, conduct weekly reviews to ensure the effectiveness of our complaint management system. Furthermore, the Board Audit and Compliance Committee (BACC) diligently oversees the progress of complaint management, ensuring all complaints are resolved within specified timeframes. If a customer remains dissatisfied, they can escalate their concerns to the insurance ombudsman for an alternative resolution.

	2024	2023
Customer complaints	185	231
Complaints resolved	156	205
Complaints to claims ratio	4	4
Resolve Rate	84%	89%

Our Brand

For over three decades, we have been a leading brand in Sri Lanka, renowned both domestically and internationally for our product innovations, service excellence, and groundbreaking customer experiences. We continued to strengthen our brand value during the year.

Please refer to page 134 for more information about our brand

Union Assurance is dedicated to extending its reach to every Sri Lankan, ensuring comprehensive protection for all families. Our products and solutions are crafted to offer holistic coverage, safeguarding individuals from diverse backgrounds. This protective umbrella is enhanced by providing insurance, healthcare solutions, financial services, and retirement facilities.

Business Partners

Our business partners are integral to our value creation, providing essential support services that enable us to deliver exceptional value to our customers. We are committed to fostering relationships based on trust and mutual respect, ensuring fair and equitable treatment for all our partners.

Our Business Partners

2,814 Agency force

22 Insurance brokers

06 Bancassurance partners

04 Reinsurance partners

Over 2,000 Suppliers of goods and services

Fair and Equitable Treatment

Our interactions and relationships with business partners are built on a foundation of fair and equitable treatment. To achieve this, we utilise a robust internal code of conduct and follow strict policies and procedures related to selection criteria, dispute resolution, and fair dealings. Moreover, we ensure regulatory compliance is managed and monitored to enable transparent and unbiased interactions with our valued partners.

Continuity of Supply

We guarantee continuity of supply by cultivating sustainable partner relationships grounded in mutual trust, respect, transparency, and fair treatment. Our approach involves continuous dialogues to identify mutual synergies, prompt payment practices, and regular performance assessments, which together ensure the strength and stability of long-term agreements.

1. Agency Force

In an industry characterised by low penetration and high competition, a strong agency force is essential to reaching prospective customers and staying ahead of the competition. Our success is directly linked to the dedication and enthusiasm of our Agency Force in communicating our Company's message to the uninsured and converting them into valued customers.

We are honoured to be the preferred life insurer for our agency force and are committed to continuously enhancing their skills, providing ongoing training, and offering competitive compensation for their hard work and the exceptional service they deliver to our customers.

Our Strategic Focus Areas in 2024

- Training and development
- Rewards and recognition
- Enhancing agent productivity through digitisation
- Establishing Governance and ethics among agents
- Agent well-being

1,591 New recruits

2.9 Productivity

Rs. 3,385 Mn Commission and incentives paid (Agency)

277 No of MDRT members

Rs. 14.6 Mn Investment in training and development

Training and Development

At Union Assurance, training and development play a crucial role in empowering employees to excel in the dynamic and competitive insurance industry. As a leading player in the market, Union Assurance recognises the importance of continually upskilling its workforce to meet the evolving needs of customers and stay ahead of industry trends.

- Through our Learning Academy, we partnered with the Sri Lanka Institute of Marketing (SLIM) to deliver exclusive training programmes for our top advisors. This initiative, which was launched at an inaugural ceremony where over 50 advisors were introduced to the programme, will enhance their skills, and offer valuable certifications that will enable further career advancement. This partnership reflects our proactive approach to improving service and meeting the evolving needs of customers.



Training Programme in Partnership with SLIM

SOCIAL AND RELATIONSHIP CAPITAL

- Our inaugural Leader Conference 2024 empowered over 250 leaders through expert training led by Nalaka Hewamadduma, focusing on enhancing leadership skills. The event also fostered a collaborative environment for knowledge sharing through a panel discussion featuring top-performing leaders, as well as an awards ceremony that recognised exceptional achievements within the first quarter of 2024.



Leader Conference

Types of Trainings for Advisors

- Product and rider refresher program
- Motivational programs
- Rewards and recognition related programs
- Digital transformation
- Lapse prevention training
- Sales booster sessions
- Professional grooming sessions
- Train the trainer programs
- Customer relationship management
- AML Trainings
- Coaching, leadership development programs



Agency Training and Development

Rewards and Recognition

The economic changes presented significant challenges to staff retention during the year. In response, we prioritised initiatives that empowered, rewarded, and motivated our sales force, while ensuring open communication. Accordingly, we acknowledged the value of our sales agents by recognising their accomplishments through performance-based compensation, bi-annual and annual awards, internal recognition programmes, incentive plans, and other recognition initiatives.



We celebrated our top-performing advisors at the Premier Club awards ceremony for the second quarter, inducting over 125 new members. The event recognised outstanding achievements and motivated advisors to deliver exceptional customer service. The top performers were rewarded with exclusive prizes, and we affirmed our commitment to developing a strong, professional agency force.



We celebrated our top-performing Agency and Bancassurance teams with enriching overseas tours to Malaysia, Vietnam, and Dubai. These immersive experiences, involving over 125 participants, combined cultural exploration, networking, and the opportunity to build stronger relationships with colleagues and management. These programmes reflect the Company's dedication to not just rewarding success but also providing transformative experiences.



We celebrated our top-performing advisors at the prestigious MDRT Conference, an event that brought together advisors who achieved the global Million Dollar Round Table standard, representing excellence and ethical conduct in the life insurance industry. The conference recognised over 300 awardees with MDRT, Court of the Table, Top of the Table, and Union Assurance Premier Club distinctions, showcasing our commitment to rewarding exceptional achievements and providing an exclusive platform for development through educational opportunities.



We honoured the achievements of our Agency Distribution Channel at the Annual Awards 2023, presenting over Rs. 50 million in rewards to top performers. This event, which aimed to celebrate and inspire the Company's advisors, included a range of prestigious awards, including 'Ultimate Champion of Union Assurance 2023', won by Chanaka Appuhamy, along with recognitions for outstanding new business and protection performance. The top performing Zone and Regions were also recognised for their contributions.



The Union Assurance National Business Launch 2024, themed "Unstoppable Together," showcased the success of the Company's Agency Distribution channel, honouring its top-performing advisors. The event recognised winners of the Fast Starter competition and awarded top zones and regions for outstanding performance, while highlighting the Union Assurance Premier Club rewards programme. The launch underscored Union Assurance's dedication to providing its advisors with the best recognition platform and empowering them to continue their growth.

Performance-based career achievements - Agency

	2024	2023	2022
TOT qualifiers	5	3	1
COT qualifiers	18	13	10
MDRT qualifiers	170	158	160
	193	174	171

- We demonstrated our industry leadership at the 15th National Forum for Life Insurance Advisers (NAFLIA) Conference, securing the highest number of National and Category Awards at the prestigious Life Insurance Industry Sales Awards 2023. This historic achievement underscores the Company's commitment to excellence and the exceptional performance of our team. This success included sweeping key awards at both the national and large insurer category levels



National Forum for Life Insurance Advisers

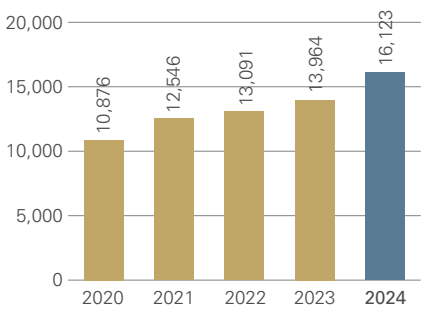
Enhancing Agent Productivity through Digitisation

- All agents and sales support officers are provided with tabs to create digital quotations, proposal submissions and monitor their performance conveniently.
- A Digital Standard Operating Procedure (SOP) designed for enhancing daily tasks of advisors and simplifying supervision for team leaders
- Agent activity lead management system automation allows agents to track their leads on monthly basis effectively
- Automation and streamlining of advisor personal detail alteration to enhance advisor convenience
- Financial questionnaire has been digitised and included in the DAT system to provide the right service to our customers and to improve efficiency of customer onboarding
- FAME 4.0

  FAME 4.0 is a comprehensive platform designed to empower insurance agents by providing real-time tracking of their performance. Here are some key features and details about FAME 4.0:

Revenue Generated by the Agency Force

(Rs. Mn)



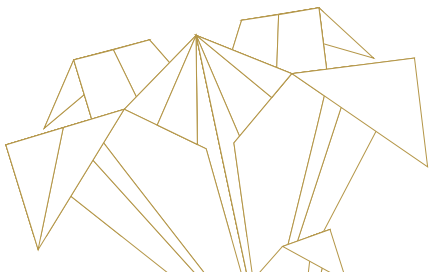
- **Real-Time Performance Tracking:** Insurance agents can monitor their performance metrics in real-time, allowing them to stay updated on their progress and make informed decisions quickly.
- **Leaderboard Information:** The platform includes a leaderboard feature that ranks agents based on their performance. This fosters a competitive environment and motivates agents to improve their standings
- **Enhanced Functionality:** FAME 4.0 offers a seamless and improved user experience with features like portfolio summaries, account holdings, and e-statement generation

Establishing Governance and Ethics Among Agents

- Prior agent onboarding all advisors are required to complete their qualifications which are required to be qualified as an agent based on IRCSL rules
- Company will hold frequent training series to ensure agents are complying with all ethical and regulatory requirements and work best to cater our customers.
- In order to prevent wrongful alleged selling of insurance products, based on IRCSL guidelines, the Company has a clearly defined procedure for conducting inquiries on agents to protect the customers

Agency Wellbeing

- All agents are provided with health insurance schemes from the Company
- Maintaining a safe and healthy working environment to support their mental well being
- Provide motivational and professional grooming sessions upskill agent career traits.



SOCIAL AND RELATIONSHIP CAPITAL

2. Bancassurance Partnerships

The Company has established Bancassurance partnerships with 6 leading banks with two partnerships being exclusive. The channels generated a 21% of the total revenue for the Company, as it took advantage of the low banking penetration in Sri Lanka. We will continue to grow this channel as we view it as a strategically important arm to reach the uninsured and explore further to establish fresh relationships in 2025 and beyond.

- We honoured our bancassurance partnership with Seylan Bank by hosting a unique event, including an overnight stay and a prestigious awards ceremony at the Radisson Blu Resort in Galle. This event celebrated the exceptional contributions of over 100 Seylan Bank team members and demonstrated our commitment to fostering collaborative relationships that support professional growth and enhanced customer service. Seylan Bank's leadership highlighted the partnership's rewarding and impactful nature, further reinforcing its importance to both organisations.



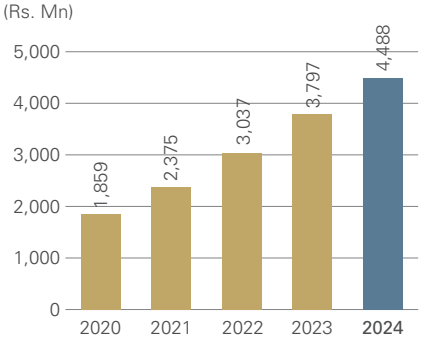
Seylan Bank Partnership Event



NTB Special Development Programme

- In collaboration with our exclusive bancassurance partner Nations Trust Bank (NTB), hosted special development programmes for top-performing NTB staff. Over 200 staff members participated in these initiatives, held at Weligama Bay Marriott Resort & Spa and Hikka Tranz by Cinnamon, which included interactive educational sessions, and a discussion led by accredited trainer Bhathiya Arthanayake. These programmes emphasised the commitment of both organisations to delivering top-notch solutions to their customers.

Revenue Generated by the Bancassurance Partnerships



3. Reinsurance Partners

Our reinsurance partners play a vital role in our risk mitigation and capital management, enabling us to enhance our risk appetite and maintain sustainable growth. Through close collaboration with reputable and stable reinsurers, and by continually developing these partnerships, we achieve greater synergies. This collaboration, characterised by the regular exchange of timely information, allows us to maintain a balanced portfolio, diversify our risk, and enhance profitability

Rs. 1,491 Mn
Payments to reinsurers

Rs. 55 Mn
Commission received

Rs. 975 Mn
Claim recoveries from reinsurers



Reinsurance partner	Financial Rating	Rating Agency
Hannover Ruck SE	AA-	S & P
Partner Reinsurance	A-	S & P
Munich Re	AA-	S & P
RGA International Reinsurance Company	AA-	S & P

4. Vendors and Service Providers

Our commitment to responsible sourcing is evident in our procurement practices. We select office equipment and peripheral suppliers who adhere to stringent Environmental, Social, and Governance (ESG) standards. In accordance with MOFA requirements, our transparent and fair tender process ensures that we partner with suppliers who not only meet our ESG criteria but also deliver quality goods reliably. To nurture strong, collaborative relationships, we engage with suppliers through open communication, process enhancements, joint efforts to improve product quality, cost-efficiency initiatives, and timely payment practices.

To maintain transparent, ethical, and fair sourcing practices, we utilise these key mechanisms:

- The MOFA guidelines and Supplies Committee oversee supplier selection and retention
- Our procurement process requires three valid quotations, assessed based on quality, ethical considerations, and competitive pricing
- We screen all vendors against our ESG requirements

GRI 2-28



1,999 Local suppliers

32 Foreign suppliers

Rs. 6,151 Mn Spent on suppliers

Supplier and Service Provider Engagement

To strengthen our relationship with this segment, we engage with them on many qualitative fronts.

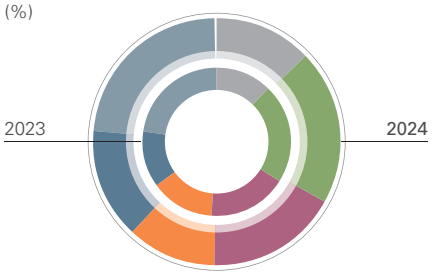
- Transparent Interaction
- Improvement of process for order and inventory management and data sharing
- Collaborate on improving product or service quality. Provide feedback
- Engage with suppliers from different backgrounds and demographics
- Collaborate on cost efficiencies
- Prompt payment processing to avoid difficulties to suppliers

5. Competitors

At Union Assurance, we value ethical competition, believing it to be a key driver of competitive advantage. We compete fairly and openly, using our innovation, efficiency, and dedication to customer service to win business, rather than depending on external influence. We are committed to upholding the highest standards of integrity in all our competitive practices.

New Business Market Share

(%)



	2024	2023
AIA	12.9	12.3
Ceylinco Life	20.3	21.8
Softlogic Life	17.2	17.2
UAL	11.8	12.3
SLIC	14.4	13.8
Others	23.5	22.6

Ethical competition: Union Assurance believes vigorous but fair competition obtained through open-minded, impartial and lawful means is a success factor of competitive advantage. We take measures to behave openly and fairly when competing for customers business and when securing contracts with business partners by embracing our competencies such as innovation, efficiency and customer service rather than being influential on external factors.

6. Industry

As a leading player in Sri Lanka's insurance industry, we engage with key industry stakeholders. This involves close interaction with the Insurance Regulatory Commission of Sri Lanka and other government institutions for regulatory purposes, and active participation in policy discussions and industry initiatives. Moreover, we contribute to the betterment of the industry through our membership in the Insurance Association of Sri Lanka and various other key associations.

Membership in Associations

- The Ceylon Chamber of Commerce
- Insurance Association of Sri Lanka
- Employees' Federation of Ceylon
- Life Insurance and Market Research Association
- Colombo Stock Exchange (CSE)
- Insurance Regulatory Commission of Sri Lanka (IRCSL)
- Sri Lanka Insurance Institute (SLII)

7. Community

Engaging with the community in which we operate is done with great care and due process, working on three critical pillars to be a responsible and accountable corporate citizen.

Social License to Operate

We understand that our operations are rooted in the communities we serve and strive to be a responsible corporate citizen. With a decades-long history of operational excellence, we have demonstrated a strong commitment to ethical behaviour and social development. Our success is defined not just by our financial achievements, but by the positive impact we make in people's lives, through community development programmes centred on education, mental health, financial assistance, and well-being.



Financial protection



Promoting responsible behaviour



CSR activities that uplift and contribute to the community

SOCIAL AND RELATIONSHIP CAPITAL

Community reach through CSR activities



1. Hope Initiative

Through the HOPE initiative, we provided essential resources and support to over 800 students across three schools in the Monaragala district, including a six-month supply of sanitary napkins. We also awarded vouchers to 50 student athletes from Ethiliwewa Maha Vidyalaya who were successful at the National Sports Meet 2024, along with new school bags, t-shirts and sports equipment. In addition, books were provided for the school library to promote educational opportunities, demonstrating our commitment to empowering the collective progress of local communities.



2. Senehe Piyapath

Union Assurance partnered with the Department of Insurance and Valuation of Wayamba University of Sri Lanka to support education through our Senehe Piyapath CSR programme, which provided 300 school bags to a school in the Kurunegala district.



3. Preventing Diabetes

Recognising the alarming prevalence of diabetes in Sri Lanka, we formed a strategic partnership with the Diabetes Association of Sri Lanka (DASL). This collaborative effort aims to implement proactive, evidence-based preventive strategies that address this national health crisis by promoting awareness, well-being, and community engagement, seeking to make a significant impact in reversing the trajectory of the disease in Sri Lanka.







4. Suwamaga

Union Assurance, Sri Lanka's premier Life Insurer, enriched community well-being through its flagship CSR programme, Suwamaga. Aligned with its brand purpose of protecting lives and enriching the well-being of all, the Company launched Suwamaga - a nationwide initiative to address the growing prevalence of diabetes in Sri Lanka. This comprehensive programme is designed holistically to guide individuals toward better health outcomes with a focus on raising awareness about diabetes, promoting healthier lifestyles, supporting early detection and risk management and fostering community engagement.

As part of the programme, the Company unveiled its 'Suwamaga Mobile Screening Unit' in collaboration with the Ministry of Health and the Diabetes Association of Sri Lanka. The Suwamaga Mobile Screening Unit is a fully-equipped mobile truck designed to provide free diabetes screenings conducted by certified healthcare professionals along with health reports and personalised guidance for participants in managing and mitigating health risks. The Mobile Screening Unit will travel across Sri Lanka, from urban hubs to rural regions, ensuring that access to free testing is available to individuals of all ages, regardless of whether they are Union Assurance customers or not, thereby enhancing public accessibility to healthcare services.

By the end of December, the Suwamaga programme had positively impacted over 12,000 lives.

GRI 2-23, 2-27, 205-1, 205-3

Promoting Socially Responsible Behaviour

We promote socially responsible behaviour by adhering to stringent governance structures, progressive policies, and robust procedures. Our ethical stance is reflected in our policies, and our operational conduct embodies our unwavering commitment to socially responsible business practices.

Anti-Corruption Policy

We maintain a comprehensive anti-corruption policy that holds all employees accountable for ethical behaviour. This policy provides clear guidelines for adhering to our code of ethics and standards in their respective roles. Employees are required to periodically sign off on the policy, ensuring they remain well-versed and updated on ethical practices. Key guidelines of our anti-corruption policy include individual responsibility for upholding high standards of business conduct and full comprehension of the policy's scope and importance. There were no incidents of corruption and actions taken in 2024.

Integrity

We build and maintain the trust of our stakeholders through a comprehensive approach that includes strict compliance with all relevant laws and regulations, a robust governance structure, the implementation of effective internal policies and controls, adherence to a strong code of conduct, and thorough independent audit reviews.

Transparency

We prioritise transparency in all our dealings, ensuring customers have easy access to comprehensive product information. We also maintain accountability with our stakeholders by regularly communicating Company updates, including performance, through our annual report, corporate website, and other platforms. In instances where claims are not paid, we communicate the specific reasons for the decision.

Responsibility

We are committed to taking responsibility for all our actions. Our product development follows a stringent process governed by regulatory guidelines and overseen by our Executive Committee (Exco). Moreover, we ensure that our marketing practices are conducted ethically and responsibly, reflecting our commitment to integrity.

Environmental and Social Concern

We are committed to ensuring our operations pose no social or environmental risk, and we actively strive to make a meaningful impact on the wider society.

Accountability to Community (Claims and Law Suits)

Our interactions with the community and our CSR activities are rooted in our Code of Conduct, which ensures ethical and transparent dealings. We are committed to full compliance, and we had no instances of non-compliance with social and economic laws and regulations during the year.

Contribution to SDG

We recognise that sustainability goals are fundamental to achieving a better future and tackling global challenges such as poverty, inequality, climate change, and environmental degradation. Accordingly, we are committed to supporting the UN SDGs, and we operate in a community that values our dedication to sustainability. As a part of our strategy, we have identified key SDGs and integrated action-oriented targets into our operations to effectively contribute to the development of society.



Way Forward

Objectives	2025 Short-term target	Medium to Long-term target
One day Claims settlement ratio	93%+	Leverage digital technology to enhance customer satisfaction
Banca channel optimisation	Expand banca exclusive partnerships	Continue to remain as the market leader in bancassurance
Field staff development and MDRT	5+% of Total agency cadre	5+% of Total agency cadre
CSR Spent	1% CSR investment from PAT	Increase the positive impact to society through CSR initiatives
Manage relationships with suppliers and other business partner	Maintaining the long-term relationship with business partners	Strengthen partnerships with key business partners with open communication to align goals and expectations.

INTELLECTUAL CAPITAL

Harnessing the Power of Intangible Assets

Intellectual capital is the cornerstone of our competitive edge, encompassing intangible assets such as robust systems, tacit knowledge, and strong brand equity. These elements, including our IT infrastructure, innovation capabilities, research and development, HR processes, and organisational culture, drive our earning potential, productivity, and long-term sustainability.

Link to Material Topics

- Customer Privacy
- Systematic Risk Management

SDG Impact

Related Stakeholders

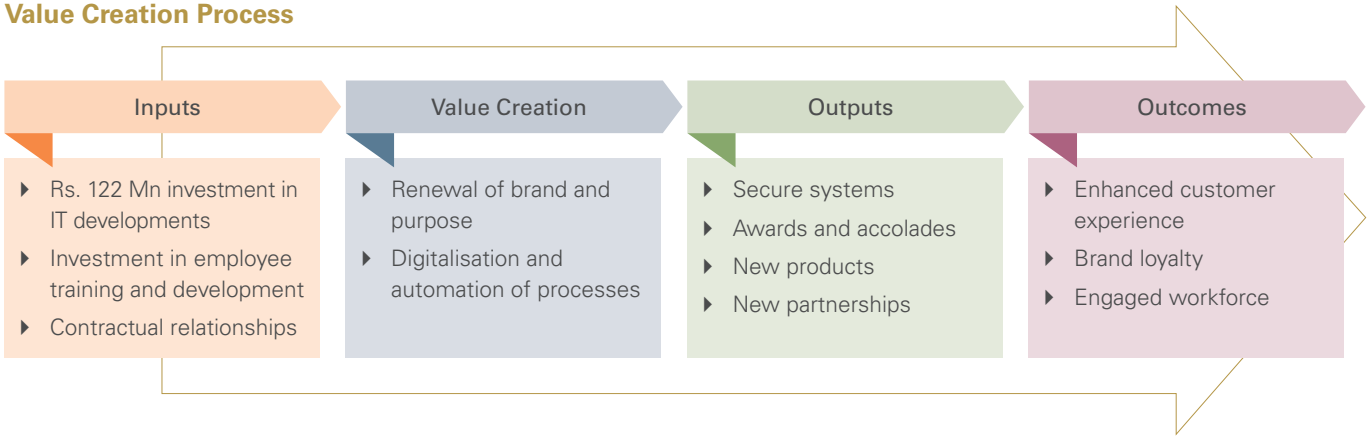
Key Challenges and Opportunities

Challenges	Opportunities
Evolving customer needs.	Innovate products to meet changing customer needs.
Increasing operational costs.	Optimise costs through automation and efficiency.
Rising competitive pressures.	Expand into new markets or form strategic partnerships.



GRI 3-3

Value Creation Process



Capital Trade-offs

Driving Growth Through Financial Management	While investments in digitalisation and automation may have a short-term impact on financial resources, these initiatives are expected to drive significant efficiency improvements and cost savings in the long term.
Our People: The Foundation of Our Success	Developing a skilled and expert team of employees by providing training and development opportunities, fostering mentorship relationships, and promoting knowledge sharing.
Contributing to a Sustainable Future	Our strategic shift towards digitalisation promotes a more efficient, paperless environment, significantly contributing to our sustainability efforts and minimising our environmental footprint.
Creating Shared Value: Strong Relationships, Sustainable Growth	Digitalisation and innovation are driving increased customer satisfaction, while our strategic partnerships are nurturing supplier capital, contributing to a more resilient and robust supply chain.

Our Strategic Focus Areas in 2024

Focus Area	2024	2023	GRI
Improve Underwriting automation for operations efficiency (Percentage of the total proposals received were successfully processed through the Straight-Through Processing (STP) system)	65%	-	-
Enabling customer self-services on Clicklife (As a percentage of total Alterations received for the Company divided by the alterations received via Clicklife)	56%	27%	-
Enhancing Digital claims submissions via Clicklife (Clicklife app claims as a percentage of total claims)	39%	-	-
Clicklife monthly active users (Clicklife monthly active users as a percentage of total Clicklife registrations)	20%	-	-

Management Approach

We have proactively grown our intellectual assets through a culture of innovation and a focus on investments in our personnel, processes, and brand. These advancements have positioned us for sustained expansion and the generation of long-term value. Additionally, we are proactive in safeguarding information assets, and preserving the confidentiality, integrity, and availability of all business information.

Driving efficiency and superior customer experiences through digitalisation

Our ability to adapt quickly to change is driven by our agile systems and processes. Digitalisation has fundamentally improved our operations, allowing us to work more efficiently, utilise resources effectively, and collaborate across departments to deliver superior customer experiences. This year, we continued to invest in the technology and expertise required to accelerate our digital transformation. The following products were launched to reinforce our leadership in digital transformation and drive customer satisfaction.

33,000+
Digital users

99.9%
Average Data Centre Availability

INTELLECTUAL CAPITAL

Clicklife loyalty programme	▸ Incentivise proactive customer behaviour (timely payments, digital engagement, challenges). ▸ Offering reward points redeemable for exclusive vouchers.
Clicklife cancer care product	▸ First insurance app for direct in-app cancer policy purchases. ▸ Simplifies access to financial support for cancer expenses.
FAME 4.0 advisor self-service workspace	▸ Digitise key workflows for advisors. ▸ Reduce turnaround times and costs. ▸ Improve user experience.
Financial underwriting automation	▸ Modernise financial evaluations with advanced technology (Munich-Re). ▸ Set new industry standards for efficiency and customer-centricity.

Clicklife loyalty programme

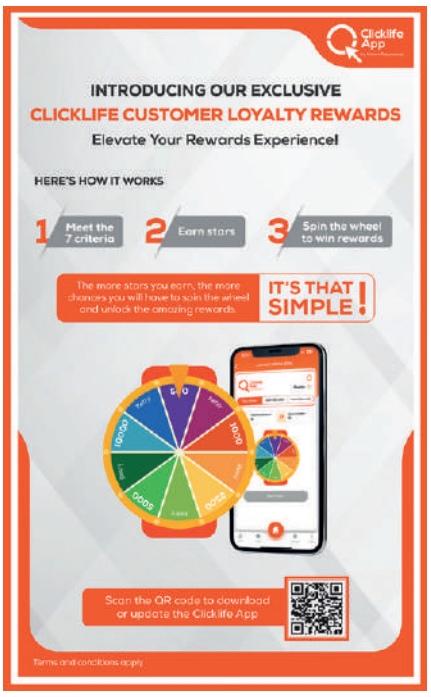
Union Assurance introduced another groundbreaking initiative in the Sri Lankan Life Insurance industry with the launch of the Clicklife App's Digital Loyalty Rewards Programme. This innovative programme, the first-of-its-kind in the market, aligns perfectly with the Company's purpose of supporting all Sri Lankans to enrich their well-being, by championing innovative platforms that elevate their quality of life while being financially protected every step of the way.

Union Assurance's new Digital Loyalty Rewards Programme offers all customers an opportunity to earn rewards worth millions through the Clicklife App. The programme is seamlessly integrated into the Clicklife App, allowing customers to accumulate digital rewards and redeem them at a vast network of over 100+ merchants, ranging from supermarkets and pharmacies to restaurants and apparel outlets.

Enhancing the Digital Value Proposition for Customers

By synergising health-focused initiatives, innovative loyalty programmes, and breakthrough digital product solutions, we have continued to strengthen our position as a customer-centric and digitally driven insurer in 2024.

In 2024, Clicklife expanded on its 2023 platform, deepening its focus on health and well-being through integrated wellness and rewards programmes. These programmes are designed to motivate users to adopt healthier habits by rewarding them for completing weekly activity targets, such as the 150-minute active minutes standard set by the WHO (World Health Organisation). Through this approach, we empower customers with life insurance and a practical means of achieving a healthier and more fulfilling lifestyle.



Clicklife Loyalty Programme



Clicklife Cancer Care Product

Clicklife cancer care product

The launch of the Cancer Care Product in 2024 represented a major achievement, allowing customers to purchase it directly through the Clicklife app. This product is designed to provide financial assistance for cancer-related expenses, ensuring customers can access comprehensive care through a convenient and fully digital purchasing process.

Clicklife is pioneering the insurance sector by being the first app to offer direct product purchases. This advancement solidifies our role as a leader in digital accessibility and meets the needs of today's customers who prefer self-service options.

Bionic Distribution Enhanced with FAME 4.0

We significantly enhanced our Bionic Distribution in 2024 with the FAME 4.0 Advisor Self-Service Workspace. This digital platform digitised six key services, providing advisors with improved dashboards for streamlined service requests. The result was an 80% reduction in turnaround time, alongside improved user experience.



FAME Dashboard

Our new Digital Onboarding Module transforms the advisor onboarding process by digitising nine manual documents and integrating IRCSL exam registration. This industry-first solution enhances user experience with streamlined lead entry, intuitive dashboards, and clear visibility into the onboarding journey. It also improves efficiency, ensures regulatory compliance, strengthens security, and integrates with key internal systems, supported by comprehensive stakeholder training.

Setting a New Benchmark: Financial Underwriting Automation

By integrating cutting-edge technology, we have improved internal processes and set a benchmark in delivering a superior and personalised insurance experience.

In a collaborative effort with Munich Re, we introduced a groundbreaking financial underwriting automation system, an industry-first. This innovative project uses advanced technology to automate the evaluation of financial questionnaires, improving the speed and accuracy of customer risk assessments. The outcome is a significantly streamlined and more customer-centric underwriting process, setting a new benchmark for innovation in the life insurance sector.

Key enhancements and features

The redesigned financial underwriting process introduced several improvements to enhance user experience and operational efficiency:

- Optimised questions presented concisely and straightforwardly.
- Ensured questions and instructions are easy to understand for customers from diverse backgrounds.
- Introduced auto suggestions and dropdown selections to simplify responses.
- Clear guidance is provided at every step for a seamless experience.

Impact and benefits

This automated system redefined the financial underwriting process by:

- Improving efficiency through reduced processing times.
- Enhancing accuracy with advanced assessment tools.
- Elevating customer satisfaction with a tailored and intuitive approach.

Strengthening IT Governance

Effective IT Governance is crucial for a sustainable business model. It ensures the confidentiality, integrity, and availability of critical Company information. At Union Assurance, our core areas of IT Governance are:

Alignment with Business

Regular reviews ensure IT objectives directly support business goals by framing them in business terms. Furthermore, IT policies have been updated to align with industry best practices, such as the CIS Critical Security Controls, ISO 27001, and zero-trust framework, to strengthen the protection of information assets.

IT Risk Management

Our risk management processes focus on identifying, analysing, and mitigating IT risks based on their impact and likelihood. Moreover, risk management responsibilities are embedded throughout the Organisation to minimise risk exposure.

Integration

Seamlessly integrating assurance activities to engage all corporate stakeholders in the IT decision-making process. This ensures end-to-end process effectiveness while minimising hidden risks.

INTELLECTUAL CAPITAL

At Union Assurance, we safeguard digital assets through industry-leading cybersecurity and IT governance. With ISO 27001 compliance, robust information security technology, and the adoption of a Zero Trust framework, we proactively mitigate risks and protect critical business information.

Resource & Performance Measurement

Rigorously monitoring strategic implementations, project completion, resource utilisation, disaster recovery/ Business Continuity Plan tests, and service delivery. This includes optimising people, processes, and technologies to improve the effectiveness of business solutions. Moreover, security dashboards and event tracking have been adopted for enhanced security monitoring.

Value Delivery

Ensuring optimal investment in IT to support corporate objectives by establishing well-defined policies, Key Result Areas (KRAs), and robust controls for managing critical resources and personnel.

Compliance

Embedding regulatory and compliance requirements into our IT policies, managing them through appropriate IT controls, and conducting regular reviews to ensure effectiveness. Moreover, ISO 27001:2013 ISMS controls and most CIS cybersecurity controls have been implemented to safeguard IT assets. We are in the process of transitioning to ISO 27001:2022 to further strengthen our ISMS framework and align with the latest standards.

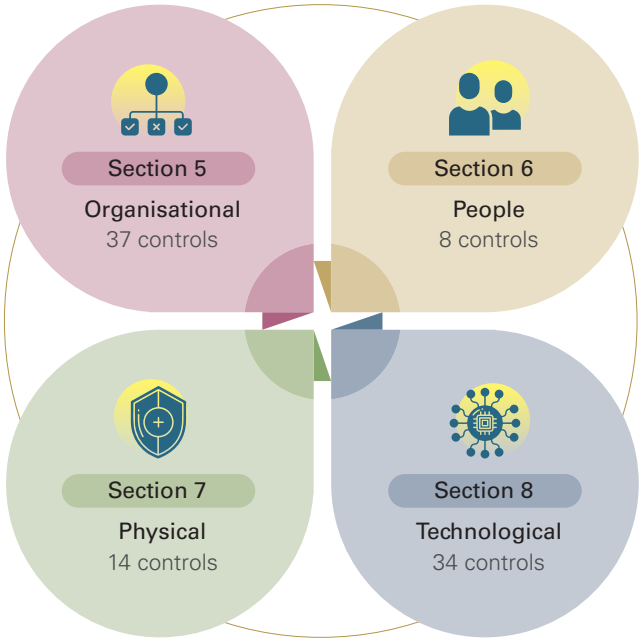
Strengthening Cyber Security

Recognising the significant and growing threat of cybercrime, managing cyber security risk is a top priority within our IT Governance. The Board strongly emphasises the need for a robust infrastructure to prevent breaches, and data protection and cyber security are regularly reviewed by the Board Audit and Compliance Committee (BACC).

We stand as a leader in information security within Sri Lanka's Banking, Financial Services and Insurance Companies (BFSI) sector, as evidenced by our ISO 27001:2013 certification. This achievement assures the robust security of all our critical information assets, encompassing business intelligence, customer data, financial records, intellectual property, employee details, and information entrusted by third parties. Recognising the escalating cyber risk landscape, we have proactively implemented a robust Cyber Security policy, aligned with the JKH Group, and established a managed Security Operations Centre (SOC) with advanced threat intelligence. To further enhance our cyber resilience and secure remote work capabilities, we have deployed a state-of-the-art Zero Trust platform, incorporating Secure Web Gateway, Advanced Threat Protection, Data Leak Prevention, and Zero Trust Network Access, effectively protecting corporate data from unauthorised access. Furthermore, we are implementing a Centre for Internet Security (CIS) framework, targeting Group Level 2 (IG2) compliance.

This year, we have strategically transitioned to the ISO 27001:2022 standard, a key initiative in modernising our Information Security Management System (ISMS). This transition is essential to aligning our security practices with the latest industry standards, enabling us to effectively manage and mitigate information security risks. By adopting the updated ISO 27001:2022 framework, we are reinforcing our data protection measures, enhancing our resilience, and maintaining the trust our stakeholders place in us.

We are also in the process of implementing the ISO 27701 Privacy Information Management System (PIMS), a key step in enhancing our data privacy practices and maintaining compliance with evolving regulations. As part of our strategic efforts to bolster our cybersecurity posture, we are aligning our IT infrastructure and security enhancements with Microsoft's Microsoft Cybersecurity Reference Architecture (MCRA) and Microsoft Cloud Security Benchmark (MCSB) frameworks, further strengthening our security architecture and resilience.





Rs. 58 Mn
Total expenditure on cyber security and internal controls related to IT

Rs. 9 Mn
Expenditure on standards and certifications on processes and quality to strengthen internal controls

Strengthening Business Continuity Planning

Our Business Continuity Plan (BCP) is designed to ensure rapid recovery from any disruption to normal business operations. It aligns with the Disaster Recovery Institute International's Professional Practice, ISO 22301:2019, and the Business Continuity Guidelines of the Insurance Regulatory Commission of Sri Lanka. In 2024, a series of interventions were conducted to evaluate the BCP's robustness and effectiveness, under these standards and guidelines.

- Review risk assessment, business impact analysis and recovery objectives
- A review of the Business Continuity Plan covering all functions
- Desk-top drills and call tree drills
- IT drills and IT system recovery

Strengthening Data Analytics Capabilities

Data analytics remained central to our digital transformation strategy in 2024, driving improved customer understanding, outcome prediction, and operational excellence across the Company. Leveraging our position as an early adopter of a comprehensive data analytics platform, we have established significant data engineering capabilities, underscored by over 500 data pipelines and 120+ advanced dashboards, enabling us to make strategic, data-driven decisions.

In 2024, the following key initiatives were implemented to enhance our data analytics.

- An advanced analytical model was introduced to identify and predict underperforming advisors, allowing us to provide targeted support and improve performance with embedded analytics on FAME 4.0
- An advanced Anti-Money Laundering (AML) alert system was implemented to detect suspicious transactions in real-time, strengthening our risk management and compliance efforts which was acknowledged by FIU during the audit.
- Enhanced our operational KPI monitoring in alignment with global KPIs and benchmarks by implementing a new Distribution KPI Dashboard to track the performance of our agency and Banca operations, enabling us to manage inputs and outputs more effectively for improved performance.
- Introduced a dashboard to monitor key operational metrics such as Service Level Agreements (SLAs) and Cost per Transaction, facilitating cost control and ensuring high service standards.
- Upgraded our data engineering processes by implementing DevOps processes and best practices, improving collaboration, version control, and the quality of our data pipelines.

Harnessing Tacit knowledge

Throughout 2024, we focused on enhancing our collective tacit knowledge - the combined expertise, skills, experience, business acumen, and R&D abilities of our employees - through targeted talent acquisition and development. We invested in strengthened mentoring programmes, strategically designed upskilling initiatives, and comprehensive employee education opportunities, fostering a culture of shared learning. Our recruitment efforts emphasise attracting talent that aligns with our organisational culture to ensure a strong cultural fit and continuity. Furthermore, our enhanced employee value proposition, backed by robust retention strategies and data-driven HR processes, resulted in a stable and highly engaged workforce.



121
of employees have served the Company for over 10 years

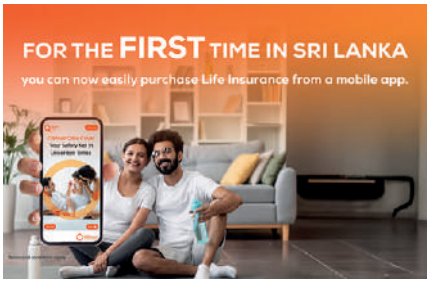
A workforce with diverse expertise

Research and Innovation

We continued to advance our Research and Development (R&D) capabilities by cultivating a culture of continuous innovation. Accordingly, impactful R&D initiatives that generated new knowledge, leading to the development of cutting-edge technologies and innovative products were prioritised. This commitment to R&D and consistent new product development enabled us to maintain a competitive edge. As a result, we successfully launched exceptional products that address evolving customer needs and market demands, supported by effective marketing strategies and a deep understanding of industry trends.

The following products were launched in 2024:

Cancer care product



Cancer Care Product

INTELLECTUAL CAPITAL

Accelerating Growth Through Contractual Relationships

In 2024, we strengthened our strategic partnerships by expanding our partner network. After establishing one partnership in 2023, we successfully onboarded three key strategic partners this year. These collaborations have unlocked access to a wider customer base, streamlined lead generation processes, and enriched customer engagement through collaborative outreach, reinforcing our dedication to sustainable growth and customer-focused solutions.

April 2024	Union Chemist
June 2024	Medihelp Hospitals
July 2024	Transco

Memorandums of Understanding (MOUs)

We partnered with the University of Kelaniya to launch a diploma and higher diploma programme in Financial Services Management. This exclusive programme, detailed in an MOU signed by the Chief People Officer (CPO) of Union Assurance and the Vice Chancellor of the University of Kelaniya, is designed to elevate the expertise of our select agents and employees.

06
Contractual Relationships

Rs. 40 Mn
Revenue from Contractual Relationships



Our New Brand Identity



As Sri Lanka's first private insurer, we have been a cornerstone of our nation's socio-economic progress for 37 years. Throughout this journey, we have stood as a pillar of strength and support, navigating challenges and celebrating milestones alongside the people of Sri Lanka. Recognising the need to evolve further and seize new opportunities, we have embraced a renewed brand vision and purpose. We will now lead with a vision of empowering human progress by protecting what matters most. Our purpose is clear: to protect lives and enrich the well-being of all Sri Lankans. This new brand identity serves as a unifying force, guiding our future endeavours and ensuring a cohesive approach across all levels of the organisation.

Our new direction is rooted in three key insights:

- Firstly, we are committed to revolutionising the life insurance experience, creating a distinctive and impactful presence in the sector by transcending conventional industry practices.
- Secondly, we understand that today's audiences seek brands that align with their values and offer meaningful engagement, and we are focused on meeting these expectations with authentic and transparent interactions.
- Thirdly, our new direction is deeply rooted in Sri Lanka's resilient spirit and forward-thinking progress, reflecting our shared journey and commitment to the nation.

Our Brand Operational Framework

A four-stage operational framework guides all our brand initiatives, ensuring maximum impact and the realisation of our brand vision and purpose.

01 Mapping the Unknown

Identifying critical insights to understand the underlying issues faced by our audiences

- Primary market research
- Secondary research from leading publications
- Expert insights from strategic bodies

02 Unknown to Known

Awareness and educational efforts to bridge knowledge gap

- Segment-based communications programs
- Regional activations
- Programs with strategic partnerships

03 Known to Impact

Enabling programs/tools that support and inspire positive behavioural changes

- Clicklife ecosystem
- Customer value added services
- Regional activations
- Programs with strategic partnerships

04 Impact on Progress

Evaluating the effectiveness and contribution to the progress of individuals or communities

- Brand health research
- Initiative impact reports

Our Awards and Recognitions

Digital Excellence



JKH Chairperson's award for Disruptive Transformation



Global Business and Finance Magazine – Best Digital Life Insurer Sri Lanka 2024



Global Brands Magazine – Most Digitally Forward Life Insurer Sri Lanka 2024



Gazet International – Most Innovative Life Insurance Solutions Sri Lanka 2024

Business Excellence



The World Economic Magazine Awards - Most Loved Insurer Brand Sri Lanka–2024

INTELLECTUAL CAPITAL

Way Forward

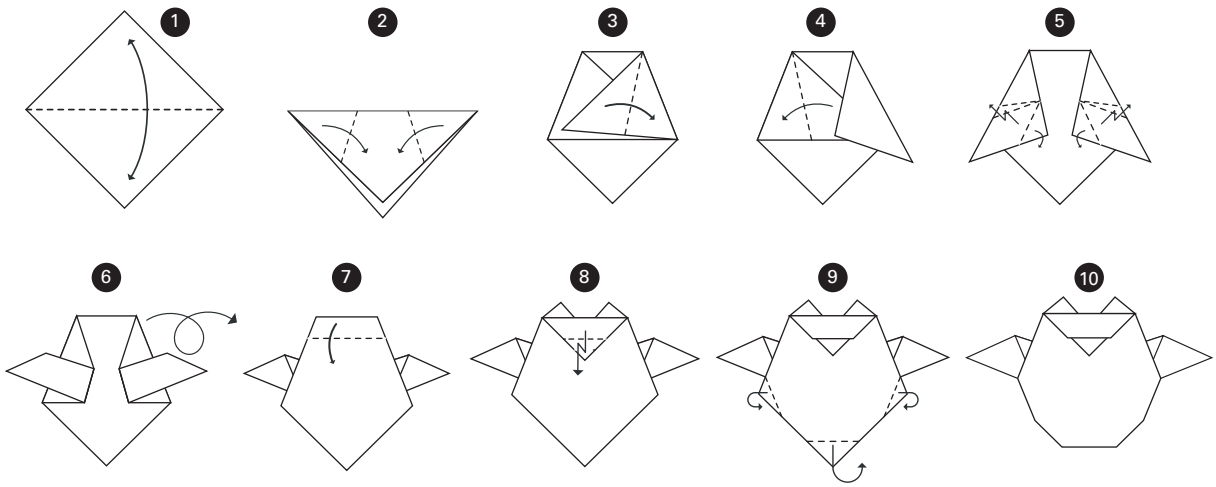
Objectives	2025 Short-term target	Medium to Long-term target
New features in the Clicklife App	Enabling advisors to service customers via the Clicklife app	Provide a comprehensive, one-stop solution for all customer insurance and well-being needs.
Technology-enabled bionic distribution capabilities	Enhance the agent lifecycle by introducing a Standardised Operating Procedure (SOP) for branch hierarchy, providing clarity and structure to their roles and responsibilities.	Leveraging predictive management to enhance efficiency and drive deeper digital integrations with our bancassurance and distribution partners, creating more streamlined and collaborative processes.
Development of Data analytics and capabilities	Implement generative AI technology to automate manual-intensive processes across document verification, medical reports, and claims, while also introducing co-pilot tools to enhance productivity.	Leverage our data lake and advanced analytics to drive product development and dynamic pricing, while implementing AI-based underwriting and claims adjudication to enhance efficiency and accuracy.

The owl has been an icon of wisdom and prosperity. While the fold is sufficiently complex, the achievement of the task is possible through commitment, focus and creativity. The owl is often associated with ancient deities that represent wealth and cleverness, and it is a reminder to stand firm and forge ahead. Just like the wise owl braves harsh conditions with tenacity, our Leadership/Stewardship propel us forward with courage and conviction.



FOLDS OF WISDOM

STEWARDSHIP



CORPORATE GOVERNANCE

GRI 2-9

BOARD OF DIRECTORS



Krishan Balendra

Chairperson/Non-Executive Director

(Member of the Board since 01 January 2019)

Board Sub-Committees: Member of the Nominations and Governance Committee of Union Assurance PLC (UAPLC).

Skills and Experience: Krishan is the Chairperson-CEO of John Keells Holdings PLC. He is also the former Chairperson of the Employers Federation of Ceylon, Deputy Vice Chairperson of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a former Chairperson of Nations Trust Bank and the Colombo Stock Exchange. Krishan started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Krishan holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Other Current Appointments:

Listed Companies:

Listed Entity	Position held
John Keells Holdings PLC	Chairperson - CEO
Ceylon Cold Stores PLC	Chairperson/ Non-Executive Director
Keells Food Products PLC	
Asian Hotels and Properties PLC	
John Keells Hotels PLC	
Trans Asia Hotels PLC	
John Keells PLC	
Tea Smallholder Factories PLC	

Other: Krishan is the Chairperson of many unlisted companies in the John Keells Group.



Suresh Rajendra

Non-Executive Director

(Member of the Board since 16 August 2011)

Board Sub-Committees: Member of the Human Resources and Compensation Committee of UAPLC.

Skills and Experience: Suresh has over 30 years of experience in the fields of finance, travel & tourism, hotel management, property development and real estate management and business development acquired both in Sri Lanka and overseas. Prior to joining the JKH Group, he was the Head of Commercial and Business Development for NRMA Motoring and Services in Sydney, Australia and Director/General Manager of Aitken Spence Hotel Managements (Pvt) Ltd, Sri Lanka. He is a Fellow member of the Chartered Institute of Management Accountants, UK.

Other Current Appointments:

Listed Companies:

Listed Entity	Position held
John Keells Hotels PLC	Non-Executive Director
Asian Hotels and Properties PLC	
Trans Asia Hotels PLC	

Other: He is a member of the Group Executive Committee of the John Keells Group. He is the President of the Leisure Group of John Keells and also responsible for Union Assurance PLC, John Keells Information Technology (Pvt) Ltd and John Keells Stockbrokers (Pvt) Ltd. He serves as a Director in many of the unlisted companies of the John Keells Group.



Dumith Fernando

Independent Non-Executive Director

(Member of the Board since 03 August 2018)

Board Sub-Committees: Chairperson of the Human Resources and Compensation Committee and Nominations and Governance Committee. Member of the Related Party Transactions Review Committee and Board Audit & Compliance Committee of UAPLC.

Skills and Experience: Dumith has 30 years of experience in international financial markets. For two decades he was based in global financial centres New York and Hong Kong. He is the Chairperson of Asia Securities. He served as the Chairperson of the Colombo Stock Exchange (CSE) from 2020-2022.

Until 2013, Dumith was Group Chief Operating Officer and Managing Director at Credit Suisse Asia Pacific, the US$2.5 billion-revenue regional business of Swiss banking firm Credit Suisse AG. He was a member of that firm's Global Leadership Council and Chair of its Asia Pacific Philanthropy Committee. Prior to that Dumith was an Executive Director at US banking firm JPMorgan Chase, where he held roles across Corporate Strategy, Investment Banking, Equities and Private Equity.

Dumith completed his secondary education in Sri Lanka. He obtained a BA (Hons) in Physics & Economics from Middlebury College in the U.S. and an MBA from Harvard Business School.

Other Current Appointments:

Listed Companies:

Listed Entity	Position held
FijiCare Insurance (a listed general Insurer in Fiji)	Independent Chairperson

Dumith is the Chairperson /Non-Executive Director of Omak Technologies (Pvt) Ltd and Techkitez (Pvt) Ltd. Further, he is an Executive Director of Asia Securities Holdings (Pvt) Ltd. Furthermore, Dumith holds Non-Executive Directorships in Panthera Ventures (Pvt) Ltd, PV Galle Properties (Pvt) Ltd, PV Hilltop Holdings (Pvt) Ltd, One Season Properties (Pvt) Ltd, Dew Paradise (Pvt) Ltd, Aniwa (Pvt) Ltd, Generator Solutions (Pvt) Ltd, Jewelex Agri Kumaragama (Pvt) Ltd, Asia Securities (Pvt) Ltd, Asia Securities Wealth Management (Pvt) Ltd, A-Sec Capital (Pvt) Ltd, Asia Securities Advisors (Pvt) Ltd and Sri Lankan Airlines.

Others: He previously served as Director of the CSE, and was a member of the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka.



Stephen Anthony Appleyard

Independent Non-Executive Director

(Member of the Board since 01 January 2019)

Board Sub-Committees: Chairperson of the SLFRS 17 Steering Committee, Member of the Related Party Transactions Review Committee and the Board Audit & Compliance Committee of UAPLC.

Skills and Experience: Stephen has over 26 years of experience in the Life Insurance industry across Europe, US and Asia. He has held the Country Manager/CEO role at AIA (Indonesia), Allianz (Ayudhya Allianz C.P. Thailand), SCB Life (Thailand), as well as holding the office of Regional CEO partnerships at AIA (Hong Kong) and Head of Distribution for AXA Asia (Life and Non-Life Insurance). Stephen is currently CEO and Founder of Insurance Consulting Asia. He has deep experience in Strategy, Distribution, Marketing, Finance and Operational Transformation.

Stephen holds a Bachelor of Science from Sheffield Hallam University and an MBA from the University of Manchester.

Other Current Appointments:

Listed Companies: None

Others: Stephen is the founder and the CEO of Insurance Consulting Asia Ltd.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS



Daminda Gamlath

Non-Executive Director

(Member of the Board since 10 June 2020)

Board Sub-Committees: None

Skills and Experience: Daminda currently serves as the President of the Consumer Foods Industry Group of John Keells. He was also attached to John Keells Computer Services (Pvt) Ltd and the IT Industry Group at John Keells. Prior to joining the John Keells Group, Daminda was with Hayleys Electronics Ltd and Hayleys Industrial Solutions (Pvt) Ltd. Daminda holds a BSc. in Engineering from the University of Moratuwa and an MBA from the University of Colombo. He is a passed finalist of CIMA U.K. His areas of specialisations are Financial Accounting, Management Accounting, Business Analysis, Sales, Marketing and General Management.

Other Current Appointments:

Listed Companies:

Listed Entity	Position held
Ceylon Cold Stores PLC	Executive Director
Keells Food Products PLC	Non-Executive Director

Others: Daminda serves as a Director in many unlisted companies of the John Keells Group.



Pasan Wanigasekara

Independent Non-Executive Director

(Member of the Board since 01 April 2023)

Board Sub-Committees: Chairperson of the Board Audit & Compliance Committee and the Related Party Transactions Review Committee and member of the Human Resources and Compensation Committee and the Nominations Governance Committee of UAPLC.

Skills and Experience: Pasan is a multidisciplined corporate leader with broad international exposure in Asia Pacific, Europe, and North America, across a wide range of topics including corporate strategy, M&A, strategic marketing & business development, operation optimisation, digitisation, and legal.

He was the Director General of the Board of Investment of Sri Lanka (Invest Sri Lanka) until January 2022, and since then holds Board positions in several blue-chip corporates operating in Finance, Leisure, Automobiles, Agriculture, R&D, Sustainable Energy, Manufacturing sectors. Earlier on in his corporate career, he was Director Asia Pacific Business at a Moody's Corporation subsidiary. Since his stint at Moody's, he was engaged as a Consultant to several Fortune 500 companies and Asia based PE Funds on investment analysis, M&A, and operations optimisation, while practicing as an Attorney-at-Law. He is a qualified Chartered Management Accountant, a Chartered Financial Accountant, a Chartered Marketer, as well as an Attorney-at-Law.

Other Current Appointments:

Listed Companies:

Listed Entity	Position held
Abans Finance PLC	Independent Non-Executive Director

Others: None

EXECUTIVE COMMITTEE



Senath Jayatilake
Chief Executive Officer

Senath joined Union Assurance in November 2019. Prior to his current position, he also served in the capacity of Chief Distribution Officer and Deputy Chief Executive Officer. He is a Non-Executive Director of Fairfirst Insurance Limited.

Senath is a Senior Vice President of the John Keells Group was previously the Chief Executive Officer, John Keells Logistics (Pvt) Limited and accounting for over 18 years of experience in Operations Management, Sales and Marketing and Financial Management.

Senath holds a BA (Hon) in Finance, Accounting and Management from the University of Nottingham (UK), and an MBA from the Postgraduate Institute of Management (University of Sri Jayewardenepura). He is an Associate Member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants (UK).



Harsha Senanayake
Chief Information Officer

Harsha joined Union Assurance in October 2016.

He has been with the John Keells Group for more than 23 years, where he has gained experience in IT and Management. During Harsha's tenure at John Keells, he was instrumental in the implementation of SAP and also promoting it as an ERP solution to many leading organisations in Sri Lanka. Harsha also plays a pivotal role in the Group's digitisation initiatives and in driving technology innovation to all areas of business. In addition to his current role at Union Assurance, he oversees the IT functions of John Keells Stockbrokers and serves as the Head of Business Systems, Financial Services Sector of the Group.

Harsha holds a BSc. in Computer Science from the London Metropolitan University and a Postgraduate Diploma in Information Systems Management from the University of Colombo.



Rumesh Modarage
Chief Operating Officer

Rumesh joined Union Assurance in December 2019 as Head of Strategic Initiatives, then promoted to Chief Technical Officer and finally promoted to COO in January 2024.

Prior to joining Union Assurance, he served as Senior Manager at Softlogic Life Insurance PLC, and counts over 14 years of experience in the fields of Insurance, Finance, Reinsurance, Product Development, Life Operations, Customer Service, Operational process automation & Digitisation and Alternate Sales and marketing.

Rumesh holds a Master's in Business Administration (MBA) from the Postgraduate Institute of Management (PIM) – the University of Sri Jayewardenepura, an Associate Member of the Chartered Institute of Management Accountants U.K. – CIMA, a Fellow Member of the Chartered Insurance Institute U.K. (FCII), and is a Chartered Insurer.

CORPORATE GOVERNANCE

EXECUTIVE COMMITTEE



Imtiyaz Aniff
Chief Agency Officer

Imtiyaz joined Union Assurance in September 2021, initially serving as the Chief People Officer before transitioning to the role of Chief Agency Officer in 2024.

Imtiyaz is a seasoned business professional with over 20 years of experience in the Banking, IT, FMCG and Telecommunications sectors across both multinational companies and leading local conglomerates. He has provided leadership for many projects globally and was presented with the HR Leadership Award, by the World HRD Congress in 2020.

Imtiyaz holds an MBA (Merit) from the University of Wales, a Chartered Qualification in Human Resources Management from the Chartered Institute of Personnel Management, Sri Lanka a Senior Certified Professional IPMAHR (USA), a Certified Coach – Results Coaching Systems, a Certified Assessor– SHL and a Member of the Australian Human Resources Institute.



Mahen Gunarathna
Chief Marketing Officer

Mahen joined Union Assurance in November 2021. He is a marketing professional with over 20 years of experience marked by significant contributions to the Hospitality, Fashion and Textile, and Insurance industries, with experience in multinational, international, and local companies.

Mahen holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura (SL). Mahen is also a Chartered Marketer from the Chartered Institute of Marketing (UK), a Qualified Member from the Sri Lanka Institute of Marketing (SL), and a Certified Professional Marketer from the Asia Marketing Federation. Mahen is also a lecturer at Chartered Institute of Personnel Management Sri Lanka (CIPM).



Shubham Jain
Chief Actuarial Officer

Shubham was appointed as the Chief Actuarial Officer of Union Assurance in May 2022.

His extensive experience includes providing actuarial services to various life insurance companies across multiple geographies including Sri Lanka, India, UK, Germany, Indonesia, Japan and other south-east Asian markets. His knowledge spans across various aspects including actuarial valuations, financial risk management, product development and pricing, embedded value, mergers and acquisitions, SLFRS 17, strategic asset allocation and development of governance framework for participating businesses.

Shubham is a fellow of Institute and Faculty of Actuaries (IFoA) and the Institute of Actuaries of India (IAI). He is also a Certified Enterprise Risk Actuary (CERA) and a member of the CERA global association. Shubham holds an honours degree in Science (Statistics) from the University of Delhi.



Wathsala Aluthgedara
Chief Partnership Distribution Officer

Wathsala was appointed as the Chief Partnership Distribution Officer of Union Assurance in August 2023. She is an experienced business leader with over 20 years of experience and has multi-dimensional exposure in Brand Building, Corporate Planning and Fund Management.

Prior to joining Union Assurance, Wathsala served as the Chief Executive Officer of ReeBonn Lanka (Pvt) Limited and prior to that she was employed at Unilever Sri Lanka Limited where she successfully managed a diverse portfolio of brands and categories across personal care, food and home care.

Wathsala holds an MBA from the University of Wales, UK and a Bachelor of Science (Hons) in Computer Science and Information Systems from the London Metropolitan University. She is also a Fellow of the Chartered Institute of Marketing (UK) and a lecturer at the Post Graduate Institute of English at the Open University of Sri Lanka.



Himani Weerasekera
Chief Financial Officer

Himani Weerasekera, the Chief Financial Officer at Union Assurance PLC, joined the Company in 2024 with 30 years of experience in the corporate field in manufacturing and finance industries including being a capital market regulator.

Himani was the General Manager Finance and IT at Courtaulds Clothing Group and held the position as Assistant Director at Securities and Exchange Commission of Sri Lanka. Her expertise spans strategic financial planning, project management, restructuring of entities, tax planning, managing internal working capital requirements, cost control, pricing of products, and supervision of licensed and regulated entities ensuring that they were financially stable and operationally viable. Her experience also includes implementing international best practices in Sri Lanka.

Himani holds an MBA from the University of Victoria (AUS). She is also a Fellow at the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant at the Chartered Institute of Management Accountants (UK).



Nisansala Paranayapa
Chief People Officer

Nisansala Joined Union Assurance PLC in September 2024 from the John Keells Group.

She has over 18 years of experience in multinational and local organisations within the Manufacturing and FMCG sectors. Her expertise spans extensive human resource management, industrial relations, and compliance management.

Prior to joining she served as the Head of Human Resource Management of Consumer Foods Industry Group (Ceylon Cold Stores PLC, Keells Food Products PLC & The Colombo Ice Company Pvt Limited) since 2015 and she is also a Senior Vice President of the John Keells Group.

Nisansala is an Attorney-at-law and a life member of the Bar Association of Sri Lanka. She holds an MBA in Human Resource Management and an LLB (Honours) from the University of Colombo (SL). She is also a member of the MBA Alumni Association of the University of Colombo (SL) and an associate member of the Chartered Institute of Personnel Management (CIPM).

CORPORATE GOVERNANCE

THE CHAIRPERSON'S STATEMENT ON CORPORATE GOVERNANCE

"We firmly believe that a robust Corporate Governance framework is crucial because it establishes a set of guidelines and practices that define how the organisation functions and ensures alignment with the interests of all its stakeholders."

"This report outlines our framework and approach to corporate governance, aimed at upholding the highest standards of governance and compliance within the Company."

Governance Attitude

The highest standards of transparency, reliability and ethical business conduct are well-established guiding principles within the Company, which are articulated in a comprehensive policy framework and via a Code of Conduct, that are communicated and understood by all employees. Further, the Company's policy framework embraces international best practices and complies with voluntary frameworks, providing a solid foundation for performance as well as effective risk management. The governance structure serves to ensure judicious empowerment and to create an appropriate balance of authority and responsibility within the Company.

Governance Structure and Leadership

The Company operates within a clearly defined governance structure, enabling the Board to provide strategic guidance and risk oversight whilst adhering to regulatory requirements. The structure also provides for delegation of authority while retaining effective control. The Board delegates authority to the relevant Board sub-committees and the Executive Committee of the Company, with clearly defined mandates and authority levels whilst maintaining its accountability. The Board maintains an independent and diverse composition, providing guidance on strategic direction and for efficient decision making. A self-evaluation of the Board's performance is conducted annually.

Culture and Ethics

Our culture is shaped by the Code of Conduct and Ethics, which articulates the standards of conduct expected of Directors and employees. The Code is reviewed and updated from time-to-time, to ensure it is fit for purpose in a rapidly evolving business environment.

Accountability and Risk

Setting up a robust system of internal controls and risk management processes is a key responsibility of the Board, and we are assisted in this endeavour by the Board Audit and Compliance Committee (BACC). The BACC plays an important role in monitoring the Company's risk and assurance systems and regularly reviewing the efficiency and effectiveness of internal controls. Please refer to the report of the BACC on pages 164 to 166.

Engagement with Stakeholders

Our stakeholder engagement mechanisms are structured and comprehensive, providing valuable insights into stakeholder concerns and enabling us to provide appropriate responses, while balancing multiple interests.

Way Forward

We continue to uphold the highest standards of governance culture within the organisation. The Board, through the SLFRS 17 Steering Committee, will ensure institutional readiness for SLFRS 17 implementation, both technically and strategically. The current progression and expected plans of the governance framework for SLFRS 17 are provided on page 172. Furthermore, the Company made significant progress during the year and embarked on various measures to ensure compliance with the Personal Data Protection Act, details of which are stated on page 151. The BACC is kept regularly updated on the progress.

Statement of Declaration

I am pleased to state that the Company has adhered to all applicable requirements of the Directions issued by IRCSL on Corporate Governance Framework for Insurers. Furthermore, the Company is compliant with the Section 9 of the Listing Rules on Corporate Governance issued by the CSE. I am also pleased to report that there were no departures from any of the provisions of the Policy on Board Matters, the Company's Code of Conduct and the Code of Conduct and Ethics, in the Code of Best Practice on Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka. Additionally, I wish to affirm our commitment to upholding Company policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and work-related situations.



Krishan Balendra
Chairperson

28 February 2025

CORPORATE GOVERNANCE COMMENTARY

Key Corporate Governance Highlights for the Year 2024

Corporate governance is a dynamic process of continuous improvement, adapting to the changing needs of the business world."



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

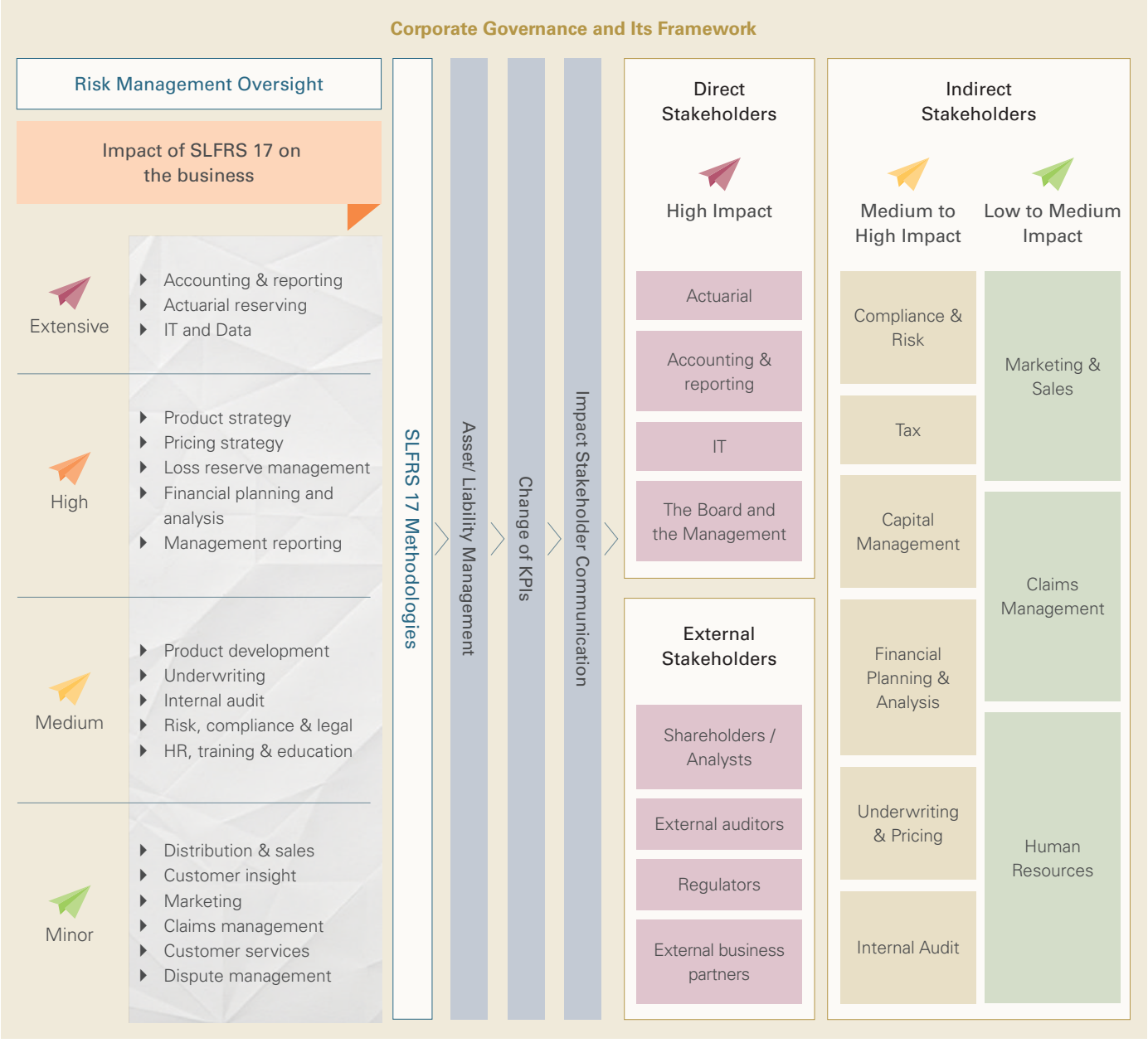
Key Highlights:

Impact and the importance of the governance role in implementation of SLFRS 17- Insurance Contracts

The implementation of SLFRS 17 will have a profound impact on the insurance industry. This transformation extends well beyond financial reporting to include actuarial valuation, asset liability management, and risk management. Therefore, the effects and requirements of SLFRS 17 will touch nearly every aspect of the Company. This comprehensive change will influence the measurement of insurance contracts, their recognition in financial statements, and the key metrics used to evaluate business performance. Consequently, it is crucial for Shareholders and other stakeholders to understand SLFRS 17 and its ongoing impact.

SLFRS 17 implementation require an effective governance and control framework before, during and after transition. Enforcing this complex end-to-end change will require a well-structured program with strong operational disciplines spread across the functions of agnostic workstreams. To meet this requirement, the SLFRS 17 steering committee was established with broad representation and involvement of senior leadership to ensure the right policy decisions are taken and the project is completed on time.

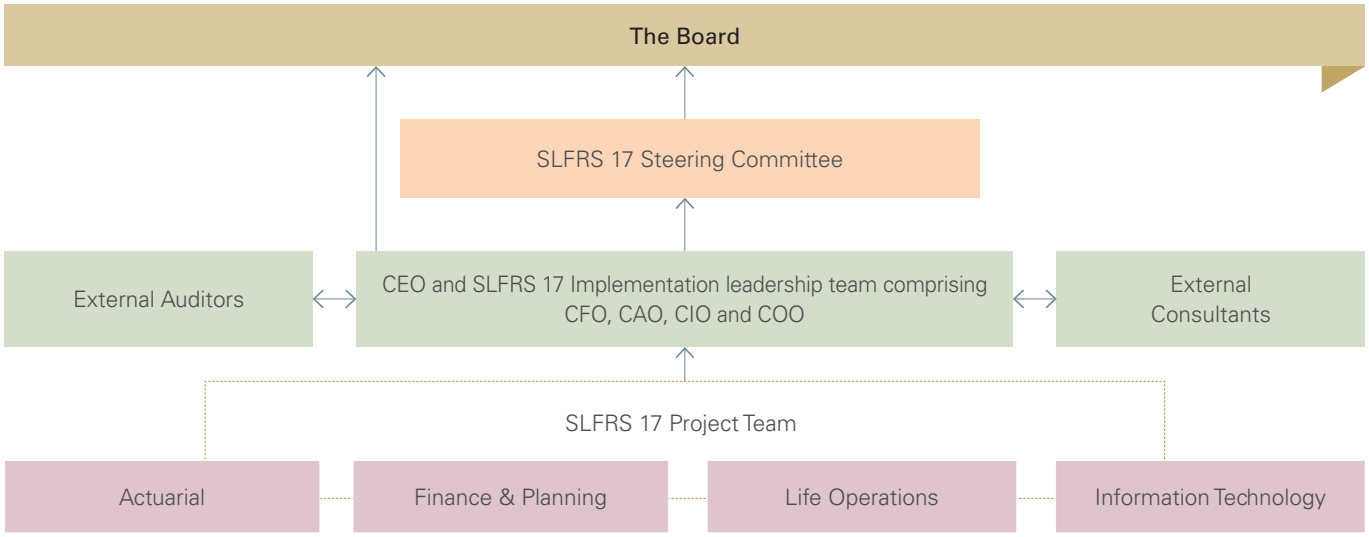
Below diagram illustrates the importance of establishing a proper governance framework to ensure the successful implementation.



Governance Structure for SLFRS 17 Implementation

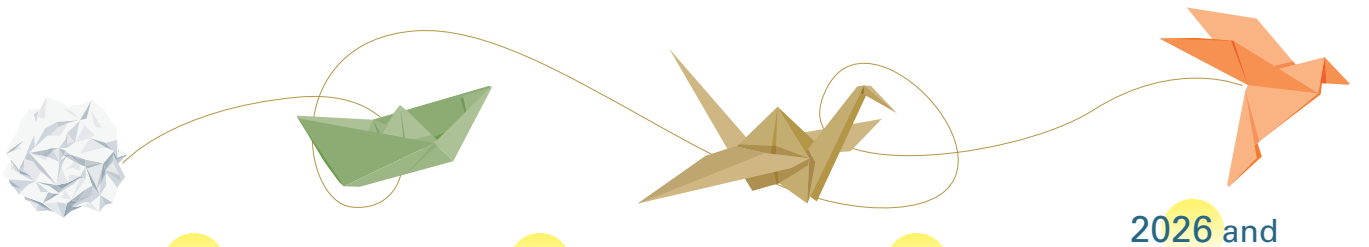
SLFRS 17 steering committee is the main governing body of the Company to ensure the successful implementation of the project within the Company. It provides guidance to the Board on the institution's preparedness, covering both tactical and strategic aspects (refer to page 172 for details). Simultaneously, a strong project management team, including representatives from Finance, Actuarial, IT, and technical departments, underscores the Company's commitment to the successful implementation of the standard. This team strictly follows the implementation project plan, holding regular meetings to discuss progress, ensure compliance with the risk management framework, and address resource needs etc.

The Company has enhanced its assurance measures by engaging external auditors to perform a progressive audit on the implementation process, ensuring compliance with all regulatory and standard requirements. The Company's project governance structure has been illustrated below.



SLFRS 17 Project Plan

UA commenced the project in 2021 by commissioning a detailed and transparent process. The project road map and its progress are as follows:



2021

Phase 01:
Formulation of a project team and completion of the Gap Assessment

2023

Phase 02:
Selection of SLFRS 17 software vendor and implementation consultant

2024-25

Phase 03:
Design, system Implementation and Parallel run

2026 and Beyond

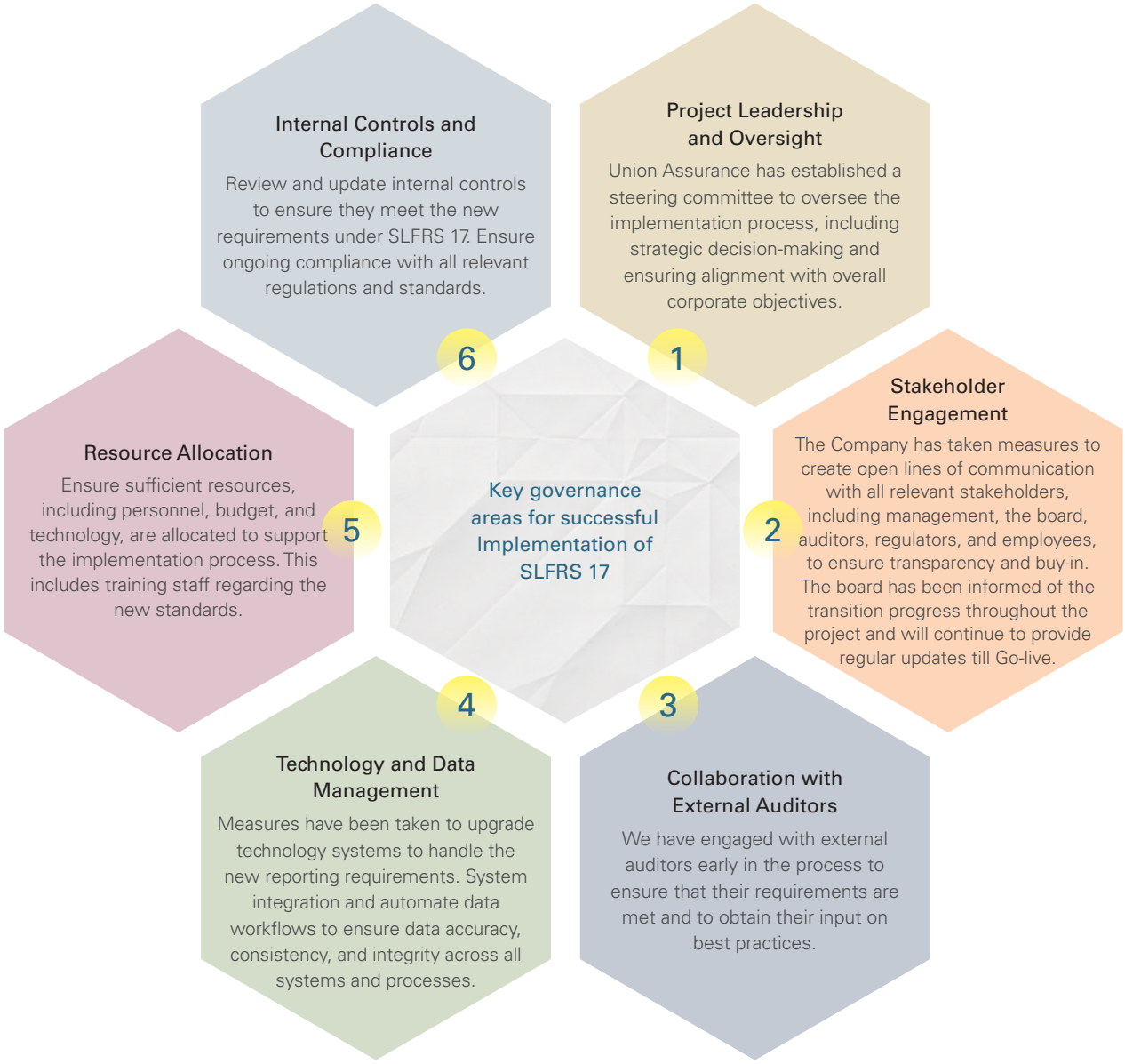
Phase 04:
Go-live with SLFRS 17 aligned business KPIs and strategies

Union Assurance is satisfied with its project progress and will align with the industry to go live in 2026.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Key governance areas for successful implementation of SLFRS 17



Strengthening the Risk Management Framework for SLFRS 17 Transition

The implementation of SLFRS 17 represents a significant shift in financial reporting and requires a robust risk management framework to address the operational, regulatory, and strategic challenges it presents. To ensure a smooth transition, a comprehensive risk management approach has been designed to identify, assess, and mitigate risks throughout the implementation process. This framework encompasses a range of proactive measures, including the enhancement of internal controls, the centralisation of actuarial models, and the allocation of necessary resources to manage both technical and business-related risks. By continuously monitoring these risks and updating our control environment, we aim to ensure compliance with the new standard while minimising any disruption to business operations.

An updated overview of the Company's risk management framework covering the SLFRS 17 implementation risk is outlined below. This demonstrates that the Company is actively in the process of establishing the necessary risk management infrastructure to ensure the successful implementation of SLFRS 17.



Challenges and remedial action – Risk Management

Risk Focus area	Challenge	Remedial action
Data and systems	Data provision granularity and system integrations	▸ Employ cutting edge front end and ERP systems for data provision and enhance system integrations and automation for effective functioning of the workflow. ▸ Perform UAT (User Acceptance Testing) before deployment.
	CSM engine result accuracy	▸ Completion of a detailed POC phase to ensure system capabilities. ▸ Expanded scope with progressive audit consultant to ensure financial requirements are met.
Change in processes	Changes in actuarial & accounting process	▸ Evaluate the available options under the standard and assess their impact on actuarial and accounting practices. ▸ Identify necessary system modifications and take appropriate actions to redesign the existing data fields.
	Expertise and knowledge gap	▸ Participate for ongoing trainings and workshops by consultants and external parties.
Financial risk	Financial stability and enhance financial performance	▸ Thorough evaluation on accounting policy choices. ▸ Select the best transition approach. ▸ Conduct proper asset-liability management. ▸ Reevaluate product mix and pricing strategies.
Business impact	Performance management	▸ Redefine business strategies and KPIs.
	Investor confidence	▸ Educate investors about key financial metrics impacted by SLFRS 17 implementation.
Regulatory risk	Unknown regulatory and tax reporting requirements that the Company may need to comply with SLFRS 17.	▸ Ensuring system reporting functionality is flexible as possible. ▸ Data to be stored and modelled at the required granularity to facilitate future reporting requirements. ▸ Continuous engagement with industry and auditors to understand regulatory requirements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Revised Rules of the Colombo Stock Exchange on Corporate Governance

The Corporate Governance Rules applicable to Listed Entities of the Colombo Stock Exchange (CSE) were revised with effect from 01 October 2023 (except to the extent specified) and accordingly, the previous Rule 7.10 and Section 9 of the CSE Listing Rules were consolidated and incorporated as Section 9 of the CSE Listing Rules.

Salient requirements/highlights of the revised Rules are as follows:

- Require enhanced Board independence and composition.
- Fit and Proper criteria of Directors & CEOs.
- Enhanced independence criteria and the ability of the Board to deem Directors' independent have been removed.
- Mandatory to have a Nominations and Governance Committee.
- Mandatory Board policies for listed companies.
- Emphasise a more effective Audit Committee and a Risk Management Committee.
- Enhanced Transparency and Disclosure Requirements.
- Enhanced Board Evaluation and Performance Assessment.
- Enhanced provisions on Related-Party Transactions (RPTs).
- Strengthening the Role of the Company Secretary.
- Listed subsidiaries are to form their own Sub-committees.
- Alternate Director appointments and compliance requirements for such appointments.

The revised Corporate Governance Rules of the CSE mark a significant milestone in strengthening the governance framework for listed companies in Sri Lanka. These revisions are aimed at fostering greater transparency, accountability, and long-term value creation for shareholders, while aligning with international best practices.

The Rules were made effective from 1 October 2023, with certain sections of the rules having later operative dates mentioned below. The status compliance with the Rules with relevant references are stated on pages 192 to 200.

Rule	Provision	Effective date
9.2	Policies to be established and maintained by the Listed Entities.	1 Oct 2024
9.7	Fitness and Proper Criteria applicable to Directors and CEOs (Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness).	1 Apr 2024
9.8.1	Minimum number of Directors on the Board of a Listed Entity (minimum 5 Directors).	1 Oct 2024
9.8.1	Minimum number of Independent Directors on the Board.	1 Oct 2024
9.8.3 (ix)	Enhancement to the Independence Criteria, A Director shall not be considered 'independent' if he/she is above 70 years of age. Further, declaring Directors as 'nevertheless independent' by the Board of Directors will not be applicable.	1 Mar 2025 1 Oct 2024
9.9	Alternate Directors.	1 Jan 2024
9.11	Nominations and Governance Committee.	1 Oct 2024
9.12.6 (2), 9.13.3 (4), 9.14.2 (2)	Rules relating to sharing of Board Committees in a situation where both the parent Company and the subsidiary Company are Listed Entities (shall cease to be applicable).	1 Oct 2024
9.12.6 (1)	Revisions to the composition of the Audit Committee.	1 Oct 2024
9.13.4, 9.13.5	Enhanced functions and disclosures in the Annual Report relating to the Audit Committee.	1 Oct 2024
9.14.2 (1)	Revisions to the composition of the Related Party Transactions Review Committee.	1 Apr 2024
9.17 (i) and g)	Revisions to the enforcement procedures for non-compliance with Corporate Governance Rules.	1 Oct 2024

Personal Data Protection Act

Overview

The Personal Data Protection Act No. 9 of 2022 (PDPA) was enacted by Parliament and certified by the Speaker on 19 March 2022. Its purposes to align Sri Lanka's personal data protection framework with international best practices and to establish a Data Protection Authority.

The PDPA outlines the rights of Data Subjects and mandates that Data Controllers (both within and outside Sri Lanka, including those offering goods or services to Sri Lankans and specifically targeting Data Subjects in Sri Lanka) and Processors process Personal Data in a lawful and compliant manner as stipulated by the PDPA.

Effective dates

According to Extraordinary Gazette No. 2366/08 dated 8 January 2024, the provisions of Parts VI, VIII, IX, and X of the Act became effective on 8 December 2023. The provisions of Parts I, II, III, and VII are scheduled to be operative with effect from 18 March 2025 and the Company is monitoring the same. Further, according to and according to Extraordinary Gazette No. 2341/59, the provisions of Parts V of the Act came into effect on 17 July 2023.

Our approach for compliance with the PDPA

This legislation significantly impacts the insurance industry due to the extensive amount of personal data processed for insurance and related services. Consequently, all insurance companies must implement the necessary organisational and technical measures and evaluate their internal processes and policies to ensure compliance with the PDPA.

The Company made significant progress during the year and embarked on various measures to ensure compliance with the PDPA by identifying the need for a comprehensive GAP assessment with the support of an external consultant. The BACC is updated on the progress of the GAP assessment on a periodic basis.

- **Data Protection Officer (DPO):** The Company appointed a Data Protection Officer (DPO) to oversee compliance with the Personal Data Protection Act (PDPA) and implement the necessary strategies to ensure adherence to its provisions.
- **Awareness and Education:** Conducted several awareness sessions across the Company, including the senior management to familiarise them with the PDPA provisions and the requirements. The awareness and training on PDPA have been established as a continuous process to ensure that employees remain updated and to inculcate a privacy culture. Furthermore, the Company has invested in efforts to develop an e-learning module for training and learning purposes.
- **Data Flow Mapping:** Arising from detailed analysis and discussions, data capture, processing, and transfer mechanisms have been identified. Data flow maps were developed and validated, capturing the key processes dealing with personal data.
- **Data Retention and Compliance:** Identification of the retention periods and disposal methods for personal data.
- **GAP Assessment and controls/ mitigants:** The GAP assessment has been concluded and the report with recommendations and mitigation have been received for necessary action. Control implementation is being carried out as relevant and necessary.
- **Contract and Policy Updates:** All relevant policies, including the privacy policy, have been updated during the year. Further, the Company has executed certain Data Processor Agreements (DPAs) with key data processors and are being executed as an ongoing process.

Improvements to the AML/CFT Processes and related systems

The Company implemented several initiatives to strengthen the processes related to AML/CFT during the year with a view of further strengthening the AML/CFT governance and compliance.

- AML Alerting Model: The Company implemented a real-time alert system to flag and detect suspicious activities and events. This digitised mechanism will improve effectiveness in managing AML/CFT risk associated with suspicious transactions and facilitate the compliance team to identify and report suspicious transactions on a timely basis.
- Enhanced Due Diligence measures were strengthened when onboarding customers identified as Politically Exposed Persons (PEPs).
- Sanction Screening process was further enhanced.
- The threshold reporting process was streamlined in accordance with the regulatory Directions and several internal and external reviews were conducted to ensure adherence to the GoAML reporting requirements stipulated by the Financial Intelligence Unit of Sri Lanka.
- ML/FT risk assessment methodology was revised and a comprehensive reporting mechanism on risk assessment was established.
- Ongoing Customer Due Diligence process was enhanced with regards to customers identified as "High-risk" customers for AML/CFT purposes.
- Embarked on many independent compliance reviews to ensure compliance with the regulatory requirements and identify gaps for improvement.

Digital Agent Onboarding Module

The Company launched a groundbreaking Digital Onboarding Module that digitises manual onboarding documents that integrates Sri Lanka Insurance Institute for IRCSL exam registration, a first in the industry. This innovative module aims to streamline the recruitment process for new agency advisors, making it smoother, more transparent, and fully digitalised. Additionally, the module ensures compliance with legal and regulatory requirements, enhances governance, and strengthens security and privacy measures to protect sensitive information.

This initiative not only enhances the overall efficiency of the recruitment process but also sets a new standard for digital onboarding in the industry.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Compliance Summary

Regulatory Benchmark

	Requirements/Standard/Principle/Code	Adherence	Compliance Status	Page Reference
1	Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), under Section 96 (A) of the regulation of Insurance Industry Act No. 43 of 2000.	Mandatory	Complied	190
2	Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure.	Mandatory	Complied	191
3	Statement of Compliance under the revised Section 9 of the Listing Rules of the CSE on Corporate Governance.	Mandatory	Complied	192 to 200
4	Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC).	Mandatory	Complied	201
5	Content of the annual report as per Section 168 of the Companies Act No. 7 of 2007.	Mandatory	Complied	201
6	Code of Best Practice on Corporate Governance (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC).	Voluntary	Complied	-
7	Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).	Voluntary	Complied with a majority of the code to the extent of business exigency.	202 to 203
8	Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).	Voluntary	Complied with a majority of the code to the extent of business exigency.	204 to 205

Key internal policies

- Articles of Association of the Company
- Recruitment & Selection policies
- Disciplinary Procedure
- Rewards & Recognition policy
- Anti-Money Laundering Policy
- Financial Integrity and Financial Authority Levels
- IT Policies including Data Protection

In line with section 9.2.1. of the Corporate Governance Rules of the CSE, the following Policies were adopted / updated with effect from 1st October 2024. Further, disclosure of the existence of these policies together with information relating to implementation were published on the Company's website.

https://unionassurance.com/wp-content/uploads/2024/10/statement-for-website-adoption-of-policies.pdf

It is noted that no changes were effected to the following policies consequent to their adoption / update.

- Matters Relating to the Board of Directors
- Board Committees
- Corporate Governance
- Nomination and Re-election
- Remuneration
- Conduct and Business Ethics
- Risk Management
- Internal Controls
- Corporate Disclosures and Relations with Shareholders and Investors
- Environmental, Social and Governance (ESG)
- Management of Shareholder Investments
- Control and Management of Company Assets.
- Whistleblower Policy (Speak Up Policy)
- Anti-Bribery and Anti-Corruption.

Corporate Governance and Our Value Creation Process:

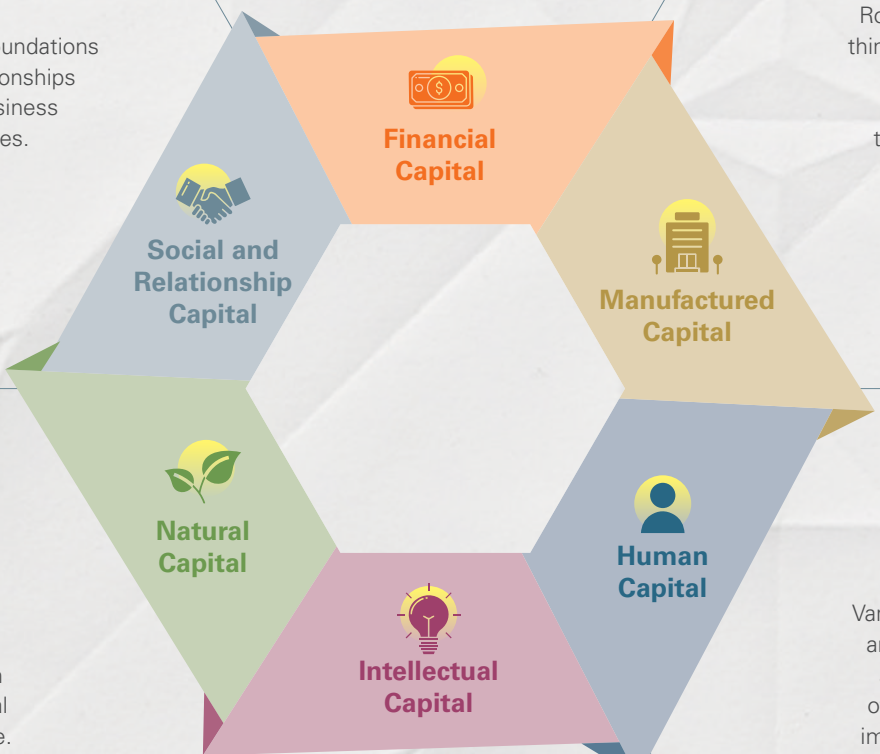
Corporate Governance is at the core of our Value Creation process and is connected to the organisational Capitals as depicted below.

Prudent Financial Management practices ensure that value creation is maximised.

Refer page 65

Trust, transparency, and accountability are the foundations on which we build relationships with our customers, business partners and communities.

Refer page 114



Robust, new and forward-thinking infrastructure have enabled us to navigate any potential obstacles to a successful business operating model.

Refer page 88

Employment of environmentally sound practices is prioritised in an effort to be ecological and energy conservative.

Refer page 106

Various HR related policies are in place to ensure fair and equitable treatment of all employees, thereby improving their well-being and skills.

Refer page 94

Embracing technology paired with rigid employee coaching and empowerment, formed the cornerstone for adaptability and versatility within the Company.

Refer page 128

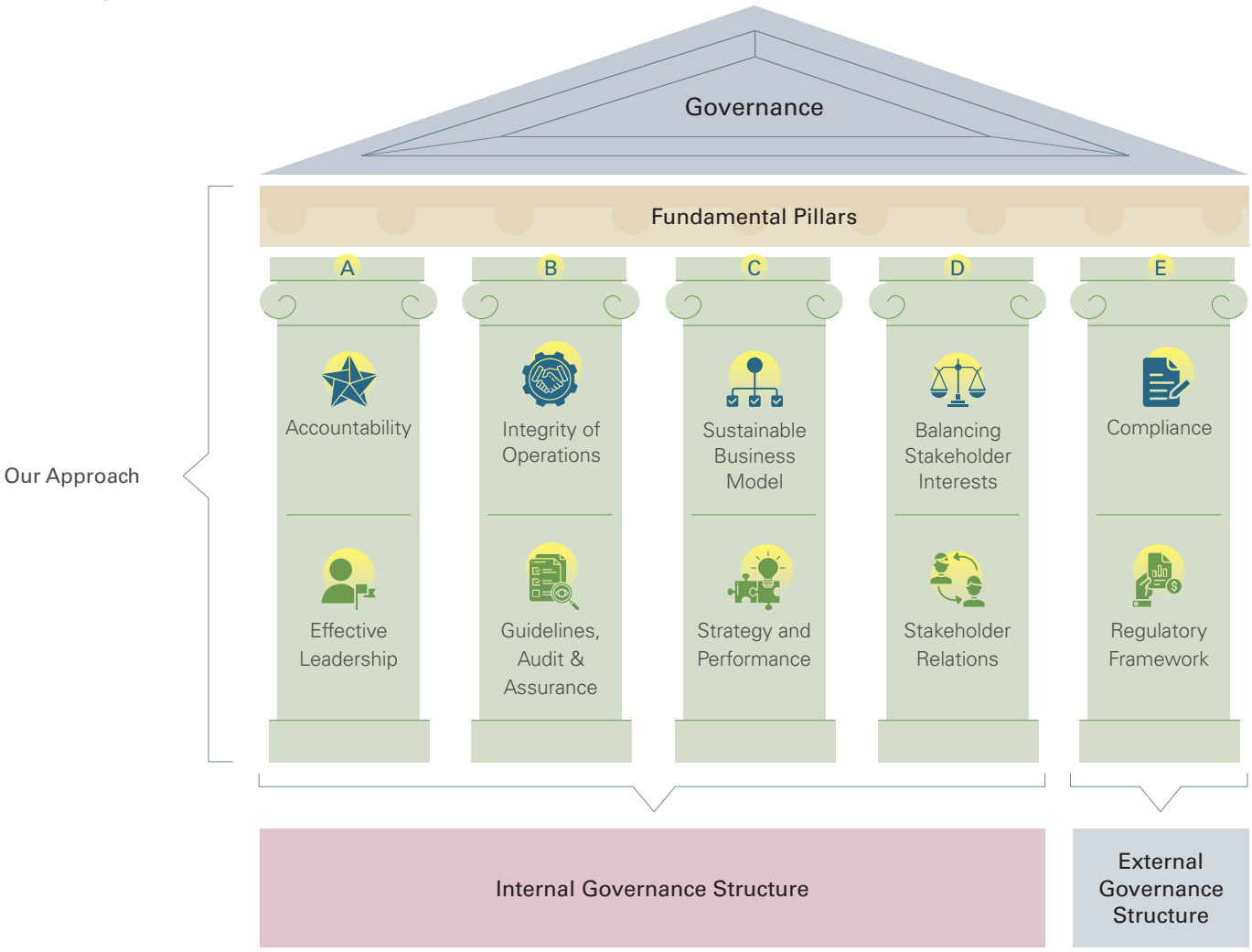
CORPORATE GOVERNANCE

GRI 2-9, 2-14

HOW WE ADMINISTER CORPORATE GOVERNANCE

The Board of Directors of Union Assurance PLC (UA) believes that Corporate Governance and Risk Management as the cornerstone of its operations, guiding the Board and all employees in their daily business activities. UA's robust governance framework and sound principles have consistently provided a solid foundation for driving sustainable value."

Our Integrated Governance Framework



Internal Governance Structure

The structure in place focuses on the responsibility of the Board of Directors, Board sub-committees, and Senior Management of the Company who formulate, execute and monitor the Company's business objectives.

It further endorses the operating structure of the organisation, assignment of responsibilities and authority levels, set up of reporting lines and information to be conveyed as well as the deployment of internal control systems, including risk controls, compliance and internal audit.

A summary of the elements of the internal and external governance structures are highlighted in the Company's Corporate Governance model.

Performance Aspects

Effective Leadership

Section Number	Description	Page Ref.
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1.2	Board Composition, Skills and Diversity	157
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Strategy and Performance

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Stakeholder Relations

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Guidelines, Audit & Assurance

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Regulatory Framework

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CORPORATE GOVERNANCE

GRI 2-9

CORPORATE GOVERNANCE COMMENTARY

(A) Accountability

1.0 Effective Leadership



The Board of Directors

The composition of the Board ensures optimal independence, balance of diverse perspectives and expertise, considering skills, competency, business acumen, qualification, industry expertise, age, ethnicity and other considerations.

The Board is appointed by the Shareholders and has ultimate responsibility and accountability for the performance of the Company and its affairs. The Board of Directors plays a pivotal role in maintaining a good corporate governance culture within the Company. The Board is committed to a transparent and effective governance system that provides stakeholders with a high degree of confidence that the Group is being managed effectively.

In compliance with the formal policy governing matters related to the Board of Directors, the maximum number of Directors of the Company shall not exceed twelve (12), in accordance with the Company's Articles of Association, which ensures the Board remains agile and responsive to the Company's needs.

Directors shall in the execution of their duties and functions ensure compliance with Applicable Law, the Code of Conduct, the Board Charter and policies, which includes requisite compliance requirements pertaining to trading activities in relation to the securities of the Company. Directors shall inform the Chairperson and Board Secretary of any such trading activities, for timely recordal and where relevant dissemination to the market.

Further, Company has established a formal policy governing matters relating to the Board of Directors and the Company is fully compliant with the requirements of the policy referred to in Rule 9.5.1.

Board Sub-committees

The Board determines the strategic direction of the Company, manages risk and sets in place a sound Governance framework. Certain responsibilities of the Board have been delegated to the Board sub-committees and the Executive Management of UA, which is explained in detail through this report.

In accordance with the mandatory compliance obligations stipulated under the revised Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance, which require all listed companies to have their own Audit, Nominations and Governance, Remuneration and Related Party Transactions Review Committees, the following Board Committees were constituted/re-constituted with effect from 1 October 2024.

Sub-committee name	Constituted/ Re-constituted
Board Audit and Compliance Committee (BACC)	Re-constituted
Nominations and Governance Committee (NGC)	Constituted*
Related Party Transactions Review Committee (RPTRC)	Constituted*
Human Resources and Compensation Committee (HRCC)	Constituted*

* Prior to 1 October 2024, the Parent company Board Committees acted on behalf of the Company.

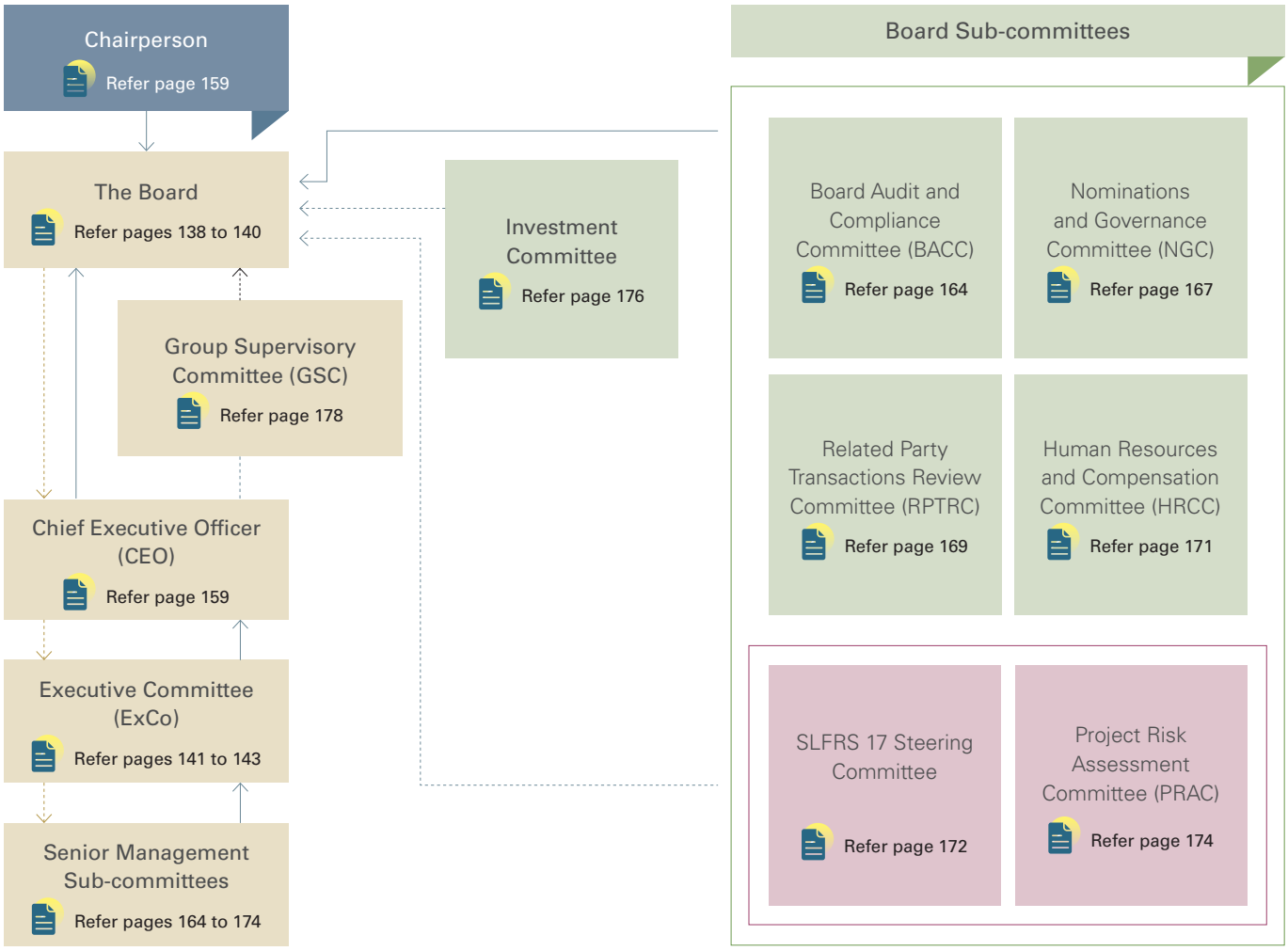
Details of the sub-committees and their reports are provided on pages 164 to 174.

1.1 Our Internal Governance Structure

The Company operates with a Two-Tier governance structure, namely the Board of Directors comprising of Non-Executive Directors and the Executive Management Committees (ExCo), headed by the CEO.

This distinguishes clearly between the Supervisory body and the Management, whilst segregating core responsibilities between the Chairperson and CEO. Our internal governance structure is depicted below;

GRI 2-9, 2-12



1.2 Board Composition, Skills and Diversity

The Composition of the Board of UA is governed by the Listing rules set out by the Colombo Stock Exchange and the Articles of Association of the Company.

Insurance companies need a broad range of skills to ensure and create value in the interest of all stakeholders. The Board determines the required composition of skills in response to the rapidly changing environment and shifts in UA's own long-term strategy. Having the appropriate mix of skills and experience ensures that the Board, as a collective, is well-equipped to guide and drive UA's strategy into the future and thereby create value.

The Board of Union Assurance consisted of six Directors as of 31 December 2024. All the Directors are Non-Executive Directors and three of them are Independent Directors. The Board is diverse in its experience, expertise and age, contributing varied perspectives to boardroom deliberations whilst exercising independent judgment to bear on all matters. Brief profiles of the six Board members are given on pages 138 to 140 of this report. In compliance with section 9.9 of the Listing Rules relating to alternate Directors, Articles of Association of the Company were amended during the review period. However, no alternate Directors were appointed during the period under review.

As per sections 9.8.1 and 9.8.2 of the Corporate Governance Rules, the Board composition should consist of five (5) Directors, one-third (1/3) of whom should be independent Directors of the Listed Entity. The Company is compliant with the above requirements. The following illustrates the key skills, composition and personal attributes of the Directors of UA and the positions held in the UA sub-committees.

CORPORATE GOVERNANCE

GRI 2-9, 2-11, 2-12, 405-1

CORPORATE GOVERNANCE COMMENTARY

Independence

3 Independent Non-Executive Directors

3 Non-Independent Non-Executive Directors

Age



1 41-50 years

4 51-60 years

1 61-70 years



Nationality



5 Sri Lanka



1 United Kingdom

Tenure of the Board Members



1 1-3 years

1 3-6 years

3 6-10 years

1 More than 10 years

Areas of expertise, skills and experience

3 Banking & Finance, Insurance, Capital Markets

1 IT & Engineering

2 Diversified

Positions held in the sub-committees

Director Name	Nominations and Governance Committee	Human Resources and Compensation Committee	Related Party Transactions Review Committee	Board Audit & Compliance Committee	SLFRS 17 Steering Committee
Krishan Balendra	Member	-	-	-	-
Suresh Rajendra	-	Member	-	-	Member
Daminda Gamlath	-	-	-	-	-
Dumith Fernando	Chairperson	Chairperson	Member	Member	-
Stephen Appleyard	-	-	Member	Member	Chairperson
Pasan Wanigasekara	Member	Member	Chairperson	Chairperson	-

1.3. Board Responsibilities

In carrying out its responsibilities, the Board promotes a culture of openness, productive dialogue and constructive dissent, ensuring an environment which facilitates employee empowerment and engagement, while creating value for all stakeholders.

Board's key responsibilities include:

Strategy and Business

- Providing strategic direction for formulating and implementing the corporate strategy for value creation in the short, medium and long-term.
- Reviewing and approving annual and long-term business plans.
- Monitoring performance and achievement of targets.
- Reviewing senior management succession planning.

Risk & Governance

- Ensuring that operations are carried out within the scope of the Enterprise Risk Management framework.
- Monitoring systems of governance and compliance.
- Appointing the CEO and reviewing the performance of the CEO, the Board and its Sub-committees.
- Reviewing and approving required amendments to delegation of authority.
- Review of objectives and Key Performance Indicators of the CEO and the Senior Management, whilst ensuring that they possess the skills, experience and knowledge to implement strategies.
- Review policies and procedures.

GRI 2-11, 2-12

Financial & Capital

- Approving the issue of equity/debt securities.
- Approval of financial policies and certain actions outside the remit of the Investment Committee.
- Approval of Company's Financial Statements.
- Recommending/declaring dividends.
- Ensuring sound systems of internal controls, risk management and integrity of the financial information.

Stakeholder Engagement

- Ensuring all stakeholder interests and perspectives are considered for corporate decisions.
- Building and improving stakeholder relationships and promoting value creation.

1.4 Board Governance Philosophy

The Board is committed to the highest standards of governance, ethics and integrity, which are essential for sustained value creation and safeguarding the interests of all our valued stakeholders. The Board believes that good governance contributes to living our values through enhanced accountability, strong risk and performance management, transparency as well as ethical and effective leadership.

We act in the best interests of all our stakeholders, and we continue to review the best practices and frameworks on an ongoing basis to sustain in the highly dynamic business environment in which we operate.

1.5 Chairperson and Chief Executive Officer (CEO) Role Segregation

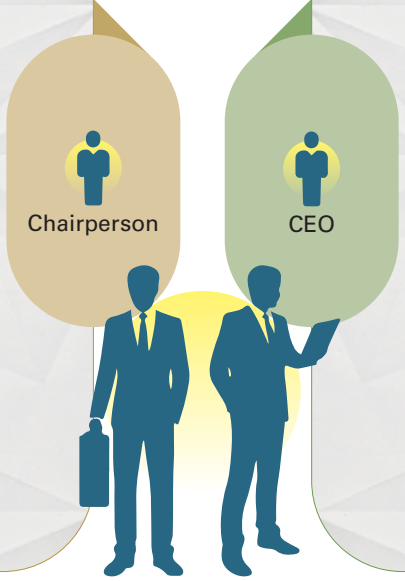
The roles of the Chairperson and the Chief Executive Officer are separated, with a Non-Executive Director appointed as the Chairperson to facilitate the balance of power and authority as depicted below.

Role:

Critical to preserve good Corporate Governance, the Chairperson provides leadership to the Board, preserving order and facilitating the discharge of duties.

Responsibilities:

- Ensuring the effective participation of all Directors at meetings.
- Maintaining open lines of communication with Key Management Personnel.
- Ensuring constructive working relations among the Directors.
- Ensuring with the Board Secretary's assistance, that the Board procedures are followed, and information is disseminated in a timely manner to the Board.



Role:

Provides executive leadership and expertise in the implementation of plans and achievement of strategic objectives.

The CEO is held accountable to the Board for the performance of the Company.

Responsibilities:

- Execution of strategies and policies set by the Board.
- Ensuring efficient management of business.
- Ensuring the operating model is aligned with short and long-term strategies of the Company.
- Succession planning of Senior Management.

CORPORATE GOVERNANCE

GRI 2-10

CORPORATE GOVERNANCE COMMENTARY

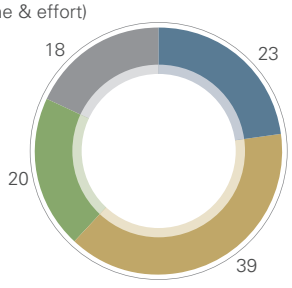
1.6 Board Meetings

The Board meetings are usually held quarterly, unless business necessities demand the convening of additional meetings. Directors are required to attend a minimum two (2) or fifty (50%) of the meetings held during the financial year, whichever is higher, unless otherwise excused by the Board. Further, meetings may be held physically, virtually, by audio-visual or hybrid means. Directors participating through these modes shall be considered for the purposes of the quorum. The Board is well-engaged and dedicates adequate time and effort for addressing Company matters. The Board also conducts discussions on specific subjects relevant to the business such as budgets. Board meetings always welcome free exchange of views by the Directors, bringing their experience and independent judgement to bear upon the issues and decisions at hand.

During the year 2024, the Board met on five (05) occasions. The agenda and the Board papers are generally shared seven (07) days prior to the meeting, allowing sufficient time for review of the same.

Time and Effort on Board Activities

(% time & effort)



Key Focus Areas of the Board Meetings

Performance and Strategy

- Review of Business Plan.
- Launch of new products.
- New Partnerships and Channels.
- Review of business performance.
- SLFRS 17 implementation review.

Governance

- Internal & External Audits.
- Minutes of Board's Committee Meetings.
- Risk register.
- Regulatory Compliance.
- ML/TF Risk assessment.

Finance

- Valuation & Solvency position.
- Budgets/Expense allocation methodology.
- CAPEX.
- Financial Statements.

The attendance of Board meetings in 2024 is given below.

Name of Director	Date of Appointment	Eligibility	Attendance
Non-Executive Directors			
Krishan Balendra	01.01.2019	5	5
Suresh Rajendra	16.08.2011	5	5
Daminda Gamlath	10.06.2020	5	5
Independent Non-Executive Directors			
Dumith Fernando	03.08.2018	5	5
Stephen Appleyard	01.01.2019	5	5
Pasan Wanigasekara	01.04.2023	5	5

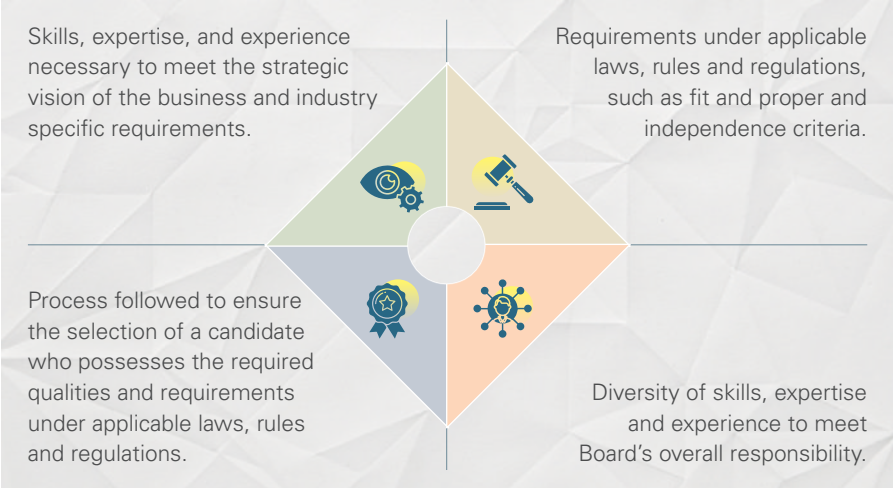
1.7 Board Appointments and Re-election

Board appointments follow a structured and formal process, within the purview of the Nominations & Governance Committee. Terms of Reference of the Nominations & Governance Committee and the Committee Report can be found on pages 167 to 169. Independent Directors are appointed for an initial contractual tenure of three years, with the possibility of extension for up to nine years, or such period as may be permitted under the applicable laws, rules and regulations and Company and Group policies. Director's tenure dependent on meeting fit and proper and in the case of Independent Directors - independence criteria in addition to other requirements pertaining to time commitments etc.

In accordance with the Articles of Association of the Company, one-third of the Directors retire from office at each Annual General Meeting (AGM). The Directors except the Chairperson to retire shall be those who being subject to retirement by rotation, have been the longest in office since their last election, or appointment of a retiring Director who would be eligible for re-election by the Shareholders. Further, any Director who has been appointed to the Board during the year holds office until the next AGM, and is eligible for re-election by the Shareholders.

GRI 2-10, 405-1

Key Considerations for Board Appointments



Appointments, Resignations and Retirements

There were no appointments, resignations and retirements during the year 2024

Details of new Directors appointed to the Board as required by the Listing Rules are disclosed to the Shareholders at the time of their appointment by way of announcement through the CSE, as well as in the Annual Report. Directors are required to report any substantial changes in their professional responsibilities and business associations to the Nominations and Governance Committee, which will examine the facts and circumstances, whether requirements under applicable laws, rules and regulations, such as fit and proper and independence criteria are met and make recommendations to the Board for its determination accordingly.

Re-elections

Mr. S A Appleyard will offer himself for re-election at the AGM to be held on 28 March 2025 in terms of Article 84 of the Articles of Association of the Company.

Mr. D P Gamlath will offer himself for re-election at the AGM to be held on 28 March 2025 in terms of Article 84 of the Articles of Association of the Company.

1.8 Board Independence

All the Directors of Union Assurance PLC are Non-Executive Directors, with three Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. All Directors are independent of Company Management and free of business dealings that may be perceived to interfere with the exercise of their unfettered and independent judgement. They submit annual declarations to this effect, which are evaluated by the NGC to ensure compliance with criteria for determining independence, in line with regulatory requirements.

Compliance of Independent Non-Executive Directors in terms of their interest in business, is as follows.

Director	Employment in the Company (i)	Material Business Relationship (ii)	Close Family Member is a Director or CEO (iii)	Carrying not Less than 10% of Voting Rights (iv)	Continuously Served for more than Nine Years (v)	Business Connection (vi)	Director/ Shareholder in another Entity (vii) and (viii)	Age not above seventy (70) (ix)
Pasan Wanigasekara	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Dumith Fernando	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Stephen Appleyard	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

(i) Has not been employed by Union Assurance PLC (Listed Entity) during the period of three (3) years immediately preceding appointment as Director

(ii) Currently has no material business relationship with the Listed Entity directly or indirectly, nor had any such relationship during the period of three (3) years immediately preceding appointment as a director.

(iii) Does not have any close family member/s who is a director and/or CEO in the Listed Entity.

(iv) Does not have a significant shareholding in the Listed Entity (shareholding carrying 10% or more of voting rights in the Listed Entity).

(v) Has not served on the Board of the Listed Entity for an aggregate period of nine years from the date of the first appointment.

(vi) Not employed in another Company or business in which majority of the other Directors of the Listed Entity are employed or are Directors; or majority of the other Directors of the Listed Entity have a significant shareholding or material business relationship; or such Company/business has a significant shareholding in the Listed Entity or with which the Listed Entity has a business connection.

(vii) Not a director of another Company in which majority of the other Directors of the Listed Entity are employed or are Directors; or such Company has a business connection in the Listed Entity or a significant shareholding.

(viii) Does not have any material business relationship or a significant shareholding in another Company, in which majority of the other Directors of the Listed Entity are employed or are Directors; and/or which has a business connection with the Listed Entity or significant shareholding in the same and/or where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity.

(ix) Is not above the age of seventy (70) years.

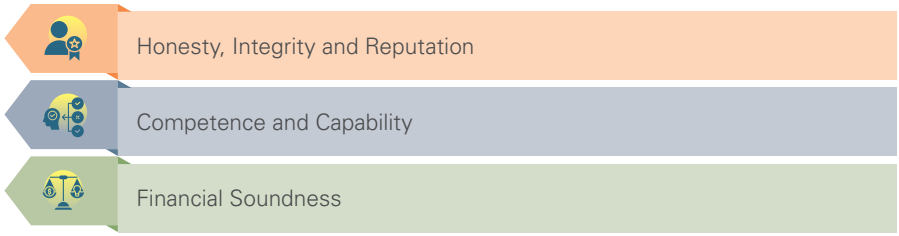
CORPORATE GOVERNANCE

GRI 2-17, 2-18

CORPORATE GOVERNANCE COMMENTARY

A statement of compliance - "Fit & Proper"

The Company has taken necessary measures to ensure that the Directors and the CEO are, at all times, fit and proper persons as required under Section 9.7 of the Listing Rules. The Nominations and Governance Committee is required to review whether the below fit and proper criteria mentioned in the listing rules are fulfilled before nominations are placed before the shareholders' meeting or appointments are made. Further, declarations from the Directors and CEO are obtained on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.



Directorship details of the Board Members

Subject to applicable Law, Directors of the Company shall hold no more than fifteen (15) directorships in listed companies. The following table illustrates the total number of Board seats held in other listed and unlisted companies by each of the six Directors.

Name of Director	Total Number of Directorships held in other companies	Number of Board seats held in Listed Companies		Number of Board seats held in Unlisted Companies
		Executive Capacity	Non-Executive Capacity	
Krishan Balendra (Chairperson)	19	1	7	11
Suresh Rajendra	19	-	3	16
Daminda Gamlath	19	1	1	17
Dumith Fernando	16	-	-	16
Stephen Appleyard	1	-	-	1
Pasan Wanigasekara	1	-	1	-

1.9 Supply of Information

The Board pack is circulated at least seven days in advance and provides comprehensive qualitative and quantitative information on issues to be discussed at the meeting, ensuring robust discussions, informed deliberations and effective decision making.

The Chairperson ensures that all Directors are briefed on the same, by requiring the presence of members of the Senior Management of the Company where necessary. Directors have independent access to Senior Management and unrestricted access to organisation information/resources, to discharge their duties. The senior management regularly makes presentations and keeps the Board abreast of the Listing Rules and ongoing compliance requirements and any non-compliance by the Company with obligations arising under such Rules. Further, they are kept abreast of important matters including strategy, risk management, regulatory updates, etc.

1.10 Access to Independent Professional Advice

To preserve the independence of the Board and to strengthen decision making, the Board is encouraged to seek independent professional advice, in furtherance of their duties at the Company's expense. This is coordinated through the Company Secretary, as and when requested.

1.11 Board Induction and Training

Directors undergo a comprehensive induction on appointments, where they are apprised, inter-alia of the Company values and culture, its operating model, policies, governance framework and processes, the Code of Conduct and operational strategies of the Company. Additionally, they are provided with the opportunity to meet with Key Management Personnel, External and Internal Auditors and visit key areas of operations, to obtain a better understanding of the business.

The Board of Directors recognises the need for continuous training, expansion of knowledge and undertakes such professional development as they may consider necessary, in assisting them to carry out their duties as Directors.

1.12 Board Appraisal

The annual appraisal to assess the effectiveness of the Board for the preceding year was carried out in January 2025, using a questionnaire covering the operations of the Board and each of its principal Committees. The findings were tabled and discussed at the Board meeting held on 10 February 2025.

1.13 Appraisal of the CEO

The Board discusses and sets financial and non-financial targets at the beginning of each financial year to be achieved during the year by the CEO and aligned to the short, medium and long-term objectives of the Company. Performance is reviewed at the end of the year against the backdrop of the operating environment, and remuneration is revised based on performance and the Company's Remuneration Policy.

1.14 Fair Remuneration

The Company has adopted a remuneration policy and established a formal and transparent procedure for the determination of remuneration of individual Directors. No Director is involved in deciding his or her own remuneration. Human Resources and Compensation Committee (HRCC), ensures that the Company maintains fair, appropriate and competitive remuneration practices that align with the remuneration practices, benefit plans, strategies and performance objectives, whilst taking into consideration other stakeholder interests.

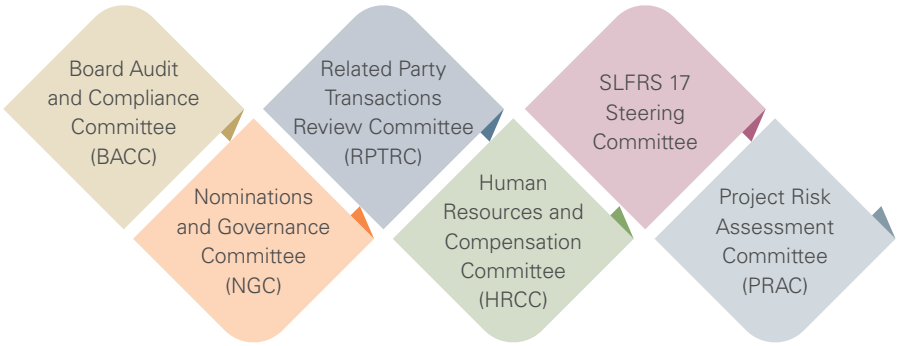
GRI 2-9, 2-12, 2-13

Due care is taken to ensure that the remuneration paid to Board members is commensurate with their skills, knowledge, competencies and involvement in Board activities. Director remuneration is determined in reference to that of other comparable companies and additional fees are paid to Directors for either chairing or being a member of a Board Sub-Committee. Such remuneration is reviewed and adjusted as deemed necessary in keeping with the complexity of the business of the Company. Director fees for nominee Directors of John Keells Holdings PLC are paid to John Keells Holdings PLC and not to individual Directors.

1.15 Board Sub-committees

The Board has delegated some of its functions to Board sub-committees, while retaining decision rights. Members of these subcommittees are able to focus on their designated areas of responsibility and impart knowledge/oversight in areas where they have greater expertise. Recommendations of these Committees are addressed directly to the Board, and minutes of meetings are tabled and discussed at the main Board meetings.

The Board sub-committees of UA are as follows:



The Related Party Transactions Review Committee (RPTRC) and Board Audit and Compliance Committee (BACC) are composed entirely of Independent Directors, while the other Board subcommittees are predominantly made up of Independent Non-Executive Directors.

Board Sub Committees and its strategic oversight

Board Sub Committee	Key areas of Oversight	Detailed Information and Committee Report
Board Audit and Compliance Committee (BACC)	▸ Financial reporting. ▸ Internal controls & Risk management. ▸ Internal & External Audits.	Report of the BACC on pages 164 to 166
Nominations and Governance Committee (NGC)	▸ Appointment of Key Management Personnel. ▸ Effectiveness of the Board and its Committees. ▸ Lead the process of Board appointments, Board inductions and make recommendations to the Board in respect of all new Board appointments and re-elections/re-appointments. ▸ Review and update the Board on Corporate Governance, Listing Rules, Securities market regulation and other applicable laws and regulations.	Report of the NGC on pages 167 to 169
Related Party Transactions Review Committee (RPTRC)	▸ Disclosure and review of Related Party Transactions.	Report of RPTRC on pages 169 to 170
Human Resources and Compensation Committee (HRCC)	▸ Review remuneration policy. ▸ Succession planning of Key Management Personnel. ▸ Review and recommend performance-based payment plans.	Report of the HRCC on pages 171 to 172
SLFRS 17 Steering Committee	▸ Review the SLFRS 17 project roadmap & the strategic way forward. ▸ Keep the BACC and the Board appraise the progress made, on the transition to SLFRS 17.	Report of the SLFRS 17 Steer. Co. on page 172
Project Risk Assessment Committee (PRAC)	▸ Review and assess large scale investments and projects. ▸ Evaluate project risks.	Report of the PRAC on page 174

CORPORATE GOVERNANCE

REPORT OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

Composition of the Committee as at 31 December 2024

The Audit Committee comprises of Three (3) Independent Directors. Please refer to the BoD profiles on pages 138 to 140.

Attendance and Composition

BACC meetings are held at least once a quarter. Four (04) meetings were held during the year. Minutes of the BACC meetings are regularly reported to the Board.

Members	Eligibility to attend/attended
Pasan Wanigasekara (Chairperson) Independent Non-Executive Director Appointed w.e.f. 01 April 2023	4/4
Dumith Fernando Independent Non-Executive Director Appointed w.e.f. 03 August 2018	4/4
Stephan Appleyard Independent Non-Executive Director Appointed w.e.f. 01 October 2024	1/1
Suresh Rajendra Non-Executive Director (Member till 30 September 2024)	3/2

Regular attendees by invitation

Suresh Rajendra
Director/President of Union Assurance PLC

Senath Jayatilake
Chief Executive Officer

Himani Weerasekera
Chief Financial Officer

Rehan Ismail
Assistant Vice President - Risk & Compliance

Hisham Nazeem
Head of Group Business Process Review – John Keells Holdings PLC

Other Invitees

Other Members of the Executive Committee of the Company, External and Internal Auditors attended by invitation on a need basis.

Secretary to the Committee

Sherin Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

Terms of Reference

The Board approved Committee Charter clearly defines the Terms of Reference (TOR) of the BACC, and regulates its composition, role and responsibilities. The Charter is reviewed periodically and updated with the approval of the Board as necessary to ensure it remains consistent with the Company's and Group's practices, regulatory requirements, and applicable best practices in corporate governance.

The role of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities over financial reporting, internal controls and risk management, compliance with legal and regulatory requirements, external audits and the adequacy and performance of the Internal Audit function of the Company.

Key Responsibilities of the BACC

- **Independent Oversight** - Exercising independent oversight over the Company's assurance functions, including External and Internal Audit. Ensuring the independence and effectiveness of both the Internal and External Audit functions.
- **Going Concern** - Assessing the Company's ability to continue as a going concern in the foreseeable future.
- **Ensure Integrity of Financial Statements** - Ensuring the integrity of the Financial Statements of the Company and that a sound financial reporting system is in place to provide accurate, appropriate and timely information to the Management, Regulatory Authorities and Shareholders in compliance with Sri Lanka Accounting Standards, the Regulation of Insurance Industry Act, Companies Act, Listing Rules of the CSE and other financial reporting related regulations and requirements.
- **Risk Management and Internal Controls** - Assessment of the adequacy and effectiveness of the Company's internal control and oversee risk management function.

- **Compliance** - Reviewing the Company's compliance with relevant legal and regulatory requirements, including reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting regulations and requirements.

Authority of the BACC

The Committee is empowered to carry out any investigations it deems necessary, and has unrestricted access to records, data, reports to Management and staff, to obtain relevant information considered necessary in the discharge of its duties and responsibilities.

The Committee seeks external professional advice as and when required.

The Chairperson and the members of the Committee were in regular contact with the Management of the Company, through numerous meetings and communications to discharge its responsibilities effectively.

Key areas of focus and functions of the Committee

Financial Reporting

- Reviewed the Company's financial reporting process to ensure Financial Statements are prepared in compliance with relevant laws and regulations and reflect a true and fair view on the financial position and performance of the Company. The Committee has received assurance from the CEO and CFO of the Company that financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances.
- Assessed the adequacy of the internal controls and procedures, to obtain reasonable assurance that the financial reporting system is effective in providing reliable and timely information.
- Reviewed and recommended to the Board for approval, the Annual and the Quarterly Financial Statements prior to their release, considering any changes to the major accounting policies, significant matters, unusual events, judgements made by management, compliance with accounting standards, and any related party transactions, etc.

Internal Controls and Risk Management

- The Committee satisfied itself that adequate controls and procedures are in place to provide reasonable assurance to the effect that the Company's assets are safeguarded. The Committee has received assurance from the CEO and relevant key management personnel of the Company regarding the adequacy and effectiveness of the risk management and internal control systems of the Company.
- The Risk and Compliance Division with the guidance of the Sustainability and Enterprise Risk Management division of JKH Group assessed and reinforced to the Committee on the process of identification, evaluation and management of all significant risks faced by the Company. The risk register report covered the overall risk profile of the Company and the Committee reviewed the risk register on a quarterly and ongoing basis, illustrating the foreseeable risks the Company faces together with mitigatory actions. The Committee reviewed the risk register taking the socio and macro-economic situation prevailed in the country and resultant risks factors and emerging trends.
- The Committee reviewed the effectiveness of the Company's internal controls and risk management processes, independently through audit findings and recommendations by the External Auditors and Internal Auditors, as per the annual audit plan.
- Data Protection and Cyber Security are regularly addressed during the meetings.

Internal Audit

- The Committee monitors the effectiveness of the Internal Audit function and is responsible for recommending to the Board their appointment or removal, and for ensuring they are adequately resourced to conduct audits.
- Monitored and reviewed the scope, extent, methodology, and effectiveness of the Internal Audit function. The scope was designed based on a fraud deterrent framework, which was implemented across the JKH Group by the Group Business Process Review (GBPR).
- Reviewed 40 Internal Audit reports during the year, covering operations of 36 Branch locations and several Head Office functions including Underwriting, Claims, Re-insurance, Finance, Human Resources, Sales Force Administration, Investments and Information Technology.
- Ensured the Internal Audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.
- Met the Internal Auditors without the presence of Key Management Personnel during the year.
- The Risk and Compliance Division updated the Committee frequently on the progress of outsourced Internal Audits, significant audit observations, the status of previously reported audit observations, and the BACC sought clarifications on any concerns which may warrant the attention of the Committee.

Ensuring Independence and Objectivity of the External Auditors

The Committee has policies in place aimed at safeguarding and supporting the independence and objectivity of the External Auditors. The services provided by the External Auditors were segregated between what requires an independent

CORPORATE GOVERNANCE

REPORT OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

view, such as audit and assurance services and other advisory services such as tax consultancy. The work is assigned in a manner to prevent a conflict of interest for the External Auditor.

- Assisted the Board in engaging External Auditors for audit and non-audit services, in compliance with regulatory provisions.
- Discussed the audit plan, scope and the methodology proposed to be adopted in conducting the audit with the Auditors, prior to commencement of the Annual Statutory Audit.
- Reviewed the audit and non-audit work assigned during the year, and monitored the independence, objectivity and effectiveness of the External Auditor.
- Reviewed audit findings, management letters and management responses.

Messrs. KPMG have been functioning as the External Auditor since 1988. The last Engagement Partner rotation was carried out in the year 2020, with the KPMG Engagement Partner having completed six years. The Committee reviewed the audit and non-audit work that is assigned to Messrs. KPMG, to ensure that the provision of such services does not impair their independence.

External Auditors, Messrs. KPMG, have made a declaration as required by the Companies Act, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence in terms of all relevant professional and regulatory requirements.

Oversight on Regulatory Compliance

The Committee, with the assistance of the Internal Auditors, External Auditors, and the Risk and Compliance division of the Company, closely scrutinises compliance with mandatory statutory requirements, reviewing the alignment of the systems and procedures in place to ensure compliance with such requirements. The Committee is of the opinion that the Company is in compliance with relevant legal and regulatory requirements, including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements.

Further, the BACC continued to monitor and oversee the bottom-up compliance sign-off process, to ensure compliance of all functions within the Company. This process provides comfort to Senior Management and the Board, that staff at all functions are aware and conduct business transactions as per laid down rules and procedures. This process is also verified by internal auditors as part of the Audit scope. Please refer to further details on the structure of the bottom-up compliance sign-off process on page 181.

Report of External Actuary

Written representations were received from the independent external Actuary, summarising the observations and comments regarding the work they performed. The Committee met the independent external Actuary, without the presence of Key Management Personnel during the year.

Ethics and Good Governance

The Committee continuously emphasises the importance of upholding ethical values by all staff members. The Code of Ethics and Whistleblower Charter ensures all members of staff are encouraged to resort to Whistleblowing if they suspect wrongdoings or other improprieties.

All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Charter guarantees strict confidentiality of the identity of Whistleblowers. The Committee reviewed the whistle-blowing arrangements for the Company during the year.

Evaluation of the Committee

The effectiveness of the Committee shall be evaluated annually by each member of the Committee. The outcome of the evaluation was presented to the Board, and it was determined that the Committee was effective.

Re-Appointment of the External Auditors

The Committee has recommended to the Board that Messrs. KPMG be re-appointed as auditors for the financial year ending 31 December 2025, subject to approval by the Shareholders at the next Annual General Meeting. The Committee recommends the fees payable to the auditors, for approval by the Board.

Conclusion

The Committee is satisfied that internal controls have been operating as designed, and the Company's assets have been adequately safeguarded during the period under review.

The Committee is also satisfied that the Company's Internal and External Auditors have been effective and independent throughout the period.

The Committee believes that the Company's accounting policies are appropriate and have been applied accurately.



Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

28 February 2025

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Nominations and Governance Committee from 1 October 2024, replacing the previous arrangement of sharing the Nominations Committee of the Parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the Company until 30 September 2024.

Attendance and Composition

The composition of the Committee as at 31 December 2024 as well as 30 September 2024, along with the attendance of the members at Committee meetings respectively, is provided below.

31 December 2024:

The Committee met on one occasion after 1 October 2024.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
D H Fernando (Chairperson)	01.10.2024	Independent Non -Executive	1/1
P T Wanigasekara	01.10.2024	Independent Non -Executive	1/1
K N J Balendra	01.10.2024	Non- Independent Non Executive	1/1

*The Committee's composition complies with the requirements of Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange.

There were six meetings held during the period from January to September 2024.

Members	Date of appointment to the Committee	Nature of Directorship at John Keells Holdings PLC	Eligibility to attend/ attended
D A Cabraal (Chairperson)	07.11.2013	Independent Non -Executive	6/6
S S H Wijayasuriya	05.11.2016	Independent Non -Executive	6/6
S A Coorey	08.11.2023	Independent Non -Executive	6/6
K N J Balendra	01.01.2019	Executive Director/ Chairperson and CEO of John Keells Holdings PLC	6/6

Committee Mandate

The Committees reaffirms its mandate to:

- Lead the process of Board appointments, Board inductions and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or applicable law, having regard to the structure, size and composition of the Board and the effective discharge of duties and responsibilities.
- Define and establish processes for the nomination and re-appointment/re-election of Directors.
- Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by an Independent Director and the outcomes discussed at the Board level.
- Review and recommend an overall corporate governance framework in accordance with the Group considering applicable laws, rules, regulatory requirements and industry/international practices.

Activities undertaken during the period under review:

Documenting the policy and processes and effective implementation

Comprehensive policies and procedures have been implemented with regard to:

- Evaluating, nominating, appointing and re-appointing Directors to the Board, ensuring that all decisions are informed, equitable, impartial with no individual involved in decisions relating to their own appointment or reappointment.
- Board evaluations to assess the effectiveness of the Board, the performance of the Chairperson, individual Directors, and the functioning of Board committees with the aim of ensuring that the Board is operating efficiently and that it continues to meet the evolving needs of the Company. The results of the evaluation are used to identify areas for improvement and inform the development of strategies for enhancing Board performance and governance practices.
- Ensuring that the Board including all independent Directors are kept informed of significant issues relating to the Company. This includes periodic updates from the CEO and members of the senior management and various mechanisms such as Board meetings, Board sub-committee meetings, training and orientation, crisis communication protocol, etc.

CORPORATE GOVERNANCE

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

Re-elections and Contract renewals

In terms of the Articles of Association of the Company, one third of the Directors (excluding the Chairperson) are required to retire from office at the Annual General Meeting of the Company. The Directors to retire every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment and such retiring Director is eligible for re-election.

Independent Directors are appointed for an initial contractual tenure of three years, with the possibility of extension for up to nine years, or such period as may be permitted under the applicable laws, rules regulations and Company policy.

During the reporting period, the following re-elections, and contract renewals were made consequent to the recommendation of this Committee, having regard to the relevant factors including the combined knowledge, experience and contribution of the Directors, the discharge of the Board's overall responsibilities and each individual Director's directorships and other principal commitments:

Members proposed for re-election and contract renewal	Nature of Directorship	Date of first appointment as a Director	Date of last re-appointment as a Director	Current membership in Board Committees	Other principal commitments	Any other relationships*
S A Appleyard	Independent Non -Executive	01.01.2019	31.03.2022	BACC and RPTRC (appointed w.e.f 01.10.2024) SLFRS 17 Steering Committee (appointed w.e.f. 01.06.2021)	Insurance Consulting Asia Ltd - Proprietor	None
D P Gamlath	Non -Executive	10.06.2020	31.03.2021	None	▸ Ceylon Cold Stores PLC - Director ▸ Keells Food Products PLC - Director ▸ President of Consumer Foods of John Keells Group	None

* Including close family relationships with any director, the Company or its shareholders holding more than ten per-centum (10%) of the shares of the Company.

Induction of new Directors

Processes have been established to ensure that induction and orientation programs are provided to newly appointed Directors, covering the Company's areas of business, strategy, governance and compliance requirements including applicable laws, rules, regulations. It is noted that no new Directors were appointed during the period under review.

Updates on Corporate Governance, Applicable Laws, Rules and Regulations

The Committee ensures that with the assistance of the Company Secretary and senior management of the Company, periodic updates are provided to the Board on pertinent developments in Corporate Governance, applicable laws, rules, regulations relevant to the Company and its business.

Disclosure

Board diversity and compliance by the Board and individual Directors

The Committee reviewed the composition of the Board, considering the following factors and is satisfied that the Board remains diverse and compliant with all applicable laws, rules, and regulations:

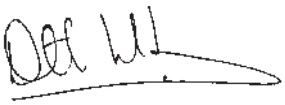
- **Board Diversity and Compliance:** The Committee evaluated the Board to ensure diversity across experience, skills, age, gender, and other factors, with the goal of creating a balanced mix of perspectives that supports robust decision-making. The Board reflects a diverse range of expertise, including finance, governance, legal, marketing and insurance.
- **Fitness and Propriety, Independence, and Compliance:** The Committee reviewed the criteria for fitness and propriety, independence, and other compliance requirements for individual Directors. Such a review also considered the general disclosure of interests, declarations and confirmations provided by individual Directors in accordance with the listing rules. Based on this assessment, the Committee is satisfied that, to the best of its knowledge, the independence of the Independent Directors of the Company has not been impaired.

Evaluation of the Committee

The Committee carries out an annual self-evaluation of the performance and effectiveness of the Committee.

Compliance with Listing Rules of the CSE

The Committee has received and reviewed reports from management regarding the Company's compliance with the corporate governance framework. Based on this review, the Committee confirms that, to the best of its knowledge, all Corporate Governance requirements outlined in the Listing Rules have been fully met.



D H Fernando
Chairperson of the Nominations and Governance Committee

28 February 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Related Party Transactions Review Committee with effect from 1 October 2024, replacing the previous arrangement of sharing the Related Party Transactions Review Committee of the Parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the Company until 30 September 2024. In line with the Corporate Governance rules, documented policy and processes are in place regarding related party transactions.

Attendance and Composition

The Related party committee comprises of three (3) Directors and all of them are Independent Directors. Please refer to the BoD profiles on pages 138 to 140. Minutes of the RPTRC meetings are regularly reported to the Board. The composition of the Committee as at 31 December 2024 as well as 30 September 2024, along with the attendance of the members at Committee meetings respectively, is provided below.

31 December 2024:

One (01) meeting was held after 1 October 2024.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Pasan Wanigasekara (Chairperson)	01.10.2024	Independent Non-Executive Director	1/1
Dumith Fernando	01.10.2024	Independent Non-Executive Director	1/1
Stephan Appleyard	01.10.2024	Independent Non-Executive Director	1/1

Regular attendees by invitation

Senath Jayatilake
Chief Executive Officer

Himani Weerasekera
Chief Financial Officer

Ruwan Rodrigo
Financial Controller – Finance and Planning

Rehan Ismail
AVP – Risk and Compliance

Secretary to the Committee Sherin Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

CORPORATE GOVERNANCE

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

30 September 2024:

There were three (03) meetings held during the period January- September 2024.

Members	Date of appointment to the Committee	Nature of Directorship at John Keells Holdings PLC	Eligibility to attend/ attended
H M A Jayesinghe (Chairperson)	01.07.2024	Independent Non-Executive	1/1
N Fonseka (Member till 01 July 2024)	29.01.2014	Independent Non-Executive	2/2
A Cabraal	29.01.2014	Independent Non-Executive	3/3
S Fernando	08.11.2023	Independent Non-Executive	3/3

Objective and Governing Policies

To ensure on behalf of the Board of Directors of the Company, that all Related Party Transactions (RPT) of the Company are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka ("Code"), the Listing Rules of the Colombo Stock Exchange ("Listing Rules") and other applicable laws, rules, regulations, codes of best practice and standards.

The Committee shall ensure that in discharging its functions:

- It is in compliance with the Listing Rules, the Code and other applicable rules and regulations.
- the Company's related party transactions framework is aligned with the John Keells Group's ("Group") policies and procedures.
- Shareholder interests are protected.
- Fairness, integrity and transparency are maintained.

Functions of the Committee

- To develop, and recommend for adoption by the Board of Directors of the Company, an RPT Policy which is consistent with applicable laws, rules and regulations, the Operating Model and delegated decision rights of the John Keells Group and which sets out, amongst others, the following:
  - Defining relevant requirements and threshold values for the Company in setting a benchmark for RPTs, including those requiring detailed discussion, the approval of the Board and/or annual review.
  - The guiding principles on which RPTs require prior approval of the Board and which transactions do not require the prior approval of the Board and therefore can be reviewed retrospectively.
  - Establishment of the starting base for Recurrent RPTs.
  - Guidelines which senior management must follow in dealing with Related Parties, including the conformance with Transfer Pricing regulations.
  - Instances where an immediate market disclosure of the RPT is required.
  - Instances where shareholder approval for the RPT is required.
  - Formats to be used by the Company in presenting the RPT information to the Committee.
- To provide updates to the Board on a quarterly basis, of the RPTs pertaining to the Company as follows:
  - Starting Recurrent RPTs.
  - RPTs during the quarter including Non-recurrent RPTs.
  - RPTs which were above the thresholds.
  - Market announcements made in-keeping with the RPT disclosure guidelines.
- The Committee primarily relied on processes that were validated from time-to-time, periodic reporting by the relevant entities and Key Management Personnel (KMP), with a view to ensuring that:
  - There is compliance with the Code and the Listing Rules of the CSE;
  - Protection of Shareholder interests; and
  - Maintenance and preservation of fairness and transparency.
- The Committee reviewed and preapproved all proposed non-recurrent RPT's of the Company.
- Recurrent RPTs were reviewed annually by the Committee.

Further, in addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of respective companies/ sectors of the Group have been designated as KMPs to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

Conclusion

The committee has reviewed the Related Party Transactions during the financial year. During the year no related party transaction has been reported to the Board that has exceeded the limits prescribed in the Listing Rules Section 9. Further, either the Directors or close family members does not have any material business relationships with the Company or with other Directors of the Company. The activities and views of the Committee are communicated to the Board of Directors, through verbal briefings and by tabling the minutes of the Committee meetings.



Pasan Wanigasekara
Chairperson of the Related Party Transactions Review Committee

28 February 2025

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (HRCC)

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Human Resources and Compensation Committee from 1 October 2024, replacing the previously permitted arrangement of sharing the Human Resources and Compensation Committee of the parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the Company until 30 September 2024.

Attendance and Composition

The composition of the Committee as at 31 December 2024 as well as 30 September 2024, along with the attendance of the members at Committee meetings respectively, is provided below.

31 December 2024:

The Committee met on one occasion after 1 October 2024.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
D H Fernando (Chairperson)	01.10.2024	Independent Non -Executive	1/1
P T Wanigasekara	01.10.2024	Independent Non -Executive	1/1
S Rajendra	01.10.2024	Non-Executive	1/1

*The Committee's composition complies with the requirements of Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange.

30 September 2024:

There was one meeting held during the period from January to September 2024.

Members	Date of appointment to the Committee	Nature of Directorship at John Keells Holdings PLC	Eligibility to attend/ attended
D A Cabraal	29.01.2015	Independent Non -Executive	1/1
S S H Wijayasuriya	05.11.2016	Independent Non -Executive	1/1
D V R S Fernando	01.07.2024	Independent Non -Executive	1/1

Regular attendees by invitation included the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), unless the remuneration of the CEO or CFO were under discussion.

Committee Mandate

The Committees reaffirms its mandate to:

- Adhere to the compensation and benefit policies, plans and programs of the Company, to ensure that the Company maintains fair, appropriate and competitive remuneration practices that align with the John Keells Group's ("Group") remuneration practices, benefit plans, strategies and performance objectives, whilst taking into consideration other stakeholder interests.
- Ratify the performance appraisals of the KMPs of the Company, as deliberated and approved by the Group Career Committee of the Group.
- Reviewing and monitoring the performance of the Company's top talent for purposes of organisational growth and succession planning, with particular emphasis on succession at Key Management Personnel levels.

The Human Resource and Compensation Committee plays a pivotal role in the governance framework of the Company, with the responsibility of ensuring that the Company's compensation and benefits policies are fair, appropriate, competitive, and aligned with the Group's compensation philosophy. The Committee reviews and, where relevant, ratifies the compensation and benefits of the CEO and other key executives who play a critical role in executing high-level decisions, shaping the overall business strategy, and making recommendations to the Board.

Additionally, the Committee monitors and evaluates the performance of the Company's top talent to support organisational growth and succession planning, with a particular focus on succession at key executive levels. In fulfilling this role, the Committee is mindful of the need to align stakeholder interests, attract, motivate, and retain top talent, and ensure their long-term loyalty.

CORPORATE GOVERNANCE

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (HRCC)

The Committee is also committed to maintaining the integrity of the Company's compensation and benefits program, ensuring compliance with applicable laws and regulations.

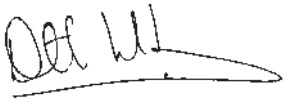
The Chairperson's report from the Human Resources and Compensation Committee remains a standing agenda item at quarterly Board meetings. The Chairperson provides updates on developments since the previous Board meeting and addresses relevant matters as requested by the Board.

The Committee further reports that the Company has adopted a remuneration policy and complies with the Companies Act regarding Director remuneration. Notably, neither the CEO nor any key executives were involved in decisions concerning their own remuneration. The annual performance appraisal process, along with the calculation of short-term and long-term incentives for the CEO and key executives, was conducted in line with the approvals granted by the Board, following discussions between the Committee and Management.

As part of its oversight, the Committee conducts a self-evaluation of its performance and effectiveness.

The aggregate remuneration of Non-Executive Directors for the Financial Year amounted to Rs. 7,520,000/-.

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.



D H Fernando
Chairperson of the Human Resources and Compensation Committee

28 February 2025

SLFRS 17 STEERING COMMITTEE REPORT

Attendance and Composition

The SLFRS 17 Steering Committee is appointed by the Board and comprises of two (2) Directors and the Sector CFO. Please refer to the BoD profiles on pages 138 to 140.

Two (02) meetings were held during the year. Minutes of the SLFRS 17 Steering Committee meetings are regularly reported to the Board.

Members	Eligibility to attend/attended
Stephen Appleyard (Chairperson) Independent Non-Executive Director Appointed w.e.f. 01.06.2021	2/2
Suresh Rajendra (Director) Non-Executive Director Appointed w.e.f. 01.06.2021	2/2
Sherin Cader (CFO – Sector) Executive Vice President/Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC Appointed w.e.f. 01.06.2021	2/2

Regular attendees by invitation

Senath Jayatilake
Chief Executive Officer

Himani Weerasekera
Chief Financial Officer

Harsha Senanayake
Chief Information Officer

Rumesh Modarage
Chief Operating Officer

Shubham Jain
Chief Actuarial Officer

Other Invitees

Other Members of the Executive Committee of the Company attended by invitation on a need basis.

Secretary to the Committee

Sherin Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

Purpose and key objectives of the Committee

The SLFRS 17 Steering Committee is the key governance body appointed by the Board, tasked with overseeing the implementation and compliance of the SLFRS 17 standard within the organisation and report to the Board on its progress. The Committee's primary role is to ensure that the Company meets the regulatory requirements of the new financial reporting standard and that its implementation aligns with the strategic objectives of the Company and on time.

Key Responsibilities of the Committee

Governance and Oversight

- Provide overall governance and oversight of the SLFRS 17 project.
- Assist in decision making and approve the project's scope, timeline, and key milestones.

Strategic Alignment

- Ensure that the project aligns with the organisation's strategic objectives and business operations.

Compliance and Risk Management

- Identify and manage risks related to the adoption of the standard, such as technical, operational, and financial risks and oversee Company's readiness for audits and regulatory inspections concerning SLFRS 17.

Monitoring and Reporting

- Track progress against the project's timeline, budget, and deliverables.
- Keep the Board appraised of the progress of the technical and operational transition to SLFRS 17.

Change Management

- Lead and manage change processes required to implement SLFRS 17 across the organisation.
- Ensure that employees at all levels are adequately trained on SLFRS 17.

Objectives of the Committee

- Successful delivery of the project within the agreed timelines and budget.
- Achievement of full compliance with SLFRS 17 standards.
- Positive feedback from stakeholders regarding the communication and change management processes.

Reporting and Communication

Following best practices in corporate governance, the SLFRS 17 Steering Committee holds meetings to stay informed on the project's status and effectively fulfill its responsibilities. The Committee also ensures that communication with external auditors, regulators, and other stakeholders is clear and timely.

CORPORATE GOVERNANCE

REPORT OF THE PROJECT RISK ASSESSMENT COMMITTEE (PRAC)

Attendance and Composition

The Committee comprised the following Directors of the Parent Company, John Keells Holdings PLC (JKH) as at 31 December 2024:

Members	Date of appointment to the Committee	Nature of Directorship at John Keells Holdings PLC
S S H Wijayasuriya (Chairperson)	25.05.2018	Independent Non -Executive
A Cabraal (NED)	01.10.2024	Independent Non -Executive
K N J Balendra	25.05.2018	Executive Director/Chairperson and CEO of John Keells Holdings PLC
J G A Cooray	25.05.2018	Executive Director/Deputy Chairperson and Group Finance Director of John Keells Holdings PLC

The mandate requires the Committee to comprise a minimum of four Directors, including two Non-Executive Directors, the Group Chairperson and the Group Finance Director. The Committee Chairperson is a Non-Executive Director.

Secretary to the Committee

Gihan Cooray
Deputy Chairperson/Group Finance Director is the Secretary of the Committee.

Meetings

As per the Mandate, the Committee convenes only when there is a need to transact any business.

There were no meetings held during the year 2024.

Purpose of Establishment

- Identify, review and assess risks associated with large-scale investments and the mitigatory plans thereto.
- Ensuring that stakeholder interests are aligned, as applicable in making investment decisions.
- Where appropriate, obtaining the specialised expertise required from external sources to evaluate the risks, in consultation with the Group Finance Director.
- Recommend to the Board, any necessary actions required to mitigate risks that are identified during the course of evaluating a project, to ensure that those risks are captured for monitoring and mitigation.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfils the requirement to publish the Directors' statement on Internal Controls, as per the Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka.

The Board of Directors is responsible for the adequacy and effectiveness of the Internal Controls System at UA. It is designed to manage the Company's key risk areas within an acceptable risk profile. The Board has established a continuous process for identifying, evaluating and managing the significant risks faced by the Company, and this process includes enhancing the system of Internal Controls as required, based on the changes to the operating environment and/or regulatory guidelines.

The Board has structured an Enterprise Risk Management (ERM) process to identify the key risks impacting the business and mitigating actions by the Management. The Company's Management implements policies on risk and controls set by the Board and are accountable to the Board for monitoring and providing assurance as to their effectiveness. The Company has commissioned Messrs. Deloitte Partners as independent Internal Auditors to ensure the effectiveness of the Internal Control Systems. Several processes have been improved during the year and in the past, due to these audit engagements. The Management assists the Board in the implementation of the Board's policies and procedures on risk and control, by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable Internal Controls to mitigate and control such risks.

The Board has implemented the following actions to obtain reasonable assurance that proper systems of Internal Controls are in place.

- Delegated certain key responsibilities to Board sub-committees, where the members of these Committees have adequate expertise to assist in discharging the Board's duties and to improve governance.
- Maintained an effective Board Audit and Compliance Committee (BACC), and an independent Internal Auditor to review and report on the Internal Control Environment of the Company.
- The minutes of the BACC meetings are tabled at regular Board meetings. The BACC reviews and approves the Internal Audit scope for each year, and the scope is structured on a matrix based on key risk areas and delivery dates. The report of the BACC provided on pages 164 to 166 of the Annual Report provides details of the oversight responsibilities of the BACC, which are performed to assist the Board.
- The Internal Auditors conducted regular reviews to ensure the effective design and implementation of Internal Controls. The reports are discussed and reviewed by the BACC, and improvements to the processes have been/are being implemented where required.
- The Risk and Compliance division which oversaw the functions of Internal Audit, Compliance and Risk Management, independently reported the progress on relevant matters to the BACC.
- Concerning Information Technology (IT) controls, the Board has initiated and maintained multiple mechanisms; IT system audits were carried out to ensure the integrity of financial information. Data security and adequate access controls are in place with regards to both processing and privacy of data.
- The Company continued to implement a bottom-up Enterprise Risk Management (ERM) process, which is an ongoing process for identifying, evaluating and managing risks faced by the Company. A summary of the key risks is updated in a risk register and reported to the BACC on a quarterly basis by the Risk and Compliance division. Quarterly updates also include new risks, mitigating actions and modifications of the risk statuses of previously identified risks. The process continued to be effective the year under review.
- Policies/charters are developed covering all functional areas of the Company, and these are approved by the Board or Board approved committees. Such policies and charters are reviewed and approved periodically.
- The Business Continuity Plan (BCP) was tested during the year under review, and the BCP was updated with the support of an external consultant in a rapidly changing operating environment.
- The BACC continued to monitor the progress of the bottom-up compliance sign off process, which strengthens the control environment.

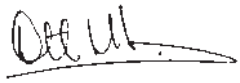
Conclusion

The Board having implemented the above, is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute assurance against material misstatements of loss.

The Board confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting. The Financial Statements have been prepared in accordance with applicable accounting standards, requirements of the Companies Act No.7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000, subsequent amendments and the listing rules of the Colombo Stock Exchange.



Krishan Balendra
Chairperson



Dumith Fernando
Director



Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

28 February 2025

CORPORATE GOVERNANCE

1.16 Report of the Investment Committee (IC)

Attendance and Composition

The composition of the Committee as at 31 December 2024 along with the attendance of the members at Committee meetings respectively, is provided below.

The Committee met on twelve (12) occasions during the period from January to December 2024. The minutes of the Committee meetings are presented to the Board of Directors, along with a detailed list of investments and their performance during the period.

Regular attendees by invitation

Sherin Cader
Executive Vice President/Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC

Aruni Fernando
Manager Middle Office

An independent research and advisory firm specialised in the fields of economics, risk, and investment management.

Two External Fund Managers who manage two separate allocations of funds for the Company.

Members	Date of appointment to the Committee	Designation	Eligibility to attend/ attended
Gihan Cooray - Chairperson	26.02.2018	Deputy Chairperson/Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology and Corporate Communications functions. He was the Chairperson of Nations Trust Bank PLC till 30 April 2023.	12/12
Pasan Thaminda Wanigasekara	01.01.2023	Non-Executive Independent Director	12/11
Senath Jayatilake	01.01.2023	Chief Executive Officer	12/11
Asha Perera (Member till 30 June 2024)	01.10.2018	Chief Financial Officer	6/6
Himani Weerasekera	22.07.2024	Chief Financial Officer	6/6
Shubham Jain	21.07.2022	Chief Actuarial Officer	12/12
Angelo Keil	18.03.2015	Head of Investment	12/12

The investment committee overlooks the management of shareholders' and policyholders' funds targeting sustainable growth of capital and fulfil financial obligations.

Terms of Reference

The Committee is guided by the Board approved Investment Policy Statements (IPS). The purpose of the Committee is to assist the Board of Directors to fulfil their responsibility to Shareholders and Policyholders, in relation to the management of the investment portfolios including the development of overall and portfolio specific investment guidelines. Within this framework, the Committee performs the following duties.

Key focus Areas

Investment strategy

Provide investment expertise in formulation of sustainable investment strategy and tactical decisions to meet the dynamic environment.

- Evaluate the projected investment income outlined in the business plan, to make sure it's in line with the investment strategy
- Review and recommend the guaranteed dividend rate for policyholders
- Provide feedback and input to actively manage equity investment
- Periodically evaluate and select appropriate fund managers necessary to formulate and execute investment strategies

Investment policies, procedures, and guidelines

Develop and review broad investment policies and guidelines that clearly define each fund's objectives and risk return parameters while adhering to all guidelines pertaining to investments set out by the IRCSL.

- Provide input to develop and periodically review the investment policy statements
- Develop necessary policies and guidelines to recruit and evaluate external asset managers
- Establish specific exposure limits and guidelines to follow when investing cash flows
- Ensure adherence to all regulatory requirements when managing funds

Analysing the macro environment and forecasting economic variables

- Provide views on possible changes in economic variables that have a direct impact on asset management
- Conduct scenario analysis to assess the impact of different economic variables on Assets Under Management.
- Recommended changes to strategic asset allocation based on these views

Sound risk management

Make sure a sound risk management system is in place to identify, monitor and mitigate risk arising from investment activities.

- Identify, measure, monitor, and manage risks affecting the Company's AUM.
- Set exposure limits and recommend over/under weight of asset classes to manage risks.
- Make informed duration decisions to manage interest rate and re-investment risks.
- Monitor and carry out sensitivity analysis of investment decisions where relevant on the Capital Adequacy Ratio of the Company

Review of investment performance periodically

Evaluate the performance of each fund and its contribution to the overall Company

- Monthly assessment of the performance of the external asset manager
- Monitor the return from Universal life fund to ensure the Company meets the guaranteed dividend rate
- Identification of performance deviations from plan and or benchmark and propose appropriate actions

Composition

Deputy Chairperson/Group Finance Director of John Keells Holdings PLC is the Chairperson of the Investment Committee



6	12	91%	5
Members	Meetings	Attendance	Other Attendees

The following core principles of asset management continued to be adopted during the year.

A. Strategic Investment Oversight

Reviewed and provided recommendations to the Overall Investment Strategy.

In the past year, we meticulously assessed and recommended adjustments to our investment strategy to optimise performance and align with market conditions. Key highlights include:

I. Guide the front office - investment to allocate cashflow

II. Provide views and recommendations on short term trading position

III. Provide recommendation of what duration to invest in fixed income

B. Appointing a new external asset manager to manage a new fund allocation

UA shortlisted and selected a new asset manager to manage part of its Participating fund. This allocation will follow an Active investment strategy and will be managed under a balanced mandate. The fund's objective is to outperform an equity index during the identified period. This initiative contributed to the Participating fund's policyholders as the asset manager was able to switch between fixed income and equity when market dynamics changed.

C. Establishing the Guaranteed Returns for Universal Life Fund

I. Reviewed and evaluated the optimal Guaranteed Dividend Rate for Universal Life Fund for 2024 based on multiple scenarios taking into consideration forecasted market dynamics.

II. Recommended the actual policyholder dividend rate for 2023 based on the actual performance of the fund during the year.

III. Assessed the impact of the interim and actual dividend rate paid to policyholder on the company's CAR ratio

D. External Asset Manager Performance Oversight

Reviewed the Performance of the External Asset Manager and ensured our external asset manager's alignment with our strategy through:

I. Monthly Performance Review: Evaluated performance against benchmarks and planned returns.

II. Strategy Alignment Assurance: Ensured the external manager aligns investment decisions with our overarching investment strategy.

CORPORATE GOVERNANCE

E. Improving digital infrastructure needed for investment operations

I. UA subscribed to the BloombergTerminal service and data products owned and distributed by Bloomberg Finance L.P. The terminal helps the front office team to gain in-depth market access

II. The terminal provides support in the functions carried out by the middle office and back office

F. Rigorous Portfolio Performance Evaluation -The committee periodically reviewed the fund's yield, interest income, realised/ unrealised gain, and losses

I. Monthly Portfolio Review: Assessed each portfolio's performance against planned income and benchmarks.

II. Deviations Analysis and Correction: Identified reasons for deviations and took corrective action if structural.

III. Peer Comparison: Compared performance with peers and similar operations for continuous improvement.

G. Provide views on the future economic outlook to make sure cash flow is allocated efficiently - Provided Insights on Expected Macro Changes.

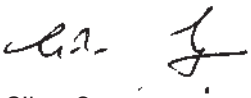
I. Based on views carried out top-down analysis to determine which sectors and duration will provide the highest possible risk adjusted returns

II. Economic scenario analysis – provide views on different economic scenarios to evaluate their impact on AUM

III. Access to external expertise – leveraged external expertise to gain insights into the near-term macro-outlook.

Conclusion

In view of all of the above, the committee was satisfied with the performance of the funds under management during the year, and the policies and procedures in place for the management of the invested funds.

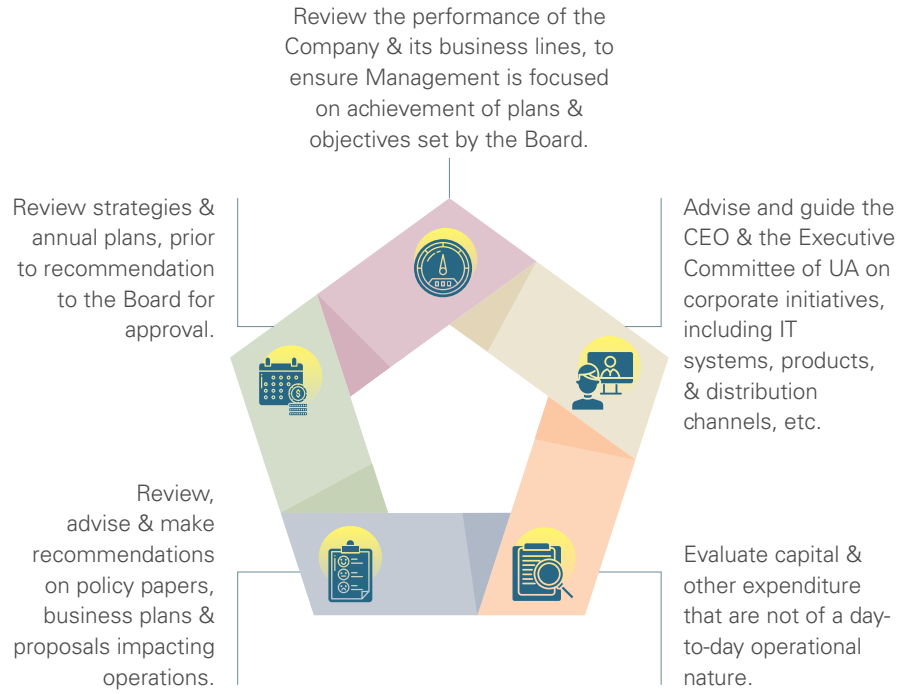


Gihan Cooray
Chairperson
Investment Committee

28 February 2025

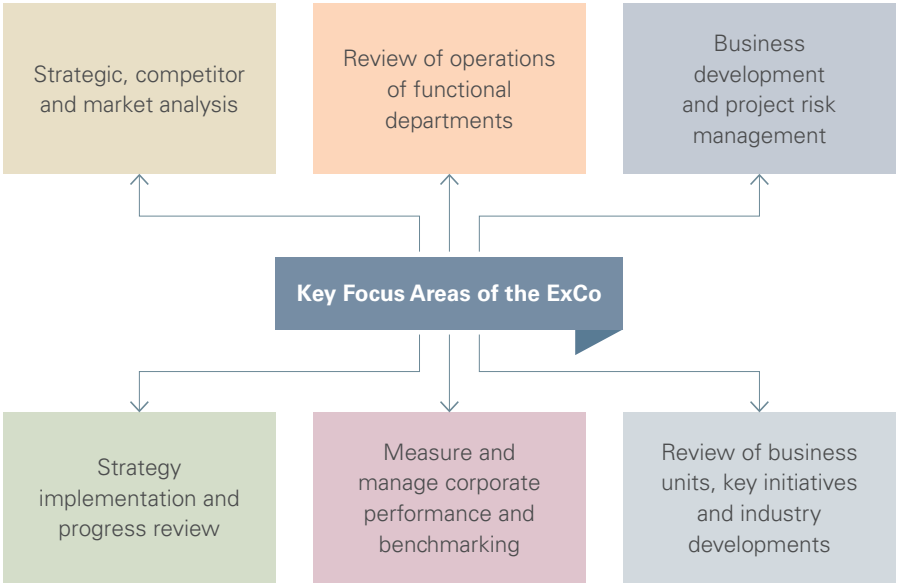
1.17 Group Supervisory Committee (GSC)

The GSC Committee is chaired by Suresh Rajendra, Director/President of Union Assurance PLC, and this Committee continues to ensure a well-devolved Executive Committee structure. The role, key focus areas and activities of the GSC are given below.

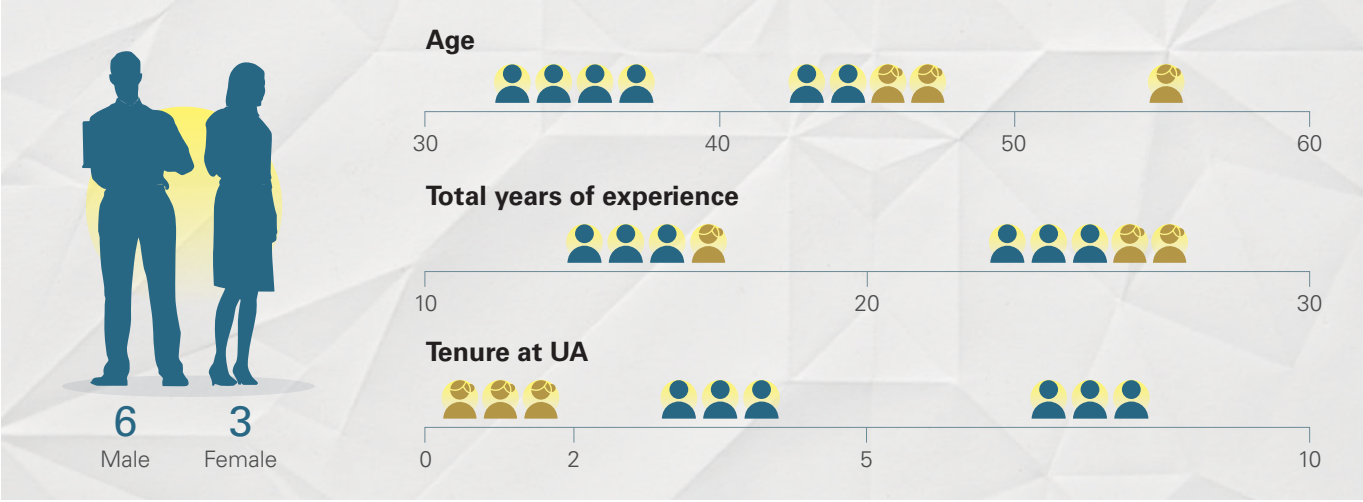


1.18 Executive Committee (ExCo) and Senior Management Sub-committees

The ExCo consists of nine members of the Senior Management team, including the Chief Executive Officer of the Company. Led by the CEO, the ExCo drives corporate strategy and operationalises Company policies. They are responsible for the day-to-day operational management of the business.



Senior Management composition, skills and diversity



Senior Management Sub-committees

The below specific Committees comprising of Senior Management personnel have been set up to manage operations of UA in an efficient, transparent and effective manner and assist Executive Committee to drive the strategic objectives of the Company.

Capital Expenditure (CAPEX) Committee

- Review and rationalise CAPEX (excluding IT related) expenses.

IT Steering Committee

Review and rationalise IT-related capital and revenue expenditure in order to:

- Improve overall productivity, efficiency and effectiveness across distribution and service functions.
- Provide security, quality and uninterrupted IT facilities.
- Ensure IT resource readiness for future advancements, while optimising the usage of existing IT resources.

Supplies Committee

- Transparent supplier registration.
- Optimise purchases and ensure quality, reliability and Value for Money (VFM).

Salvage Committee

- Transparent salvage process.

Spend Control Steering Committee

- The purpose of the Committee is to manage and monitor expenditure and cash flows, to ensure effective and efficient utilisation of funds.

Agent Inquiry Resolution Committee

- Analyse agent related complaints and review recommendations made by the Authorised Officer on agent inquiries.
- Review initial fact findings and Authorised Officer's report.

Product Strategy Committee

- Responsible for developing and implementing product strategy.
- Oversee the product development process.

Product Development Committee

- Responsible for developing, amending, and launching products as prioritised by the Product Strategy Committee.
- Ensuring regulatory and business needs are met and are complying.

Staff Committee

- Review cadre increases in line with expected volume growth and required service standards.
- Recommend staff promotions based on an annual performance appraisal process and review any organisational requirements outside this cycle.

CORPORATE GOVERNANCE

Complementary Items Committee

- Complementary items procured meet the expected quality benchmarks and compliance with brand criteria.
- Ensure that all procurement is as per Company policies and procedures.

Appeal Committee

- Receive and evaluate all appeals arising out of the complaints related to insurance agents.
- Authorised to consult and obtain all details relevant to the matter.
- Review the actions and decisions along with the appeal.

Marketing Steering Committee

Review ongoing marketing efforts to;

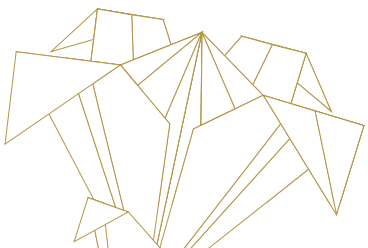
- Monitor and improve UA brand movement.
- Measure and improve customer satisfaction.
- Ensure continued assistance provided to other support functions.

1.19 Company Secretary

All Directors have access to the advice and services of the Company Secretary; Keells Consultants (Private) Limited. The Shareholders may contact the Company Secretary, Keells Consultants (Private) Limited on 0112306245 during working hours from 8.30 a.m. to 4.30p.m., for any Company related information requirements.

Key responsibilities include:

- Guiding the Board and all individual Directors in the proper discharge of their duties and responsibilities.
- Acting as a central source of guidance on matters of ethics and governance.
- Ensuring Board compliance with relevant rules and regulations.
- Retaining and maintaining minutes, registers and similar records of the Company.
- Assisting the Chairperson and the Chief Executive Officer in determining the Annual Board plan.
- Making necessary disclosures on Related Party Transactions, as required by laws and regulations.
- Acting as a channel of communication with Shareholders, to ensure a robust relationship with Shareholders



(B) Integrity of Operations

2.0 Guideline, Audit & Assurance

Stakeholders rely on the integrity of underlying operations for the presentation of credible information to make decisions. At UA, Audit and Assurance practices and activities are monitored by the Board Audit & Compliance Committee (BACC), supported by the Risk and Compliance division of UA, ensuring the integrity of operations.

These include compliance with applicable laws and regulations (explained under External Governance Structure – page 188), adoption of appropriate internal policies, implementation of sound systems of internal control, adherence to a Code of Conduct, management of conflicts of interest, Internal Audit reviews and restrictive assurance by Independent External Auditors.

2.1 Charters and Policies

Combined with laws and regulations, our internally formulated charters and policies define how we operate. Details of key policy framework are provided on page 152.

2.2 Systems, Controls & Assurance

Corporate Management together with the guidance of the BACC, the Risk and Compliance division and through Internal Audits, periodically reviews the adequacy of internal controls for process optimisation and efficacy. During the year, the internal assurance process was reviewed and further strengthened.

Key areas of process controls at UA, include the following:

- Compliance assurance
- Employee participation in assurance
- Financial Resource Management
- Fraud Risk Assessment and Internal Audits
- IT Governance

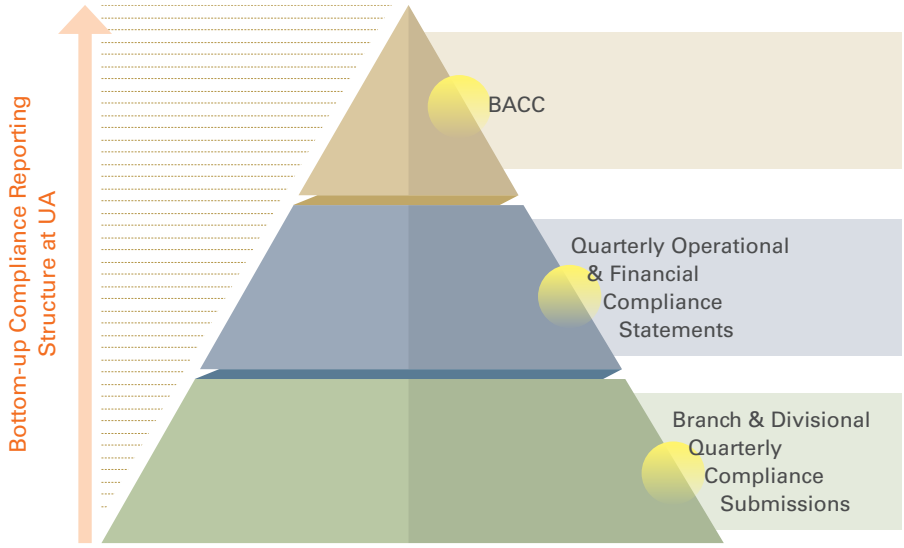
i. Compliance Assurance

Compliance Assurance is derived through a bottom-up sign-off process. Compliance checklists at branch and divisional levels are based on internal policies and procedure manuals covering financial controls, regulatory compliance and operational compliance.

The financial and operational compliance statements for the Company are signed off and submitted to the BACC on a quarterly basis and consequently reported to the JKH Group Audit and Compliance Committee. Regulatory sign-off is maintained monthly.

The Risk and Compliance division closely oversees the bottom-up compliance process of the Company and reports on the same to the BACC. Further, the susceptibility of business processes to misappropriation and fraud is reviewed as part of the Internal Audit scope. The External Auditors too perform an evaluation of the Company's processes, to assess the possibility of manipulation, falsification and alteration of accounting records. The Company adopts a Zero-Tolerance Policy in cases of fraud and misappropriation.

GRI 2-15



ii. Employee Participation in Assurance

While an Open-Door Policy is maintained, formal channels such as exit interviews, employee surveys, skip level meetings and a Whistleblower Policy provide opportunities to employees to report in good faith, any genuine suspicions of wrongdoing or other improprieties. The policies and practices provide for anonymity and protection of the reporting employee.

iii. Financial Resource Management

The Board has delegated certain Financial Authority to the CEO and Divisional Heads, through a comprehensively documented Manual of Financial Authority (MOFA).

The MOFA indicates clearly the authority and responsibilities of employees who enter into financial transactions and commitments on behalf of the Company, including persons responsible for recommendation, approval and payment. MOFA is updated periodically in line with changes in the organisation structure and operating environment

iv. Fraud Risk Assessment and Internal Audits

The Company has set up a separate unit to manage customer complaints channelled through the Customer Complaints Management System. A well-structured process has been set up to handle customer complaints, as well as to detect fraud risks related to customer premiums. A summary of all complaints and their resolution status is reported to the BACC each quarter.

v. IT Governance

IT Governance is a subset discipline of Corporate Governance, focused on Information Technology (IT), its performance, resilience and risk management. It involves everyone across the organisation and plays a key role in maintaining a sustainable business model.

2.3 Code of Conduct & Ethics and Policies related to Anti-Bribery & Corruption, Anti-Fraud and Whistleblowing

Code of Conduct and Ethics

Our evolving culture is governed by the Code of Conduct and Ethical Frameworks of the Company, which articulate the impeccable standards and conduct expected of the Directors and Employees in discharging their official duties. The Code of Conduct is regularly reviewed and updated to ensure that it remains relevant to the rapidly evolving business environment. Further, no waivers from compliance with the Internal Code of business conduct and ethics or exemptions were granted during the period under review.

As a responsible corporate citizen, we govern our interactions with business partners by enforcing stringent guidelines outlined in the selection criteria, dispute resolution mechanisms, and compliance criteria.

The Company has also enacted a Code of Conduct for the Insurance Agents who function as independent contractors, outlining their responsibility, commitment, and the required to serve our customers.

The Code of Conduct entails conformance to all policies, including policies on gifts, entertainment, and facilitation payments, among others;

- Anti-bribery controls to prevent payments and contributions from being made with the intent of obtaining an improper business benefit from any party, including, but not limited to, clients, service providers, customers, business associates, and political parties.
- Controls on gifting and offering favours. Giving or accepting gifts or offering favours in any form, including from clients, service providers, customers, business associates, political parties, and any other stakeholder we engage with in the course of carrying out duties in our professional capacity, is prohibited if a 'reasonable person' could conclude that such gifts or favours could directly or indirectly affect one's independence in decision-making and conduct as an employee, and/or if it could be seen by others as a conflict of interest. The 'reasonable person' test should also be applied in respect of charitable donations and sponsorships (financial or in-kind) that are made in decision making and conduct as an employee, and/or if it could be seen by others as a conflict of interest.

Anti-Fraud, Anti-Corruption and Anti-Bribery

The Company always endeavours to ensure that ethical business practices are in place, from all employees within each business unit, and has promulgated a zero-tolerance policy for corruption and bribery in its transactions, as well as any form of harassment or discrimination, and fosters transparency throughout the Company while adhering to core areas of the governance framework. The Code of Conduct, anti-fraud, fraud prevention,

CORPORATE GOVERNANCE

GRI 2-15

Anti-Corruption, Anti-Bribery, amongst many others, outlines the principles to which the Company is committed in terms of preventing, reporting, and managing fraud and corruption.

Anti-fraud policy - It is our policy to consider that all forms of fraud, misconduct, and irregularity to be extremely serious and violate the Values. It includes inter-alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations Conflicts of Interest, and making dishonest and reckless statements (financial or nonfinancial) contrary to the factual position. All suspected, alleged, and proven frauds will be thoroughly investigated, and any proven fraud will be subjected to appropriate disciplinary and legal actions. All cases of fraud will be reported to the Board Audit and Compliance Committee of the Company.

Anti-corruption & Bribery Policy - Employees are required to sign off on the policy and code of conduct periodically, ensuring that all employees are well versed and updated on new developments pertaining to ethical behaviour. The Anti-Corruption Policy and procedures are based on the following guidelines.

- Each member of UA is individually responsible for establishing and maintaining a high standard of business conduct in compliance with the practices specified by applicable laws and regulations.
- Each member has a thorough understanding of the content, scope, and importance of the policy.

Whistleblowing – Speak Up Policy

A comprehensive Speak Up (Whistleblowing) is in place, allowing employees to report on concerns of illegal or dishonest fraudulent activity. The policy entails procedures to ensure confidentiality and is reviewed on an ongoing basis. The Company maintains anonymity and protects employees who raise concerns of malpractices of unethical behaviour. Such communication and feedback from employees are recorded by the Management, irrespective of the level of anonymity, and is then discussed and followed up on. The respective outcomes are duly recorded. In this regard, the Company aims to promote a healthy workplace that practices good governance at all levels of the organisation. We will continue to foster an environment in which employees are engaged and involved in decision making by ensuring transparent communication. While an Open-door Policy is maintained, formal channels such as exit interviews, employee surveys, impartial grievance management, skip level meetings, and the Speak Up Policy enable employees to report any genuine suspicions of wrongdoing or other improprieties in good faith.

2.4 Related Party Transactions and Conflicts of Interest

All Directors act in the best interests of the Company, avoiding any kind of conflicts of interest. Directors declare their business interests at appointment, at the beginning of every financial year and in Financial Statements. Details are maintained in the Register by the Company Secretary and tabled at the following Board meeting. The Register is available for inspection in terms of the Companies Act.

If a Director has a conflict of interest in a matter to be considered by the Board, and which the Board has determined to be material, such matters are disclosed and discussed at Board meetings where Independent Non-Executive Directors who have no material interest in the transaction are present. Such potential conflicts are subsequently reviewed by the Group Related Party Transactions Review Committee to ensure the integrity of the Board's independence, and that no Related Party benefits from favourable treatment.

2.5 Assurance by the Internal Auditors

The Internal Audit function of the Company has been outsourced to Messrs. Deloitte Partners. There are clear processes for monitoring and following up on corrective actions for weaknesses in internal controls or failures reported. These audit findings together with the Management responses are reviewed by the BACC and the Board. The reports are provided to the Group Finance Director and reviewed by the Group Audit Committee as well.

2.6 Assurance by the External Auditors

Messrs. KPMG, the Company's External Auditors, performed an audit at the year end to obtain assurance that the internal controls and processes which are in place for the preparation and presentation of the Financial Statements are effective.

This audit covered IT security and data assurance as well. The Board of Directors and Management do not have any relationship with KPMG, apart from their engagement as the Independent External Auditor of the Company.



Internal Assurance Framework

GRI 2-22

(C) Sustainable Business Model

3.0 Strategy and Performance

UA's continued success is underpinned by its unique business model, characterised by factors including a passion for innovation, a robust risk management system and inspired employees who actively exploit business opportunities while avoiding related threats. The Company integrates economic, social and environmental performance in creating stakeholder value.

3.1 Risk Management & Internal Control

The Board is responsible for safeguarding Shareholder investments and assets of the Company and therefore formulates and implements appropriate Risk Management Processes and Internal Control Systems. A detailed overview of the process is outlined on pages 206 to 216 of this report, under the Enterprise Risk Management section.

Through the BACC, the Board assesses the adequacy and effectiveness of Internal Control Systems at UA and is satisfied that adequate controls and procedures are in place to provide reasonable assurance to the effect that the Company's assets are safeguarded. Refer pages 164 to 166 for the BACC report.

3.2 Environmental, Social and Governance Factors (ESG)

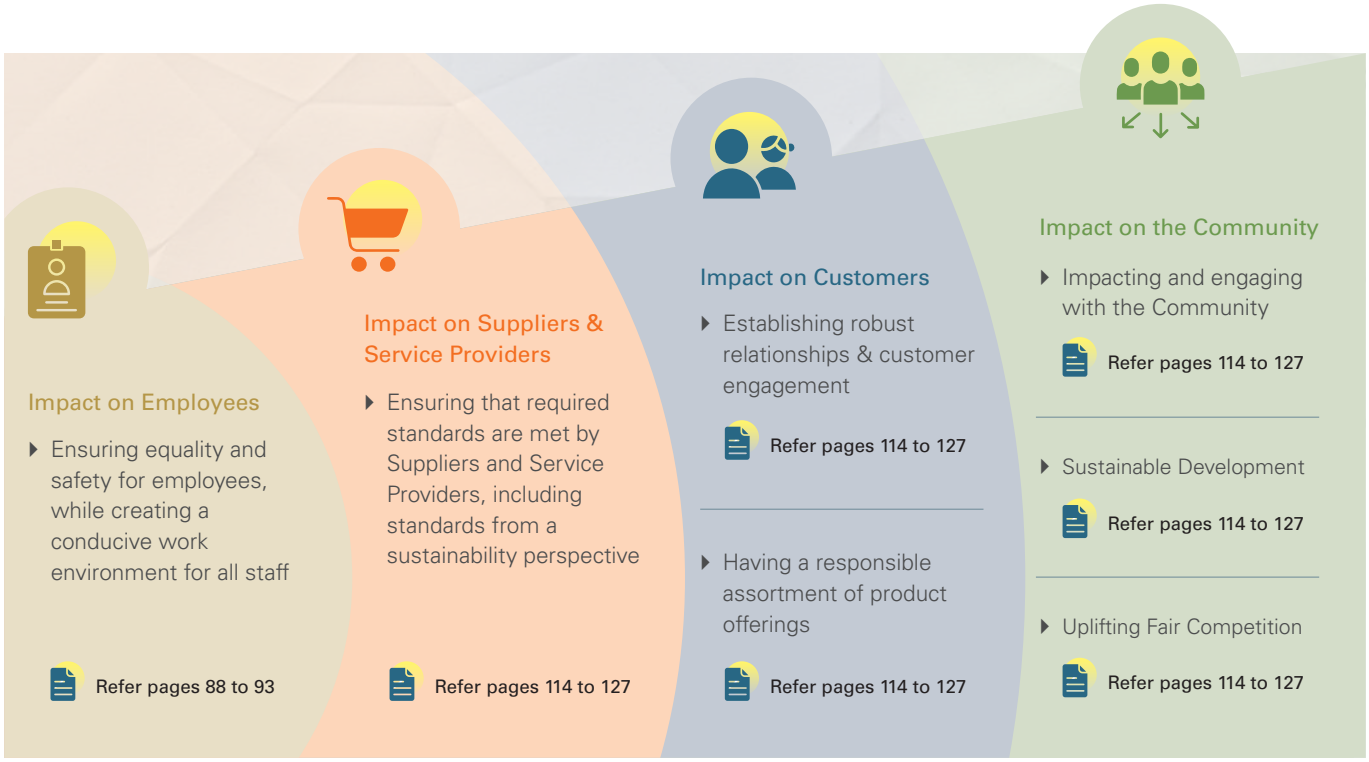
Environmental, Social and Governance factors are the central factors that set out the standard for operations at UA. We constantly measure and monitor the changes in our operating environment, which will have an impact on the ESG factors to ensure they are properly managed. ESG factors are explained in detail under Capital Management Review on pages 66 to 136.

Environmental Sustainability

The Company is aware of its obligations to environmental sustainability and has taken several measures to reduce its impact and avert detrimental effects on the environment. Further details are available under Natural Capital on pages 106 to 113.

Social Sustainability

The Company considers the social impact of its activities on all its stakeholders, to be socially responsible and sustainable. The diagram below entails the aspects of Social Sustainability addressed by the Company, together with references to relevant Annual Report sections in this regard.



3.3 Succession Planning

Building a robust talent bench is crucial for establishing effective succession plans, driving internal mobility, and investing in targeted development opportunities for both groups and individuals. As a talent-resilient organisation, we prioritise identifying and nurturing internal key talents to develop as successors for critical roles. Our commitment to talent development ensures that all key talents undergo a comprehensive and unique development process, utilising globally recognised practices.

CORPORATE GOVERNANCE

3.4 Business Continuity Planning

The Business Continuity Plan (BCP) is a crucial component of UA's response strategy. It outlines how the business will maintain resilience during extreme events, continue operations after an incident, and swiftly return to near-normal conditions.

The BCP adheres to the Disaster Recovery Institute International's professional practices, ISO 22301: 2019 International Standard, and the Business Continuity Guidelines of the Insurance Regulatory Commission of Sri Lanka.

To meet these standards, we conducted several interventions throughout the year, including:

a) Business Impact Analysis focusing on Recovery Objectives.

b) Review of Business Continuity Risk Assessment.

c) Comprehensive review of the Business Continuity Plan for all functions.

d) Training and awareness sessions.

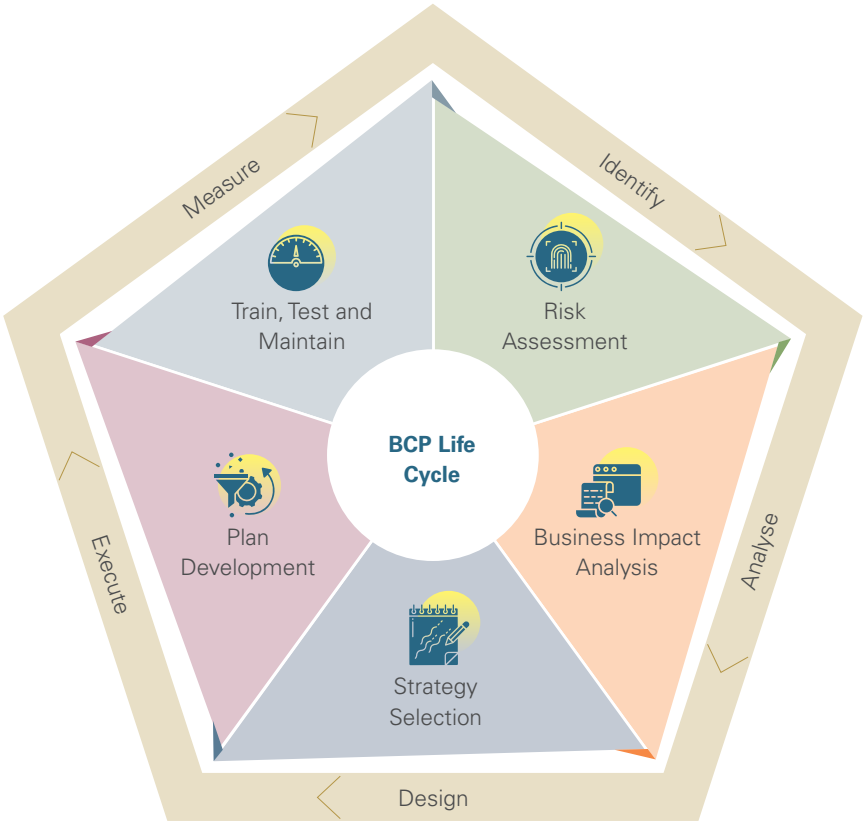
e) Desktop drills, Call tree drills, Simulated drills and IT systems recovery drills.

The consultant held individual sessions with each department to understand the potential business impact of a disaster and identified critical processes. While doing so, Recovery Objectives was established for the Company and its processes.

The threat identification and risk assessment was carried out using a list of threats and a risk assessment guideline. Then a sequence of discussions were carried out to gather information required for the Business Continuity Risk Assessment. The risk ratings were then analysed to identify the most significant risks for the location as well as for each business unit.

Additionally, observations from the exercise were used to identify vulnerabilities and develop action plans. Multiple training and awareness sessions were conducted to update the Incident Command Team, Support Teams, IT Recovery Teams and other support teams including Crisis Communications.

The drills included Call tree drills, Desktop drills and Simulated drills. Desktop drills assessed the organisation's ability to support time-critical processes during prolonged outages of its Line of Business Applications. Simulated drills focused on IT recovery and business unit operations during extended outages.



3.5 IT Governance and Cyber Security

IT Governance plays a critical role in creating a sustainable business model, by assuring confidentiality, integrity and availability of information within the Company. The core areas of IT governance at UA are as follows.

Alignment with Business - Continuous reviews ensure that IT objectives are aligned with business objectives, by defining them in business terms. IT policies were updated to align with the CIS Critical Security Controls, ISO27001 Information security management system controls and zero trust framework to safeguard the information assets.

IT Risk Management focuses on IT risks based on the severity of impact and probability of occurrence. Risk Management processes are designed to identify, analyse, evaluate and implement controls to effectively manage them, as well as techniques for minimising risk exposure and embedding risk management responsibilities into the organisation.

Resource & Performance Measurement - Necessary emphasis is placed on monitoring strategic implementations, project completion, resource utilisation, results of disaster recovery/Business Continuity Plan tests and service delivery. It includes people, processes and technologies for improving the efficiency and effectiveness of business solutions. Further, tracking mechanisms for security-related events and the use of security dashboards are also included.

Value Delivery - Ensure optimal investment in support of corporate objectives, with the availability of proper controls including well defined policies and Key Result Areas (KRAs), for the management of critical resources and people.

Integration - Involvement of all corporate stakeholders in the decision-making process is ensured by seamless integration with assurance activities. This is done by enabling the processes to operate as intended from end-to-end, while minimising hidden risks.

Compliance - Regulatory and compliance requirements are embedded to the IT policies and manage through the implementation of appropriate IT controls in systems and conducting periodic reviews of the same to ensure effectiveness. Implemented ISO 27001:2013 Information Security Management System (ISMS) controls, along with most of the Centre for Internet Security (CIS) cybersecurity controls, to safeguard IT assets and ensure the confidentiality, integrity, and availability of information. Furthermore, we are in the process of transitioning to ISO 27001:2022 to align with the updated ISO standards in order to strengthen the ISMS framework.

Cyber Security

Within our IT Governance, managing Cyber Security Risk is of significant importance given the pervasive and ever-expanding threat of Cybercrime.

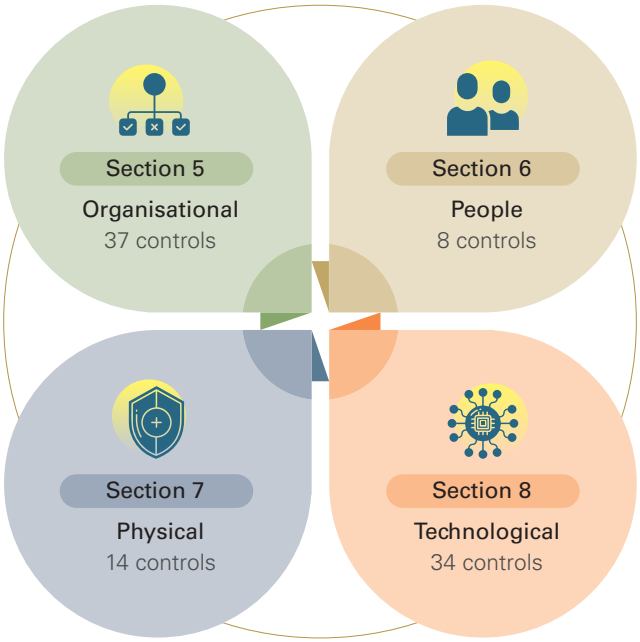
Continuous reviews ensure that IT objectives are aligned with business objectives, by defining them in business terms. To this end, the IT policies, standards, and procedures are aligned as and when needed, where new technologies are utilised.



The Board places significant emphasis on ensuring that UA's soft and hard infrastructure is adequate to counter any potential breach. Data Protection and Cyber Security are regularly addressed during the BACC.

UA is amongst the few Banking, Financial Services and Insurance Companies with ISO 27001:2013 certification in Sri Lanka, which assures the security of information assets i.e., all business information, customer data, financial information, intellectual property, employee details and information entrusted by third parties. Given the escalation in Cyber Risk, UA has established a Cyber Security policy in line with the JKH Group and has implemented managed Security Operations Centre (SOC) security intelligence platform, to further strengthen Cyber Resilience. UA has further strengthened Cyber Security and remote working infrastructure by implementing a state-of-the-art Zero Trust platform, encompassing Secure Web Gateway, Advanced Threat Protection, Data Leak Prevention and Zero Trust Network access to protect corporate data from unauthorised access. Further, UA is in the process of implementing a Centre for Internet Security (CIS) framework to calibrate IT services and products and implemented to Group Level 2 (IG2), thereby ensuring the highest standards of Cyber Security.

ISO 27001 Annex A Control Themes



Throughout the year, we have been working on transitioning to the ISO 27001:2022 standard as part of our ongoing commitment to enhancing our Information Security Management System (ISMS) frameworks. This transition is essential to ensure that our security practices align with the latest industry standards and best practices, enabling us to better manage and mitigate information security risks. By adopting the updated ISO 27001:2022 framework, we aim to further strengthen our data protection measures, improve resilience, and maintain the trust of our stakeholders.

In addition, we are in the process of adopting the ISO 27701 Privacy Information Management System (PIMS) to enhance our data privacy practices and ensure compliance with evolving privacy regulations. As part of our broader efforts to strengthen our cybersecurity posture, we are aligning our IT infrastructure and security enhancements with Microsoft's MCRA (Microsoft Cybersecurity Reference Architecture) and MCSB (Microsoft Cloud Security Benchmark) frameworks. These frameworks are designed to enhance our cybersecurity architecture and improve our security resilience across the organisation.

CORPORATE GOVERNANCE

11 New Controls in ISO 27001:2022

5.7	Threat Intelligence
5.23	Information Security for use of Cloud Services
5.30	ICT readiness for Business Continuity
7.4	Physical Security Monitoring
8.9	Configuration Management
8.10	Information Deletion
8.11	Data Masking
8.12	Data Leakage Prevention
8.16	Monitoring Activities
8.23	Web Filtering
8.28	Secure Coding

3.6 IT Controls Over Financial Reporting

The reliability of financial reporting is heavily dependent on a well-controlled IT environment. Therefore, the following IT controls over financial reporting are in place to ensure the quality of information used for financial reporting.

Data centre operation controls such as job setup and scheduling, operator actions and data backup/recovery procedures.

System software controls over the effective acquisition, implementation and maintenance of system software, security software and utility software.

The 'System Development Life Cycle' document defines processes that should be followed in application system development. The 'Software Change Management' document defines change processes.

Access security controls that prevent inappropriate and unauthorised use of the system.

3.7 Innovation

Operating in a dynamic business landscape characterised by digital technology that shapes customer experiences, challenging market conditions and increasing regulations, UA continues to adapt and innovate to remain ahead of the competition. Please refer pages 128 to 136 under Intellectual Capital, for corporate initiatives on driving innovation.

3.8 Inspired Employees

Our employees play a pivotal role in achieving the goals, objectives and long- term strategies of the business. Pages 94 to 105 Human Capital on Capital Management Review describe UA's systems and practices that inspire our employees to reach greater heights.

(D) Balancing Stakeholder Interests

4.0 Stakeholder Relations

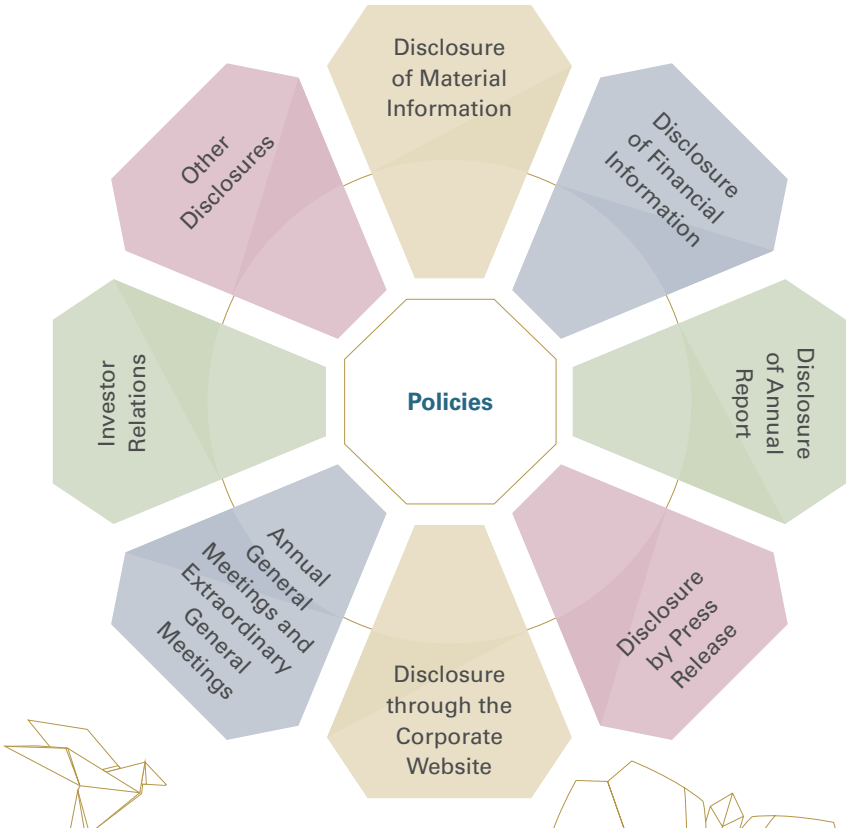
UA's governance framework ensures that the Company pursues its strategic goals, while balancing stakeholder interests.

4.1 Stakeholder and Investor Engagement

The Company has robust procedures in place to engage with various stakeholders. In line with Section 9.2.1. of the revised Corporate Governance Rules, policy on Disclosures & Relations with Shareholders and Investors was implemented and disclosure of existence was published on the Union Assurance PLC website.

https://unionassurance.com/wp-content/uploads/2024/10/statement-for-website-adoption-of-policies.pdf

- Corporate Disclosure and matters related to shareholders and investors of the Group are handled in accordance with the Policy shown below, covering:



- The policy ensures that the Company makes timely, accurate, and comprehensive disclosures of material information to shareholders and the public, in accordance with regulatory requirements.

Basic principles regarding the disclosure of material information

Transparency
- Disclose information in a clear and factual manner.

Timeliness
- Subject to materially and sensitivity, disclose information promptly to all stakeholders and without delay.

Equality
- Providing equal access to information for all stakeholders.

Continuity
- Discloses information in a steady, continuous manner.

Confidentiality
- Does not provide information to third persons before information has officially been announced by the Company.

Accuracy
- Guaranteeing all shared information is correct and verified.

- Policy covers financial and non-financial disclosures, including annual reports, press releases, and updates on the corporate website, and outlines the Company's approach to shareholder relations, such as annual general meetings and investor engagement.

4.2 Communication Channels

Employee Communications

UA adopts several effective communications channels to ensure every employee is aware of its strategic direction, policies and procedures, high standards expected, and the corporate values each must display in their interactions with external and internal stakeholders.

- Town hall meetings
- Connect with CEO
- Direct to CEO
- UA Internal Portal
- Employee Surveys including 360
- Management and Departmental meetings
- UA Corporate Communication

Shareholder Communications

UA uses the following communication channels to disseminate timely information during the year;

- Shareholder meetings including the Annual General Meeting (AGM)
- Integrated Annual Report
- Financial and other notices, as and when required through the Colombo Stock Exchange
- Corporate website - www.unionassurance.com
- Press notices

Shareholders may also contact;

- The Chief Executive Officer, Union Assurance Centre, 20, St. Michael's Road, Colombo 3, Sri Lanka.
- The Chairperson, Union Assurance PLC, 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02.
- Investor relations Hotline on 011-2990314 or email to investorrelations@unionassurance.com

4.3 The Annual General Meeting (AGM) and Extraordinary General Meetings (EGM)

The Board of Directors are available at the AGM and the Chairperson assures that the relevant senior managers are also available at the AGM to address specific queries. The general meetings may be held virtually or in-person. Annual Reports are made available to shareholders by electronic form. Shareholders may at any time elect to receive an Annual Report in printed form, which is provided free of charge.

An EGM will be convened to address significant matters requiring timely shareholder input outside the regular AGM cycle. The Company meticulously organises EGMs to facilitate focused engagements between shareholders and the Company's leadership on urgent or critical issues affecting the Company's strategy, operations, or governance structure. This setting enables shareholders to vote on agenda items, pose questions and provide feedback.

CORPORATE GOVERNANCE

GRI 2-25

The Company will seek shareholder approval, either via special or ordinary resolution, as permitted under applicable law, when transactions and events which are material in the context of Group and Company occur or are undertaken in line with all applicable rules and regulations. The Company is maintaining records of all resolutions passed at General meetings, including the information required under section 9.4.1 of the Corporate Governance Rules. Further, in line with section 9.4.2, the policy on effective communication and relations with shareholders and investors is available and published on the Company's website. Additionally, a contact person for such communication has been appointed, and a process to make Directors aware of major issues and concerns of shareholders has been established by the Company.

Highlights of the 37th Annual General Meeting Held on 28 March 2024

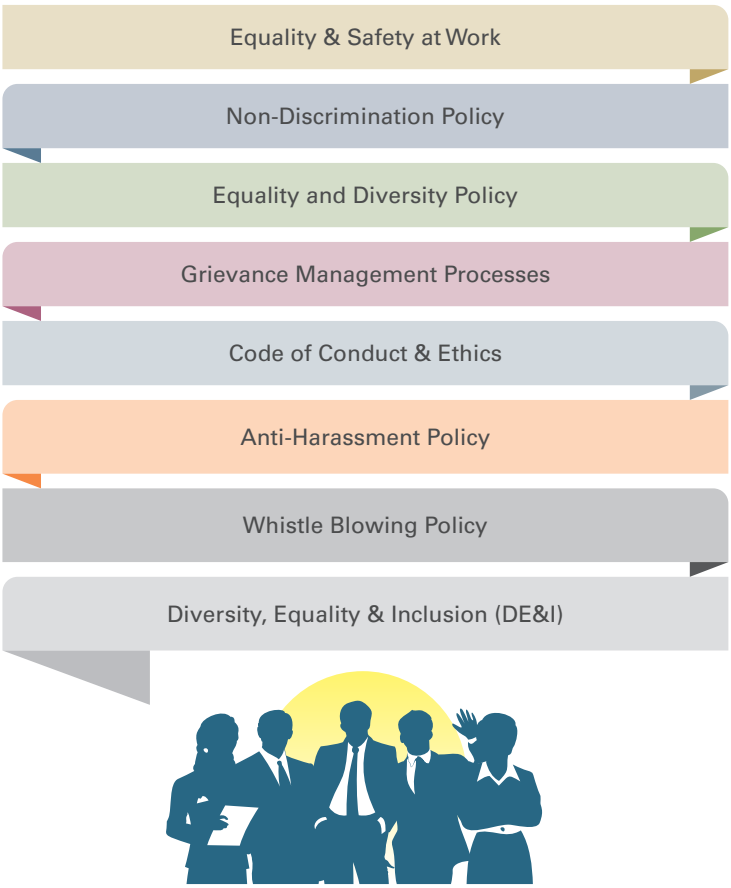
- Mr. S. Rajendra who retired in terms of Article 84 of the Articles of Association of the Company was re-elected as a Director of the Company.
- Mr. P. T. Wanigasekara who retired in terms of Article 90 of the Articles of Association of the Company was re-elected as a Director of the Company.
- Re-appointment of Auditors Messrs. KPMG, Chartered Accountants, as the External Auditors of the Company.

4.4 Annual and Interim Reports

These comprehensive reports contain sufficient information for investors and other stakeholders to carry out their own analysis and make informed judgements regarding the performance and position of the Company. The Board of Directors take reasonable steps in ensuring that all Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by CA Sri Lanka, the requirements of the CSE and other applicable authorities. The information contained in the Financial Statements of this Annual Report is supplemented by a detailed discussion and analysis, which explains to stakeholders the strategic, operational, investment, sustainability and risk related aspects of the Company, and the means by which value is created and is likely to influence future results.

4.5 Gender Parity

UA appreciates the positive impact on productivity and competitiveness in engaging a gender diverse workforce. The Company has adopted policies that ensure equal opportunity, a safe workplace and has implemented practices that support female employees to fulfil their career aspirations. The success of these initiatives is demonstrated in the female representation of 51% of the workforce. Please refer the Human Capital report on pages 94 to 105 for policies, practices and gender representative data. Furthermore, female representation on the Executive Committee stands at 33%. Our HR policies and processes seek to provide equal opportunity and a safe environment in the workplace.



External Governance Structure

External mechanisms are often imposed on the Company by external stakeholders in the form of relevant laws, contracts, regulatory guidelines or best practices. The Company is governed by mandatory rules and regulations, and voluntary adoption of codes of best practice.

(E) Compliance

5.0 Regulatory Framework

The Company is compliant with all relevant statutory and regulatory requirements. UA has checks and controls in place to ensure it complies with all laws, rules and regulations that govern the Company.

5.1 Compliance Framework and Self-Regulation Checklists

Compliance statements are signed off on a quarterly basis to ensure compliance with regulatory requirements and internal policies. Changes to regulations are updated in the checklists on a regular basis, with relevant evidence of compliance.

5.2 Statutory and Regulatory Compliance

Requirement	Compliance
As required by the IRCSL, the Company submits compliance Certificates (A) and (B) to IRCSL on a quarterly basis signed off by the Chief Executive Officer (in his capacity as the Company's Principal Officer (PO) and the CFO on behalf of the Board of Directors of the Company.	Compliance Certificate A - Certifies that the Company has; ▸ Complied with all provisions in the Regulation of Insurance Industry (RII) Act No.43 of 2000, rules, regulations, determinations, directions issued by IRCSL; Complied with all orders made by the Ministry of Finance and Planning under RII Act No.43 of 2000. ▸ Complied with terms and conditions pertaining to re-insurance placements issued by IRCSL in terms of Section 31(1) of the RII Act No. 43 of 2000. ▸ Complied with conditions pertaining to co-insurance issued by IRCSL and complied with all applicable circulars issued by IRCSL Compliance Certificate B - Certifies that the Company has; ▸ Complied with all applicable provisions in the Financial Transactions Reporting Act No 6 of 2006 ▸ Complied with Customer Due Diligence (CDD) for the Insurance Industry issued by the Financial Intelligence Unit established under the Financial Transactions Reporting Act No. 6 of 2006 ▸ Complied with guidelines on the Anti Money Laundering Program for Insurers issued by IRCSL.
Compliance with Regulations governing Investments	The Life Fund is adequately backed by 'approved investments' as per Section 25 (1) of the RII Act and subsequent determinations.
Ability to Meet Policyholder Obligations	An Insurance Company's ability to meet its obligations to policyholders is measured by the Capital Adequacy Ratio (CAR). CAR reflects UA's Total Available Capital (TAC) as against Risk Capital required at a particular date. The CAR as of 31 December 2024 is 264% and the minimum regulatory requirement is 120%.
Actuarial Valuation of Insurance Liabilities	Life Insurance liabilities have been valued by an independent External Actuary in accordance with the RII Act. Refer Actuarial Report on page 226.
Re-Insurance Arrangements	The IRCSL has specified that insurance companies must establish re-insurance agreements with companies that, at a minimum, have both a Financial and Credit rating of BBB, in accordance with the Terms and Conditions on placement of re-insurance issued under section 31(1) of the Regulation of Insurance Industry Act, No. 43 of 2000. All of our re-insurance agreements are with companies that have received strong Financial and Credit ratings from reputable international rating agencies.
Capital Structure	As of 31 December 2024, the Company's stated capital of Rs. 1,000 Mn exceeds the minimum share capital requirement set by the IRCSL for a Life Insurance Company of Rs. 500 Mn.

CORPORATE GOVERNANCE

Compliance Summary

Corporate governance framework for insurers issued by Insurance Regulatory Commission of Sri Lanka (IRCSL) under Section 96 (A) of the regulation of Insurance Industry Act No 43 of 2000.

	Requirement	Compliance	Reference	Pages
A	Recommended to adhere to the Code of Best Practice on Corporate Governance, 2017 (the Code), issued by the Institute of Chartered Accountants of Sri Lanka.	Compliant with 2017 Code, to the extent of business exigency	Corporate Governance Report	202 to 203
B	1. The Board must comprise a minimum of two Directors who are citizens of Sri Lanka and also residents of Sri Lanka.	Yes	Board of Directors	158
	2. The total period of service of a Director other than an Executive Director, shall not exceed nine years (except major Shareholder Director and Technical Director), and such period in office shall be inclusive of the total period of service served by such Director.	Yes	Corporate Governance Report	158
	3. (i) The age of a person who serves as Director shall not exceed 75 years.	Yes	Corporate Governance Report	158
	(ii) Notwithstanding above, a person who serves as a Director and is over 75 years or above as of 1st July 2019, such Director may continue to serve as a Director only until June 30, 2022, and shall be deemed to have vacated office on June 30, 2022.	N/A	N/A	N/A
	4. The Board must adhere to Section 7.10 of the Listing Rules of the Colombo Stock Exchange (or any amendments made thereto), pertaining to Corporate Governance.	Yes	Corporate Governance Report	192 to 200
	5. A person shall be disqualified to be a Director of an Insurer if such person is a Director of more than 20 companies inclusive of subsidiaries or associate companies of the insurer. Of such 20 companies, not more than 10 companies shall be those classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.	Yes	Corporate Governance Report	162
	6. Insurers are required to demonstrate compliance with the IRCSL Direction No. 17 on Corporate Governance Framework for insurers by way of disclosure in their Annual Reports, including the disclosure requirements stated in 7.10 of the Listing Rules of the CSE.	Yes. Compliant with the revised listing rules disclosure requirements.	Corporate Governance Report	192 to 200
	7. The Insurer shall rectify its non-compliance in respect of items B1 to 6 above within three months from the date of non-compliance and inform IRCSL immediately after 3 months.	N/A	N/A	N/A
	8. a) The Insurer should provide a certification from the Company Secretary to the IRCSL, that continuation of the relevant Director/s beyond the age of 70 years, has been duly approved by passing a resolution at a General Meeting in terms of Section 211 of the Companies Act No. 7 of 2007.	N/A	N/A	N/A
	b) The Insurer shall also provide a written confirmation from the Secretary to the IRCSL, that the continuation of a Director, beyond the age of 70 years, is not prohibited by the Articles of Association.	N/A	N/A	N/A

Statement of compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures.

Requirement		Compliance	Reference	Pages
(i)	Names of persons who during the financial year were Directors of the entity.	Yes	Board of Directors	138 to 140
(ii)	Principle activities of the entity during the year and any changes therein.	Yes	Notes to the Financial Statements - Note 1 and Annual Report of the Board of Directors	240 and 219 to 224
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held.	Yes	Share Information	87
(iv)	(a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the minimum public holding requirement.	Yes	Share Information	86
	The public holding percentage in respect of non-voting shares (where applicable).	N/A	N/A	N/A
	(b) The public holding percentage in respect of foreign currency denominated shares.	N/A	N/A	N/A
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Yes	Share Information	86
(vi)	Information pertaining to material foreseeable risk factors of the Company.	Yes	Enterprise Risk Management	206 to 216
(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Capital	94 to 105
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Notes to the Financial Statements - Note 27.7	292
(ix)	Number of shares representing the entity's stated capital.	Yes	Notes to the Financial Statements - Note 36 and Annual Report of the Board of Directors	311 and 219 to 224
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Share Information	85
(xi)	List of ratios and market price information.	Yes	Share Information	83 to 87
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value as at end of the year.	Yes	Notes to the Financial Statements - Note 27.8	292 to 293
(xiii)	Detail of fund raised either through a public issue, Rights Issue, and private placement during the year.	N/A	N/A	N/A
(xiv)	Employee Share Option Schemes and employee Share Purchase Scheme.	Yes	Notes to the Financial Statements - Note 40.3	313 to 315
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules.	Yes	Corporate Governance Section	137 to 205
(xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per audited Financial Statements, whichever is lower.	Yes	Notes to the Financial Statements - Note 48	325 to 331
(xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities. Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE and High Yield Corporate Debt Securities.	N/A	N/A	N/A

CORPORATE GOVERNANCE

Statement of compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

Section	Requirement	Complied	Reference	Pages
9.1. Corporate Governance Rules				
9.1.3	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Yes	Corporate Governance Section	152
9.2. Policies				
9.2.1	Listed Entities shall establish and maintain the policies mentioned in section 9.2.1 and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.	Yes	Corporate Governance Section	152
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	No waivers from compliance with the Internal Code of business conduct and ethics or exemptions were granted during the period under review.	Corporate Governance Section	181
9.2.3	Listed Entities shall disclose in its Annual Report: (i) the list of policies that are in place in conformity Rule 9.2.1, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2.	Yes	Corporate Governance Section	152
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	Yes	Corporate Governance Section	152 and 180
9.3. Board Committees				
9.3.1 (a), (b), (c) and (d)	Listed Entities shall ensure that the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are established and are functioning effectively.	Yes	Corporate Governance Section	156
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in the Rules.	Yes	Corporate Governance Section	163 to 172
9.3.3	The Chairperson of the Board of Directors of the Listed Entity Shall not be the chairperson of the Board Committees referred to in Rule 9.3.1.	Yes	Corporate Governance Section	158
9.4. Meeting procedures and the conduct of all General Meetings with shareholders				
9.4.1 (a), (b), (c), (d)	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the votes was directed to be abstained.	Yes	Corporate Governance Section	188
9.4.2 (a) to (d)	Communication and relations with shareholders and investors.	Yes	Corporate Governance Section	186 to 188

Section	Requirement	Complied	Reference	Pages
9.5. Policy on matters relating to the Board of Directors				
9.5.1 (a)	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall recognise the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.	Yes	Corporate Governance Section	156
9.5.1 (b)	Compliance requirements when a Listed Entity decides to combine the role of the Chairperson and CEO.	Chairperson and CEO roles held by separate individuals	Corporate Governance Section	159
9.5.1 (c)	Require diversity in Board composition for Board effectiveness.	Yes	Corporate Governance Section	157
9.5.1 (d)	Stipulate the maximum number of Directors with the rationale for the same.	Yes	Corporate Governance Section	156
9.5.1 (e)	Specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.	Yes	Corporate Governance Section	160
9.5.1 (f)	Provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules.	Yes	Corporate Governance Section	162
9.5.1 (g)	Specify the minimum number of meetings, in numbers and percentages, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.	Yes	Corporate Governance Section	160
9.5.1 (h)	Provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.	Yes	Corporate Governance Section	156
9.5.1 (i)	Specify the maximum number of directorships in Listed Entities that may be held by Directors.	Yes	Corporate Governance Section	162
9.5.1 (j)	Recognise the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	Yes	Corporate Governance Section	160
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Yes	Corporate Governance Section	156
9.6. Chairperson and CEO				
9.6.1	The chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Yes	Corporate Governance Section	138 and 159
9.6.2	A listed Entity that is unable to comply with rule 9.6.1 shall make a Market Announcement within a period of one (1) month from the date of implementation of the Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of the rules).	N/A	N/A	N/A

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.6.3. (a) to (e)	Requirement for a Senior Independent Director (SID).	N/A	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report.	N/A	N/A	N/A
9.7. Fitness of Directors and CEO				
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the rules.	Yes	Corporate Governance Section	162
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of the Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Yes	Corporate Governance Section	162
9.73 (a) to (c)	Fit and Proper Assessment criteria : (a) Honesty, Integrity and Reputation (b) Competence and Capability (c) Financial Soundness	Yes	Corporate Governance Section	162
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Yes	Corporate Governance Section	162
9.7.5	Listed Entities shall include the following disclosures/reports in the Annual Report; a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in the Rules during the financial year and the remedial action taken by the Listed Entity to rectify such noncompliance/s.	 Yes N/A	 Corporate Governance Section	162
9.8. Board Composition				
9.8.1	The board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Yes	Corporate Governance Section	157
9.8.2	Minimum Number of Independent Directors: The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher. Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Yes	Corporate Governance Section	157
9.8.3 (i) to (ix)	Requirements for meeting the criteria to be an Independent Director.	Yes	Corporate Governance Section	161
9.8.5 (a)	Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein.	Yes	Corporate Governance Section	161

Section	Requirement	Complied	Reference	Pages
9.8.5 (b)	Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.	Yes	Corporate Governance Section	161
9.8.5 (c)	If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	N/A	N/A	N/A
9.9. Alternate Directors				
9.9 (a) to (e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	An EGM was held during the year, and the Articles of Association were amended to incorporate changes required as per the rules.	Corporate Governance Section	157
9.10. Disclosures relating to Directors				
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2.	Yes	Corporate Governance Section	162
9.10.2	Market announcement upon the appointment of a new director.	Yes	Corporate Governance Section	161
9.10.3	Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3.	Yes	Corporate Governance Section	161
9.10.4 (a)	Disclosure of name, qualifications and brief profile of the Directors.	Yes	Board of Directors	138 to 140
9.10.4 (b)	Disclosure of the nature of his/her expertise in relevant functional areas of the Directors.	Yes	Board of Directors	138 to 140
9.10.4 (c)	Disclose whether either the Director or Close Family Members have any material business relationships with other Directors of the Listed Entity;	Yes	RPT report	170
9.10.4 (d)	Disclose whether Executive, Non-Executive and/or independent Director.	Yes	Board of Directors	138 to 140
9.10.4 (e)	Disclosure of the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies.	Yes	Board of Directors	138 to 140
9.10.4 (f)	Disclose the number of Board meetings of the Listed Entity attended during the year.	Yes	Board Meetings	160
9.10.4 (g)	Names of Board Committees in which the Director serves as Chairperson or a member.	Yes	Board of Directors and Board Composition	158

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.10.4 (h)	Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.	Yes	Sub-committee reports	163 to 172
9.10.4 (i)	The terms of reference and powers of the SID (where applicable).	N/A	N/A	N/A
9.11. Nominations and Governance Committee				
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Rules.	Yes	Nominations and Governance Committee Report	167
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	167
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	Nominations and Governance Committee Report	167
9.11.4 . (1) (a) and (b)	The NGC shall comprise a minimum of 3 Directors, of whom none are to be EDs, with at least 2 being INEDs.	Yes	Nominations and Governance Committee Report	167
9.11.4 (2)	An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.	Yes	Nominations and Governance Committee Report	167
9.11.4 (3)	The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	Yes	Nominations and Governance Committee Report	167
9.11.5 (i) to (x)	The functions of the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	167 to 168
9.11.6 (a)	Disclose the names of the Chairperson of NGC and members of the Committee and the nature of directorships held by such members).	Yes	Nominations and Governance Committee Report	167
9.11.6 (b)	The date of appointment to the NGC.	Yes	Nominations and Governance Committee Report	167
9.11.6 (c)	Whether a documented policy and processes are in place when nominating Directors.	Yes	Nominations and Governance Committee Report	167
9.11.6 (d)	Whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years.	Yes	Nominations and Governance Committee Report	168

Section	Requirement	Complied	Reference	Pages
9.11.6 (e)	A disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance.	Yes	Nominations and Governance Committee Report	168
9.11.6 (f)	Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.	Yes	Nominations and Governance Committee Report	167
9.11.6 (g)	The following information regarding directors who are re-elected or being proposed for re-election during the year: Board Committees served on (as a member or Chairperson), Date of first appointment as a Director, Date of last re-appointment as a Director, Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity.	Yes	Nominations and Governance Committee Report	168
9.11.6 (h)	Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above	Yes	Nominations and Governance Committee Report	167
9.11.6 (i)	Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity.	Yes	Nominations and Governance Committee Report	167
9.11.6 (j)	Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement.	Yes	Nominations and Governance Committee Report	168
9.11.6 (k)	Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.	Yes	Nominations and Governance Committee Report	168
9.11.6 (l)	A statement that the Directors of the Listed Entity meet the criteria for determining independence.	Yes	Nominations and Governance Committee Report	168
9.11.6 (m)	A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such noncompliance and the proposed remedial action taken for the rectification of such noncompliance.	Yes	Nominations and Governance Committee Report	169

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.12. Remuneration Committee				
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Rules.	Yes	HRCC Report	171
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Yes	HRCC Report	172
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Yes	HRCC Report	172
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	HRCC Report	171 to 172
9.12.6 (1) (a) and (b)	The Remuneration Committee shall comprise of a minimum of 3 Directors, of whom none are to be EDs with at least 2 being INEDs.	Yes	HRCC Report	171
9.12.6. (2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Yes	HRCC Report	171
9.12.7	Functions of the Remuneration Committee.	Yes	HRCC Report	171 to 172
9.12.8 (a)	Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members.	Yes	HRCC Report	171
9.12.8 (b)	A statement regarding the remuneration policy.	Yes	HRCC Report	171
9.12.8 (c)	The aggregate remuneration of the Executive and Non-Executive Directors.	Yes	HRCC Report	172
9.13. Audit Committee				
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Yes	BACC Report	164
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority, and duties.	Yes	BACC Report	164
9.13.3 (1)	The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity.	Yes	BACC Report	164
9.13.3 (2)	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	Yes	BACC Report	164
9.13.3 (3)	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Yes	BACC Report	164
9.13.3 (5)	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Yes	BACC Report	164
9.13.3 (6)	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Yes	BACC Report	164
9.13.3 (7)	The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body	Yes	BACC Report	140
9.13.4	Functions of the Audit Committee.	Yes	BACC Report	164 to 166

Section	Requirement	Complied	Reference	Pages
9.13.5 (1)	The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.	Yes	BACC Report	164 to 166
9.13.5 (2) (a)	Disclose the names of the Chairperson of the Audit Committee and the members of the Audit Committee, and the nature of directorships held by such members.	Yes	BACC Report	164
9.13.5 (2) (b)	The status of risk management and internal control of the Listed Entity and as a Group (where applicable).	Yes	BACC Report	165
9.13.5 (2) (c)	A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.	Yes	BACC Report	165
9.13.5 (2) (d)	An opinion on the compliance with financial reporting requirements, information requirements under the Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	Yes	BACC Report	166
9.13.5 (2) (e)	Whether the Listed Entity has a formal Audit Charter.	Yes	BACC Report	164
9.13.5 (2) (f)	The manner in which internal audit assurance is achieved and a summary of the work of the internal audit function.	Yes	BACC Report	165
9.13.5 (2) (g)	Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity.	Yes	BACC Report	164 to 166
9.13.5 (2) (h)	A statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.	Yes	BACC Report	165
9.13.5 (2) (i)	A statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.	Yes	BACC Report	166
9.14. Related Party Transactions Review Committee				
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee (RPTRC) that conforms to the requirements set out in Rule 9.14 of the Rules.	Yes	RPTRC Report	169
9.14.2	Related Party Transactions Review Committee (RPTRC) shall comprise of a minimum of 3 members, of whom 2 should be IDs including the Chairperson. It may include EDs.	Yes	RPTRC Report	169
9.14.3 (1) to (4)	Functions of the Related Party Transactions Review Committee.	Yes	RPTRC Report	170
9.14.4 (1) to (4)	General Requirements.	Yes	RPTRC Report	169 to 170
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee.	Yes	RPTRC Report	170
9.14.6	Shareholder approval relating to Related Party Transactions.	There was no requirement to seek shareholder approval during the year under review.	RPTRC Report	170

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.14.7 (1) (a) and (b)	Immediate Disclosures	Yes	RPTRC Report	170
9.14.8 (1)	In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements the required information must be presented in the Annual Report in the tabular format.	Yes	Notes to the Financial Statements - Note 48	325
9.14.8 (2)	In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/ income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the tabular format.	Yes	Notes to the Financial Statements - Note 48	325
9.14.8 (3)	The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: The names of the Directors comprising the Committee. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	Yes	RPTRC Report	169 to 170
9.14.8 (4)	An affirmative declaration by the Board of Directors in the Annual Report that the Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.	Yes	RPTRC Report	170
9.14.9 (1)/ (2)	Shareholder approval for acquisition and disposal of substantial assets.	There was no acquisition and disposal of substantial assets during the year under review.	N/A	N/A
9.14.9 (4)/ (5)/(6)	Competent independent advice on acquisition and disposal of substantial asset.		N/A	N/A
9.16. Additional Disclosures				
9.16 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Annual Report of Board of Directors	221
9.16 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	Annual Report of Board of Directors	221
9.16 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions.	Yes	Annual Report of Board of Directors	221
9.16 (iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates.	Yes	Annual Report of Board of Directors	222

Statement of compliance under Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)

Section	Requirement	Complied	Reference	Pages
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Notes to the Financial Statements - Note 48	325 to 329
(b)	Details pertaining to Recurrent Related Party Transactions	Yes		
(c)	Report of the Related Party Transactions Review Committee	Yes	RPTRC Report	169 to 170
(d)	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	Annual Report of the Board of Directors on the affairs of the Company	222

Content of the annual report as per Section 168 of the Companies Act No. 7 of 2007

Section	Requirement	Complied	Reference	Pages
168 (1) (a)	The nature of the business together with any change thereof	Yes	Notes to the Financial statements- Note 1 and Annual Report of the Board of Directors on the affairs of the Company	240 and 219
168 (1) (b)	Signed Financial Statements of the Company	Yes	Financial statements	233 to 334
168 (1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditors' Report	230 to 231
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements and Annual Report of the Board of Directors on the affairs of the Company	247 and 219
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors on the affairs of the Company	221
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements - Note 21	280
168 (1) (g)	Corporate donations made by the Company	Yes	Annual Report of the Board of Directors on the affairs of the Company	222
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	Yes	Board of Directors	138 to 140
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements - Note 21	280
168 (1) (j)	Auditors' relationship or any interest with the Company	Yes	BACC Report	164 to 166
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors on the affairs of the Company	219 to 224

CORPORATE GOVERNANCE

Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Section	Requirement	Complied	Reference	Pages
A. Directors				
A.1	Effective Board	Yes	Corporate Governance Report	157 to 158
A.1.1	Regular meetings	Yes	Corporate Governance Report	160
A.1.2	Role and responsibilities of the Board	Yes	Corporate Governance Report	158 to 159
A.1.3	Act in accordance with laws of the country. Obtain professional advice, when required.	Yes	Corporate Governance Report	161 and 162
A.1.4	Access to advice and services of Company Secretary	Yes	Corporate Governance Report	162
A.1.5	Independent judgement	Yes	Corporate Governance Report	160
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	Corporate Governance Report	160
A.1.7	One-third of the Directors can call for a resolution	Yes	Corporate Governance Report	160
A.1.8	Board induction and training	Yes	Corporate Governance Report	162
A.2	Division of responsibilities between Chairperson and CEO	Yes	Corporate Governance Report	159
A.3	Chairperson's role in preserving good Corporate Governance	Yes	Corporate Governance Report	159
A.4	Availability of financial acumen	Yes	Corporate Governance Report	138 to 140
A.5	Board balance	Yes	Corporate Governance Report	157 to 158
A.6	Supply of timely information	Yes	Corporate Governance Report	162
A.7	Appointments to the Board	Yes	Corporate Governance Report	160 to 161
A.8	Re-election	Yes	Corporate Governance Report	161
A.9	Appraisal of Board performance	Yes	Corporate Governance Report	162
A.10	Disclosure of information in respect of Directors	Yes	Board of Directors	138 to 140
A.11	Appraisal of the Chief Executive Officer (CEO)	Yes	Corporate Governance Report	162
B. Directors' Remuneration				
B.1	Remuneration procedure	Yes	HRCC Report and Corporate Governance Report	171 and 172
B.2	The level and make up of remuneration	Yes	Corporate Governance Report	171
			Notes to the Financial Statements - Note 21	280
B.3	Disclosure of remuneration	Yes	Notes to the Financial Statements - Note 21	280
C. Relations with Shareholders				
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings	Yes	Notice of Meeting	366
			Corporate Governance Report	187 to 188
C.2	Communication with Shareholders	Yes	Corporate Governance Report	187
C.3	Major and material transactions	Yes	Notes to the Financial Statements - Note 48	325

Section	Requirement	Complied	Reference	Pages
D. Accountability and Audit				
D.1	Financial and Business Reporting	Yes	Financial and Business Reporting	
	Management Discussion and Analysis	Yes	Management Discussion and Analysis	32 to 128
	Annual Report of the Board of Directors	Yes	Annual Report of the Board of Directors	219 to 224
	Statement of Compliance	Yes	Statement of Compliance	189 to 205
	Statement of Directors' Responsibility	Yes	Statement of Directors' Responsibility	227
	Statement of Going Concern of the Company is set out in the Statement of Directors' Responsibility	Yes	Statement of Going Concern of the Company is set out in the Statement of Directors' Responsibility	227
	Directors' Statement on Internal Control over Financial Reporting	Yes	Directors' Statement on Internal Control over Financial Reporting	174
	Independent Auditors' Report	Yes	Independent Auditors' Report	228 to 229
	Managing Director's and Chief Financial Officer's Statement of Responsibility	Yes	Managing Director's and Chief Financial Officer's Statement of Responsibility	225
	Related Party Transactions disclosure of the Statement of Compliance	Yes	Note 48 in the Financial Statements	325
	Process in place is described in the Report of the Related Party Transaction Review Committee	Yes	RPTRC Report	169 to 170
D.2	Risk Management and Internal Control	Yes	Enterprise Risk Management	206
			BACC Report	164 to 166
D.3	Audit Committee	Yes	Directors Report on Internal Controls	174
			BACC Report	164 to 166
D.4	Related Party Transactions Review Committee	Yes	RPTRC Report	169 to 170
D.5	Code of Business Conduct and Ethics	Yes	Corporate Governance Report	181
D.6	Corporate Governance Disclosure	Yes	Corporate Governance Report	189 to 205
E. Institutional Investors				
E.1	Shareholder Voting	Yes	Corporate Governance Report	187
E.2	Evaluation of Governance Disclosure	Yes	Stakeholders Relationship	55
	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and new initiatives are highlighted at regular meetings to ensure that due weight-age is given to good Corporate Governance	Yes	Corporate Governance Report	188
F. Other Investors				
F.1	Investing/Divesting decisions	Yes	Stakeholder Engagement Communication	186
F.2	Shareholder voting	Yes	Corporate Governance Report	187
G. Internet of Things and Cybersecurity				
G.	Internet of things and Cyber Security	Yes	Corporate Governance Report	184
H. Environment, Society And Governance (ESG)				
H.1	Environment, Social and Governance (ESG) reporting	Yes	Report on ESG	20
			Corporate Governance Report	183

CORPORATE GOVERNANCE

Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka

Voluntary Provisions

The Company is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors

- The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.
- Regular meetings of the Board are held and in the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required.
- The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country.
- The roles of Chairperson and the CEO are segregated, and all the Directors are Non-Executive Directors, majority of them are independent.
- The Chairperson, Board of Directors and the CEO are appraised annually.
- Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals.
- Specified information regarding Directors is shared in the Corporate Governance Commentary.

Directors' Remuneration

- The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for reviewing and ratifying the compensation and benefits of the CEO and other key executives who play a critical role in executing high-level decisions, shaping the overall business strategy, and making recommendations to the Board.
- Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.

Relations with Shareholders

- There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
- The Company has in place multiple channels to reach shareholders as discussed under the Shareholder Communication section of the Annual Report.
- The Company has established a policy on Disclosures & Relations with Shareholders and it ensures that the Company makes timely, accurate, and comprehensive disclosures of material information to shareholders and the public, in accordance with regulatory requirements.

Institutional Investors

- The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.

Other Investors

- Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.

Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the Company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
- There is an annual review of the effectiveness of the Company's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section.
- The Internal Audit function and the Board Audit and Compliance Committee functions as stipulated by the Code, and are discussed under the Audit Committee section.
- A Related Party Transactions Review Committee is in place and functions in line with the Code.
- There were no violations of the Company's Code of Conduct and the Code of Business Conduct and Ethics and Corporate Governance rules during the year, which is mentioned under the Chairperson's Message section.

Sustainability

- ESG (environmental, social, and governance) is a pivotal consideration in the Company's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals.
- The Company has established a governance framework and structure which includes conformance, performance and sustainability/ ESG factors in line with the Code.

Internet and Cybersecurity

- The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

Special Considerations for Listed Entities

- The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.

ENTERPRISE RISK MANAGEMENT

Effective Risk Management is the cornerstone of our commitment to sustainable growth and resilience. By proactively identifying, assessing, and mitigating risks, we ensure that our organisation is well-prepared to navigate uncertainties and seize opportunities, thereby safeguarding the interests of our stakeholders.

Introduction

In the previous year, our Company has continued to strengthen its Enterprise Risk Management (ERM) framework to ensure robust risk identification, assessment and mitigation processes. Our ERM framework is designed to support our strategic objectives and safeguard the interests of our stakeholders.

UA believes the success of risk management lies on being proactive over the potential threats and opportunities consistently. Hence, a strong risk ready culture, which involves risk aware attitudes, skills and values are embraced and inculcated among the individuals via communication and training.

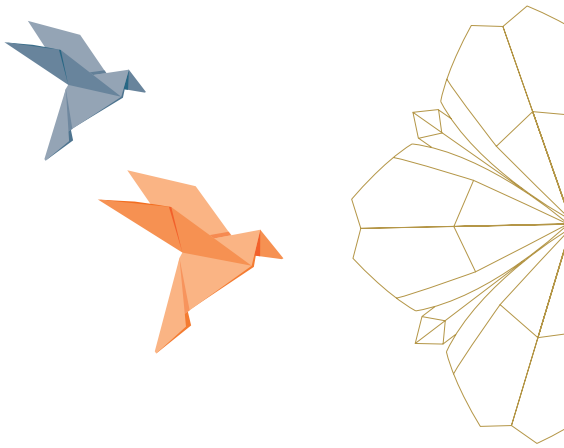


Risk Appetite and Tolerance

The Company's risk appetite and tolerance reflect its willingness and ability to take risks to create value, establishing the boundaries for its business activities. UA safeguards its liquidity, solvency, capital, earnings and reputation by actively monitoring risks within the agreed-upon risk appetite levels and tolerance limits.

Accountability

Accountability is a crucial aspect of the risk culture. Each employee is responsible for managing risks within their work environment and is accountable for implementing and overseeing risk policies.



Governance Structure

First Line of Defence

Operational Management

This line consists of the front-line employees and operational managers who are directly responsible for identifying and managing risks as part of their responsibilities. They implement and maintain internal controls and are the first to detect and respond to issues or matters of concern.

Second Line of Defence

Risk Management and Compliance Functions

This line includes risk management and compliance teams that provide oversight and support to the first line. They develop policies, conduct risk assessments and ensure that the first line's controls are effective. They also monitor compliance with laws, regulations and internal policies.

Third Line of Defence

Audit and Assurance

The third line is made up of internal auditors who provide independent assurance on the effectiveness of the first and second lines. They evaluate the overall risk management framework and internal controls, identifying gaps and recommending improvements.

This model helped Union Assurance to create a structured approach to risk management, ensuring that risks are managed effectively at all levels.

Risk Management Framework



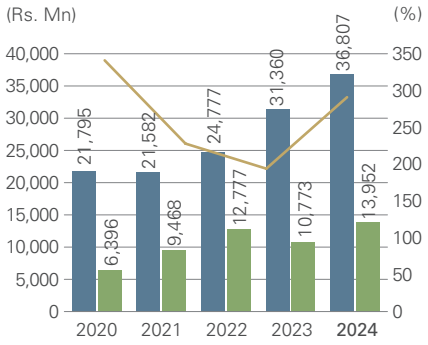
Regular risk assessments are conducted to identify emerging risks and evaluate their potential impact.

We employ various risk mitigation techniques, including reinsurance, hedging and diversification.

Continuous monitoring of risk exposures and regular reporting to the Board and senior management to ensure timely decision-making.

Risk and Solvency Assessment

Capital Adequacy Ratio



The Company strives to manage its capital to comply with local regulatory requirements and aims to maintain an adequate buffer to absorb volatility. Under the Risk-Based Capital Regime, the Capital Adequacy Ratio (CAR) measures the adequacy of the Total Available Capital (TAC) against the Risk Capital Required (RCR).

As per regulations, the minimum CAR is required to be consistently maintained in excess of 120%, with a significant margin above 160%, which is the level of regulatory interventions. In addition, the

264%
Capital Adequacy Ratio

Insurance Regulatory Commission of Sri Lanka (IRCSL), stipulates a minimum Total Available Capital of Rs. 500 Mn.

During the early months of the year, the CAR faced pressure due to rising interest rates. However, it improved midyear as the interest rates declined. Despite these fluctuations, UA consistently maintained a healthy CAR above 120%, demonstrating consistency over the years. Moreover, the Company evaluates sensitivities and stress testing on the capital adequacy and assesses the results relative to UA's risk appetite and tolerance.

Excess in Admissible Assets

Every insurer carrying on a long-term insurance business shall invest the balance assets of the long-term Insurance fund (referred to in Section 38 of the Regulation of Insurance Industry Act, No. 43 of 2000), in certain types of investments (Admissible Assets), subject to limitations stipulated therein: the Admissible Assets have higher credit profiles which ensure that the Life Fund is secured.

Excess in Approved Assets



As indicated in the graph above, UA has maintained a significant excess in Admissible Assets over the years.

The table below shows the estimated impact on the Company's CAR as of 31 December 2024 under two scenarios.

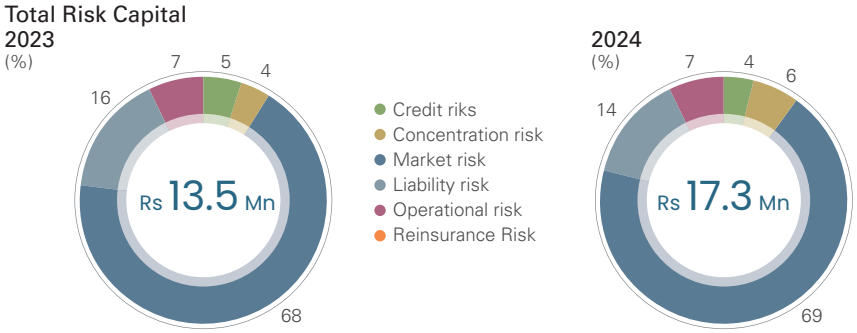
Objectives	Base case	One percentage point increase in the yield curve 2024	One percentage points decrease in the yield curve 2024
Total Available Capital (TAC)	36,806,563	36,781,219	36,803,740
Formula Risk-based Capital Required (FRCR)	13,951,689	14,266,040	13,618,016
Surrender Value Capital Charge (SVCC)	-	-	-
Risk-based Capital Requirement (RCR)	13,951,689	14,266,040	13,618,016
Risk-based Capital Adequacy Ratio (CAR)	264%	258%	270%

ENTERPRISE RISK MANAGEMENT

Total Risk Capital by Risk type

The chart below shows the Total Risk Capital, split by risk type as of December 31, 2024 and December 31, 2023. The largest proportion of UA's Risk Capital requirement in 2024 arose from market risk which comprised 69% of the total in 2024. The liability risk was the second largest, consisting of 14% of Total Risk.

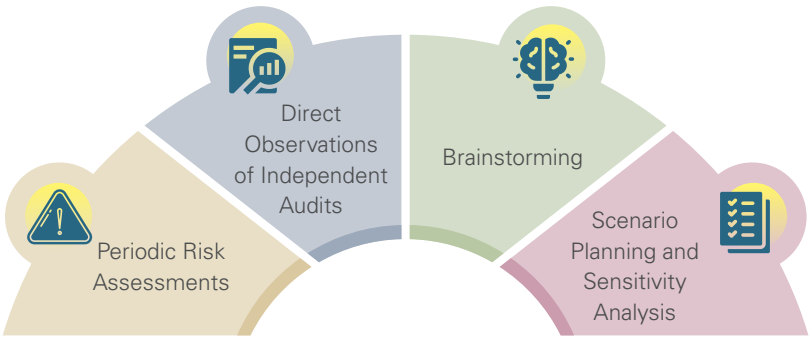
The Total Risk Capital has increased over the year as the Market risk capital charge increased due to the increase in interest rate risk capital charge and equity risk capital charge. Concentration risk capital charge increased due to increase in other receivables in inadmissible assets.



Enterprise Risk Management Process

1. Risk Identification

The initial step of the Risk management process is Risk Identification. A risk event is identified as any event with a certain degree of uncertainty, which if occurs may affect the Company from achieving its goals and objectives. Different types of risks may incur from various sources. Through the process of risk identification, management can address the underlying causes of these risks and implement safety or mitigation measures in such affected areas. Risk can be identified through,



2. Risk Assessment and Rating

The framework enables UA to evaluate risks based on their severity and likelihood, and it supports the definition and implementation of mitigating actions. At the Company level, this is an ongoing process, followed by regular reviews and updates by the Board.

The impact of an incident is assessed by calculating the potential loss and the magnitude of harm it could cause, while the likelihood of its occurrence is evaluated based on prior experience and existing preventative measures. Each identified risk is rated based on its likelihood of occurrence as "remote," "unlikely," "possible," "likely," or "almost certain."

The impact, if it occurs, is rated as "insignificant," "minor," "moderate," "major," or "catastrophic."

Combining these two factors, the overall risk for each is rated as "insignificant," "low," "medium," "high," or "ultra-high." These risks are then plotted on a traffic light.

3. Risk Mitigation / Response

Once risks are identified, measured and ranked, it is the responsibility of the department and senior management to implement measures to mitigate them. Risk mitigation can be three-fold:

- **Prevention:** Measures and actions taken in advance to prevent the risk.
- **Detection:** Actions to detect the risk.
- **Correction:** Corrective actions taken after the risks are detected to prevent reoccurrence.

Based on risk prioritisation through risk rating, management has several options:

- **Accept the risk:** When the risk impact and likelihood are low, resulting in a low rating.
- **Transfer the risk:** When the risk has a high impact but occurs rarely, transferring it to third parties.
- **Reduce the risk:** When the risk impact is low but occurs regularly, using internal controls, policies and procedures.
- **Avoid the risk:** When the risk has a high impact and occurs regularly.

4. Risk Monitoring and Control

UA follows a continuous risk monitoring process to ensure the completeness of the ERM framework. Once risk responses are implemented, the risk owners, along with the second line of defence, review the effectiveness of the internal controls and identify any new risks. The Board oversees business and strategic risks by reviewing and approving business and strategic plans and regularly discussing key themes, issues and emerging risks related to the design or implementation of these plans.

5. Risk Report of the Company

Through the risk management process, risks related to the Company's activities are identified, evaluated and reviewed quarterly by the BACC using the risk register. This enables management to focus on high-risk occurrences and ensure that appropriate mitigation action plans are accessible.

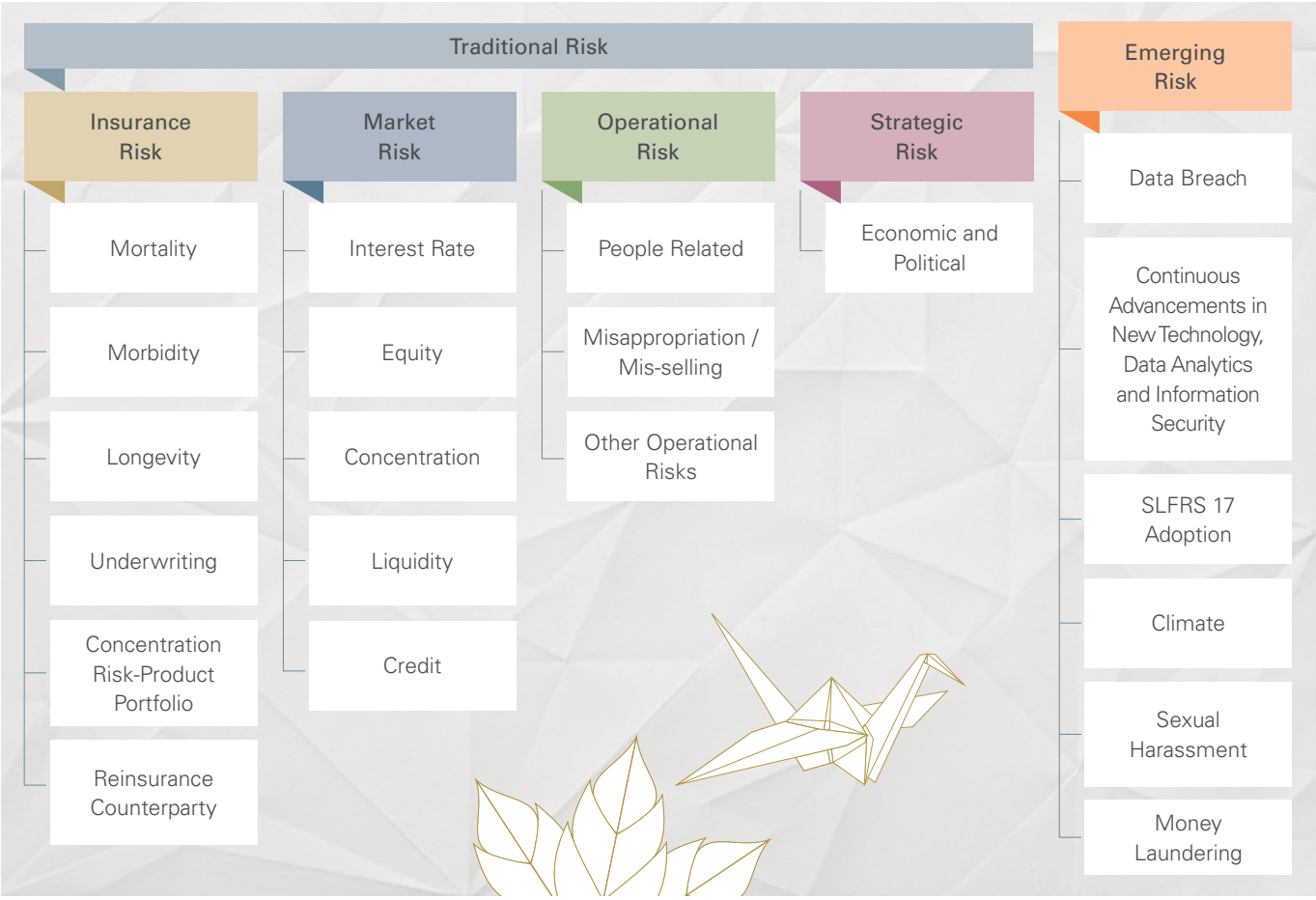
Impact / Severity						
5	Catastrophic / Extreme Impact	5	10	15	20	25
4	Major / Very High Impact	4	8	12	16	20
3	Moderate / High Impact	3	6	9	12	15
2	Minor Impact	2	4	6	8	10
1	Low Insignificant Impact	1	2	3	4	5
		Rare / Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
		1	2	3	4	5
		Occurrence / Likelihood				

1 - 2	Insignificant	3 - 6	Low	7 - 9	Medium	10 - 12	High	13 - 25	Ultra High

Risk Landscape

The Company proactively identifies and systematically manages all potential risks. The risk directory below provides an overview of identified risks and opportunities, along with the response strategies implemented to mitigate these risks and enhance overall business performance.

Our comprehensive risk landscape considers traditional risks related to insurance include mortality, morbidity and underwriting risk and several emerging risks, such as technology advancements, data breach and privacy and climate risks are becoming increasingly significant and evolving over time. Although the effects of these emerging risks have not yet had a noticeable impact, we remain vigilant of their potential effects and continuously monitor local and global environments for underlying issues that could affect value creation.



ENTERPRISE RISK MANAGEMENT

Traditional Risk

Insurance Risk

Insurance risk arises from deviations in the timing, severity or frequency of insured events compared to expectations leading to losses and adverse changes in the value of insurance liabilities. This risk primarily stems from the inherent uncertainty of insured events and losses as well as factors such as ineffective underwriting practices, inappropriate product development, pricing and claims management.

Risk	Rating	Mitigation
Mortality Risk Risk of loss arising due to policy holders' death experience being different from the expected.		▸ Use of standard mortality tables with adjustments to reflect the expected accurate mortality and pricing products accordingly. ▸ Regular stress testing and analysis.
Morbidity Risk		▸ Assumptions are based on reinsurance tables, adjustments made when appropriate to reflect the Company's own risk experience and stress analysis is conducted to mitigate any discrepancies. ▸ Established limits for underwriting Authority. ▸ Ceding insurance risk through external proportional or non-proportional reinsurance treaties and facultative single-risk placements. ▸ Sound training mechanism for underwriters. ▸ Independent reviews of the underwriting process.
Longevity Risk		
Underwriting Risk		
Concentration Risk (Product Portfolio)		▸ Developing a proper product mix in line with Company strategy. ▸ Use of data analytics and big data to identify trending customers' needs to cater through appropriate products. ▸ Stress analysis is carried out to check the sensitivity of the business mix within the products.
Reinsurance Counterparty Risk		▸ Reviewing and analysing the adequacy of the reinsurance arrangements and reinsurance strategy based on the existing and potential risks. ▸ Select reinsurers with a healthy credit rating from international rating agencies for all departments.

As at 31 December Assumption	Change %	Impact on liabilities %		Impact on liabilities Rs. '000	
		2023	2024	2023	2024
Mortality	10	0.17	0.17	90,087	113,190
	-10	(0.17)	(0.17)	(90,369)	(113,577)
Morbidity	10	0.29	0.34	160,152	226,854
	-10	(0.29)	-0.34	(160,194)	(227,330)

Market Risk

Market risk refers to the potential loss of value resulting from changes in financial market conditions. The Company is exposed to a range of financial risks through financial assets and financial liabilities.

Risk	Rating	Mitigation
Interest Rate Risk		▸ Proactively evaluate and execute forward purchases to lock in future cash flows at favourable interest rates. ▸ Manage volatility in market prices effectively. ▸ Monitoring and review Company's strategic asset allocation, tactical boundaries and Company asset/liability exposure.
Equity Risk		▸ Managing of Equity portfolio is outsourced to an external firm with expertise to ensure realised gains are capitalised and to protect the equity base from any possible mark to market losses.
Concentration Risk		▸ Focus on diversification of Insurance portfolio across regions. ▸ Maintaining a diversified portfolio of Assets. Refer pages 255 and 256
Liquidity Risk Refer pages 256 to 258		▸ Stringent monitoring of cash flows and maintaining sufficient cash and cash equivalents and high-quality liquid investment portfolio. ▸ Reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments when claim events exceed a certain size. ▸ Maintaining sufficient cash balances, overnight investments and other short tenure investments to accommodate expected obligations and commitments of the Company.
Credit Risk ▸ Credit Risk Concentration ▸ Credit Risk Related to Policy Loans and Others		▸ Sources of credit risks are assessed and monitored and the Company has policies to manage the specific risks within the various sub-categories of credit risks. ▸ Use of ratings assigned by external rating agencies to assess counterparty credit worthiness. ▸ Active use of collateral to support credit risk.

Operational Risk

People related risk

One of the key risks, UA identified for the year is loss of experienced and critical staff. Inability to retain and acquire skilled staff may cause adverse impact on efficiency of operations and loss of competitive advantage.

Risk	Rating	Mitigation
Loss of experienced and critical staff		▸ The Company attempts to mitigate this risk by encouraging continuous education, providing relevant training and development opportunities and fostering a culture where all employees, regardless of rank, can actively contribute to the business. ▸ Conduct market salary surveys to identify salary benchmarks and offer competitive remuneration to staff.
Misappropriation and Mis-selling		▸ Encourage need base selling skills to avoid any mis-selling through proper fact finding. ▸ Introducing alternative premium paying channels & raising awareness on the same. ▸ Welcome call by customer service team to new customers to promptly identify any issues. ▸ Enforcing a Code of Conduct for sales agents and staff. ▸ Sound internal controls and established disciplinary process for any violations.

ENTERPRISE RISK MANAGEMENT

Other Operational Risks

Risk	Rating	Mitigation
Business continuity risk		▸ Regularly back up critical data and have a disaster recovery plan. ▸ Enable remote work and prepare secondary office sites. ▸ Implement emergency communication systems and protocols. ▸ Train employees on continuity plans and ensure cross-training. ▸ Conduct drills and scenario planning.
Fraud and Corruption		▸ Strict controls and segregation of duties over financial transactions. ▸ Enforcing a comprehensive whistle blowing policy. ▸ Periodic verifications and reconciliations. ▸ Supplier due diligence.
Risk of ambiguity around tax assessments and appeals made		▸ UA follows the due process with the assistance of the tax consultant and external legal experts. ▸ Advice and guidance are sought from Group Legal and monitoring is continued for the income tax related concerns.

Emerging Risks

Risk	Rating	Mitigation
Information Security Risk		▸ Procedures and controls are in place as per ISO 27001:2022 standard. ▸ Regular IT threat assessments, trainings on awareness, regular patches are conducted to identify and control IT related threats. ▸ Conduct annual firewall and network infrastructure review to protect network attacks and virus guard protection for all computers.
Continuous advancements in New Technology and Data Analytics		▸ Frequently evaluate and update risk profiles. ▸ Data Governance through implementing robust data policies, encryption and access controls. ▸ Provide ongoing training and awareness campaigns. ▸ Use monitoring tools and scenario planning. ▸ Assess vendor security and include contractual safeguards. ▸ Develop and regularly test response plans. ▸ Continuously upgrade IT systems and ensure redundancy.
SLFRS 17 Insurance contract adoption		▸ A strong governance framework where a SLFRS 17 steering committee overlooks the activities and results carried out. ▸ Ensure adequate project management and governance, directed by the Excecutive Committee with adequate oversight provided by the Board. ▸ Adequate resource allocation and subject related regular trainings. ▸ Expanded scope with progressive audit consultant to ensure financial requirements are met.

GRI 201-2

Risk	Rating	Mitigation
Climate related risk		▸ Minimising activities with a high carbon footprint with low emission alternatives. ▸ Offsetting residual emissions and effective disposal of waste. ▸ Employee awareness on being vigilant about water, emission and waste management. ▸ Test continuity of business on regular basis in a disaster situation and constantly evaluate test scenarios and attempt to test likely / emerging scenarios. ▸ Continuous digitisation initiatives. ▸ Assessing business impact due to natural catastrophes and monitoring.
Money Laundering and Terrorist Financing		▸ AML policy and monitoring, provide framework for AML compliance. ▸ Incorporated AML requirements into Company procedures and operations. ▸ Monitoring change in customer mix, countries or geographical areas, products, services, transactions and delivery channels which impact the Money Laundering and Terrorist Financing (ML/TF) risk. ▸ Reviews/ audits conducted by internal and external auditors and Audit & Compliance division. ▸ Providing AML training, awareness and refresher sessions to the relevant staff.
Data Breach and Privacy risk		▸ Ensuring Data Processor Agreements are in place with key data processors. ▸ Maintaining data flow maps to capture the information flow. ▸ Development of policies and procedures to safeguard personal data. ▸ Enforcing information classification mechanisms such as labelling. ▸ Implementation of Data Leakage Prevention (DLP) mechanisms. ▸ Access controls, data encryption, data minimisation and secure disposal subsequent to the retention period. ▸ Training and awareness amongst all staff and advisors.
Sexual Harassment Risk		▸ Effective Policies: Develop and enforce clear anti-harassment policies and an established whistle blowing procedure. ▸ Training and Awareness: Conduct regular training sessions to educate employees about harassment and reporting mechanisms ▸ Support Systems: Establish robust reporting and support systems for victims

Integration of Climate related risks within the overall Risk Management Framework

The risks and opportunities associated with climate change impact our services and operations. Understanding, measuring and managing these impacts, while capitalising on opportunities to build a climate-neutral world, is crucial for creating sustainable value for our stakeholders. We recognise that climate-related risks are interconnected with other risks such as market risk, insurance risk and natural catastrophe risk, which are already part of our risk landscape.

It also poses significant challenges to the insurance industry. The country is increasingly vulnerable to extreme weather events such as heavy rainfall, flooding and rising sea levels, which can lead to substantial economic losses. The insurance sector faces a "protection gap," where the coverage for climate-related damages is insufficient, particularly in developing regions.

This gap highlights the need for more tailored and accessible insurance products to manage climate risks effectively. Additionally, the industry must adopt new risk assessment and management approaches to navigate the uncertainties and volatility brought about by climate change.

The Company's approach to managing climate-related physical risks is integrated into our comprehensive risk management framework. To enhance resilience against climate-related risks, we identify, assess, manage, monitor and report on these risks. We have incorporated climate-related risks into our risk rating parameters, which evaluate the materiality of the risk by analysing its impact and likelihood of occurrence. This approach also supports the implementation of mitigating actions.

ENTERPRISE RISK MANAGEMENT

Climate change represents one of the most significant challenges of our time, impacting not only the environment but also the economic stability and operational resilience of businesses. Our commitment to addressing climate risk is integral to our long-term strategy, ensuring that we adapt and thrive in a rapidly changing world.

Understanding climate-related risks such as air pollution, greenhouse gas emissions, physical risks and transition risks highlights their impact on policyholders' health. Physical risks, including increased weather events like cyclones, hurricanes, smog and floods, significantly affect mortality, morbidity and hospitalisation risks.

As a responsible corporate entity, we are committed to providing a safety net for our policyholders and taking initiatives to reduce or mitigate these climate risks. Throughout the year, Union Assurance has invested in green initiatives. As part of our best practices, we have disclosed climate-related emissions in our operations and products in our annual report. We also aim to share knowledge with the broader population exposed to climate risks on prevention and control measures and provide insurance coverage in case these risks materialise.

Further, climate risk significantly impacts SLFRS S1 and S2 standards by necessitating more detailed and comprehensive reporting on how climate-related risks and opportunities affect financial performance. Companies must disclose their strategies for managing these risks, including scenario analysis and metrics for tracking progress towards climate targets.

This includes reporting on transition plans, industry-specific metrics, Scope 3 emissions and the use of carbon credits.

The adoption of these standards aims to provide investors with reliable and comparable sustainability information, helping them make informed decisions about climate-related risks and opportunities.

Money Laundering and Terrorist Financing

Money laundering in the insurance industry typically involves the use of insurance products to obscure the origins of illicit funds. There are growing concerns domestically as well as globally in using insurance for money laundering. Some of the most common methods include:

Premium Overpayments

- Criminals overpay premiums and then request refunds, effectively laundering the money through the insurance Company.

Single Premium Policies

- Large sums of money are paid in a single transaction, making it easier to launder funds.

Policy Surrenders

- Policies are surrendered prematurely to receive payouts that appear legitimate.

Policy Loans

- Unusual exploitation of customer privileges such as frequently obtaining policy loans and settle within a very short period of time.

Terrorist financing involves using insurance products to fund terrorist activities. This can include:

Life Insurance Policies

- Policies are purchased with illicit funds, and the payouts are used to finance terrorist activities.

Annuities

- Annuity policies can be used to provide a steady stream of income for terrorist organisations.

To combat these risks and to ensure compliance with regulations and protect the integrity of the financial system, UA has implemented Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) programs stated below.

Policies and procedures

- Policies and procedures have been established to prevent ML/TF.

Know Your Customer (KYC), Customer Due Diligence (CDD), Enhance Due Diligence (EDD)

- KYC details are obtained in accordance with regulatory requirements and CDD/ EDD measures are conducted based on the customer's risk profile.

Screening

- Both Customer onboarding screening and ongoing screening are rigorously conducted against the sanction lists.

Transaction Monitoring

- Monitoring transactions to identify suspicious activities.

Training

- Regular training for employees and Agents on AML and CTF regulations and procedures.

Reporting Obligations

- Reporting suspicious transactions to Financial Intelligence Unit of Sri Lanka.

Personal Data Breach and Privacy Risks

Personal Data Protection Act No. 9 of 2022 (PDPA) is a significant piece of legislation, marking the first comprehensive data protection law in South Asia. Inspired by the European Union's General Data Protection Regulation (GDPR), the PDPA aims to ensure that personal data is processed lawfully, fairly and responsibly.

The PDPA applies both within Sri Lanka and extra territorially, covering entities outside Sri Lanka that offer goods or services to, or monitor the behaviour of individuals within the country.

The law is being implemented in phases, with full enforcement expected by 18 March 2025.

The Act establishes the Data Protection Authority (DPA), which oversees the implementation and enforcement of the law, ensuring that both public and private entities comply with their legal obligations.

For the current financial year, "personal data breaches" were considered as an emerging risk. It carries significant impact to organisations as well as individuals. These risks include:

1. Identity Theft:
Unauthorised access to personal information can lead to identity theft, where malicious actors use stolen data to impersonate individuals, potentially causing financial and reputational harm.

2. Financial Loss:
Breaches can result in direct financial losses due to fraud or indirect costs such as legal fees, regulatory fines and compensation to affected individuals.

3. Reputational Damage:
Organisation may suffer reputational harm, leading to loss of customer trust and potential business opportunities.

4. Legal and Regulatory Issues:
Non-compliance with data protection regulations can result in significant penalties and legal actions.

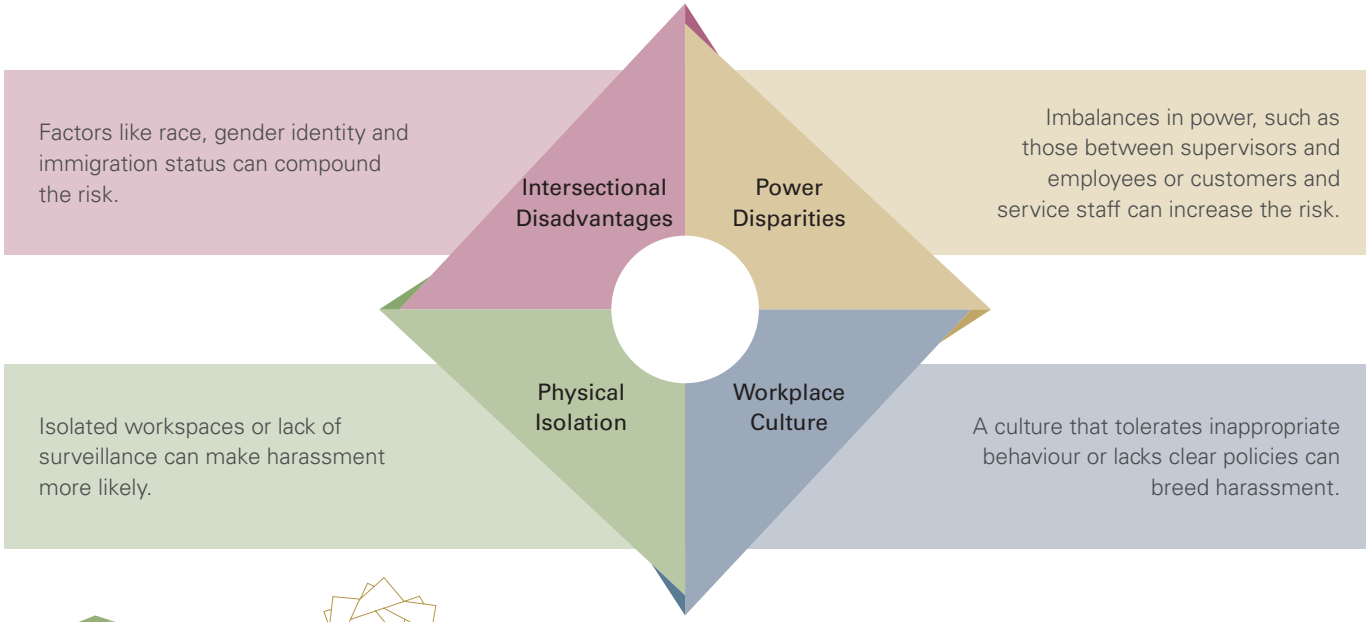
5. Data Manipulation:
Alteration of personal data without permission can compromise data integrity and lead to incorrect decisions based on false information.

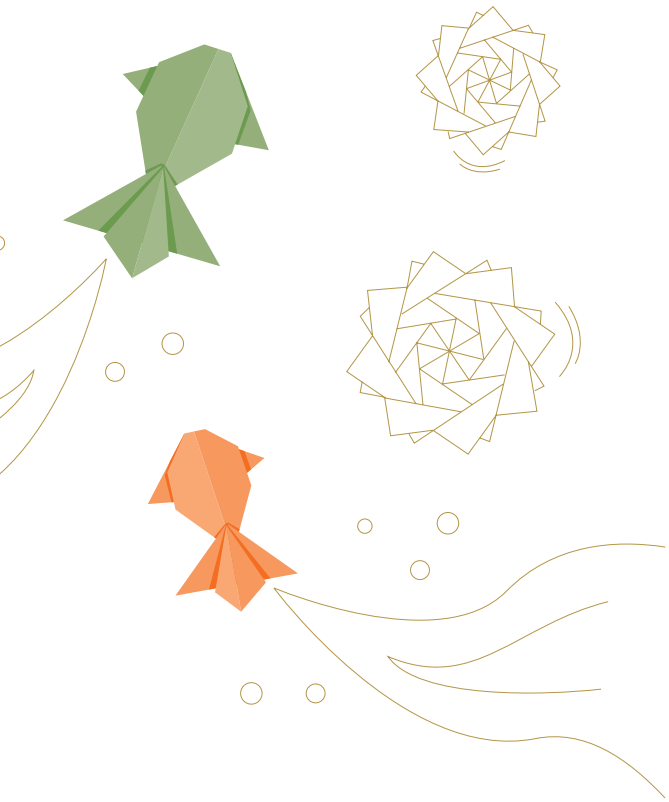
6. Operational Disruption:
Loss of availability of personal data can disrupt business operations, affecting productivity and service delivery.

ENTERPRISE RISK MANAGEMENT

Sexual Harassment Risk

Sexual harassment risk involves various factors that can make individuals vulnerable in the workplace.



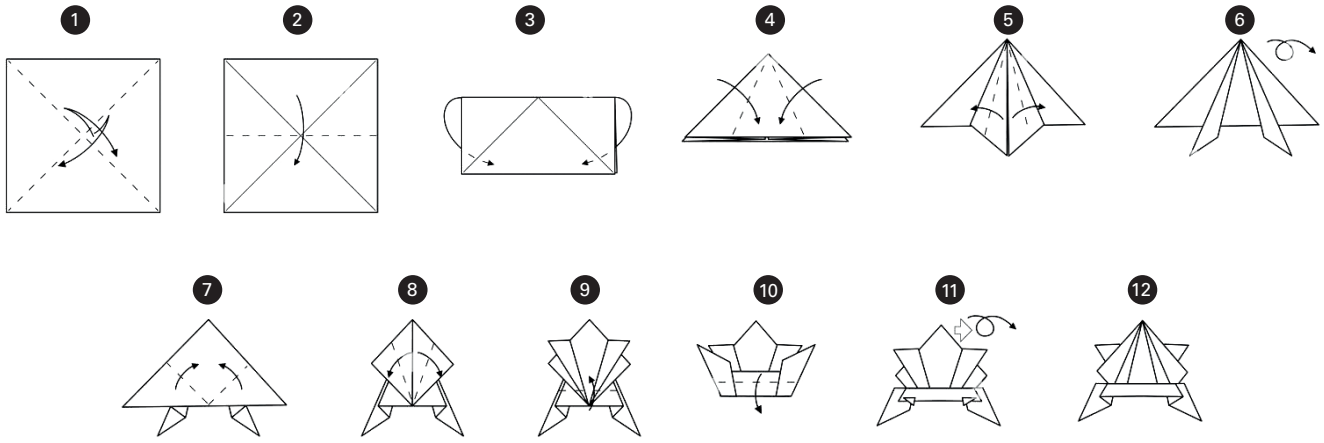


Frogs are commonly associated with prudent wealth management. Many individuals maintain a symbol or likeness of frogs in their purse or wallet as a constant reminder to spend and receive money wisely to ensure long-term success. We at Union Assurance PLC ensure that like an origami frog guarantees wealth, our prudence in operations guarantees prosperity.



FOLDS OF PROGRESS

FINANCIAL INFORMATION



FINANCIAL CALENDAR

Financial Calendar	2024	2025
38 Annual General Meeting to be held on	N/A	28-Mar-25
37 Annual General Meeting held on	28-Mar-24	N/A
The first and final dividends for the year 2023/2024 paid on	2-Apr-24	1-Apr-25
Audited financial statements of proceeding year authorized on	29-Feb-24	28-Feb-25
Interim financial statements will be published as per rule 7.4 of the Colombo Stock Exchange		
Interim results for the three months ended 31 March (Unaudited)	14-May-24	15-May-25
Interim results for the three months ended 30 June (Unaudited)	29-Jul-24	15-Aug-25
Interim results for the three months ended 30 September (Unaudited)	4-Nov-24	14-Nov-25
Interim results for the three months ended 31 December (Unaudited)	28-Feb-25	27-Feb-26

ANNUAL REPORT OF THE BOARD OF DIRECTORS

OVERVIEW

The Directors have pleasure in presenting the Annual Report of your Company together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company, which is 'Life Insurance', remained unchanged during the financial year. The Company has not engaged in any activities which contravene laws and relevant regulations.

VISION, MISSION AND CORPORATE CONDUCT

The corporate vision and purpose are provided on page 10 of this report. In achieving its vision and mission, the Company has ensured that all Directors and employees conduct their activities in compliance with the highest level of ethical standards and integrity as set out in the Code of Conduct.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

A review of the financial and operational performance and future business developments of the Company is contained in the Chairperson's review, Chief Executive Officer's review and the Management Discussion and Analysis section of the Annual Report, as required under Section 168 (1) (a) of the Companies Act No 07 of 2007 ('Companies Act'). These reports form an integral part of the report of the Directors and together with the audited financial statements reflect the state of affairs of the Company.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The financial statements for the year ended 31 December 2024 have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka. The financial statements duly signed by the Directors are provided on pages 233 to 334 and the Auditors' Report on the financial statements is provided on pages 228 to 231 of this Annual Report.

FINANCIAL RESULTS AND APPROPRIATIONS

A synopsis of the performance is presented below;

For the year ended 31 December Union Assurance PLC	2024 Rs. '000	2023 Rs. '000
Profit after tax	3,741,218	3,758,365
Balance brought forward from the previous year	13,805,444	10,042,833
Profit available for appropriations	17,546,662	13,801,198
Appropriations		
Dividend paid for previous year	(5,156,250)	-
Transfer from revaluation reserve	7,735	4,246
Un–appropriated profit carried forward	12,398,147	13,805,444

Accounting policies

Details of accounting policies are presented on Pages 240 to 334 to the financial statements and comply with Section 168 (1) (d) of the Companies Act. There have been no changes in the accounting policies adopted by the Company during the year under review. For all periods up to and including the year ended 31 December 2024, the Company prepared its financial statements in accordance with the Sri Lanka Accounting Standards (SLFRSs / LKASs) which have materially converged with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Revenue

The total gross written premium generated by the Company for the year 2024 was Rs. 21,647 million (2023 – Rs. 18,867 million).

Provision for Taxation

The Company is liable to income tax at 30% in 2024 (2023 – 30%) in terms of the Inland Revenue Act, No. 24 of 2017 and amendments thereto. The tax position of the Company is disclosed in Note 22 to the financial statements on page 280.

Profit and Appropriations

The net profit after tax of the Company was Rs. 3,741 million for the year (2023 - Rs. 3,758 million).

The total comprehensive income net of tax of the Company was Rs. 4,647 Mn (2023 - Rs. 9,932 Mn).

Dividends and Reserves

The Board of Directors has declared a first and final dividend of Rs. 5.00 per share on the 28 February 2025 for the year ended 31 December 2024, out of retained earnings (2023 – 5,156 Mn). The dividend will be paid in April 2025 to those shareholders on the register as of 12 March 2025. The Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 56 of the Companies Act and has obtained a certificate from the auditors prior to declaring the dividend. The dividend is paid out of retained earnings of the Company.

CAPITAL EXPENDITURE

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 132 million. The carrying value of property, plant and equipment as at 31 December 2024 was Rs. 3,020 million (2023 - Rs. 3,006 million). The details of property, plant and equipment are shown in Note 27 to the financial statements on page 289.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

During the financial year, the Company acquired intangible assets to the aggregate value of Rs. 55 million. The carrying value of intangible assets was Rs. 785 million as at the reporting date (2023 - Rs. 1,311 million). The details of intangible assets are shown in Note 26 to the financial statements on page 287.

VALUATION OF LAND AND BUILDINGS

The land and building owned by the Company at No. 6, Rajapihilla Road, Kurunegala and at No. 20, St. Michael's Road Colombo 03 were revalued as at 31 December 2023 to reflect its market value as per Company policy.

The revaluation was performed by Mr. P B Kalugalagedera and Associates, Independent Chartered Valuation Surveyor. The details of the revaluation and relevant accounting policies are provided in Note 27 to the financial statements on page 289.

INVESTMENTS

Details of investments held by the Company are disclosed in Note 30 to the financial statements on page 299.

STATED CAPITAL AND RESERVES

In compliance with the Companies Act, the financial statements reflect the stated capital of the Company. The stated capital is the total of all amounts received by the Company in respect of the issued share capital. The stated capital of the Company as at 31 December 2024 was Rs. 1,000 million (2023 - Rs. 1,000 million) and the total capital and reserves was Rs. 23,668 million (2023 - Rs. 24,161 million).

As explained in Note 37 on page 311, based on the directions issued by IRCSL dated 20 March 2018 and subsequent approval, the Company has transferred the one – off surplus of Rs. 3,382 million attributable to non-participating fund and non-unit fund of unit linked business from life policyholder fund to life shareholder fund (SHF) through Income Statement as at 31 December 2017. The distribution of this one – off surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL. The one - off surplus in the SHF is invested in government debt securities as per the directions of the IRCSL.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is given in the UA share performance on pages 83 to 87 of this report.

SHARE HOLDING

There were 2,391 registered shareholders, holding ordinary voting shares as at 31 December 2024 (2023 – 1,717). The distribution of shareholding including the percentage held by the public is given on page 86 of this report.

SUBSTANTIAL SHAREHOLDINGS

The list of top twenty shareholders as at 31 December 2024 is given on page 87 of this report, together with comparative shareholding as at 31 December 2023.

EQUITABLE TREATMENT TO ALL SHAREHOLDERS

The Company has made every endeavor to ensure the equitable treatment of all shareholders and adopted adequate measures to prevent information asymmetry.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the Colombo Stock Exchange in a timely manner.

THE BOARD OF DIRECTORS

As at 31 December 2024 the Board of Directors of Union Assurance PLC consisted of Six Directors, (3 Independent Non-Executive Directors and 3 Non-Independent Non-Executive Directors),with diverse knowledge and experience. Brief profiles of the Directors are given in the Corporate Governance section on page 138 to 140.

RESIGNATION AND APPOINTMENT OF DIRECTORS

There were no new appointments to the Board during 2024.

RETIREMENT AND RE-ELECTION / RE-APPOINTMENT OF DIRECTORS

Retirement and Re-Election of Directors of the Company as at 31 December 2024 are given in the Proxy Form.

RESPONSIBILITY OF THE BOARD

Details of responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section on page 154.

REVIEW OF PERFORMANCE OF THE BOARD

The performance of the Board has been appraised through a formalized process in line with the processes and under the oversight of the Nominations and Governance Committee, where effectiveness of the Board, performance of the Chairperson, individual Directors, functioning of the Board Committees are assessed to ensure that the Board is operating efficiently and that it continues to meet the evolving needs of the Company.

BOARD COMMITTEES

The Board while assuming the overall responsibility and accountability in the management of the Company has also appointed Board committees to ensure control over certain affairs of the Company. In accordance with the mandatory compliance obligations stipulated under the revised Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance, the Company constituted its own Nominations and Governance Committee, Human Resources and Compensation Committee, and Related Party Transactions Review Committee with effect from 1 October

2024. The Board Audit and Compliance Committee of the Company was re-constituted with effect from 1 October 2024. Further, the Chairpersons of these Committees are Independent Directors, and the Chairperson of the Board does not chair such Committees. Details of the committees, their mandates and composition are provided in the Corporate Governance section on pages 163 to 174.

BOARD AUDIT AND COMPLIANCE COMMITTEE

The composition of the Board Audit and Compliance Committee comprising of Non-Executive Directors is provided on page 164. The Chief Executive Officer (CEO), other Executive Committee members and internal and external auditors attend the meetings by invitation. The report of the Board Audit and Compliance Committee is provided on pages 164 to 166 of this report.

DIRECTORS' INTERESTS REGISTER

The Company, in compliance with the requirements of the Companies Act maintains an Interests Register.

The particulars of the Company's interest register are given below.

a) Directors' Interests in Transactions

The Directors of the Company have made general disclosures as provided for in Section 192 (2) of the Companies Act.

Arising from this, details of contracts in which they have an interest are provided in Note 48 on page 325 to the financial statements, under related party transactions.

b) Directors' Interests in Shares

The Directors' individual shareholdings in the Company are provided on page 86 of the Annual Report.

c) Share Dealings

There have been no share dealings by the Directors during the year.

d) Indemnities and Remuneration to Directors

Directors' remuneration is established within a framework approved by the Human Resources and Compensation Committee of the parent company. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The remuneration of the Non – Executive Directors is determined according to scales of payment decided upon by the Board. Details of Directors' fees and emoluments paid during the year along with the corresponding amounts for the previous year are set out in Note 21 of the financial statements.

DIRECTORS' DECLARATION

The Directors declare that;

a) The Company has not engaged in any activity, which contravenes laws and regulations

b) The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested

c) The Company has made all endeavors to ensure the equitable treatment of shareholders

d) The business is a going concern

e) A review of the internal controls covering, financial, operational and compliance controls and risk management have been conducted, and the Directors have obtained reasonable assurance of their effectiveness and successful adherence therewith

f) The Company, being listed on the Colombo Stock Exchange (CSE), is fully compliant with the rules on corporate governance under the listing rules of the CSE

g) The Company is in compliance with the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) to the extent of business exigency and as required by the John Keells Group.

h) Directors made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes, particularly to Listing Rules and applicable capital market provisions.

i) The company has implemented a formal policy governing matters relating to the Board of Directors as required by the listing rules of the CSE and confirms compliance with such policy.

j) The Directors and CEO of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

k) The Independent Directors meet the independent criteria set out in the Listing Rules consequent to the annual determination

l) There are no waivers from compliance with the Policy on Internal Code of Business Conduct and Ethics

m) In compliance with the formal policy governing matters relating to the Board of Directors, Directors of the Company do not hold more than fifteen (15) directorships in listed companies.

DIRECTORS' MEETINGS

Details of Board meetings and Board subcommittee meetings are presented on page 160 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by Institute of Chartered Accountants of Sri Lanka (ICASL), Companies Act No 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Regulation of Insurance Industry Act No. 43 of 2000, Statement of Recommended Practice (SORP) issued by the ICASL and the Listing Rules of the CSE.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

RELATED PARTY TRANSACTIONS

There are no non - recurrent related party transactions which exceed the lower of 10% of equity or 5% of the total assets or recurrent related party transactions which exceed the lower of 10% of gross revenue of the Company. Directors have disclosed the transactions with related parties in terms of Sri Lanka Accounting Standard LKAS 24 – Related Party Disclosures, in Note 48 to the financial statements and have complied with CSE Listing Rule 9.14. and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (C) of the Securities and Exchange Commission (SEC) Act.

COMPLIANCE WITH THE TRANSFER PRICING REGULATIONS

All transactions entered into with associated persons during the period are on an arm's length basis and are comparable with transactions carried out with non - associated persons.

EMPLOYMENT

The Company continued to implement appropriate human resource management policies to develop employees and optimize their contribution towards the achievement of corporate objectives. These policies and procedures ensure the equitable treatment of all employees. The Company also adopts equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical ability/ disability. Some of the processes and procedures adopted in this regard are mentioned in the Human Capital Report on pages 94 to 105. The number of persons employed by the Company as at 31 December 2024 was 737 (2023 -780).

There were no material issues pertaining to employees and industrial relations of the Company during the year under review.

CODE OF CONDUCT

The Company demands impeccable standards of conduct from its Directors and employees in the performance of their official duties and in situations that could affect the Company's image. The Company has also implemented a code of conduct for field staff covering their responsibility, commitment and level of service to the client. During the year no material violations of the code was noted.

EQUITY & INCLUSION POLICY

The Company recognises the importance of diversity, equity and inclusion and the role it plays in ensuring workplace respect, organisational success and sustainability for all stakeholders. In this regard, it is committed to providing a working environment where all employees are included, their diversity is embraced and where their contributions are valued.

The Company believes that its workforce should reflect the diversity of the communities in which its businesses operate and the diverse set of stakeholders it creates value for, within the organisation and with its partners and vendors, and that positive relationships with stakeholder groups, which are also diverse and inclusive, will enable businesses to further augment its diversity and growth journey.

DONATIONS

There were no donations made during the year.

CORPORATE SOCIAL RESPONSIBILITY

The Company manages a range of programmes towards its stakeholders in order to bring about sustainable development in all areas of business. The CSR initiatives are detailed in the Social and Relationship Capital section on pages 114 to 127.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has complied with all applicable laws and regulations. A compliance checklist is signed off on a monthly basis by responsible officers and any violations are reported to the Board Audit and Compliance Committee. Refer pages 190 to 203 for the statement of compliances.

RISK BASED CAPITAL (RBC) REQUIREMENT

With effect from 1 January 2016, all insurance companies were required to maintain a capital amount as computed under the risk based capital framework introduced by the IRCSL or Rs. 500 million whichever is higher. From the first quarter of 2016 onwards, the Company reported RBC requirements on a quarterly and annual basis within the reporting timelines. In addition, the Company submitted monthly solvency requirements within the timelines from April 2020 until it's discontinuation in August 2024 as required by IRCSL guidelines. Refer pages 207 to 208 for details on the RBC of the Company.

ENTERPRISE RISK MANAGEMENT

The Board and the executive management of the Company have put in place a comprehensive risk identification, measurement and mitigation process. The risk management process is an integral part of the annual strategic planning cycle.

The Board is satisfied that the process is sufficiently robust to identify and manage risks which have an impact on the Company's performance.

A detailed overview of the process is outlined in the Enterprise Risk Management report in the Corporate Governance section on page 206.

SYSTEM OF INTERNAL CONTROLS

The Board of Directors has put in place an effective and comprehensive system of internal controls covering financial, operational and compliance controls and has obtained reasonable assurance of their effectiveness.

SLFRS 17 IMPLEMENTATION

A Board subcommittee, 'SLFRS 17 steering committee' ensures the institutional strategic readiness in implementation of SLFRS 17. This committee advises the Board on institutional readiness, covering both tactical and strategic considerations.

In parallel, a robust project management team, comprising members from finance, actuarial, IT, and technical departments, demonstrates the company's commitment to SLFRS 17 success. This team adheres to the implementation project plan, conducting regular meetings to discuss advancements, assess risks, and address resource requirements.

Details of the committee are outlined in the Corporate Governance section on page 172 to 173.

INTEGRATED CORPORATE REPORTING

The integrated annual report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). The Board Audit and Compliance Committee has reviewed the framework presented in this Annual Report and based on their recommendation, the Board has adopted the framework as a transparent basis to report the Company's activities and results to all stakeholder groups. The Company obtained external assurance from its auditors on integrated and non-financial reporting during the year.

CORPORATE GOVERNANCE

The Board of Directors is committed to maintaining an effective corporate governance structure and process. A more comprehensive report on corporate governance is found on pages 138 to 205.

SUSTAINABILITY

The Company is aware of the need to pursue its business goals from a stakeholder perspective of business governance. Hence, through the structured stakeholder engagement process, the Company has identified material issues in relation to each stakeholder group and endeavours to achieve its business goals with due respect to all stakeholder needs. This integrated Annual Report, combining financial information with sustainability information aims to provide its stakeholders a more holistic set of information.

Messrs. KPMG has issued an assurance of the financial performance data disclosed and the content of the report which represents the Company's sustainability policies, objectives, management approach and performance, and as prepared under the requirements of the GRI Standard.

Recognizing the importance of sustainable business operations, we have conducted a gap analysis for S1 and S2 with the support of an external consultant. S1 and S2 reporting will be effective from 1 January 2025 for the Company.

ENVIRONMENT PROTECTION

Initiatives taken by the Company to preserve the environment are presented in the Natural Capital Report on pages 106 to 113. The Company has not engaged in any activity that is harmful to the environment.

SUPPLIER POLICY

The Company applies an overall policy of agreeing and clearly communicating terms of payments as part of the commercial agreements negotiated with suppliers, and endeavours to pay for all items properly charged in accordance with those agreed terms. As at 31 December 2024, the payments of the Company amounted to Rs. 5,627 million (2023 - Rs. 3,842 million).

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the government, other regulatory institutions and in relation to employees as at the reporting date have been paid or, where relevant provided for, except as detailed in Note 51 to the financial statements, relating to contingent liabilities.

CAPITAL COMMITMENTS

There are no capital commitments other than disclosed in Note 49 to the financial statements.

CONTINGENCIES AND OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

EVENTS AFTER THE REPORTING DATE

There have been no events subsequent to the reporting date, which would have any material effect on the Company, other than those disclosed in Note 50 to the financial statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

GOING CONCERN

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Best Practice on Corporate Governance, issued by the , the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the going concern basis is adopted in preparing the financial statements.

AUDITORS

The Company's external auditors during the period under review were Messrs. KPMG. The fee amount paid / payable for the services provided to the Company during the year 2024 and 2023 is presented below.

	2024 Rs. '000	2023 Rs. '000
Audit and audit related fees	6,301	5,998
Non audit fees	9,133	6,955

INDEPENDENCE OF AUDITORS

Based on the declaration from Messrs. KPMG, and as far as the Directors are aware, the Auditors do not have any relationship or interest other than that of an Auditor of the Company.

RE-APPOINTMENT OF AUDITORS

The retiring auditor Messrs. KPMG have intimated their willingness to continue in office and a resolution to re - appoint them as Auditors and authorizing the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

AUDITORS' REPORT

Auditors' Report on the financial statements is given on pages 228 to 231 of this annual report.

APPROVAL OF FINANCIAL STATEMENTS

The audited financial statements were approved by the Board of Directors on 28 February 2025. The appropriate number of copies of this report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held as a virtual meeting, on 28 March 2025 at 11.30 a.m. The notice of the meeting relating to the 38th Annual General Meeting is given on page 366.

This Annual Report is signed for and on behalf of the Board of Directors by:



K N J Balendra
Chairperson



S Rajendra
Director



Keells Consultants (Private) Limited
Secretaries

28 February 2025

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The financial statements of Union Assurance PLC as at 31st December 2024 are prepared and presented in compliance with the following;

- Sri Lanka Accounting Standards (SLFRSs / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)
- Requirements of the Companies Act No. 7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- Statement of Recommended Practice (SORP) issued by the ICASL
- Listing rules of the Colombo Stock Exchange (CSE)
- The Regulation of Insurance Industry (RII) Act No. 43 of 2000 and subsequent amendments thereto
- Code of Best Practice of Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka

Accordingly, the Company has prepared the financial statements which comply with SLFRSs / LKASs and related interpretations applicable for the year ended 31st December 2024, together with the comparative data as at and for the year ended 31st December 2023, where required, as described in the accounting policies.

The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied, unless otherwise stated in the notes accompanying the financial statements. There have been no changes in the accounting policies adopted by the Company during the year under review.

Significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our external auditors and the Board Audit and Compliance Committee (BACC).

We confirm that to the best of our knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial position, results of operations and cash flows of the Company as of, and for, the periods presented in this Annual Report. We are responsible for establishing and maintaining internal controls and procedures to be designed under our supervision. We have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us and for safeguarding the Company's assets and preventing and detecting fraud and error. We have evaluated the effectiveness of the Company's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this annual report and on an ongoing basis.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and any significant fraud that involves management or other employees.

Whilst the Internal audit function of the Company continuously conducts internal audit checks, our external Internal Auditors (Deloitte) conduct periodic reviews to ensure that the internal controls and procedures are consistently followed. The financial statements were audited by Messrs. KPMG, Chartered Accountants, Independent Auditors.

The BACC pre - approves the audit and non - audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence. The BACC also reviews the external audit plan, the internal audit plan, all internal audit reviews and management letters and follows up on any issues raised during the statutory audit as well as the internal audits. The BACC also meets with the external and internal auditors at a closed-door meeting without the presence of the management to review the effectiveness of the audits.

We confirm that the company has complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company other than those arising in the normal course of conducting insurance business. We also confirm that the Company has complied with the following Insurance Regulatory Commission of Sri Lanka (IRCSL) requirements;

- All provisions in the RII Act No. 43 of 2000, and subsequent amendments there to, and all rules, regulations, determinations, directions issued by IRCSL; complied with all orders made by the Ministry of Finance and Planning under the RII Act, No. 43 of 2000
- Terms and conditions pertaining to reinsurance placements issued by IRCSL in terms of section 31(1) of the RII Act, No. 43 of 2000.
- All applicable circulars issued by IRCSL
- All provisions in the Financial Transactions Reporting Act, No. 06 of 2006
- Rules on Know Your Customer (KYC) and Customer Due Diligence (CDD) for the Insurance Industry issued by the Financial Intelligence Unit established under the Financial Transactions Reporting Act, No. 06 of 2006
- Guidelines on Anti Money Laundering Programme for Insurers issued by IRCSL



Senath Jayatilake
Chief Executive Officer



Himani Weerasekera
Chief Financial Officer

28 February 2025

ACTUARY'S REPORT

28 February 2025

The Board of Directors
Union Assurance PLC
No 20, St. Michael's Road,
Colombo 03,
Sri Lanka

Actuarial Valuation of the Long-Term Insurance Business as at 31 December 2024

In accordance with the engagement letter dated 10 August 2022, Willis Towers Watson India Private Limited ("WTW", "we", "our" or "us"), has carried out an actuarial review of the valuation of long-term insurance liabilities of Union Assurance PLC's Long-Term Insurance Business as at 31 December 2024.

We hereby certify that:

1. Reasonable steps have been taken by the Company to ensure that data used for the actuarial valuation of the liabilities of the Long-Term Insurance Fund is complete and accurate;

2. Adequate and proper reserves have been provided as at 31 December 2024, for all liabilities in respect of the Long-Term Insurance Fund, taking into account all current and contingent liabilities as at that date.

3. The total long-term insurance provisions maintained within the life fund for conventional business is LKR70,294 million. The value of assets held in respect of conventional life business is LKR77,562 million. The surplus in respect of the conventional life business after making an allowance for a shareholder transfer of LKR3,000 million is LKR7,268 million. The cost of bonus for the participating business as at 31 December 2024 is LKR80 million and the shareholder transfer has been calculated as one-ninth of the cost of bonus. The remainder of the shareholder transfer for the conventional business has been made from the non-participating and universal life funds. The surplus in respect of the conventional business before shareholder transfer is LKR10,268 million.

4. The total long-term insurance provisions within the life fund for the non-unit liabilities in respect of unit-linked business is LKR30 million. The value of assets (other than assets backing unit-linked liabilities) held in respect of this business is LK308 million. The surplus in respect of the unit-linked business before shareholder transfer is LKR278 million. Shareholder transfer in respect of Unit Linked business is nil as at 31 December 2024.

5. The risk-based capital required under the Regulation of Insurance Industry Act No. 43 of 2000 is LKR13,952 million, and the Company's CAR (after allowing for the LKR3,000 million shareholder transfer) is 264%, compared to the regulatory minimum requirement of 120%.

6. We have undertaken a liability adequacy test for long term insurance provisions maintained within the life fund of Union Assurance PLC as contemplated by SLFRS 4. In carrying out the liability adequacy test, we have compared the provisions held as per the audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is determined following the principles laid out within the risk-based capital framework as prescribed by the IRCSL [the Solvency Margin (Risk Based Capital) Rules 2015]. Based on this test, we conclude that the long-term insurance provisions maintained within the life fund of Union Assurance PLC as per the audited accounts of the Company for the year ended 31 December 2024 is in excess of the liabilities computed in the above-mentioned manner.

Vivek Jalan, FIA, FIAI
Head of Insurance Consulting & Technology, India
WTW

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CIN: U67190HR1996PTC051336

THE STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the financial statements is set out in the following statement. The responsibility of the Auditors in relation to the financial statements prepared in accordance with the provision of the Companies Act No. 7 of 2007 is set out in the Report of the Auditors on pages 228 to 231. As per the provisions of the Companies Act No. 7 of 2007 the Directors are required to prepare, for each financial year and place before a general meeting, financial statements which comprise of;

- income statement and statement of profit or loss and other comprehensive income of the Company which present a true and fair view of the profit or loss of the Company for the financial year; and
- a statement of financial position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year; and
- a statement of changes in equity; and
- a statement of cash flows for the year ended and notes to the financial statements.

The Directors have ensured that, in preparing these financial statements;

- the appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained; and
- all applicable accounting standards in accordance with the Sri Lanka Accounting Standards (SLFRSs /LKASs) as relevant have been applied; and
- reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- it provides the information required by and otherwise complies with the Companies Act No. 7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto and the Listing Rules of the Colombo Stock Exchange and requirements of any other regulatory authority as applicable to the Company.

The Directors have also ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the financial statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues, as were due and payable by the Company, as at the reporting date have been paid or, where relevant provided for, except as detailed in Note 51 to the financial statements, relating to contingent liabilities.

By Order of the Board



Keells Consultants (Private) Limited
Secretaries

28 February 2025

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
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Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF UNION ASSURANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Assurance PLC ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 233 to 334.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INSURANCE CONTRACT LIABILITIES

Refer to Note 42 (page 316) and Note 43 (page 321) to these financial statements.

Risk Description	Our Response
The Company has recognised insurance contract liabilities and insurance contract liabilities - unit linked amounting to Rs. 78,400 Mn and Rs. 792 Mn respectively as at 31 December 2024. The Company's insurance contract liabilities in total including unit-linked fund represent 92 percent of the Company's total liabilities. This is an area that involves significant management judgement and requires a number of key assumptions to be made over uncertain future outcomes, mainly the ultimate total settlement value of long-term policyholder liabilities. Economic assumptions, including risk-free rate, inflation, fund yield, and operating assumptions including mortality, morbidity, expense rate and expense inflation, lapse rates, paid-up rates and surrender rates are the key inputs used to estimate these long-term liabilities.	Our audit procedures among others included; ▸ Assessing the competence, capabilities and objectivity of the Appointed Actuary and the Company's staff involved in the policyholders' liability valuation process. ▸ Assessing the controls adopted by the Company to ensure that the data used for the valuation of the life fund is accurate and complete. ▸ Assessing the Company's methodology for calculating the policyholder liabilities to be in line with the guidelines of the Insurance Regulatory Commission of Sri Lanka (Risk Based Capital Rules 2015). ▸ Reconciling the movements in policyholder liabilities during the year with the movements in the financial results reported in separate funds.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

Risk Description	Our Response
These liabilities are measured on a market-consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 with effect from 01 January 2016, issued under Sections 105 and 26 (I) of the Regulation of Insurance Industry Act, No. 43 of 2000. Accordingly, due to the value of the liability balance relative to total liabilities, subjectivity of the significant judgments involved and estimation uncertainty associated with the valuation, we considered insurance contract liabilities as a Key Audit Matter.	▸ Assessing the accuracy and completeness of the data used in the valuation of life fund by agreeing the relevant data elements to the original policy documents. ▸ Involving our actuarial specialist to assist us in assessing the key assumptions, including those for morbidity, persistency, expense, fund yield and bonus rate, dividend rates, and lapse ratio (including consideration of policyholder behavior) by performing the following audit procedures; ▸ checking the management basis and approach for developing the assumptions. ▸ assessing whether the relevant assumptions are consistent with relevant industry, regulatory and other external factors including current economic conditions. ▸ testing the assumptions used in the valuation. ▸ Verifying the existence, market valuation of the financial investments and the related investment income in relation to the financial instruments attributed to the Unit-Linked Fund. ▸ Assessing the adequacy of the disclosures in the financial statements.

IT SYSTEM AND CONTROLS

Risk Description	Our Response
The financial reporting of the Company depends on the correct functioning of operational and financial IT systems. For example, interfaces between policy administration and financial reporting systems, automated controls that prevent or detect inaccurate or incomplete transfers of financial information, etc. If these systems or controls fail, a significant risk of error in reported financial information can arise from the failure to transfer data appropriately between systems and/or inappropriate changes being made to financial data or systems. This is an area of significant risk in our audit due to the dependency and complexity of the IT infrastructure and accordingly identified as a Key Audit Matter.	Our audit procedures among others included; ▸ Assessing the governance and higher-level controls in place across the IT Environment, including the approach to policy design, review and awareness, and IT Risk Management practices. ▸ Testing general IT controls involving restrictions on system access, permissions, and responsibilities of authorised users, the process for approving changes to the systems. ▸ Obtaining an understanding and testing controls over specific application controls which are required to be operating effectively to mitigate the risk of misstatement in the financial statements. ▸ Testing manual compensating controls, such as reconciliations between systems and other information sources.

INDEPENDENT AUDITOR'S REPORT



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 3272.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
28 February 2025

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INCOME STATEMENT

For the year ended 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000	Change %
Gross written premium	9	273	21,646,969	18,866,985	15
Premium ceded to reinsurers	10	274	(1,491,725)	(1,032,590)	44
Net written premium			20,155,244	17,834,395	13
Other revenue					
Net investment income	11	274	11,756,691	10,816,725	9
Net realised gains	12	275	862,097	767,605	12
Net fair value gains	13	276	1,999,211	509,985	292
Other income	14	276	45,220	29,032	56
Total other revenue			14,663,219	12,123,347	21
Total net revenue			34,818,463	29,957,742	16
Benefits, claims and expenses					
Net insurance benefits and claims paid	15	277	(6,692,988)	(6,628,056)	1
Net change in insurance claims outstanding	16	277	(24,942)	(90,074)	(72)
Change in insurance contract liabilities	17	278	(13,637,246)	(9,831,742)	39
Underwriting and net acquisition costs (net of reinsurance)	18	278	(4,000,274)	(3,543,999)	13
Other operating, administrative and selling expenses	19	279	(4,910,477)	(4,376,585)	12
Depreciation and amortisation	26/27/28	287/289/294	(661,573)	(543,610)	22
Total benefits, claims and expenses			(29,927,500)	(25,014,066)	20
Profit from operations			4,890,963	4,943,676	(1)
Share of results of equity accounted investee, net of tax	29	296	337,223	311,874	8
Profit before tax	21	280	5,228,186	5,255,550	(1)
Income tax expenses	22	280	(1,486,968)	(1,497,185)	(1)
Profit for the year			3,741,218	3,758,365	(0)
Earnings per share					
Basic (Rs.)	23	282	6.35	6.38	(0)
Diluted (Rs.)	23	282	6.35	6.38	(0)

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000	Change %
Profit for the year			**3,741,218**	3,758,365	(0)
Other comprehensive income					
Items that will never be reclassified to income statement					
Gains on revaluation of land and buildings	27.1	291	-	299,362	
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	29.1(a)	299	**(2,565)**	(14,445)	
Remeasurement loss on defined benefit plans	40.2	313	**(13,631)**	(10,094)	
			(16,196)	274,823	(106)
Items that are or may be reclassified subsequently to income statement					
Fair value reserve (available for sale financial assets)					
Net change in fair value of available for sale financial assets	39	312	**339,110**	1,811,557	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	29.1(a)	299	**38,517**	45,412	
Net change in fair value of available for sale financial assets transferred to the income statement	39.1	313	**(45,813)**	15,477	
			331,814	1,872,446	(82)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	39	312	**698,251**	4,472,322	
Net change in fair value of available for sale financial assets of insurance liabilities transferred to the income statement	39.1	313	**(108,143)**	(446,091)	
			590,108	4,026,231	(85)
			921,922	5,898,677	(84)
Other comprehensive income			**905,726**	6,173,500	(85)
Total comprehensive income for the year			**4,646,944**	9,931,865	(53)

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000
Assets				
Intangible assets	26	287	784,599	1,130,585
Property, plant and equipment	27	289	3,020,336	3,006,118
Right of use assets	28	294	590,235	418,566
Investment in equity accounted investee	29	296	2,419,176	2,046,001
Financial investments	30	299	95,567,444	83,419,773
Loans to life policyholders	31	307	2,651,478	2,368,021
Reinsurance receivable	32	308	418,852	447,558
Premiums receivable	33	309	1,066,641	1,051,444
Receivables and other assets	34	309	1,326,177	942,120
Cash in hand and at bank	35	311	1,614,403	839,475
Total assets			109,459,341	95,669,661
Equity and liabilities				
Equity				
Stated capital	36	311	1,000,000	1,000,000
Restricted regulatory reserve	37	311	3,381,934	3,381,934
Revaluation reserve	38	312	2,555,360	2,563,095
Available for sale reserve	39	312	4,255,977	3,334,055
Other reserves	40	313	76,573	76,543
Retained earnings	41	316	12,398,147	13,805,444
Total equity			23,667,991	24,161,071
Liabilities				
Insurance contract liabilities	42	316	78,399,507	65,043,384
Insurance contract liabilities - Unit linked	43	321	792,176	718,692
Lease liabilities	44	322	606,916	422,540
Employee benefit liabilities	45	322	229,709	190,578
Reinsurance payables	46	324	587,668	365,027
Other liabilities	47	325	5,040,845	4,645,809
Bank overdraft	35	311	134,529	122,560
Total liabilities			85,791,350	71,508,590
Total equity and liabilities			109,459,341	95,669,661
Net asset per share			40.16	41.00

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.
I certify that the above financial statements comply with the requirements of the Companies Act No. 07 of 2007.

Himani Weerasekera
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed on behalf of the Board:

K N J Balendra
Chairperson

S Rajendra
Director

Colombo
28 February 2025

STATEMENT OF CHANGES IN EQUITY

Rs. '000	Note	Stated capital	Reserves					Retained earnings	Total
			Restricted regulatory reserve	Revaluation reserve	Reserve on merger	Other reserves			
						Available for sale reserve	Other capital reserves		
Balance as at 1 January 2023		1,000,000	3,381,934	2,267,979	16,752	(2,564,622)	68,913	10,042,833	14,213,789
Profit for the year		-	-	-	-	-	-	3,758,365	3,758,365
Other comprehensive income for the year									
Net change in fair value of available for sale financial assets	39	-	-	-	-	1,827,034	-	-	1,827,034
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	39	-	-	-	-	4,026,231	-	-	4,026,231
Gain on revaluation of land and buildings	27.1	-	-	299,362	-	-	-	-	299,362
Remeasurement loss on defined benefit plans	40.2	-	-	-	-	-	(10,094)	-	(10,094)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	39	-	-	-	-	45,412	-	-	45,412
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	40.2	-	-	-	-	-	(14,445)	-	(14,445)
Tax on other comprehensive income		-	-	-	-	-	-	-	-
Total other comprehensive income, net of tax		-	-	299,362	-	5,898,677	(24,539)	-	6,173,500
Total comprehensive income for the year		-	-	299,362	-	5,898,677	(24,539)	3,758,365	9,931,865
Transactions with owners, transfers, recorded directly in equity									
Contributions and distributions									
First and final dividend 2022	24.2	-	-	-	-	-	-		-
Share based payments	40.3 (a)	-	-	-	-	-	15,417	-	15,417
Transfer from revaluation reserve to retained earnings	27.11	-	-	(4,246)	-	-	-	4,246	-
Total contributions and distributions		-	-	(4,246)	-	-	15,417	4,246	15,417
Balance as at 31 December 2023		1,000,000	3,381,934	2,563,095	16,752	3,334,055	59,791	13,805,444	24,161,071

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.

Rs. '000	Note	Stated capital	Reserves					Retained earnings	Total
			Restricted regulatory reserve	Revaluation reserve	Reserve on merger	Other reserves			
						Available for sale reserve	Other capital reserves		
Balance as at 1 January 2024		1,000,000	3,381,934	2,563,095	16,752	3,334,055	59,791	13,805,444	24,161,071
Profit for the year		-	-	-	-	-	-	3,741,218	3,741,218
Other comprehensive income for the year									
Net change in fair value of available for sale financial assets	39	-	-	-	-	293,297	-	-	293,297
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	39	-	-	-	-	590,108	-	-	590,108
Gain on revaluation of land and buildings	27.1	-	-	-	-	-	-	-	-
Remeasurement loss on defined benefit plans	40.2	-	-	-	-	-	(13,631)	-	(13,631)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	39	-	-	-	-	38,517	-	-	38,517
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	40.2	-	-	-	-	-	(2,565)	-	(2,565)
Tax on other comprehensive income		-	-	-	-	-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-	921,922	(16,196)	-	905,726
Total comprehensive income for the year		-	-	-	-	921,922	(16,196)	3,741,218	4,646,944
Transactions with owners, transfers, recorded directly in equity									
Contributions and distributions									
First and final dividend 2023	24.2	-	-	-	-	-	-	(5,156,250)	(5,156,250)
Share based payments	40.3 (a)	-	-	-	-	-	16,226	-	16,226
Transfer from revaluation reserve to retained earnings	27.11	-	-	(7,735)	-	-	-	7,735	-
Total contributions and distributions		-	-	(7,735)	-	-	16,226	(5,148,515)	(5,140,024)
Balance as at 31 December 2024		1,000,000	3,381,934	2,555,360	16,752	4,255,977	59,821	12,398,147	23,667,991

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000
Cash flows from operating activities				
Insurance premiums received			21,631,772	18,693,981
Reinsurance premiums paid			(131,754)	(230,716)
Insurance benefits and claims paid	15	277	(7,696,259)	(7,604,730)
Reinsurance claims received	15	277	1,003,271	976,674
Payments to intermediaries to acquire insurance contracts			(3,981,172)	(3,491,999)
Cash paid to and on behalf of employees			(2,236,307)	(2,055,875)
Interest received			10,486,711	8,925,854
Dividends received			183,551	119,871
Other operating cash flows			(3,994,490)	(3,527,572)
Cash generated from operating activities	Note A	239	15,265,323	11,805,488
Interest paid			(53,838)	(65,193)
Income tax paid			(1,524,456)	(1,306,646)
Employee benefits paid	45.4.(a)	323	(25,437)	(21,237)
Net cash from operating activities			13,661,592	10,412,412
Cash flows from investing activities				
Purchase of investments	30.7	307	(56,247,530)	(44,309,668)
Maturity proceeds of investments	30.7	307	13,414,782	16,165,937
Proceeds from sale of investments			35,424,368	18,020,829
Purchase of property, plant and equipment	27.1	291	(131,804)	(66,930)
Purchase of intangible assets	26.1	289	(54,560)	(111,699)
Proceeds from sale of property, plant and equipment			3,050	212
Net cash used in investing activities			(7,591,694)	(10,301,319)
Net cash inflow before financing activities			6,069,898	111,093
Cash flows from financing activities				
Dividends paid			(5,156,250)	-
Settlement of lease liabilities			(150,689)	(118,031)
Net cash used in financing activities			(5,306,939)	(118,031)
Net increase / (decrease) in cash and cash equivalents			762,959	(6,938)
Cash and cash equivalents at the beginning of the year			716,915	723,853
Cash and cash equivalents at the end of the year	Note B	239	1,479,874	716,915

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.

For the year ended 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000
NOTE A. Cash generated from operating activities				
Reconciliation of profit before taxation with cash from operating activities				
Profit before tax			5,228,186	5,255,550
Non - cash items included in profit before tax				
Depreciation and amortisation	26.1/27.1/28.1	289/291/295	661,573	543,610
Provision for employee benefits	19.1	279	50,937	49,395
Provision for doubtful debtors	34.1(a)/34.2(a)	310	2,717	3,825
Net realised gains	12	275	(862,097)	(767,605)
Net fair value gains	13	276	(1,999,211)	(509,985)
Gain on sale of property, plant and equipment	14	276	(1,755)	(189)
Amortisation of financial investments			(874,220)	(1,007,531)
Amortisation of lease liabilities	44	322	53,658	38,969
Scrip dividend income	30.7	307	(25,944)	(25,803)
Share of results of equity accounted investee	29.1	299	(337,223)	(311,874)
Interest expense on obligation to repurchase securities			180	26,224
Share based payment expenses	40.3 (a)	315	16,226	15,417
Profit before working capital changes			1,913,027	3,310,003
Net change in operational assets				
Net change in reinsurance assets			28,706	109,427
Net change in premiums receivable			(15,197)	(173,003)
Net change in receivables and other assets			(767,119)	(1,094,991)
Net change in operational liabilities				
Net change in life insurance contract liabilities			13,429,607	9,584,699
Net change in reinsurance liabilities			222,641	(271,127)
Net change in other liabilities			453,658	340,480
Cash generated from operating activities			15,265,323	11,805,488
NOTE B.				
Cash and cash equivalents at the end of the year				
Cash in hand and at bank	35.1	311	1,614,403	839,475
Bank overdraft	35.2	311	(134,529)	(122,560)
Cash and cash equivalents	35.2	311	1,479,874	716,915

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdraft as shown above.

The notes to the financial statements as set out on pages 240 to 334 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Reporting Entity

Union Assurance PLC (the 'Company') is a public limited liability Company incorporated and domiciled in Sri Lanka and the ordinary shares of the Company are listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No. 20, St. Michael's Road, Colombo 03.

1.2 Parent Entity and Ultimate Parent Entity

The Company's controlling entity and ultimate parent undertaking is John Keells Holdings PLC which is incorporated in Sri Lanka.

1.3 Principal Activities and Nature of Operations

The Company

Union Assurance PLC is in the Life insurance business providing Life insurance solutions for both individual and corporate customers. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

Associate Company

Fairfirst Insurance Limited is in the Non - Life insurance business and there were no significant changes in the nature of the principal activity of the Associate Company during the year. Union Assurance PLC owns 22% stake of Fairfirst Insurance Limited (2023 - 22%). The registered office and principal place of business of the Company is located at Access Towers II (14th floor), 278/4, Union Place Colombo 02, Sri Lanka.

1.4 Number of Employees

The staff strength of the Company as at 31 December 2024 is 737 (2023 – 780).

1.5 Financial Statements

The financial statements for the year ended 31 December 2024, comprise of the Company and the results of the equity accounted investee. The results of equity accounted investee, Fairfirst Insurance Limited have been presented in the financial statements in accordance with Sri Lanka Accounting Standard LKAS 28 - Investments in Associates and Joint Ventures.

No adjustment have been made for inflationary factors in these financial statements.

1.6 Approval of the Financial Statements

The financial statements for the year ended 31 December 2024 were authorised for issue by the Directors on 28 February 2025.

1.7 Responsibility for the Financial Statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility in the annual report (refer page 227).

2 BASIS OF ACCOUNTING

2.1 Statement of Compliance and Presentation

The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL), the requirements of the Companies Act No. 07 of 2007, Regulation of Insurance Industry (RII) Act No. 43 of 2000, Statement of Recommended Practice (SoRP) issued by ICASL and the listing rules of the Colombo Stock Exchange.

These financial statements include the following components:

- an Income Statement and Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Company for the year under review (refer pages 233 to 234);
- a Statement of Financial Position providing information on the financial position of the Company as at the year end (refer page 235);
- a Statement of Changes in Equity depicting all changes in shareholders' funds of the company during the year under review (refer pages 236 to 237);
- a Statement of Cash Flows providing information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows in the business (refer pages 238 to 239);
- Notes to the financial statements comprising accounting policies and other explanatory information (refer pages 240 to 334).

The Company has opted to defer full application of SLFRS 9 - Financial Instruments, until the adoption of SLFRS 17 - Insurance Contracts, exercising the temporary exemption provided to an insurance company (refer note 4.1).

2.2 Basis of Measurement

These financial statements have been prepared on an accruals basis and under the historical cost convention except for the following material items, which are measured on an alternative basis at each reporting date.

Items	Measurement basis	Note	Page
Financial assets			
Non - derivative financial assets at fair value through profit or loss	Fair value	8	268
Available for sale financial assets	Fair value	8	268
Financial assets - Unit linked	Fair value	8	268
Non - financial assets / liabilities			
Freehold land and buildings	Fair value	27.7	292
Insurance contract liabilities	Actuarially valued in line with the guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)	42	316
Net defined benefit liabilities	Actuarially valued and recognised at present value	45	322
Share based payment	Fair value	40.3	313

2.3 Functional and Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (LKR), which is the currency of the primary economic environment in which the Company operates and is also the functional currency.

There was no change in the Company's presentation and functional currency during the year under review.

2.4 Rounding

The amounts in the Financial Statements have been rounded to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 1 - Presentation of Financial Statements.

2.5 Materiality and Aggregation

Each item which is similar in nature is presented together if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 - Presentation of Financial Statements.

2.6 Going Concern

The Company has prepared the financial statements for the year ended 31 December 2024 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31 December 2024 based on available information, the Management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

The Management has formed judgement that the Company has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans along with the financial strength of the Company.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic conditions as described in note 3, have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

2.7 Supplementary Statements - Statement of Financial Position of the Life Insurance Fund

Supplementary Statement of Financial Position of the Life insurance fund together with the notes are disclosed in pages 352 to 359, continuing the past practice which is a requirement of the Statement of Recommended Practice (SoRP) for insurance contracts, adopted by the ICASL.

2.8 Comparative Information

The presentation and classification of assets and liabilities in the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year. Refer Note 52 for details on change in comparative information.

NOTES TO THE FINANCIAL STATEMENTS

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Current Economic Condition of the country and estimation uncertainty

The Sri Lankan economy showed a faster recovery than expected in 2024 as a result of continued actions such as following cost-reflective utility pricing, prudent monetary and fiscal policy, domestic and bilateral debt restructuring. With stabilization of key economic indicators such as interest rates, inflation and appreciation of the local currency in 2024, there were no material uncertainties in the material accounting judgements, estimates and assumptions made when preparing these financial statements.

3.1 Information about judgements made in applying accounting policies that have the most material effects on the amounts recognised in the financial statements is included in the following notes:

Critical Judgements	Note	Page
Classification of financial assets	25	283
Equity accounted investee: whether the Company has significant influence over an investee	29	296
Classification of insurance, reinsurance and investment contracts: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features	42	316
Measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the quantity of benefits provided under a contract	42	316

3.2 Information about assumptions and estimation uncertainties that have a material risk of resulting in material adjustments to the carrying amounts of assets and liabilities is included in the following notes:

Critical Accounting Estimates	Note	Page
Impairment of non - financial assets: key assumptions underlying recoverable amounts	5.1	248
Determination of the fair value of financial instruments and investments and owner occupied properties with significant unobservable inputs	8	268
Impairment of financial assets	25	283
Impairment of intangible assets	26	287
Measuring insurance and reinsurance contracts: key assumptions	42	316
Liability Adequacy Test	42	316
Measurement of defined benefit obligations: key actuarial assumptions	45	322
Recognition and measurement of provisions and contingencies: key assumptions on the likelihood and magnitude of an outflow of resources	51	332

4 NEW STANDARDS AND AMENDMENTS

4.1 Applicable on or before 1 January 2024

The following standards have been issued and are effective for annual periods beginning after 1 January 2024, early application was permitted with transitional rules.

These standards have not been applied to these financial statements as explained below.

4.1.1 SLFRS 9 - Financial Instruments

The standard became mandatorily effective for the annual periods beginning on or after 1 January 2018.

The Company met the eligibility criteria for the temporary exemption under the Amendments to SLFRS 4 from applying SLFRS 9 in 2018 and has accordingly deferred the adoption of SLFRS 9 until SLFRS 17 - Insurance Contracts is adopted upon its mandatory effective date.

The Company is eligible as its activities are predominantly to issue insurance contracts based on the criteria as set out in the amendments to SLFRS 4.

Disclosures on Qualifying for the Temporary Exemptions

Based on the proposed SLFRS 17 - Insurance Contracts, the Company is permitted to apply the temporary exemption as the Company meets the following eligibility criteria:

1 The Company has not applied SLFRS 9 before; and

2 The Company's activities are predominantly connected with insurance as the ratio of its liabilities connected with insurance, including investment contracts measured at fair value through profit or loss, compared with total liabilities which is greater than 90%. Accordingly, the Company qualifies as a pure insurance company.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Insurance contract liabilities	78,399,507	65,043,384
Insurance contract liabilities - Unit linked	792,176	718,692
Reinsurance payables	587,668	365,027
Liabilities connected with insurance	79,779,351	66,127,103
Total liabilities	85,791,350	71,508,590
Predominance ratio	93%	92%

Disclosures to provide comparability

Business Model Assessment

The Company will make an assessment of the objective of the business model when a financial asset is held at a portfolio level since this best reflects the way the business is managed and information flow to the management.

i. Classification of Financial assets

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects characteristics of cashflows of assets and the business model in which assets are managed.

SLFRS 9 includes three principal classification categories for financial assets; measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). It replaces the existing four categories under LKAS 39 of held to maturity (HTM), loans and receivables (L&R), fair value through profit or loss (FVTPL) and available for sale (AFS).

The table below provides an initial assessment made by the Company on its financial assets portfolio.

Financial assets that meet the solely payment of principal and interest (SPPI) test (excluding the financial assets that meet the definition of held for trading or managed and evaluated on a fair value basis) are classified as Amortised Cost.

Instrument	Current classification	Credit risk grading	Carrying value under LKAS 39 Rs. '000	Fair value Rs. '000	Classification under SLFRS 9
Treasury bonds	HTM	N/A	46,244,375	52,017,058	Amortised cost
Reverse repurchase agreements	L&R	N/A	3,973,731	3,973,731	Amortised cost
Debentures	L&R	Please refer Note 30.4(a)	10,469,094	11,019,580	Amortised cost

All other financial assets (that meet the definition of held for trading or managed and evaluated on a fair value basis).

Instrument	Current Classification	Carrying value under LKAS 39 Rs. '000	Fair value Rs. '000	Classification under SLFRS 9
Equity shares	FVTPL	7,248,864	7,248,864	FVTPL
Debentures	FVTPL	76,358	76,358	FVTPL
Reverse repurchase agreements	FVTPL	76,998	76,998	FVTPL
Treasury bonds	FVTPL	95,996	95,996	FVTPL
Treasury bills	FVTPL	4,900	4,900	FVTPL
Unit trusts	FVTPL	212,641	212,641	FVTPL
Treasury bonds	AFS	20,354,866	20,354,866	FVTOCI
Treasury bills	AFS	6,809,621	6,809,621	FVTOCI

NOTES TO THE FINANCIAL STATEMENTS

Impact Assessment

The standard will affect the classification and measurement of financial assets held as follows.

- Trading assets and derivative assets held for risk management, which are classified as held for trading and measured at fair value under LKAS 39, will also be measured at fair value under SLFRS 9;
- Loans and receivables measured at amortised cost under LKAS 39 will also be measured at amortised cost under SLFRS 9;
- Held to maturity investment securities measured at amortised cost under LKAS 39 will be measured at amortised cost under SLFRS 9;
- Debt investment securities that are classified as available for sale under LKAS 39 may, under SLFRS 9, be classified under FVTOCI or amortised cost and measured at fair value / amortised cost depending on the particular circumstance;
- The equity investment securities that are classified as fair value through profit or loss under LKAS 39 will continue to be measured at FVTPL under SLFRS 9.

ii. Impairment of Financial Assets, Loan Commitments and Financial Guarantee Contracts

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with a forward looking 'expected credit loss' model. This will require considerable judgement over how changes in economic factors affect Expected Credit Loss (ECL), which will be determined on a probability weighted basis.

The new impairment model applies to financial assets that are debt instruments, that are not measured at FVTPL.

SLFRS 9 requires a loss allowance to be recognised at an amount equal to either 12 month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

iii. Hedge Accounting

Hedge accounting requirements are more closely aligned with the risk management activities of the Company. No significant change is currently anticipated from hedge accounting.

4.2 Applicable on or after 1 January 2025

A number of new accounting standards and amendments are effective for annual reporting periods beginning after 1 January 2025 and earlier application of these standards is permitted. However, the Company has not early adopted the new and amended standards in preparing these financial statements.

4.2.1 SLFRS 17 - Insurance Contracts

The Company is in the process of assessing the impact on its financial statements due to the initial application of SLFRS 17. The transition work is ongoing including designing of the accounting and actuarial policies, methodologies, models etc. Such assessments continue to change because;

a) The Company continues to refine the new accounting processes and internal controls required to apply SLFRS 17.

b) The Company has not completed its testing and assessment of the controls over its new IT systems and changes to its control framework; and

c) The Company has applied new accounting policies, assumptions, judgments and estimation techniques, which are subject to change until the Company prepares its first financial statements that include the date of initial application.

Overview

SLFRS 17 will replace SLFRS 4 on accounting for insurance contracts and will be effective from 1 January 2026.

IFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdiction prior to January 2005. SLFRS 17 replaces this with new measurement model for all insurance contracts.

Objective

SLFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of SLFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Scope

An entity shall apply SLFRS 17 to:

a) insurance contracts

b) reinsurance contracts it holds; and

c) investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

SLFRS 17 permits, but does not require, an entity to apply SLFRS 15 - Revenue from Contracts with Customers to fixed-fee service contracts if the contracts' primary purpose is the provision of a service. This choice is available for contracts that meet the following conditions.

- The contract price set by the entity does not reflect an assessment of the risk associated with an individual customer.
- The contract compensates customers by providing a service, rather than by making cash payments.
- The insurance risk that is transferred by the contract arises primarily from uncertainty about the frequency of the customer's use of the service, rather than about its cost.

Recognition

An entity shall recognise a group of insurance contracts it issues from the earliest of the following:

a) the beginning of the coverage period of the group of contracts;

b) the date when the first payment from a policyholder in the group becomes due; and

c) for a group of onerous contracts, when the group becomes onerous.

Measurement

SLFRS – 17 specify three measurement approaches;

1. Building Block Approach (BBA)
2. Premium Allocation Approach (PAA)
3. Variable Fee Approach (VFA)

On initial recognition, an entity shall measure a group of insurance contracts at the total of:

a) the fulfilment cash flows, which comprise:

   i. estimates of future cash flows;

   ii. an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and

   iii. a risk adjustment for non-financial risk.

b) the contractual service margin

The CSM of a group of contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow.

An entity shall include all the cash flows within the boundary of each contract in the group. The entity may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfilment cash flows to individual groups of contracts.

The estimates of future cash flows shall be current, explicit, unbiased, and reflect all the information available to the entity without undue cost and effort about the amount, timing and uncertainty of those future cash flows. They should reflect the perspective of the entity, provided that the estimates of any relevant market variables are consistent with observable market prices.

Discount rates

The discount rates applied to the estimate of cash flows shall:

a) reflect the time value of money (TVM), the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;

b) be consistent with observable market prices of those financial instruments whose cash flow characteristics are consistent with those of the insurance contracts; and

c) exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Risk Adjustment for Non-financial Risk

The estimate of the present value of the future cash flows is adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

Under SLFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different Group entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

i. Any contract that is onerous at initial recognition

ii. Any contract that, on initial recognition, has no significant possibility of becoming onerous subsequently

iii. Any contract remaining in the group

NOTES TO THE FINANCIAL STATEMENTS

Onerous Contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any previously recognised acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. An entity shall recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF and the CSM of the group being zero.

On subsequent measurement, if a group of insurance contracts become onerous (or more onerous), that excess shall be recognised in profit or loss. Additionally, CSM cannot increase, and no revenue can be recognised, until the onerous amount previously recognised has been reversed in profit or loss as part of a service expense.

Presentation and disclosure

SLFRS 17 will significantly change how insurance contracts, reinsurance contracts and investment contracts with DPF are presented and disclosed in the financial statements.

Under SLFRS 17, portfolios of insurance contracts and investment contracts with DPF that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under SLFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into

a) an insurance service result, comprising insurance revenue and insurance service expenses; and

b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

Transition

An entity shall apply the Standard retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, an entity shall utilise reasonable and supportable information and maximise the use of information that would have been used to apply a full retrospective approach but need only use information available without undue cost or effort. Under this approach the use of hindsight is permitted, if that is the only practical source of information for the restatement of prior periods.

Under the fair value approach, an entity determines the CSM or the loss component at the transition date as the difference between the fair value of a group of insurance contracts at that date and the FCF measured at that date. Using this approach, on transition entity has a choice need for annual groups.

The Company is currently in the process of evaluating the appropriate transition approach for its policy portfolio considering the availability information.

SLFRS 17 and SLFRS 9 Implementation Programme

SLFRS 17 is expected to have a significant impact, as the requirements of the new standard are complex and requires a fundamental change to accounting for insurance contracts as well as the application of significant judgement and new estimation techniques. The effect of changes required to the Company's accounting policies as a result of implementing these standards to be determined, but these changes can be expected to, among other things, alter the timing of profit recognition. Given the implementation of this standard is likely to involve crucial enhancements to IT, actuarial and finance systems of the Company, significant investments are made to ensure smooth transition & operations.

The Company has an implementation programme underway to implement SLFRS 17 and SLFRS 9. The scope of the programme consists of setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate data and implementing actuarial and finance system changes.

The SLFRS 17 Steering Committee is mandated to monitor strategic, tactical, and operational readiness for the implementation of SLFRS 17. The Company has made steady progress in the SLFRS 17 implementation journey. Governing structure and project timelines are given in the Corporate Governace commentary of the Annual Report on pages 146 to 149.

The company is in the process of finalising Technical position papers and system development. A detailed progress of the SLFRS 17 project and project key milestones are given in Finance Capital section of the annual report in pages 74 to 77.

The Company is on track to providing SLFRS 17 complied financial statements when the standard it becomes effective.

4.2.2 SLFRS S1 - Sustainability Disclosure Standard

SLFRS S1 General requirements for disclosure of sustainability related Financial Information is to require an entity to disclose information about its sustainability related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity

4.2.3 SLFRS S2 - Climate – Related Disclosures

SLFRS S2 Climate related disclosures is to require an entity to disclose information about its climate related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

5 MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements. The accounting policies are presented along with the respective notes.

Material Accounting Policies	Note	Page
Recognition of Income and Expenses		
Gross written premium	9	273
Premium ceded to reinsurers	10	274
Net investment income	11	274
Net realised gains	12	275
Net fair value gains	13	276
Other income	14	276
Net insurance benefits and claims paid	15	277
Net change in insurance claims outstanding	16	277
Change in Insurance liabilities	17	278
Underwriting and net acquisition costs - (net of reinsurance)	18	278
Other operating, administrative and selling expenses	19	279
Income tax expenses	22	280
Recognition of Assets and Liabilities		
Impairment of non-financial assets	5.1	248
Financial risk management	7	250
Fair value measurement and related disclosures	8	268
Financial assets and liabilities	25	283
Intangible assets	26	287
Property, plant and equipment	27	289
Right of use assets	28	294
Investment in equity accounted investee	29	296
Financial investments	30	299
Loans to life policyholders	31	307
Reinsurance receivable	32	308
Premiums receivable	33	309
Receivables and other assets	34	309
Cash and cash equivalents	35	311
Stated capital	36	311
Employee Share based option	40.3	313
Insurance contract liabilities	42	316
Insurance contract liabilities - unit linked	43	321
Lease liabilities	44	322
Employee benefit liabilities	45	322
Reinsurance payables	46	324
Other liabilities	47	325
Commitments	49	331
Events after the reporting date	50	331
Provisions and contingencies	51	332
Shareholder related		
Earnings per share	23	282
Dividends per share	24	283
General		
Foreign currency transactions	5.2	248
Statement of cash flows	5.3	248
Operating segments	6	248
Related party transactions	48	325

Other Material Accounting Policies not covered with Individual Notes

The following accounting policies which have been applied consistently by the Company, are considered to be material but are not covered in any other section.

NOTES TO THE FINANCIAL STATEMENTS

5.1 Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets (other than insurance and reinsurance contract 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated annually. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in the income statements. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.2 Foreign Currency Transactions

Transactions in foreign currencies are converted into the functional currency of the Company at the exchange rates prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The gain or loss arising on transactions of non-monetary items is treated in line with the recognition of gain or loss on fair value of the item.

5.3 Statement of cash flows

The Statement of Cash Flows has been prepared by using the Direct & Indirect Methods of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 - Statement of Cash Flows. Cash and cash equivalents comprise of short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

6 OPERATING SEGMENTS

Accounting policy

Operating segments are components of the Company that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to segments and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's Chief Executive Officer (being the CODM) include items that are directly attributable to segments as well as those that can be allocated on a reasonable basis.

6.1 Basis for Segmentation

The Company is one legal entity however for Management purposes and to comply with the regulatory framework, the Company is organised into business units based on their products and services and has two reportable operating segments. These segments are managed separately because they require different operational, risk management and marketing strategies. All operating results are reviewed regularly by the Chief Executive Officer (CEO) and Corporate Management to make decisions regarding resource allocation and assess its performance, and for which financial information is available.

The following summary describes the two reportable segments and its operations.

Reportable Segment	Description
Policyholder Fund	UA maintains five separate policyholder funds according to the following product types: Participating, Non-participating, Universal life, Unit linked, and Non-unit linked. The combination of above five funds is collectively known as the "Life Insurance Fund". Transactions of each product type are entered in the account maintained for that business. Assets belonging to each fund are maintained separately and the policyholder liabilities in each category are matched with suitable assets (by amount and duration). The investments in each fund complies with the regulatory requirements specified under Determination 1.
Shareholder Fund	Assets belonging to the shareholders are maintained separately in the "Shareholder Fund". Income and expenses arising from shareholders account are accounted under the Shareholder Fund. Every year, the surplus arising from life insurance fund are transferred to the Shareholder Fund based on the Actuary's recommendation. Currently, the Company holds the one-off surplus that arose from changing the policy liability valuation as a restricted reserve within the Shareholder Fund.

6.2 Information about Reportable Segments

Information related to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance as this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industry.

Summary of Segment Performance

For the year ended 31 December Rs. '000	2024			2023		
	Policyholder Fund	Shareholder Fund	Total	Policyholder Fund	Shareholder Fund	Total
Segment revenue						
Gross Written Premium	21,646,969	-	21,646,969	18,866,985	-	18,866,985
Net Written Premium	20,155,244	-	20,155,244	17,834,395	-	17,834,395
Total Investment Income and Other Revenue	12,799,403	1,863,816	14,663,219	10,021,634	2,101,713	12,123,347
Total Net Revenue	32,954,647	1,863,816	34,818,463	27,856,029	2,101,713	29,957,742
Total Claims and Expenses	(16,317,401)	27,147	(16,290,254)	(15,224,287)	41,963	(15,182,324)
Change in Contract Liabilities	(13,637,246)	-	(13,637,246)	(9,831,742)	-	(9,831,742)
Share of results of equity accounted investee, net of tax	-	337,223	337,223	-	311,874	311,874
Surplus distributed to shareholders	(3,000,000)	3,000,000	-	(2,800,000)	2,800,000	-
Segment Profit Before Tax	-	5,228,186	5,228,186	-	5,255,550	5,255,550
Income Tax Expenses	-	(1,486,968)	(1,486,968)	-	(1,497,185)	(1,497,185)
Segment Profit After Tax	-	3,741,218	3,741,218	-	3,758,365	3,758,365

All revenues are from external customers. There is no revenue from transactions between operating segments.

As at 31 December Rs. '000	2024			2023		
	Policyholder Fund	Shareholder Fund	Total	Policyholder Fund	Shareholder Fund	Total
Segment Assets	93,259,520	16,199,821	109,459,341	78,078,151	17,591,510	95,669,661
Segment Equity and Reserves	5,375,177	18,292,814	23,667,991	4,806,437	19,354,634	24,161,071
Segment Liabilities	84,888,302	903,048	85,791,350	70,524,604	983,986	71,508,590

Segmental cash flows have not been presented since the cash flows are managed company level.

NOTES TO THE FINANCIAL STATEMENTS

6.3 Major Customer

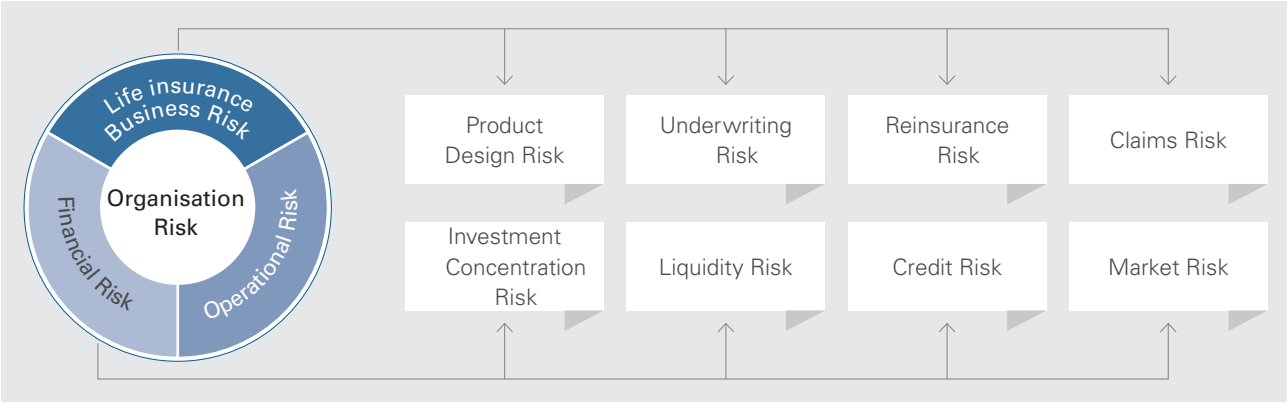
The company does not have any major single customer.

6.4 Geographic Information

The Company functions in one geographic location (only in Sri Lanka). Accordingly, geographic information is not presented in the financial statements.

7 FINANCIAL RISK MANAGEMENT

The following presents the risks that the Company considers in Risk Management. This note presents information about the Company's exposure to each of the stated risks, the Company's objectives, policies and processes for measuring and managing such risks. The current economic condition is more fully describe under note 3 to the financial statements.



Risk Management Framework

Primary objective of the Company's business and financial risk management framework is to protect the Company's shareholders from events that could hinder the sustainable delivery of financial objectives. The risk management process comprises the identification and evaluation of existing and potential risks associated with the Company's operations and strategy, followed by appropriate management responses such as tolerance, mitigation, transfer, avoidance, termination or a combination of such responses.

The Company's Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits.

The Board has delegated the responsibility to design, implement and monitor the risk management plan to the corporate management team.

The Management ensures effective management of risk through continuous and regular measurement and reports the Company's risk management performance to the Board Audit and Compliance Committee (BACC) which in turn updates the Board.

The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial risk management can be qualitative and quantitative. As a specialisation of risk management, financial risk management focuses on when and how to use financial instruments to manage costly exposures.

Details of our risk management framework, objectives and regulatory framework is provided under Corporate Governance and Enterprise Risk Management section, given on pages 206 to 216.

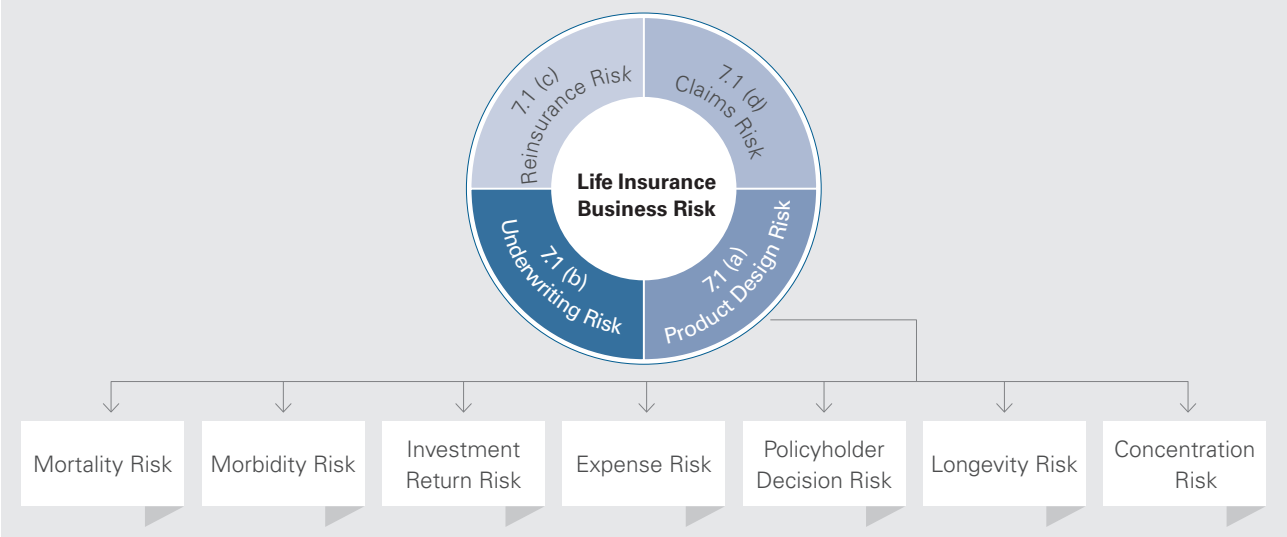
Regulatory Framework

The Insurance Regulatory Commission of Sri Lanka (IRCSL) safeguards policyholders through supervisory control of insurance companies in line with the Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments. The Company needs to comply with rules with respect to the solvency position and the determination requirements to ensure the Company maintains appropriate level of admissible and approved investments in excess of liabilities to meet risks arising from unforeseen events. Further the Company is in compliance with the Risk Based Capital (RBC) requirement as per IRCSL.

The Company has adequate Total Available Capital (TAC) in policyholder's and shareholder's funds collectively, to support the Risk based Capital Required (RBC).

The operations of the Company are also subject to oversight by various other regulators such as the Securities and Exchange Commission of Sri Lanka (SEC), the Colombo Stock Exchange (CSE), the Central Bank of Sri Lanka (CBSL), the Department of Inland Revenue, etc. The Company is also regulated by the Companies Act No. 07 of 2007.

7.1 Business Risk



Life Insurance Business Risk

The Company being in the insurance industry, life insurance business risk is the risk that the Company is exposed to as a result of the insurance contracts undertaken. Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities.

Risk Response

The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by;

- Diversification across a large portfolio of insurance contracts and geographical spread;
- Careful selection and implementation of underwriting guidelines;
- The use of reinsurance arrangements;
- Ensure compliance (determination) requirements imposed by the regulator (IRCSL).

Risk management procedures adopted by the Company to manage insurance risk is given on pages 206 to 216.

Traditional Life Insurance

Life insurance is a contractual agreement between a policyholder and a life insurance company. Policyholders agree to make premium payments to the Company, and the Company agrees to pay beneficiaries a sum of money if the policyholder dies or an insured event is occurred.

Traditional life insurance products include protection and annuity covers. Protection products carry product designing, underwriting, claims and reinsurance risk.

NOTES TO THE FINANCIAL STATEMENTS

7.1 (a) Product Design Risk

Life insurance product design largely depends on futuristic hypothetical assumptions. Accordingly there is a risk of introducing unprofitable products to the market due to inappropriate use of assumptions or judgements. The fundamental assumptions used in product development are explained below.

Risk	Description	Assumptions used / risk response
Mortality risk	Risk of loss arising due to policyholders death experience being different from expected	Use of standard mortality tables with adjustments to reflect the Company's mortality experience after allowing for adverse deviation having conducted stress analysis.
Morbidity risk	Risk of loss arising due to policyholders health experience being different from expected	Assumptions are based on reinsurance tables, adjustments made when appropriate to reflect the Company's own risk experience after allowing for adverse deviation having conducted stress analysis.
Investment return risk	Risk of loss arising from actual returns being different from expected	The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long term asset allocation strategy. Stress analysis is carried to check the sensitivity and allow for adverse deviation.
Expense risk	Risk of loss arising from the expense experience being different from expected	Operating expense assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. Expense assumptions have been set based on the latest expense investigation carried out on the expenses incurred.
Policyholder decision risk	Risk of loss arising due to policyholders experiences (lapses and surrenders) being different from expected	Lapse and surrender rates are projected according to the Company's past experience. Stress analysis is carried to check the sensitivity and allow for adverse deviation.
Longevity Risk	Risk of loss arising due to the annuitant living longer than expected	Terms and conditions included in insurance applications have been designed to address non-standard and unpredictable risks.
Concentration risk	Risk of losses due to not maintaining a balanced product portfolio	Developing a proper product mix in line with Company strategy. Stress analysis is carried out to check the sensitivity of the business mix within the products.

Overall Risk Mitigation Approach in Traditional Life Insurance

Product	Key risks	Risk mitigation
Traditional participating	▸ Market risk: Investment return on underlying items falling below guaranteed minimum rates	▸ Management discretion to determine amount and timing of policyholder bonuses (within limits)
	▸ Policyholder behaviour risk	▸ Surrender penalties
Non - participating	▸ Market risk: Insufficient fees to cover cost of guarantees and expenses	▸ Derivative hedging programme
	▸ Policyholder behaviour risk	▸ Surrender penalties
Universal life	▸ Interest rate risk: Differences in duration and yield of assets and liabilities	▸ Matching of asset and liability cash flows
	▸ Investment credit risk	▸ Investing in investment grade assets
Unit linked	▸ Market risk: Insufficient fees to cover expenses	▸ Surrender penalties
	▸ Policyholder behaviour risk	▸ Product repricing

Unit Linked Products

Unit linked products have been designed in order to reduce much of the market and credit risks associated with traditional products. It is a type of insurance vehicle in which the policyholder purchases units at their net asset values and also makes contributions toward another investment vehicle. Unit linked insurance plans allow for the coverage of an insurance policy.

Under unit linked contracts, risks are largely passed on to the policyholder, although a portion of the Company's management fees are linked to the value of funds under management and hence are at risk if the fund values decrease.

Unit linked products carry mortality risk and market risk to the extent that there are guarantees built into the product design. Contracts may have minimum guaranteed death benefits where the sum at risk depends on the fair value of the underlying investments. For certain contracts these risks are minimised by explicit mortality and morbidity charges.

Participating Fund vs Non - Participating Fund

The following table shows the concentration of the Participating and Non - Participating funds position of the Company.

As at 31 December Type of contract	2024		2023	
	Rs. '000	%	Rs. '000	%
Participating	8,773,934	11	8,135,864	13
Non - participating	69,303,001	89	56,661,759	87
Total traditional	78,076,935	100	64,797,623	100
Non - unit fund of linked insurance	322,572		245,761	
Total value of insurance liabilities	78,399,507		65,043,384	

The table below presents the sensitivity of the value of insurance liabilities to movements in the key assumptions used in the estimation of insurance liabilities with other assumptions held constant. For liabilities under life insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. No adjustments were required in 2024 or 2023, based on the results of the liability adequacy test.

As at 31 December Assumption	Change	Impact on liabilities %		Impact on liabilities Rs. '000	
	%	2024	2023	2024	2023
Mortality	+10	0.17	0.17	113,190	90,087
	-10	(0.17)	(0.17)	(113,577)	(90,369)
Discount rate	+1	(3.77)	(4.49)	(2,482,603)	(2,442,008)
	-1	4.04	4.92	2,665,222	2,674,160

NOTES TO THE FINANCIAL STATEMENTS

7.1 (b) Underwriting Risk

Underwriting risk arise from an inaccurate assessment of the risks entailed in writing an insurance policy. As a result, the policy may cost the insurer much more than it has earned in premiums.

Underwriting risk can be identified through the following 3 main risk categories.

- Insurance risk: the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums, withdraw deposits, or annuitise a contract earlier or later than expected.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than the costs associated with insured events).

Risk Response

- Validation of policyholder data before underwriting. Accordingly, policyholder undergoes a medical test at the Company's expense.
- Appropriate training is provided to insurance advisors.
- Use of common pricing policy.
- Interventions via advance data analytics to reduce lapse rates.

7.1 (c) Reinsurance Risk

Notwithstanding the advantages reinsurance provide, it can expose the Company at varying degrees to various risks inherent in its use. A new or continuing reinsurance contract could give rise to one or more of the following risks:

- Residual insurance risk may arise from discrepancies between reinsurance needs and the actual coverage provided for in the contract, resulting in the insurer retaining greater risk than anticipated.
- Legal risk may arise when the terms of the contract do not accurately reflect the intent of the insurer or when the contract cannot be legally enforced.
- Counterparty risk may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism, to honour its obligations towards the ceding insurer.
- Liquidity risk may arise from the possible time lag between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable.
- Operational risk may result from inadequate contractual arrangements or from insufficient technological or administrative capacity to manage and collect sums owed by reinsurers.

Risk Response

- Reinsurance is placed in line with policy guidelines approved by the Board of Directors on an annual basis based on the guidelines issued by the IRCSL.
- Management assesses the credit worthiness of reinsurers on a regular basis to update the reinsurance strategy and ascertain the suitable allowance for impairment of reinsurance assets.

The Company reinsures approximately 7% of gross written premium.

For the year ended 31 December	2024 Rs. '000	%	2023 Rs. '000	%
Gross written premium	21,646,969		18,866,985	
Reinsurance	(1,491,725)	7	(1,032,590)	5
Net written premium	20,155,244		17,834,395	

The Company has recovered approximately 45% of gross claims paid from reinsurers during the period under review.

For the year ended 31 December	2024 Rs. '000	%	2023 Rs. '000	%
Gross claims expenses	2,170,578		1,839,443	
Claims recovered from reinsurers	(974,565)	45	(867,247)	47

*Maturity, annuity and surrender claims are excluded from gross claims expenses.

7.1 (d) Claim Risk

The possibility of adverse variance in claim pattern of the product which is not expected at the product development stage.

Risk Response

- Obtaining adequate reinsurance cover.
- Adequate information is gathered to confirm the event occurred prior to processing the claim.
- In-house actuarial department closely monitors claim reserves.

7.2 Financial Risk

Financial risk is the probability of loss inherent in financing methods which may impair the ability to provide adequate returns. The Company is exposed to a range of financial risks through financial assets and financial liabilities.

Financial risks can be categorised as follows.



7.2 (a) Investment Concentration Risk

Investment concentration risk is the risk that an investor will suffer from lack of diversification, investing too heavily in one industry, one geographic area or one type of security. It may also be defined as the risk of loss due to over exposure to one investment, asset class, risk factor, etc.

Risk Response

- The Investment Committee (IC) sets an overall asset allocation target at the start of the year. The decision is based on a number of factors including an analysis of the macroeconomic environment, regulatory requirements, liquidity position and return expectations during the plan period.
- The IC sets sectorial asset allocation limits for equity investments as well as related party exposure limits.
- The Company limits the maximum cash amount that can be deposited with a single counterparty.
- Outsourced management of the equity portfolio to a third party fund management companies to leverage expert knowledge in investment decisions and optimise portfolio return and risk.

The above is based on the approved investment policy of the Company. Investment concentration related to financial investments is given below.

As at 31 December	2024		2023	
	Rs. '000	%	Rs. '000	%
Government securities and related institutions	77,382,593	82	63,914,588	78
Corporate debt securities	10,469,094	11	10,303,762	12
Fixed deposits	-	-	64,359	-
Unit trusts	206,111	-	4,181,198	5
Investment in quoted equity securities	6,734,308	7	3,942,092	5
Asset backed securities	-	-	306,697	-
Total	94,792,106	100	82,712,696	100

Government Securities and Related Institutions

This includes investments made in treasury bills, treasury bonds, and reverse repurchase agreements.

Corporate Debt Securities

The Company has predominantly invested in Banking and diversified financials sectors for which the Company believes the credit risk and market risk is low.

As at 31 December	2024		2023	
	Rs. '000	%	Rs. '000	%
Banking and Diversified financials	10,264,014	98	9,994,236	97
Capital Goods	-	-	104,478	1
Telecommunication	205,080	2	205,048	2
Total	10,469,094	100	10,303,762	100

NOTES TO THE FINANCIAL STATEMENTS

Investment in Quoted Equity Securities

Considering the market return and risk, the Company has predominantly invested in Banking and Capital goods sectors and regularly reviews market risk of the portfolio to assess adequacy of diversification.

As at 31 December	2024		2023	
Industry Group	Rs. '000	%	Rs. '000	%
Banks	1,696,821	25	1,275,919	32
Capital Goods	2,141,627	32	1,285,343	33
Consumer Durables & Apparel	1,029,815	15	236,584	6
Consumer Services	19,011	-	66,995	2
Diversified Financials	166,019	3	29,872	1
Food, Beverage & Tobacco	431,308	7	468,086	12
Materials	1,033,328	15	355,823	9
Real Estate	-	-	1,340	-
Retailing	-	-	8,676	-
Transportation	206,449	3	-	-
Telecommunication Services	-	-	213,454	5
Uility	9,930	-	-	-
Total	6,734,308	100	3,942,092	100

7.2 (b) Liquidity Risk

Liquidity risk is the risk, that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic / unexpected large claim events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Company implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The Company attempts to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through investment cashflows.

The Company continued to adopt a disciplined approach across the Company including functioning of the spend control steering committee for preserving and increasing liquidity to respond to possible future liquidity constraints.

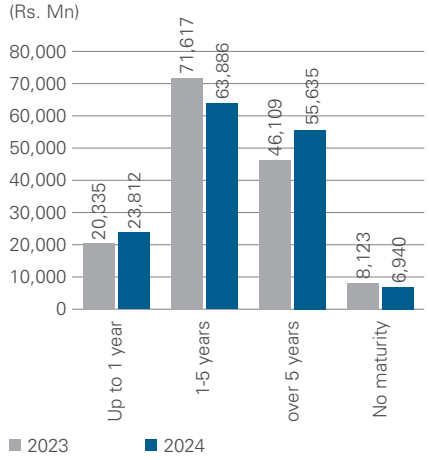
Risk Response

- The Investment Committee (IC) manages this risk by diversifying investment durations and reviewing cash flow projections regularly.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure availability of sufficient funding to meet insurance and investment contract obligations.
- Reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments when claim events exceed a certain size.
- Reviewing the maturity mix of the investment portfolio by the Management and the Investment Committee (IC) on a regular basis.
- Maintaining sufficient cash balances, overnight investments and other short tenure investments to accommodate expected obligations and commitments of the Company.

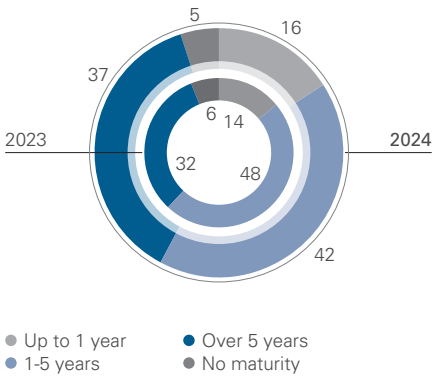
Excess liquidity position of the Company excluding insurance contract liabilities is given below (based on undiscounted cashflows).

As at 31 December	2024 Rs. '000	2024 %	2023 Rs. '000	2023 %
Up to one year	23,811,862	16	20,334,519	14
1 - 5 years	63,886,135	42	71,616,897	48
Over 5 years	55,635,185	37	46,108,882	32
No maturity	6,940,419	5	8,123,290	6
	150,273,601	100	146,183,588	100

Excess Liquidity Position



Composition of Excess Liquidity



For reinsurance receivables, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Unit linked liabilities are repayable or transferable on demand and are included as 'current' repayments.

The table below summarises the maturity profiles of non derivative financial assets and financial liabilities based on remaining undiscounted contractual obligations, including interest payable and receivable. Undiscounted maturity profiles of insurance contract liability have been disclosed under note 42.11.

As at 31 December 2024 Rs. '000	Carrying amount	No fixed tenure	Up to one year	1 - 5 years	Over 5 years	Total
Financial assets						
Held to maturity	46,244,375	-	6,591,217	33,338,286	47,682,689	87,612,192
Loans and receivables	14,442,825	-	7,144,312	10,306,925	2,310,000	19,761,237
Available for sale	27,164,487	-	10,218,540	18,838,742	5,007,770	34,065,052
Fair value through profit or loss	6,940,419	6,940,419	-	-	-	6,940,419
Other financial assets	420,302	-	115,987	370,642	16,607	503,236
Loans to life policyholders	2,651,478	-	496,099	1,576,208	579,171	2,651,478
Reinsurance receivable	418,852	-	285,516	85,979	47,357	418,852
Premiums receivable	1,066,641	-	1,046,976	19,665	-	1,066,641
Cash in hand and at bank	1,614,403	-	1,614,403	-	-	1,614,403
Total undiscounted assets	100,963,782	6,940,419	27,513,050	64,536,447	55,643,594	154,633,510
Financial liabilities						
Reinsurance payables	587,668	-	569,467	18,201	-	587,668
Lease liabilities	606,916	-	216,204	539,111	8,409	763,724
Other financial liabilities	2,837,476	-	2,780,988	93,000	-	2,873,988
Bank overdraft	134,529	-	134,529	-	-	134,529
Total undiscounted liabilities	4,166,589	-	3,701,188	650,312	8,409	4,359,909
Total excess liquidity	96,797,193	6,940,419	23,811,862	63,886,135	55,635,185	150,273,601

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023 Rs' 000	Carrying amount	No fixed tenure	Up to one year	1 - 5 years	Over 5 years	Total
Financial assets						
Held to maturity	40,777,419	-	5,591,278	36,623,560	40,520,689	82,735,527
Loans and receivables	10,849,760	-	4,543,804	10,050,797	551,250	15,145,851
Available for sale	22,797,716	-	5,948,220	23,328,466	4,482,270	33,758,956
Fair value through profit or loss	8,287,801	8,123,290	4,335,246	326,248	111,062	12,895,846
Other financial assets	348,966	-	134,629	308,063	12,943	455,635
Loans to life policyholders	2,368,021	-	475,103	1,501,483	391,435	2,368,021
Reinsurance receivable	447,558	-	341,488	63,360	42,710	447,558
Premiums receivable	1,051,444	-	1,051,444	-	-	1,051,444
Cash in hand and at bank	839,475	-	839,475	-	-	839,475
Total undiscounted assets	87,768,160	8,123,290	23,260,687	72,201,977	46,112,359	149,698,313
Financial liabilities						
Reinsurance payables	365,027	-	294,221	70,806	-	365,027
Lease liabilities	422,540	-	147,544	385,274	3,477	536,295
Other financial liabilities	2,465,534	-	2,361,843	129,000	-	2,490,843
Bank overdraft	122,560	-	122,560	-	-	122,560
Total undiscounted liabilities	3,375,661	-	2,926,168	585,080	3,477	3,514,725
Total excess liquidity	84,392,499	8,123,290	20,334,519	71,616,897	46,108,882	146,183,588

The table below sets out the availability of the company's financial assets to support future funding.

As at 31 December Unencumbered Rs. '000	2024			2023		
	Restricted as collateral	Available as collateral	Total	Restricted as collateral	Available as collateral	Total
Held to maturity	42,428,240	3,816,135	46,244,375	37,012,208	3,765,211	40,777,419
Loans and receivables	12,039,241	2,403,584	14,442,825	9,881,797	967,963	10,849,760
Available for sale	19,983,231	7,181,256	27,164,487	14,805,391	7,992,325	22,797,716
Fair value through profit or loss	6,893,162	47,257	6,940,419	6,410,612	1,877,189	8,287,801
Loans to life policyholders	2,651,478	-	2,651,478	2,368,021	-	2,368,021
Reinsurance receivable	418,852	-	418,852	447,558	-	447,558
Premiums receivable	1,066,641	-	1,066,641	1,051,444	-	1,051,444
Other financial assets	420,190	112	420,302	59,795	289,171	348,966
Cash in hand and at bank	1,577,124	37,279	1,614,403	830,554	8,921	839,475
Total	87,478,159	13,485,623	100,963,782	72,867,380	14,900,780	87,768,160

Assets restricted as collateral represents the assets owned by the policyholders of the Company.

Financial assets available as collateral represents the assets owned by the shareholders of the Company. There were no financial assets pledged as collateral during the year ended 31 December 2024 (2023 - Nil).

7.2 (c) Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations.

The Company's exposure to credit risk is derived from the following main categories of assets and the analysis of maximum credit exposure is given below.

As at 31 December Risk element	2024		2023	
	Rs. '000	%	Rs. '000	%
Financial investments	88,057,798	93	78,770,604	94
Loans to life policyholders	2,651,478	3	2,368,021	3
Reinsurance receivable	418,852	1	447,558	1
Premiums receivable	1,066,641	1	1,051,444	1
Cash at bank	1,609,353	2	835,804	1
Total	93,804,122	100	83,473,431	100

*Refundable deposits and other financial assets are not considered.

Credit risk related to financial investments

The Company is exposed to credit risk from counterparties where the Company holds securities issued by those entities.

The successful completion of both domestic and foreign bilateral debt restructuring has led to a positive outlook on the country's debt sustainability. The Sri Lankan government also finalized the restructuring of the country's sovereign debt. In December 2024, rating agencies upgraded the country's overall credit rating, which in turn improved the credit ratings of the sectors in which the company has invested, thereby reducing the overall credit risk for the Company.

Risk Response

- The Company's investment policy prohibits non-graded investments, unless specifically authorised.
- Appropriate actions are implemented when the Company identifies investments that are expected to be downgraded.
- The Company identifies and selectively reduces unsecured and subordinated credit exposure issued by third parties with weak credit profiles.
- Structured finance exposures are assessed on a look through basis prior to acquisition and not merely on the strength of prevailing credit ratings or credit profiles.

Company implemented several initiatives such as periodic review of the creditworthiness of its counterparties using external ratings, financial statements reviews, credit agency information and industry information.

The Company actively manages its investment portfolio to ensure that there is no significant concentration of credit risk. The Company monitors concentration of credit risk by sector and instrument. An analysis of concentration of credit risk and credit quality of financial investments are shown below.

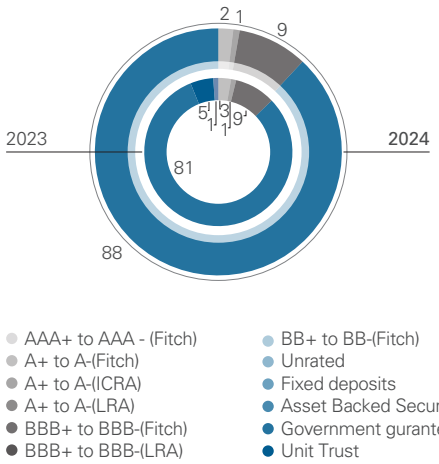
NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2024 Rs. '000		Held to maturity financial assets	Loans and receivables	Available for sale financial assets	Financial assets at fair value through profit or loss	Total	%
Maximum exposure to credit risk, carrying amount		46,244,375	14,442,825	27,164,487	206,111	88,057,798	
Government securities and related institutions							
Treasury Bonds		46,244,375	-	20,354,866	-	66,599,241	76
Treasury Bills		-	-	6,809,621	-	6,809,621	7
Reverse Repo		-	3,973,731	-	-	3,973,731	5
Corporate debt securities							
A+ to A-	Fitch	-	1,517,646	-	-	1,517,646	2
A+ to A-	ICRA	-	543,369	-	-	543,369	1
BBB+ to BBB-	Fitch	-	8,164,538	-	-	8,164,538	9
BBB+ to BBB-	LRA	-	157,764	-	-	157,764	-
BB+ to BB-	Fitch	-	85,777	-	-	85,777	-
Unrated		-	-	-	-	-	-
Unit Trust		-	-	-	206,111	206,111	-
Total		46,244,375	14,442,825	27,164,487	206,111	88,057,798	100
Past due but not impaired		Nil	Nil	Nil	Nil	Nil	
Impaired		Nil	Nil	Nil	Nil	Nil	

As at 31 December 2023 Rs. '000		Held to maturity financial assets	Loans and receivables	Available for sale financial assets	Financial assets at fair value through profit or loss	Total	%
Maximum exposure to credit risk, carrying amount		40,777,419	10,849,760	22,797,716	4,345,709	78,770,604	
Government securities and related institutions							
Treasury Bonds		40,777,419	-	20,405,510	84,705	61,267,634	78
Treasury Bills		-	-	2,392,206	79,806	2,472,012	3
Reverse Repo		-	174,942	-	-	174,942	-
Corporate debt securities							
AAA+ to AAA -	Fitch	-	104,478	-	-	104,478	-
A+ to A-	Fitch	-	2,019,637	-	-	2,019,637	3
A+ to A-	ICRA	-	599,790	-	-	599,790	1
A+ to A-	LRA	-	243,468	-	-	243,468	-
BBB+ to BBB-	Fitch	-	6,881,013	-	-	6,881,013	9
BBB+ to BBB-	LRA	-	155,428	-	-	155,428	-
BB+ to BB-	Fitch	-	90,096	-	-	90,096	-
Unrated		-	209,852	-	-	209,852	-
Deposit with Licensed Finance Companies		-	64,359	-	-	64,359	-
Asset Backed Securities		-	306,697	-	-	306,697	1
Unit Trust		-	-	-	4,181,198	4,181,198	5
Total		40,777,419	10,849,760	22,797,716	4,345,709	78,770,604	100
Past due but not impaired		Nil	Nil	Nil	Nil	Nil	
Impaired		Nil	Nil	Nil	Nil	Nil	

Exposure To Credit Risk Rating-Class Wise

(%)



Collateral of Debt Securities

Reverse repo investments which fall under government securities is backed by Treasury bills and bonds which are provided as collateral. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Company held collateral for reverse repo investments above it's investment value at all times during the year. As at the reporting date, the Company held Treasury bonds and Treasury bills worth Rs 4,499 million as collateral for reverse repo investments amounting to Rs. 3,974 million.

Credit Risk Related to Policyholder loans

Financial losses could arise due to non-settlement of loans obtained by policyholders.

Risk Response

- Policy loans are collateralised by the surrender value of the policy.
- System controls are in place to automatically convert a policy to surrender stage when the policy loan amount together with the interest reaches the surrender value of the policy.

Analysis of maximum exposure to credit risk related to life policyholder loans can be summarised as follows;

As at 31 December	2024 Rs. '000	2023 Rs. '000
Neither past due nor impaired		
0 - 60 days	87,288	104,052
61- 90 days	40,664	48,799
91-180 days	132,287	115,361
181 days +	2,391,239	2,099,809
Past due but not impaired	Nil	Nil
Total	2,651,478	2,368,021
Provision for impairment	-	-
Maximum exposure to credit risk	2,651,478	2,368,021

The Company considers the surrender value of the life policy as collateral for loans issued. As at the reporting date, the value of policy loans granted amounted to Rs. 2,651 million (2023 - Rs. 2,368 million) and its related surrender value is Rs. 4,317 million (2023 – Rs. 3,740 million).

Credit Risk Related to Amounts Due From Related Parties

Financial losses could arise due to non-settlement of amounts due from related parties.

Risk Response

- Related party transaction are settled within pre-agreed specific duration according to the Company policy.

Credit Risk Related to Reinsurance Assets

- This is the risk of reinsurers failing to fulfil their financial obligations towards the Company.

Risk Response

- The Company operates a policy to manage its reinsurance counterparty exposures, by limiting the reinsurers that may be used, and applying strict limits to each reinsurer.
- Regular review of creditworthiness of reinsurers.

As at 31 December	2024 Rs. '000	2024 %	2023 Rs. '000	2023 %
Reinsurance receivables on outstanding claims	195,443	47	199,700	45
Reinsurance receivables on settled claims	223,409	53	247,858	55
Total reinsurance receivables / Maximum exposure to credit risk	418,852	100	447,558	100

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2024, 100% (2023 - 100%) of our reinsurance receivables was due from reinsurers with a rating of AA- or above. There were no collateral against reinsurance receivables as at reporting date.

As at 31 December Reinsurers	Rating Agency	Rating	2024 Rs. '000	2024 %	2023 Rs. '000	2023 %
Munich	Fitch	AA	353,718	84	372,056	83
Hannover	Standard & Poor's	AA-	61,114	15	71,469	16
RGA	Standard & Poor's	AA-	4,020	1	4,033	1
Total			418,852	100	447,558	100

Credit Risk Related to Premiums Receivable

Credit Risk Related to Premiums Receivable Premiums receivable consist of premiums receivable from individuals, intermediaries and group customers that create the risk of financial losses due to non-settlement of dues or taking substantial time to settle dues.

Risk Response

- Only designated institutions are employed as intermediary parties
- Agreements have been signed with the intermediaries committing them to settle dues within a specified time period.
- For individual and group premium receivables, company carries out continuous follow ups and reviews at each renewal periods.

Maximum exposure to credit risk related to premium receivables as at 31 December 2024 is Rs. 1,066 million (2023 - Rs. 1,051 million).

As at 31 December	2024 Rs. '000	2023 Rs. '000
Neither past due nor impaired		
0 - 30 days	1,024,459	1,027,213
More than 30 days	42,182	24,231
Pass due but not impaired	Nil	Nil
Total - Maximum exposure to credit risk	1,066,461	1,051,444

Credit Risk Related to Cash At Bank

Risk Response

The Company maintains an authorised list of acceptable bank counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators.

The Company manages credit risk by maintaining its deposits with various banking institutions with quality credit ratings. A list of such banking partners is provided below. Majority, i.e 23% of funds are deposited in banking institutions backed by the government of Sri Lanka.

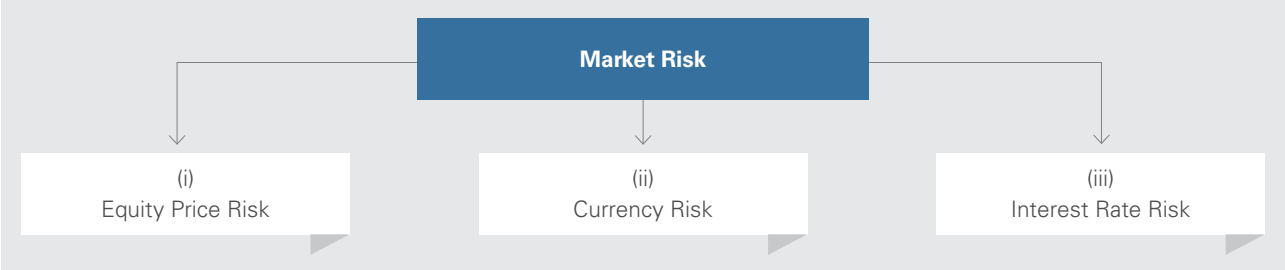
Bank	2024 Rs. '000	2024 %	2023 Rs. '000	2023 %
Bank of Ceylon	316,853	20	251,783	30
Commercial Bank of Ceylon PLC	97,805	6	153,802	19
Deutsche Bank AG	67,957	4	29,509	4
DFCC Bank PLC	9,929	-	89	-
HDFC Bank of Sri Lanka	-	-	116	-
Hatton National Bank PLC	68,719	4	17,260	2
National Development Bank PLC	11,063	1	5,664	1
National Savings Bank	10,091	1	19,256	2
Nations Trust Bank PLC	64,853	4	115,795	14
Pan Asia Bank	5,418	-	719	-
People's Bank	43,066	2	26,472	3
Sampath Bank PLC	66,933	5	42,687	5
Standard Chartered Bank	701,042	44	14,792	2
Seylan Bank PLC	22,320	1	16,205	1
Union Bank of Colombo PLC	123,304	8	141,655	17
Total cash at banks	1,609,353	100	835,804	100

The Company held cash at bank of Rs.1,609 million as at 31 December 2024 (2023 - Rs. 836 million). The cash are held with banks and financial institutional counterparties, which are rated BBB- or better as at 31 December 2024.

As at 31 December	2024		2023	
Rating	Rs. '000	%	Rs. '000	%
AAA	711,133	44	34,048	4
A	593,376	37	492,002	59
A-	176,123	11	167,264	20
BBB-	128,721	8	142,374	17
BB+	-	-	116	-
Total	1,609,353	100	835,804	100

7.2 (d) Market Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company has assessed the market risk under three main categories;



i Equity Price Risk

Listed equity securities are susceptible to market price risk arising from uncertainties of future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity portfolio investments.

The Sri Lankan stock market exhibited bullish trends for the majority of 2024. The appointment of a strong government towards the end of the year, coupled with the continuation of the IMF program and the strengthening of reforms, significantly improved investor sentiment. Consequently, the All Share Price Index increased by 50% during the year, reaching a historic high of 15,944. As a result of this positive market movement and new investments, the company's total equity portfolio grew by 67%.

Risk Response

- Equity investment decisions are based on fundamentals rather than on speculation.
- Decisions are based on in depth macroeconomic and industry analysis as well as research reports on Company performance.
- A model to review the market price fluctuation of equity portfolio has been developed and significant deviations are identified and discussed with the external asset manager.
- Outsourced management of the equity portfolio to a third party to leverage on expert knowledge and optimise return and manage risk.
- Reviews were carried out on a continuous basis by the Investment Committee with the help of industry specialists to identify red flags.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2024, the Company has invested 7% (2023 - 5%) in equity as shown in the table below.

As at 31 December Rs. '000	2024 Value	2024 % of allocation	2023 Value	2023 % of allocation
Banks	1,696,821	2	1,275,919	2
Capital Goods	2,141,627	2	1,285,343	2
Consumer Durables & Apparel	1,029,815	1	236,584	-
Consumer Services	19,011	-	66,995	-
Diversified Financials	166,019	-	29,872	-
Food, Beverage & Tobacco	431,308	1	468,086	1
Materials	1,033,328	1	355,823	-
Real Estate	-	-	1,340	-
Retailing	-	-	8,676	-
Transportation	206,449	-	-	-
Telecommunication Services	-	-	213,454	-
Utilities	9,930	-	-	-
Total value of equity	6,734,308	7	3,942,092	5
Total value of investments	94,792,106		82,712,696	

The following shows the estimated impact from a 10% change in the stock market prices on the portfolio with indicative comparatives.

Sensitivity of Fund Inflow to Change in Equity Prices

The following provides details on the impact to the total fund inflow and total equity as a result of interest rate changes.

Rs. '000	2024 Impact on fund inflow	2023 Impact on fund inflow
10% increase in equity prices	673,431	394,209
10% decrease in equity prices	(673,431)	(394,209)

ii Currency Risk

Currency risk is the risk that the fair value / present value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Increase in tourist arrivals, foreign worker remittances and stringent measures on imports contributed towards increase in foreign currency reserves during 2024. Sri Lankan Rupee appreciated 10% against the US Dollar during the year.

The Company's principal transactions are carried out in Sri Lankan Rupees and its exposure to foreign exchange risk primarily arises when transacting with professional service providers and software vendors who operate outside the country. There are no material transactions and balances in foreign currency for the financial year.

Risk Response

- The Company does not carry foreign currency dominated assets or liabilities and any foreign payment is promptly processed.
- Prioritising critical foreign currency payments with bank partners to ensure continuous settling of foreign currency payments.
- As agreed with reinsurers settling net reinsurance payment after setting off reinsurance recievable against reinsurance payable.

iii Interest Rate Risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in market interest rates. Floating rate instruments expose the Company to cash flow fluctuations, whereas fixed interest rate instruments expose the Company to changes in fair values.

In 2024, the Central Bank of Sri Lanka (CBSL) continued to ease its monetary policy stance, implementing rate cuts in both July and November. This decreasing interest rate environment led to higher investment and policyholder liability values, although it resulted in a decrease in investment income from new investments.

Risk Response

- The Investment Committee keeps a regular track of macroeconomic scenarios and their likely impact on interest rates and corresponding impact on the investment portfolio.
- Monthly review of upcoming cash flows and established suitable investment strategies to take advantages of the increasing interest rate.
- Proactively evaluate and execute forward purchases to lock in future cash flows at favourable interest rates.
- Proactively evaluate and execute forward purchases to lock in future cash flows at favourable interest rates.
- Initial recognition of investments is closely monitored.
- Re-design of investment portfolio to keep in par with the interest rate movements.

The following provides details of the quantum of investment exposed to fluctuations in fair values and cash flows.

As at 31 December Instruments Rs. '000	2024			2023		
	Fixed Interest Rate	Variable Interest Rate	Non-Interest bearing	Fixed Interest Rate	Variable Interest Rate	Non-Interest bearing
Government securities	77,382,593	-	-	63,914,588	-	-
Corporate debts	9,839,947	629,147	-	9,613,875	689,887	-
Fixed deposits	-	-	-	64,359	-	-
Asset Backed Securities	-	-	-	306,697	-	-
Unit Trust	-	-	206,111	-	-	4,181,198
Equity instruments	-	-	6,734,308	-	-	3,942,092
Total	87,222,540	629,147	6,940,419	73,899,519	689,887	8,123,290

Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates on variable rate corporate debt instruments.

Rs. '000	2024		2023	
	Impact on fund inflow	Impact on equity	Impact on fund inflow	Impact on equity
+100 basis points	(6,544)	6,544	(9,336)	9,336
-100 basis points	6,677	(6,677)	9,569	(9,569)

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates on fixed rate available for sale and fair value through profit or loss.

Rs. '000		2024		2023	
		Impact on fund inflow	Impact on equity	Impact on fund inflow	Impact on equity
+100 basis points	AFS	(514,009)	514,009	(562,736)	562,736
+100 basis points	FVTPL	-	-	(3,529)	3,529
-100 basis points	AFS	535,117	(535,117)	588,087	(588,087)
-100 basis points	FVTPL	-	-	3,771	(3,771)

7.3 Operational Risk

Risk is stemming from inadequate or failed internal processes, people and systems, or from external events. The Board of Directors has delegated responsibility for operational risk to risk owners and managers who are responsible for the development and implementation of controls to address operational risks. This responsibility is supported by the development of overall Company standards for the management of operational risks in the following areas.

- Segregation of duties, including the independent authorisation of transactions.
- Reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance, where it is cost effective.
- Compliance with Company standards, policies and procedures is supported by a programme of periodic reviews undertaken by internal audit.
- The results of internal audit reviews are discussed with the Executive Committee, with summaries submitted to the BACC and the Board. The results of internal audit reviews are discussed with the Management and representative from Group risk, with summaries submitted to the BACC and the Board.

Implementation of SLFRS 17

SLFRS 17 Insurance Contracts, represents a significant transformation in financial reporting, replacing SLFRS 4 and becoming effective on 1 January 2026. SLFRS 17 aims to enhance transparency, comparability, and consistency in the recognition, measurement, and disclosure of insurance contracts. However, the transition to SLFRS 17 presents various challenges, including data management, system integration, actuarial complexities, and regulatory compliance. Successful implementation requires a strategic approach involving system upgrades, process reengineering, stakeholder collaboration, and capacity building. The Company has undertaken the following actions to mitigate the operational risks.

No	Risks	Risk Discription	Risk Mitigation Action
1	Data Quality and Integrity Risk	Inconsistent, incomplete, or inaccurate data can lead to incorrect calculations and reporting errors.	Establish a data governance framework to ensure data accuracy and consistency.
			Implement automated validation checks to detect and correct data errors.
			Conduct regular data reconciliation and cleansing activities.
2	System and IT Infrastructure Risk	Systems may not be support to SLFRS 17 requirements, leading to integration failures or delays.	Upgrade or modify the IT systems to accommodate SLFRS 17 calculations.
			Implement a centralized data warehouse for streamlined data processing.
			Perform end-to-end system testing to ensure proper integration and functionality.
3	Actuarial and Financial Model Complexity Risk	Complex SLFRS 17 measurement models (GMM, PAA, VFA) require advanced actuarial and accounting expertise, increasing the risk of miscalculations.	Develop and validate robust actuarial and financial models in alignment with SLFRS 17.
			Conduct parallel runs and back-testing before full implementation.
			Provide continuous training for finance, actuarial, and IT teams.
			Onboarding experts for consulting on the implementation process.
4	Change Management and Workforce Readiness Risk	Employees may struggle to adapt to new processes, methodologies, and reporting structures.	Develop a comprehensive change management strategy with clear roles and responsibilities.
			Conduct regular SLFRS 17 training sessions for finance, actuarial, and IT teams.
			Establish an SLFRS 17 project team to monitor progress and resolve issues.
5	Reporting and Disclosure Risk	Failure to meet regulatory reporting requirements or delays in financial statement preparation.	Automate financial reporting workflows to ensure timely compliance.
			Conduct mock reporting exercises to test SLFRS 17 disclosures.
			Engage with regulators and auditors to align expectations.
			Perform parallel runs.
6	Operational Disruptions and Business Continuity Risk	Implementation delays, system failures, or resource constraints could disrupt normal business operations.	Develop a business continuity plan (BCP) to mitigate disruptions.
			Allocate dedicated resources for SLFRS 17 implementation.
			Perform regular risk assessments to identify and address bottlenecks.
7	Increased Cost and Budget Overruns	High implementation costs related to system upgrades, consulting fees, and training.	Prioritize cost-effective solutions, such as cloud-based SLFRS 17 systems.
			Establish a detailed budget and cost-control measures.
			Regularly review project expenditures to prevent budget overruns.
8	Audit and Compliance Risk	Non-compliance with SLFRS 17 regulations could lead to audit findings or financial penalties.	Establish internal controls and audit trails for all SLFRS 17-related processes.
			Conduct pre-implementation audits to ensure compliance.
			Work closely with external auditors to align financial reporting practices.
9	Stakeholder Communication Risk	Investors, regulators, and board members may not fully understand the impact of SLFRS 17 changes.	Develop a stakeholder communication plan to provide regular updates.
			Prepare educational materials and financial impact assessments for key stakeholders.
			Engage in industry forums to share best practices and gain insights.g timelines with existing financial reporting cycles.

NOTES TO THE FINANCIAL STATEMENTS

7.4 Capital Management

Objectives, Policies and Processes for Capital Management

For the purpose of the Company's capital management, capital includes stated capital, reserves and retained earnings. The primary objectives of the Company's capital management are to maximise shareholder returns, share price appreciation, sustain financial stability and financial strength.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and regulatory requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the Risk Based Capital method.

In terms of using capital, the Company engages in following value adding processes in order to provide the desired output to it's varied stakeholders, while maintaining the right balance of risk based capital required.

- Providing financial security to citizens (underwriting process)
- Management of overall business operations
- Prudent investments and risk management
- Delivering benefits and claims assured
- Closely follow up RBC guidelines issued by IRCSL

The Company has adequate Total Available Capital (TAC) to support the Risk-Based Capital Required (RCR) or Surrender Value Capital Charge (SVCC) whichever is higher.

Summary Quantitative Data

As at 31 December	2024 Rs. '000	2023 Rs. '000
Total Available Capital (TAC)	36,806,563	31,360,195
Formula Risk Based Capital Required (RCR)	13,951,689	10,773,229
Surrender Value Capital Charge (SVCC)	-	-
Risk based Capital requirement (RCR)	13,951,689	10,773,229
Risk based Capital Adequacy Ratio (CAR)	264%	291%

8 FAIR VALUE MEASUREMENT AND RELATED DISCLOSURES

Financial instruments and non-financial assets disclosed at fair value or that are measured at fair value are given in this note. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in the following notes.

Property, plant and equipment under revaluation model	Note 27
Financial instruments (Including those carried at amortised cost)	Note 30

'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;

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. External professional valuers are involved for valuation of significant assets such as land and buildings.

Fair value hierarchy

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

Level 1

Inputs that are unadjusted quoted market prices in an active market for identical instruments

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

This category includes instruments valued using;

- quoted market prices in active markets for similar instruments,
- quoted prices for identical or similar instruments in markets that are considered to be less active, or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's value.

Valuation techniques include net present value and discounted cash flow model comparisons with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also profit or loss calculated when such financial instruments are first recorded (Day one gain or loss), is deferred and recognised only when the inputs become observable or on recognition of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

The following note explains the methodology for valuing our financial and non-financial assets and provides an analysis of these according to the fair value hierarchy.

Instrument Category	Fair value basis	Fair value hierarchy
Government Securities		
Treasury Bonds	Valued using the market yield	Level 1
Treasury Bills	Valued using the market yield	Level 1
Investment in listed shares	Closing Market prices	Level 1
Unit trusts	Closing Unit prices	Level 1
Listed Corporate Debt	Published Market Prices	Level 1 / Level 2*
Land and Building	Market Comparable Method / Investment Method	Level 3

*Listed corporate debts which have been traded during the period have been classified under Level 1 and others under level 2.

Use of Judgments and Estimates

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

8.1 Valuation framework

The Company has established a control framework with respect to the measurement of fair values of investments. The Investment Committee has overall responsibility for the results of trading and investment operations and all significant fair value measurements carried out by the Investment Division, which include;

- Verification of observable pricing.
- Re-performance of model valuations.
- Quarterly calibration and back-testing of models against observed market transactions.
- Review of significant unobservable inputs, valuation, adjustments and significant changes of the fair value measurement of level 3 instruments compared with the previous year.

When third party information, such as broker quotes or pricing services are used to measure fair value, documentary evidence is obtained from third parties to support the conclusion that such valuations meet the requirements of SLFRSs / LKASs.

8.2 Assets measured at fair value

The following table analyses financial assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. Whenever available, quoted prices in active markets are obtained for identical assets at the reporting date to measure fixed maturity securities at fair value in trading and AFS portfolios. Market price data is generally obtained from dealer markets.

As at 31 December Rs. '000	Note	Fair value hierarchy							
		2024				2023			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-Financial Assets									
Property, Plant & Equipment									
Land and Building	27.1	-	-	2,719,251	2,719,251	-	-	2,731,000	2,731,000
Total Non-Financial Assets at Fair Value		-	-	2,719,251	2,719,251	-	-	2,731,000	2,731,000
Fiancial Assets									
Financial assets at FVTPL									
Financial assets held for trading:									
Equity securities	30.6	6,734,308	-	-	6,734,308	3,942,092	-	-	3,942,092
Unit Trusts	30.6	206,111	-	-	206,111	4,181,198	-	-	4,181,198
Government securities	30.6	-	-	-	-	164,511	-	-	164,511
Designated at FVTPL									
Investments for the benefit of Life insurance policyholders who bear the investment risk									
Equity securities	30.6	514,556	-	-	514,556	407,186	-	-	407,186
Debt securities	30.6	-	76,358	-	76,358	-	65,392	-	65,392
Government securities	30.6	100,896	76,998	-	177,894	195,160	39,268	-	234,428
Unit Trusts	30.6	6,530	-	-	6,530	71	-	-	71
		7,562,401	153,356	-	7,715,757	8,890,218	104,660	-	8,994,878
AFS financial assets:									
Treasury bills	30.5	6,809,621	-	-	6,809,621	2,392,206	-	-	2,392,206
Treasury bonds	30.5	20,354,866	-	-	20,354,866	20,405,510	-	-	20,405,510
		27,164,487	-	-	27,164,487	22,797,716	-	-	22,797,716
Total of financial assets carried at fair value		34,726,888	153,356	-	34,880,244	31,687,934	104,660	-	31,792,594
Total of assets carried at fair value		34,726,888	153,356	2,719,251	37,599,495	31,687,934	104,660	2,731,000	34,523,594

8.3 Transfer between levels

There were no transfers made between the levels in the year 2024 (2023 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

8.4 Financial assets and liabilities not measured at fair value

It is assumed that the following financial assets and liabilities have a short term maturity and the carrying amounts approximate their fair values.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Financial Assets		
Reinsurance receivable	418,852	447,558
Premiums receivable	1,066,641	1,051,444
Receivables and other assets	420,302	348,966
Loans to life policyholders*	2,651,478	2,368,021
Cash in hand and at bank	1,614,403	839,475
Financial Liabilities		
Reinsurance payables	587,668	365,027
Lease liabilities	606,916	422,540
Other financial liabilities	2,837,476	2,465,534
Bank overdraft	134,529	122,560

*The fair value of policyholder loans are equal to its carrying value as those are given at competitive market rates.

8.5 Fixed rate financial instruments

The fair value of fixed rate financial investments carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on observable market inputs.

Table below analyses the fair value of financial investments carried at amortised cost in to their levels in fair value hierarchy.

As at 31 December Rs.'000	Note	Fair value hierarchy									
		2024					2023				
		Amortised cost	Level 1	Level 2	Level 3	Total	Amortised cost	Level 1	Level 2	Level 3	Total
HTM financial assets											
Treasury bonds	30.3	46,244,375	52,017,058	-	-	52,017,058	40,777,419	42,287,851	-	-	42,287,851
		46,244,375	52,017,058	-	-	52,017,058	40,777,419	42,287,851	-	-	42,287,851
L & R financial assets											
Asset backed securities	30.4	-	-	-	-	-	306,697	-	307,008	-	307,008
Bank deposits	30.4	-	-	-	-	-	64,359	-	64,359	-	64,359
Debentures	30.4	10,469,094	3,946,089	7,073,491	-	11,019,580	10,303,762		9,710,883	-	9,710,883
Reverse repurchase agreements	30.4	3,973,731	-	3,973,731	-	3,973,731	174,942	-	174,942	-	174,942
		14,442,825	3,946,089	11,047,222	-	14,993,311	10,849,760	-	10,257,192	-	10,257,192
Total of fair values of financial investments not measured at fair value		60,687,200	55,963,147	11,047,222	-	67,010,369	51,627,179	42,287,851	10,257,192		52,545,043

9 GROSS WRITTEN PREMIUM

Accounting Policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Gross written premiums on life and investment contracts with discretionary participating features (DPF) are recognised as revenue when receivable from the policyholder (policies within the 30 day grace period are considered as due). For single premium business, revenue is recognised on the date on which the policy is effective.

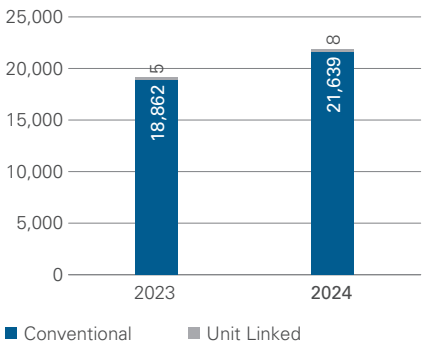
Premiums received in advance are not recorded as revenue and recorded as liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognised as income. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Conventional	21,638,719	18,861,760
Unit linked	8,250	5,225
Total gross written premium	21,646,969	18,866,985

For the year ended 31 December Rs. '000	2024			2023		
	Conventional	Unit linked	Total	Conventional	Unit linked	Total
Individual policies						
First year premium	6,233,431	-	6,233,431	5,500,718	-	5,500,718
Renewal premium	14,336,377	8,250	14,344,627	12,620,123	5,225	12,625,348
Single premium	204,988	-	204,988	59,867	-	59,867
	20,774,796	8,250	20,783,046	18,180,708	5,225	18,185,933
Corporate policies						
New business premium	331,137	-	331,137	346,133	-	346,133
Renewal premium	532,786	-	532,786	334,919	-	334,919
	863,923	-	863,923	681,052	-	681,052
Total gross written premium	21,638,719	8,250	21,646,969	18,861,760	5,225	18,866,985

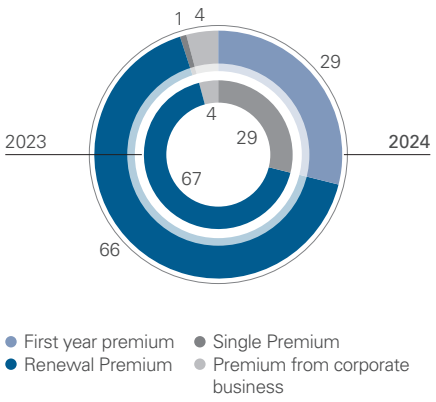
Gross Written Premium

(Rs. Mn)



Composition of GWP

(%)



NOTES TO THE FINANCIAL STATEMENTS

10 PREMIUM CEDED TO REINSURERS

Accounting Policy

Reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Value of the premiums are decided on the rates agreed with reinsurers and accounted on an accrual basis.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Conventional	1,491,162	1,031,921
Unit linked	563	669
Total premium ceded to reinsurers	1,491,725	1,032,590

11 NET INVESTMENT INCOME

Accounting Policy

Investment income comprises interest income on funds invested (including AFS financial assets) and dividend income.

Interest income is recognised in the income statement as it accrues and is calculated by using the Effective Interest Rate method (EIR). The effective interest rate is the rate that exactly discounts the estimated future cash receipt or payment through the expected life of the financial assets or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial assets or liabilities. When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

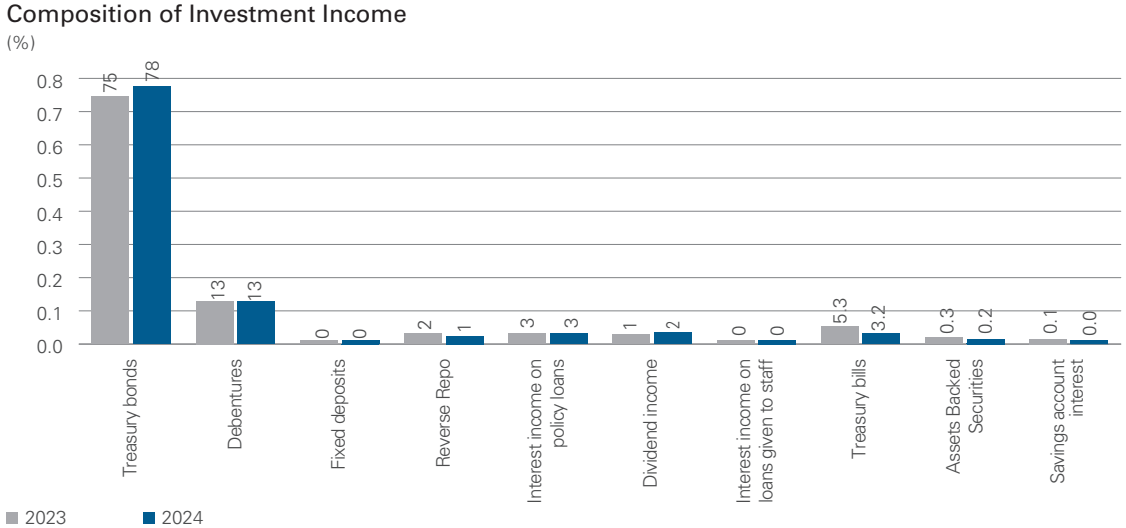
The calculation of the EIR includes all transaction costs and fees that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the EIR of the instrument.

Investment related expenses consist of costs relating to investment such as custodial fee, bank guarantee fee and brokerage fee, etc. These expenses are recognised on an accrual basis.

Dividends on equity investments are recognised in the income statement when the right to receive payment is established which is on the date at which the investment is priced 'ex dividend'.

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Investment income from;			
Held to maturity financial assets	11.1	5,998,617	5,032,350
Loans and receivables	11.2	2,045,399	2,036,177
Available for sale financial assets	11.3	3,537,776	3,601,494
Financial assets at fair value through profit or loss	11.4	261,989	276,657
Investment related expenses		(87,090)	(129,953)
Total net investment income		11,756,691	10,816,725

Composition of Investment Income



11.1 Investment income from Held to Maturity Financial Assets

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest income		
Treasury bills	-	42,131
Treasury bonds	5,998,617	4,990,219
	5,998,617	5,032,350

11.2 Investment income from Loans and Receivables

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest income		
Interest income on policy loans	386,975	359,168
Reverse repurchase agreements	88,094	154,170
Fixed deposits	4,312	46,896
Interest income on loans given to staff	40,595	27,292
Debentures	1,496,081	1,410,120
Assets backed securities	23,670	30,433
Savings account interest	5,672	8,098
	2,045,399	2,036,177

11.3 Investment income from Available for Sale Financial Assets

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest income		
Treasury bonds	3,161,202	3,069,784
Treasury bills	376,574	531,710
	3,537,776	3,601,494

11.4 Investment income from Fair Value Through Profit or Loss

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest income		
Treasury bills	7,623	8,574
Treasury bonds	26,744	100,147
Debentures	11,669	11,505
Reverse repurchase agreements	6,459	10,757
	52,495	130,983
Dividend income		
Held for trading - Conventional	190,398	129,505
Held for trading - Unit linked	19,096	16,169
	209,494	145,674
	261,989	276,657

12 NET REALISED GAINS

Accounting Policy

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 carrying value, and are recorded on occurrence of the sale transaction.

On derecognition of an investment classified as AFS, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Realised gains	920,924	1,085,213
Realised losses	(58,827)	(317,608)
Total net realised gains	862,097	767,605

NOTES TO THE FINANCIAL STATEMENTS

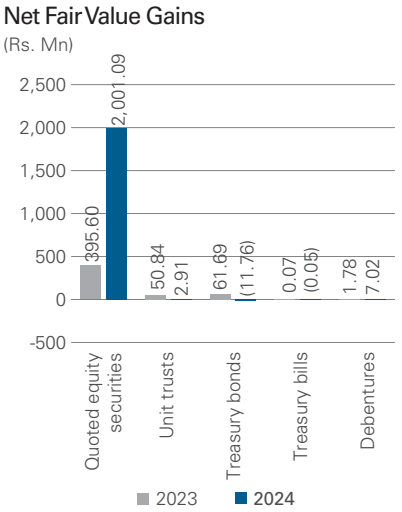
For the year ended 31 December Rs. '000	2024 Realised gains	2024 Realised losses	2024 Net realised gains / (losses)	2023 Realised gains	2023 Realised losses	2023 Net realised gains / (losses)
Available for sale financial assets						
Treasury bills	4,245	(526)	3,719	-	-	-
Treasury bonds	180,138	(29,901)	150,237	485,901	(57,106)	428,795
	184,383	(30,427)	153,956	485,901	(57,106)	428,795
Fair value through profit or loss financial assets						
Treasury bills	313	(420)	(107)	-	-	-
Treasury bonds	21,883	-	21,883	122,043	(558)	121,485
Unit trusts	282,396	-	282,396	113,618	-	113,618
Quoted equity securities	431,949	(27,970)	403,979	363,641	(259,944)	103,697
	736,541	(28,390)	708,151	599,302	(260,502)	338,800
Loans and receivables						
Debentures	-	(10)	(10)	10	-	10
	-	(10)	(10)	10	-	10
	920,924	(58,827)	862,097	1,085,213	(317,608)	767,605

13 NET FAIR VALUE GAINS

Accounting Policy

Fair value gains and losses recorded in the income statement on investments include fair value gains and losses on financial assets at FVTPL.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Fair value through profit or loss financial assets		
Quoted equity securities	2,001,091	395,600
Unit trusts	2,913	50,838
Treasury bonds	(11,759)	61,694
Treasury bills	(54)	72
Debentures	7,020	1,781
Total net fair value gains	1,999,211	509,985

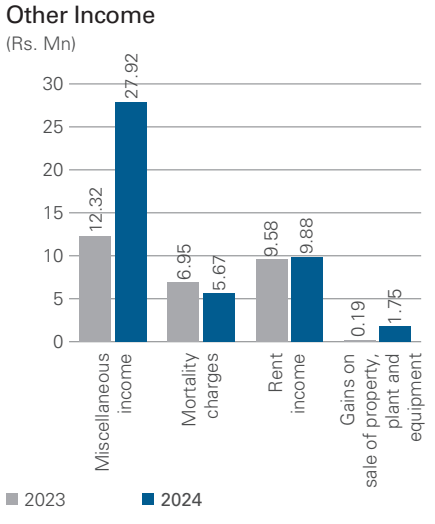


14 OTHER INCOME

Accounting Policy

Other income comprises disposal gains and losses on property, plant and equipment, mortality charges, surrender charges, rent income and miscellaneous income.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Mortality charges	5,673	6,948
Miscellaneous income	27,916	12,316
Rent income	9,876	9,579
Gains on sale of property, plant and equipment	1,755	189
Total other income	45,220	29,032



15 NET INSURANCE BENEFITS AND CLAIMS PAID

Accounting Policy

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

Reinsurance claims recoveries are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

For the year ended 31 December Rs. '000	2024			2023		
	Gross claims paid	Claims recovered from reinsurers	Net claims paid	Gross claims paid	Claims recovered from reinsurers	Net claims paid
Death, disability and hospitalisation	2,184,278	(1,003,271)	1,181,007	1,868,879	(976,674)	892,205
Surrenders	2,308,867	-	2,308,867	2,336,365	-	2,336,365
Annuity payments	195,560	-	195,560	234,774	-	234,774
Policy maturities	3,007,554	-	3,007,554	3,164,712	-	3,164,712
Total net life insurance claims and benefits	7,696,259	(1,003,271)	6,692,988	7,604,730	(976,674)	6,628,056

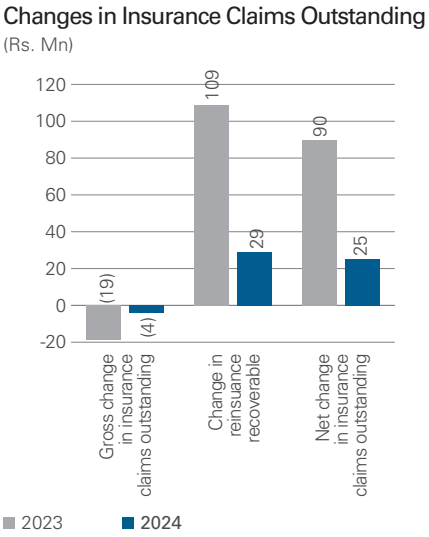
16 NET CHANGE IN INSURANCE CLAIMS OUTSTANDING

Accounting Policy

Differences between the estimated cost and subsequent settlement of claims or re-estimated costs are recognised in the income statement in the year in which they are settled or in which the insurance contract liabilities are re-estimated. Net change in insurance claims outstanding is recognised in the income statement.

For the year ended 31 December Rs. '000	2024			2023		
	Gross change in insurance claims outstanding	Change in reinsurance recoverable	Net change in insurance claims outstanding	Gross change in insurance claims outstanding	Change in reinsurance recoverable	Net change in insurance claims outstanding
Death, disability and hospitalisation	(13,700)	28,706	15,006	(29,436)	109,427	79,991
Surrenders	8,745	-	8,745	210	-	210
Annuity payments	1,282	-	1,282	9,887	-	9,887
Policy maturities	(91)	-	(91)	(14)	-	(14)
Total net change in insurance claims outstanding	(3,764)	28,706	24,942	(19,353)	109,427	90,074

NOTES TO THE FINANCIAL STATEMENTS



16.1 Net Insurance Benefits and Claims Expense

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Net insurance benefits and claims paid	15	6,692,988	6,628,056
Net change in insurance claims outstanding	16	24,942	90,074
Total net insurance benefits and claims expense		6,717,930	6,718,130

17 CHANGE IN INSURANCE CONTRACT LIABILITIES

Accounting Policy

Changes in the valuation of insurance contract liabilities are recognised in the income statement under change in contract liabilities.

Actuarial valuation of the life insurance fund

The Directors are satisfied with the provision relating to long term insurance contract liability of the Company as at the year end as certified by the Appointed Actuary following his annual review of the valuation on the life insurance fund. The actuarial valuation takes into account all liabilities and is based on assumptions recommended by the appointed actuary.

The Appointed Actuary's report is provided on page 226.

For the year ended 31 December Rs. '000	Note	2024 Gross	2024 Reinsurance	2024 Net	2023 Gross	2023 Reinsurance	2023 Net
Premiums written	9/10	21,646,969	(1,491,725)	20,155,244	18,866,985	(1,032,590)	17,834,395
Insurance benefits and claims incurred	16.1	(7,692,495)	974,565	(6,717,930)	(7,585,376)	867,246	(6,718,130)
Underwriting and net acquisition costs	18	(4,136,169)	135,895	(4,000,274)	(3,640,326)	96,327	(3,543,999)
Other operating, selling and administrative expenses attributable to policyholders		(5,599,197)	-	(5,599,197)	(5,471,654)	-	(5,471,654)
Investment and other income attributable to policyholders		12,799,403	-	12,799,403	10,531,130	-	10,531,130
Surplus from life insurance fund transferred to Shareholder's fund		(3,000,000)	-	(3,000,000)	(2,800,000)	-	(2,800,000)
Change in insurance contract liabilities		14,018,511	(381,265)	13,637,246	9,900,759	(69,017)	9,831,742

18 UNDERWRITING AND NET ACQUISITION COSTS (NET OF REINSURANCE)

Accounting Policy

All acquisition costs are recognised as an expense when incurred. Reinsurance commission income on outward reinsurance contracts is recognised when receivable.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Acquisition cost	4,136,169	3,640,326
Reinsurance commission (including profit commission)	(135,895)	(96,327)
Underwriting and net acquisition costs	4,000,274	3,543,999

19 OTHER OPERATING, ADMINISTRATIVE AND SELLING EXPENSES

Accounting Policy

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Employee benefit expenses	19.1	1,847,293	1,588,951
Administration and establishment expenses		1,994,145	1,920,236
Finance cost	20.1	62,301	50,492
Selling expenses		1,006,738	816,906
Total other operating, administrative and selling expenses		4,910,477	4,376,585

19.1 Employee Benefit Expenses

Refer Note 45 for the Accounting Policy.

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short - term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Short term employee benefits			
Staff remuneration		1,498,966	1,324,023
Defined contribution plan cost - EPF	45.1	111,553	111,134
Defined contribution plan cost - ETF	45.1	27,888	27,784
Staff welfare		66,741	45,391
Training expenses		50,312	37,068
Other costs		18,252	113,104
		1,773,712	1,658,504
Long term employee benefits			
Defined benefit plan cost	45.4.(a)	50,937	49,394
Share based payment expense	40.3 (a)	16,226	15,417
Other long term employee benefit cost - charge / (reversal) during the year		6,418	(134,364)
		73,581	(69,553)
Total employee benefits expenses		1,847,293	1,588,951

20 FINANCE COSTS

Accounting Policy

Interest cost is recognised using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

20.1 Finance Cost

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest expenses on lease liabilities	53,658	38,969
Bank charges	8,643	11,523
	62,301	50,492

NOTES TO THE FINANCIAL STATEMENTS

21 PROFIT BEFORE TAX

Accounting poclicy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes share of profit of equity-accounted investees and income taxes.

Profit before tax is stated after charging all expenses including the following.

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Directors fee and emoluments		96,667	311,938
Auditor's remuneration			
Statutory audit and audit related services		6,301	5,998
Non - audit related services		9,133	6,955
Legal fees		10,720	12,328
Depreciation of property, plant and equipment	27.1	116,291	119,838
Amortisation of intangible assets	26.1	388,546	292,331
Depreciation of Right of use assets	28.1	156,736	131,441
Expenses relating to short term leases	28.1	3,394	2,280
Defined contribution plan			
- EPF	19.1	111,553	111,134
- ETF	19.1	27,888	27,784
Defined benefit plan cost	19.1	50,937	49,394
Other long term employee benefit cost - charge / (reversal) during the year		6,418	(134,364)
Staff expenses		1,650,496	1,535,003
CSR expenses		23,909	9,959
Gain on sale of property, plant and equipment	14	(1,755)	(189)
Provision for impairment			
- Staff loans	34.1 (a)	2,717	-
- Agent loans	34.2 (a)	-	3,825

22 INCOME TAX EXPENSE

Accounting Policy

Income tax expense comprises current and deferred tax. Current tax and deferred tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the income statement. Current tax assets and liabilities are offset only if certain criteria are met.

22.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017 and amendments thereto. As per this section, gains and profits on which tax is payable is the aggregate of;

- Surplus distributed to shareholders from the Life insurance policyholders fund as certified by the Actuary.
- Investment income of the Shareholder Fund less any expenses incurred in the production of such income.
- Surplus distributed to a Life insurance policyholder who shares the profits of a person engaged in the business of life insurance.

Income tax rate of 30% has been applied on the total taxable income in 2024 (2023 - 30%).

22.2 Tax Exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period that such a determination is made (refer note 51.1).

22.3 Crop Insurance Levy

The Crop Insurance Levy was introduced under the provisions of Section 14 of the Finance Act No. 12 of 2013, and came into effect from 1 April 2013. It is payable to the National Insurance Trust Fund and liable at 1% of the Profit after Tax.

22.4 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except;

- Where the sales tax incurred on a purchase of asset or service 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; and
- Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, to the taxation authority is included as a part of receivables or payables in the statement of financial position.

22.5 Deferred Tax

Accounting Policy

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be used. The reversal of relevant taxable temporary differences are determined based on future taxable profits. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Use of Judgements and Estimates

Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

22.6 Amounts recognised in the income statement

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Current tax expense		
Current tax expense for the year	(1,486,968)	(1,497,185)
Over/(under) provision of current tax of previous years	-	-
	(1,486,968)	(1,497,185)

Income tax expenses excludes the Company's share of income tax expenses of equity accounted investee of Rs. 130 million (2023 - Rs. 139 million), which has been included in the share of profit of equity accounted investee, net of tax.

NOTES TO THE FINANCIAL STATEMENTS

22.7 Income Tax computation as per Inland Revenue Act No. 24 of 2017 and amendments thereto

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Surplus distributed to the shareholder from the Life Fund	42.5	3,000,000	2,800,000
Investment income of the Shareholder Fund, net of expenses		1,956,561	2,190,617
		4,956,561	4,990,617
Tax payable on shareholder profits		1,486,968	1,497,185
Surplus distibuted to the policyholders who participate in the Company's profit		79,943	70,497
Tax on surplus distibuted to the policyholders who participate in the Company's profit		23,983	21,149
Total tax liability		1,510,951	1,518,334

22.8 Reconciliation of Effective Tax Rate

A reconciliation between tax expense and the product of accounting profit.

For the year ended 31 December	%	2024 Rs. '000	%	2023 Rs. '000
Profit before tax		5,228,186		5,255,550
Tax using the Company's domestic tax rate	30%	1,568,456	30%	1,576,665
Share of profit of equity accounted investee, net of tax	-2%	(130,139)	-2%	(138,687)
Net aggregate disallowable expenses and tax exempt income	1%	48,651	1%	59,207
Over/ (under) provision of current tax of previous years	0%	-	0%	-
Total income tax expense of the Shareholders Fund	28%	1,486,968	28%	1,497,185

22.9 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities.

The Company reviewed its income tax treatments and concluded that no additional provisions are required as the Company believes that it is probable that the resolution assessments will be favourable to the Company. Refer Note 51.1 for the details of the pending tax treatments.

23 EARNINGS PER SHARE

Accounting Policy

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit after tax and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

23.1 Basic Earnings per Share

For the year ended 31 December	2024	2023
Profit after tax (Rs. '000)	3,741,218	3,758,365
Weighted average number of ordinary shares ('000)	589,286	589,286
Basic Earnings Per Share (Rs.)	6.35	6.38

23.2 Diluted Earnings per Share

There was no dilution of ordinary shares outstanding. Therefore, diluted earnings per share is the same as basic earnings per share as shown in Note 23.1.

24 DIVIDENDS PER SHARE

Accounting Policy

In the event of Dividend being declared by the Board of Directors after the reporting date it will not be recognised as a liability but as a note to the financial statements.

24.1 Dividends declared during the year

The Board of Directors of the Company has approved a first and final dividend of Rs. 5.00 per share (2023 - Rs. 8.75) for the financial year ended 31 December 2024 out of retained earnings.

For the year ended 31 December	2024	2023
Dividend declared (Rs. '000)	2,946,429	5,156,250
Number of ordinary shares ('000)	589,286	589,286
Dividend per share (Rs.)	5.00	8.75

24.1 (a) Compliance with Sections 56 and 57 of the Companies Act No. 07 of 2007

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57. A statement of solvency duly completed and signed by the Directors have been audited by Messrs. KPMG.

24.2 Dividend paid during the year

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
First and final dividend for 2023 - Rs. 8.75 per share (2022 - Nil)	5,156,250	-

25 FINANCIAL ASSETS AND LIABILITIES

25.1 Non - Derivative Financial Assets

Accounting Policy

Initial recognition and measurement

The Company initially recognises loans and receivables and deposits on the date that they are originated. Equity and Unit trust investments are initially recognised on the trade date. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the settlement date at which the Company becomes a party to the contractual provisions of the instrument.

In the case of financial assets not measured at fair value through profit or loss, it is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Income and expenses are presented on a net basis only when permitted under SLFRSs / LKASs, or for gains and losses arising from a group of similar transactions such as the Company's trading activity.

Depending on the intention and ability to hold the invested assets, the financial assets categories and their classification criteria are shown in the table below.

Classification	Classification criteria
Held to Maturity (HTM)	Financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold it to maturity.
Loans and Receivables (L&R)	Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.
Fair Value Through Profit or Loss (FVTPL)	Financial assets held for trading and those designated upon initial recognition at FVTPL and investments typically bought with the intention to sell in the near future. For investments designated at FVTPL, the following criteria must be met; ▸ The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or ▸ The assets and liabilities are part of a Company's financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with the Company's investment strategy.
Available For Sale (AFS)	Financial assets that are designated as AFS and that are not classified in any of the previous categories. AFS financial investments includes debt securities. Securities in this category are those that are intended to be held till maturity and which maybe sold in response to the need for liquidity or in response to changes in the market conditions.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent Measurement

Held to Maturity Financial Assets (HTM)

Subsequent to initial recognition held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included in net investment income in the income statement.

Loans and Receivables (L&R)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Fair Value Through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

Available for Sale Financial Assets (AFS)

Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in the statement of profit or loss and other comprehensive income and presented within equity in the available for sale reserve.

Company's non-derivative financial assets and their classifications are summarised as follows.

Financial Asset	Category			
	HTM	AFS	L & R	FVTPL
Treasury bonds	✓	✓	-	✓ *
Treasury bills	-	✓	-	✓ *
Reverse repurchase agreements	-	-	✓	✓ *
Quoted shares	-	-	-	✓ *
Unit trusts	-	-	-	✓ *
Corporate debts	-	-	✓	✓ *
Loans to policyholders	-	-	✓	-
Staff and advisor loans	-	-	✓	-
Reinsurance receivables	-	-	✓	-
Premiums receivable	-	-	✓	-
Other receivables	-	-	✓	-
Cash in hand and at bank	-	-	✓	-

* Financial assets are designated as FVTPL relating to the Unit linked fund

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, that there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and the 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.

Objective evidence that financial assets (including equity securities) are impaired may include;

- Significant financial difficulty of the borrower or user,
- Default or delinquency by debtor,
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization,
- Adverse change in the payment status of issuers or debtors in the Company.

Impairment Losses on Financial Assets Carried at Amortised Cost

The Company considers evidence of impairment for financial assets measured at amortised cost (L&R and HTM financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed or any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement under other cost and reflected in an allowance account against L&R or HTM investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment Losses on AFS Financial Assets

Impairment losses on AFS financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to the income statement. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the income statement. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. In the case of equity investments impairment, the cumulative loss is 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.

If, in a subsequent period, the fair value of an impaired AFS debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in the income statement. However, impairment losses on equity investments are not reversed through the income statement and increases in their fair value after impairment is recognised directly in the statement of profit or loss and other comprehensive income.

Derecognition

The Company derecognises a financial asset when;

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights 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 Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of;

(a) the consideration received (including any new asset obtained less any new liability assumed) and

(b) In case of AFS financial investments, any cumulative gain or loss that had been recognised in the statement of profit or loss and other comprehensive income is recognised in the income statement.

25.2 Non - Derivative Financial Liabilities

Accounting Policy

Initial Recognition and Measurement

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies non - derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise, reinsurance payables, lease liabilities, other liabilities and bank overdraft.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

25.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when it is required or permitted by a standard.

25.4 Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

25.5 Reclassification of Financial Assets and Liabilities

The Company reclassifies non - derivative financial assets out of the held for trading category and into the AFS, L&R, or HTM categories as permitted by the Sri Lanka Accounting Standard LKAS 39 - Financial Instruments: Recognition and Measurement. Further, in certain circumstances, the Company is permitted to reclassify financial instruments out of the AFS category and into the L&R category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. 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 with a fixed maturity reclassified out of the AFS category, any previous gain or loss on that asset that has been recognised in equity is amortised to income statement over the remaining life of the asset 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 EIR. If the asset is subsequently determined to be impaired,then the amount recorded in equity is reclassified to the income statement.

The Company may reclassify a non - derivative trading asset out of the held for trading category and into the L&R category, if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified and if the Company subsequently increases its estimates of future cash

25.6 Financial Assets and Liabilities by Category

As at 31 December		L&R		FVTPL	
Rs. '000	Note	2024	2023	2024	2023
Financial Assets					
Financial investments	30.2	14,442,825	10,849,760	7,715,757	8,994,878
Loans to life policyholders	31	2,651,478	2,368,021	-	-
Reinsurance receivable	32	418,852	447,558	-	-
Premiums receivable	33	1,066,641	1,051,444	-	-
Receivables and other assets	34	420,302	348,966	-	-
Cash in hand and at bank	35	1,614,403	839,475	-	-
Total financial assets		20,614,501	15,905,224	7,715,757	8,994,878
Financial Liabilities					
Reinsurance payables	46	-	-	-	-
Lease liabilities	44	-	-	-	-
Other financial liabilities	47	-	-	-	-
Bank overdraft	35	-	-	-	-
Total financial liabilities		-	-	-	-

receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in the estimate.

Reclassification is at the election of the management and is determined on an instrument by instrument basis.

The Company does not reclassify any financial instrument into the FVTPL category after initial recognition. Further, the Company does not reclassify any financial instrument out of the FVTPL category if upon initial recognition it was designated as fair value through profit or loss.

26 INTANGIBLE ASSETS

Accounting Policy

Recognition and Measurement

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets.

Software

Software acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the statement of financial position at cost, less accumulated amortisation and accumulated impairment losses.

Contractual Relationships

Contractual relationships are rights which provide access to distribution networks. Contractual relationships are initially recognised at cost and subsequently carried at cost less accumulated amortisation and impairment losses.

	AFS		HTM		Other financial liabilities		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	27,164,487	22,797,716	46,244,375	40,777,419	-	-	95,567,444	83,419,773
	-	-	-	-	-	-	2,651,478	2,368,021
	-	-	-	-	-	-	418,852	447,558
	-	-	-	-	-	-	1,066,641	1,051,444
	-	-	-	-	-	-	420,302	348,966
	-	-	-	-	-	-	1,614,403	839,475
	27,164,487	22,797,716	46,244,375	40,777,419	-	-	101,739,120	88,475,237
	-	-	-	-	587,668	365,027	587,668	365,027
	-	-	-	-	606,916	422,540	606,916	422,540
	-	-	-	-	2,837,476	2,465,534	2,837,476	2,465,534
	-	-	-	-	134,529	122,560	134,529	122,560
	-	-	-	-	4,166,589	3,375,661	4,166,589	3,375,661

NOTES TO THE FINANCIAL STATEMENTS

Lapse Used Case Development

This is an advance data analytic model on lapse prevention developed by the Company with the help of an external consultant and the Parent Company. Asset is initially measured at cost and subsequently carried at cost less accumulated amortisation and impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful Economic Life and Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives and is generally recognised in the income statement. None of the intangible assets are assumed to have a residual value.

The estimated useful lives of intangible assets and the amortisation methods for the current and comparative periods are as follows;

Software	5 -10 years using the straight line method from the date the software is available for use
Contractual Relationships	5 - 10 years based on the expected business volumes
Lapse Used Case Development	10 years using the straight line method from the date asset is available for use

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Changes in the expected useful life or the expected pattern of future economic benefits embodied in the assets is accounted for by changing the useful life or method as appropriate and are treated as changes in accounting estimates.

Intangible assets with indefinite useful life

In the event Company acquired an intangible asset with indefinite useful life, those assets are tested for impairment annually either individually or at the Cash Generating Unit (CGU) 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. The Company does not have intangible assets with indefinite useful life as at the reporting date (2023 - Nil).

De-Recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the income statement.

Research and Development Cost

Research costs are expensed as incurred. Development expenditure is capitalised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of resources to complete the development of the asset.
- The ability to measure reliably the expenditure during development.
- The ability to use or sell the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

26.1 Reconciliation of Carrying Amounts of Intangible Assets

As at 31 December Rs. '000	Software		Contractual relationships	Lapse used Case Development	2024	2023
	Licensed	Purchased			Total	Total
Cost						
Balance as at 1 January	39,063	1,231,969	1,208,268	94,838	2,574,138	2,462,439
Acquisitions during the year - separately acquired	-	54,560	-	-	54,560	111,699
Termination	-	-	-	-	-	-
Fair value adjustment	-	-	(12,000)	-	(12,000)	-
Balance as at 31 December	39,063	1,286,529	1,196,268	94,838	2,616,698	2,574,138
Accumulated amortisation and impairment losses						
Balance as at 1 January	39,063	698,780	667,774	37,936	1,443,553	1,151,222
Amortisation	-	127,011	252,052	9,483	388,546	292,331
Balance as at 31 December	39,063	825,791	919,826	47,419	1,832,099	1,443,553
Carrying value						
As at 31 December 2024	-	460,738	276,442	47,419	784,599	
As at 31 December 2023	-	533,189	540,494	56,902		1,130,585

26.2 Assessment of Impairment of Intangible Assets

Contractual relationships are valued at the present value of the access fee outflows, by recognising the relevant asset and the liability. There are two such contractual relationship agreements with two financial institutions. With the prevailing situation, actual performance was compared with contractual arrangement and the management has assessed that no impairment is required for the said asset as of the reporting date.

The Board of Directors has assessed the potential impairment loss of other intangible assets as at 31 December 2024. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

26.3 Title Restriction on Intangible Assets

There are no restrictions that existed on the title of the intangible assets of the Company as at the reporting date.

26.4 Intangible Assets pledged as Security

None of the intangible assets have been pledged as security as at the reporting date.

26.5 Acquisition of Intangible Assets During the Year

During the financial year, the Company acquired intangible assets to the aggregate value of Rs. 55 million (2023 - Rs. 112 million). Cash payments amounting to Rs. 55 million (2023 - Rs. 112 million) were made to purchase intangible assets during the year.

26.6 Amount of Contractual Commitments for the Acquisition of Intangible Assets

There are no contractual commitments for the acquisition of intangible assets as at the reporting date.

26.7 Revaluation of Intangible Assets

There are no any intangible assets revalued as at 31 December 2024 (2023 - Nil).

26.8 Fully Amortised Intangible Assets in Use

Intangible assets include fully amortised computer software which are in use in the normal business activities to the gross carrying value of Rs. 271 million (2023 - Rs. 302 million).

27 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Recognition and Measurement

The Company applies the requirements of the Sri Lanka Accounting Standard LKAS 16 - Property, Plant and Equipment, in accounting for its owned assets which are held and used in the provision of services or for administrative purposes and are expected to be used for more than one year.

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

Basis of Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Except for land and buildings, the Company applies the cost model for all property, plant and equipment and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the following;

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. 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.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in 'other income' in the income statement.

Subsequent Costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Repairs and Maintenance

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Revaluations

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses are recognised after the date of the revaluation. Valuations are performed every two years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in the statement of profit or loss and other comprehensive income and accumulated in equity in the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Useful Economic Life and Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embedded in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Asset Class	Basis
Freehold buildings	50 years
Office Equipment	4 - 5 years
Furniture and fittings	5 years
Computer equipment	2 - 5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted as appropriate.

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and depreciation commences when it is available for use, i.e. when it is in the location and in the condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

Carrying Amount

The carrying amount of an asset or significant group of assets within the class is assessed annually, if there are impairment indicators with its fair value and where the fair value is less than the carrying amount, the asset is written down to its fair value. The consequent adjustment is recognised in the income statement.

The residual values of assets that are significant are reassessed annually.

Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation.

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 de - recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de - recognised.

Capital Work in Progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly incurred in property, plant and equipment, awaiting for capitalisation.

27.1 Reconciliation of Carrying Amounts of Property, Plant and Equipment

As at 31 December	Freehold Land	Freehold Buildings	Office equipment	Furniture and fittings	Computer equipment	Motor vehicles	2024 Total Rs. '000	2023 Total Rs. '000
Cost / Revaluation								
Balance as at 1 January	2,190,700	540,300	259,063	525,867	564,472	80	**4,080,482**	3,733,619
Additions during the year	-	-	50,539	66,755	14,510	-	**131,804**	66,930
Revaluation	-	-	-	-	-	-	**-**	299,362
Transfer of accumulated depreciation on assets revalued	-	-	-	-	-	-	**-**	(16,524)
Disposals during the year	-	-	(3,784)	(1,111)	(60,593)	-	**(65,488)**	(2,905)
Balance as at 31 December	2,190,700	540,300	305,818	591,511	518,389	80	**4,146,798**	4,080,482
Accumulated depreciation								
Balance as at 1 January	-	-	195,277	355,862	523,145	80	**1,074,364**	973,932
Depreciation for the year	-	11,750	25,880	62,042	16,619	-	**116,291**	119,838
Transfer of accumulated depreciation on assets revalued	-	-	-	-	-	-	**-**	(16,524)
Accumulated depreciation on disposals during the year	-	-	(2,553)	(1,049)	(60,591)	-	**(64,193)**	(2,882)
Balance as at 31 December	-	11,750	218,604	416,855	479,173	80	**1,126,462**	1,074,364
Carrying value								
As at 31 December 2024	2,190,700	528,550	87,214	174,656	39,216	-	**3,020,336**	
As at 31 December 2023	2,190,700	540,300	63,786	170,005	41,327	-		3,006,118

NOTES TO THE FINANCIAL STATEMENTS

27.2 Title Restriction on Property, Plant and Equipment

There are no restrictions that existed on the title of property, plant and equipment of the Company as at the reporting date.

27.3 Acquisition of Property, Plant and Equipment during the Year

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs.132 million (2023 - Rs. 67 million). Cash payments amounting to Rs. 132 million (2023 - Rs. 67 million) were made during the year for purchase of property, plant and equipment.

27.4 Disposal of Property, Plant and Equipment During the Year

During the financial year, the Company disposed of property, plant and equipment to the aggregate value of Rs. 65 million (2023 - Rs. 3 million). Cash amounting to Rs. `3 million (2023 - Rs. 0.2 million) was received during the year for disposal of property, plant and equipment. Gain on disposal of property, plant and equipment is disclosed in Note 14 to the Financial Statements.

27.5 Capitalisation of Borrowing Costs

There was no capitalised borrowing cost relating to the acquisition of property, plant and equipment during the year (2023 - Nil).

27.6 Amount of Contractual Commitments for the Acquisition of Property, Plant and Equipment

There are no contractual commitments for the acquisition of property, plant and equipment as at the reporting date.

27.7 The Details of Freehold Land and Buildings which are stated at Valuation

Freehold land and buildings were valued by an Independent valuer in 2023, Mr. P. B. Kalugalagedara and Associates (Chartered valuation surveyor [UK]).

Company property	No. of Buildings	Extent Perches (Land)	Square feet (Building)	Method of valuation	Date of valuation	Valuer	Revalued amount Land Rs.'000	Revalued amount Building Rs.'000	Carrying value after revaluation Rs.'000	Carrying value %
Land and building situated at No. 20, St. Michael's Road, Colombo 3	1	93.4	57,916	Market Comparable Method / Investment Method	31 December 2023	Mr. P. B. Kalugalagedera and Associates	1,914,700	398,300	2,313,000	85
Land and building situated at No. 6, Rajapihilla Road, Kurunegala	1	32.3	27,412	Market Comparable Method / Investment Method	31 December 2023	Chartered Valuation Surveyor	276,000	142,000	418,000	15
							2,190,700	540,300	2,731,000	100

27.8 Significant Unobservable Inputs used in Measuring Fair Value

The table below sets out the significant unobservable inputs used in measuring land and buildings categorised as Level 3 in the fair value hierarchy as at 31 December 2023.

Location and address of property	No. of buildings	Method of valuation	Significant unobservable inputs	Range of Estimates for unobservable inputs	Inter - relationship between key unobservarable inputs and fair value measurement
					The estimated fair value would increase / (decrease) if:
Kollupitiya No. 20, St. Michael's Road, Colombo 3	1	Market Comparable Method / Investment Method	Land - Price per perch	Rs. 18,000,000 - Rs. 21,000,000	Price per perch for land increases, decreases
			Building - Price per square foot	Rs. 18,000 - Rs.22,000	Price per square foot for building increases, decreases
Kurunegala No. 6, Rajapihilla Road, Kurunegala	1	Market Comparable Method / Investment Method	Land - Price per perch	Rs. 9,000,000 - Rs. 12,000,000	Price per perch for land increases, decreases
			Building - Price per square foot	Rs. 17,000 - Rs. 20,000	Price per square foot for building increases, decreases

Market Comparable Method

Market comparable method considers the selling price of a similar property within a reasonable 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 adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

Investment Method

This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.

27.9 Revaluation Surplus

Rs. '000	2023		
	Land	Buildings	Total
Revalued amount	2,190,700	540,300	2,731,000
Carrying value (prior to revaluation)	(2,055,205)	(376,433)	(2,431,638)
Revaluation surplus for the year ended 31 December	135,495	163,867	299,362

27.10 Amount if Land and Building were stated at historical cost;

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cost	251,124	251,124
Accumulated depreciation	(109,702)	(105,687)
Carrying value	141,422	145,437

27.11 The Effect of Revaluation of Freehold Buildings on the Income Statement during the year

As at 31 December	2024 Rs. '000	2023 Rs. '000
Depreciation charge per annum after revaluation	11,750	8,261
Depreciation charge per annum prior to revaluation	(4,015)	(4,015)
Decrease in profit in subsequent period	7,735	4,246

27.12 Impairment of Property, Plant and Equipment

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 Company 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 Management has assessed the potential impairment indicators of property, plant and equipment as at 31 December 2024. Based on the assessment, the Company does not foresee any indications of impairment as at the reporting date.

27.13 Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is as follows;

As at 31 December	2024 Rs. '000	2023 Rs. '000
Computer equipment	440,569	471,574
Office equipment	157,871	149,408
Furniture and fittings	271,905	220,735
Motor Vehicle	80	80
Total	870,425	841,797

27.14 Property, Plant and Equipment pledged as Security

None of the property, plant or equipment have been pledged as security as at the reporting date.

27.15 Permanent Fall in Value of Property, Plant and Equipment

There has been no permanent fall in value of property, plant and equipment which require an impairment provision in the Financial Statements.

27.16 Temporarily Idle Property, Plant and Equipment

There are no temporarily idle property, plant or equipment as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

27.17 Compensation from Third Parties for Items of Property, Plant and Equipment

There were no compensation received / receivable from third parties for items of property, plant or equipment that were impaired, lost or given up.

27.18 Property, Plant & Equipment retired from active use

There were no property plant and equipment which are retired from active use as at the reporting date (2023 - Nil).

27.19 Property, Plant and Equipment under Construction

As at the reporting date, there was no property, plant and equipment under construction (2023 – Nil).

27.20 Investment Properties

As at the reporting date, the Company has not invested in investment properties (2023 - Nil).

28 RIGHT OF USE ASSETS

Accounting policy

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Company has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its Group's incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise. Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised insubstance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use assets which do not meet the definition of investment property and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sublease with reference to the right of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other income'.

28.1 Leases as lessee (SLFRS 16)

The Company has lease contracts for branches, typically made in between 1 to 6 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Company does not foresee any indications of impairment of right of use assets. The Company does not anticipate discontinuation of any right of use assets as at the year end.

Information about leases for which the Company is a lessee is presented below.

As at 31 December	2024 Building Rs. '000	2024 Motor Vehicles Rs. '000	2024 Total Rs. '000	2023 Total Rs. '000
Balance at 1 January	408,476	10,090	418,566	455,615
Additions to right of use assets during the year	298,336	35,028	333,364	94,392
Derecognition of right of use assets	(4,959)	-	(4,959)	-
Depreciation for the year	(141,023)	(15,713)	(156,736)	(131,441)
Balance at 31 December	560,830	29,405	590,235	418,566

Amounts recognised in the income statement

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Interest on lease liabilities	53,658	38,969
Depreciation of right of use assets	156,736	131,441
Expenses relating to short - term leases	3,394	2,280
	213,788	172,690

Amounts recognised in the statement of cash flows

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Lease capital repayment	150,689	118,031
	150,689	118,031

The Company has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company; and
- short-term lease payments and payments for leases of low value assets as operating activities.

NOTES TO THE FINANCIAL STATEMENTS

28.2 Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

29 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Accounting Policy

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or joint control over those policies.

Investment in associate is accounted for using the equity method and is recognised initially at cost, in terms of Sri Lanka Accounting Standard LKAS 28 - Investments in Associates and Joint ventures.

The Company's investment in its associate is reported as a separate line item in the Statement of Financial Position. Under the equity method, investments in associate is carried at cost plus post acquisition changes in the Company's share of net assets of the associate. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Company's share of the results of operations of the associate. Any change in the OCI of the investee is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the income statement outside the operating profit and represents profit or loss after tax.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of equity accounted investees' in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The accounting policies of the associate company conform to those used for similar transactions of the Company.

The associate has the same reporting date as the Company and the financial statements are prepared to a common financial year ending 31 December.

As at 31 December	Place of incorporation and operation	Proportion of ownership interest	Number of Shares	Cost Rs. '000	2024 Directors valuation / market value Rs. '000	2024 Carrying value Rs. '000	2023 Directors valuation / market value Rs. '000	2023 Carrying value Rs. '000
Unquoted								
Fairfirst Insurance Limited	Sri Lanka	22%	68,902,870	689,029	2,419,176	2,419,176	2,046,001	2,046,001

Material accounting policies that are specific to the business of equity accounted investee - Fairfirst Insurance Limited are presented below.

Gross Written Premiums

Gross written premiums comprise the total premiums received / receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross written premium is generally written upon inception of the policy. Rebates that form part of the premium rate, such as no claim rebates, are deducted from the gross written premium.

Unearned Premium Reserve (UPR)

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. UPR represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/24 basis except for marine and title policies which are computed on a 60/40 basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Reinsurance Premiums

Reinsurance premiums written comprise the total premiums payable for the whole cover by contracts entered during the period, and are generally recognised on the date on which the policy incepts.

Unearned reinsurance premiums

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are calculated on the 1/24 basis except for the marine policies which are computed on a 60-40 basis.

Unexpired Risk

Provision is made where appropriate for the estimated amount required over and above unearned premiums to meet future claims and related expenses on the business in force as at the reporting date.

Acquisition Cost

Acquisition costs comprise commissions and other variable costs directly connected with acquisition or renewal of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Reinsurance Commission Income

Reinsurance commission income on outward reinsurance contracts are recognised as revenue when receivable.

Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

Gross Claims Expense

Gross claims expense includes all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

Gross claims expense includes gross claims expense reported but not yet paid, incurred but not reported claims (IBNR) and the anticipated direct cost of setting those claims. The provision in respect of IBNR is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis.

While the Directors of the associate 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 adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

Reinsurance Claims Recoveries

Reinsurance claims recoveries are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract. This includes reinsurance exposure of IBNR as well.

Deferred Acquisition Costs (DAC)

Deferred acquisition costs comprise commissions and other variable costs directly connected with acquisition or renewal of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

DAC is amortised over the period in which the related revenues are earned. The reinsurers share of DAC is amortised in the same manner as the UPR is amortised.

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 and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises.

NOTES TO THE FINANCIAL STATEMENTS

DAC is reviewed for recoverability based on the profitability of the underlying insurance contracts and when the recoverable amount is less than the carrying value, an impairment loss is recognised in the income statement.

DAC is derecognised when the related contracts are either settled or disposed off.

Reinsurance Commissions - Unearned Commission Reserve (UCR)

Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

Insurance Contract Liabilities

Non-life insurance contract liabilities include the outstanding claims provision (Reserve for gross outstanding and incurred but not reported, and incurred and not enough reported - IBNR / IBNER) and the provision for unearned premium and the provision for premium deficiency.

Claims Payable Including IBNR

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.

Provision for Unearned Premiums

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Provision for unearned premium is calculated on a 1/24 basis except for marine / cargo class which is subject to 60/40 basis.

At each reporting date, the Company reviews its unexpired risk and the liability adequacy tested to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums.

The calculation uses current estimates of future cash flows after taking account of the investment return expected to arise from 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 statement in comprehensive income by setting up a provision for premium deficiency.

Liability Adequacy Test (LAT)

At the end of each reporting period the Company reviews its unexpired risk and a liability adequacy test is performed as laid out in SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future cash flows after taking account of the investment return expected to arise from assets relating to the relevant non-life insurance technical provisions. If the assessments show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency shall be recognised in the income statement by setting up a provision for liability adequacy.

Non life insurance liability adequacy is decided by an independent external actuary.

29.1 Summarised Financial Information in Respect of Equity Accounted Investee

Income Statement

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Percentage ownership interest	22%	22%
Net earned premium	5,951,357	7,663,795
Finance and other income	2,342,076	2,517,805
Benefits, claims and expenses	(6,169,059)	(8,133,596)
Profit before tax	2,124,374	2,048,004
Income tax expenses	(591,543)	(630,396)
Profit from continuing operations, net of tax	1,532,831	1,417,608
Company's share of profit, net of tax	337,223	311,874
Other Comprehensive Income		
Other comprehensive income, net of tax	163,418	140,763
Company's share of other comprehensive income, net of tax	35,952	30,967
Total comprehensive income	1,696,249	1,558,371
Company's share of total comprehensive income, net of tax	373,175	342,841

Statement of financial position

As at 31 December	2024 Rs. '000	2023 Rs. '000
Total assets	24,846,576	23,226,650
Total liabilities	13,850,321	13,926,643
Net assets (100%)	10,996,255	9,300,007
Company's share of net assets (22%)	2,419,176	2,046,001

29.1(a) Company's share of other comprehensive income, net of tax

For the year ended 31 December	Note	2024 Rs. '000	2023 Rs. '000
Share of gains on AFS reserve	39	38,517	45,412
Share of remeasurement losses on defined benefit plans	40.2	(2,565)	(14,445)
Company's share of other comprehensive income, net of tax		35,952	30,967

29.2 Reconciliation of Summarised Financial Information

Reconciliation of the above summarised financial information to the carrying amount of the interest in equity accounted investee recognised in the financial statements is as follows.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Value of investment in equity accounted investee as at 1 January	2,046,001	1,703,160
Add		
Net profit for the period recognised in income statement	337,223	311,874
Other comprehensive income	35,952	30,967
Company's share of equity accounted investee (net of tax)	373,175	342,841
Value of investment in equity accounted investee as at 31 December	2,419,176	2,046,001
Contingent liabilities of equity accounted investee	Nil	Nil
Capital and other commitments of equity accounted investee	Nil	Nil

29.3 There are no restrictions on the ability of the associate to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances.

29.4 The Company has neither contingent liabilities nor capital and other commitments towards its associate company.

30 FINANCIAL INVESTMENTS

Refer accounting policy in Note 25

The risk management practices adopted by the Company in relation to the investment portfolio and risk management disclosures are outlined in Note 7 to the financial statements.

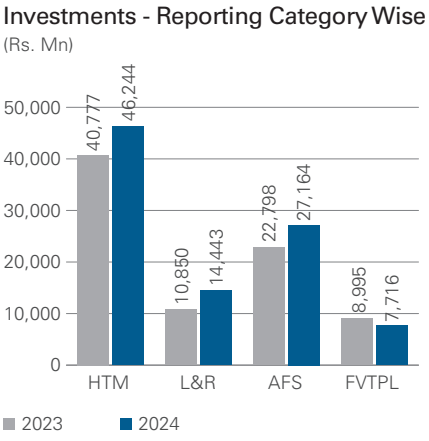
30.1 Financial Investments Pledged as Security

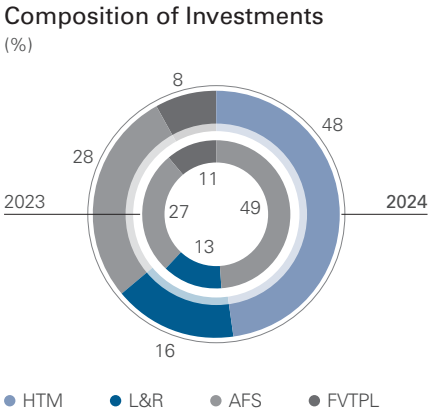
None of the financial investments have been pledged as security as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

30.2 The Company's financial instruments are summarised as follows

As at 31 December Rs. '000	Note	2024 Carrying value	2024 Fair value	2023 Carrying value	2023 Fair value
Held to maturity financial assets (HTM)	30.3	46,244,375	52,017,058	40,777,419	42,287,851
Loans and receivables (L&R)	30.4	14,442,825	14,993,311	10,849,760	10,257,191
Available for sale financial assets (AFS)	30.5	27,164,487	27,164,487	22,797,716	22,797,716
Financial assets at fair value through profit or loss (FVTPL)	30.6	7,715,757	7,715,757	8,994,878	8,994,878
Total financial investments		95,567,444	101,890,613	83,419,773	84,337,636





30.2 (a) Investments Supporting Restricted Regulatory Reserve

Based on the direction issued by the IRCSL dated 20 March 2018 on one-off surplus transfer, following investments have been marked to support the Restricted Regulatory Reserve of the Company.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Treasury bonds		
Held to maturity financial investments	1,826,810	1,653,424
Available for sale financial investments	1,710,015	1,729,148
	3,536,825	3,382,572

30.3 Held to Maturity Financial Assets (HTM)

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Amortised cost			
Treasury bonds		46,244,375	40,777,419
Total HTM financial investments		46,244,375	40,777,419

30.3 (a) Impairment of Held to Maturity Financial Investments

As at the reporting date, there were no HTM financial investments that were overdue and impaired.

30.4 Loans and Receivables (L&R)

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Amortised cost			
Bank deposits		-	64,359
Debentures	30.4 (a)	10,469,094	10,303,762
Asset backed securities		-	306,697
Reverse repurchase agreements		3,973,731	174,942
Total L&R financial investments		14,442,825	10,849,760
The effective interest rate		12.63%	14.09%

30.4 (a) Debentures

As at 31 December Issuer	2024					
	Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
First Capital Treasuries PLC	BBB	1/30/25	1,500,000	157,764	158,100	12.75
DFCC Bank PLC	BBB	3/29/25	3,000,000	329,167	329,841	13.00
Seylan Bank PLC	BBB	3/29/25	2,000,000	206,539	207,257	13.20
DFCC Bank PLC	A-	6/12/25	3,270,000	346,461	345,828	11.00
National Development Bank PLC	BBB	9/25/25	5,000,000	512,246	504,167	9.50
DFCC Bank PLC	BBB	10/23/25	3,000,000	304,952	298,568	9.00
People's Bank	A+	3/29/26	5,000,000	543,369	534,288	9.25
Singer Finance (Lanka) PLC	BB+	6/25/26	805,200	85,777	86,771	13.22
Siyapatha Finance PLC	BBB-	9/1/26	5,000,000	515,299	495,945	9.46
Hatton National Bank PLC	BBB+	9/23/26	864,100	89,305	90,802	12.80
Nations Trust Bank PLC	BBB	12/23/26	3,000,000	300,898	305,427	12.90
People's Bank	A	11/8/27	4,370,000	444,568	451,061	12.25
Sampath Bank PLC	BBB+	2/9/28	6,770,000	844,098	1,107,221	28.00
Seylan Bank PLC	BBB	3/29/28	3,000,000	310,076	316,987	13.50
Sri Lanka Telecom PLC	A	4/19/28	2,000,000	205,080	209,785	12.75
Commercial Bank of Ceylon PLC	BBB+	7/23/28	5,000,000	527,560	525,902	12.50
Commercial Bank of Ceylon PLC	BBB+	12/20/28	7,500,000	753,615	805,330	15.00
DFCC Bank PLC	BBB	1/16/29	9,697,700	1,111,338	1,176,874	15.25
Siyapatha Finance PLC	BBB+	6/6/29	7,000,000	751,455	761,054	13.20
Commercial Bank of Ceylon PLC	BBB+	12/12/29	5,000,000	510,713	759,821	27.00
People's Bank	A	7/27/30	5,000,000	521,537	475,578	10.25
Hatton National Bank PLC	BBB+	8/27/34	10,500,000	1,097,277	1,072,973	13.50
				10,469,094	11,019,580	

NOTES TO THE FINANCIAL STATEMENTS

Debentures

As at 31 December Issuer	2023					
	Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Sampath Bank PLC	BBB+	2/28/24	1,500,000	167,629	166,524	13.90
Seylan Bank PLC	BBB	4/18/24	4,000,000	441,371	438,925	15.00
Bank of Ceylon	Unrated	7/23/24	2,000,000	209,852	205,731	11.50
People's Leasing & Finance PLC	A-	8/5/24	5,258,875	502,279	381,682	8.00
Siyapatha Finance PLC	BBB-	8/8/24	2,760,000	290,008	284,513	13.33
Hayleys PLC	AAA	8/26/24	1,000,000	104,478	103,741	13.00
LOLC Holdings PLC	A	9/27/24	2,268,702	243,468	234,709	15.00
Nations Trust Bank PLC	BBB	12/23/24	1,000,000	100,253	97,380	12.80
HNB Finance Limited	BBB-	12/30/24	6,000,000	679,438	662,739	13.20
First Capital Treasuries PLC	BBB	1/30/25	1,500,000	155,428	152,942	12.75
Seylan Bank PLC	BBB	3/29/25	2,000,000	206,570	200,362	13.20
DFCC Bank PLC	BBB	3/29/25	3,000,000	329,188	319,513	13.00
DFCC Bank PLC	A-	6/12/25	3,270,000	346,401	328,054	11.00
National Development Bank PLC	BBB	9/25/25	5,000,000	512,169	465,119	9.50
DFCC Bank PLC	BBB	10/23/25	3,000,000	304,909	273,399	9.00
People's Bank	A	3/29/26	5,000,000	599,791	542,008	9.25
Singer Finance (Lanka) PLC	BB+	6/25/26	805,200	90,096	78,023	8.96
Siyapatha Finance PLC	BBB-	8/31/26	5,000,000	515,219	448,220	9.46
Hatton National Bank PLC	BBB+	9/23/26	864,100	89,288	83,528	12.80
Nations Trust Bank PLC	BBB	12/23/26	3,000,000	300,840	278,584	12.90
People's Bank	A	11/8/27	4,370,000	444,476	406,166	12.25
Sampath Bank PLC	BBB+	2/9/28	6,770,000	843,778	765,433	28.00
Seylan Bank PLC	BBB	3/29/28	3,000,000	310,114	284,420	13.50
Sri Lanka Telecom PLC	A	4/19/28	2,000,000	205,047	188,782	12.75
Commercial Bank of Ceylon PLC	BBB+	7/23/28	5,000,000	527,575	469,792	12.50
Commercial Bank of Ceylon PLC	BBB+	12/20/28	7,500,000	753,468	718,739	15.00
Commercial Bank of Ceylon PLC	BBB+	12/12/29	5,000,000	509,195	717,348	27.00
People's Bank	A	7/27/30	5,000,000	521,434	414,507	10.25
				10,303,762	9,710,883	

30.4 (b) Impairment of Loans and Receivables Financial Investments

At the reporting date, there were no loans and receivables financial investments that were overdue and impaired.

30.5 Available for Sale Financial Assets (AFS)

As at 31 December	2024 Rs. '000	2023 Rs. '000
Fair value		
Treasury bills	6,809,621	2,392,206
Treasury bonds	20,354,866	20,405,510
Total Available for Sale Financial investments	27,164,487	22,797,716

30.5 (a) Impairment of Available for Sale Financial Investments

At the reporting date, there were no AFS financial investments that were overdue and impaired.

30.6 Financial Assets at Fair Value Through Profit or Loss (FVTPL)

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Fair value			
Quoted equities	30.6 (a)	6,734,308	3,942,092
Treasury bills		-	79,806
Treasury bonds		-	84,705
Unit trusts		206,111	4,181,198
		6,940,419	8,287,801
Investments in unit linked fund			
Quoted equities	30.6 (b)	514,556	407,186
Reverse repurchase agreements		76,998	39,268
Treasury bills		4,900	4,793
Treasury bonds		95,996	190,367
Unit trusts		6,530	71
Debentures		76,358	65,392
		775,338	707,077
Total Fair Value Through Profit or Loss financial investments		7,715,757	8,994,878

30.6 (a) Quoted Equities - Other than Unit linked investments

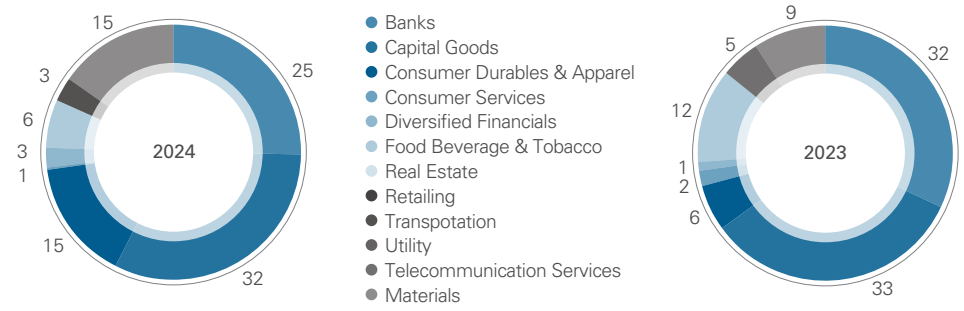
As at 31 December	2024 No. of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000	2023 No. of shares	2023 Cost Rs. '000	2023 Carrying / Fair Value Rs. '000
Banks						
Commercial Bank of Ceylon PLC	3,935,763	371,709	569,702	2,174,784	197,062	207,692
Hatton National Bank PLC	3,410,443	530,865	1,090,489	5,155,583	698,514	868,669
Sampath Bank PLC	153,328	12,113	18,131	2,830,610	195,826	199,558
National Development Bank PLC	119,058	10,358	13,483	-	-	-
Nations Trust Bank PLC	26,897	3,558	5,016	-	-	-
		928,603	1,696,821		1,091,402	1,275,919
Capital Goods						
Access Engineering PLC	10,548,394	283,981	363,920	8,158,054	141,541	165,608
ACL Cables PLC	2,942,660	268,266	348,705	-	-	-
Aitken Spence PLC	1,456,617	156,329	211,209	2,126,038	227,351	246,620
Hayleys PLC	95,866	11,244	12,582	-	-	-
Hemas Holdings PLC	123,890	11,150	12,792	4,534,598	272,032	302,458
Royal Ceramics Lanka PLC	4,251,360	179,566	184,934	-	-	-
John Keells Holdings PLC	44,578,969	719,042	1,007,485	2,987,735	464,400	570,657
		1,629,578	2,141,627		1,105,324	1,285,343

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	2024 No. of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000	2023 No. of shares	2023 Cost Rs. '000	2023 Carrying / Fair Value Rs. '000
Consumer Durables & Apparel						
Hayleys Fabric PLC	8,011,724	341,356	440,645	5,024,861	198,181	203,507
Hela Apparel Holdings PLC	36,865,251	273,417	217,505	6,615,331	81,799	33,077
Teejay Lanka PLC	7,092,850	287,536	371,665	-	-	-
		902,309	1,029,815		279,980	236,584
Consumer Services						
Aitken Spence Hotel Holdings PLC	224,450	15,038	19,011	337,245	15,734	21,246
John Keells Hotels PLC	-	-	-	2,433,456	33,215	45,749
		15,038	19,011		48,949	66,995
Diversified Financials						
People's Leasing & Finance PLC	8,735,261	106,821	148,499	2,791,736	32,249	29,872
LOLC Holdings PLC	15,009	6,487	10,360	-	-	-
L B Finance PLC	80,000	5,720	7,160	-	-	-
		119,028	166,019		32,249	29,872
Food, Beverage & Tobacco						
Ceylon Tobacco Company PLC	9,130	11,458	12,757	139,851	112,781	133,383
Distilleries Company of Sri Lanka PLC	2,155,093	54,892	84,049	3,304,787	84,110	92,534
Melstacorp PLC	6,145	498	756	-	-	-
Sunshine Holdings PLC	3,337,467	153,752	333,746	4,748,410	197,612	242,169
		220,600	431,308		394,503	468,086
Materials						
Alumex PLC	-	-	-	1,363,440	11,200	11,044
Chevron Lubricants Lanka PLC	2,780,897	314,550	444,944	540,763	50,568	48,831
CIC Holdings PLC	-	-	-	252,518	21,907	16,161
JAT Holding PLC	233,261	6,076	5,832	868,754	13,004	13,292
PGP Glass Ceylon PLC	-	-	-	1,506,399	40,457	42,179
Tokyo Cement Company (Lanka) PLC	8,882,696	439,145	582,552	5,199,571	257,469	224,316
		759,771	1,033,328		394,605	355,823
Real Estate						
Prime Lands Residencies PLC	-	-	-	206,125	1,484	1,340
		-	-		1,484	1,340
Retailing						
Singer Sri Lanka PLC	-	-	-	722,979	7,556	8,676
		-	-		7,556	8,676
Telecommunication Services						
Dialog Axiata PLC	-	-	-	23,717,094	265,173	213,454
		-	-		265,173	213,454
Transportation						
Digital Mobility Solutions Lanka PLC	3,058,501	147,511	206,449	-	-	-
		147,511	206,449		-	-
Utilities						
Vallibel One PLC	152,067	8,020	9,930	-	-	-
		8,020	9,930		-	-
		4,730,458	6,734,308		3,621,225	3,942,092

Quoted Equities - Other than Unit Linked Investments

(%)



30.6 (b) Equity Securities - Unit linked Fund

As at 31 December	2024 No. of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000	2023 No. of shares	2023 Cost Rs. '000	2023 Carrying / Fair Value Rs. '000
Banks						
Commercial Bank of Ceylon PLC	316,074	30,404	45,752	221,880	20,815	21,189
Hatton National Bank PLC	263,271	32,280	84,181	577,609	69,232	97,403
National Development Bank PLC	-	-	-	6,369	299	413
Nations Trust Bank PLC	-	-	-	1,624	164	175
Sampath Bank PLC	-	-	-	64,806	4,587	4,569
		62,684	129,933		95,097	123,749
Capital Goods						
Access Engineering PLC	688,728	21,930	23,761	808,129	13,431	16,405
ACL Cables PLC	211,001	19,447	25,004	-	-	-
Aitken Spence PLC	99,376	10,554	14,410	157,831	16,754	18,308
Hemas Holdings PLC	-	-	-	621,007	37,491	41,421
John Keells Holdings PLC	3,744,230	64,679	84,620	262,015	45,432	50,045
Royal Ceramics Lanka PLC	232,489	10,191	10,112	-	-	-
		126,801	157,907		113,108	126,179
Consumer Durables & Apparel						
Hayleys Fabric PLC	691,236	25,086	38,018	608,709	20,788	24,653
Hela Apparel Holdings PLC	2,831,136	24,260	16,704	1,204,764	14,335	6,024
Teejay Lanka PLC	519,857	20,733	27,241	-	-	-
		70,079	81,963		35,123	30,677
Consumer Services						
Aitken Spence Hotel Holdings PLC	-	-	-	25,513	1,272	1,607
John Keells Hotels PLC	-	-	-	253,899	3,493	4,773
		-	-		4,765	6,380
Diversified Financials						
People's Leasing & Finance PLC	700,003	8,202	11,900	386,603	4,381	4,137
		8,202	11,900		4,381	4,137

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	2024			2023		
	No. of shares	Cost Rs. '000	Carrying / Fair Value Rs. '000	No. of shares	Cost Rs. '000	Carrying / Fair Value Rs. '000
Food, Beverage & Tobacco						
Ceylon Tobacco Company PLC	-	-	-	15,263	13,567	14,557
Distilleries Company of Sri Lanka PLC	237,738	6,073	9,271	454,472	11,608	12,725
Sunshine Holdings PLC	244,898	10,778	24,490	535,038	22,665	27,287
		16,851	33,761		47,840	54,569
Materials						
Alumex PLC	-	-	-	147,052	1,205	1,191
Chevron Lubricants Lanka PLC	204,455	22,206	32,712	32,390	3,027	2,925
Ex-pack Corrugated Cartons PLC	126,183	1,676	2,057	-	-	-
JAT Holding PLC	-	-	-	78,277	1,142	1,198
PGP Glass Ceylon PLC	-	-	-	8,750	234	245
Tokyo Cement Company (Lanka) PLC	726,780	35,952	47,912	571,956	29,469	24,944
		59,834	82,681		35,077	30,503
Real Estate						
Prime Lands Residencies PLC	-	-	-	7,961	57	52
		-	-		57	52
Retailing						
Singer Sri Lanka PLC	-	-	-	87,383	924	1,048
		-	-		924	1,048
Telecommunication Services						
Dialog Axiata PLC	-	-	-	3,321,297	37,983	29,892
		-	-		37,983	29,892
Transportation						
Digital Mobility Solutions Lanka PLC	243,124	8,820	16,411	-	-	-
		8,820	16,411		-	-
		353,271	514,556		374,355	407,186

Equity Securities - Unit Linked Fund - (FVTPL)

(%)



30.6 (c) Impairment of Fair Value Through Profit or Loss Financial Investments

At the reporting date, there were no fair value through profit or loss financial investments that were overdue and impaired.

30.7 Movement of Financial Investments

Rs. '000	Held to maturity	Loans and receivables	Available for sale	Fair value through profit or loss	Total
As at 1 January 2023	36,044,803	13,008,194	11,704,394	3,698,539	64,455,930
Purchases	7,441,894	1,988,997	15,563,739	19,315,038	44,309,668
Maturities	(3,298,001)	(4,281,132)	(8,353,731)	(233,073)	(16,165,937)
Disposals	-	-	(2,903,511)	(14,349,713)	(17,253,224)
Scrip dividend	-	-	-	25,803	25,803
Fair value gains recorded in income statement (excluding net realised gains) classified as held for trading	-	-	-	509,985	509,985
Fair value gains recorded in OCI	-	-	5,855,085	-	5,855,085
Amortisation	164,320	27,877	794,104	19,411	1,005,712
Net change in accrued interest	424,403	105,824	137,636	8,888	676,751
As at 31 December 2023	40,777,419	10,849,760	22,797,716	8,994,878	83,419,773

Rs. '000	Held to maturity	Loans and receivables	Available for sale	Fair value through profit or loss	Total
As at 1 January 2024	40,777,419	10,849,760	22,797,716	8,994,878	83,419,773
Purchases	5,245,796	6,515,884	19,657,238	24,828,612	56,247,530
Maturities	(100,000)	(2,935,499)	(10,238,262)	(141,021)	(13,414,782)
Disposals	-	-	(6,568,613)	(27,993,657)	(34,562,270)
Scrip dividend	-	-	-	25,944	25,944
Fair value gains recorded in income statement (excluding net realised gains) classified as held for trading	-	-	-	1,999,211	1,999,211
Fair value gains recorded in OCI	-	-	883,405	-	883,405
Amortisation	144,663	15,974	702,796	10,788	874,221
Net change in accrued interest	176,497	(3,294)	(69,793)	(8,998)	94,412
As at 31 December 2024	46,244,375	14,442,825	27,164,487	7,715,757	95,567,444

31 LOANS TO LIFE POLICYHOLDERS

Refer accounting policy in Note 25

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 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.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	1,763,679	1,602,733
Loans granted during the year	977,892	868,953
Repayments during the year	(786,469)	(708,007)
	1,955,102	1,763,679
Interest receivables on loans to life policyholders	696,376	604,342
Balance as at 31 December	2,651,478	2,368,021

NOTES TO THE FINANCIAL STATEMENTS

31.1 Collateral Details

As at 31 December 2024 surrender value of policyholder loans amounted to Rs. 4,317 million (2023 - Rs. 3,740 million).

If the total receivable of the loan, including interest due and accrued exceeds the surrender value, the policy terminates and becomes void.

The Company has a first lien on all policies which are subject to policy loans. This mitigates the Company's credit exposure on policy loans.

31.2 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.

31.3 Concentration Risk of Loans to Life Policyholders

There is lower concentration of credit risk with respect to policyholders, as the Company has a large number of dispersed receivables.

31.4 Impairment of Loans to Life Policyholders

Policyholder loans are reviewed for impairment at each reporting date. As of 31 December 2024, no impairment loss was recorded on policyholder loans (2023 - Nil).

31.5 Number of Policy Loans

Number of policy loans due as at 31 December 2024 was 13,355 (2023 - 13,792).

32 REINSURANCE RECEIVABLE

Accounting Policy

Refer accounting policy in Note 25.

The Company cedes insurance risk in the normal course of business for majority of its Insurance Contracts. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance is recorded gross in the statement of financial position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract, and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

Reinsurance assets are derecognised when the contractual rights are extinguished or expired.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Reinsurance receivable on outstanding claims	195,443	199,700
Reinsurance receivable on settled claims	223,409	247,858
Total reinsurance receivables	418,852	447,558

32.1 Impairment of Reinsurance Receivable

The Board of Directors has assessed potential impairment loss of reinsurance receivable as at 31 December 2024. Based on the assessment, there was no impairment loss on reinsurance receivable (2023 - Nil).

32.2 Fair Value of Reinsurance Receivable

The carrying values disclosed above approximate the fair value at the reporting date.

32.3 The Aging of Reinsurance Receivable on Paid Claims

As at 31 December	2024 Rs. '000	2023 Rs. '000
Less than 60 days	151,027	171,654
More than 60 days	72,382	76,204
	223,409	247,858

32.4 Reinsurance Receivable Past Due but Not Impaired (On Paid Claims)

As at 31 December 2024, reinsurance receivable of Rs. 72 million (2023 - Rs. 76 million) were past due but not impaired. These relate to parties where there were no recent history of default.

32.5 Collateral Details

The Company does not hold any collateral as security against potential default by reinsurance counter parties.

32.6 Reinsurance Receivable on Outstanding Claims

This includes reinsurance reserves on claims that have not been paid and the reinsurance receivable have not been received.

32.7 Risk Management

Refer Note 7.1(c) to the financial statements for risk management initiatives relating to reinsurance.

33 PREMIUMS RECEIVABLE

Accounting Policy

Refer accounting policy in Note 25.

Premiums receivable are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of premiums receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Impairment losses on premiums receivable are the difference between the carrying amount and the recoverable amount. The impairment losses are recognised in the income statement.

The life insurance premiums for policies within the 30 day grace period are considered as due premium. Commission and reinsurance premium relating to that accrued income are also recorded in the same manner.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Premiums receivable from;		
Policyholders	743,968	788,787
Intermediaries (Including collections in transit)	322,673	262,657
Total premiums receivable	1,066,641	1,051,444

33.1 Fair Value of Premiums Receivable

The carrying amount disclosed above approximates the fair value at the reporting date.

33.2 Impairment of Premiums Receivable

The Management has assessed potential impairment loss of premiums receivable as at 31 December 2024. Based on the assessment, there was no impairment loss on premiums receivable (2023 - Nil).

33.3 Collateral Details

The Company does not hold any collateral as security against potential default by policyholders or intermediaries.

33.4 Risk Management Initiatives Relating to Premiums Receivable

Refer Note 7.2(c) to the financial statements for risk management initiatives relating to premiums receivable.

34 RECEIVABLES AND OTHER ASSETS

Accounting Policy

Refer accounting policy in Note 25.

Staff / Agent Loans

Loans are granted as a benefit to Staff and Advisors subject to defined eligibility criteria. These are measured at amortised cost based on the prevailing interest rates at the loan grant date. Impairment test of loans are carried out when the indicators of impairment exist.

Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is generally determined by reference to weighted average cost. Net realisable value is the estimated market price in the ordinary course of business less any estimated expense to sell.

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Financial Assets			
Staff loans	34.1	349,770	289,346
Agent / advisor loans	34.2	3,499	6,302
Refundable deposits		57,319	45,806
Other receivables		9,714	7,512
		420,302	348,966
Non - financial Assets			
Taxes recoverable	34.6	263,064	271,609
Prepayments		194,693	159,884
Inventories		9,982	13,959
Advance payments		438,136	147,702
		905,875	593,154
Total receivables and other assets		1,326,177	942,120

NOTES TO THE FINANCIAL STATEMENTS

34.1 Staff Loans

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		292,306	294,140
Loans provided during the year		236,746	209,100
Payments / settlements during the year		(205,320)	(143,080)
Fair value adjustment during the year		31,715	(62,434)
Written off during the year		-	(5,420)
		355,447	292,306
Provision for impairment	34.1 (a)	(5,677)	(2,960)
Balance as at 31 December		349,770	289,346

34.1 (a) Provision for Impairment

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	2,960	8,380
Charge during the year	2,717	-
Written off during the year	-	(5,420)
Balance as at 31 December	5,677	2,960

34.2 Agent Loans

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		38,550	47,202
Loans provided during the year		-	-
Payments / settlements during the year		(2,803)	(8,652)
		35,747	38,550
Provision for impairment	34.2 (a)	(32,248)	(32,248)
Balance as at 31 December		3,499	6,302

34.2 (a) Provision for Impairment

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	32,248	28,423
Charge during the year	-	3,825
Balance as at 31 December	32,248	32,248

34.3 Impairment of Staff and Agent Loans

The Management has assessed potential impairment loss of staff and agent loans as at 31 December 2024. Based on the assessment, no additional impairment provision is required to be made in the financial statements as at the reporting date in respect of staff and agent loans, other than the amounts provided in Note 34.1(a) and 34.2(a).

34.4 Loans Granted to Directors

No loans have been granted to the Directors of the Company during 2024 (2023 - Nil).

34.5 Fair Value

The fair value of staff loans are based on discounted cash flows. Discount rate is equal to AWPLR plus appropriate risk margin. The fair values of agent / advisor loans are equal to the carrying amount as they are granted at competitive market rates.

34.6 Taxes Recoverable

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
ACT recoverable		92,296	92,296
WHT recoverable		170,768	179,313
		263,064	271,609

34.7 Risk Management

Refer Note 7.2(c) to the financial statements for risk management policies / initiatives relating to other financial assets.

34.8 Other Assets Pledged as Securities

None of the other assets have been pledged as securities for liabilities as at the reporting date (2023 - Nil).

35 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents comprise cash in hand and at bank net of bank overdrafts that are repayable on demand.

35.1 Cash in hand and at bank in the Statement of Financial Position

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cash at bank	1,544,500	720,009
Cash at bank with related parties		
- Nations Trust Bank PLC	64,853	115,795
Cash in hand	5,050	3,671
Total cash in hand and at bank	1,614,403	839,475

35.2 Cash and Cash Equivalents in the Statement of Cash Flows

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Cash in hand and at bank	35.1	1,614,403	839,475
Bank overdraft used for cash management purposes		(134,529)	(122,560)
Cash and cash equivalents in the statement of cash flows		1,479,874	716,915

35.3 Fair Value of Cash and cash equivalents

The carrying amounts disclosed above reasonably approximated the fair values at the reporting date.

35.4 Risk Management Initiatives Relating to Cash in Hand and at Bank

Please refer Note 7.2(c) to the financial statements.

36 STATED CAPITAL

Accounting Policy

Ordinary Shares

The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

As at 31 December	2024 No. of shares	2024 Rs. '000	2023 No. of shares	2023 Rs. '000
Ordinary Voting Shares	589,285,720	1,000,000	589,285,720	1,000,000
	589,285,720	1,000,000	589,285,720	1,000,000

36.1 Rights of Ordinary Shareholders

The Company has only one class of ordinary shares and carry equal voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the Company. All issued shares are fully paid.

37 RESTRICTED REGULATORY RESERVE

Based on the direction issued by the IRCSL dated 20 March 2018, the Company has transferred Rs. 3,382 million attributable to Non - Participating and Non - Unit Fund of Unit linked business from the Policyholder Fund to the Shareholder Fund. The distribution of one off surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL. The one - off surplus in the Shareholder Fund is represented by government debt securities as per the direction of the IRCSL [Note 30.2(a)].

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December	2024 Rs. '000	2023 Rs. '000
Transfer of one - off surplus from non - participating fund	3,393,900	3,393,900
Transfer from Shareholder Fund for the one - off deficit created in the non - unit fund of unit linked life insurance contracts	(11,966)	(11,966)
	3,381,934	3,381,934

38 REVALUATION RESERVE

Nature and purpose of the reserve

On revaluation of an asset, any increase in the carrying amount is recognised in the revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the income statement. In this circumstance, the increase is recognised as income only to the extent of the previous written down value. Any decrease in the carrying amount is recognised as an expense in the income statement or charged to the revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

Life Policyholders' Revaluation Reserve

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		2,087,235	1,792,119
Revaluation surplus during the year		-	299,362
Net gain on revaluation of land and buildings		2,087,235	2,091,481
Depreciation transfer during the year	27.11	(7,735)	(4,246)
		2,079,500	2,087,235
Unrealised gain reserve	38.1	475,860	475,860
Balance as at 31 December		2,555,360	2,563,095

The revaluation relates to land and building as indicated in Note 27.

38.1 Unrealised Gain Reserve

Unrealised gain reserve comprises of the gain from transferring the investment of Cornhill (Private) Limited and the gain on transferring the land and building at Kurunegala in 2011. These gains are recognised under the shareholder's fund.

39 AVAILABLE FOR SALE RESERVE

Nature and purpose of reserve

The Available for Sale reserve comprises the cumulative net change in the fair value of Available for Sale financial assets until the assets are derecognised or impaired.

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		3,334,055	(2,564,622)
Net change in fair value of AFS financial assets		339,110	1,811,557
Net change in fair value of AFS financial assets transferred to the income statement	39.1	(45,813)	15,477
		293,297	1,827,034
Net change in liabilities of insurance contracts arising from fair value changes in AFS financial assets		698,251	4,472,322
Net change in liabilities of insurance contracts arising from fair value changes in AFS financial assets transferred to the income statement	39.1	(108,143)	(446,091)
		590,108	4,026,231
Share of gains on AFS assets of equity accounted investee		38,517	45,412
Related tax		-	-
Balance as at 31 December		4,255,977	3,334,055

39.1 Net change in fair value transferred to the income statement

As at 31 December	2024 Rs. '000	2023 Rs. '000
Net change in fair value of AFS financial assets	(45,813)	15,477
Net change in liabilities of insurance contracts arising from fair value changes in AFS financial assets	(108,143)	(446,091)
Balance as at 31 December	(153,956)	(430,614)

40 OTHER RESERVES

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Reserve on merger with Cornhill (Private) Limited	40.1	16,752	16,752
Reserves on retirement benefit obligation	40.2	(54,123)	(37,927)
Employee share based options	40.3	113,944	97,718
Total other reserves		76,573	76,543

40.1 Reserve on Merger with Cornhill (Private) Limited

The unrealised gain reflects the net result of the merger of the Company and Cornhill (Private) Limited. The investment in Cornhill (Private) Limited was absorbed by merging all assets and liabilities into the life policyholders' statement of financial position.

40.2 Reserves on Retirement Benefit Obligation

Refer Note 45 for Accounting Policies.

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		(37,927)	(13,388)
Actuarial losses on defined benefit plan	45.4.(a)	(13,631)	(10,094)
Share of remeasurement loss on defined benefit plan of equity accounted investee		(2,565)	(14,445)
Related tax		-	-
Balance as at 31 December		(54,123)	(37,927)

40.3 Employee Share Based Option

Accounting Policy

Employees receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant.

Equity Settled Transactions

The cost of equity settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity settled transaction where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity settled transaction awards are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non - vesting conditions within the control of either the entity or the employee are not met.

NOTES TO THE FINANCIAL STATEMENTS

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and the new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Description of The Employee Share Option Scheme

Under the John Keells Group's Employee Share Option Scheme (ESOP), share options of the Parent are granted to senior executives of the Company and is dependent on a performance criteria and a service criteria. SLFRS 02 - Share based payment has been applied to equity instruments in share based transactions that were granted after 1 January 2012, which was the effective date of the standard. Hence options granted subsequent to this date have been accounted for as per the standard. All options are to be settled by shares and there are no cash settlement alternatives.

The Directors confirm that the Company has not granted any funding to employees to exercise options.

The terms and conditions of the grants are as follows;

Grant date / employees entitled	Method of valuation	Vesting conditions	Contractual life of the Awards	Exercise price
The grant date for each Award is on the 1 of July of that respective financial year. Senior executives of the Company with more than 12 months of service as at the respective reporting date.	Please refer Note 40.3(b)	Vests over a period of four years. A minimum performance achievement of meeting the Key Result Areas (KRA's) and being in employment at the time the share options vests.	5 years for each Award	For each 'Award' it is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant.

Accounting judgements, estimates and assumptions

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

The following information which are relevant to John Keells Holdings PLC was used and results were generated using binomial model for ESOP.

As at 31 December	2025 Plan No. 11 Award 3	2024 Plan No. 11 Award 2.1	2024 Plan No. 11 Award 2	2023 Plan No. 11 Award 1	2022 Plan No. 10 Award 3	2021 Plan No. 10 Award 2
Dividend yield (%)	1.46	2.07	2.54	2.90	3.28	3.87
Expected volatility (%)	24.54	25.05	24.99	24.15	22.37	21.35
Risk free interest rate (%)	12.76	14.49	26.92	23.10	8.87	6.44
Expected life of share options (Years)	5	5	5	5	5	5
Weighted average share price at the grant date (LKR)	194	158.36	137.83	119.85	132.63	134.74
Weighted average remaining contractual life for the share options outstanding (Years)	3	3	3	3	3	3
Weighted average fair value of options granted during the year (LKR)	64.67	52.79	45.94	39.95	44.21	44.91
Exercise price for options outstanding at the end of the year (LKR)	200.74	145.59	137.86	121.91	136.64	132.86
Exercise price for options outstanding at the end of the year (LKR)	20.03*	145.59	137.86	121.91	136.64	132.86

*Post adjustment for corporate actions at JKH since the grant date.

Reconciliation of Outstanding Share Options

The following table illustrates the number of options (No.), weighted average exercise prices (WAEP) and movements of share options during the year:

As at 31 December	2024		2023	
	No.	WAEP (Rs.)	No.	WAEP (Rs.)
Outstanding at 1 January	1,019,172	94.59	1,186,446	140.62
Granted during the year	419,600	200.74	331,800	144.28
Adjustment for 1:10 sub-division	9,970,563	N/A	-	-
Trasfer Out	(2,942,186)	15.39	-	-
Forfeited during the year	(341,250)	13.28	(499,074)	142.45
Outstanding at 31 December	8,125,899	16.13	1,019,172	94.59
Exercisable at 31 December	2,868,510	13.22	182,650	130.89

40.3 (a) Employee Expenses for Share Based Payment Transactions

The expense recognised for employee services received during the year is as follows;

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	97,718	82,301
Expense arising from equity settled share-based payment transactions	16,226	15,417
Balance as at 31 December	113,944	97,718

The expense recognised for employee services is based on the Parent company's best estimate of the number of options that will ultimately vest. No expense is recognised for Awards that do not ultimately vest.

40.3 (b) Fair Value of the Share Options and Assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

NOTES TO THE FINANCIAL STATEMENTS

41 RETAINED EARNINGS

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January		13,805,444	10,042,833
Profit for the year		3,741,218	3,758,365
Transfer from revaluation reserve to retained earnings, net of tax	38	7,735	4,246
First and final dividends 2023	24.2	(5,156,250)	-
Balance as at 31 December		12,398,147	13,805,444

42 INSURANCE CONTRACT LIABILITIES

Accounting Policy

42.1 Recognition and Measurement

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using the gross premium valuation method as prescribed by the Regulation of Insurance Industry Act No. 43 of 2000. The liability is determined as the discounted value of the expected contractual cash outflows less the discounted value of the expected premiums. Valuation assumptions are derived based on the best estimate experience with a prescribed risk margin to allow for adverse deviations. Non-participating liabilities are discounted using the fund based yield of the non-participating insurance fund.

The value of participating policy liabilities is the higher of the value of the guaranteed benefits liability and the total benefits liability, derived at the Participating Insurance Fund level. In calculating the guaranteed benefits liability, only the guaranteed benefits are considered and the cashflows are discounted using the risk free interest rate yield curve. Total benefits liability includes all the guaranteed and non-guaranteed benefits, and discounted cash flows using the fund based yield of the Participating Insurance Fund.

42.2 Use of Judgements and Estimates

42.2 (a) Product Classification

SLFRS 4 requires contracts written by insurers to be classified as either insurance contracts or investment contracts depending on the level of insurance risk transferred.

Insurance contracts are contracts under which one party (the Insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Company issues and reinsurance contracts that the Company holds.

Contracts where the Company does not assume a significant insurance risk is classified as investment contracts.

Investment contracts are those contracts that transfer significant financial risks and no significant insurance risks. Financial risk is the risk of a possible future change in one or more of a specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, index of price or rates, credit ratings or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features.

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 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, and
  - The profit or loss of the company, fund or other entity that issues the contract.

Derivatives embedded in an insurance contract or an investment contract with DPF are separated and fair valued through the income statement unless the embedded derivative itself is an insurance contract or investment

contract with DPF. The derivative is also not separated if the host insurance contract and / or investment contract with DPF is measured at fair value through profit and loss.

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, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

42.2 (b) Valuation of Life Insurance Contract Liabilities

Long duration contract liabilities included in the life insurance fund, result primarily from traditional participating, non participating life and universal life insurance products. Short duration contract liabilities are primarily group term. The actuarial reserves have been established based on the following;

- Non - participating liabilities and participating liabilities are discounted using their respective fund yield curves.
- Mortality rates based on published mortality tables adjusted for actual experience as required by regulations issued by the IRCSL.
- Surrender rates based on actual experience.

The amount of policyholder dividend to be paid is determined annually by the Company. The dividend includes life policyholders' share of net income that is required to be allocated to the insurance contract.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapses, surrender rates and discount rates as further detailed in the notes to the financial statements. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to the life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made for future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments.

The fund based yield curves used in calculation of actuarial reserves have been derived using estimates of future economic conditions.

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 Company's historical experience of lapses and surrenders.

42.3 De - recognition

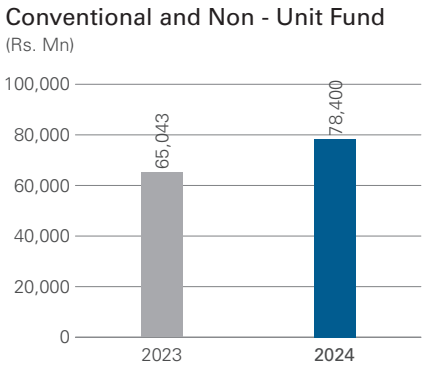
The liability is de-recognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, by using a liability adequacy test.

42.4 Valuation of Life Insurance Fund

The valuation of the conventional life insurance fund as at 31 December 2024 was carried out by Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India (Private) Limited and a sum of Rs. 3,000 million was transferred from the conventional life insurance fund to the Shareholder Fund for the year 2024. Subsequent to the transfer the conventional life fund stood at Rs. 78,077 million.

Similarly the non - unit fund of linked long term business valuation was carried out by Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India (Private) Limited and the non - unit fund stood at Rs. 323 million.



In the opinion of the appointed actuary, the admissible assets of the conventional life insurance fund and the non - unit fund of linked long term business as at 31 December 2024 is adequate to cover the liabilities of the funds.

NOTES TO THE FINANCIAL STATEMENTS

42.5 Surplus from Life Insurance Fund Transferred to Shareholder Fund

As at 31 December	2024 Rs. '000	2023 Rs. '000
Conventional life insurance fund	3,000,000	2,800,000
Non - unit fund of Unit linked Life insurance	-	-
	3,000,000	2,800,000

42.6 Insurance Contract Liabilities

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Life insurance fund	42.7	77,514,257	64,130,386
One - off surplus arising from changing policy liability valuation relating to participating fund	42.14	435,046	435,046
Effect of Taxation on Surplus / Bonus transferred to Policyholders	42.12	(79,055)	(55,072)
		77,870,248	64,510,360
Claim payables	42.16	529,259	533,024
		78,399,507	65,043,384

42.7 Composition of the Life Fund

As at 31 December Rs. '000	Note	2024			2023		
		Insurance contract liabilities	Reinsurance	Net	Insurance contract liabilities	Reinsurance	Net
Balance as at 1 January		67,709,735	(3,579,349)	64,130,386	58,040,021	(3,523,433)	54,516,588
Premium income / Reinsurance expenses	9/10	21,646,969	(1,491,725)	20,155,244	18,866,985	(1,032,590)	17,834,395
Liabilities paid for death, maturities, surrenders, benefits and claims	15	(7,696,259)	1,003,271	(6,692,988)	(7,604,730)	976,674	(6,628,056)
Benefits and claims experience variation		(3,032,490)	-	(3,032,490)	(2,934,109)	-	(2,934,109)
Investment return and other income		12,553,575	-	12,553,575	9,847,725	-	9,847,725
Expenses		(9,599,470)	-	(9,599,470)	(8,506,157)	-	(8,506,157)
Income tax expenses		-	-	-	-	-	-
Balance as at 31 December		81,582,060	(4,067,803)	77,514,257	67,709,735	(3,579,349)	64,130,386

42.8 Movement in Life Fund

As at 31 December	2024 Rs. '000	2023 Rs. '000
Conventional life insurance fund		
Balance as at 1 January	64,797,623	55,179,789
Increase in life insurance fund before surplus transfer to shareholders	16,314,179	12,354,121
Transfer to shareholders	(3,000,000)	(2,800,000)
Effect of Taxation on Surplus / Bonus transferred to - Policyholders	(23,983)	(21,149)
Net change in unclaimed benefits	(10,884)	84,862
Balance as at 31 December - Conventional Life insurance	78,076,935	64,797,623
Non - unit fund of Unit linked Life Insurance Contracts		
Balance as at 1 January	245,761	251,104
Increase in non - unit fund of linked life insurance before surplus transfer to shareholders	69,692	98,872
Transfer to shareholders	-	-
Net change in unclaimed benefits	7,119	(104,215)
Balance as at 31 December - Non unit fund of linked Life insurance	322,572	245,761
	78,399,507	65,043,384

42.9 Key Assumptions used in Determination of Best Estimate Liability

Asset Class	Basis
Economic Assumptions	
Risk free rate	Risk free rate curve as of 31 December 2024 issued by IRCSL
Fund yield	Expected fund yields based on the Company's long term strategic asset allocation plan and the expected yield on the long term bonds with a risk premium adjustment for other asset classes.
Operating Experience Assumptions	
Mortality rate	Adjusted A67/70 mortality table rates based on Company's experience study as of 31 December 2023.
Morbidity rate	Percentage of reinsurance rates, where the percentages are determined based on the morbidity studies performed as of 31 December 2023.
Expense rate and Expense inflation	Fixed & variable, acquisition and maintenance cost assumptions based on the 2023 experience study, with an inflation adjustment made to reconcile with the actual expenses in 2024. Sales related acquisition expenses are taken as a % of first year commission. Sales related maintenance expenses are taken as a % of renewal commission.
Lapse rates, paid - up rates and surrender rates	Rates are based on Company's persistency study as of 31 December 2023.

42.10 Sensitivity Analysis

Sensitivity analysis of the life insurance fund liability is provided in Note 7.1(a).

42.11 Expected Maturity Profile for Reserves for Insurance Contracts, Net of Reinsurance (Undiscounted cash flows)

As at 31 December	2024 Rs. '000	2023 Rs. '000
< 1 year	3,489	3,099
1 to 5 years	23,114	19,304
5 to 10 years	53,934	51,331
10 to 20 years	57,914	60,596
> 20 years	29,740	35,823
	168,191	170,153

42.12 Taxation on surplus distributed to the life insurance policyholder who participate in the profit share

In terms of Section 67 (2) of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the surplus distributed to the Life Insurance Policyholder who shares the profits of a person engaged in the business of life insurance in a given year, shall be deemed as gains and profits of that person from the business and subject to tax at a rate of 30% (2023 - 30%). As recommended by the Appointed Actuary Mr. Vivek Jalan. FIA, FIAI of Messrs. Towers Watson India Private Limited, the Company has declared a bonus of Rs. 80 million (Please refer point (3) of the Actuarial report provided in page 226) to Life Insurance Policyholders who were participating in the profit of Life Insurance business. Accordingly the Company has adjusted the respective tax liability to the life insurance fund.

42.13 Solvency Margin

In the opinion of the appointed actuary, Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India (Private) Limited, the Company maintains a Capital Adequacy Ratio (CAR) of 264% and Total Available Capital (TAC) of Rs. 36,807 million as at 31 December 2024, which exceeded the minimum requirement of 120% and Rs. 500 million respectively as per the Solvency Margin (Risk Based Capital) Rules.

NOTES TO THE FINANCIAL STATEMENTS

42.14 One - off Surplus Arising from Changing Policy Liability Valuation

The one - off surplus comprises of Rs. 432.5 million attributable to participating business and Rs. 2.5 million attributable to Unit linked Fund and Rs. 3,382 million attributable to Non - participating and Non - unit fund of Unit linked Business.

Based on the directions issued by the IRCSL dated 20 March 2018 and subsequent approval, the Company has transferred Rs. 3,382 million attributable to non-participating and non - unit fund of unit linked business from Policyholder Fund through the Income Statement to the Shareholder Fund and held as part of the Restricted Regulatory Reserve under equity in the statement of financial position.

One - off Surplus was determined as the difference between the NPV solvency basis liability and the GPV distribution basis liability as of 31 December 2015. This is calculated for Participating and other than participating funds, separately. Above basis is in line with the 'Minimum One - off Surplus' calculation basis provided in the IRCSL guideline.

Disclosure in the Financial Statements	Participating Fund	Non - Participating Fund	Non - Unit Fund	Unit Linked Fund	Total
Value of Insurance contract liability based on Independent Actuary - NPV as at 31 December 2015	9,375,793	13,063,008	7,132	2,543,761	24,989,694
Value of Insurance contract liability based on Independent Actuary - GPV as at 31 December 2015	8,943,287	9,669,108	19,098	2,541,221	21,172,714
Surplus created due to change in valuation method - One - off Surplus as at 01/01/2016	432,506	3,393,900	(11,966)	2,540	3,816,980
Transfer of one - off surplus from long term fund to Restricted Regulatory Reserve	-	3,393,900	(11,966)	-	3,381,934
Remaining surplus created due to change in valuation method - One - off Surplus	432,506	-	-	2,540	435,046

Applicable disclosures required in the Financial Statements as per Identification and Treatment of One - Off Surplus: Direction #16 - 20.03.2016 issued under Section 96A of the Regulation of Insurance Industry Act No. 43 of 2000 are given below.

	Disclosure in Financial Statements	Compliance with the Requirement	Page
i	Equity and statement of changes in equity to include a new line item called 'Restricted Regulatory Reserve' with value equal to one - off surplus for other than participating business. Adequate disclosure to be made with regards to 'Restricted Regulatory Reserve'.	Complied [Note 37]	311
ii	Disclosure stating 'distribution of one - off surplus to shareholders', held as 'Restricted Regulatory Reserve', is subject to meeting governance requirements stipulated by the IRCSL and can only be released upon approval from the IRCSL.	Complied [Note 37]	311
iii	The basis of computation of one - off surplus. Any deviation from the direction in respect of determining the 'minimum one - off surplus'.	Complied [Note 42.14]	320
iv	One-off surplus relating to participating and other than participating should be disclosed separately.	Complied [Note 42.14]	320
v	Disclosure on composition of investments supporting the Restricted Regulatory Reserve.	Complied [Note 30.2(a)]	300

42.14 (a) Distribution of One - off Surplus

The distribution of one - off surplus to Shareholders as dividends shall remain restricted until the Company develops appropriate policies and procedures for effective management of its business, as listed below. These policies should be approved by the Board of Directors of the Company and must also comply with any relevant guidance issued by IRCSL from time to time. Further , the regulator will reconsider the distribution of the one - off surplus when the RBC rules are revised.

- Expense allocation policy setting out basis of the allocation of expenses between the Shareholder Fund and the Policyholder Fund as well as between different lines of business within the Policyholder Fund, particularly participating and non-participating.
- Dividend declaration policy for universal life business.
- Bonus policy for the participating business, which should include the treatment of one - off surplus for the purpose of bonus declaration.
- Asset - liability management policy.
- Policy on internal target Capital Adequacy Ratio.
- Considerations for transfer of funds from Policyholder Fund to Shareholder Fund.

The IRCSL will permit the distribution of one - off surplus subject to yearly distribution caps on a case - by - case basis.

42.15 Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities

Accounting Policy

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test as laid out under SLFRS 4 - Insurance Contracts. The liability value is adjusted to the extent that it is sufficient to meet future benefits and expenses.

In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on management's prudent expectation of current market interest rates.

Any deficiency shall be recognised in the Income Statement by setting up a provision for liability adequacy.

Valuation

SLFRS 4 requires an insurer to assess whether its recognised insurance liabilities are adequate at the end of each reporting period. The Liability Adequacy Test has been performed as at 31 December 2024 to reflect most probable estimates of assumptions (with some degree of prudence) and using professional judgement liaising with the Company's Appointed Actuaries (Willis Towers Watson India (Private) Limited). As at the reporting date, liability adequacy test was performed by the Appointed Actuary Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India (Private) Limited and concluded that the liability value has been determined on a 'going concern' basis and assumes a continuation of current economic, regulatory and legal environment prevailing in Sri Lanka; and are considered sufficient to meet future benefits and expenses under what is believed to be a view of the 'most probable' future experience.

No provision was required to be made for any premium deficiency.

Details of LAT reports is provided in page 226 to this report

42.16 Direction 18 - Unclaimed benefits of long term insurance business

There was no transfer of any unclaimed benefit to shareholders and it was recorded in the same as a liability in the long term insurance fund.

43 INSURANCE CONTRACT LIABILITIES - UNIT LINKED

Accounting Policy

Unit linked contracts are those that do not meet the definition of insurance contract or investment contract with discretionary participating features. For these Unit linked contracts, the liabilities are valued at current unit value, i.e. on the basis of the fair value of the financial investment, backing those contracts at the reporting date together with rights to future management fees.

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Liability of Fund investment		86,344	258,688
Liability of Fund income	43.1	705,832	460,004
Total insurance contract liabilities - Unit linked		792,176	718,692

NOTES TO THE FINANCIAL STATEMENTS

43.1 Movement in Liability of Fund Income

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	460,004	286,095
Net investment income	53,058	57,940
Net realised gains	54,443	23,788
Net fair value gains	148,642	103,036
Management fee expense	(10,315)	(10,855)
Balance as at 31 December	705,832	460,004

Fair value of the financial investments backing unit linked contracts are as follows.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Government securities	177,894	234,428
Equity instruments	514,556	407,186
Corporate debt instruments	76,358	65,392
Unit trusts	6,530	71
	775,338	707,077
Other unit linked assets	27,422	17,314
Other unit linked liabilities	(10,584)	(5,699)
Insurance contract liabilities - Unit linked	792,176	718,692

44 LEASE LIABILITIES

Accounting Policy

See accounting policy in Note 28.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	422,540	448,719
New lease agreements recognised during the period	329,603	91,852
Interest expenses for the year	53,658	38,969
Termination	(6,539)	-
Payment of lease liabilities	(192,346)	(157,000)
Change in fair value	-	-
Balance as at 31 December	606,916	422,540

Maturity profile of the undiscounted cash flows of lease liability is given in note 7.2 (b)

45 EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

45.1 Defined Contribution Plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods during which related services are rendered by employees.

Employees' Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary, monthly, to the Employees Provident Fund managed by the Central Bank of Sri Lanka.

Employees' Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes each month at the rate of 3% of the salaries of each employee, to the Employees' Trust Fund administrated by the Employees' Trust Fund Board.

Defined Contribution Plans

Following contributions have been made to the employee provident fund and employee trust fund during the year.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Employees' Provident Fund (EPF)		
Employer's contribution (12%)	111,553	111,134
Employee's contribution (8%)	74,369	74,089
Employees' Trust Fund (ETF)		
Employer's contribution (3%)	27,888	27,784

45.2 Defined Benefit Plans - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that amount to determine its present value. The calculation is performed annually by a qualified independent actuary using the projected unit credit method.

As per LKAS 19 - Employee Benefits, the re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in the statement of profit or loss and other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The obligation is not externally funded.

45.3 Other long term employee benefits

The previous Long-Term Incentive Plan (LTI) has been launched for senior management to incentivice achievement of strategic targets. The liability recognised in the statement of financial position is the present value of the estimated future cash outflows of the long term incentive plan as at the reporting date. Re-measurements are recognised in profit or loss in the period in which they arise. The plan was withdrawn during the last year.

45.4 Employee benefit liabilities

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Employee defined benefit plan - gratuity	45.4.(a)	229,709	190,578
Balance as at 31 December		229,709	190,578

45.4.(a) Movement in Present Value of Gratuity

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	190,578	152,327
Included in income statement:		
Current service cost	25,209	21,214
Past service cost	-	-
Interest cost	25,728	28,180
	50,937	49,394
Included in OCI:		
Remeasurement loss on obligation	13,631	10,094
Other		
Payments during the year	(25,437)	(21,237)
Balance as at 31 December	229,709	190,578

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI.

The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the the-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Income Statement.

45.4.(b) Other long term employee benefits

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	-	134,364
Reversal of the provision during the year	-	(134,364)
Balance as at 31 December	-	-

45.5 Principal Actuarial Assumptions Used

The defined benefit obligation liability of the Company is based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Actuarial & Management Consultants (Pvt) Ltd, an Independent Actuary. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert.

A long term treasury bond rate of 10% per annum (2023: 13.5%) has been used to discount the future liability taking into consideration remaining working life of eligible employees. Further, the salary increment rate of 8% (2023: 10%) is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate.

Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

Assumptions	2024	2023
Financial assumptions		
Discount rate	10.0%	13.5%
Salary increases	8.0%	10.0%
Demographic assumptions		
Staff turnover rate - early withdrawal through resignations		
- i) Less than 5 years	32.5%	26.5%
- ii) More than 5 years	7%	5%
Retirement age	60 Years	60 Years
Mortality	based on the A1967/70 issued by the Institute of Actuaries, London	
Weighted average duration	5 Years	4 Years

45.6 Maturity Analysis of the Payments

The following payments are expected on employee benefit liabilities in future years.

As at 31 December	2024 Rs. '000	2023 Rs. '000
Within the next 12 months	32,663	31,904
Between 1 and 2 years	26,840	27,187
Between 2 and 5 years	73,157	63,519
Over 5 years	97,049	67,968
Total expected payments	229,709	190,578

45.7 Sensitivity Analysis

Reasonably possible variation in one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Increase / (Decrease) in discount rate	Increase / (Decrease) in Salary Increment	Change in employee defined benefit liability Rs. '000	Estimated employee defined benefit liability Rs. '000
1%		(10,422)	219,287
-1%		11,407	241,116
	1%	12,042	241,751
	-1%	(11,179)	218,530

Methods and assumptions used in preparing the sensitivity analysis

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another and such methodology has not been changed compared to the previous year.

46 REINSURANCE PAYABLES

Accounting Policy

See accounting policy in Note 25

Reinsurance payables represent balances due to reinsurance companies. Amounts payable are recognised when due and measured on initial recognition at fair value less directly attributable transaction costs in a manner consistent with the related reinsurance contract.

Reinsurance liabilities are derecognised when the contractual rights are extinguished or expire, or when the contract is transferred to another party.

	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	365,027	636,154
Arising during the year	1,357,906	937,792
Utilised during the year	(1,135,265)	(1,208,919)
Balance as at 31 December	587,668	365,027

47 Other Liabilities

Financial Liabilities

See accounting policy in Note 25

The Company initially recognises financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Other Liabilities

Other liabilities include accruals and advances and these liabilities are recorded at the amounts that are expected to be paid.

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Other Financial Liabilities			
Agency commission, incentive and other payables		570,523	480,796
Premiums in suspense		1,485,459	1,267,478
Other liabilities		781,494	717,260
		2,837,476	2,465,534
Other Non - Financial Liabilities			
Government levies	47.1	766,638	855,851
Other staff related provisions		321,178	306,908
Other liabilities and accruals		1,115,137	1,016,684
Premium received In advance		416	832
		2,203,369	2,180,275
Total Other Liabilities		5,040,845	4,645,809

47.1 Government Levies

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Other Non - financial Liabilities			
Income Tax Payable		711,973	808,084
Crop Insurance Payable		23,711	23,340
Cess Payable		11,620	10,473
WHT Payable		18,179	12,894
Other		1,155	1,060
		766,638	855,851

Maturity schedule of other financial liabilities as of 31 December 2024 and 2023 are shown in Note 7.2(b) to the financial statements.

48 RELATED PARTY DISCLOSURES

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures. Outstanding current account balances are unsecured, interest free and settlement occurred in cash.

48.1 Parent and Ultimate Controlling Party

The Company's immediate and ultimate controlling party is John Keells Holdings PLC.

48.2 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeded 10% of the gross revenue of the Company as 31 December 2024 audited financial statements, which require additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

48.3 Non - Recurrent Related Party Transaction

There were no non-recurrent related party transactions which in aggregate value exceeded 10% of the equity or 5% of the total assets of the Company which ever is lower as per 31 December 2024 audited financial statements, which require additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

48.4 Transactions with Key Management Personnel (KMPs)

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly, the KMP include members of the Board of Directors of the Company and selected key employees who meet the criteria for KMP.

As John Keells Holdings PLC (JKH) is the ultimate parent of the Company and the Board of Directors of JKH has the authority and responsibility of planning, directing and controlling the activities of the Company, the Directors of JKH have also been identified as KMP of the Company.

48.4 (a) Compensation of KMPS

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Short term employment benefits	96,667	311,938
Post employment benefits	5,134	27,448
Other long term benefits	-	-
Termination benefits	-	-
Share based benefits	-	-
Total	101,801	339,386

The short term employment benefits include Non - Executive Directors fees and emoluments paid to other key management personnel. Where applicable Directors fees are paid directly to the companies that the Directors represent. There are no short - term, long - term, post - employment, terminal and share - based payments linked to the remuneration of the Non - Executive Directors and no ex - gratia payments were made to Directors during the year. No loans have been granted to the Directors of the Company.

48.4 (b) Transactions, Arrangements and Agreements Involving KMPs, and their Close Family Members (CFMs)

CFMs of a KMP are those family members who may be expected to influence, or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner.

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Insurance premium	1,485	342

The Directors of the Company and their immediate relatives do not have substantial shareholdings in the Company as at 31 December 2024.

48.4 (c) Share Based Benefits to KMP and CFM

As at 31 December	2024 Rs. '000	2023 Rs. '000
Number of ordinary shares held	-	-
Dividends paid (in Rs. 000)	-	-

48.5 Transactions with Related Entities

The Directors of the Company as at 31 December 2024 were also Directors of the following companies as set out below and transactions included in Note 48.5(a), 48.5(b) and 48.5(d) have been carried out with such companies.

Company	Name of Director	Position	Relationship	Details of financial dealings
John Keells Holdings PLC	Mr. K N J Balendra	Chairperson	John Keells Holdings PLC and its subsidiaries own 90% of the Company's issued share capital	The Company has transactions in the normal course of business with John Keells Holdings PLC, its subsidiaries and associate companies
John Keells Office Automation (Pvt) Ltd	Mr. D P Gamlath	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells Office Automation (Pvt) Ltd
Asian Hotels and Properties PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Asian Hotels and Properties PLC
	Mr. S Rajendra	Director		
Trans Asia Hotels PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Trans Asia Hotels PLC
	Mr. S Rajendra	Director		
John Keells Foundation	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells Foundation
Walkers Tours Limited	Mr. S Rajendra	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Walkers Tours Limited
Whittall Boustead (Travel) Limited	Mr. S Rajendra	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Whittall Boustead (Travel) Limited
Ceylon Cold Stores PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Ceylon Cold Stores PLC
	Mr. D P Gamlath	Director		
John Keells International (Pvt) Ltd	Mr. D P Gamlath	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells International (Pvt) Ltd
Tea Smallholder Factories PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Tea Smallholder Factories PLC
Ceylon Holiday Resorts Limited	Mr. S Rajendra	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Ceylon Holiday Resorts Limited
John Keells Stock Brokers (Pvt) Ltd	Mr. S Rajendra	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells Stock Brokers (Pvt) Ltd
	Mr. D P Gamlath	Director		
Habarana Lodge Limited	Mr. S Rajendra	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Habarana Lodge Limited
The Colombo Ice Company (Pvt) Ltd	Mr. D P Gamlath	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with The Colombo Ice Company (Pvt) Ltd
Braybrooke Residential Towers (Pvt) Ltd	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Braybrooke Residential Towers (Pvt) Ltd
	Mr. S Rajendra	Director		
Yala Village (Pvt) Ltd	Mr. S Rajendra	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Yala Village (Pvt) Ltd

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Company	Name of Director	Position	Relationship	Details of financial dealings
John Keells CG Auto (Pvt) Ltd	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells CG Auto (Pvt) Ltd
DHL Keells (Pvt) Ltd	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with DHL Keells (Pvt) Ltd
Waterfront Properties (Pvt) Ltd	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Waterfront Properties (Pvt) Ltd
	Mr. S Rajendra	Director		
Rajawella Holdings Limited	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Rajawella Holdings Limited
	Mr. S Rajendra	Director		
Sancity Hotels & Properties Limited	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Sancity Hotels & Properties Limited
	Mr. S Rajendra	Director		
John Keells Hotels PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells Hotels PLC
	Mr. S Rajendra	Director		
John Keells PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with John Keells PLC
Keells Food Product PLC	Mr. K N J Balendra	Chairperson	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Keells Food Product PLC
	Mr. D P Gamlath	Director		
Colombo West International Terminal (Pvt) Ltd	Mr. K N J Balendra	Chairperson	Associate of John Keells Holdings PLC	The Company has transactions in the normal course of business with Colombo West International Terminal (Pvt) Ltd
Lanka Marine Services (Pvt) Ltd	Mr. D P Gamlath	Director	Fellow Subsidiary of Union Assurance PLC	The Company has transactions in the normal course of business with Lanka Marine Services (Pvt) Ltd
South Asia Gateway Terminals (Pvt) Ltd	Mr. K N J Balendra	Chairperson	Associate of John Keells Holdings PLC	The Company has transactions in the normal course of business with South Asia Gateway Terminals (Pvt) Ltd
	Mr. D P Gamlath	Director		
Asia Securities (Pvt) Ltd	Mr. D H Fernando	Chairperson	Related entity via key management personnel	The Company has transactions in the normal course of business with Asia Securities (Pvt) Ltd
Asia Securities Wealth Management (Pvt) Ltd	Mr. D H Fernando	Chairperson	Related entity via key management personnel	The Company has transactions in the normal course of business with Asia Securities Wealth Management (Pvt) Ltd
Insurance Consulting Asia Ltd	Mr. S A Appleyard	Chairperson	Related entity via key management personnel	The Company has transactions in the normal course of business with Insurance Consulting Asia Ltd

48.5 (a) Transactions with the Parent and Ultimate Controlling Party

As at 31 December	2024 Rs. '000	2023 Rs. '000
Statement of financial position		
Assets		
Financial instruments	1,092,104	620,702
	1,092,104	620,702
Liabilities		
Other liabilities	(44,017)	(28,146)
	(44,017)	(28,146)

Transacted amounts for the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Income statement		
Gross written premium	413	6,780
Net benefits and claims	(600)	(1,700)
Other operating and administrative expenses	(203,014)	(182,338)
Dividend income received	5,654	3,226
Dividend paid	(4,640,625)	-
Statement of financial position		
Net purchase of financial instruments	151,176	81,748

48.5 (b) Transactions with / between Subsidiary Companies and Associates of the Parent Company and Other Related Entities

As at 31 December Company	Relationship with John Keells Holdings PLC	Investment / Nature of transaction	2024 Rs. '000	2023 Rs. '000
Statement of financial position				
Financial investments				
Nations Trust Bank PLC	Associate	Debenture Investments, equity shares, bank balance and Distribution Rights	588,551	882,083
John Keells Hotels PLC	Subsidiary	Shares	-	50,522
			588,551	932,605
Other liabilities				
Other subsidiaries and associates			(5,608)	(8,851)
			(5,608)	(8,851)

For the year ended 31 December Company	Relationship with John Keells Holdings PLC	Investment / Nature of transaction	Transactions during the year 2024 Rs. '000	Transactions during the year 2023 Rs. '000
Income statement				
Gross written premium				
Other subsidiaries and associates			75,736	65,777
			75,736	65,777
Net benefits and claims				
Other subsidiaries and associates			(1,300)	(6,200)
			(1,300)	(6,200)
Investment income				
Nations Trust Bank PLC	Associate	Debentures interest income	53,187	65,186
Ceylon Cold Stores PLC	Subsidiary	Dividend	-	837
			53,187	66,023

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December Company	Relationship with John Keells Holdings PLC	Investment / Nature of transaction	Transactions during the year 2024 Rs. '000	 2023 Rs. '000
Other operating and administrative expenses				
Other subsidiaries and associates			(556,916)	(468,857)
			(556,916)	(468,857)
Statement of financial position				
Assets				
Property, plant & equipment and intangible assets				
Other subsidiaries and associates		Acquisition of property plant, & equipment and intangible assets	27,970	9,785
			27,970	9,785
Net purchase / (sale) of financial instruments				
Ceylon Cold Stores PLC	Subsidiary		-	(25,396)
John Keells Hotels PLC	Subsidiary		(47,831)	(72,303)
Nations Trust Bank PLC	Associate		3,394	-
			(44,437)	(97,699)
Employee benefit liabilities				
Mackinnons Travels (Pvt) Ltd	Subsidiary		144	-
Walkers Tours Ltd	Subsidiary		252	-
			396	-

48.5 (c) Transactions with / Between Associate of the Company - Fairfirst Insurance Ltd

As at 31 December	2024 Rs. '000	2023 Rs. '000
Statement of Financial Position		
Other receivables *	-	-
Other liabilities *	-	-

*Relating to current account transactions and are payable / receivable on demand.

As at 31 December	Transactions during the year 2024 Rs. '000	 2023 Rs. '000
Income statement		
Gross written premium	-	4,976
Net benefits and claims	-	(5,500)
Other operating and administrative expenses	(292)	(75,402)

48.5 (d) Companies controlled / jointly controlled / significantly influenced by KMP and their close family members

For the year ended 31 December		Transactions during the year 2024 Rs. '000	2023 Rs. '000
Income statement			
Asia Securities (Pvt) Ltd	Gross written premium	6,545	6,317
	Net benefits and claims	(7,770)	(7,369)
	Stock Brokerage Commission	(9,724)	(21,180)
Asia Securities Wealth Management (Pvt) Ltd	Unit Trust Management Fees	-	(74)
Acorn Travels (Pvt) Ltd	Other operating and administrative expenses	-	(8,269)
Insurance Consulting Asia Ltd	Other operating and administrative expenses	(8,188)	(17,405)

48.5 (e) No guarantees given or received during the year.

48.5 (f) Impairment

Management concluded that no impairment is required in relation to the receivable balances as at the reporting date.

No expenses has been recognised in the current year or prior year for bad and doubtful debts in respect of amounts owed by the related parties.

49 COMMITMENTS

49.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 87 million.

50 EVENTS AFTER THE REPORTING DATE

Accounting Policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

50.1 Dividends

The Board of Directors of the Company has declared a first and final dividend of Rs. 5.00 per share out of retained earnings for the financial year ended 31 December 2024, on 28 February 2025. The dividend will be paid in April 2025.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors confirms that the Company satisfied the solvency test in accordance with Section 57 prior to declaring the first and final dividend. A statement of solvency duly completed and signed by the Directors has been audited by Messrs. KPMG.

In accordance with LKAS 10, Events After the Reporting Period, the first and final dividend has not been recognised as a liability in the financial statements as at 31 December 2024.

50.2 Bancassurance Partnership

The Company entered into a long term referral bancassurance partnership for life insurance products with Sampath Bank PLC, on 30 January 2025, consequent to Board approval.

There have been no events other than the above subsequent to the reporting date which would have any material effect on the Company.

NOTES TO THE FINANCIAL STATEMENTS

51 PROVISIONS AND CONTINGENCIES

Accounting Policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre - tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in the profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgments and Estimates

The Company receives legal claims against it in the normal course of business. Management has made judgement as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

The contingent liabilities of the Company as at 31 December 2024, relates to the following.

51.1 Income tax assessments relating to years of assessments 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22.

The Department of Inland Revenue (IRD) has raised assessments on the Company for the years of assessments 2010/11, 2011/12, 2014/15, 2015/16, 2017/18 and 2018/19 assessing the Life insurance business to pay income tax liabilities of Rs. 13 million, 132 million, Rs. 887 million together with a Rs. 443 million penalty totalling to Rs.1,330 million, Rs. 832 million together with a Rs. 416 million penalty totalling to Rs. 1,248 million, Rs.749 million along with a Rs. 368 million penalty totalling to Rs.1,117 million and Rs. 701 million along with a Rs. 498 million penalty totalling to Rs. 1,199 million respectively. The Company lodged appeals against the said assessments with the Tax Appeals Commission (TAC) and TAC issued it's determinations in favour of the Company for the years of assessments 2014/15 and 2015/16 and in favour of the Inland Revenue Department for years of assessments 2010/11, 2011/12, 2017/18 and 2018/19. Cases were filed at the Court of Appeal against said determinations.

The IRD has raised assessments on the Company for the years of assessments 2012/13, 2013/14, 2016/17, 2019/20 and 2020/21 assessing the Life insurance business to pay income tax liabilities of Rs.411 million together with a Rs. 233 million penalty totalling to Rs. 644 million, Rs. 175 million together with a Rs. 88 million penalty totalling to Rs. 263 million, Rs. 472 million together with a Rs. 236 million penalty totalling to Rs. 708 million, Rs. 856 million and Rs. 627 million respectively. The Company has lodged valid appeals against said assessments with the Tax Appeals Commission (TAC).

The IRD has raised assessments on the Company for the years of assessment 2021/22 assessing the Life insurance business to pay income tax liability of Rs. 59 million. The Company has lodged a valid appeal against the said assessment.

VAT assessments relating to years of assessments 2018 and 2019

The IRD has raised assessments on the Company for the years of assessments 2018 and 2019, assessing the Life insurance business to pay a VAT liability of Rs. 0.01 million along with a Rs. 0.009 million penalty totalling Rs. 0.02 million and Rs. 0.06 million along with a Rs. 0.04 million penalty totalling Rs. 0.1 million respectively. The Company has lodged valid appeals with the Commissioner General of Inland Revenue against said assessments.

VAT and NBT on Financial Services assessments relating to years of assessment 2016, 2017, 2018, 2019 and 2021

The IRD has raised assessments on the Company for the years of assessments 2016 & 2017, assessing the Life insurance business to pay a VAT and NBT on Financial

Services liability of Rs. 69 million along with a Rs. 37 million penalty totalling to Rs. 106 million and Rs. 336 million along with a Rs. 168 million penalty totalling to Rs. 504 million respectively. The Company has lodged valid appeals against the said assessments with the TAC. The TAC issued its determination in favor of the Company on years of assessments 2016 and 2017 for NBT on Financial Services and year of assessment 2017 for VAT on Financial Services.

The IRD has raised an assessment on the Company for the year of assessment 2018, assessing the Life insurance business to pay a VAT and NBT on Financial Services liability of Rs. 130 million along with a Rs. 65 million penalty totalling to Rs. 195 million. The IRD issued its determination in favour of the Company on VAT and NBT on Financial Services.

The IRD has raised assessments on the Company for the years of assessments 2019 & 2021, assessing the Life insurance business to pay a VAT on Financial Services liability of Rs. 108 million along with a Rs. 54 million penalty totalling to Rs. 162 million and Rs. 175 million along with a Rs. 88 million penalty totalling to Rs. 263 million respectively. The Company has lodged valid appeals with the Commissioner General of Inland Revenue against the said assessments.

Surcharge Tax assessment relating to the year of assessment 2020/21

The IRD has raised an assessment on the Company for the year of assessment 2020/21 assessing the Life insurance business to pay a surcharge tax liability of Rs. 631 million. The Company has lodged a valid appeal with the Commissioner General of Inland Revenue against the said assessment.

Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions for the above years of assessments and therefore, the above assessments have no rationale or basis in law.

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business

While it is not practicable to forecast or determine the final results of all pending or potential legal proceedings, Directors do not believe that such proceedings (including litigation) will have a material effect on the Company's results and financial position. All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

The Company is also subject to insurance solvency regulations and has complied with all solvency regulations.

There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

NOTES TO THE FINANCIAL STATEMENTS

52 COMPARATIVE INFORMATION

The presentation and classification in the financial statements have been amended where appropriate to ensure comparability with the current year.

Lease interest paid which was classified under cash flows from financing activities in the previous year, has been reclassified under cash flows from operating activities in the current year for better presentation.

For the year ended 31 December	Current Presentation 2023 Rs. '000	As presented Previosuly 2023 Rs. '000
STATEMENT OF CASH FLOWS		
Cash flows from operating activities		
Interest paid	(65,193)	(26,224)
Cash flows from financing activities		
Settlement of lease liabilities	(118,031)	(157,000)

53 DIRECTORS' RESPONSIBILITY

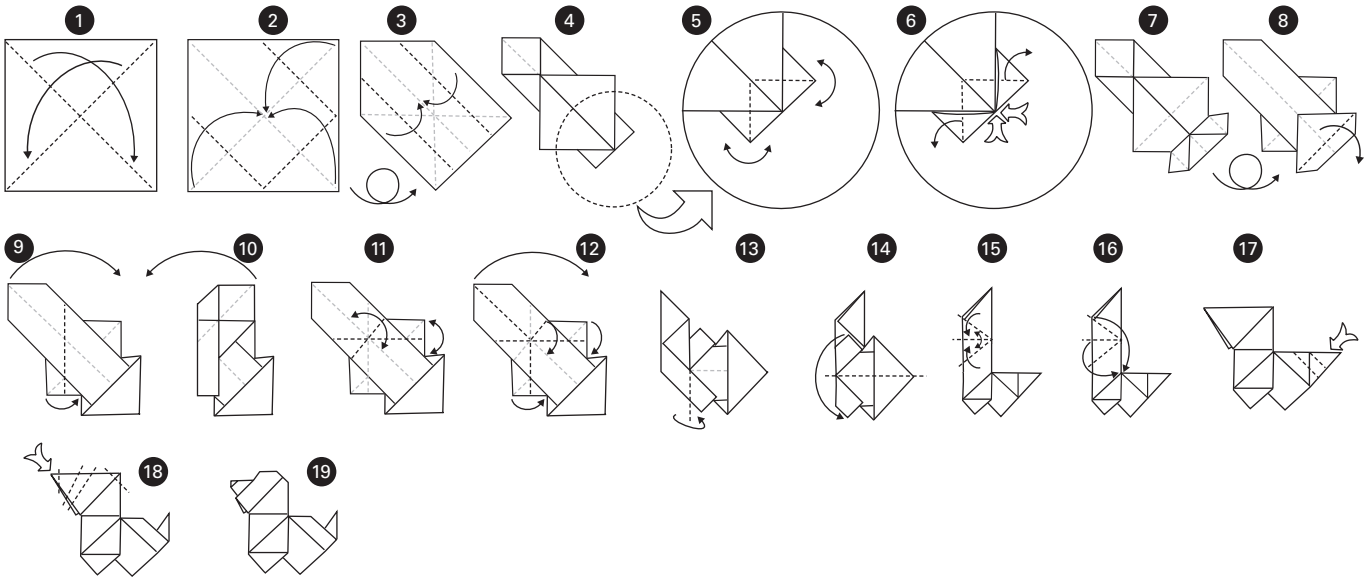
The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements. Please refer page 227 for the Statement of Directors' Responsibility.

The dog is an everlasting symbol for security, companionship and protection in origami culture. While there are different techniques to achieve this fold, each origami dog brings with it the promise of stability and happiness to all who receive one. Like the origami canine, with every action that we take, we provide a vow of security and strength to our every customer.



FOLDS OF BRILLIANCE

SUPPLEMENTARY INFORMATION



DECADE AT A GLANCE

Insurance Revenue Accounts Rs'000	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross written premium	21,646,969	18,866,985	16,675,053	15,406,161	13,108,605	11,647,756	11,243,915	10,117,630	8,270,751	6,964,390
Net written premium	20,155,244	17,834,395	15,787,507	14,680,352	12,518,728	11,121,974	10,527,474	9,620,018	7,846,894	6,600,208
Investment and other income	12,799,403	10,021,634	6,277,385	5,033,187	4,041,160	3,442,849	3,265,566	3,822,225	2,746,306	2,167,304
Net benefits and claims	(20,355,176)	(16,549,872)	(12,171,838)	(11,686,028)	(10,000,832)	(8,487,157)	(6,813,030)	(5,388,696)	(5,833,650)	(4,873,607)
Change in contract liability due to transfer of one off surplus	-	-	-	-	-	-	-	3,381,934	-	-
Underwriting and net acquisition costs (including reinsurance)	(4,000,274)	(3,543,999)	(3,152,291)	(2,844,018)	(2,145,130)	(1,857,396)	(2,055,051)	(1,841,151)	(1,441,617)	(1,289,437)
Other operating and administrative expenses	(5,599,197)	(4,962,158)	(4,440,763)	(3,583,493)	(3,517,622)	(3,220,270)	(3,857,363)	(2,570,396)	(2,157,254)	(1,832,743)
Income tax (expenses) / reversal	-	-	-	-	(71,304)	-	32,404	-	(60,679)	28,275
Surplus from life insurance fund	3,000,000	2,800,000	2,300,000	1,600,000	825,000	1,000,000	1,100,000	7,023,934	1,100,000	800,000
Investment and other income not attributable to policyholders	1,933,941	2,213,453	1,291,507	948,683	939,021	926,419	1,029,785	236,290	179,432	1,530,851
Expenses not attributable to policyholders	(42,978)	(69,777)	(101,191)	(72,933)	(157,922)	(122,693)	(114,796)	(63,940)	(27,119)	(42,205)
Share of net result of equity accounted investee	337,223	311,874	229,642	151,557	116,438	104,736	149,807	187,844	60,315	57,990
Income tax (expenses) / reversal	(1,486,968)	(1,497,185)	(972,854)	(573,722)	(801,941)	(750,432)	1,079,046	-	-	-
Profit for the year	3,741,218	3,758,365	2,747,104	2,053,585	920,596	1,158,030	3,243,842	7,384,128	1,312,628	2,346,636

* Includes the restricted one-off surplus transfer of Rs. 3.4 billion in 2017.

Statement of Financial Position Rs'000	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Assets										
Intangible assets	784,599	1,130,585	1,311,217	1,545,529	1,247,057	1,306,922	1,392,191	212,817	94,647	59,616
Property, plant and equipment	3,020,336	3,006,118	2,759,687	2,746,114	2,468,821	2,500,305	2,082,990	2,000,716	1,493,040	1,523,676
Right of use assets	590,235	418,566	455,615	421,885	218,312	296,799	-	-	-	-
Deferred tax assets	-	-	-	-	-	528,614	1,079,046	-	-	-
Investment in equity accounted investee	2,419,176	2,046,001	1,703,160	1,513,031	1,386,991	1,245,951	1,130,379	995,722	777,346	736,216
Financial investments	95,567,444	83,419,773	64,455,930	59,329,071	52,356,208	44,881,195	39,138,073	36,792,921	30,847,256	26,540,934
Loans to life policyholders	2,651,478	2,368,021	2,118,116	1,932,079	1,793,470	1,555,759	1,218,949	1,001,538	867,177	741,852
Reinsurance receivable	418,852	447,558	556,985	969,446	492,011	502,975	371,126	267,417	178,181	149,772
Premiums receivable	1,066,641	1,051,444	878,441	532,975	487,959	344,785	331,539	268,511	246,800	203,722
Receivables and other assets	1,326,177	942,120	777,524	801,758	1,189,309	1,452,885	1,675,601	947,239	809,784	732,017
Cash in hand and at bank	1,614,403	839,475	952,332	969,748	960,270	632,962	696,835	580,126	379,232	326,012
Total Assets	109,459,341	95,669,661	75,969,007	70,761,636	62,600,408	55,249,152	49,116,729	43,067,007	35,693,463	31,013,817

Statement of Financial Position Rs'000	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Equity										
Stated capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Restricted regulatory reserve	3,381,934	3,381,934	3,381,934	3,381,934	3,381,934	3,381,934	3,381,934	3,381,934	-	-
Other reserves	6,887,910	5,973,693	(210,978)	2,485,249	3,370,946	2,671,100	1,663,960	2,144,728	817,003	1,232,893
Retained earnings	12,398,147	13,805,444	10,042,833	8,587,910	7,355,609	7,609,868	7,625,794	5,438,052	2,049,189	1,232,035
Total Equity	23,667,991	24,161,071	14,213,789	15,455,093	15,108,489	14,662,902	13,671,688	11,964,714	3,866,192	3,464,928
Liabilities										
Insurance contract liabilities - Life	78,399,507	65,043,384	55,430,893	48,918,147	41,881,657	35,489,751	30,599,881	26,949,613	27,889,682	23,731,238
Insurance contract liabilities - Unit linked	792,176	718,692	746,484	916,192	1,061,701	1,246,075	1,501,271	2,121,609	2,377,707	2,541,221
Lease liabilities	606,916	422,540	448,719	421,300	232,259	289,176	-	-	-	-
Employee benefit liabilities	229,709	190,578	286,691	239,915	194,753	162,957	115,516	122,588	107,963	100,199
Reinsurance payables	587,668	365,027	636,154	1,038,267	533,023	812,930	669,314	345,146	208,742	213,855
Other liabilities	5,040,845	4,645,809	3,977,798	3,523,390	3,427,721	2,416,933	2,314,884	1,368,031	1,092,871	843,424
Bank overdraft	134,529	122,560	228,479	249,332	160,805	168,428	244,175	195,306	150,306	118,952
Total Liabilities	85,791,350	71,508,590	61,755,218	55,306,543	47,491,919	40,586,250	35,445,041	31,102,293	31,827,271	27,548,889
Total equity and liabilities	109,459,341	95,669,661	75,969,007	70,761,636	62,600,408	55,249,152	49,116,729	43,067,007	35,693,463	31,013,817
Investor Information										
Return on Net Assets (%)*	15.64	19.59	18.52	13.44	6.18	8.17	25.31	93.29	35.81	48.51
Earnings Per Share (Rs.)*	6.35	6.38	4.66	3.48	1.56	1.97	5.50	12.53	2.23	3.98
Dividend Per Share (Rs.)	5.00	8.75	-	22.00	14.00	20.00	20.00	18.00	10.50	8.50
Net Assets Per Share (Rs.)	40.16	41.00	24.12	26.23	25.64	24.88	23.20	20.30	6.56	5.88
Market Price Per Share (Rs.)	62.00	40.2	27.90	294.00	305.00	330.00	347.30	135.00	143.00	165.00
Market Capitalisation (Rs. Mn.)	36,535.71	23,689.29	16,441.07	17,325.00	17,973.21	19,446.00	20,465.89	7,955.00	8,426.79	9,723.21
Price Earnings Ratio (Times)	9.77	6.30	5.98	8.44	19.52	16.79	6.31	1.08	6.42	5.29
Other Information										
Number of employees	737	780	798	770	795	764	614	529	474	450
No of Shares ('000)	589,286	589,286	589,286	58,929	58,929	58,929	58,929	58,929	58,929	58,929

INDEPENDENT ASSURANCE REPORT TO UNION ASSURANCE

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We have been engaged by the Directors of Union Assurance PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 December 2024. The Sustainability Indicators are included in the Union Assurance PLC Integrated Annual Report for the year ended 31 December 2024 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Reasonable Assurance Sustainability Indicators as per the Audited Financial Statements for the Year ended 31 December 2024, dated 28 February 2025 and the Audit report dated 28 February 2025 thereon	Integrated Annual Report Page
Financial Highlights	63 to 64

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	64
Information provided on following	
Financial Capital	66 to 87
Human Capital	94 to 105
Social & Relationship Capital	114 to 127
Natural Capital	106 to 113
Intellectual Capital	128 to 136
Manufactured Capital	88 to 93

Our conclusions

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

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 December 2024, in all material respects, has been prepared and presented by the management of Union Assurance PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we

are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 December 2024, have not in all material respects, been prepared and presented by the management of Union Assurance PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited

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Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA
W. W. J. C. Perera FCA
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R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

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

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

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

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

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the

INDEPENDENT ASSURANCE REPORT TO UNION ASSURANCE

level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards and for no other purpose or in any other context.

Restriction of use of our report

This report has been prepared for the Directors of Union Assurance PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Union Assurance PLC Integrated Annual Report for the year ended 31 December 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Union Assurance PLC, or for any other purpose than that for which it was prepared.



CHARTERED ACCOUNTANTS

Colombo
28 February 2025

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF UNION ASSURANCE PLC

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

Basis for Conclusion

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

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

Our Conclusion

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

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

Limited Assurance Integrated Report

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

Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

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

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF UNION ASSURANCE PLC

- The responsibility also includes informing changes in the Company's Operations since the date of our most recent assurance report on the Integrated reporting information.

Our responsibility

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

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

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

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

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

Limited assurance on the Integrated Report

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

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Integrated Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, approaches to putting members first, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Integrated Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Integrated Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Integrated Report.
7. Reading the Integrated Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 28 February 2025 on the content of the Company's Integrated Report.

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

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

Limitations of our review

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

Purpose of our report

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

Restriction of use of our report

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

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



CHARTERED ACCOUNTANTS

Colombo
28 February 2025

GRI CONTENT INDEX

Statement of use	Union Assurance PLC has reported in accordance with the GRI Standards for the period 1st January 2024 to 31st December 2024
GRI 1 used	GRI 1: Foundation 2021

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-2 Entities included in the organization's sustainability reporting	7			
	2-3 Reporting period, frequency and contact point	8			
	2-4 Restatements of information	7			
	2-5 External assurance	7			
	2-6 Activities, value chain and other business relationships	10-13			
	2-7 Employees	94-105			
	2-8 Workers who are not employees		2-8	Not Applicable	UA does not engage workers who are not employees
	2-9 Governance structure and composition	156-157			
	2-10 Nomination and selection of the highest governance body	160-161			
	2-11 Chair of the highest governance body	159			
	2-12 Role of the highest governance body in overseeing the management of impacts	159			
	2-13 Delegation of responsibility for managing impacts	163			
	2-14 Role of the highest governance body in sustainability reporting	183			
	2-15 Conflicts of interest	181-182			
	2-17 Collective knowledge of the highest governance body	162			
	2-18 Evaluation of the performance of the highest governance body	162			
	2-19 Remuneration policies	103			
	2-22 Statement on sustainable development strategy	20-22			
	2-24 Embedding policy commitments	44,100			
	2-27 Compliance with laws and regulations	222			
	2-28 Membership associations	125			
	2-29 Approach to stakeholder engagement	55-59			
	2-30 Collective bargaining agreements		2-30	Not Applicable	Collective Bargaining Agreements are not available at UA

GRI CONTENT INDEX

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	60-62			
	3-2 List of material topics	60-62			
	3-3 Management of material topics	60-136			
Topic Specific Disclosures					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17,54,63-64			
	201-2 Financial implications and other risks and opportunities due to climate change	107			
	201-3 Defined benefit plan obligations and other retirement plans	103			
	201-4 Financial assistance received from government		201-4		The Company did not receive any financial assistance from the Government
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	125			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	127			
	205-2 Communication and training about anti-corruption policies and procedures	127			
	205-3 Confirmed incidents of corruption and actions taken	127	205-3	Not Applicable	No such incidents occurred
GRI 302: Energy 2016	302-1 Energy consumption within the organization	108			
	302-2 Energy consumption outside of the organization		302-2	Not Applicable	UA does not track this
	302-3 Energy intensity	109	302-3	Not Applicable	UA does not track this
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	110			
	303-3 Water withdrawal	110	303-3	Not Applicable	UA does not engage in water withdrawal
	303-5 Water consumption	110			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	109			
	305-2 Energy indirect (Scope 2) GHG emissions	109			
	305-3 Other indirect (Scope 3) GHG emissions	109			
	305-4 GHG emissions intensity	109			
GRI 306: Waste 2020	306-2 Management of significant Waste related impacts	112			
	306-3 Waste generated	111			
	306-4 Waste diverted from disposal	111			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	124			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	98			
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	103			
	401-3 Parental leave	100			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	104			
	403-9 Work-related injuries	97			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	101			
	404-2 Programs for upgrading employee skills and transition assistance programs	101			
	404-3 Percentage of employees receiving regular performance and career development reviews	103			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	96-99,158-161			
	405-2 Ratio of basic salary and remuneration of women to men	100			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	99,100			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		407-1	Not Applicable	UA does not have any collective bargaining agreements
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	97			
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	117	417-2	Not Applicable	No such incidents occurred
	417-3 Incidents of non-compliance concerning marketing communications	117	417-3	Not Applicable	No such incidents occurred
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	120	418-1	Not Applicable	No such incidents occurred

SASB INDEX

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Presentation currency	FN-IN-270a.1	UA did not encounter any product related law suits directly related to marketing or marketing communications. Social and relationship capital Page 117
	Complaints-to-claims ratio	Rate	FN-IN-270a.2	Social and relationship capital Page 120
	Customer retention rate	Rate	FN-IN-270a.3	UA does not track this
	Description of approach to informing customers about products	N/A	FN-IN-270a.4	Social and Relationship Capital at Page 114-127
Incorporation of Environmental, Social and Governance Factors in Investment Management	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	N/A	FN-IN-410a.2	UA does not track this
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low carbon technology	N/A	FN-IN-410b.1	UA does not track this
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	N/A	FN-IN-410b.2	Product Offering at Page 12 Social and relationship capital page 116
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Metric tonnes (t) CO2-e	FN-IN-410c.1	Natural Capital Page 109
	Gross exposure for each industry by asset class	Not applicable	FN-IN-410c.2	UA does not track this data
	Percentage of gross exposure included in the financed emissions calculation	Percentage %	FN-IN-410c.3	UA does not track this data
	Description of the methodology used to calculate financed emissions	Not Applicable	FN-IN-410c.4	UA does not track this data

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes 2	Presentation currency	FN-IN-450a.1	UA does not track this data
	Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance) 3	Presentation currency	FN-IN-450a.2	Ecomonic Value Added at Page 54 -NOTE - this is the total claims paid and not by type
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	N/A	FN-IN-450a.3	Enterprise Risk Mnagement - Climate related Risk. Page 213
Systemic Risk Management	Exposure to derivative instruments by category: (1) total exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with a central clearinghouse, and (3) total exposure to centrally cleared derivatives	Presentation currency	FN-IN-550a.1	UA does not track this data
	Total fair value of securities lending collateral assets	Presentation currency	FN-IN-550a.2	UA does not track this data
	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	N/A	FN-IN-550a.3	Enterprise Risk Mnagement - Page 211
	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	Number	FN-IN-000.A	Social and relationship capital Page 116
Disclaimer :	Sustainability Accounting Standards Board ("SASB") is an independent organization that sets industry-specific disclosure standards across financially material environmental, social and governance (ESG) topics. In particular, SASB standards identify the environmental, social and governance (ESG) issues that SASB considers relevant to the insurance industry (the "SASB Standards"). As an international framework, SASB's approach may materially differ from the approach adopted by Union Assurance which is mainly derived from the Sri Lankan regulatory, and economic framework. As ofthe date of the SASB Content Index 2021, Union Assurance has not adopted SASB Standards as a sustainability reporting standard.			

CERTIFICATE OF CARBON FOOTPRINT

27/02/2025

Certificate of Assessment – Greenhouse Gas Emissions Inventory

This is to certify that **The Climate and Conservation Consortium (CCC)** has conducted an Organisational Greenhouse Gas (GHG) Assessment for the operations of Union Assurance PLC using data provided by the client for stipulated emissions sources and activities as described in the table below. Following the assessment, CCC can confirm that the Carbon Footprint of the Organisational Operations of Union Assurance PLC for the calendar year 2024 is **1,639.70 tonnes of Carbon Dioxide Equivalents (tCO_2e)**.

Reporting Scope	Emissions Source	Emissions Activity	Emissions Total (tCO_2e)
Scope 1 – Direct Emissions	Stationary Combustion	Generator Fuel	1.553
	Mobile Combustion	Long-term Leased Vehicles (Operational)	51.745
SCOPE 1 TOTAL EMISSIONS			53.298
Scope 2 – Indirect Emissions	Purchased Electricity	Electricity Consumption	744.373
SCOPE 2 TOTAL EMISSIONS			744.373
Scope 3 – Indirect Emissions	Purchased Electricity	Electricity Transmission and Distribution Losses	76.325
	Waste Transportation	Third-party Outbound Waste Transportation	0.004
	Waste Disposal	Waste Disposal	0.006
	Water Consumption	Water	2.683
	Work from home	Work from home	0.000
	Business Travel	Foreign and Local (Car)	275.699
	Employee Commuting	Employees Commuting to and from Work	487.309
SCOPE 3 TOTAL EMISSIONS			842.026
TOTAL SCOPE 1, 2 & 3 CARBON FOOTPRINT OF UNION ASSURANCE PLC			**1,639.697**

The calculations were carried out in accordance with the **Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (GHG Protocol)** developed in partnership with the **World Business Council for Sustainable Development** and the **World Resources Institute**. This standard provides guidelines regarding organizational and operational assessment boundaries, quantification and standard reporting practices.

Our calculations have applied the methodologies stipulated in the GHG Protocol to a limited scope as requested by Union Assurance PLC, and the client is solely responsible for the authenticity, relevancy and accuracy of the data provided for this GHG Assessment *(data has not been independently verified)*.

Yours faithfully,

Kanishka Jayasinghe
Chief Operating Officer
The Climate and Conservation Consortium

Company Registration
PV 74495

Correspondence Address

185/1, Srimath Anagarika Dharmapala Mawatha, Colombo 00700

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GLOSSARY OF INSURANCE TERMS

Accumulation - The situation where a significant number of risks insured or reinsured with the same Company may be affected simultaneously by a loss event.

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 e.g. commissions.

Actuary - Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics and develops solutions with due regard to legal and economic parameters.

Administrative expenses - Costs of an administrative nature including those arising from premium collection portfolio administration, handling of bonuses and rebates and inward and outward reinsurance, including staff costs and depreciation provisions in respect of property, plant and equipment.

Admissible assets - Assets that may be included in determining an insurer's statutory solvency. Such assets are specified under the rules made by the Insurance Board of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.

Annuity - A series of regular payments. Annuities include annuities certain, where payments are made at definite times, and life annuities, where payments depend on the survival of an annuitant.

A life annuity is a contract that provides a regular payment typically monthly during the lifetime of the policyholder or a fixed period if less. If the payments start at the outset of the contract, it is an immediate annuity. If they start at some point in the future, it is a deferred annuity.

Bancassurance - An arrangement whereby insurer sells insurance and investment products to bank customers.

Beneficiary - A person named by the policyholder as the recipient of the sum insured and other benefits due in the event of the policyholder's death.

Benefits and claims experience variation - The difference between the expected and the actual benefit payout

Cedent - Client of a reinsurance Company (also see primary insurers).

Claims - The amount payable under a contract of insurance arising from the occurrence of an insured event.

Claims incurred - A claim is incurred when the event giving rise to the claim occurs. Claims incurred include paid claims and movements in outstanding claims.

Claims outstanding - The amount provided to cover the estimated ultimate cost of settling claims arising out of events which have been notified by the reporting date being the sums due to beneficiaries together with claims handling expenses, less amounts already paid in respect of those claims.

Commissions - A payment made to a broker or a sales agent in return for selling and servicing an insurer's products.

Capital Adequacy Ratio (CAR) - Measures adequacy of the Total Available Capital (TAC) as against the Risk Capital Required (RCR) under the Risk Based Capital Regime.

Discretionary participating features (DPF) - A contractual right given to a policyholder to receive, as a supplement to guaranteed benefits, additional benefits;

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing 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;
- The 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.

Endowment - Life insurance payable to the policyholder if living on the maturity date stated in the policy or to a beneficiary if the insured dies before that date.

Financial risk - The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Global Reporting initiative (GRI) - A leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. It allied with the UN Global Compact.

Healthcare - An insurance contract which provides medical coverage to a policyholder.

Insurance contract - A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Insurance risk - Uncertainty over the likelihood of an insured event occurring, the quantum of the claim, or the time when claims payments will fall due.

Insurance provision Life - The fund or funds maintained by an insurer in respect of its life insurance business in accordance with the Regulation of Insurance Industry Act No. 43 of 2000.

Investment contract - A contract, which contains significant financial risk and may contain insignificant insurance risk, but does not meet the definition of insurance.

Investment management services - The management of an investment contract on behalf of a policyholder, for which an investment management service fee is charged.

Lapsed Policy - A policy terminated at the end of the grace period because of non payment of premiums.

Liability adequacy test (LAT) - An annual assessment of the sufficiency of insurance and / or investment contract with DPF liabilities, to cover future insurance obligations.

Life surplus - The excess of the assets over the liabilities as determined by the actuary and after the distribution of dividends to policyholders

Life insurance business - Insurance (including reinsurance) business falling within the classes of insurance specified as long term insurance business under the Regulation of Insurance Industry Act No. 43 of 2000.

GLOSSARY OF INSURANCE TERMS

Longevity - The insurer's risk that an insured person lives longer than expected or that life expectancy within an insured portfolio rises as a whole.

Loss ratio - Percentage ratio of claims expenses to earned premiums.

Mortality - The ratio of deaths to the entire population or to a particular age group. It is globally expressed in numbers or rates and set out in mortality tables.

Net asset value - The value of all tangible and intangible assets of a Company minus its liabilities. It reflects a Company's fundamental value.

Net expenses for claims and benefits - These include the expenses for claims (claims payments and the change in the provision for outstanding claims), expenses for premium refunds and the change in the remaining technical provisions (provision for future policy benefits and other), in each case after deduction of the ceded share.

Non-participating business - Life insurance business where policyholders are not entitled to share in the surplus of the relevant life fund.

Non-proportional reinsurance - Under this form of reinsurance, the reinsurer assumes payment of the primary insurer's loss above a defined amount. The calculation of the reinsurance premium is based on claims experience with the type of business concerned.

Outstanding claims provision - Comprises claims incurred by the policyholder and reported to the insurance Company, and IBNR claims.

Participating business - Life insurance business where the policyholders are contractually entitled to share in the surplus of the relevant life fund.

Policyholders' bonuses - In life and health insurance, policyholders are entitled contractually and by law to an appropriate share of the surplus earned by their insurers. The amount of this bonus is fixed each year. As a rule, in life insurance these bonuses increase the benefit payable on maturity of the policy or on occurrence of the insured event; in health insurance, they are paid by way of premium refunds.

Policy loans - A loan from the insurer to a policyholder on the security of the surrender value of a life insurance policy. The loan is normally limited to a percentage of the current surrender value of the policy and interest is charged on such loans.

Premiums - The instalments paid by the customers.

Primary insurers - Insurance companies that assume risks in return for an insurance premium and have a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).

Proportional reinsurance - Form of reinsurance in which the sum insured written by the primary insurer is divided proportionally between the primary insurer and the reinsurer, and the reinsurer is allocated a corresponding share of the premiums and claims.

Provision for outstanding claims - Provision for claims that have already been incurred at the reporting date but have either not yet been reported or not yet been fully settled.

Reinsurance - An arrangement whereby one party (the reinsurer), in consideration for a premium, agrees to indemnify another party (the cedent) against part or all of the liability assumed by the cedent under a policy or policies of insurance.

Reinsurance commission - Commission received or receivable in respect of premiums paid or payable to a reinsurer.

Reinsurance insurance risk - that is ceded to another insurer to compensate for losses, but the ultimate obligation to the policyholder remains with the entity who issued the original insurance contract.

Reinsurance inwards - The acceptance of risks under a contract of reinsurance.

Reinsurance outwards - The placing of risks under a contract of reinsurance.

Reinsurance profit commission - Commission received or receivable by the cedent (reinsured) from the reinsurer based on the net profit (as defined in the treaty) made by the reinsurer on the reinsurance treaty.

Retention - The part of the risk assumed which the insurer / reinsurer does not reinsure / retrocede, i.e. retained net for own account.

Retrocession - The reinsurance outwards of risks previously accepted by an insurer as reinsurance inwards. The recipient is known as the retrocessionaire.

Risk Based Capital - A "Risk Based" approach to assess the solvency and is based on the real "cash flows" of the business.

Scenario analysis - Type of analysis used to investigate how certain key figures (market values or carrying amounts) change in the event that predefined market developments occur. Scenario analyses usually takes the form of average if-then analyses.

Stress test - A special form of scenario analysis. The aim is to make a quantitative statement on the loss potential of portfolios in the event of extreme market fluctuations, tail dependencies. The result of risk drivers interacting in exceptional situations.

Surrender value - The amount payable by an insurer to a policyholder on termination of an insurance policy before the expiry of its term (more common in life insurance).

Technical provisions - Uncertain liabilities directly connected with non-life insurance business. These provisions are made to ensure that obligations under insurance contracts can always be met.

Underwriter - Member of an insurance Company that acts on behalf of his or her employer to negotiate, accept or reject the terms of an insurance contract. They are responsible for ensuring the quality and reliability of risk-transfer solutions. Their job is to develop products that best reflect the characteristics of the risks and clients' needs.

Unit-linked life Insurance - A type of life insurance with a savings component, where the benefits payable depend on the performance of the assets invested in a fund. The investment risk is borne by the policyholder.

Variable annuities - A special form of unit-linked life insurance where the investment risk is borne primarily by the policyholder but the insurer guarantees a minimum payment on occurrence of the insured event.

Written premium - Life insurance business - Premiums to which the insurer is contractually entitled and received in the accounting period.

QUARTERLY ANALYSIS

As at 31 December Issuer	2024					2023				
	1st quarter January- March	2nd quarter April- June	3rd quarter July- September	4th quarter October- December	Total	1st quarter January- March	2nd quarter April- June	3rd quarter July- September	4th quarter October- December	Total
Gross written premium	4,887,227	4,919,653	5,468,883	6,371,206	21,646,969	4,171,527	4,301,903	4,727,316	5,666,239	18,866,985
Premium ceded to reinsurers	(345,885)	(375,160)	(373,887)	(396,793)	(1,491,725)	(230,020)	(259,635)	(271,577)	(271,358)	(1,032,590)
Net written premium	4,541,342	4,544,493	5,094,996	5,974,413	20,155,244	3,941,507	4,042,268	4,455,739	5,394,881	17,834,395
Other revenue										
Net investment income	2,764,350	2,923,015	2,989,207	3,080,119	11,756,691	2,443,513	2,690,588	2,823,006	2,859,618	10,816,725
Net realised gains / (losses)	180,665	400,264	36,593	244,575	862,097	106,860	61,769	202,928	396,048	767,605
Net fair value gains / (losses)	503,402	983	(137,411)	1,632,237	1,999,211	1,082	205,252	646,235	(342,584)	509,985
Other income	4,747	6,834	8,882	24,757	45,220	6,023	4,975	6,559	11,475	29,032
Total other revenue	3,453,164	3,331,096	2,897,271	4,981,688	14,663,219	2,557,478	2,962,584	3,678,728	2,924,557	12,123,347
Total net revenue	7,994,506	7,875,589	7,992,267	10,956,101	34,818,463	6,498,985	7,004,852	8,134,467	8,319,438	29,957,742
Benefits, claims and expenses										
Net insurance benefits and claims paid	(1,442,688)	(1,414,084)	(2,063,270)	(1,772,946)	(6,692,988)	(1,574,288)	(1,222,848)	(2,086,971)	(1,743,949)	(6,628,056)
Net change in insurance claims outstanding	(59,456)	64,449	44,248	(74,183)	(24,942)	59,490	(136,272)	(9,685)	(3,607)	(90,074)
Change in contract liabilities - Life Fund	(3,757,560)	(3,826,044)	(3,103,273)	(2,950,369)	(13,637,246)	(2,807,224)	(3,133,395)	(3,315,648)	(575,475)	(9,831,742)
Underwriting and net acquisition costs (including reinsurance)	(901,139)	(915,244)	(1,078,961)	(1,104,930)	(4,000,274)	(759,031)	(791,041)	(951,665)	(1,042,262)	(3,543,999)
Other operating, administrative and selling expenses	(1,093,676)	(1,167,083)	(1,211,618)	(1,438,100)	(4,910,477)	(749,687)	(1,030,036)	(1,117,055)	(1,479,807)	(4,376,585)
Depreciation and amortisation	(147,949)	(152,487)	(153,540)	(207,597)	(661,573)	(134,123)	(133,583)	(138,106)	(137,798)	(543,610)
Total benefits, claims and expenses	(7,402,468)	(7,410,493)	(7,566,414)	(7,548,125)	(29,927,500)	(5,964,863)	(6,447,175)	(7,619,130)	(4,982,898)	(25,014,066)
Profit from operations	592,038	465,096	425,853	3,407,976	4,890,963	534,122	557,677	515,337	3,336,540	4,943,676
Share of results of equity accounted investee, net of tax	64,095	58,745	148,611	65,772	337,223	71,183	75,025	89,414	76,252	311,874
Profit before tax	656,133	523,841	574,464	3,473,748	5,228,186	605,305	632,702	604,751	3,412,792	5,255,550
Income tax expense	(172,595)	(148,331)	(129,119)	(1,036,923)	(1,486,968)	(160,729)	(164,015)	(169,868)	(1,002,573)	(1,497,185)
Profit for the year	483,538	375,510	445,345	2,436,825	3,741,218	444,576	468,687	434,883	2,410,219	3,758,365

LIFE INSURANCE FUND
INSURANCE REVENUE ACCOUNT

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Gross written premium	21,646,969	18,866,985
Premium ceded to reinsurers	(1,491,725)	(1,032,590)
Net written premium	**20,155,244**	17,834,395
Net insurance benefits and claims paid	(6,692,988)	(6,628,056)
Net change in insurance claims outstanding	(24,942)	(90,074)
Underwriting and net acquisition costs (net of reinsurance)	(4,000,274)	(3,543,999)
Other operating, selling and administrative expenses	(4,937,624)	(4,418,548)
Depreciation and amortisation	(661,573)	(543,610)
Underwriting surplus	**3,837,843**	2,610,108
Investment and other income	12,799,403	10,021,634
Change in contract liabilities - Life fund	(13,637,246)	(9,831,742)
Income tax expenses	-	-
Surplus from life insurance fund	**3,000,000**	2,800,000
Investment and other income not attributable to policyholders	1,933,941	2,213,453
Expenses not attributable to policyholders	(42,978)	(69,777)
Share of results of equity accounted investee, net of tax	337,223	311,874
Income tax expenses	(1,486,968)	(1,497,185)
Profit from shareholders' fund	**741,218**	958,365
Profit for the year attributable to equity holders of the company	**3,741,218**	3,758,365

LIFE INSURANCE FUND STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	Page	2024 Rs. '000	2023 Rs. '000
Assets				
Intangible assets			508,157	590,092
Property, plant and equipment	27	289	3,020,336	3,006,118
Right of use assets	28	294	590,235	418,566
Financial investments	1	356	82,119,212	68,817,082
Loans to life policyholders	31	307	2,651,478	2,368,021
Reinsurance receivable	32	308	418,852	447,558
Premiums receivable	33	309	1,066,641	1,051,444
Receivables and other assets	2	359	1,307,486	548,716
Cash in hand and at bank	3	359	1,577,123	830,554
Total assets			93,259,520	78,078,151
Reserves and liabilities				
Reserves				
Revaluation reserve	4	359	2,079,500	2,087,235
Available for sale reserve			3,326,965	2,736,857
Other reserves	5	359	(31,286)	(17,655)
Total reserves			5,375,179	4,806,437
Liabilities				
Insurance contract liabilities	42	316	78,399,507	65,043,384
Insurance contract liabilities - Unit linked	43	321	792,176	718,692
Lease liabilities	44	322	606,916	422,540
Employee benefit liabilities	45	322	229,709	190,578
Reinsurance payables	46	324	587,668	365,027
Other liabilities	7	359	7,133,836	6,408,933
Bank overdraft	35	311	134,529	122,560
Total liabilities			87,884,341	73,271,714
Total reserves and liabilities			93,259,520	78,078,151

LIFE INSURANCE FUND STATEMENT OF CASH FLOWS

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
Cash flows from operations		
Insurance premiums received	21,631,772	18,693,981
Reinsurance premiums paid	(131,754)	(230,716)
Insurance benefits and claims paid	(7,696,259)	(7,604,730)
Reinsurance claims received	1,003,271	976,674
Payments to intermediaries to acquire insurance contracts	(3,981,172)	(3,491,999)
Cash paid to and on behalf of employees	(2,247,640)	(2,055,875)
Interest received	9,079,691	7,501,224
Dividends received	183,550	119,871
Other operating cash flows	(4,335,575)	(3,804,332)
Cash paid to life shareholder fund	(2,800,000)	(2,300,000)
Cash generated from operating activities - (Note A)	10,705,884	7,804,098
Interest paid	(53,696)	(65,193)
Income tax Payment	(21,149)	(6,762)
Employee benefits paid	(25,438)	(21,237)
Net cash from operating activities	10,605,601	7,710,906
Cash flows used in investing activities		
Purchase of investments	(41,405,941)	(27,899,323)
Maturity proceeds of investments	6,452,986	8,581,326
Proceeds from sale of investments	25,416,753	11,896,878
Purchase of property, plant and equipment	(131,804)	(66,930)
Purchase of intangible assets	(54,560)	(111,699)
Proceeds on sale of property, plant and equipment	3,050	212
Net cash used in investing activities	(9,719,516)	(7,599,536)
Net cash inflow before financing activities	886,085	111,370
Cash flows used in financing activities		
Settlement of lease liabilities	(151,484)	(118,031)
Net cash used in financing activities	(151,484)	(118,031)
Net increase in cash and cash equivalents	734,601	(6,661)
Cash and cash equivalents at the beginning of the year	707,994	714,655
Cash and cash equivalent at the end of the year	1,442,595	707,994

For the year ended 31 December	2024 Rs. '000	2023 Rs. '000
A. Reconciliation of surplus from life insurance fund before tax with cash from operating activities		
Surplus from life insurance fund before tax	3,000,000	2,800,000
Non - cash items included in profit before tax		
Depreciation and amortisation	661,573	543,610
Provision for employee benefits	50,937	49,395
Provision for doubtful debtors	2,717	3,825
Net realised gains	(690,952)	(711,148)
Net fair value gains	(1,998,994)	(487,148)
Gains on sale of property, plant and equipment	(1,755)	(189)
Amortisation of financial investment	(574,319)	(421,730)
Amortisation of lease liabilities	53,658	38,969
Scrip dividend income	(25,944)	(25,803)
Interest expense on obligation to repurchase securities	38	6,912
Profit before working capital changes	476,959	1,796,693
Net change in operational assets		
Net change in reinsurance assets	28,706	109,427
Net change in premiums receivable	(15,197)	(173,003)
Net change in receivables and other assets	(3,956,016)	(3,484,397)
Net change in operational liabilities		
Net change in life insurance contract liabilities	13,429,607	9,584,699
Net change in reinsurance liabilities	222,641	(271,127)
Net change in other liabilities	519,184	241,806
Cash generated from operating activities	10,705,884	7,804,098
B. Cash and cash equivalents at the end of the year		
Cash in hand and at bank	1,577,123	830,554
Bank overdraft	(134,528)	(122,560)
Cash and cash equivalents	1,442,595	707,994
Net cash in hand and at bank for the previous year	707,994	714,655
Increase in cash and cash equivalents	734,601	(6,661)

LIFE INSURANCE FUND NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 FINANCIAL INVESTMENTS

Refer Note 25 for the accounting policy

As at 31 December Rs'000	Note	2024 Carrying Value	2024 Fair Value	2023 Carrying Value	2023 Fair Value
Held to maturity financial assets (HTM)	1.1	42,428,240	47,824,829	37,012,208	38,490,694
Loans and receivables (L&R)	1.2	12,039,241	12,521,654	9,881,797	9,324,126
Available for sale financial assets (AFS)	1.3	19,983,231	19,983,231	14,805,388	14,805,388
Financial assets at fair value through profit or loss (FVTPL)	1.4	7,668,500	7,668,500	7,117,689	7,117,689
Total financial investments		82,119,212	87,998,214	68,817,082	69,737,897

1.1 Held to Maturity Financial Assets (HTM)

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Amortised cost			
Treasury bonds		42,428,240	37,012,208
Total HTM financial investments		42,428,240	37,012,208

1.2 Loans and Receivables (L&R)

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Amortised cost			
Asset Backed Securities		-	306,697
Debentures	1.2 (a)	9,855,775	9,400,158
Reverse repurchase agreements		2,183,466	174,942
Total L&R financial investments		12,039,241	9,881,797

1.2 (a) Debentures

As at 31 December Issuer	2024 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
First Capital Treasuries PLC	BBB	1/30/25	1,500,000	157,764	158,100	12.75
DFCC Bank PLC	BBB	3/29/25	3,000,000	329,167	329,841	13.00
Seylan Bank PLC	BBB	3/29/25	2,000,000	206,539	207,257	13.20
DFCC Bank PLC	A-	6/12/25	3,270,000	346,461	345,828	11.00
National Development Bank PLC	BBB	9/25/25	5,000,000	512,246	504,167	9.50
DFCC Bank PLC	BBB	10/23/25	3,000,000	304,952	298,568	9.00
Peoples Bank	A+	3/29/26	5,000,000	543,369	534,288	9.25
Singer Finance (Lanka) PLC	BB+	6/25/26	402,700	42,899	43,396	13.22
Siyapatha Finance PLC	BBB-	9/1/26	5,000,000	515,299	495,945	9.46
Hatton National Bank PLC	BBB+	9/23/26	864,100	89,305	90,802	12.80
Nations Trust Bank PLC	BBB	12/23/26	3,000,000	300,898	305,427	12.90
Peoples Bank	A	11/8/27	4,370,000	444,568	451,061	12.25

As at 31 December Issuer	2024 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Sampath Bank PLC	BBB+	2/9/28	5,770,000	719,416	943,673	28.00
Seylan Bank PLC	BBB	3/29/28	3,000,000	310,076	316,987	13.50
Sri Lanka Telecom PLC	A	4/19/28	2,000,000	205,080	209,785	12.75
Commercial Bank of Ceylon PLC	BBB+	7/23/28	5,000,000	527,560	525,902	12.50
Commercial Bank of Ceylon PLC	BBB+	12/20/28	5,000,000	502,410	536,887	15.00
DFCC Bank PLC	BBB	1/16/29	8,000,000	916,785	970,848	15.25
Siyapatha Finance PLC	BBB+	6/6/29	7,000,000	751,455	761,054	13.20
Commercial Bank of Ceylon PLC	BBB+	12/12/29	5,000,000	510,713	759,821	27.00
Peoples Bank	A	7/27/30	5,000,000	521,537	475,578	10.25
Hatton National Bank PLC	BBB+	8/27/34	10,500,000	1,097,277	1,072,973	13.50
				9,855,775	10,338,188	

As at 31 December Issuer	2023 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Sampath Bank PLC	BBB+	2/28/24	1,500,000	167,629	166,524	13.90
Seylan Bank PLC	BBB	4/18/24	2,000,000	220,685	219,463	15.00
People's Leasing & Finance PLC	A-	8/5/24	5,258,875	502,279	381,682	8.00
Siyapatha Finance PLC	BBB-	8/8/24	2,760,000	290,008	284,513	13.33
Hayleys PLC	AAA	8/26/24	500,000	52,239	51,871	13.00
LOLC Holdings PLC	A	9/27/24	2,268,702	243,468	234,710	15.00
Nations Trust Bank PLC	BBB	12/23/24	1,000,000	100,253	97,380	12.80
HNB Finance Limited	BBB-	12/30/24	6,000,000	679,438	662,739	13.20
First Capital Treasuries PLC	BBB	1/30/25	1,500,000	155,428	152,942	12.75
Seylan Bank PLC	BBB	3/29/25	2,000,000	206,570	200,362	13.20
DFCC Bank PLC	BBB	3/29/25	3,000,000	329,188	319,513	13.00
DFCC Bank PLC	A-	6/12/25	3,270,000	346,401	328,054	11.00
National Development Bank PLC	BBB	9/25/25	5,000,000	512,169	465,119	9.50
DFCC Bank PLC	BBB	10/23/25	3,000,000	304,909	273,399	9.00
Peoples Bank	A	3/29/26	5,000,000	599,791	542,008	9.25
Singer Finance (Lanka) PLC	BB+	6/25/26	402,700	45,059	39,021	8.96
Siyapatha Finance PLC	BBB-	8/31/26	5,000,000	515,219	448,220	9.46
Hatton National Bank PLC	BBB+	9/23/26	864,100	89,288	83,528	12.80
Nations Trust Bank PLC	BBB	12/23/26	3,000,000	300,840	278,584	12.90

LIFE INSURANCE FUND NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at 31 December Issuer	2023 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Peoples Bank	A	11/8/27	4,370,000	444,476	406,166	12.25
Sampath Bank PLC	BBB+	2/9/28	5,770,000	719,143	652,370	28.00
Seylan Bank PLC	BBB	3/29/28	3,000,000	310,114	284,420	13.50
Sri Lanka Telecom PLC	A	4/19/28	2,000,000	205,048	188,782	12.75
Commercial Bank of Ceylon PLC	BBB+	7/23/28	5,000,000	527,575	469,792	12.50
Commercial Bank of Ceylon PLC	BBB+	12/20/28	5,000,000	502,312	479,159	15.00
Commercial Bank of Ceylon PLC	BBB+	12/12/29	5,000,000	509,195	717,348	27.00
Peoples Bank	A	7/27/30	5,000,000	521,434	414,507	10.25
				9,400,158	8,842,176	

1.3 Available for Sale Financial Assets (AFS)

As at 31 December	2024 Rs. '000	2023 Rs. '000
Fair value		
Treasury bills	5,946,832	-
Treasury bonds	14,036,399	14,805,388
Total AFS financial investments	19,983,231	14,805,388

1.4 Financial Assets at Fair Value Through Profit or Loss (FVTPL)

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Fair value			
Quoted equities	30.6 (a)	6,734,308	3,942,092
Treasury bills		-	79,806
Treasury bonds		-	84,705
Unit Trusts		158,854	2,304,009
		6,893,162	6,410,612
Investments in unit linked funds			
Quoted equities	30.6 (b)	514,556	407,186
Reverse repurchase agreements		76,998	39,268
Treasury bills		4,900	4,793
Treasury bonds		95,996	190,367
Unit trust		6,530	71
Debentures		76,358	65,392
		775,338	707,077
		7,668,500	7,117,689

2 RECEIVABLES AND OTHER ASSETS

As at 31 December	Note	2024 Rs. '000	2023 Rs. '000
Financial assets			
Staff loans		349,658	-
Agent loans	34.2	3,499	6,302
Refundable deposits		57,319	45,806
Other receivables		9,854	7,687
		420,330	59,795
Non financial assets			
Taxes recoverable	2.1	248,830	257,375
Prepayments		190,208	69,884
Inventories		9,982	13,959
Advance payments		438,136	147,703
Other receivables		-	-
		887,156	488,921
Total receivable and other assets		1,307,486	548,716

2.1 Taxes Recoverable

As at 31 December	2024 Rs. '000	2023 Rs. '000
ACT recoverable	92,296	92,296
WHT receivable	156,534	165,079
	248,830	257,375

3 CASH IN HAND AND AT BANK

As at 31 December	2024 Rs. '000	2023 Rs. '000
Cash at bank	1,551,635	826,526
Cash at bank - Unit linked	20,438	357
Cash in hand	5,050	3,671
Total	1,577,123	830,554

4 REVALUATION RESERVE

As at 31 December	2024 Rs. '000	2023 Rs. '000
Balance as at 1 January	2,087,235	1,792,119
Revaluation surplus during the year	-	299,362
Transfer to retained earnings	(7,735)	(4,246)
Balance as at 31 December	2,079,500	2,087,235

5 OTHER RESERVES

As at 31 December	2024 Rs. '000	2023 Rs. '000
Reserve on Cornhill merger	16,752	16,752
Reserve on retirement benefit obligation	(48,038)	(34,407)
Total other reserves	(31,286)	(17,655)

6 RESERVE ON MERGER WITH CORNHILL (PRIVATE) LIMITED

The unrealised gain reflects the net result of the merger of the Company and Cornhill (Private) Limited. The investment in Cornhill (Private) Limited was absorbed by merging all assets and liabilities into the life policyholders.

7 OTHER LIABILITIES

As at 31 December	2024 Rs. '000	2023 Rs. '000
Financial liabilities		
Agency commission payable	570,523	480,796
Premiums in suspense	1,485,459	1,267,478
Other liabilities	3,656,907	3,332,680
	5,712,889	5,080,954
Non financial liabilities		
Government levies	54,937	45,576
Other staff related provisions	321,178	306,908
Premium received in advance	416	832
Other liabilities	1,044,416	974,663
	1,420,947	1,327,979
Total other liabilities	7,133,836	6,408,933

UNDERSTANDING OUR FINANCIALS

Statement of Income

Gross Written Premium (GWP)

The main source of income consisting premiums paid by customers for the risk/s which they transfer to the Company or the money charged for a certain amount of insurance coverage is called the Gross Written Premium (GWP). It's comparable with the 'turnover' of a trading or manufacturing organisation.

Premium Ceded to Reinsurers

The portion of risk that a primary insurer passes to a reinsurer. This allows the Company to reduce its risk exposure and the accepting Company receives a premium for taking on the risk.

Net Written Premium

Refers to the portion of premium which is applicable for the financial year and earned by the insurer by providing insurance against various risks during the year.

Net Investment Income

Refers to interest income and dividend income received, from investments maintained by the Company after deducting the costs of the related investments such as bank charges, custodian fees, brokerage fee, etc.

Net Realised Gains

Net realised gains / losses resulting from selling of financial investments at a price higher or lower than the book value.

Net Fair Value Gains

Net fair value gains / losses incurred by the Company due to change in the market value of investments which are sensitive to market value change (e.g: Quoted equity).

Net Benefits and Claims Paid

Refers to total amount of claims and claims related expenses incurred during the year, where appropriate, adjusted by claims outstanding provisions at the beginning and end of the accounting period (e.g. surrenders, policy maturities, annuities and interim payments). This also includes the balance transferred to the life fund.

Underwriting and Net Acquisition Costs

Net acquisition expenses consists of the following;

Commission / Franchise Fees

Policies are sold by intermediaries, the fee paid to an agent or broker as a percentage of the policy premium is considered as commission. The percentage varies depending on coverage and the duration of the policy.

Reinsurance Commission

The commission paid by the reinsurer to the ceding Company (primary insurer) on reinsurance agreements as compensation to place the business with the reinsurer and to cover the ceding Company's acquisition expenses.

Other Operating and Administrative and Selling Expenses

Refers to staff, administration, sales and marketing costs incurred by the Company.

Share of Results of Equity Accounted Investee, Net of Tax

Refers to the share of profit from Fairfirst Insurance Limited attributable to the Company.

Statement of Financial Position

Industry specific items are selected and explained below;

Investment in Equity Accounted Investee

Refers to carrying value of 22% stake in Fairfirst Insurance Limited.

Financial Investments

Invested money received from policyholders to pay benefits and increase profitability of the Company with the expectation of capital appreciation, dividends (profit), interest earnings, or some combination of these returns. Income earned from policyholders money is accumulated to Life fund.

Loans to Life Policyholders

Life policyholders can obtain loans from the Company up to a certain percentage of the surrender value of the policy. Loan granted under these criteria are presented here.

Reinsurance Receivables

Includes amounts due from the Company's reinsurers on current claims and estimates of amounts that will be due on future claims.

Premium Receivables

Consist of premium related balances due from policyholders.

Insurance Contract Liabilities – Life

Due to the longer duration of the policy period, insurance companies are required to maintain a separate fund to meet future policyholders obligations. This is known as the 'Insurance contract liabilities'. The size of the fund that needs to be maintained is determined by the actuarial valuation annually. This process estimates the excess of the assets over the policyholder's liabilities of the fund after distribution of dividends to the policyholders as at the year end. The excess is generally known as Life Surplus and is transferred as shareholders' funds in the financial statements.

Insurance Contract Liabilities - Unit Linked

Same meaning as above, however it related to the unit linked operation.

Reinsurance Payables

Represent payables to reinsurers for risk portion undertaken by them.

DISTRIBUTION NETWORK

	Branch	Address	Contact Number/s
1	Akuressa	No. 38 & 6a, D. C. Wanigasekara Mawatha, Akuressa	412283393
2	Aluthgama	411/1/1, 411/3/1, Galle Road, Aluthgama.	342291689
3	Ambalangoda	No. 20, New Road, Ambalangoda	912258862
4	Ambalantota	153 & 153 1/1, Tangalle Road, Thawaluvila, Ambalantota	472223370
5	Ampara	No. 60 & 60/1, 'Indrawansha Building', D.s.senanayaka Street, Ampara	632224668
6	Anuradhapura I	272, Main Street, Anuradhapura.	252224677/252237777
7	Anuradhapura II	272, Main Street, Anuradhapura.	252224677/252237777
8	Avissawella	No: 37 A, Kudagama Road,Awissawella	362233575
9	Baddegama	164, Galle Road,Kumme, Baddegama.	912292783
10	Badulla	18a, Dharmadhutha Road, Badulla.	552229536
11	Bakamuna	No. 542, Bakamuna	662256100
12	Balangoda	No. 16, Jayanthi Mawatha, Thumbagoda, Balangoda	452289199
13	Bandarawela	No. 5, Haputale Road, Bandarawela	572223239
14	Batticaloa	No: 217,Trincomalee Road, Batticaloa.	652224574
15	Boralasgamuwa	50/1/1, 1st Floor, Dehiwala Road, Borlasgamuwa	112516592/112516881
16	Borella	No. 80a, Ward Place, Colombo 07.	322222104
17	Chillaw I	87, Puttalam Road, Chilaw	322222104
18	Chilaw II	87, Puttalam Road, Chilaw	322222104
19	City Office	No. 153, Dharmapala Mw, Colombo 3	117868866/117868861
20	Dambulla	27/01, Rathna Hardware, Kurunegala Road, Dambulla	662284628
21	Embilipitiya	No. 162, New Town Road, Embilipitiya	472230463
22	Galle	147, 1st Floor, Colombo Road, Kaluwella, Galle	912243948
23	Galle Channel-4	No. 39/B, Lower Dickson Road, Walawwatta, Galle	912243948
24	Gampaha	No. 184, 2nd Floor, Colombo Road, Gamapaha	332226441
25	Gampola	25, Gangasiri Road, Gampola.	812077174
26	Giriulla	No. 86a, Negombo Road, Giriulla	372288586
27	Hingurakgoda	No. 02, Airport Road Higurakgoda	272246581
28	Homagama	No. 56/A. Katuwana Road, Homagama	112892802
29	Horana	No. 198, Rathnapura Road, Horana.	342265217
30	Ja-Ela	No. 71a2/1, Negombo Road, Ja-Ela	112243633
31	Jaffna I	218 3/1, Stanley Road, Jaffna.	212223753
32	Jaffna II	218 3/1, Stanley Road, Jaffna.	212223753
33	Jaffna City	218 3/1, Stanley Road, Jaffna.	212223753
34	Jaffna Metro	218 3/1, Stanley Road, Jaffna.	212223753
35	Kamburupitiya	74, 1st Floor, Matara Road, Pelawatte, Kamburupitiya	412294580
36	Kadawatha	143/K, 2nd Floor, Kandy Road, Kadawatha	112927252
37	Kalmunai	345, Batticaloa Road, Pandiruppu 02, Kalmunai.	672222633
38	Kalutara	338/1/2, Main Street, Kalutara	342222104
39	Kandy	300, Katugastota Road, Kandy	812227443
40	Katugasthota	No 185/4, Galagedra Road, Katugastota	812221304/812221305
41	Kegalle	No. 297, Colombo Road, Kegalle	352230497
42	Kegalle Channel - 4	No. 297, Colombo Road, Kegalle	352230497
43	Kilinochchi	Nos. 83 & 85, Kandy Road, Kilinochchi	212280118
44	Kiribathgoda	97, Kandy Road, Kiribathgoda	112916197
45	Kirulapona	No. 57-2/1, High Level Road, Kirillapona, Colombo 06	112513362
46	Kottawa	685a, 2nd Floor, Old Kottawa Road, Kottawa	112178008
47	Kuliyapitiya	No. 93, Madampe Road, Kuliyapitiya	372281904

DISTRIBUTION NETWORK

	Branch	Address	Contact Number/s
48	Kurunegala I	No. 6, Rajapihilla Road, Kurunegala	372228513
49	Kurunegala II	No. 6, Rajapihilla Road, Kurunegala	372228513
50	Kurunegala Metro	No. 6, Rajapihilla Road, Kurunegala	372228513
51	Kurunegala Channel-4	No. 40 2/1, Hindu Kovil Road, Kurunegala	372228513
52	Maharagama	181,2nd Floor, High Level Road, Maharagama.	112089082
53	Mahawa	No. 272, Moragollagama Road, Mahawa.	372275264
54	Mahiyangana	102/1a, Padiyathalawa Road, Mahiyangana.	552258255
55	Mannar	No: 191, Thalaimannar Road, Sinna Kadai, Mannar	232223257
56	Matale	553/F, Trincomalee Street, Matale	662231536
57	Matara I	No. 58 1/2,3rd Floor, Esplanade Road, Matara	412226633
58	Matara II	No. 58 1/2,2 Nd Floor Esplanade Road, Matara	412226805
59	Matara Channel-4	No. 2/58, Sri Rathnapala Mw, Matara	412226805
60	Mathugama	No. 94/2, Agalawatta Road, Mathugama	342248017
61	Malsiripura	No. 227, Dambulla Road, Melsiripura	372051123
62	Monaragala	No. 112, Wellawaya Road, Monaragala	552276290/552276379
63	Moratuwa	No. 495 B, Galle Road, Rawathawatta, Moratuwa	112645526/112641666
64	Mullative	First Floor, P.w.d. Road, Mullathive Town, Mullathivu	212290893/213135135
65	Negombo I	No: 147,St.joseph's Street,Negombo	312224264/313717890
66	Negombo II	No: 147,St.joseph's Street,Negombo	312224264/313717890
67	Nelliady	Jaffna Nelliady Road, Navalar Madam, Nelliady	212260344
68	Nikaweratiya	No: 65, Puttlam Road, Nikaweratiya	372260567
69	Nittambuwa	55,Kandy Road, Nittambuwa	332293924
70	Nugegoda	376, High Level Rd, Gangodawila, Nugegoda	112815512
71	Nuwaraeliya	36, Park Road, Nuwaraeliya	522223341
72	Padaviya	N0: 2, New Town, Padaviya	252253018
73	Panadura	587, 585, Galle Road, Panadura	382244830
74	Pettah	No. 73, 74, Colombo Gold Centre, Colombo 11	112432329
75	Piliyandala	No. 24, Vidyala Mawatha, Piliyandala	112619550
76	Polonnaruwa	13, 1st Floor, Hospital Junction, Polonnaruwa.	113135573
77	Puttalam	No. 97/1, 2nd Floor, Cargills Food Cotiy Building, Puttalam	322265980
78	Rajagiriya	Westin Towers, No.2, Lake Drive, Colombo 08.	112689514/113049480
79	Ratnapura	No. 567 1/1 9 9new No: 23/2/1), Senavirathna Building, Colombo Road, Rathnapura	452226740
80	Ruwanwella	No.185/1/2, Avissawella Road, Ruwanwella	362266631
81	Tangalle	No: 61, Beach Road, Tangalle	472241841
82	Thalawathugoda	No. 705, Boralla Road, Thalawathugoda	112775495
83	Thabuththegama	No: 148,Thammannagama, Thambuththegama	252276060/252276211
84	Tissamaharama	68, Main Street, Tissamaharama.	472237711
85	Trincomalee	66a & 68, Main Street, Trincomalee	262227530
86	Valachchenai	Main Streeet, Valachchanai	652258555
87	Vavuniya I	No.188,190,192,& 190/1, Kandy Road, Vavuniya	242227113
88	Vavuniya II	No.188,190,192,& 190/1, Kandy Road, Vavuniya	242227113
89	Warakapola	Kosgahakumbura, Warakapola	352267441
90	Ward Place	No. 80a, Ward Place,Colombo 07	112680979/112680982
91	Wariyapola	No. 183/B, Chilaw Road, Wariyapola	372268208
92	Wellawaya	No. 2b, Kumaradasa Mawatha, Wellawaya	552274219/552274218
93	Wellawaya Channel-4	No. 205/A, 205/B, Pahalagama, Monaragala Road, Wellawaya.	552274219/552274218
94	Wennappuwa	No: 275, Colombo Road, Wennappuwa	312255844

CORPORATE INFORMATION

Name of Company
Union Assurance PLC

Legal Form
A public limited liability company incorporated in Sri Lanka on 8 January 1987 and registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange since 1988.

Company Registration Number
PQ 12

Tax Payer Identification Number (TIN)
134001372

Directors
K. N. J. Balendra - Chairperson
S. Rajendra
D. H. Fernando
S. A. Appleyard
D. P. Gamlath
P. T. Wanigasekara

Human Resources and Compensation Committee
D. H. Fernando - Chairperson
S. Rajendra
P. T. Wanigasekara

Nominations and Governance Committee
D. H. Fernando - Chairperson
K. N. J. Balendra
P. T. Wanigasekara

Related Party Transactions Review Committee
P. T. Wanigasekara - Chairperson
S. A. Appleyard
D. H. Fernando

Board Audit and Compliance Committee
P. T. Wanigasekara - Chairperson
D. H. Fernando
S. A. Appleyard - Appointed w.e.f. 01 October 2024
S. Rajendra - Resigned w.e.f. 30 September 2024

Investment Committee
J. G. A. Cooray - Chairperson
P. T. Wanigasekara
Senath Jayatilake
Himani Weerasekera - Appointed w.e.f 22 July 2024
Asha Perera - Resigned w.e.f 30 June 2024
Shubham Jain
Angelo Keil

SLFRS-17 Steering Committee
S. A. Appleyard - Chairperson
S. Rajendra
Sherin Cader

Secretaries and Registrars
Keells Consultants (Private) Limited
117, Sir Chittampalam A. Gardiner Mawatha,
Colombo 2.

Auditors
Messrs. KPMG (Chartered Accountants)
PO Box 186,
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

Appointed Actuaries
Willis Towers Watson India Private Limited
Unitech Business Park, 2nd Floor
Tower-B, South City 1, Sector 41
Gurgaon-122002
India.

Lawyers
The Legal Department
John Keells Holdings PLC
117, Sir Chittampalam A Gardiner Mawatha,
Colombo 2.

Bankers
Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank AG
DFCC Bank PLC
Hatton National Bank PLC
Housing Development Finance Corporation
National Development Bank PLC
National Savings Bank
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Union Bank Colombo PLC
Pan Asia Banking Corporation PLC

Reinsurance Panel
RGA
Hannover Re
Munich Re
Partner Re

Registered Office of the Company
20, St Michael's Road,
Colombo 3.

Investor Relations
All investor queries should be directed to;
Investor relations hotline 011-2990314
e-mail: investorrelations@unionassurance.com

NOTES

NOTICE OF MEETING

Notice is hereby given that the 38th Annual General Meeting of Union Assurance PLC (the Company) will be held as a virtual meeting on Friday, 28th March 2025 at 11.30 a.m.

The business to be brought before the Meeting will be as follows:

1. To read the Notice convening the Meeting.
2. To receive and consider the annual report and financial statements of the Company for the year ended 31st December 2024 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr. S.A. Appleyard who retires in terms of Article 84 of the Articles of Association of the Company. A brief profile of Mr. S.A. Appleyard is contained in the Board of Directors section of the Annual Report.
4. To re-elect as a Director, Mr. D P Gamlath who retires in terms of Article 84 of the Articles of Association of the Company. A brief profile of Mr. D P Gamlath is contained in the Board of Directors section of the Annual Report.
5. To re-appoint the Auditors, Messrs. KMPG, Chartered Accountants and to authorize the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report and Financial Statements of Union Assurance PLC is available on the

1) Corporate Website - *https://unionassurance.com/financial-reports/* and
2) The Colombo Stock Exchange - *https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=UAL.N0000*

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code.

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Sachinda Karunarathna on +94 074 285 8781 during normal office hours (8.30 a.m. to 5.00 p.m.) or email sachinda@unionassurance.com

Should Members wish to obtain a hard copy of the Annual Report, they may complete and send the Form of Request available on the corporate website to the registered office of the Company. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days, subject to the prevailing circumstances at the time, from the date of receipt of the request.

By Order of the Board
UNION ASSURANCE PLC

KEELLS CONSULTANTS (PRIVATE) LIMITED
Secretaries

28th February 2025

Notes:

a. A Member unable to attend the meeting is entitled to appoint a Proxy to attend and vote in place.
b. A Proxy need not be a Member of the Company.
c. A Member wishing to vote by Proxy at the Meeting may use the Form of Proxy enclosed herein.
d. Members are encouraged to vote by proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.
e. In order to be valid, the completed Form of Proxy must be lodged at the registered office of the Company or forwarded to the email address: *keellsconsultants@keells.com* or Fax No.+94 11 2439037 not less than 48 hours before the Meeting.
f. A vote can be taken on a show of hands or by a poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by proxy or corporate representatives. In the event an individual Member and their Proxy holder are both present at the Meeting, only the Member's vote is counted. If the Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner to vote will be used.
g. Instructions as to attending the virtual Meeting are enclosed.

FORM OF PROXY

I/We..... of.....

.....being a member/s of Union Assurance PLC hereby appoint

.....of..... or failing him/her

Mr. Krishan Niraj Jayasekara Balendra	or failing him
Mr. Suresh Rajendra	or failing him
Mr. Dumith Hemantha Fernando	or failing him
Mr. Stephen Anthony Appleyard	or failing him
Mr. Daminda Prabath Gamlath	or failing him
Mr. Pasan Thaminda Wanigasekara	

as my/our proxy to represent me/us and vote on my/our behalf at the 38th Annual General Meeting of the Company to be held on 28th March 2025 at 11.30 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified resolution as indicated by the letter "X" in the appropriate cage;

	For	Against	Abstained
1. To re-elect as a Director, Mr. S A Appleyard who retires in terms of Article 84 of the Articles of Association of the Company.	☐	☐	☐
2. To re-elect as a Director, Mr. D P Gamlath who retires in terms of Article 84 of the Articles of Association of the Company.	☐	☐	☐
3. To re-appoint the Auditors, Messrs. KPMG, Chartered Accountants and to authorise the Director to determine their remuneration	☐	☐	☐

Signed on this .....day of ..... Two Thousand and Twenty-Five.

.....

Signature /s of Shareholders/s

Note:

Instructions as to completion of the form of proxy are noted on the reverse.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 20, St. Michael's Road, Colombo 3 or forwarded to the email address: keellsconsultants@keells.com or Fax No.+ 94 11 2439037, no later than 48 hours before the time appointed for the convening of the Meeting.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

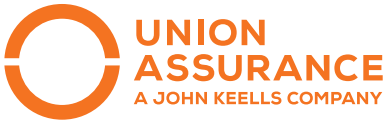
4. If the appointor is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or corporate in accordance with its Articles of Association or Constitution.

5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise their discretion as to how they vote or, whether or not they abstain from voting.

Please fill in the following details:

Name	: .....
Address	: .....
	.....
	.....
Jointly with	: .....
National Identity Card No	: .....
Share Folio No.	: .....

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