THE MOST

UNION ASSURANCE
A JOHN KEELLS COMPANY



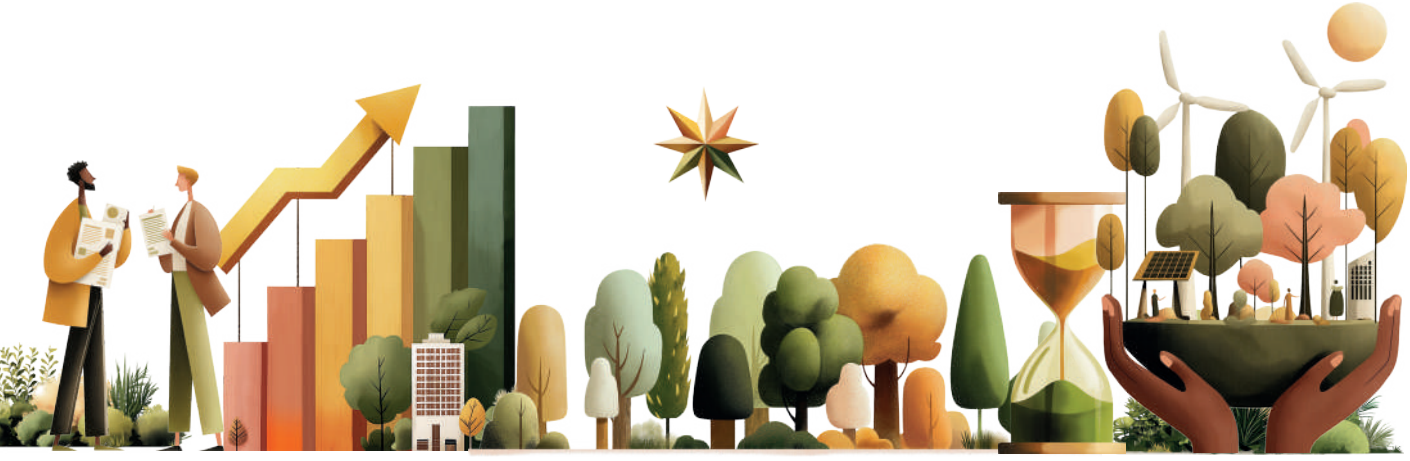
THE MOST

At Union Assurance, we take pride in being and doing the most.

As Sri Lanka's first private Life Insurer, we have consistently stood by our people, empowering them to protect what matters most in every chapter of their lives, be it their health, wealth, family, education, retirement, or legacy. We believe that all Sri Lankans deserve the highest standard of protection, equitable access to financial security, and the opportunity to pursue their unique journeys of progress with strength and confidence. This belief guides our approach to sustainable value creation, ensuring that the solutions we provide today continue to deliver positive outcomes far into the future.

Throughout the past 38 years, we have helped shape some of **THE MOST INSPIRING** stories across the island, where secured futures and safeguarded lives have enabled families to build resilience, achieve generational wealth, and achieve long-term development. We continue to be **THE MOST PASSIONATE** provider of Life Insurance to Sri Lankans across all walks of life, while contributing positively to the nation's long term socio economic value creation. As **THE MOST RESPONSIBLE** in our commitment to protect, the security we provide empowers individuals to become responsible citizens who uplift themselves, their families, and their communities.

Our multifaceted portfolio of solutions ensures that we remain **THE MOST PROGRESSIVE** player in the Life Insurance industry. Our comprehensive range of protection solutions allows one to lead a growth oriented, secure, and successful life. As we continue to expand our customer base across the island, we strive to become **THE MOST RESILIENT** relationship in our customers' lives; a trusted partner who stands beside them through every milestone. Through this unwavering commitment, we continue to emerge as **THE MOST VIBRANT** Life Insurer in Sri Lanka, with assurance, care, and promise to protect what matters most to our customers, always.



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THE MOST INSPIRING

UNION ASSURANCE AT A GLANCE

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THE MOST RESPONSIBLE

STRATEGIC REVIEW

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THE MOST PASSIONATE

MANAGEMENT DISCUSSION AND ANALYSIS

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THE MOST RESILIENT

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THE MOST PROGRESSIVE

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THE MOST VIBRANT

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This icon refers to Sustainability Related Disclosures

This icon refers to more information in this report

This icon refers to additional information available on *www.unionassurance.com*

DECADES OF VALUE



1987

Established as Sri Lanka's **First Private Sector Insurer**

1988

Listed on the Colombo Stock Exchange

2009

John Keells Holdings PLC Gained an 81% stake in the Company

2011

Launched the First Trilingual Website in the insurance industry

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



2015

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



2018

A State-of-the-Art, web based policy administration system was implemented

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

2020

Introduced Clicklife, all in one App

2021

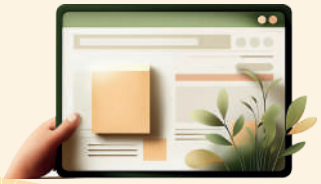
Premier Agency, a high calibre agent grooming platform was launched

2022

Rolled out **LIMRA, the Internationally Recognised Methodology** for Persistency Management

2023

Launch of **e-Policy and Policy Certificate**





2025

Exclusive Bancassurance Partnership with Sampath Bank PLC

Divested 22% stake in Fairfirst Insurance

2024

Total Assets Crossed Rs. 100 Bn

Industry-First Financial Underwriting Automation System



THE MOST INSPIRING

Union Assurance strives to be the most inspiring in every aspect of our journey. Through inspiring leadership, inspiring craftsmanship, and inspiring relationships, we continue to set benchmarks in delivering holistic protection to every Sri Lankan committed to delivering long-term value.
With steadfast assurance towards innovation, excellence, and care, we forge ahead with the purpose of empowering our customers to protect what matters most, with confidence.

SNAPSHOT OF FY 2025

Financial Value Created

19%
GWP Growth
2024 - 15%

13%
Surplus Growth
2024 - 7%

Rs. 92.8 Bn
Life Fund
2024 - Rs. 77.5 Bn

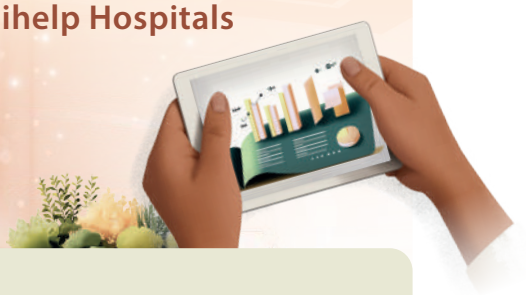
Rs. 108.3 Bn
AUM
2024 - Rs. 95.6 Bn

Rs. 8.8 Bn
Claims Paid
2024 - Rs. 7.7 Bn

215%
Capital Adequacy Ratio
2024 - 264%

Digital-First Insurer

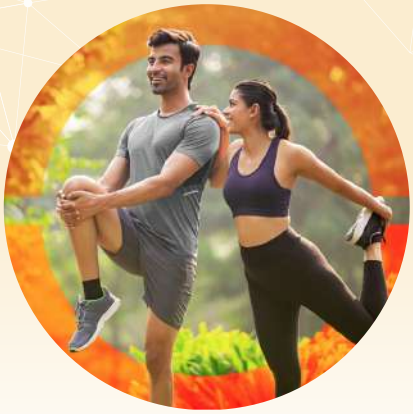
- First-ever Full Digitisation of Advisor Life Cycle Management
- Industry First Seamless Bancassurance 2.0 Digital Integration with Sampath Bank's Core Banking System
- Industry First to Offer Digital Health Services via Clicklife App
- First Life Insurer in Sri Lanka to Achieve ISO/IEC 27001:2022 Certification
- Union Assurance Expands Industry-First e-MER Initiative with Medihelp Hospitals



Environment & Sustainability Value Created

Embarked on a long-term mission to develop a transition plan to lower carbon emissions with the implementation of ESG framework and adoption of Sustainability standards SLFRS S1 & S2.





Launch of
UNION ASSURANCE
FlexLife
An Exclusive and Innovative Life Insurance Solution



Entering into an
Exclusive Partnership
with Sampath Bank PLC

GROW BEYOND LIMITS

Unveiled our
Employee Value Proposition (EVP)
Initiative with the Theme
"GROW Beyond Limits"

Union Assurance
Ranked Within the Top



Most Valuable Brands
in Sri Lanka



23,000+
Lives Impacted by Our Flagship CSR Initiative **'Suwamaga'** Diabetes Early Screening Programme





First Insurer to Earn the YouTube Silver Play button

ABOUT THE REPORT

Our Integrated Annual Report

We are pleased to present the Integrated Annual Report of Union Assurance PLC ("Company") for the financial year ended 31 December 2025. This Report offers a balanced and concise account of how we navigated the challenging operating conditions that prevailed during the year to deliver value across financial, social, environmental and governance aspects. Furthermore, we offer our forward-looking perspective and future aspirations, acknowledging that these could be shaped by the economic realities of the year ahead.

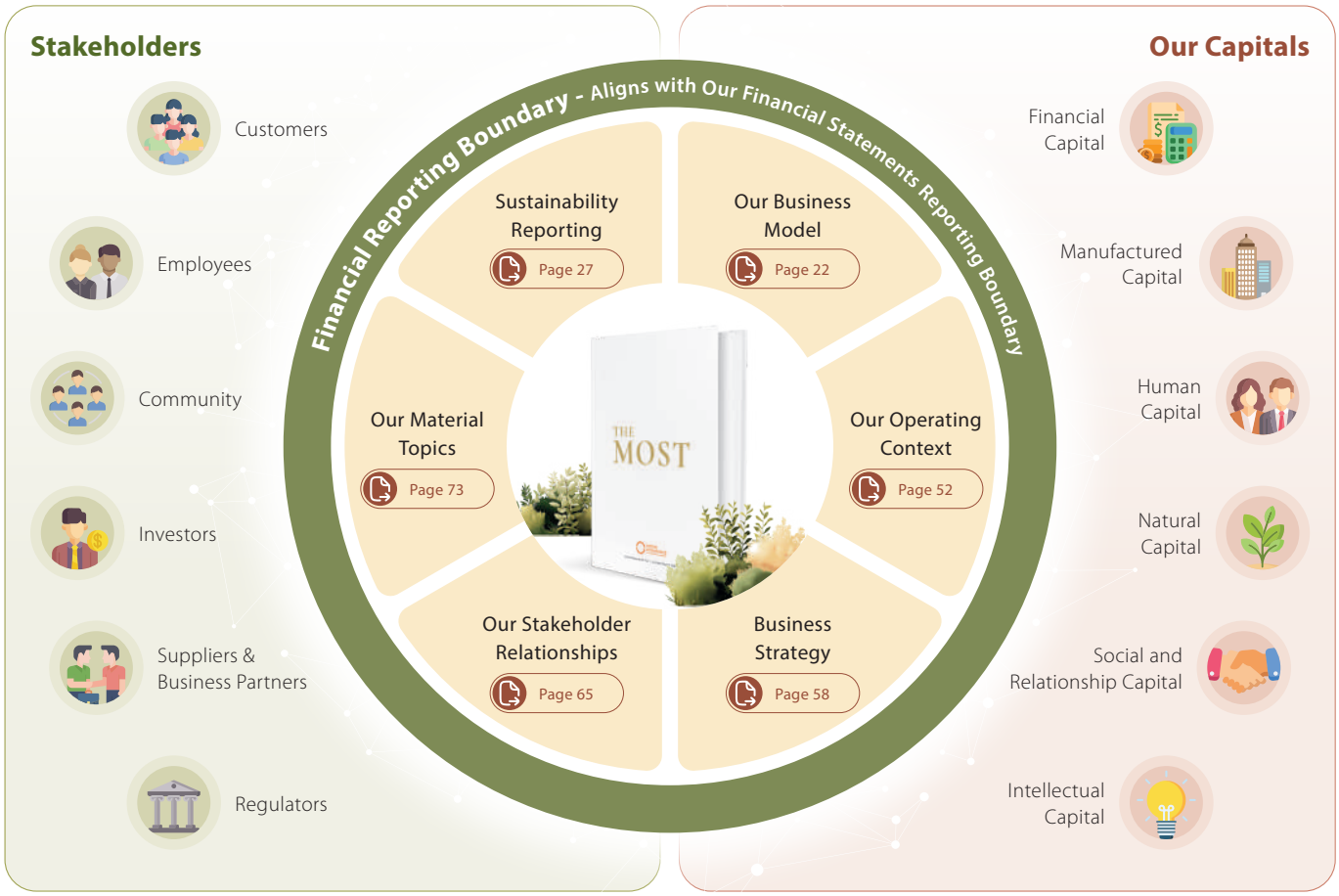
To reflect our organisation-wide commitment towards sustainability, we have disclosed climate-related disclosures, with the permitted transition reliefs aligned with the SLFRS S1 and S2 Standards.

There were no restatements or non-financial changes regarding the Company's ownership or supply chain during the year. Additionally, no significant restatements were made in non-financial reporting, including sustainability reporting, compared to the previous year.



Scope and Boundary

Detailing the Company's operations, this Annual Report builds on our most recent report for the year ended 31 December 2024, for which comparatives are presented where applicable. The boundary of this Report covers the assessment and management of risks and opportunities stemming from our business strategy and engagement with diverse stakeholders. We prioritise the efficient management of these relationships by focusing on the material matters that determine our success.



Reporting Frameworks

We are committed to high-quality disclosure that moves beyond mandatory regulatory compliance by integrating international best practices into our reporting processes. Our report is developed in adherence to the Sri Lanka Financial Reporting Standards (SLFRS) and the Insurance Industry Act No. 43 of 2000 and its subsequent amendments. This mandatory foundation is supplemented by global sustainability and integrated reporting benchmarks, including the IFRS Foundation's International Integrated Reporting <IR> Framework, the Global Reporting Initiative (GRI) Standards, and the standards of the Sustainability Accounting Standards Board (SASB).

Given below is a full list of frameworks and guidelines adopted in preparing this Report.

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 (CA Sri Lanka) • Listing Requirements of the Colombo Stock Exchange (CSE) and subsequent revisions to date • Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and Securities and Exchange Commission of Sri Lanka (SEC) • Corporate Governance Framework for Insurers Issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) • Articles of Association • Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto • Anti-Corruption Act No 09 of 2023 • The Shop and Office Employees Act No. 19 of 1954 and subsequent amendments thereto • Laws and regulations of the Companies Act No. 7 of 2007 (as amended) • Insurance Industry Act No. 43 of 2000 and subsequent amendments to date • Guidelines, Determinations, Circulations, Rules and Regulations issued by the IRCSL • Personal Data Protection Act No. 09 of 2022 (as amended) • Acts, Rules, Directions, Regulations, Circulations, Guidelines issued by the Financial Intelligence Unit of Sri Lanka. • Code of Best Practice on Related Party Transactions (2013) advocated by the SEC	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 248 An Independent Actuary confirming the Life Fund Valuation and Liability Adequacy Refer pages 246
Integrated Reporting		
• IFRS Foundation's International Integrated Reporting <IR> Framework • The guidelines for presentation of Annual Reports 2026 issued by the CA Sri Lanka • A Preparer's Guide to Integrated Corporate Reporting - issued by the CA Sri Lanka • Handbook on Integrated Corporate Reporting issued by the CA Sri Lanka	Internal assessment based on the IFRS Foundation's International Integrated Reporting <IR> Framework	Limited Assurance on the Content Elements of the Integrated Report Refer pages 354
Sustainability Reporting		
• Global Reporting Initiative (GRI) Sustainability Reporting Standards • 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 CA Sri Lanka • Sustainability Accounting Standards Board (SASB) Standards • SLFRS S1 and S2 Standard	Sustainability reporting Assessment by the group Sustainability Reporting System Carbon footprint assessment	Limited Assurance on selected sustainability related indicators **LA:** *Assured Sustainability Information* Refer pages 357

ABOUT THE REPORT

Improvements to the Report 2025

Adoption of SLFRS S1 and S2 with allowable transition reliefs, ensuring transparency and alignment with evolving reporting requirements

Interconnections between Sustainability Related Risks and Opportunities (SRROs) across various sections of the report

Comprehensive GRI and SASB disclosures are appropriately tagged for efficient identification and tracking

The business model section is redesigned with a comprehensive, context-rich view, aligned with the value chain of the Company considered under SLFRS S1/S2

The report provides clarity on the ESG adoption and integration strategies, reflecting our commitment to sustainable practices



QR codes introduced to facilitate seamless access to supplementary materials

Strengthened cross-referencing across the report to avoid duplication

Embedded hyperlinks to enable smooth navigation and elevate the user experience

A dedicated online microsite offering expanded content and improved accessibility, available via QR code

A concise highlight video giving stakeholders a quick overview of the year's performance, which will be shared through our social media channels

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 27 February 2026.

K N J Balendra
Chairperson

D P Gamlath
Director

Keells Consultants (Pvt) Ltd
Secretaries

27 February 2026

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



Disclaimer for the Publication of Forward - Looking Statements & Data

This report includes forward-looking statements concerning the Company's potential future performance and prospects. These statements are not guarantees of future results. All forward-looking statements are subject to risks and inherent uncertainties. Actual results may differ significantly from projected outcomes due to unforeseen events, volatile economic and political conditions, regulatory shifts, and various factors outside of our control. Readers are advised to seek independent professional advice concerning all financial, legal, and investment aspects related to this report.



This Annual Report is available on our Website ***www.unionassurance.com***. Scan the QR code to connect instantly on your smartphone.



Our interactive microsite is available at ***www.unionassurance.com/DigitalAnnualReport2025/*** or scan the QR code to access.

Visit our social media pages to view the 2025 financial highlights.

facebook.com/unionassurance

instagram.com/unionassuranceplc

linkedin.com/company/unionassurance-plc

youtube.com/UnionAssurance



ABOUT US

Established in 1987 as Sri Lanka's first private sector insurer, we proudly stand today as the nation's longest-serving private Life Insurer. For nearly four decades, we have been deeply embedded into Sri Lanka's economic and social DNA, supporting individuals, families, and communities through times of challenge and celebration alike. Our journey has been one of resilience, trust, and unwavering commitment to the people we serve.

Guided by our vision to empower the progress of all Sri Lankans, we believe that national advancement begins with individual well-being, financial, emotional, and physical. We bring this belief to life by making life insurance accessible across the island, offering comprehensive and personalised solutions for every stage of life. From protection and retirement planning to health, education, and investment needs, we enable our customers to build their futures with confidence.



95
Branches Island Wide

821
Employees

90%
Ownership by John Keells Holdings

340,000+
Lives Protected

3,000+
Field Staff

** In 2025, 22% of our stake in Fairfirst was divested*

Our Vision

Empowering Human Progress by Protecting What Matters

Our Purpose

Protecting Lives and Enriching Well-being

Our Values

Excellence

Strive for excellence in everything we do to be the best we can be

Caring

Fostering a great place to work by supporting each other to reach our full potential

Innovation

Improving constantly, reinventing and evolving

Trust

Building strong relationships based on transparency and convenience with internal and external customers

Integrity & Ethics

Doing the right thing always



ABOUT US

OUR PRODUCT SUITE

We deliver a comprehensive suite of products designed to meet customers' evolving needs.

Union Assurance FlexLife: Where Flexibility Meets Comprehensive Protection

Union Assurance FlexLife is a Life Insurance product designed to offer flexibility and personalisation for evolving financial needs. Introduced in 2025 as the newest addition to the product portfolio, Union Assurance FlexLife brings together five key pillars; retirement, protection, investment, education, and health into one flexible solution. It empowers customers to tailor their coverage to their unique life goals, ensuring both security and adaptability in financial planning.

Health Products

We provide comprehensive health insurance solutions for individuals and families, including coverage for critical illness and hospital cash benefits, ensuring strong financial protection.

Our plans are designed to safeguard you against unexpected health challenges, giving you timely access to the care you need, while offering peace of mind and supporting better overall well-being.

- **Union Assurance FlexLife**
- Union Health360
- Union Smart Health Premier
- Hospital Cash Benefit
- Hospital Cash Child Benefit
- Comprehensive Surgery Benefit
- Child Health Benefit
- Suwamaga Critical Illness Benefit



Education Solutions

Empowering the next generation of leaders to drive collective progress.

We help customers build a strong foundation for their children's education and future success, creating opportunities that last a lifetime.

- **Union Assurance FlexLife**
- Union Sisumaga Plus

Retirement Products

Supporting steady progress toward a lifetime of comfort, enabling customers to enjoy the rewards of their hard work.

We help build a strong foundation for a secure retirement, giving customers the confidence to embrace the future and live life to the fullest.

- **Union Assurance FlexLife**
- Union Pension Advantage

UNION ASSURANCE
FlexLife
Your Progress, Your Way





Protection Solutions

We offer strong financial protection during life's most challenging moments, empowering customers to face uncertainties with confidence.

- Union Loan Protector
- Union Advantage Starter
- Clicklife

(Life Cover and Cancer Care Cover, available exclusively through the Clicklife App)

- **Union Assurance FlexLife**
- Union Life Plus
- Union Smart Life
- Union Ultra Protect

Investment Solutions

Helping customers grow wealth with competitive returns and the financial protection they need when life takes an unexpected turn.

- Union Advantage Premier
- Union Smart Investor
- Union Smart Wealth Builder

- **Union Assurance FlexLife**
- Union Smart Life
- Union Super Investor
- Union Single Premium Advantage



Group Life Products

Empowering organisations to create a culture of care and prioritise employee well-being. We support corporates to become supportive and nurturing, building workplaces where health, happiness, and productivity thrive.

- Group Health Plus/Group Life

ABOUT US

Our Driving Forces



Agency

Launched Industry-First Advisor Welfare Scheme designed to empower and support its advisor network and their families, offering vital financial assistance during times of need

14% ANBP growth

17% FYP growth

16% GWP growth

12% LIMRA 13-month persistency growth

152 MDRT qualifiers

12% Case size growth

6 TOT qualifiers

95 Branches

24 COT qualifiers



Bancassurance

Launched Industry-First Core Banking Integration with Sampath Bank PLC for real time lead management

80% ANBP growth

59% FYP growth

33% GWP growth

70 MDRT qualifiers

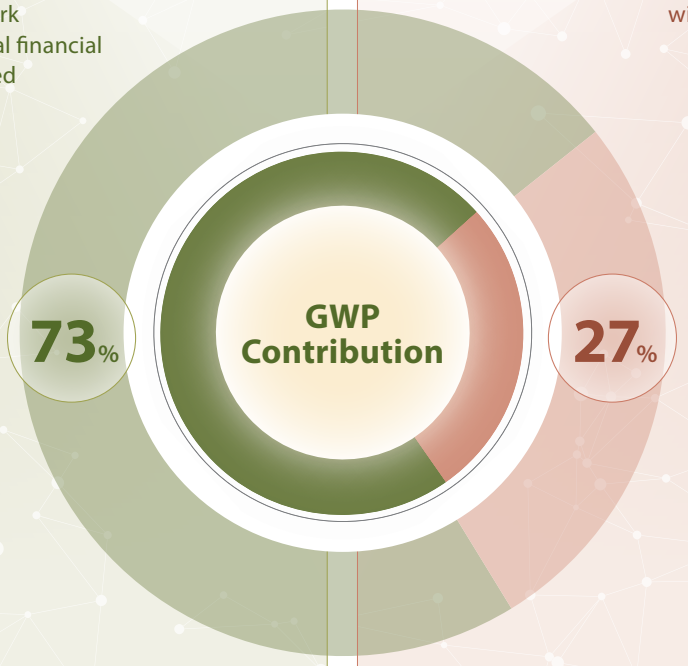
10% LIMRA 13-month persistency growth

5 TOT qualifiers

35% Case size growth

26 COT qualifiers

5 Bank partnerships



ORGANISATIONAL STRUCTURE

Board of Directors



Krishan Balendra
Chairperson/
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



Christine Dias Bandaranaike
Independent
Non-Executive Director



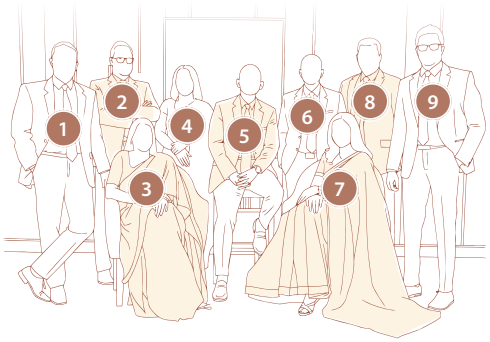
Senath Jayatilake
Executive Director

Executive Committee



Left to right

1. **Mahen Gunarathna**
   Chief Marketing Officer
2. **Harsha Senanayake**
   Chief Information Officer
3. **Himani Weerasekera**
   Chief Financial Officer
4. **Nisansala Paranayapa**
   Chief People Officer
5. **Senath Jayatilake**
   Chief Executive Officer
6. **Malaka Mihindukulasuriya**
   Chief Actuarial Officer
7. **Wathsala Aluthgedara**
   Chief Partnership Distribution Officer
8. **Imtiyaz Aniff**
   Chief Agency Officer
9. **Rumesh Modarage**
   Chief Operating Officer



THE YEAR AT A GLANCE

January

Union Assurance Partners with the University of Sabaragamuwa to empower future leaders through knowledge-sharing and skills development initiatives.



February

Launched Mobile App-Enabled Life Insurance Solutions via the Clicklife App, allowing customers to purchase policies digitally for the first time in Sri Lanka.





March

Partnered with SLASSCOM for FitHit 2025 for the second consecutive year, inspiring fitness and fostering community engagement.







July

Hosted a **10 km Cycling Event** to enrich employee well-being and promote healthy lifestyles.

August

Conducted **'Paint to Express' Art Therapy Event,** reaffirming our commitment to employee mental health and well-being.

September

Launched Union Assurance FlexLife, a game-changing life insurance solution designed for every stage of life.

April

Organised the **First-Ever Blog IT Symposium 2025,** featuring literary experts and interactive workshops to promote financial literacy



May

Introduced the 'Diabeater' Movement, inviting the public to take the 'Diabeater Pledge' uniting the nation in the fight against diabetes through education, action, and community support.



June

Represented Sri Lanka at the IDF World Diabetes Congress 2025 in Bangkok, showcasing the Suwamaga CSR initiative on a global platform.





October

Opened Clicklife App to Non-policyholders, enabling access to fitness challenges and tools for a healthier lifestyle.



November

Achieved a milestone as the first insurer to earn the **YouTube Silver Play Button,** recognising our digital engagement excellence.



December

Extended Support to Cyclone-affected Communities through essential donations and volunteer initiatives, reinforcing our commitment to social responsibility.

UA made Rs.50 Mn contribution to 'Rebuilding Sri Lanka' Fund, established to provide relief to communities affected by Cyclone Ditwah

AWARDS AND RECOGNITION



Union Assurance Wins at the 6th Indian Chamber Emerging Asia Conclave and Awards 2025

Joint winner of 'Best Life Insurance Company of the Year' for the second consecutive year, also recognised as joint winner for 'Best Strategies for Insurance Coverage for the Year' and 'Women in Insurance Leadership'



Union Assurance Wins John Keells Chairperson's Award for Disruptive Innovation

Was honoured by the John Keells Group for pioneering Sri Lanka's first Core Banking Integration with Sampath Bank PLC. This groundbreaking initiative streamlined lead management, enabled real-time performance tracking, and strengthened collaboration through data-driven insights, setting a new benchmark for digital innovation in the insurance industry.



Union Assurance Becomes First Insurer to Earn the YouTube Silver Play Button

We became Sri Lanka's first insurer to surpass 100,000 YouTube subscribers, earning the prestigious Silver Play Button. This milestone underscores our leadership in digital engagement and our commitment to making life insurance more accessible through innovative, customer-focused content strategies.



Union Assurance Wins Silver at SAFA BPA Awards 2024

Union Assurance earned the Silver Award in the Life Insurance category at the prestigious SAFA Best Presented Annual Report Awards 2024, recognising excellence in financial reporting, corporate governance, and integrated disclosure across South Asia. Our Annual Report 2024, themed "Folds of Value", reflects our commitment to transparency, accountability, and adherence to global best practices in reporting.



Union Assurance Continues to Be Among the Top 50 Most Valuable Brands in Sri Lanka

Ranked among Sri Lanka's Top 50 brands by Brand Finance, we have retained our position, reflecting our resilience, customer-centric approach, and commitment to innovation and purpose-driven initiatives.



Union Assurance Wins Bronze at TAGS Awards 2025

Union Assurance earned the Bronze Award in the Insurance sector (Gross premium above Rs. 10 Bn) at the prestigious TAGS Awards 2025 hosted by the Institute of Chartered Accountants of Sri Lanka, recognising our commitment to transparency, accountability, and excellence in reporting.





Company with Great Managers for the 4th Consecutive Year

Recognised at the Great Managers Awards 2024 for our commitment to fostering exceptional leadership and empowering employees to excel. This fourth consecutive win underscores our strong people strategy and dedication to driving growth through authentic, purpose-driven leadership.



Union Assurance Wins Gold at Dragons of Sri Lanka 2025

Union Assurance won Gold for its transformative campaign "Exit Insurance. Enter Progress." at the Dragons of Sri Lanka Awards. This recognition celebrates bold creativity and strategic insight in challenging industry norms and delivering measurable impact.



Union Assurance Strengthens Industry Leadership with Multiple Wins at SLIM NSA 2025

Secured five awards at the SLIM National Sales Awards, recognising outstanding achievements across Agency and Partnership Distribution channels. These accolades underscore our commitment to sales excellence, customer engagement, and driving growth through high-performing teams.



Union Assurance Becomes First Life Insurer in Sri Lanka to Achieve ISO/IEC 27001:2022 Certification

Achieving ISO/IEC 27001:2022 certification reinforces our commitment to world-class information security standards. This globally recognised accreditation highlights our proactive approach to safeguarding customer data through advanced cybersecurity measures and robust governance frameworks, ensuring trust and resilience in a digital-first environment.

BUSINESS MODEL

Our integrated business model demonstrates how we allocate key resources to create stakeholder value through defined outputs and outcomes. These resources are categorised according to the six capitals outlined in the Integrated Reporting Framework.

Operating Environment

Leveraging our resources, relationships and activities

Capital Inputs

Financial Capital

- Equity **Rs. 23 Bn**
- Life fund **Rs. 93 Bn**
- Financial investments **Rs. 108 Bn**
- Total assets **Rs. 127 Bn**

Refer to pages 78 to 95

Manufactured Capital

- Investment in property, plant and equipment of **Rs. 339 Mn**
- **95** branches
- Digital infrastructure

Refer to pages 96 to 101

Human Capital

- Committed team of **821** employees
- **Rs. 49 Mn** investment in training and development
- Employee benefits
- Competitive remuneration

Refer to pages 102 to 117

Natural Capital

- Energy consumption **7,180 GJ**
- Water consumption **18.57 ML**
- Waste management

Refer to pages 118 to 125

Social and Relationship Capital

- **340,000+** Customer relationships
- **Rs. 39 Mn** investment in CSR
- Strong supplier relationships
- **3,000+** sales force
- Bancassurance relationships

Refer to pages 126 to 141

Intellectual Capital

- Systems and processes
- Global best practices
- **215** employees with over 10 years of experience

Refer to pages 142 to 152

Our Vision, Mission and Values



Risks & Opportunities

Refer Pages 78 to 152 – Capitals | Refer Pages 30 to 39 – Climate Related Risks & Opportunities

Our Strategic Pillars

- Sales Channel Optimisation
- Operational Transformation
- People First
- Purpose-Driven Brand
- Value-Accretive Products

Corporate Governance and Risk Management

The value creation process reflects our vision of "Empowering human progress by protecting what matters", executed through our business verticals, guided by five strategic pillars.

To achieve tangible outputs → **And deliver purpose-led outcomes** → **To generate long-term stakeholder value outcomes**

Outputs

Outcomes

14%
Return on equity (ROE)

Rs. 5.72
Earning per share (EPS)

215%
Capital Adequacy Ratio (CAR)

Rs. 3.4 Bn
Surplus

Rs. 3.4 Bn
Profit after tax

Rs. 77.3
Share price

- Enhanced Returns for Policyholders
- Strengthened Financial Stability
- Greater Financial Resilience
- Accelerated Wealth Creation



5
New branches

- Greater Customer Accessibility
- Improved Operational Efficiency through Automation



20+
Training hours per employee

Rs. 2.2 Bn
Salaries and benefits

17%
Female employees in decision making roles

52 : 48
Female : Male
Gender diversity ratio

- Committed and Engaged Workforce
- Higher Female Workforce Participation
- Enhanced Workforce Diversity
- Expanded Employment Opportunities



1.70 ML
Water treated

1,859 tCO_2e
Carbon footprint

2.10 tonnes
Waste recycled

36
Fully grown trees saved

- Commitment to Environmental Protection
- Sustainable Utilisation of Natural Resources



Rs. 6.9 Bn
Paid to suppliers

222
MDRT achievers

94%
One day claims settlement ratio

1
New Bancassurance partnership

32,000+
New policies issued

87%
Complaints resolution rate

- Enhanced Customer Experience
- Thriving and Sustainable Communities
- Resilient and Efficient Supply Chain
- Strong, Collaborative Supplier Partnerships



Top 50
Most Valuable Brands in Sri Lanka by LMD

69%
Non-Medical Straight Through Processing (STP) Rate

First Life Insurer in Sri Lanka to achieve
ISO/IEC 27001:2022
Certification

AI-driven
New features added to Clicklife App

- Strengthened Brand Visibility and Reputation
- Positioned as an Industry Disruptor through Market-Leading Innovation
- Agility to Meet Evolving Customer Needs



ESG AT UNION ASSURANCE

Sustainability is integral to the life insurance business, where long-term financial protection and trust form the foundation of value creation. As custodians of policyholder protection, we are committed to operating responsibly, managing risks prudently, and strengthening resilience across our stakeholders.

Our ESG practices in alignment with the John Keells Group, ensure that we uphold the highest standards of governance, advance social well-being, and minimise environmental impact as we continue to deliver enduring protection for the communities we serve.

G Governance

Linked section:

Refer Corporate Governance on page 154

S Social

Linked section:

Refer Social & Relationship Capital on page 126

Impacted capitals:

Our Approach

We strive to make life insurance more accessible and empower people with greater confidence and security at every stage of life, enhancing financial, emotional, and physical well being and, in turn, strengthening national progress.

Key initiatives & progress:

Community Health & Well Being

- **Suwamaga (flagship CSR):** committed to enhancing community well-being by proactively addressing the growing prevalence of diabetes, one of the major Non-Communicable Disease (NCD) in Sri Lanka.
- Launched "Diabeater", a nationwide pledge movement in 2025.
- **Global advocacy:** Presented Suwamaga at the IDF World Diabetes Congress 2025 (Bangkok), engaging a global audience on prevention and community-based care.



Scan to download the Suwamaga impact report

23,000+
Beneficiaries

52 : 48
Female : Male ratio

Launched
'Diabeater' pledge
uniting communities to combat diabetes

263
Locations screening programs

71%
of beneficiaries reported positive behavioural change

E Environment

Linked section:

Refer Natural Capital on page 118

Impacted capitals:

Our Approach

As a service sector business with a relatively light direct footprint, we still commit to the global climate agenda by promoting resource efficiency (energy and water), responsible waste management, and effective emissions control within our operations and value chain. We maintained full compliance with environmental requirements during the year, with no fines or penalties recorded.

Key initiatives & progress:

Energy & Emissions

- **Renewables:** Initiated a solar project at the Kurunegala premises to accelerate renewable adoption and cut emissions (investment value of Rs. 6.3 Mn).
- **Fleet decarbonisation:** Transitioned 100% of our vehicle fleet to electric and hybrid vehicles to reduce Scope 1 emissions.
- **Digitalisation to avoid emissions:** Expanded paperless workflows and promoted e MER/digital medical records; 100% digital submission of insurance quotations eliminates paper and printer usage.

Impacted capitals:

Our Approach

Effective governance is the foundation of our long term resilience, stakeholder trust, and ethical value creation. Our governance framework ensures that decisions are made responsibly, risks are managed proactively, and the interests of policyholders and stakeholders remain central to everything we do. Anchored in the governance principles of the John Keells Group, we uphold a culture of integrity, accountability, and transparency across all operations.

Key initiatives & progress:

- **Oversight:** Company established the Governance Framework for SLFRS S1 and SLFRS S2, demonstrating our commitment to transparent, consistent, and high-quality sustainability reporting in alignment with emerging global and local requirements.
- **Risk & compliance:** Strengthened data protection and responsible marketing in line with IRCSL guidance.
- **Ethics:** Robust anti corruption and Code of Conduct frameworks; zero incidents of corruption reported in 2025.



We were awarded the TAGS award 2025 in recognition of Corporate Governance Disclosure in the Financial Services.



- **Mental health in schools:** "Piripun Parapurak, Surakina Mehewarak" interactive expert led sessions that build resilience and address exam stress and screen dependency among schoolchildren.

05
Sessions held

1,200+
Beneficiaries

Inclusive, Supportive Workplaces

- **DEI (ONEJKH aligned):** Commitment to empowerment, inclusion, zero tolerance for discrimination, equal opportunity, and diverse value chains.
- **Women empowerment:** Leading Liyo leadership programme to develop female professionals.
- Installation of sanitary napkin dispensers at the Head Office to support employees' health and hygiene needs.
- **Family friendly policy:** Equal 100 Days paid maternal & paternal leave.

52%
Female representation in workforce

100% : 86%
Male : Female Return to work and retention rates of employees that took parental leave, by gender

Zero
tolerance towards discrimination

Community Support in Disasters

- Contributed (with John Keells Holdings) to the Government's "Rebuilding Sri Lanka" fund for Cyclone Ditwah relief.
- Supported the flood relief initiative by providing essential aid to affected communities, with employees volunteering to distribute supplies and contributing one day's salary toward recovery efforts.

Rs. 50 Mn
Donation to disaster relief fund

Donation of
1,000
Water bottles
2,500+
Sanitary napkins

Water

- Installed and operated a wastewater treatment system at Kurunegala, ensuring effluent meets standards before safe discharge to ecosystems

Waste

- **Paper & plastic recycling:** Recycling paper and plastic waste in collaboration with Neptune Recyclers as the recycling partner.

Climate risk integration:

- Climate risks (physical & transition) are incorporated into the enterprise risk management framework to safeguard operational continuity and financial resilience.

ESG Way Forward

Over the years we have established short, medium- and long-term targets in line with John Keells Group, considering the need to minimise impact from business operations on society and the environment. These areas include topics such as carbon emissions, water, waste and plastic utilisation, where such targets were established considering a bottom-up approach.

With the advent of new disclosure requirements of climate change adaptation and transition, together with the growing need for targets to be established based on the science-based targets (SBTI), the Group intends to establish fresh targets in the ensuing years and has already commenced setting these targets, with the conceptualising of Group level ambitions on various sustainability topics encompassing GHG Emissions and Energy Management, Waste Management and Packaging, Diversity and Equal Opportunity, Community Empowerment and Stakeholder Management. UA will align our targets with each of these Group ambitions and reflect this alignment in our future disclosures and reporting.





SLFRS SUSTAINABILITY RELATED DISCLOSURES

BASIS OF PREPARATION

1. Reporting Entity, Organisation boundary, and Value Chain

This report covers the sustainability-related disclosures of Union Assurance PLC (UA), including all operations covering head office and island-wide branch network. Value chain considerations extend to upstream operations, internal processes and downstream operations that have material sustainability-related impacts to the business model.

2. Sources of Guidance

Disclosures are prepared in accordance with:

- **SLFRS S1 –** General Requirements for Disclosure of Sustainability Related Financial Information
- **SLFRS S2 –** Climate Related Disclosures

Both standards are issued by the Institute of Chartered Accountants of Sri Lanka and are aligned with IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB).



3. Reporting Period

This report covers the financial year from 01 January 2025 to 31 December 2025, consistent with the company's financial reporting period.

4. Time Horizon

UA adopts time horizons consistent with the definitions used by John Keells Holdings PLC, the ultimate Parent Company of UA:

- Short term: < 1 year
- Medium term: 3-5 years
- Long term: > 5 years

5. Transition Reliefs

UA has applied the following permitted transition reliefs as the reporting period being the first year of adoption of SLFRS S1 and S2 Standards:

- **Climate first reporting:** UA will disclose information on Climate-Related Risks and Opportunities (CRROs).
- **Comparative disclosures:** Comparative information is not required to be disclosed for the current year. Prior year comparisons will be provided for climate related disclosures from Year 2 onwards.
- **Scope 03 GHG emissions:** Scope 3 emissions disclosure is not mandatory in the first year. However, UA has voluntarily disclosed a limited subset using a partial scope.
- **Anticipated financial effects on SRROs & CRROs:** UA has applied the transition relief permitting entities to defer qualitative disclosures on anticipated climate related financial effects for the first two reporting periods.
- **Climate resilience (Scenario analysis):** UA has applied the transitional relief issued by CA Sri Lanka on mandatory application to fully comply with climate resilience disclosure requirements, during the first two years of reporting.

6. Judgements and Measurement Uncertainties

Judgements

The preparation and presentation of the sustainability report involve applying judgement to determine what information is relevant, reliable, and useful to disclose. This includes reporting requirements and making informed decisions in areas where the standards allow flexibility. The table below summarises key judgements applied.

Topic	Description
Materiality assessment	Judgement was applied when assessing impacts and dependencies across the value chain to determine sustainability related risks, opportunities, and material information that could reasonably influence strategy, the business model, or financial outcomes.
GHG emissions (Scope 1,2 and 3)	Judgement was exercised by the third party service provider in selecting appropriate emission factors and using proxy activity data for Scope 3 sources where actual data was unavailable.

Measurement Uncertainties

Measurement uncertainty arises due to data gaps, reliance on proxy information, external factors, and forward looking assumptions.

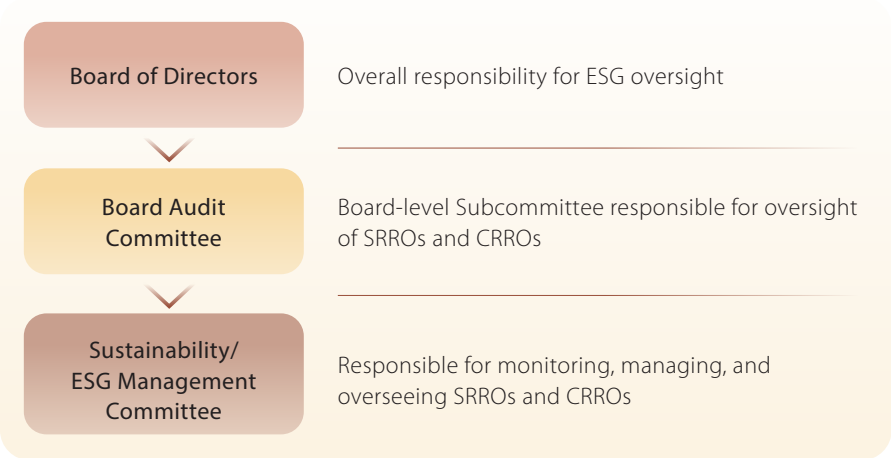
Topic	Description
GHG emissions (Scope 1,2 and 3)	Estimates depend on third party emission factors, especially for Scope 3 categories such as transmission and distribution losses, waste transportation, and business travel.

GOVERNANCE

1 Sustainability Governance

The Board of Directors (the "Board") of Union Assurance PLC (UA) holds ultimate responsibility for oversight of sustainability impacts on the economy, environment and people as well as sustainability and climate-related risks and opportunities (SRROs/CRROs) that could reasonably be expected to affect UA's financial position, performance and resilience over the short, medium and long term.

Board oversight is supported by the Board Audit and Compliance Committee (BACC). The governance architecture aligns with the principles of SLFRS S1/S2, ensuring robust processes, controls and procedures for monitoring and managing sustainability and climate-related matters.



2 Governance: Roles, Mandates, Procedures

Responsibility of overall ESG governance and implementation will be with the Board of Directors and responsibilities for Sustainability Related Risks and Opportunities (SRROs), Climate-Related Risks and Opportunities (CRROs), and broader impact management are embedded in UA's governance framework. This is formalised through Board Audit and Compliance Committee Terms of Reference, and Sustainability/ ESG Management Committee (the "ESG Management Committee") Terms of References and relevant policy documents.

Aligned with UA's corporate governance framework, the Board has delegated primary responsibility for the implementation and management of UA's impacts, CRROs/SRROs to the BACC.

This structure ensures broader impacts on the environment, society and economy as well as SRROs/CRROs are embedded in operational decision-making, resource allocation and UA performance management, while maintaining appropriate Board-level oversight.

2.1 The Board

The Board is responsible for overall governance of UA's sustainability topics that have an impact on the broader stakeholder groups as well as the ESG matters as set out in the Board Charter. The Board's role includes:

- Overseeing material sustainability impact topics, SRROs/CRROs and their implications for long-term value creation and approving related governance actions.
- Assessing sustainability impacts, strategies for impact mitigation and management, SRROs/CRROs during Board Meetings which are held quarterly, or as frequently required, ensuring alignment with UA's strategic direction and evolving external expectations.
- Ensuring UA maintains systems, controls, policies and skills to bring decision-useful SRROs/impact information to the Board on a timely basis.

2.1.1 Information flow and frequency

The Board receives (via BACC unless otherwise noted):

- Quarterly reports on sustainability disclosures, internal controls and assurance outcomes
- Consolidated Sustainability and ESG reports from the Management Committee and BACCs
- ERM reports integrating climate risks in the Group risk register
- Dashboards, sector summaries and ad hoc briefings on significant regulatory developments or ESG incidents

Historically, the Board has guided impact management via JKH Group and company policies, impact-based KPIs and oversight of capital allocation and operational initiatives. As climate ambitions are developed, the Board's current focus includes emerging climate risks and the incorporation of climate considerations into long-term planning. The Board will review and approve UA's climate ambitions and transition plan upon completion.

2.1.2 Skills and expertise

The Board's diverse expertise (finance, strategy, risk, governance, operations, technology and regulation), supported by structured BACC briefings, targeted training and engagement with external specialists involved in global sustainability standard-setting, ensures robust oversight of the company's impact management and SRROs/CRROs.

Refer the Board Profiles section of this Report for further details, page175

2.2 Board Audit and Compliance Committee

In line with UA's Operating Model, the BACC is the Company's primary governance body for sustainability and climate-related matters. It operationalises and coordinates UA's sustainability agenda, oversees ESG frameworks, and reviews strategy alignment with the John Keells Group's overarching sustainability direction.

The BACC acts as the structured conduit to the Board, coordinating and operationalising UA's sustainability and climate agenda. Accordingly, all matters relating to the Company's ESG framework, including strategy development aligned with the John Keells Group's overarching framework and strategy, implementation

oversight, risk management, performance monitoring, and sustainability related disclosures, will be channelled through the Board Audit and Compliance Committee, which will receive management reports and progress updates in the first instance and thereafter provide its observations to the Board in the course of management's formal presentations to the Board

2.2.1 Information flow and frequency

The BACC receives:

- Quarterly structured updates on sustainability impacts, SRROs/CRROs, mitigation and KPIs
- Annual updates on materiality assessments, assurance needs, and stakeholder insights

The Committee's oversight is strengthened by members' expertise in governance, financial oversight, and risk.

2.3 Sustainability/ ESG Management Committee

The Sustainability/ ESG Management Committee is headed by the Chief Financial Officer. The ESG Management Committee comprises of Financial Controller, ESG champion, and divisional leads comprising Finance, Risk & Governance, Actuarial, IT/ Systems, Compliance, Life Operations, ERM, HR, Branding/ CSR, Logistics, sales channels, Investment and eight representatives from JKH Financial Services Sector -Steering Committee.

2.3.1 ESG Management Committee Responsibilities and Role

The ESG Management Committee is responsible for operationalising UA's sustainability topics, ESG and climate ambitions set by the Board, guided by BACC oversight, into actionable strategies.

The ESG Management Committee responsibilities include:

- Strategic integration - Translate Board approved sustainability priorities into actionable plans, roadmaps with appropriate resources
- Risk and Opportunities management - Identify SRROs/CRROs across UA's value chain; assess their potential impacts; define practical responses and assign accountable owners for mitigation, adaptation or opportunity capture.
- Monitoring and ensure readiness - Monitor emerging regulatory, market and technology developments; assess sector implications; and strengthen readiness by capacity-building through training.
- Goals and Performance Management - Propose company goals, targets and KPIs for Board approval; establish baselines, measurement methodologies and ensure assurance ready reporting.
- Investment Oversight - Ensure sustainability impacts and SRROs/ CRROs are explicitly considered in material investments, including implications for asset and supply-chain resilience, operating costs, value creation, transition alignment, and key implementation dependencies.
- Reporting and escalation: reviewing sustainability reporting inputs and escalating material issues - including significant impacts and incidents, emerging risks or material deviations - through established reporting lines.

2.2.2 Information flow and frequency

The ESG Management Committee convenes at least quarterly. The responsibilities outlined above are a standing agenda item.

2.3.2 Controls and procedures

Sustainability impacts, and Sustainability-related and Climate related information is captured by the ESG Management Committee at the company level and is channelled through a defined pathway to the BACC and ultimately to the Board. Material issues considering both impact materiality and financial materiality are escalated in accordance with UA's sustainability and risk management framework. The ESG Management Committee uses formal controls and procedures to support climate oversight, including the Sustainability Management Framework, integrated ESG data systems, internal audit processes, and standardised risk identification and reporting processes.

3 Integration into Strategy and Decisions

The Board considers sustainability impacts, CRROs and SRROs as part of its oversight of UA's overall strategy, major decisions and UA's risk management framework and impact mitigation activities. In doing so, the Board considers how these matters may influence UA's business model, its corporate responsibility efforts ensuring that impacts on the economy, environment and society are managed, ensuring organisational resilience and long-term value creation, and ensures they are addressed through appropriate governance, policies and management actions.

In practice, the BACC supports strategy by:

- Ensuring plans and key initiatives are aligned to Group Sustainability and ESG priorities and identifying delivery gaps.
- Assessing emerging SRROs and CRROs and translating these into clear implications for business plans; and
- Ensuring material investments include decision-useful sustainability inputs.

4 Targets, Monitoring, and Remuneration

The Board of Directors oversees the development of targets related to the company's sustainability impact topics, SRROs and CRROs and monitors progress toward those targets as they are established. The Board has delegated responsibility for the formulation and operationalisation of such targets to the BACC in collaboration with the ESG Management Committee, who are currently leading the development of UA's sustainability impact targets including its climate ambitions and associated performance indicators.

During the 2025 reporting cycle and going forward, the BACC will focus, through the ESG Management Committee, on validating baseline metrics and assessing the feasibility of future targets, with periodic updates provided to the Board to support oversight and decision-making.

UA has not yet introduced climate-related targets or linked remuneration metrics; however, the Board and the Human Resources & Compensation Committee (HRCC) intend to evaluate how future sustainability-related performance measures can be incorporated into executive remuneration frameworks once targets are finalised.

The Board, through the HRCC, will review and approve the integration of such metrics into remuneration policies when UA's climate ambitions, and transition pathways are developed by the ESG Management Committee and approved as per UA's approval matrix.

STRATEGY

STRATEGY DISCLOSURES

UA presents a concise, investor-focused disclosure of its strategy and risk management approach. The disclosure is designed to be clear, decision-useful, and outcome-oriented, providing investors with a transparent line of sight from governance and strategic priorities through to operational execution, resilience, and financial performance. By connecting these perspectives, UA ensures that stakeholders can understand not only the company's long term vision but also how risks are managed, strategies are implemented, and performance outcomes are achieved.

Business Model and Value Chain – Overview

UA's business model is designed to deliver long-term financial security for policyholders while creating sustainable value for shareholders. The value chain begins with product design and development, where customer needs, regulatory requirements, actuarial insights, and risk considerations are translated into life, health, and protection products.

These products are distributed through a multi-channel sales network comprising branches, agents, bancassurance partners, and expanding digital platforms to reach diverse customer segments. Underwriting and risk assessment are supported by strong actuarial oversight, reinsurance, and capital management, ensuring solvency and resilience.

Once policies are issued, policy administration and premium collection ensure efficient onboarding, accurate record keeping, and stable cash inflows. Fund management plays a critical role by investing collected premiums to meet long-term obligations within defined risk and regulatory boundaries. Supporting this are physical and digital infrastructure functions that maintain seamless organisational operations.

The value chain concludes with claims management and customer servicing, where timely, fair settlements reinforce trust and strengthen brand credibility. These core activities are enabled by governance, technology, compliance, human capital, and finance, ensuring operational efficiency, regulatory adherence, and long-term sustainability.

Refer Our Business Model on page 22

Climate and Sustainability-Related Risks and Opportunities

The table below summarises the relevant SRROs that could affect the UA over the short, medium, and long term.

	Risk/Opportunity [SLFRS S1.30, SLFRS S2.10(a)–(c)]	Time Horizon	Affected Area [SLFRS S1.32(b), SLFRS S2.13(b)]
CR1	**Physical – Acute risk: Physical climate risks disrupting branch operations causing impact to new business and premium collection:** Extreme weather events (floods, tsunamis, severe storms) may interrupt branch operations, affecting customer servicing, new business generation, and premium collection		• Branch network • Customer service operations • New business acquisitions • Premium collections
CR2	**Physical – Acute risk: Disaster Related Claim Surges** Natural disasters can trigger sudden increases in mortality/health claims, policy surrenders, and operational strain.		• High risk regions (flood, cyclone, drought zones) • Branches in disaster prone areas • Underwriting and claims operations

	Risk/Opportunity [SLFRS S1.30, SLFRS S2.10(a)–(c)]	Time Horizon	Affected Area [SLFRS S1.32(b), SLFRS S2.13(b)]
CR3	**Physical – Chronic risk: Chronic climate impacts on health and life expectancy:** Rising temperatures, disease spread, and respiratory issues may increase life and health claims and impact pricing accuracy.	● ●	◆ Climate sensitive regions ◆ Branch networks ◆ High density customer areas
CR4	**Physical – Acute risk: Climate linked interest rate volatility:** Climate driven economic instability may cause interest rate fluctuations, affecting investment returns, asset/liability valuations, and capital adequacy.	● ● ●	◆ Investment portfolios ◆ Asset-Liability Management (ALM) ◆ Long term liabilities ◆ Treasury and capital management
CR5	**Transitional risk: Challenges in transitioning to low carbon operations** Required investments in new technologies, processes, and supply chains may create cost pressures and operational challenges.	● ● ●	◆ Support functions ◆ Environmental footprint ◆ Investor relations ◆ Brand reputation
CO1	**Climate related Opportunity: Build resilience as a digital-first insurer** Climate disruptions present an opportunity to accelerate digitalisation, enabling remote servicing, automated claims, and digital premium collection.	● ● ●	◆ Customer onboarding & servicing ◆ Digital distribution & premium collection ◆ Claims automation & support ◆ Business continuity & operational resilience
CO2	**Climate-related Opportunity: Increased demand for protection products** Rising climate-linked health and mortality risks may increase demand for life, health, and critical illness products..	● ●	◆ Product development & innovation

Time horizons: ● Short term: < 1 year ● Medium term: 3-5 years ● Long term: > 5 years

UA provides connected information by linking sustainability related risks, metrics, and governance processes. Interdependencies across environmental, operational, and financial factors are clearly identified to support integrated decision making.



STRATEGY

Key Climate and Sustainability-Related Risks	Business Model and Value Chain		Strategy and Decision Making		
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts	Impact on Financial Position
CR1 - Physical climate risks disrupting branch operations causing impact to new business and premium collection	Climate related disruptions reduce operational efficiency, delaying onboarding, premium collection, and servicing. More frequent events cause prolonged interruptions, revenue volatility, and pressure on distribution channels, affecting the entire value chain and requiring greater business continuity investment to protect service delivery and long term growth.	The risk is concentrated within the branch network, particularly in geographically vulnerable branches, operational facilities dependent on physical mobility, and any customer servicing nodes located in disaster prone areas. These physical locations are critical points in both the business model and value chain.	Shift to lesser dependence on physical branch for new business and premium collections. UA will also take into consideration the risk-prone areas when selecting the strategic locations for expansion.	In response, the organisation is shifting from branch centric operations to a more digitally resilient model by expanding online sales, mobile app usage (such as Clicklife), and call centre support. This digital transition enables continuity when physical branches are inaccessible, reduces exposure to climate related disruptions, and enhances flexibility in how customers engage with the business.	Delays in premium collection increase premium receivables and temporarily weaken liquidity, raising short term working capital needs. However, the overall balance sheet impact remains limited, as these receivables are expected to be recovered once branch access is restored.
CR2 - Disaster-Related Claim Surges	Claims surges strain processing capacity, slow settlements, pressure profitability, capital buffers, and reinsurance. As extreme weather intensifies, larger and more frequent spikes will heighten financial volatility and require added resources, impacting underwriting, reinsurance, claims, customer servicing, and capital management across the value chain.	The risk is highest in disaster prone regions, affecting claims units, underwriting portfolios exposed to high risk geographies, and reinsurance programmes. Customer servicing and back office teams also face heavy pressure. Life and Health portfolios with concentrated exposure in vulnerable areas are particularly at risk during catastrophic events.	Immediate strain on claims processing capacity, increase cash outflows, and creates short term pressure on profitability and capital buffers. Elevated lapses and surrenders may also occur during or after catastrophic events, further contributing to financial volatility.	Strengthening risk transfer measures, especially reinsurance by adjusting structures, expanding catastrophe cover, and integrating climate driven claim surge scenarios into planning. These actions enhance resilience, reduce exposure to liquidity shocks, and ensure core operations and customer commitments remain protected during disaster related events.	Decrease in policyholder liabilities due to higher levels of lapses and surrenders during and after catastrophic events. At the same time, there is a decrease in assets resulting from significant cash payouts linked to increased mortality and health claims. This may influence short term balance sheet strength.

Financial Position, Financial Performance, and Cash Flows						
	Current Impacts			Anticipated Impacts		
	Impact on Financial Performance	Impact on Cash Flows	Impact on Cost of Capital	Impact on Financial Position	Impact on Financial Performance	Impact on Cash Flows
	Disruptions to branch accessibility reduce new business generation and renewal premium collections, leading to lower Gross Written Premium (GWP) for the period. These declines in inflows, along with delays in renewals, also diminish fee based income and near term revenue generating capacity, putting downward pressure on reported earnings.	Reduce operating cash inflows during climate related branch disruptions. This may result in short-term cash flow volatility and may require temporary liquidity adjustments until premium collection channels are restored or shifted to alternative digital platforms.	Minimal to no impact on the company's cost of capital, as disruptions are short term in nature and do not materially affect long term solvency performance or investor perceived risk. The organisation's capital structure and funding costs remain largely unaffected.	In the short-term, delays in premium collection during climate driven branch disruptions may increase premium receivables. Over the medium and long term, repeated disruptions may slow the growth of Assets Under Management (AUM) as reduced cash collections persist in affected regions.	Short-term and medium-term financial performance may be affected by reduced GWP due to lost new business and delayed renewals. In the long term, continued disruptions may constrain overall business growth and reduce investment income resulting from lower premium inflows.	Operating cash flows may weaken in the short-term as new business and renewal collections are interrupted. Medium and long-term cash flows may experience continued pressure if branch level disruptions persist during severe climate events.
	Negatively affected by an increase in surrenders and a surge in claim payouts, leading to higher operating expenses and reduced profitability. Elevated claims incidence during disaster periods increases claims ratios and places short term pressure on earnings.	Cash flows experience immediate strain due to increased claims payouts and higher surrender payments. These outflows reduce operating cash flow during the period and may require short-term liquidity support, depending on the scale of the catastrophic event.	This risk has minimal to no impact on the organisation's cost of capital, as claim surges are typically cushioned through reinsurance and capital buffers. The company's long-term funding profile and perceived risk level remain broadly stable despite short-term cash flow pressures.	In the short term, large claim payouts and increased surrenders may reduce asset balances while lowering policyholder liabilities. Over the medium and long term, the ongoing need for higher liquidity to meet rapid claim payments may result in more short-term investments and consequently lower AUM growth.	Financial performance may be affected in the short term by increased surrenders and elevated claims. Medium - and long-term profitability may be further pressured by higher reinsurance premiums due to increased risk exposure and reduced investment income from a shift to short term instruments.	Short term cash flows may experience strain from higher claim payments. Over the medium and long term, cash outflows are likely to rise due to elevated reinsurance premium payments and continued claims volatility following major disaster events.

STRATEGY

Key Climate and Sustainability-Related Risks	Business Model and Value Chain		Strategy and Decision Making		
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts	Impact on Financial Position
CR3 - Chronic climate changes impacting health and life expectancy	At present, we do not experience a significant volume of climate-related claims. While we do note a few incidents each year that may be linked to climate factors, they have not been material enough to warrant separate reinsurance arrangements specifically for climate driven exposures. Therefore, our current RI structure remains unchanged in this regard.	This risk is highest in regions facing chronic climate conditions, affecting Life and Health portfolios, underwriting, pricing, and claims operations. It also impacts frontline servicing, medical assessments, and workforce dependent operations due to increased illness, absenteeism, and rising claim frequencies.	Climate driven health trends strain profitability, challenge pricing, and underwriting, and increase pressure on claims and servicing. UA is integrating long term climate health data into pricing and product design, enhancing reinsurance, and strengthening risk transfer and actuarial frameworks to improve financial resilience.	To manage rising climate related health exposures, the organisation is increasing reinsurance coverage, strengthening quota share to reduce volatility, protect profitability, and stabilise long term liabilities. These measures enhance liquidity and solvency, ensuring the organisation can meet customer obligations even during periods of elevated chronic disease related claims.	There is currently no material impact on the organisation's financial position from chronic climate-related health trends. Although morbidity patterns are gradually shifting, the effect on asset or liability values within the reporting period remains negligible.
CR4 - Climate linked interest rate volatility	Climate driven interest rate volatility threatens solvency by affecting capital buffers, asset valuations, and liability discount rates, causing short term capital strain. Continued instability may limit asset growth, increase ALM mismatches, and constrain dividends, impacting investment management, ALM, capital management, pricing, and long term financial planning.	This risk is greatest in investment portfolios, long duration liabilities, and ALM operations. Investment, capital, treasury, and pricing teams face heightened exposure, with guaranteed return and long term savings products particularly vulnerable	To respond to these pressures, the organisation is strengthening its ALM framework and will integrate climate-sensitive financial scenarios into capital and investment planning. The business model is gradually shifting toward a more diversified investment strategy subject to regulatory restrictions, reducing concentration in interest-sensitive assets and increasing resilience to climate driven market shocks.	To mitigate these risks, the organisation is strengthening its ALM processes and diversifying its investment exposure across asset classes, sectors, and geographies. This includes adjusting portfolio duration, increasing the use of stress testing and scenario modelling, and implementing diversified risk strategies to reduce sensitivity to climate driven interest rate shocks.	Climate driven interest rate volatility affects solvency by altering asset values and increasing the present value of long term liabilities. These combined effects create short term pressure on solvency ratios and capital buffers.

Financial Position, Financial Performance, and Cash Flows						
	Current Impacts			Anticipated Impacts		
	Impact on Financial Performance	Impact on Cash Flows	Impact on Cost of Capital	Impact on Financial Position	Impact on Financial Performance	Impact on Cash Flows
	Financial performance is affected by an increase in claims payouts resulting from higher incidence of climate linked health conditions. Rising morbidity leads to elevated health and life insurance claim ratios, putting pressure on underwriting performance and potentially affecting annual profitability.	Cash flows are impacted by higher claims outflows, as increased claim frequencies and severities directly reduce operating cash inflows relative to outflows. This may create short term cash flow strain during periods of heightened illness or widespread health related events driven by chronic climate conditions.	There is minimum to no impact on the organisation's cost of capital, as the effects of chronic climate-related morbidity trends are gradual and predictable. These patterns are typically incorporated into pricing and eventually into actuarial assumptions, limiting their impact on long term capital structure or investor perceived risk.	While short - and medium-term impacts remain limited, long-term exposure to increased morbidity and mortality from climate driven health conditions may reduce policyholder liabilities and asset balances as payouts rise and collections slow.	An increase in claims may affect short-term financial performance. Medium - and long-term profitability may be impacted by higher reinsurance premiums and potentially lower investment income if greater liquidity is required to manage fluctuating claims.	Claims payouts are expected to increase across all future horizons, with medium - and long-term periods also experiencing higher reinsurance premium outflows that may exert sustained pressure on operating cash flows.
	Falling interest rates reduce investment income and reinvestment yields, compressing margins and weakening profitability. Pressure increases when liability valuations rise faster than asset returns	Higher surrenders, as policyholders seek better returns elsewhere, create cash outflows and reduce future premium inflows	This risk has minimal impact on the organisation's cost of capital, as short term interest rate fluctuations do not materially affect long term capital structure or investor perceived risk, especially with prudent ALM and diversified investment strategies	Short term solvency may fluctuate due to changes in asset valuations and long term liability values. Over time, reinvestment risk, slower asset growth, and ALM mismatches may increase pressure on solvency and capital adequacy.	Short-term declines in interest rates may reduce investment income. Medium term pricing impacts may lower the Value of New Business (VNB). Over the long term, persistent low yield environments may reduce overall shareholder/ policyholder returns	Short term cash flows may be affected by increased surrenders as policyholders move to higher yield alternatives. In the medium and long term, declining investment income may reduce recurring cash flows.

STRATEGY

Key Climate and Sustainability-Related Risks	Business Model and Value Chain		Strategy and Decision Making		
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts	Impact on Financial Position
CR5 - Challenges in transitioning to low carbon operations	Transitioning to low carbon operations raises operating costs due to limited low carbon infrastructure and technologies, affecting energy use, facilities, and processes. It will require significant future investment in facilities and technology, reshape capital allocation, increase long term expenses, and influence strategic priorities across procurement, facilities, technology, and corporate strategy.	This risk affects the entire organisation, with highest exposure in operations dependent on traditional energy, carbon intensive suppliers, and legacy technology. Facilities, procurement, supply chains, and operational units needing major upgrades are most vulnerable, alongside strategic planning, finance, and investment teams managing transition related costs across the full value chain.	To respond to these transition challenges, the organisation is integrating climate aligned investments and operational changes into its long-term strategy.	To mitigate transition risks, the organisation is investing in efficient, sustainable technologies, promoting low carbon mobility through EV/hybrid loan incentives, expanding solar energy use, and adopting carbon offset strategies. These measures enhance adaptability, lower long term operating costs, and support alignment with national low carbon goals.	There is no current material impact on the organisation's financial position from challenges in transitioning to low carbon operations. Existing asset marginally increased during the year with the purchase of electric vehicle fleet. Liabilities are not significantly affected within the reporting period.

Key Climate and Sustainability-Related Risks	Business Model and Value Chain		Strategy and Decision Making	
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts
CO1 – Build resilience as a Digital-first Insurer	UA's digital investments reduce dependence on branches, streamline processes, and cut paper use. Strengthened digital capabilities ensure uninterrupted service during climate disruptions, enabling seamless onboarding, electronic premium collection, automated claims, and improved customer access regardless of physical constraints.	This opportunity is driven by organisation wide digital enablement rather than being tied to specific assets or facilities. The digitisation will positively impact across the entire value chain.	Customer onboarding; distribution; claims automation; operations will be more digital centric to reduce reliance on physical infrastructure and contact.	Invest in robust digital platforms and remote service capabilities to ensure uninterrupted sales and customer access during climate disruptions.

Financial Position, Financial Performance, and Cash Flows						
	Current Impacts			Anticipated Impacts		
	Impact on Financial Performance	Impact on Cash Flows	Impact on Cost of Capital	Impact on Financial Position	Impact on Financial Performance	Impact on Cash Flows
	There is no significant impact on financial performance, as transition-related costs or operational changes have not yet materially influenced profitability, expenses, or revenue.	The purchase of electric /hybrid vehicle fleet during the year had an impact on the operational outflows.	This risk currently has minimum to no impact on the organisation's cost of capital, as transition risk have not affected capital structure, investor sentiment, or borrowing costs.	No significant effects are expected on the company's financial position across the short, medium, or long term at this stage.	Although there is no immediate impact, medium term exposure to carbon pricing or investments in adaptation efforts may increase operating expenses. Over the long term, broader structural costs may arise if transition expectations accelerate and require significant adaptation.	Over the long term, regulatory requirements may lead to capital expenditure to meet low carbon operational expectations.

	Financial Position, Financial Performance, and Cash Flows				
	Current Impacts and Anticipated Impacts				
	Impact on Financial Position	Impact on Financial Performance	Impact on Cash Flows	Impact on Cost of Capital	Time Horizon
	Investments in software and digital platforms will increase the intangible assets over time in the Company.	Initial digital expenses may cause rise in IT maintenance expenses, third party vendor costs and higher amortisation of intangible assets. However, overtime the greater cost savings will be materialised thus bringing in operational cost savings.	Initial outflow on software investments, IT maintenance expenses.	Having minimum to no impact on the organisation's cost of capital, this would not affect capital structure or borrowing costs.	Immediate to medium

STRATEGY

Key Climate and Sustainability-Related Risks	Business Model and Value Chain		Strategy and Decision Making	
	Current and Anticipated Effects on the Business Model and Value Chain	Where the Risk Is Concentrated in the Business Model and Value Chain	Current and anticipated changes to the Business Model	Current and anticipated mitigation and Adaptation Efforts
CO2- Higher Demand for Life Insurance Driven by Increasing Acute and Chronic Climate Risks	While UA has not yet seen major climate driven shifts in customer behaviour, rising health and mortality risks are expected to increase demand for protection products. This creates growth opportunities in health riders, critical illness cover, and other protection solutions across climate affected regions.	This opportunity is market wide and arises from evolving customer needs rather than any specific facility or physical asset location.	This would require significant changes to the product development, distribution channels, actuarial pricing, and marketing of products.	Develop needs-based products by anticipating evolving customer requirements backed by climate related data in collaboration with local institutions.

Summary of Strategy

	Risk/Opportunity	Impacted Value Chain Stage	Strategy	Adaptation/ Mitigation
Physical Risks	Physical climate risks disrupting branch operations causing impact to new business and premium collection.	2 5 6 8	Strengthen online sales, Clicklife app and call centre capabilities to reduce reliance on physical branches	Adaptation
			Promoting digital platforms for premium collections	Adaptation
	Disaster-Related claim surges.	7	Transfer part of disaster-related risk to reinsurers to protect liquidity	Mitigation
	Chronic climate impacts on health and life expectancy.	1 3 6 7	Increase reinsurance coverage to cap exposure to spikes in claims due to chronic climate-related events	Mitigation
	Climate-linked interest rate volatility.	5	Asset-Liability Management (ALM) and diversifying risks	Mitigation
Transition Risk	Challenges in transitioning to low carbon operations.	6	Investment in technology ◆ Consider the possibility of incentivising loan facilities for EVs/hybrids ◆ Solar powered investments Adaptation of Carbon off-setting strategies	Mitigation
Opportunities	Build resilience as a digital-first insurer.	1 2 4 5 7 8	Invest in robust digital platforms and remote service capabilities	Adaptation
	Increased demand for protection products.	1 3	Develop needs-based products by anticipating evolving customer requirements	Adaptation

1	2	3	4	5	6	7	8
Product design and development	Marketing & selling of insurance products	Underwriting and risk assessment	Policy issuance and customer onboarding	Premium collection and fund management	Maintenance and Support Functions	Claims management & payouts	Customer service & retention
Upstream				Internal Process			Downstream

	Financial Position, Financial Performance, and Cash Flows				
	Current Impacts and Anticipated Impacts				
	Impact on Financial Position	**Impact on Financial Performance**	**Impact on Cash Flows**	**Impact on Cost of Capital**	**Time Horizon**
	In medium to long term, the growth in new business would increase the investment assets of the Company. This will also lead to high liability reserving to manage the future potential outflows from acute and chronic climate risks.	Growth in new business premiums will improve long-term business. Simultaneously the premiums ceded to reinsurers may also rise as a result of higher climate risk transfer.	New business premiums will increase the operating cash inflows of the business. This will also result in cash outflows in the form of payments to reinsurers.	Having minimum to no impact on the organisation's cost of capital, this would not affect capital structure or borrowing costs.	Medium to long

Climate Transition Planning

UA does not currently have a formal climate transition plan in place. However, the company acknowledges that regulatory requirements on greenhouse gas emission reporting and reductions are expected to become increasingly stringent in the years ahead. At the same time, customer expectations for sustainable and environmentally responsible business practices will continue to grow. In response, UA is actively evaluating the development of a structured climate transition plan considering local and international studies/research to guide its future commitments and actions.

Resilience of the Strategy

UA's strategy remains resilient to climate related risks through diversified distribution channels, strengthened digital capabilities, enhanced reinsurance programmes, and robust asset–liability management, all of which reduce exposure to physical disruptions, claims volatility, and financial instability. Although formal climate specific scenario analysis has not yet been conducted, climate related stresses are already incorporated into capital, reserving, and liquidity assessments. UA is evaluating the integration of more explicit climate scenarios into strategic planning and risk assessment to further strengthen long term resilience

RISK MANAGEMENT

Risk Management Structure

UA operates a comprehensive Enterprise Risk Management (ERM) framework that supports structured risk identification, assessment, and mitigation across the organisation. Climate related risks and opportunities deemed material are now formally included in the quarterly Risk Committee agenda and reviewed with the same rigour as operational, financial, and compliance risks. Through a detailed value chain assessment, UA has examined each stage of operations, engaging relevant stakeholders to identify sustainability and climate related risks and opportunities across upstream, operational, and downstream activities.

Refer Business Model on page 22

Integrated ERM Inputs & Value Chain Risk Framework

(a) Process for Climate Related Risks

UA identifies, assesses, prioritises, and monitors sustainability and climate related risks and opportunities through an integrated Enterprise Risk Management Framework (ERMF) applied consistently across the organisation. This framework is aligned with the JKH Group's risk assessment methodology and governance standards.

Refer Risk Management Report on page 226

Inputs and Parameters

Key inputs - Financial & operational data, internal risk registers, industry & market trends, regulatory & compliance updates, stakeholder feedback and sustainability performance metrics.

ERM Headline Risk Categories

- External environment
- Business strategy and policies
- Business Processes
- Organisation & people
- Analysis and reporting
- Technology and data
- Sustainability and CSR

The Company's headline risk categories form the basis for identifying, assessing, and managing risks across the organisation.

Key Data Inputs Supporting Risk Assessment

- Financial and operational data
- Risk registers & asset-level assessments
- Market & industry trends
- Regulatory & compliance updates
- Stakeholder feedback
- Sustainability metrics

The Committee considers key inputs as the foundation for identifying the principal risks faced by the Company.

Value Chain Climate Risk Assessment (ESG Committee)

Upstream > Operational > Downstream

(Evaluation of Physical + Transition risks)

The Sustainability/ESG Management Committee conducted assessments across each stage of the value chain, working with relevant stakeholders to evaluate how physical and transition risks impact upstream, operational, and downstream activities.

Governance & Oversight

Dedicated team ensures climate/ sustainability risks are fully integrated across ERM processes

These risk areas are overseen by a dedicated team with regular updates to the Board, ensuring that sustainability and climate related risks are consistently reviewed and fully integrated into the broader risk management process.

(i) Climate – Related Scenario Analysis

UA does not currently carryout climate-related scenario analysis to inform the identification of climate-related risks. However, the company recognises the importance of such tools in strengthening its risk management framework and is actively evaluating the adoption of scenario analysis methodologies.

(ii) Nature, Likelihood and Magnitude

UA evaluates climate related risks using a structured qualitative risk assessment methodology.

- Nature of each risk is defined through detailed descriptions that link the event to specific operational exposures and non financial dependencies.
- Likelihood is assessed using a scoring scale aligned with the ERM framework and informed by expert judgement, historical incidents, climate considerations, and the effectiveness of existing controls.
- Magnitude is estimated qualitatively, considering potential impacts on financial performance, financial position, and cash flows across short-, medium-, and long term horizons, as well as the degree of controllability UA has over each risk.

A net risk rating is then calculated by combining likelihood and impact scores, enabling comparability and effective prioritisation across the enterprise risk framework.

(iii) Prioritisation of Climate – Related Risks

The ESG Management Committee convened on three occasions during the year and used the value chain mapping process to identify climate related risks and opportunities at each stage of the business value chain.

- Acute physical risks are prioritised due to their potential to cause service delays, physical damage to assets, spikes in health claims and lapses.
- Chronic climate-related risks are prioritised considering their impact on health and life expectancy of customers, causing increase in claims.

- Transitional risks are prioritised considering the impact on environmental footprint and brand reputation.

(iv) Monitoring Climate – Related Risks

UA monitors climate related risks through continuous tracking of key operational, regulatory, and environmental indicators. This includes regular reviews of energy consumption, emissions, resource efficiency, and market or stakeholder expectations related to sustainability. These insights are reported through established governance structures with oversight from the BACC and the ESG Management Committee. While current monitoring focuses on operational and compliance based metrics, UA is strengthening its approach by developing forward looking tools, such as scenario analysis and climate impact assessments to enhance its ability to anticipate and respond to emerging climate related risks.

(v) Changes in processes

Continuing with the previous reporting period, the entity has maintained the core processes it uses to identify, assess, prioritise, and manage climate related risks and opportunities. The existing Enterprise Risk Management (ERM) framework continues to provide the foundation for risk identification and assessment activities across the company.

Although the core processes remain unchanged, the company has strengthened several aspects of its climate related risk and opportunity approach to improve governance and alignment with emerging sustainability standards. Key enhancements include:

- Strengthened governance structures, including formal oversight by the Board and BACC and deeper integration driven by the ESG Management Committee.
- Improved value chain mapping, enabling a more detailed assessment of climate related physical, transition, and opportunity related impacts across business activities.
- Integration of climate related opportunities into business planning
- Determining appropriate time horizons for climate related risk assessment.
- Scanning the regulatory horizon to anticipate changes in legislation, regulations, standards, and frameworks.

(b) Processes for Climate- Related Opportunities

The company used the same processes that apply to climate related risks to identify climate related opportunities, ensuring consistency and alignment across the framework.

Potential opportunities are identified through;

- monitoring market developments
- regulatory changes

It is then assessed for viability and commercial potential by the ESG Management Committee and BACC, with consideration given to any new risks they may introduce. Relevant opportunities are to be incorporated into the Company's strategy and embedded into the broader five-year business plan.

These include opportunities in sustainable finance and investment, relevant to insurance risk profiles, and renewable energy transition projects that lower operational emissions.

(c) Integration into Overall Risk Management

UA is in the early stages of its SLFRS S1 and S2 reporting journey. As its risk management processes continue to mature, UA expects to undertake more detailed assessments of climate related risks and opportunities and to strengthen their integration into strategic decision making.



Way Forward

In future reporting periods, UA plans to enhance the depth and transparency of its climate related disclosures by providing more detailed analysis of consolidated climate risks and opportunities, including their potential financial impacts and the specific value chain stages most exposed to climate related effects.

UA also intends to progressively strengthen the integration of sustainability related risks and opportunities within the Enterprise Risk Management Framework (ERMF), while updating risk policies and tolerance statements as necessary, ensuring deeper alignment with evolving sustainability standards and improved incorporation into strategic decision making processes.

METRICS AND TARGETS

GHG Emissions

Measurement Approach

Scope 1

UA measures Scope 1 greenhouse gas (GHG) emissions based on direct emissions arising from sources owned or controlled by the company. The methodology includes tracking generator and vehicle fuel consumption across operations, which represent the primary contributors within the organisational boundary.

Scope 2

UA calculates Scope 2 GHG emissions based on electricity consumption across all operational locations applying the location-based method to quantify indirect emissions from purchased electricity.

Scope 3

UA measured Scope 3 emissions using activity data related to assets not owned or controlled by the organisation,but indirectly consumes in the value chain. During the year, UA has adopted a selective scope 3 disclosure under the permitted transition reliefs covering categories 3, 5, 6 and 7 of the Greenhouse Gas Protocol. These categories were prioritised based on Industry relevance and data availability. Looking ahead, UA will monitor all material scope 3 categories, including Category 15 (Investments), and Purchased Goods and Services (Category 1) and Capital Goods (Category 2) as applicable to life insurance operations of UA.

Inputs

- **Scope 1:** Generator and vehicle fuel consumption
- **Scope 2:** Electricity consumption
- **Scope 3:** Waste disposal volumes, water usage, business travel (local and foreign), employee commuting patterns

[1] We have partially disclosed scope 3 emissions. Categories considered are electricity consumption, employee commuting, business travel, waste disposal volumes and water consumption.

Carbon footprint by Scope and category (tCO2e)		
Scope of GHG emissions	**2025**	**2024**
Scope 1 [SLFRS S2.29(a)(i)(1)]	66.34	53.30
Scope 2 (location-based) [SLFRS S2.29(a)(i)(2)]	830.91	744.37
Scope 3[1] [SLFRS S2.29(a)(i)(3)]	961.47	842.03
Total GHG emissions	1,858.72	1,639.70

Assumptions

UA uses reasonable and supportable assumptions related to fuel-use conversion factors, grid emission factors, waste emission factors and estimated commuting distances where direct measurements are unavailable.

Reasoning for the Selected Measurement Approach, Inputs & Assumptions

The chosen assumptions and inputs capture UA's most material emission sources and support reliable quantification based on available operational data.

Metrics

Risk Type	Amount / Percentage of Assets or Activities	Capital Deployment
Transition Risk	GHG Emissions from Scope 1,2,3	-
Physical Risk	Claims paid under the specific risk category as a proportion of the total claims (Net of reinsurance)	-
Physical Risk-Chronic	Absolute gross financed emissions FN-IN-410c.1 Gross exposure for each industry by asset class. FN-IN-410c.2 Percentage of gross exposure included in the financed emissions FN-IN-410c.3 Description of the methodology used to calculate financed emissions FN-IN-410c.4	-

UA continues to evaluate climate related risks and anticipates enhancing quantitative disclosures as more comprehensive datasets become available.

Internal Carbon Pricing

- **Application of Carbon Pricing in Decision Making:** As of 2025, UA has not implemented an internal carbon pricing mechanism and does not apply a carbon price in decision making, investment evaluation, or scenario analysis.
- **Price per Metric Ton of GHG Emissions:** Not applicable, as UA has not yet been implemented an internal carbon pricing mechanism.

Remuneration

How Climate Related Considerations Are Factored:

UA has not yet integrated ESG or climate related key performance indicators (KPIs) into executive performance evaluation or remuneration frameworks. However, UA will consider the potential of incorporating such KPIs into future remuneration structures.

Climate Linked Executive Remuneration (%):

Not currently linked to climate related considerations. Future integration will be evaluated as part of broader ESG governance enhancements.

Targets

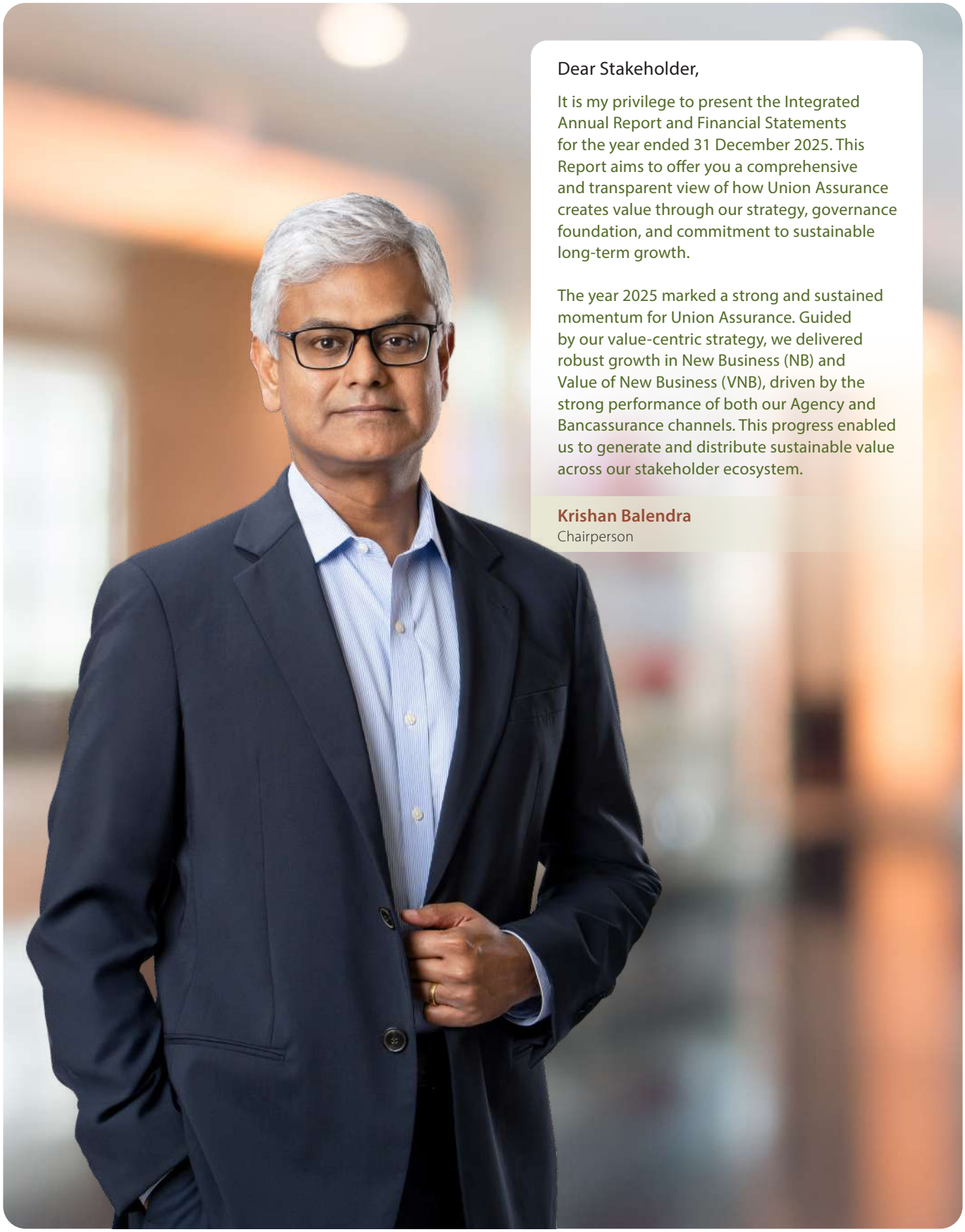
As data availability, systems and internal capabilities mature, UA intends to progressively expand its climate related metrics and introduce science aligned targets consistent with John Keells Group objectives, thereby supporting a more resilient and sustainable operating model.



THE MOST RESPONSIBLE

In the year under review, Union Assurance remained the most responsible in the execution of our strategic priorities. Every initiative we pursued, decision we made, and step we took was guided by careful reflection, disciplined governance, and consistent efforts to safeguard the long term interests of our customers, shareholders, and stakeholders. Our responsibility is not only in the actions we take, but in the thoughtful choices that shape our journey ahead.

CHAIRPERSON'S MESSAGE



Dear Stakeholder,

It is my privilege to present the Integrated Annual Report and Financial Statements for the year ended 31 December 2025. This Report aims to offer you a comprehensive and transparent view of how Union Assurance creates value through our strategy, governance foundation, and commitment to sustainable long-term growth.

The year 2025 marked a strong and sustained momentum for Union Assurance. Guided by our value-centric strategy, we delivered robust growth in New Business (NB) and Value of New Business (VNB), driven by the strong performance of both our Agency and Bancassurance channels. This progress enabled us to generate and distribute sustainable value across our stakeholder ecosystem.

Krishan Balendra
Chairperson

Our overarching strategic focus remains on delivering sustainable earnings supported by disciplined risk management and operational efficiency, ensuring stable and consistent profitability in the years ahead, with reduced volatility and enhanced value creation for stakeholders.

Economic & Industry Landscape

The Sri Lankan economy, maintained stability throughout 2025, supported by ongoing fiscal reforms, debt restructuring initiatives, and the continuation of the IMF-backed stabilisation programme. Encouraging improvements in macroeconomic indicators, including moderating inflation and strengthened external balances, restored confidence and positioned the country on a renewed path of economic expansion. These developments contributed to a more favourable environment for the financial services industry.

For the insurance sector, growth was underpinned by persistent low penetration levels, rising public awareness, product innovation and growth in Bancassurance led insurance distribution. Collectively, these factors strengthened demand and reach across key market segments.

During the year, the Central Bank maintained its policy rates in line with stable inflation trends. While the reduction in interest rates supported broader economic activity, it presented challenges to sustain higher investment returns.

Business Performance & Strategic Progress

Despite operating within a dynamic and evolving environment, Union Assurance delivered strong and resilient results in 2025. Disciplined execution of our strategic priorities together with premium growth, improvements in new business margins, distribution excellence, prudent investment management, and a robust capital posture continued to strengthen the Company's long-term value creation capacity.

Gross Written Premiums grew by 19%, supported by a 27% increase in First Year Premiums, reflecting strong traction in our core Life Insurance business. Our diversified product portfolio and strengthened distribution strategies reinforced our competitive market position. The Agency Channel remained focused on expanding reach, enhancing quality of distribution and driving premium persistency, ensuring stable and recurring new business premiums.

A key milestone of the year was the establishment of an exclusive bancassurance partnership with Sampath Bank PLC, a leading private commercial bank in Sri Lanka. This agreement strengthens our position within the bancassurance sector and is expected to significantly broaden our customer base while driving sustained growth in GWP over the medium to long term.

Moreover, the Company recorded a Life Insurance surplus of Rs. 3.4 Bn, an increase from Rs. 3.0 Bn in the previous year. This growth was driven by strong premium inflow, improved new business margins, disciplined cost management, and prudent risk selection.

In September 2025, Union Assurance divested its 22% stake in Fairfirst Insurance Limited, aligning with our long-term strategic focus on value-centric growth in Life Insurance. While this divestment resulted in a one-off impact on Profit Before Tax for the year, our continued investments in strengthening core business fundamentals and expanding distribution channels significantly enhance our ability to generate sustainable long term value. The divestment of our associate shareholding also reinforced our Capital Adequacy Ratio supporting the Company's long-term financial resilience.

Strategic investments in exclusive bancassurance partnerships, though moderating investment income in the short term, provide a robust platform for expanding our reach and distribution architecture over the medium to long term. As these partnerships mature, they are expected to significantly enhance market penetration and further strengthen our ability to create sustained long term value.

Our overarching strategic focus remains on delivering sustainable earnings supported by disciplined risk management and operational efficiency, ensuring stable and consistent profitability in the years ahead, with reduced volatility and enhanced value creation for stakeholders.

The Life Fund, backed by a high quality asset base, grew by 20% to Rs. 92.8 Bn, while we maintained a Capital Adequacy Ratio (CAR) of 215% as at 31 December 2025, well above the regulatory minimum of 120%. This reflects our solid solvency position and ability to support future growth.

Empowering Our People

Our people continue to be the driving force behind everything we achieve as an organisation. In 2025, we strengthened this foundation by launching our new Employee Value Proposition (EVP), "Grow Beyond Limits." This initiative is designed to cultivate a dynamic, future-ready workforce and reinforce an empowering, purpose-led organisational culture. Our ability to attract, develop, and retain exceptional talent has long been one of our greatest strengths. As we move forward, this commitment will remain a key differentiator for Union Assurance.

Governance & Ethical Stewardship

I am pleased to report that there were no violations of the Company's Code of Conduct or the Code of Business Conduct and Ethics, as outlined under the Code of Best Practice on Corporate Governance

CHAIRPERSON'S MESSAGE

We continued to advance our long term sustainability agenda, reinforcing the importance of responsible operational management and aligning our efforts with the evolving expectations of both local and global stakeholders.

27%
Growth in First Year Premium

Rs. 3.4 Bn
Surplus from Life Insurance Fund
(2024: Rs. 3.0 Bn)

Rs. 92.8 Bn
Life Fund
(2024: Rs. 77.5 Bn)

2023 jointly issued by CA Sri Lanka and the Securities Exchange Commission of Sri Lanka. We remain steadfast in our commitment to the highest standards of ethical behaviour, legal compliance, and maintaining a safe, inclusive, and harassment-free workplace. These principles continue to underpin our culture and reinforce stakeholder confidence.

Reflecting our commitment to transparency, regulatory alignment, and responsible long-term value creation, we further strengthened our governance and risk management frameworks during the year. Key progress areas included advancing alignment with SLFRS 17, enhancing compliance with the Personal Data Protection Act, establishing robust governance structures for SLFRS S1 and S2, and further strengthening AML/CFT/CPF processes. Collectively, these efforts demonstrate our dedication to sound governance, sustainable business integrity, and long-term stakeholder trust.

Sustainability & Responsible Growth

This Report outlines Union Assurance's sustainability performance in accordance with the Global Reporting Initiative (GRI) Standards, reflecting our integrated and holistic approach to sustainable business practices. In 2025, we continued to advance our long term sustainability agenda, reinforcing the importance of responsible operational management and aligning our efforts with the evolving expectations of both local and global stakeholders.

During the year, we further strengthened our governance framework to support the implementation of SLFRS S1 and S2, ensuring high-quality, consistent, and transparent sustainability disclosures. These initiatives are closely aligned with the broader sustainability direction of the John Keells Group, enabling a unified and accountable approach to ESG governance across the organisation.

As operations expanded and new branches were established, Union Assurance's environmental footprint increased in 2025, with corresponding rise in carbon emissions, energy consumption, and water withdrawal. We continued to advance our efforts to enhance resource efficiency, accelerate sustainable practices, and integrate environmental responsibility into our long term strategy.

Community Impact & Social Responsibility

Our commitment to social responsibility remained a defining pillar of our identity during the year. Our flagship initiatives namely, the 'Suwamaga' programme and the 'Diabeater' movement, continued to advance national well-being, expanding their reach and deepening their impact across the country. We also strengthened our engagement on global platforms, reflecting the growing recognition of our contributions to public health and community upliftment.

In times of national adversity, we stood alongside the communities we serve, offering meaningful support toward relief and rebuilding efforts. These actions reaffirm our unwavering dedication to being a responsible corporate citizen, one that responds with compassion, acts with integrity, and remains steadfast in its duty to the nation.

Delivering Value to Policyholders

In 2025, we continued to enhance value for our policyholders through our comprehensive product portfolio and digitally enabled service platforms. The Company declared a competitive Universal Life policyholder dividend, outperforming market rates.

Delivering Value to Shareholders

Driven by our commitment to delivering consistent returns to our shareholders, the Board declared a first and final dividend of Rs. 5.00 per share, amounting to a total payout of Rs. 2,946 Bn, payable in March 2026. Our dividend policy remains firmly aligned with profit growth, prudent capital management, and the need to fund strategic investments that support sustainable long-term expansion.

Board Transitions & Governance Enhancements

During the year, the Board saw important transitions in its composition, reflecting our commitment to strong governance and continued leadership strength. Having served 14 years on the Union Assurance Board, Mr. S. Rajendra, Non-Executive Director, retired from the Board effective 31 December 2025. On behalf of the Board, I extend our sincere appreciation for his invaluable contribution and steadfast guidance throughout his tenure.

We were also pleased to welcome Ms. C. M. L. Dias Bandaranaike as an Independent, Non-Executive Director, effective 28 April 2025 and Mr. S. A. J. S. W. Jayatilake, the Chief Executive Officer of Union Assurance PLC, as an Executive Director, effective 23 February 2026. Their extensive experience and insights will add significant value to the Board and to the Company's future direction.

Future Outlook & Strategic Direction

As we look toward 2026 and beyond, we do so with confidence and clarity, supported by a more stable macroeconomic environment and strong strategic foundations within the Company. Sri Lanka is expected to maintain a stable growth trajectory, underpinned by ongoing structural reforms and continued alignment with the IMF programme, thereby reinforcing investor confidence and supporting broader economic recovery.

Our strategic direction remains focused on creating sustainable value for all stakeholders. The Agency Channel will continue to elevate quality standards, enable reach through our islandwide branch presence and enhance productivity, while Bancassurance, our key engine of growth will leverage existing partnerships and pursue new avenues to broaden market reach. Our ongoing investments in digital transformation will further enhance service excellence, deepen customer engagement, and enable the Company to fully leverage advancements in national digital infrastructure.

Sustainability will remain integral to our long-term agenda, guided by the JKH Group's broader ESG aspirations and our commitment to responsible, future-ready business practices. These priorities position us to deliver resilient, long-term growth while continuing to create meaningful value across our stakeholder ecosystem.

Appreciation

In closing, I express my deep appreciation to the Board of Directors for their strategic direction, insightful counsel, and commitment to strong governance, all of which have been instrumental in steering the Company forward.

I am grateful to all our stakeholders, including customers, shareholders and business partners for their continued trust, collaboration, and loyalty. Your confidence in us empowers Union Assurance to grow, innovate, and serve the nation with purpose.

I also extend my sincere gratitude to the Chairman, Director General, and the team at the Insurance Regulatory Commission of Sri Lanka for their steadfast guidance and support throughout the year.

To the team of Union Assurance, I offer my heartfelt appreciation. Your dedication, resilience, and unwavering commitment have been the driving force behind our achievements in 2025.

Together, we remain committed to building a stronger, more resilient, and future ready organisation that continues to create meaningful value for all.



Krishan Balendra
Chairperson

27 February 2026

CHIEF EXECUTIVE OFFICER'S REVIEW



Union Assurance closed 2025 with exceptional results, strengthened by strategic decisions that enhanced our financial resilience and positioned the Company for sustained long term growth. In a year shaped by stability and evolving market conditions, we introduced several industry-first innovations and deepened our focus on stakeholder value. Our investments in expanding distribution channels, advanced digital capabilities, combined with our purpose "Protecting what matters most" continued to elevate the life insurance experience for our customers and reinforce our standing as one of Sri Lanka's most trusted brands.

Senath Jayatilake
Executive Director / Chief Executive Officer

Operating Environment

Sri Lanka's economy continued its recovery in 2025, supported by improving macroeconomic fundamentals and lower interest rates that stimulated consumer spending and sector-wide activity. Structural reforms and renewed investor confidence strengthened medium term stability, while inflation stabilised toward the end of the year. Equity markets performed robustly, reflecting improved sentiment and declining interest rates.

Cyclone Ditwah, which struck in late November 2025, caused widespread national damage, one of the most severe disasters in recent decades. While it affected several of our branch locations and temporarily disrupted services, the overall operational impact remained limited, and resulting financial impact from claims was minimal. Importantly, key economic institutions reaffirmed that the storm's broader macroeconomic impact would remain moderate, with GDP growth projections for 2026 largely unchanged.

The economic momentum drove increased demand for long term financial protection, enabling us to deliver 21% Regular Gross Written Premium (GWP) growth. At the same time, higher direct and indirect taxes placed pressure on disposable income, constraining the industry's full growth potential. Insurance penetration remains low at 0.6%, with fewer than one fifth of Sri Lankans holding a life insurance policy underscoring the significant untapped opportunity that lies ahead.

Value Centric Growth

In line with our value centric strategy, we continued shifting from singular volume-led growth to sustainable holistic long-term value creation. This disciplined approach delivered strong operational improvements across the business and increased value for policyholders, shareholders, distributors, and employees.

GWP reached Rs. 25.8 Bn, a 19% increase, driven by a 27% increase in new business premiums and a 17% growth in renewal premiums. Reflecting our deliberate shift away from shorter-term income streams, corporate and single-premium business declined by 9%.

Net investment income grew 5% to Rs. 12.4 Bn, supported by favourable equity market conditions and strategic asset allocation despite a persistent low-interest-rate environment. Net claims and benefits rose 17% to Rs. 7.8 Bn, reflecting higher maturities and surrender activity, while acquisition and underwriting expenses increased 23%, influenced by GWP growth and the one off cost associated with the strategic investment in an exclusive Bancassurance partnership.

Despite these pressures, disciplined cost management enabled us to maintain a stable cost ratio relative to 2024. Recurrent business profits rose 13%, reaching Rs. 3.4 Bn, reaffirming the success of our value centric strategy. Following the divestment of our 22% stake in Fairfirst Insurance Limited and drop in investment income due to strategic investments in an exclusive Bancassurance partnership, Profit Before Tax remained stable at Rs. 5.2 Bn.

Assets Under Management (AUM) surpassed Rs. 100 Bn, growing 13% to Rs. 108.3 Bn by year end, supported by strong inflows and mark-to-market gains. The Life Fund grew by 20% to Rs. 92.8 Bn, while policyholder confidence was strengthened through a competitive Universal Life dividend, which outperformed the market. Our capital position remained robust with a 215% Capital Adequacy Ratio (CAR), well above regulatory requirements.

Foundation for Future Growth

Year 2025 was pivotal in laying the groundwork for long-term expansion. Our exclusive partnership with Sampath Bank PLC marked a major strategic milestone, culminating in Sri Lanka's first core banking–integrated Bancassurance model, a breakthrough that sets a new industry benchmark in digital integration and operational excellence.

Our 3,000+ strong distribution team continued to protect over 340,000 Sri Lankans, delivering outstanding performance throughout the year. Union Assurance earned multiple recognitions at the 6th Indian Chamber Emerging Asia Conclave and Awards 2025, as joint winner of 'Best Life Insurance Company of the Year' for the second consecutive year, also recognised as joint winner for 'Best Strategies for Insurance Coverage for the Year' and 'Women in Insurance Leadership'. With 222 MDRT qualifiers, we remain a leader in developing world-class sales professionals in Sri Lanka.

The Agency Channel, contributing over 70% of GWP, strengthened its market presence through strategic recruitment and the opening of five new branches. Performance improvements across case size, non-monthly acquisition, and persistency translated into double-digit ANBP growth.

To reinforce our advisors' financial security and well-being, we introduced the industry's first Advisor welfare scheme, providing meaningful support to our advisor community and their families.

> **Our exclusive partnership with Sampath Bank PLC marked a major strategic milestone, culminating in Sri Lanka's first core banking–integrated Bancassurance model, a breakthrough that sets a new industry benchmark in digital integration and operational excellence.**

Rs. 25,750 Mn
GWP
(2024 - Rs. 21,647 Mn)

Rs. 12,351 Mn
Net Investment Income
(2024 - Rs. 11,757 Mn)

Rs. 108.3 Bn
Asset Under Management
(2024 - Rs. 95.6 Bn)

CHIEF EXECUTIVE OFFICER'S REVIEW

With a stable macroeconomic outlook, strategic expansions in our distribution architecture and a strong strategic foundation, we are well positioned to continue to deliver unparallel value to our shareholders, policyholders, distributors and employees.

The Bancassurance channel delivered exceptional growth, with an 80% increase in new business premiums, supported by exclusive partnerships with Sampath Bank, NTB, and Union Bank. Enhancements in case size, persistency, and productivity underscored the effectiveness of our Bancassurance strategy.

Advancing Our Digital Journey

Customer-centric digital transformation remained central to our strategy in 2025. We accelerated several industry-first initiatives that strengthened service excellence, operational efficiency, and distributor empowerment.

A key achievement was launching Sri Lanka's first core banking integration, enabling automated lead generation, real-time proposal flows, performance dashboards, and end-to-end visibility. This digital model significantly enhanced speed, transparency, and governance across the Bancassurance value chain.

We also introduced Sri Lanka's first fully digital Agent Life Cycle Management system, reducing onboarding time from four days to 15–20 minutes and digitising over 3,000 advisor code issuances annually. Real-time exam verification and digitised service requests streamlined advisor support and reduced processing times from days to minutes.

To elevate customer well-being, we became the first Sri Lankan insurer to integrate digital health services into a life insurance mobile app through Clicklife, offering free medical consultations via our partnership with Flash Health.

Reinforcing our commitment to data security, Union Assurance became the first life insurer in Sri Lanka to achieve ISO/IEC 27001:2022 certification.

Product and Brand Differentiation

We were recognised among the 100 Most Valuable Brands 2025 and ranked within Sri Lanka's Top 50 Most Valuable Brands, reflecting strong brand equity and future value potential.

Our campaign "Exit Insurance. Enter Progress." won Gold at the Dragons of Sri Lanka 2025, demonstrating our commitment to bold storytelling and meaningful engagement.

We also launched Union Assurance FlexLife, a highly personalised, flexible life insurance solution designed to meet evolving consumer lifestyles and financial aspirations, representing a major milestone in our product innovation roadmap.

Sustainability and ESG Ambitions

In 2025, we commenced reporting under SLFRS S1 and S2, strengthening transparency in climate-related disclosures. Our efforts remained aligned with the broader ESG direction of the John Keells Group, reinforcing our long-term commitment to responsible business.

Key environmental initiatives included transitioning our entire vehicle fleet to electric and hybrid models and commencing the installation of solar photovoltaic systems at one of our facilities to support renewable energy generation.

Commitment to Our Communities

Our flagship CSR initiative, Suwamaga, continued its nationwide impact, advancing into its third phase with the "Diabeater" movement. Through 263 screening camps across all 25 districts, we provided free diabetes screenings to over 23,000 individuals, identifying 30% as previously undiagnosed diabetics.

We also supported Cyclone Ditwah relief efforts in partnership with John Keells Holdings PLC and extended flood relief support to affected communities and our own agents and their families.

Looking Ahead

With a stable macroeconomic outlook, strategic expansions in our distribution architecture and a strong strategic foundation, we are well positioned to continue to deliver unparallel value to our shareholders, policyholders, distributors and employees. The strong growth platform of the Company is further amplified by the significant long term growth potential of Sri Lanka's under penetrated life insurance industry, driven by rising awareness, evolving consumer needs, and continued innovation.

Our investments in digital transformation have also advanced our readiness for SLFRS 17, ensuring full compliance by 2026 and strengthening the Company's future financial reporting and resilience.

We remain committed to becoming a fully digital, customer centric insurer, delivering value, trust, and protection to every Sri Lankan we serve.

Appreciation

In closing, I extend my sincere appreciation to all our employees for their outstanding performance and unwavering dedication. My gratitude also goes to our customers, partners, intermediaries, stakeholders, and the Regulator for their continued trust and support. Your confidence remains central to our success.

We look forward to building on this momentum and achieving even greater progress in 2026 and beyond.



Senath Jayatilake
Executive Director /
Chief Executive Officer

27 February 2026



THE MOST PASSIONATE

Union Assurance is driven by the most passionate team who make it their mission to ensure that the Company remains at the forefront of the industry. Their dedication, expertise, and relentless commitment guide our entire operation with one purpose in mind: to provide the most meaningful and impactful protection to Sri Lankans across the island.

OPERATING ENVIRONMENT

In 2025, the life insurance industry continued its steady growth trajectory. Gross Written Premium (GWP) increased by 24%, reaching Rs. 227 Bn in 2025, up from Rs. 183 Bn in the corresponding period last year.

The Insurance Industry of Sri Lanka

The sector comprised 29 insurance companies at the end of Q4 of 2025, including 15 operating in the life insurance segment.

A closer look at prevailing market dynamics shows that the life insurance sector is experiencing strong and encouraging progress momentum that highlights the industry's increasing stability and potential for long-term expansion. This positive movement reflects a combination of rising consumer interest, gradual economic recovery, and a growing emphasis on financial protection solutions across the population. Together, these factors are helping shape a more mature and forward-looking insurance landscape in Sri Lanka.

Emerging trends within the sector, such as the steady shift toward protection-led products, greater digital engagement, and enhanced customer service expectations continue to support broader growth ambitions. These developments offer a solid foundation for further innovation, improved operational resilience, and the introduction of more customer-centric solutions that meet evolving market needs. Regulatory reforms, demographic changes, and technological advancements are redefining the competitive landscape, prompting insurers to reassess product portfolios, strengthen distribution strategies, and enhance risk management frameworks. These external dynamics provide important guidance for future planning and decision-making.

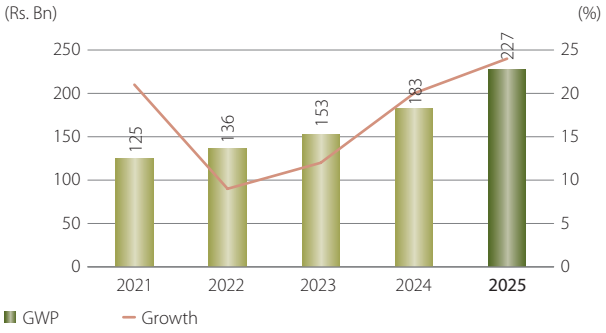
15 Life insurance companies

1 Composite insurance company

13 General insurance companies



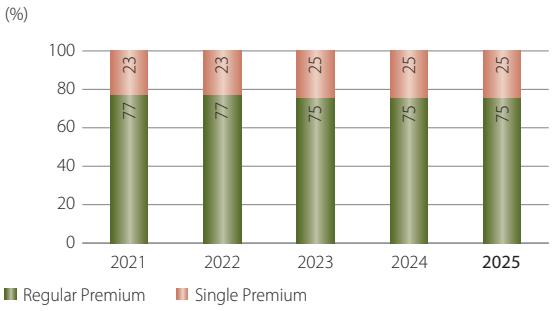
Gross Written Premium (GWP)



(Source: Insurance Association of Sri Lanka)

In 2025, the life insurance industry GWP increased by 24%, reaching Rs. 227 Bn, up from Rs. 183 Bn in 2024. Overall, the sector's upward trajectory with respect to the steady year-on-year growth rates brings both clarity and confidence as the industry looks ahead. With supportive market conditions, ongoing modernisation efforts, and a more informed customer base, the life insurance sector is well-positioned to sustain momentum and advance toward greater stability, and long-term value creation.

Revenue Composition



Regular Premium: *First year premium and Renewal premium*
Single Premium: *Corporate and Single premium*

Life insurance industry continues to demonstrate a stable premium composition, with 75% of total premiums generated from regular premium policies and the remaining 25% from single premium products. This ratio has remained largely unchanged over the years, reflecting the sector's consistent business model. Regular premium business forms the backbone of long-term sustainability for life insurers. It creates a steady and predictable inflow of revenue, support persistency objectives, deliver higher profitability and strengthen the long-term liability profile of insurers. In contrast, single premium products, while contributing to short-term volume growth, do not offer the same long-term financial resilience.

Navigating the Macro Landscape

PESTEL Analysis

Positive Impact to UA Negative impact to UA

P Political

Sri Lanka's political environment continues to be shaped by evolving governance priorities, which influence business decision-making. The government has advanced a series of IMF supported reforms aimed at strengthening fiscal stability, improving governance structures, and enhancing investor confidence. Key initiatives including debt restructuring measures, enhanced revenue generation efforts, and streamlined tax reforms are expected to support long-term macroeconomic recovery.

At the same time, regional geopolitical tensions present an additional layer of complexity. Disruptions affecting global shipping lanes and trade routes have heightened uncertainties for Sri Lanka's trade dependent economy. Sustaining investor confidence and accelerating long-term development will hinge on maintaining political stability, ensuring policy consistency, and effectively executing ongoing structural reforms.

E Economic

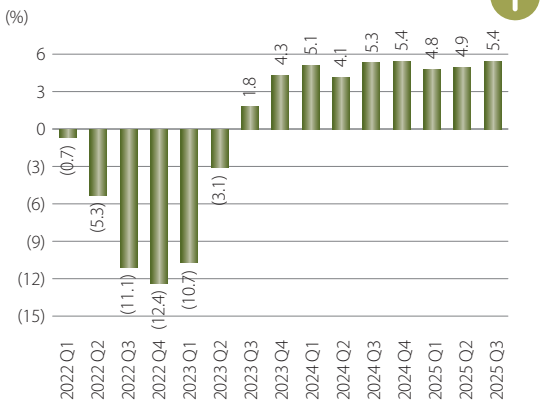
Sri Lanka's Macroeconomic Factors

GDP Growth

Economic activity in Sri Lanka continued to strengthen in the third quarter of 2025, with real GDP expanding by 5.4%, slightly above the 5.3% growth recorded in Q3 2024. All major sectors contributed positively to this momentum, with industries growing by 8.1%, services by 3.5%, and agriculture by 3.6%. On a cumulative basis, the economy posted 5.0% growth during the first nine months of 2025, signalling a sustained recovery supported by the ongoing reform programme.

The services sector remained the primary driver of economic expansion, supported by the steady revival of tourism, the continued growth of financial services, and increasing activity in IT enabled services. This broad based performance reflects strengthening domestic demand, renewed investor confidence, and the favourable impact of structural reforms aimed at stabilising the macroeconomic environment and fostering sustainable long term development.

GDP Growth



Source: Department of Census and Statistics

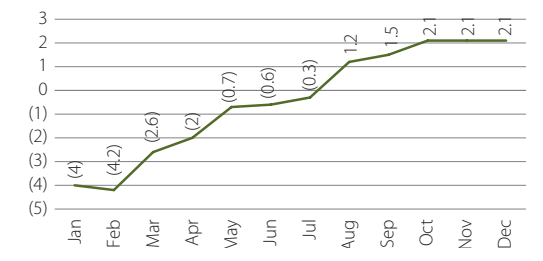
Impact on Us

Robust economic activity and rising disposable income levels stimulate greater demand for life insurance solutions. This environment supports the introduction of competitive and innovative product offerings, boosts policyholder confidence, and strengthens long term persistency. Collectively, these factors contribute to the Company's sustained business growth and reinforce its strategic positioning in an improving economic landscape.

Inflation

Headline inflation, based on the Colombo Consumer Price Index (CCPI, 2021 = 100), remained steady at 2.1% year-on-year in December 2025. This stability was largely driven by a favourable base effect, despite a noticeable month on month increase in prices stemming from the impact of Cyclone Ditwah.

Inflation - CCPI 2025



Source: The Central Bank of Sri Lanka

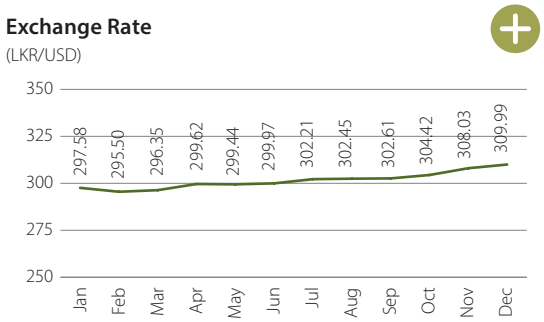
OPERATING ENVIRONMENT

Impact on Us

The continued moderation of inflation has strengthened consumer purchasing power, creating a more favourable environment for new insurance policy acquisitions and improved policy renewal rates.

Exchange Rate

The exchange rate remained relatively stable throughout the year, with a modest depreciation of 5.6% against the USD, closing at Rs. 309.99 by end of December 2025. This relative stability indicates reduced volatility in foreign exchange markets and supports the smooth functioning of trade flows.



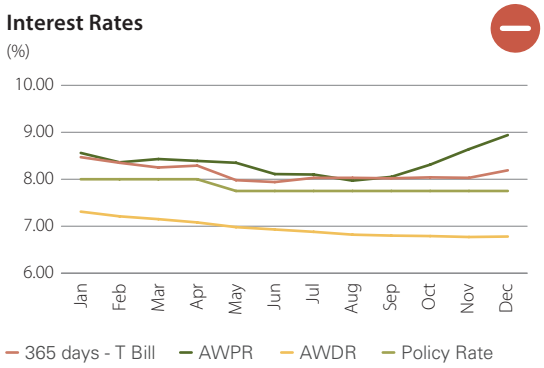
Source: The Central Bank of Sri Lanka

Impact on Us

This stability positions the Company favourably in managing foreign payment settlements, as it reduces volatility related risks and minimises the impact of exchange rate losses.

Interest Rates

During 2025, Sri Lanka's interest rate environment remained broadly accommodative, with Treasury bill yields and policy rates easing through most of the year in line with improving macroeconomic conditions. AWDR continued its gradual decline, reflecting abundant liquidity in the banking system, while AWPR experienced some volatility and increased towards the latter part of the year amid shifting credit dynamics. The sustained low interest rate conditions during most of the year provided a favourable backdrop for businesses, helping to lower financing costs, support capital investment, and strengthen overall operating stability.



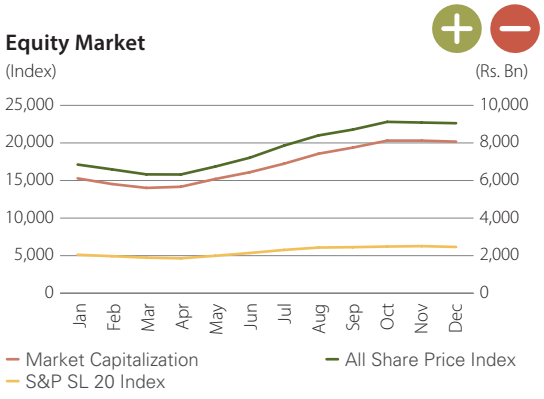
Source: The Central Bank of Sri Lanka

Impact on Us

The downward trend in short-term interest rates has resulted in lower reinvestment returns, as maturing assets are redeployed at reduced yields. Additionally, the decline in discount rates has increased the present value of future policyholder obligations, leading to higher liability reserving requirements for the Company.

Equity Market

By end-December 2025, the All-Share Price Index (ASPI) had surged by 42% year-to-date, closing at 22,624 points and delivering robust equity-market gains. This exceptional performance reflects renewed investor confidence driven by improving macroeconomic stability and declining interest rates. Strengthening market sentiment also points to potential medium-term capital appreciation, encouraging strategic allocations toward equities while maintaining prudent risk-management practices.



Source: Colombo Stock Exchange

Impact on Us

The strong performance of the equity market enhances the Company's ability to generate improved investment returns, supported by maintaining meaningful equity exposures within its long-term asset-allocation strategy, aligned with future policyholder obligations. As a result, favourable market movements contribute to higher realised/unrealised gains and reinforce overall profitability. The Company's exposure to equity markets is managed prudently, given the higher capital charges and potential solvency volatility associated with equity-linked investments under the risk-based capital framework.

Short-term	Medium-term	Long-term
Sri Lanka's economic environment in 2026 is expected to remain stable, supported by consistent monetary policy and improving domestic activity. The Central Bank is expected to maintain its policy rate near 7.75% through the first half of the year, with a slight upward bias toward year end as inflation stabilises and credit growth accelerates. Market lending rates which AWPLR is expected to remain broadly stable, with a marginal increase during the latter part of 2026, stabilising in the 9-10% range. GDP growth for 2025 is projected to reach approximately 5%, reflecting continued post crisis normalisation and stronger consumption. Growth is expected to moderate to 3–4% in 2026, underpinned by the services sector, tourism recovery, and improved domestic confidence. Private sector credit, which expanded steadily in 2025, is expected to continue growing in 2026, supported by favourable interest rates and gradually improving disposable incomes.	Over the medium term, Sri Lanka is expected to maintain a steady yet moderate growth trajectory, supported by ongoing structural reforms and continued policy alignment under the IMF-supported framework. A gradual recovery in domestic demand, together with improvements in the external sector, is likely to encourage stronger investment flows. Resilient inflows from tourism, worker remittances, and prospective foreign investments will strengthen the external position, enhance liquidity in the financial system, and support overall economic stability. These inflows will also reinforce lending capacity within the financial sector, helping sustain credit-driven economic expansion. For the life insurance sector, the medium-term outlook remains positive. Rising financial awareness, gradual improvements in household income, and increased credit activity are expected to drive demand for protection and long-term savings products, supporting continued industry growth.	Sri Lanka's longer-term outlook will depend on sustained fiscal consolidation, effective debt management, and continued progress in structural reforms. For the life insurance industry, long-term prospects remain favourable. Improved economic stability and heightened risk awareness particularly following 'Cyclone Ditwah' are expected to increase demand for insurance products. This event has also prompted many previously uninsured or underinsured individuals to seek coverage, creating sustained growth opportunities for the life insurance sector.

S Social

Sri Lanka's life insurance market is being reshaped by notable social developments. Demographic shifts, particularly the expanding ageing population, are driving increased demand for retirement-focused and health-linked life insurance solutions. At the same time, evolving lifestyles, rising health awareness, and changing consumer behaviour are creating the need for more flexible, personalised, and customer-centric policy offerings. Together, these trends are redefining expectations and influencing how insurers design and deliver their products and services.

T Technological

The increasing penetration of mobile devices and improved internet connectivity is expanding access to insurance services across Sri Lanka. At the same time, the rise in cybercrime has underscored the need for stronger digital security and data protection measures. The industry is also being transformed by the adoption of advanced technologies such as predictive analytics, artificial intelligence, machine learning, chatbots, and emerging InsurTech and FinTech solutions. These innovations are reshaping customer engagement, enhancing operational efficiency, and enabling insurers to deliver more seamless, data driven, and personalised experiences.

OPERATING ENVIRONMENT

E Environmental

Sri Lanka's life insurance sector is increasingly influenced by environmental pressures and climate related risks. A rise in natural hazards such as floods, landslides, and extreme weather events has intensified the demand for disaster related protection, including parametric insurance products. In parallel, insurers are integrating sustainability considerations into their operations and investment strategies by aligning with ESG principles. These efforts help mitigate climate risk exposure, strengthen long term portfolio resilience, and enhance brand credibility among environmentally conscious customers.

L Legal / Regulatory

Sri Lanka's insurance regulatory landscape continued to strengthen in 2025, driven by several new directions, circulars, and guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), alongside enhanced customer due diligence requirements introduced by the Central Bank of Sri Lanka. Compliance and governance expectations have become more rigorous, with tighter regulations relating to anti money laundering (AML), consumer protection, and personal data security. Collectively, these measures aim to enhance market transparency, safeguard policyholder interests, and reinforce the long term stability and integrity of the insurance sector.

New Regulatory Developments

Circulars Issued by IRCSL in 2025

- Enforcement Procedure for Non-Compliance with AML/CFT Obligations – Circular to Insurers and Insurance Brokers No. 02 of 2025

Directions Issued by IRCSL in 2025

- Direction on Needs Assessment and Customer Onboarding Process for Long-Term Insurance Business – No. 08 of 2025
- Direction on Improving the Confidence Level of Policyholders – No. 09 of 2025
- Direction on Insurance Product Information Document (IPID) – No. 05 of 2025

Guidelines Issued by IRCSL in 2025

- Guidelines on Market Conduct for Insurers – issued 02 October 2025
- Guidelines on Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) Programme for Insurance and Brokering Companies – issued 25 July 2025

Our competitive position

Porter's Five Forces Model

Threat of Substitute Products

The threat of substitutes is rising as non-insurance companies increasingly offer savings, annuity, and investment-linked solutions that compete directly with traditional life insurance products. Additionally, improved equity market performance is likely to encourage some customers to shift toward direct equity investments instead of long-term insurance-based savings plans.

Threat of New Entrants

The insurance sector remains difficult for new entrants due to high entry barriers, including a minimum capital requirement of Rs. 500 million, the technical complexity of underwriting and risk management, and the strong brand presence of established incumbents. These factors collectively limit the likelihood of significant new competition.

Bargaining Power of Suppliers

Suppliers including field staff, distribution partners, and reinsurance companies, can exert substantial influence through their expectations for incentive structures, reward systems, and partnership terms. Banks, in particular, leverage their strategic advantage to secure exclusive Bancassurance agreements, strengthening their negotiating power within distribution channels.

Bargaining Power of Buyers

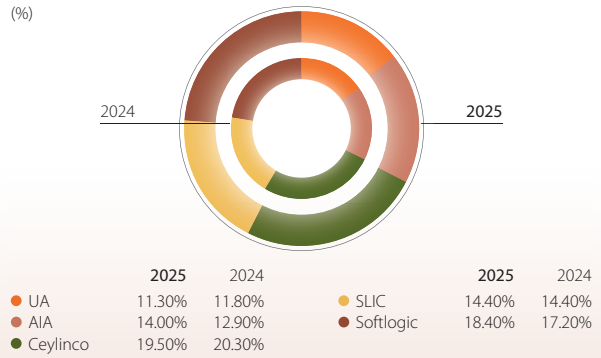
Buyer power remains moderate given Sri Lanka's relatively low insurance penetration and limited purchase volume. Life insurance often requires proactive selling, as it is not typically a product that consumers seek out independently. This dynamic gives customers more leverage in product and pricing expectations.

Competitive Rivalry

Competitive rivalry is intense due to a high concentration of dominant players in the industry. This results in aggressive price competition and compressed margins. Additionally, frequent talent poaching increases operational challenges, while ongoing consolidation through mergers and acquisitions continues to reshape the competitive landscape.

Market Position

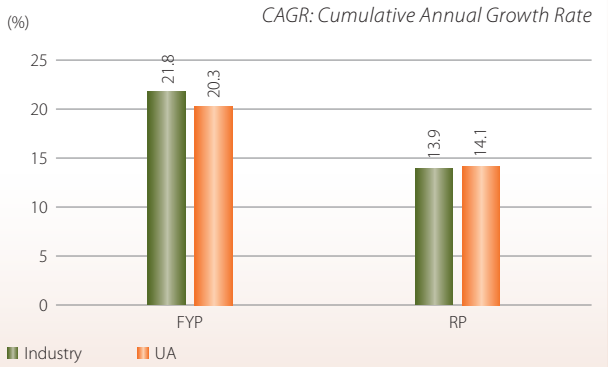
GWP Market Share



	2025	2024		2025	2024
UA	11.30%	11.80%	SLIC	14.40%	14.40%
AIA	14.00%	12.90%	Softlogic	18.40%	17.20%
Ceylinco	19.50%	20.30%			

In line with our value-centric strategy, UA continued transitioning from a volume-driven growth model to one that prioritises sustainable, long-term value creation, even as the broader industry maintained a volume-oriented trajectory. Reflecting this disciplined approach, our single-premium business declined from 5% of total GWP in the prior year to 4% in 2025. While this recalibration supported our objective of strengthening the quality and sustainability of earnings, it also contributed to a modest year-on-year reduction in market share.

5 Year CAGR (2020-2025)



Over the past five years, Union Assurance has closely tracked the industry's FYP growth trajectory of 21.8%, delivering a CAGR of 20.3%. This consistent performance underscores the resilience of our business model and the strength of our persistency. Further demonstrating this stability, we surpassed the industry's renewal premium CAGR of 13.9% with a solid growth rate of 14.1%.

Industry Outlook

Short-term	Medium-term	Long-term
Insurers are increasingly scaling up AI powered chatbots and strengthening cybersecurity frameworks. In addition, with the implementation of the SLFRS 17 accounting standard, the industry is expected to shift its strategic focus from premium growth volume to value based metrics, improving transparency and enhancing comparability across insurers.	Regulatory reforms and accelerated digital integration will enhance market stability by strengthening transparency, compliance, and risk management within the insurance sector. The growing emphasis on ESG principles will further encourage sustainable operational practices and long term resilience. These developments will also improve consumer protection through standardised processes, secure digital platforms, and more efficient claims handling.	Sri Lanka's insurance sector is poised to evolve into a sustainable, inclusive, and digitally advanced ecosystem aligned with global best practices. Emerging technologies such as Robotic Process Automation (RPA) will further support this transformation by enhancing service efficiency and enabling faster, more accurate claims processing. This progression will drive innovation, improve transparency, and strengthen the industry's competitiveness within the regional financial landscape.

OUR STRATEGY AND RESOURCE ALLOCATION

Strategy development at Union Assurance is a continuous discipline, guided by external market dynamics and internal organisational performance. It ensures that our long-term direction remains adaptive, resilient, and aligned with evolving opportunities.

To achieve this, we adopt proven analytical frameworks that provide structure and rigour to our planning.

SWOT Analysis

Each year, we conduct a comprehensive SWOT analysis to evaluate internal strengths and weaknesses against external opportunities and threats. This process delivers a holistic view of the strategic landscape, enabling us to identify competitive advantages, anticipate risks, and prioritise initiatives that drive sustainable growth.

Strengths

Strong financial performance with solvency headroom ensuring stability.

Customer-centric value delivery through industry-leading policyholder dividends and efficient claim settlements.

Digital and process excellence as key differentiators driving acquisition, servicing, and trust.

Robust shareholder confidence supported by strong governance and strategic oversight.

Strong Banca platform to drive long-term growth.

Weaknesses

High sensitivity to Interest-rate volatility.

New agent retention.

Surrenders and lapses of policies in selected markets.



Threats

Intensifying market competition on price, service quality, and speed of delivery.

Profitability pressures from rising claims costs and increasing reinsurance expenses.

Heightened consumer price sensitivity leading to greater lapse and surrender risk.

Operational strain from growing compliance and accounting requirements impacting cost efficiency.

Opportunities

Low insurance penetration and accelerating post-crisis recovery creating growth opportunities.

Interest rate cuts and credit market recovery supporting demand.

Leveraging advance digital capabilities to scale and integrate with partner ecosystems.

Potential to grow through affinity partnerships and enhanced Bancassurance productivity.

PESTEL Analysis

Porter's Five Forces

→ SWOT Analysis → Strategy Formulation

Strategy for 2025

We are embarking on a bold strategic transformation, shifting our focus from a **volume-centric** model to a **value-driven** proposition. This evolution ensures sustainable value creation across all stakeholders:

Policyholders – enhanced claim efficiency and consistent dividends

Shareholders – stronger surplus generation and reliable dividend streams

Distributors – greater rewards, recognition, and incentive structures

Employees – a differentiated employee value proposition that fosters growth and engagement



Strategic Pillars

Our transformation is anchored on five core pillars designed to deliver enduring impact:

Sales Channel Optimisation	Operational Transformation	People First	Purpose-Driven Brand	Value-Accretive Products
Strengthening distribution networks, leveraging digital platforms, and maximising reach with efficiency	Driving process excellence, automation, and cost discipline to enhance agility and scalability	Cultivating a culture of empowerment, inclusion, and continuous learning to unlock human potential	Building trust and relevance by aligning our brand with societal impact and customer-centric values	Innovating solutions that deliver superior benefits, tailored experiences, and long-term financial security and protection

Sales Channel Optimisation

Value creation activities during the year

- Introduced LIMRA persistency-driven incentives to strengthen long-term business value.
- Entered into an exclusive partnership with Sampath Bank PLC in January 2025, expanding the Bancassurance footprint.
- Increased branch presence to enhance customer reach.
- Leveraged analytics to accelerate both new and renewal business growth.
- Achieved end-to-end digitisation of Bancassurance lead management, winning the JKH Chairperson's Award for Sri Lanka's first core banking integration with Sampath Bank PLC.
- Introduced the industry's first Advisor Welfare Scheme to support and empower advisors.
- Set a new benchmark by fully digitising the Advisor Life Cycle Management process, transforming onboarding and self-service into a seamless digital experience.

OUR STRATEGY AND RESOURCE ALLOCATION

Key challenges in 2025

- Limited public understanding of insurance and its financial benefits.
- High turnover among Insurance agents remains a pressing concern.
- Reduction in reinvestment rates reducing upside of insurance products against competing products.
- Instances of mis-selling by sales agents undermine customer trust and long-term sustainability.
- Managing lapses and surrenders remains critical to ensuring persistency and protecting long term value creation.

Progress for the year

26% ANBP growth

12% LIMRA 13 month persistency growth

86% Exclusive branch access

Resources allocated

Rs. 4.8 Bn incentives and commissions paid to the sales force

Rs. 48 Mn was invested in sales staff training

Rs. 160 Mn + investment in the branch network

Future focus

Short-term	Medium-term	Long-term
Bring quality sales recruitments Sales force skill development	Expand product suite Digital capability enhancement	Leverage current and future Banca partnerships to expand segments and drive growth

Operational Transformation

Value creation activities during the year

- Expanded our industry-first e-MER initiative through Digital Lab integrations with Medihelp Hospitals, extending access across Sri Lanka's private healthcare network. This innovation streamlines policy issuance, cutting processing time dramatically while automating financial and medical underwriting to boost efficiency, accuracy, and speed.
- Implemented Intelligent IVR to reduce 10% of standard call inquiries increasing positive customer experience.

Key challenges in 2025

- Escalating healthcare costs continue to put pressure on underwriting margins, impacting profitability.
- Life insurance relies heavily on external data sources such as hospitals, labs, and government or financial institutions. However, manual data sharing creates a major challenge for digitisation, making it difficult to ensure clean, consistent, and accessible data for analytics and automation.
- Implementing AI, automation, and cloud solutions requires substantial upfront investment, with ROI often delayed, making cost justification challenging.
- Significant expenses associated with specialist claims, such as surgeon fees, add further strain on cost management.
- Limited technological adaptability among policyholders in remote regions persists due to poor connectivity and restricted access to digital devices, despite higher internet and smartphone penetration in urban areas.

Progress for the year

5% Improvement in non-medical STP rate

74% Bottom-up NPS score

Resources allocated

Rs. 75 Mn
invested in efficiency improvements in underwriting and claims efficiency

Future focus

Short-term	Medium-term	Long-term
Digital lab integration and e-MER for efficiency improvement	Use of data analytics to drive efficiency and accuracy Leverage cutting-edge technologies to improve efficiency and customer experience	Employ Artificial Intelligence (AI) and Robotic Process Automation (RPA) for policy issuance and claims processing

People First

Value creation activities during the year

- "Grow Beyond Limits" to build a dynamic, future-ready workforce. EVP aligns with our corporate strategy to attract, develop, and retain top talent, positioning the Company as an employer of choice.
- Monthly well-being and engagement programmes supporting both physical and mental health.
- Employee Pulse Survey introduced to capture feedback and drive continuous improvement.
- Focused on talent attraction and retention aligned with organisational strategy and long term goals.

Key challenges in 2025

- High sales staff attrition with industry competitiveness
- Talent retention in critical roles
- Skills gap in emerging technologies
- Increased demand for hybrid work flexibility

Progress for the year

6%
YoY improvement in talent retention

27
Staff NPS score

Resources allocated

2,368 Hrs
on leadership and management training programmes

20%
YoY increase in remuneration and other benefits

Future focus

Short-term	Medium-term	Long-term
Strengthen talent acquisition and engagement	Inculcate a capability-building culture, and performance Structured tier based leadership development and succession planning	Establish strategic workforce planning and future readiness Predictive analytics implementation for employee retention

OUR STRATEGY AND RESOURCE ALLOCATION

Purpose Driven Brand

Value creation activities during the year

- Ranked among the Top 50 Most Valuable Brands in Sri Lanka by Brand Finance.
- Awarded Gold at Dragons of Sri Lanka 2025.
- Became the first insurance brand to earn the YouTube Silver Play Button.
- Suwamaga programme screened over 23,000 lives for diabetes, achieving 155% of its impact goal.
- Launched programmes to enrich physical and mental health, strengthening social capital.

Key challenges in 2025

- Strict regulations governing life insurance advertising and branding are essential to safeguard customers against mis-selling and misinformation, but also create complexity in campaign execution.
- Escalation in outdoor advertising expenses due to new taxes imposed by local government authorities, adding pressure on marketing budgets.

Progress for the year

75%
YoY increase in Brand consideration

96%
YoY increase in social media reach

Resources allocated

Rs. 5 Mn
for digital loyalty rewards programme

Future focus

Short-term	Medium-term	Long-term
Drive and position brand consideration and top of mind awareness above competition		

Value Accredited Products

Value creation activities during the year

- Launched Union Assurance FlexLife – a new UA product, marking a strategic milestone in delivering modern life insurance solutions with comprehensive coverage, customisable options, and innovative features. It aligns with the Company's roadmap focused on long-term value creation, high personalisation, and agile service delivery.
- Enhanced protection through a comprehensive riders portfolio.
- Optimised product mix to balance profitability and long term stability, ensuring strong customer value.

Key challenges in 2025

- Escalating expenses continue to pressure product margins and overall profitability, requiring disciplined cost management.
- Designing solutions that stand out in the market while remaining competitive is critical to sustaining growth and customer appeal.
- Evolving regulatory requirements and the effects of personal tax reforms on customer purchasing power have increased the complexity of pricing processes. Despite aggressive market competition, these challenges were successfully addressed through robust actuarial models, disciplined risk management, and innovative product strategies, ensuring sustainable growth and value delivery.

Progress for the year

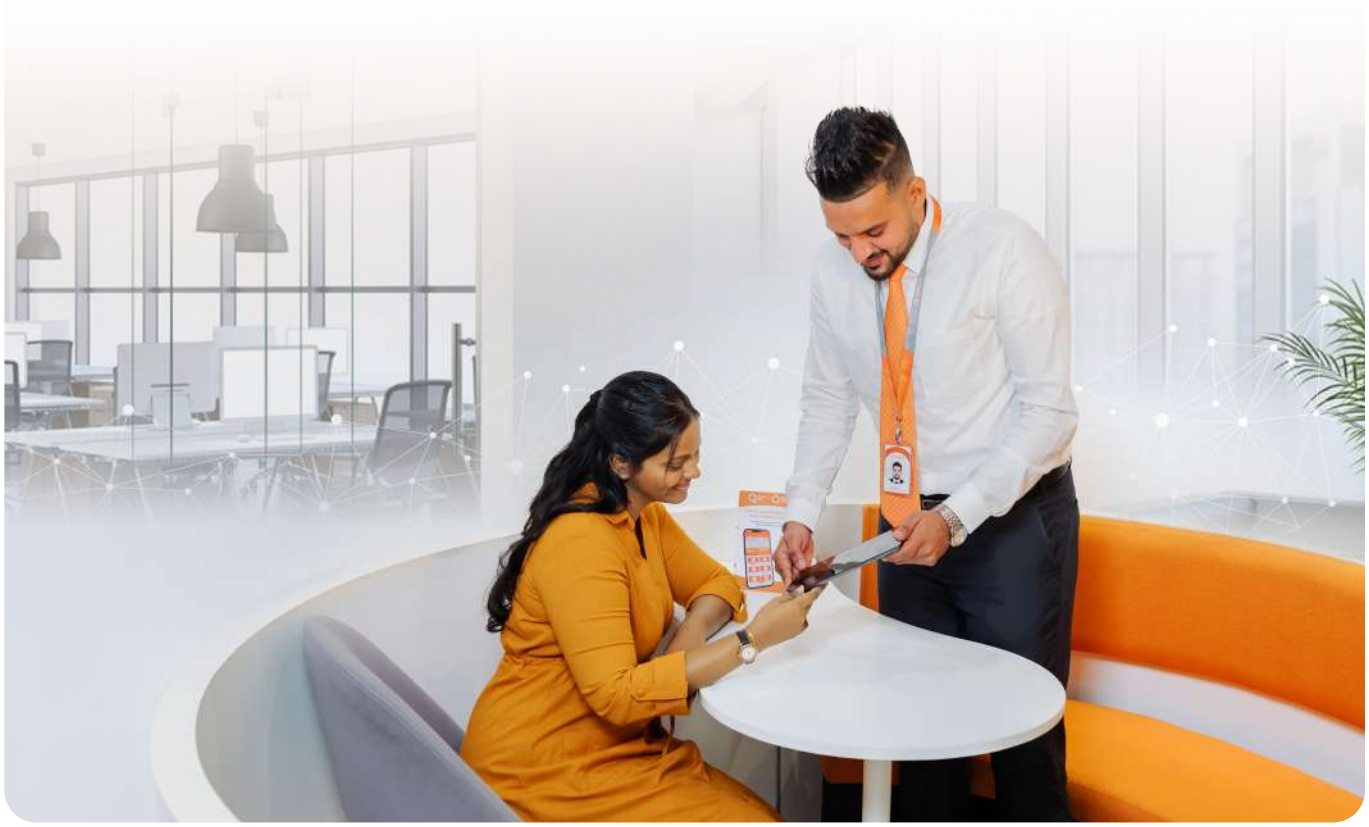
Enhanced Product Margins – Achieved through strategic repricing of riders, strengthening profitability and long term sustainability.

Resources allocated

N/A

Future focus

Short-term	Medium-term	Long-term
Enhance business quality through need-based selling, driving improved persistency and customer satisfaction.	Strengthen product analytics capabilities to better address diverse customer needs in an emerging economy.	Collaborate with industry bodies and regulators to shape favourable frameworks that enable innovative and customer-centric product offerings.
Diversify sales channels to reach and engage different market segments for sustainable growth effectively.	Accelerate digital transformation to optimise operational costs and enhance efficiency to be price competitive in the market.	Develop long-term investment strategies aligned with ESG principles to deliver sustainable and stable returns.
		Design products that reflect societal trends and drive life insurance penetration toward globally accepted benchmarks.



ECONOMIC VALUE ADDED

GRI 201-1 a

Economic Value-Added Statement (EVA) LA

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

Economic Value Generated

Rs. **40,009** Mn

2024 – Rs. 35,156 Mn

Economic Value Distributed

Rs. **23,319** Mn

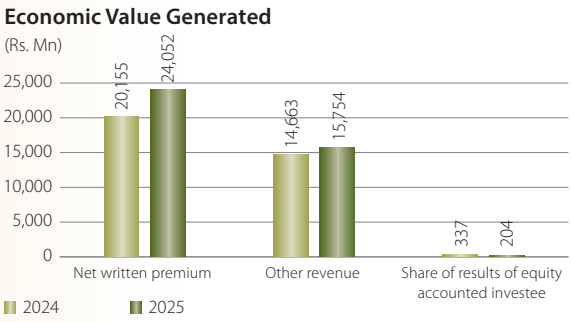
2024 – Rs. 22,272 Mn

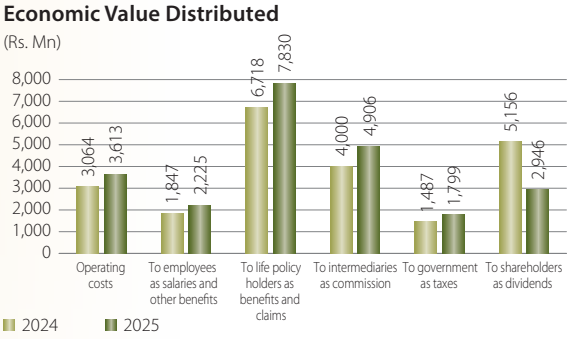
Economic Value Retained

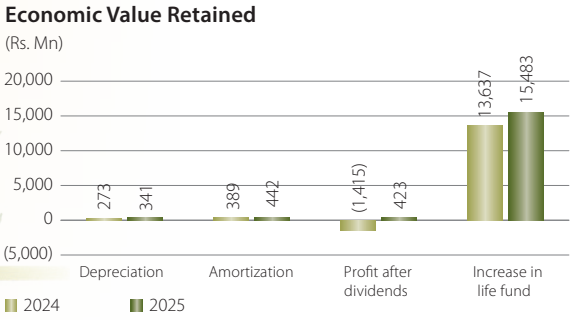
Rs. **16,690** Mn

2024 – Rs. 12,884 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. **45,552** Mn

2024 – Rs. 36,477 Mn

Shareholders' Fund

Rs. **23,373** Mn

2024 – Rs. 23,668 Mn

Market Value Added

Rs. **22,179** Mn

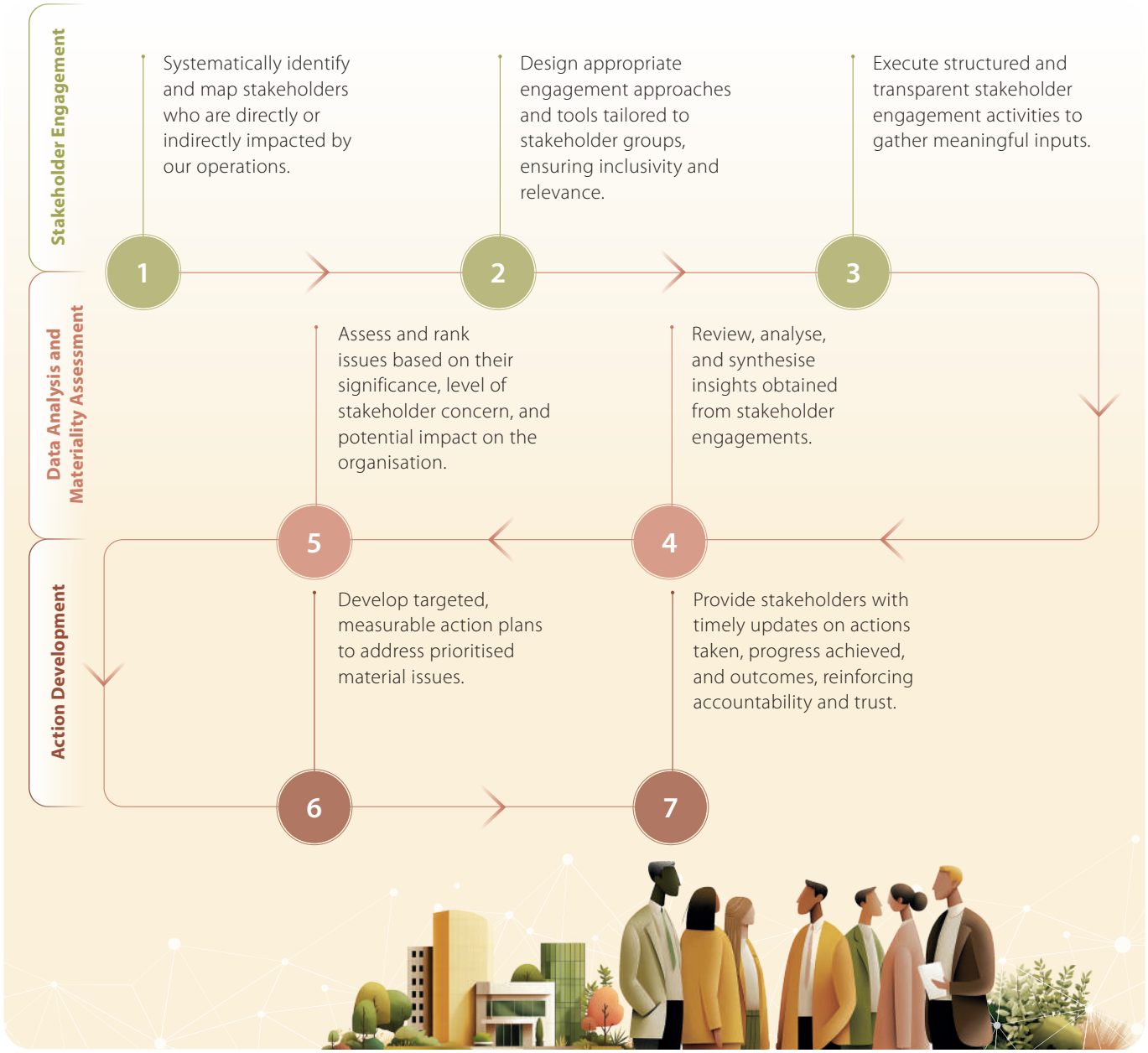
2024 – Rs. 12,809 Mn

STAKEHOLDER ENGAGEMENT

Stakeholder relationships are the bedrock of our long-standing presence in the insurance sector. We proactively engage our partners to identify and address material concerns, particularly in today's rapidly evolving environment. This strong engagement process is fundamental to our value creation and has been key to our successful navigation over the years.

Structure of Stakeholder Engagement

We follow a structured seven-step process that ensures full transparency and accountability. To deepen stakeholder connections, we continually assess and refine our engagement methods to align with the evolving communication landscape.



STAKEHOLDER ENGAGEMENT

Stakeholder Mapping

Our stakeholder engagement strategy begins by mapping stakeholders according to the extent to which they are affected by our operations; this crucial assessment determines the required engagement level and the appropriate, customised methods for each group. This mapping process, which also prioritises stakeholders based on their interest and influence, underpins our entire engagement approach and mechanisms. Ultimately, this strategic prioritisation supports the development of tailored, interactive communication mechanisms for each group.



Frequency of engagement	N – As necessary	R – Regularly	A – Annually	Q – Quarterly
Impact on stakeholder	Low	Medium	High	
Level of engagement	Low	Medium	High	





Customers

Our long-term success is fuelled by a loyal customer base. Their insights are the primary drivers of our innovation and sustainability efforts, directly enhancing our brand.

Level of engagement

Impact on stakeholder

Methods of engagement

- Island-wide branch network — N
- Customer surveys — N
- Advertising campaigns — R
- Customer communication / social media / corporate website — R
- Customer research — N
- Complaint management — R
- Clicklife portal for digitised transactions — N
- Call centre — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Health & Safety of Customers
- Transparent and Fair Advice to Customers
- Customer Privacy
- Environmental Risk Exposure
- Channel Partnerships
- Systemic Risk Management
- Stakeholder Relationship Management
- Digitisation of Business Processes

Key concerns raised

- Customer-centric product design aligned with evolving needs and market expectations
- Affordable and accessible services that promote inclusivity and ease of use
- Timely and reliable settlement of claims, reinforcing trust and confidence
- Consistently high-quality service delivery across all customer touchpoints
- A digitally enabled and automated service environment that enhances efficiency and customer experience

Our strategic response/value proposition

- Tailored product solutions
- Exceptional service delivery
- Seamless digital customer experience
- Fair pricing
- Enhancing service quality through customer feedback

Value created

Flexlife
New product

94%
One day claims settlement ratio

95
Branches for better accessibility

Attractive policyholder dividend

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Operational Transformation	
Social & Relationship Capital	Purpose-Driven Brand	
	Value-Accretive Products	

STAKEHOLDER ENGAGEMENT



Employees

Our employees are our definitive advantage. We cultivate a culture of well-being, empowerment, and transparent communication, directly enabling our teams to drive performance and ensure sustained organisational success.

Level of engagement

Impact on stakeholder

Methods of engagement

Training programmes	N
Corporate communications	N
Performance appraisals	A
Employee surveys	A
HR portal for all HR-related matters	R
Company townhall meetings	A

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Retention, Training and Development
- Employee Diversity, Equal Opportunity & Non-Discrimination
- Environmental Risk Exposure
- Systemic Risk Management
- Stakeholder Relationship Management
- Digitisation of Business Processes

Key concerns raised

- Competitive compensation and benefits
- Structured rewards and recognition programmes
- Support for work–life balance, promoting employee well-being and productivity
- Clear opportunities for career growth and development
- Open, transparent, and two-way communication that fosters trust and engagement
- Ongoing digital transformation to enable efficient workflows, innovation, and a modern employee experience

Our strategic response/value proposition

- Future-proofing roles
- Fair and competitive remuneration aligned with industry standards and market expectations
- Attractive rewards
- Fair and transparent performance appraisals
- Providing flexible and remote working arrangements
- Providing opportunities for career growth
- Programmes to encourage DE&I

Value created

10%
of our workforce advanced in their careers

Rs. 2.2 Bn
Benefits to employees

48:52
Male:Female

21 hours
Training per employee

Link to Capitals	Link to Strategy	Relevant SDGs
Human Capital	Operational Transformation	
Intellectual Capital	People First	



Investors

Investor relationships are critical. Our dedication to proactive engagement and open communication directly fosters long-term trust, ensuring superior corporate governance for sustained success.

Level of engagement

Impact on stakeholder

Methods of engagement

- Annual General Meeting — A
- Annual report — A
- Interim financial statements — Q
- Corporate website — N
- CSE announcements — N
- Media releases/ publications — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Channel Partnerships
- Systemic Risk Management
- ESG Focused Investments
- Stakeholder Relationship Management

Key concerns raised

- Delivering sustainable, long-term returns
- Maintaining financial resilience amid macroeconomic volatility and market uncertainty
- Demonstrating strong financial performance and a robust financial position
- Committing to transparent, timely, and accurate financial reporting
- Adhering to sound corporate governance principles, supported by effective risk management and internal controls

Our strategic response/value proposition

- Prudent financial management to support stability and resilience
- Strong and effective corporate governance framework
- Open, transparent, and consistent communication with investors
- Focus on long-term, sustainable value creation for stakeholders
- Enhanced risk assessment and robust risk mitigation strategies

Value created

Rs. 5.00
DPS

14%
ROE

Rs. 3.4 Bn
PAT

Rs. 45.6 Bn
Market capitalisation

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Operational Transformation	

STAKEHOLDER ENGAGEMENT



Suppliers and Business Partners

We support our value chain through strategic, trustworthy partnerships. Our sound risk management practices, encompassing rigorous due diligence, thorough onboarding, and continuous communication ensure operational reliability.

Level of engagement

Impact on stakeholder

Methods of engagement

- Supplier relationship management — R
- Maintain service level agreements — R
- ESG screening process — N
- Formal interactions — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Channel Partnerships
- Reinsurance Partners
- Systemic Risk Management
- Stakeholder Relationship Management
- Digitisation of Business Processes

Key concerns raised

- Timely and accurate settlement of payments
- Robust data privacy and protection measures to safeguard sensitive and personal information
- Fair, transparent and ethical practices across all processes and decision-making

Our strategic response/value proposition

- Building sustainable, long-term supplier partnerships
- On-time payment settlement
- Establishing clear and effective communication channels

Value created

Rs. 6.9 Bn
Payments to suppliers

84%
Local supplier payments

16%
Foreign supplier payments

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Sales Channel Optimisation	8, 9, 10, 11, 12
Social & Relationship Capital	Operational Transformation	
	People First	



Communities

We engage regularly with our community partners to collaboratively develop, implement, and rigorously evaluate impactful interventions. This strategic approach ensures effective resource allocation, allowing us to maximise our positive contribution to the community.

Level of engagement

Impact on stakeholder

Key concerns raised

- Access to employment opportunities
- Implementation of sustainable, environmentally friendly initiatives
- Responsible, ethical, and transparent business conduct
- Expectation of meaningful community development activities
- Protection of data privacy and personal information

Our strategic response/value proposition

- Creating employment opportunities
- Commitment to responsible, ethical, and transparent practices
- Implementing flagship CSR initiatives across the island

Methods of engagement

CSR projects	N
Press releases	N
Public events	N
Community forums	N
Corporate website and social media	R

Value created

Rs. 39 Mn
Investment in CSR

2,103 Kg
Paper recycled

1,700 m³
Water treated

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Stakeholder Relationship Management

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Value-Accretive Products	
Social & Relationship Capital		
Natural Capital		

STAKEHOLDER ENGAGEMENT



Regulators

We maintain proactive engagement with regulatory bodies, not only to ensure compliance but also to influence policy. By providing expert feedback, seeking clarification, and actively participating in policy discussions at national and international levels, we contribute to a robust and effective framework.

Level of engagement

Impact on stakeholder

Methods of engagement

- Periodic submission of information — A, Q, N
- One-to-one discussion — N
- On-site surveillance — R
- Circulars, directions and press releases — N

Relevant Material Topics

- Financial Stability & Profitability
- Corporate Governance
- Anti-Corruption
- Environmental Risk Exposure
- Systemic Risk Management
- Stakeholder Relationship Management

Key concerns raised

- Demonstrating comprehensive compliance through a strong command of applicable regulations
- Maintaining a clear commitment to responsible and transparent tax practices
- Prioritising fairness and integrity in all customer interactions
- Upholding the highest standards of ethical and accountable business conduct

Our strategic response/value proposition

- Maintain a clear compliance framework with mapped obligations, controls, and owners.
- Active collaboration with industry and regulatory authorities
- Timely submission of information
- Reliable and timely adherence to tax obligations
- Outstanding corporate governance standards

Value created

Rs. 1.8 Bn
Payment of taxes

215%
CAR

Link to Capitals	Link to Strategy	Relevant SDGs
Financial Capital	Value-Accretive Products	8, 13, 16
Human Capital		
Social & Relationship Capital		
Intellectual Capital		
Natural Capital		

MATERIALITY

We consider matters with significant economic, environmental, and social considerations, as our material issues. Our annual assessment verifies their relevance, ensuring these critical matters correctly shape our strategic priorities and reporting disclosures.

Materiality Assessment Process

Materiality Assessment

Identify

Identify material matters using:

- Strategic analysis tools (PESTEL analysis, SWOT Analysis, and Porter's Five Forces)
Refer Operating Environment on page 58
- Stakeholder feedback from stakeholder engagement activities
- Internal dialogue including management meetings and focus group discussions

Prioritise

- Prioritise material topics based on actual and potential impacts on the economy, environment, and people.
- Consider scope and significance of the impacts across our activities and business relationships

Integrate

- Based on the Board/ management discussions comprehensive strategies are developed to effectively address the prioritised material matters

Material Matters of 2025

Level of materiality	Low	Medium	High
Level of engagement	Decrease	Same	Increase

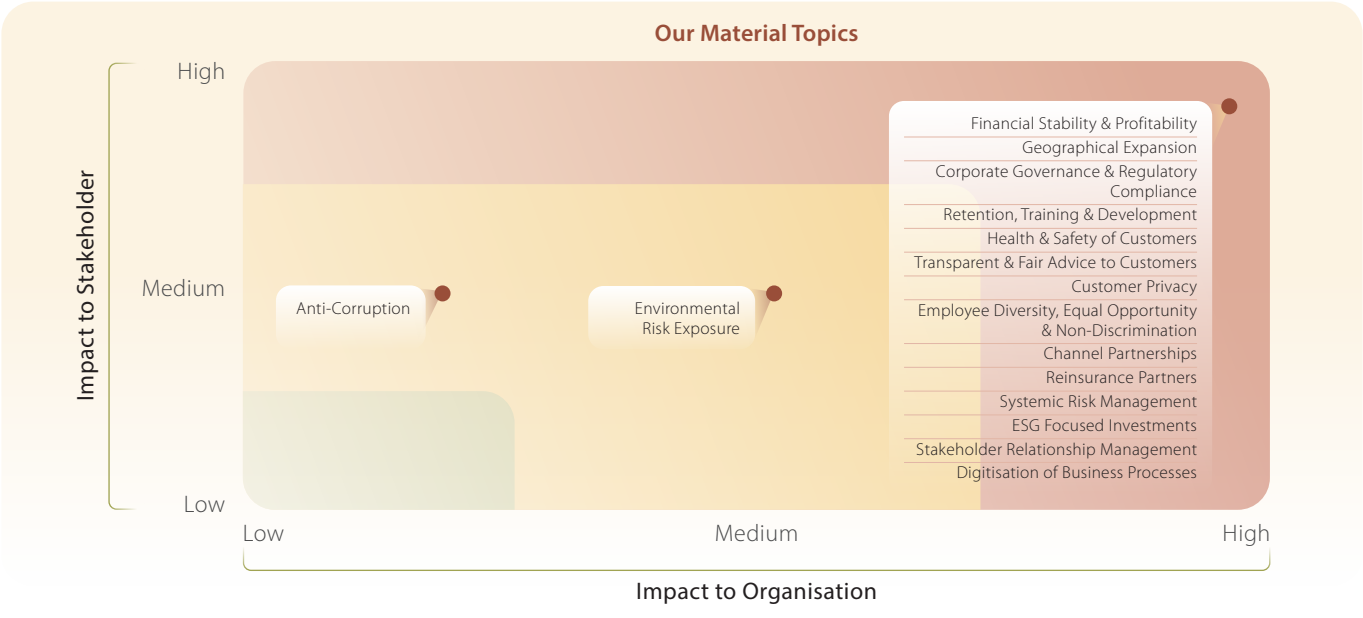


MATERIALITY

	No.	Material topic	Level of materiality 2024		Level of materiality 2025		YoY Change in materiality (2024-2025)		Relevant SDG	Link to the capital	Relevant stakeholders	Relevant GRI/SASB disclosures	Management of material topic
			To UA	To Stakeholders	To UA	To Stakeholders	To UA	To Stakeholders					
Environmental	1	Environmental Risk Exposure	-	-	◆	◆	New topic				All stakeholder	FN-IN-450a.3	Natural Capital Refer to page 118
	2	ESG Focused Investments	-	-	◆	◆	New topic						Sustainability Disclosure Refer to page 27 Risk Management Refer to page 40
Social	3	Retention, Training and Development	◆	◆	◆	◆	—	—			Employees	GRI 404	Human Capital Refer to page 102
	4	Health & Safety of Customers	◆	◆	◆	◆	—	—			Customers	GRI 416	Social and Relationship Capital Refer to page 126
	5	Transparent and Fair Advice to Customers	◆	◆	◆	◆	—	—			Customers	GRI 417	Social and Relationship Capital Refer to page 126
	6	Customer Privacy	◆	◆	◆	◆	—	—			Customers	GRI 418	Social and Relationship Capital Refer to page 126
	7	Employee Diversity, Equal Opportunity & Non-Discrimination	◆	◆	◆	◆	—	—			Employees	GRI 405	Human Capital Refer to page 102
	8	Channel Partnerships	◆	◆	◆	◆	—	—			Customers, Employees, Investors, Suppliers & Business Partners		Human Capital Refer to page 102 Social and Relationship Capital Refer to page 126
	9	Reinsurance Partners	◆	◆	◆	◆	—	—			Suppliers & Business Partners		Social and Relationship Capital Refer to page 126
	10	Stakeholder Relationship Management	-	-	◆	◆	New topic				All stakeholders		Human Capital Refer to page 126 Social and Relationship Capital Refer to page 126

	No.	Material topic	Level of materiality 2024		Level of materiality 2025		YoY Change in materiality (2024-2025)		Relevant SDG	Link to the capital	Relevant stakeholders	Relevant GRI/SASB disclosures	Management of material topic
			To UA	To Stakeholders	To UA	To Stakeholders	To UA	To Stakeholders					
Governance	11	Corporate Governance & Regulatory Compliance	◆	◆	◆	◆	▬	▬		-	All stakeholders		Corporate Governance Refer to page 154
	12	Anti-Corruption	◆	◆	◆	◆	▬	▬		-	All stakeholders	GRI 205	Corporate Governance Refer to page 154
Economic	13	Financial Stability & Profitability	◆	◆	◆	◆	▬	▬			All stakeholders	GRI 201	Financial Capital Refer to page 78
	14	Systemic Risk Management	◆	◆	◆	◆	▬	▬		-	All stakeholders	FN-IN-550a.3	Risk Management Refer to page 226
	15	Digitisation of Business Processes	-	-	◆	◆	New topic				Customers, Employees, Suppliers & Business Partners		Intellectual Capital Refer to page 142
	16	Geographic Expansion	◆	◆	◆	◆	↑	▬			Customers, Investors, Employees, Community, Suppliers & Business Partners		Manufactured Capital Refer to page 96

Materiality Matrix



VALUE DELIVERED

Financial Highlights

Value Unlock	Unit	2025	2024	YOY Change	2023
Finance Capital					
Financial Performance Ratios					
Annualised new business premium	Rs. Mn	**10,082**	8,015	26%	7,560
Gross written premium (GWP)	Rs. Mn	**25,750**	21,647	19%	18,867
Re-insurance premium	Rs. Mn	**1,698**	1,492	14%	1,033
Net written premium (NWP)	Rs. Mn	**24,052**	20,155	19%	17,834
Cession ratio	%	**6.6**	6.9	-4%	5.5
Operating profit	Rs. Mn	**4,965**	4,891	2%	4,944
Operating profit margin	%	**19**	23	-15%	26
Earnings before interest, tax ,depreciation & amortisation	Rs. Mn	**5,952**	5,890	1%	5,799
Profit before tax	Rs. Mn	**5,169**	5,228	-1%	5,256
Income tax expense	Rs. Mn	**1,799**	1,487	21%	1,497
Net profit after tax	Rs. Mn	**3,370**	3,741	-10%	3,758
Surplus from life insurance business	Rs. Mn	**3,400**	3,000	13%	2,800
Retained earnings	Rs. Mn	**12,823**	12,398	3%	13,805
Premium growth ratio	%	**19**	15	29%	13
Investment and Other Income					
Life	Rs. Mn	**14,198**	12,799	11%	10,022
Shareholder	Rs. Mn	**1,556**	1,864	-17%	2,102
Expense Ratios					
Acquisition cost	Rs. Mn	**4,906**	4,000	23%	3,544
Acquisition cost as a % GWP	%	**19**	19	3%	19
Net claims and benefits	Rs. Mn	**7,830**	6,718	17%	6,718
Net claims and benefits as a % of NWP	%	**33**	33	-2%	38
Total operating, administrative and selling expenses	Rs. Mn	**5,838**	4,910	19%	4,377
Total expense as a % of GWP	%	**23**	23	0%	23
Financial Position					
Total assets	Rs. Mn	**127,249**	109,459	16%	95,670
Total equity	Rs. Mn	**23,373**	23,668	-1%	24,161
Assets under management	Rs. Mn	**108,253**	95,567	13%	83,420
Life Fund	Rs. Mn	**92,807**	77,514	20%	64,130
Regulatory Ratios / Position					
Capital adequacy ratio (CAR) (Minimum requirement 120%)	%	**215**	264	-19%	291
Determination 1 – admissible assets over liabilities (Minimum requirement 100%)	Rs. Mn	**15,290**	14,131	8%	9,939
Investment in government securities (Minimum 30%)	%	**87**	87	0%	77
Liquidity Position					
Cash generated from operating activities	Rs. Mn	**16,890**	15,265	11%	11,805
Investment Yield					
Investment yield	%	**16**	17	-6%	18
Share Information					
Market capitalisation	Rs. Mn	**45,552**	36,477	25%	23,689
Market value per share - As at end of the year	Rs.	**77.3**	61.9	25%	40.2

Value Unlock	Unit	2025	2024	YOY Change	2023
Investor Ratios					
Dividend per share	Rs.	**5.00**	5.00	0%	8.75
Dividend yield	%	**6**	8	-19%	22
Net asset per share	Rs.	**39.66**	40.16	-1%	41.00
Earnings per share	Rs.	**5.72**	6.35	-10%	6.38
Return on assets (ROA)	%	**2.65**	3.42	-23%	3.93
Return on equity (ROE)	%	**14**	16	-8%	20
Price earning ratio	Times	**13.52**	9.75	39%	6.30
Total shareholder return	%	**33**	66	-50%	75
Price to book ratio	Times	**1.95**	1.54	27%	0.98

Non Financial Highlights

Value Unlock	Unit	2025	2024	YOY Change	2023	GRI
Social & Relationship Capital						
One day claims settlement ratio	%	**94**	93	1%	94	
Complaints resolution rate	%	**87**	84	4%	89	
New suppliers screened using human rights criteria	%	**100**	100	0%	100	414-1
Invested in CSR initiatives	Rs. Mn	**39**	24	63%	10	413-1
Manufactured Capital						
Total no. of branches in branch network	No	**95**	94	1%	85	
Investment in property plant & equipment	Rs. Mn	**339**	132	157%	67	
Human Capital						
Permanent cadre	No	**676**	666	2%	675	2-8
Fixed term contract	No	**145**	71	104%	105	2-8
New Recruitments	No	**341**	262	30%	277	401-1
Diversity & inclusion levels	Ratio (Male: Female)	**48:52**	49:51	-2%	49:51	405-1
Social welfare cost per employee	Rs.	**48,023**	32,440	48%	12,767	
Revenue per employee	Rs.Mn	**31.36**	29.37	7%	24.19	
Contribution to defined benefit plan	Rs.Mn	**284**	230	24%	191	201-3
Employee attrition - Non IRO	%	**19**	24	-19%	28	401-1
Training hours	Hrs	**16,900**	19,044	-11%	18,278	404-1
Natural Capital						
Energy consumption	GJ	**7,180**	6,264	15%	5,703	302-1
Water consumption	ML	**18.57**	17.92	4%	17.32	303-5
Solid waste disposal	t	**3.23**	1.56	107%	2.30	306-3
Bottled water consumption	m^3	**341.50**	323.06	6%	309.54	303-5
Water treatment	ML	**1.70**	1.63	4%	2.85	303-4
Paper recycled	t	**2.10**	2.38	-12%	6.26	306-2
Fuel consumption	GJ	**1,014**	741	37%	660	302-1
GHG emission	tCO_2e	**1,858.72**	1,639.69	13%	966.50	305-5
Intellectual Capital						
Power BI dashboards	No	**170+**	120+		110+	
Clicklife App downloads	No	**20,000+**	20,000+		16,000+	

FINANCIAL CAPITAL

OUR FINANCIAL STRENGTH: POWERING LONG-TERM SUCCESS

Financial capital forms the foundation of our operations and future growth. It enables us to invest with confidence, pursue strategic priorities, and sustain long-term value creation. The effective management of these resources is essential to maintaining financial resilience, delivering meaningful returns, and upholding the trust of our stakeholders, each of which is central to our continued success.

Rs. 25,750 Mn
GWP
(2024: Rs. 21,647 Mn)

Rs. 3,400 Mn
Surplus from Life Insurance Fund
(2024: Rs. 3,000 Mn)

Rs. 108.3 Bn
Assets Under Management
(2024: Rs. 95.6 Bn)

Rs. 92.8 Bn
Life Fund
(2024: Rs. 77.5 Bn)

Key Highlights

- Despite the new business strain from new partnership business volumes, policyholder surplus increased by double digits, supported by substantial cost efficiencies, and sustained operational improvements.
- Divested the 22% stake in Fairfirst as part of strategic reallocation of capital to support long term growth priorities.
- Made significant financial investments in sustainability initiatives and clean energy consumption to strengthen the organisation's environmental footprint
- Declared the first and final dividend for the year 2025, amounting to Rs. 2,946 Mn.

SDGs Impacted



Value Creation Process

Inputs

- Financial capital from shareholders
- New business premiums
- Funds under management
- Earnings retained after dividend distribution

Value Creation

- Investment management
- Sales management
- Budgetary control, expense optimisation
- Cash flow, solvency, and liquidity management
- Sound risk management,
- Compliance Framework, and Internal policies and procedures

Outputs

- 19% increase in GWP
- 13% increase in surplus
- 20% increase in Life fund
- 13% increase in Assets Under Management (AUM)

Outcomes

- GWP growth
- Stable Capital Adequacy Ratio
- Returns to shareholders and policyholders

Focus Area	KPI	GRI
Drive sustainable new business growth Refer page 59	**27%** growth in first year premium	-
Maintain high-quality business Refer page 59	**17%** Renewal premium	-
Maximise investment returns in a low-interest environment Refer page 88	**Rs. 12.4 Bn** Net investment income (2024: Rs. 11.8 Bn)	-
Enhance cost efficiency and operational productivity	**23%** Expense ratio *(Other operating, administrative and selling expenses)*	-
Deliver profitable growth and strong shareholder returns Refer page 91	**Rs. 3.4 Bn** Surplus **Rs. 5.00** Dividend per share	-
Maintain a strong and resilient financial position Refer page 255	**215%** CAR **Rs. 35.7 Bn** Total available capital *(Minimum capital required Rs. 500 Mn)*	-

Risks

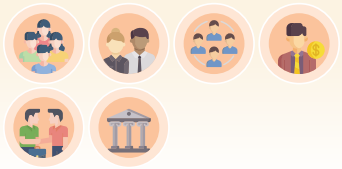
- Investment market volatility
- Competitive pressure on growth and costs
- Regulatory and changes to reporting requirements require significant effort and resources
- Financial challenges in transitioning to low-carbon operations
- Physical climate risks disrupting branch operations, causing impact to new business and premium collection
- Disaster-related claim surges are impacting combined ratios

Opportunities

- Improve cost efficiencies as a Digital-first insurer
- Higher demand for life insurance driven by increasing acute climate risks
- Reduce risk in catastrophe exposure through reinsurance
- Shift to digital payment platforms for faster premium collections

FINANCIAL CAPITAL

Related Stakeholders



Relevant Material Topics

Financial Stability & Profitability

Systemic Risk Management

Management Approach

Financial capital underpins our ability to operate, grow, and deliver long-term value. It fuels our investment activities, supports our strategic priorities, and shapes our overall business trajectory. Effective stewardship of these resources is essential to ensure sustainable performance and maintain the confidence of our stakeholders.

We are committed to driving consistent top-line and earnings growth, maintaining robust capital buffers, and maximising shareholder value through disciplined and responsible financial management. Our approach emphasises prudent capital allocation, proactive risk management, and maintaining sufficient liquidity to support both business expansion and resilience during periods of volatility.

Financial Performance

The financial performance metrics presented below highlight the revenue generated, the profitability achieved, and the costs incurred during the period. Detailed explanations of key income statement line items are provided in the sections that follow.

Rs. Mn	2025	2024	YoY Change	2023
Gross Written Premium (GWP)	25,750	21,647	19%	18,867
Premium ceded to the reinsurers	(1,698)	(1,492)	14%	(1,033)
Net investment income	12,351	11,757	5%	10,817
Net Insurance benefits and claims	(7,830)	(6,718)	17%	(6,718)
Underwriting and net acquisition cost	(4,906)	(4,000)	23%	(3,544)
Other operating, administrative and selling expenses	(5,838)	(4,910)	19%	(4,377)
Profit from operations	4,965	4,891	2%	4,944
EBITDA	5,953	5,890	1%	5,799
Surplus	3,400	3,000	13%	2,800
Profit before tax	5,169	5,228	-1%	5,256
Profit for the year	3,370	3,741	-10%	3,758
Ratios				
Investment Yield	16%	17%	-6%	18%
Cession Ratio	6.6%	6.9%	-4%	5.5%
Claim Ratio (% of NWP)	33%	33%	-2%	38%
Net acquisition cost Ratio (% of GWP)	19%	18%	3%	19%
Expense Ratio*	23%	23%	0%	23%
Return on Equity (ROE)	14%	16%	-8%	20%

**Other operating, administrative and selling expenses*



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.

For the year ended 31 December 2025, total Gross Written Premium grew by 19% to Rs. 25,750 Mn (2024: Rs. 21,647 Mn). The growth was driven primarily by the continued expansion of individual policies, which contributed Rs. 25,023 Mn, reflecting a 20% increase over the previous year. First Year Premiums grew by 27%, supported by higher new business acquisition, while Renewal Premiums rose by 17%, reflecting strong policy persistency.

Gross written premium



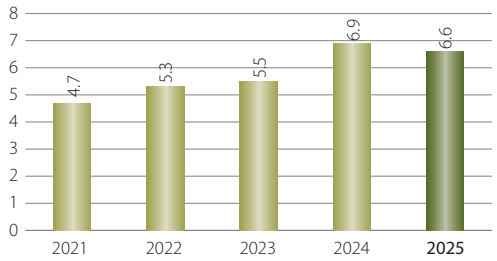
Premium Ceded to Reinsurers

We transfer a portion of our risk to reinsurers, which lowers our 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.

Premium ceded to reinsurers increased to Rs. 1,698 Mn in 2025, compared to Rs. 1,492 Mn in 2024, reflecting a 14% growth. This increase was directly aligned with the expansion in the underlying GWP mix, particularly the strong growth in individual life policies during the year.

Despite the higher absolute ceded premium, the cession ratio improved, declining from 6.9% in 2024 to 6.6% in 2025.

Cession Rate



Net Investment and Other Income

Comprises income generated from the investment portfolio managed both internally and by external fund managers to settle our liabilities and generate business profits.

Net investment income increased to Rs. 12,351 Mn in 2025, reflecting a 5% growth over the previous year. The improvement was mainly driven by the interest income from Treasury bonds, which increased by Rs. 751 Mn during the year.

Net realised gains increased by Rs. 445 Mn (52%) to Rs. 1,308 Mn in 2025. The growth was mainly driven by significantly higher realised gains from equity securities.

Refer Management of Investments on page 88

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.

Total Benefits and claims increased by Rs. 1,112 Mn in 2025 compared to 2024, driven by higher net benefits and claims across all categories. Surrenders rose by Rs. 655 Mn and maturity payouts increased by Rs. 359 Mn as more policies reached maturity during the year. Other claims comprising death, disability, stage payments, and annuities also recorded a modest increase of Rs. 141 Mn.

Rs. Mn	2021	2022	2023	2024	2025
Net Insurance Benefits and Claims (Rs. Mn.)	4,610	5,699	6,718	6,718	7,830
As a % of NWP	31%	36%	38%	33%	33%

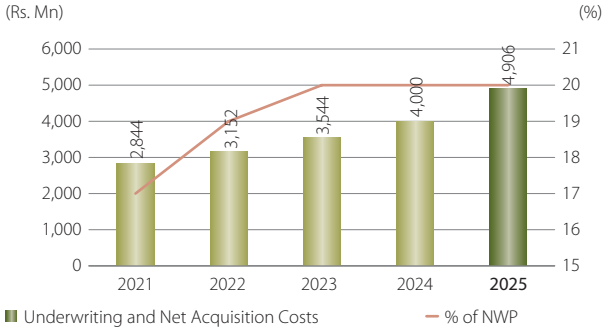
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Underwriting and Net Acquisition Costs

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.

Underwriting and net acquisition costs increased by Rs. 906 Mn in 2025 compared to 2024, mainly aligned with the growth in GWP. Incentive expenses rose significantly, particularly within the Agency and Bancassurance segments, reflecting higher business volumes and performance-linked payouts.

Underwriting and Net Acquisition Costs

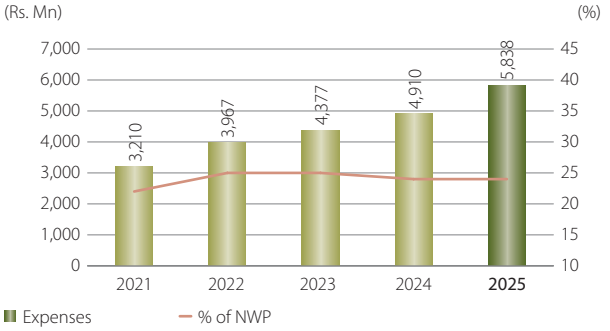


Other Operating, Administrative and Selling Expenses

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

Other operating and administrative expenses increased by 19% in 2025 compared to 2024, driven by higher employee benefits, SLFRS 17/SLFRS 09 implementation expenses and contractual payments for partnerships. Expense ratio maintained at 23% despite escalation in cost base.

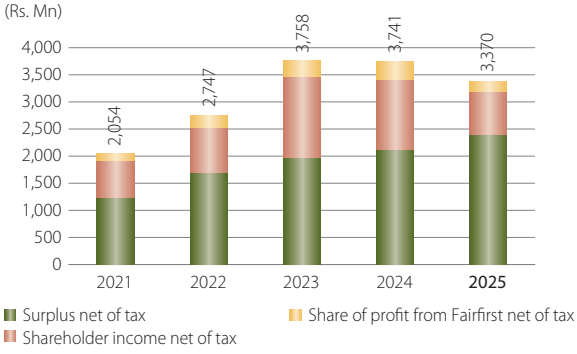
Operating, Administration and Other Expenses



Profit After Tax (PAT)

PAT amounted to Rs. 3,370 Mn in 2025, 10% decrease compared to 2024. The degrowth was mainly attributable to the loss of associate share of income due to divestment of Fairfirst and the resulting capital gains tax recorded.

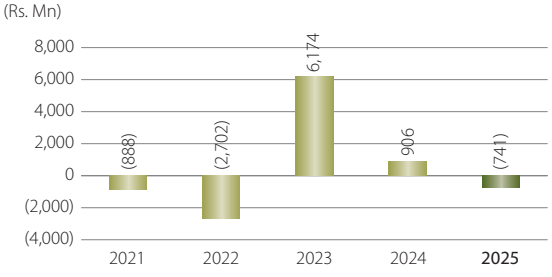
Profit After Tax



Other Comprehensive Income

Other Comprehensive Income (OCI) recorded for the year was impacted by the drop in interest rates by 60 bps on average. This also negatively impacted the fair value of available - for - sale financial assets.

Other Comprehensive Income



Financial Position

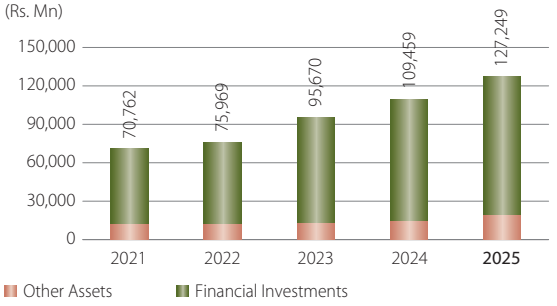
The statement of financial position presents the Company's assets, liabilities, and equity as at 31 December 2025. A discussion of the material line items is provided below.

Rs. Mn	2025	2024	YoY Change	2023
Total Assets	127,249	109,459	16%	95,670
Financial Investments	108,253	95,567	13%	83,420
Total Liabilities	103,876	85,791	21%	71,509
Life Fund	92,807	77,514	20%	64,130
Capital Adequacy Ratio (CAR)	215%	264%	-19%	291%
Determination 1 – Admissible Assets Over Liabilities	15,290	14,131	8%	9,939

Total Assets

Total assets increased by 16% YoY to Rs.127,249 Mn as at December 2025, mainly driven by the recognition of intangible assets arising from the exclusive partnership. Financial investments recorded significant growth of Rs. 12.7 Bn, supported by positive business cash flows, interest income, and favourable mark to market movements in the equity portfolio. These increases were partly offset by the derecognition of the investment in associate following the divestment of the Company's 22% stake in Fairfirst Insurance Ltd.

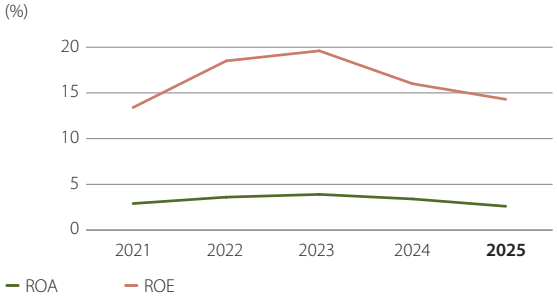
Total Assets



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

ROA & ROE drop mainly due to the lower profit recorded for the year due to Fairfirst divestment

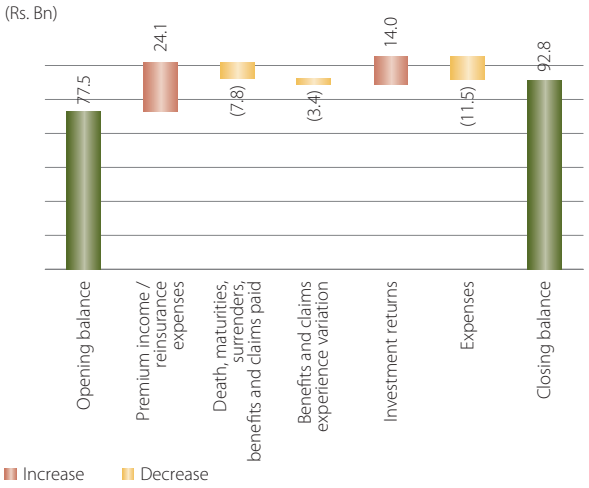
ROA & ROE



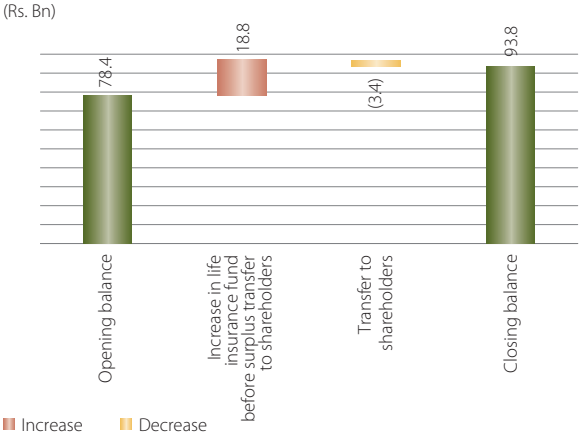
Total Liabilities

Total liabilities increased significantly to Rs. 103,876 Mn from Rs. 85,791 Mn, largely driven by a Rs. 15.36 Bn increase in insurance contract liabilities due to higher fund inflows. During the year other liabilities rose by 53% resulting from future contractual obligations payable for exclusive partnership.

Movement of the Life Fund



Movement in Insurance Contract Liabilities



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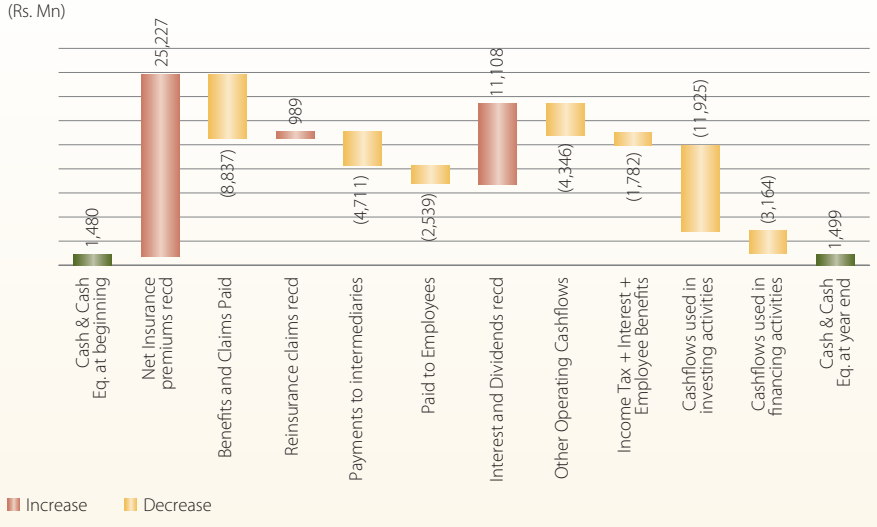
Cash Flow

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.	2025	2024	YoY Change	2023
Net cash flow generated from operating activities	15,108	13,662	11%	10,412
Net cash flow used in investing activities	11,925	7,592	57%	10,301
Net cash used in financing activities	3,164	5,307	-40%	118
Cash and cash equivalents at the end of the year	1,499	1,480	1%	717

Cashflow

(Rs. Mn)



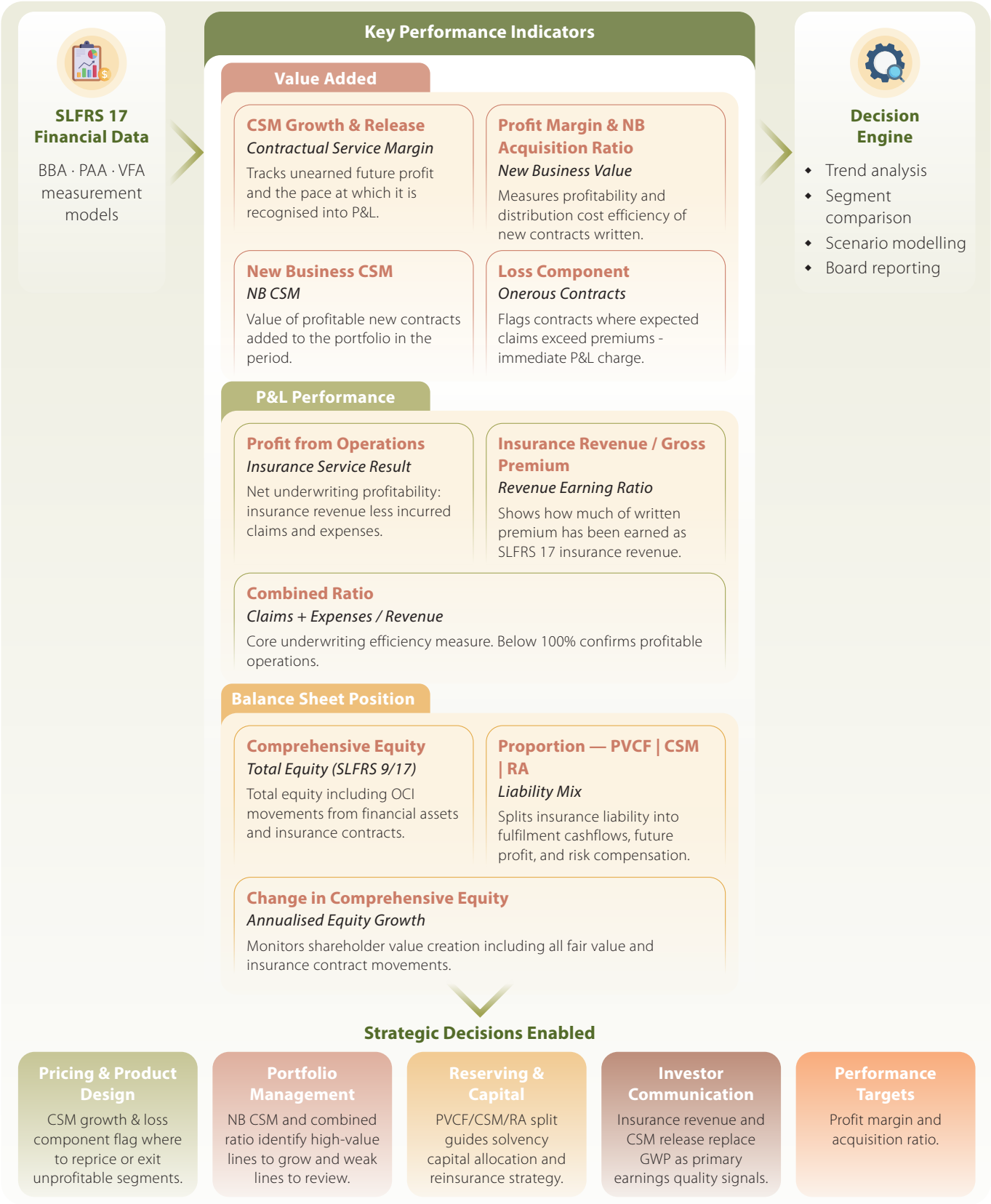
During the year under review, the Company was able to maintain its cash balance, despite the investments in new business partnerships. This was driven by higher premium collections and effective management of expense outflows.

Way Forward

Objectives	2026 Short-Term Target	Medium to Long-Term Target
Revenue	Accelerate quality sales through partnerships	Sustainable, above market growth
Capital strength	Maintain solvency buffer	Build capital surplus and resilience
Investments	Optimise yield with controlled risk	Advanced ALM and diversifies portfolio
Efficiency	Reduce costs through digitisation	Industry-leading expense structure
Value creation	Continue the strategy on new business profitability	Maximise embedded and shareholder value

SLFRS 17 AND SLFRS 9 TRANSFORMATION

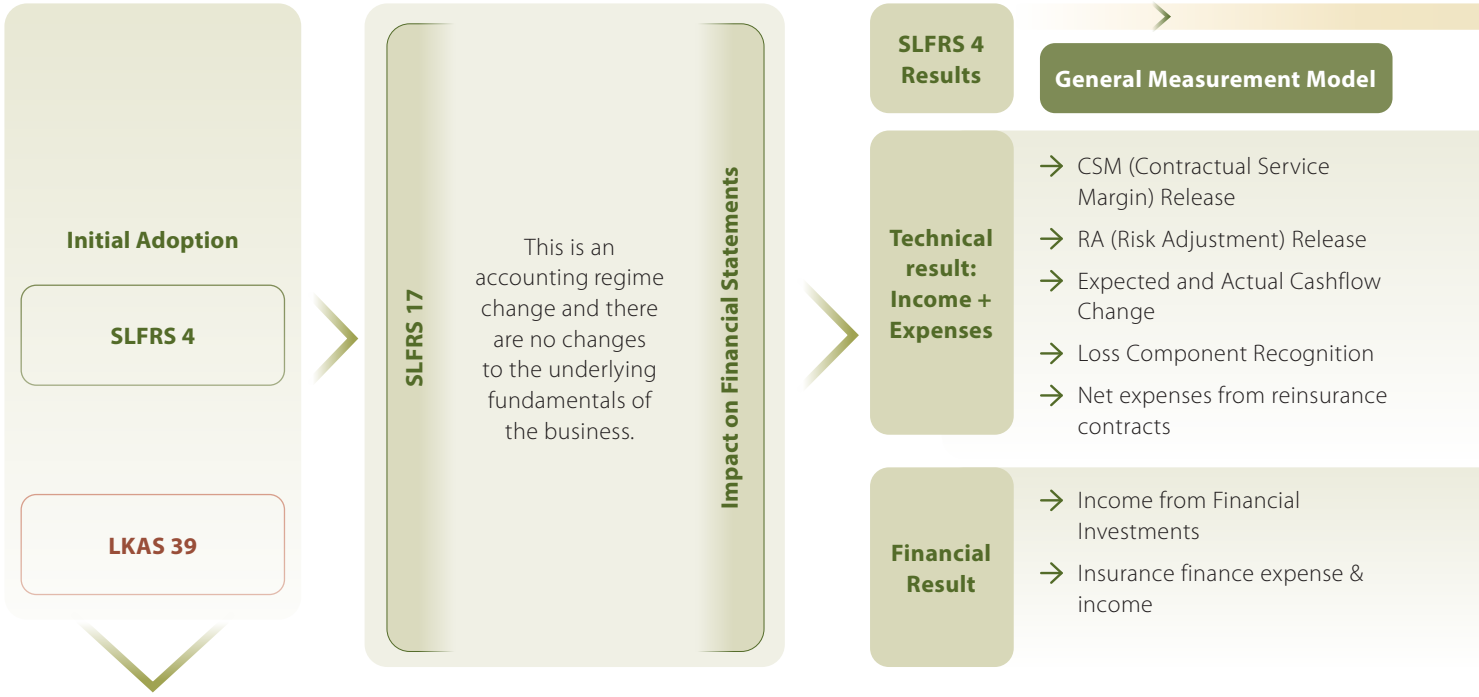
Implementing SLFRS 17 and SLFRS 9 enhance the clarity, consistency, and economic relevance of financial reporting, especially in how revenue, insurance liabilities, and investment performance are measured and presented. Alongside this, the company is shifting from traditional volume-based indicators to value-driven KPIs that better reflect service quality, long-term profitability, and future cash flows.

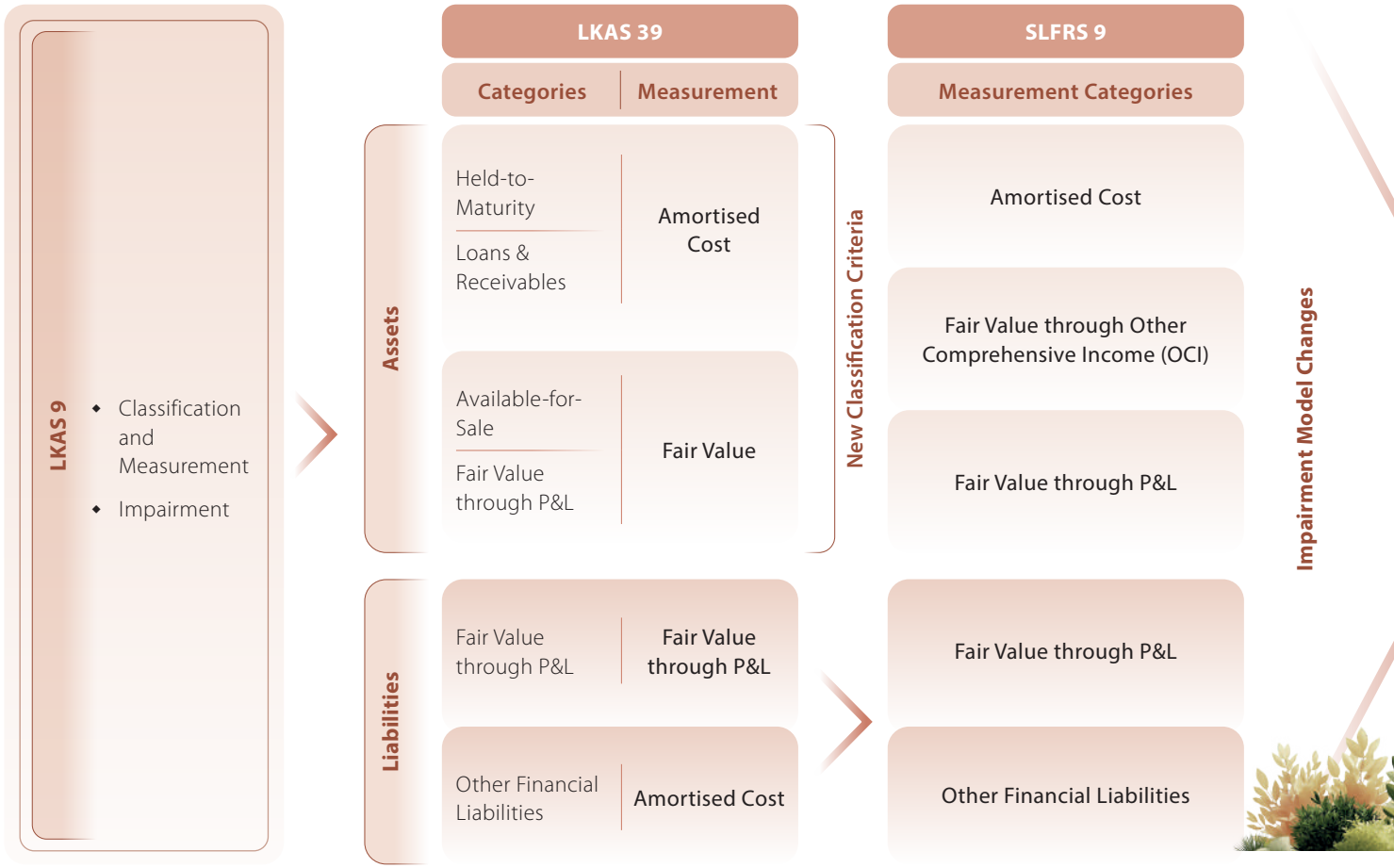


FINANCIAL CAPITAL

SLFRS 17 AND SLFRS 9 TRANSFORMATION

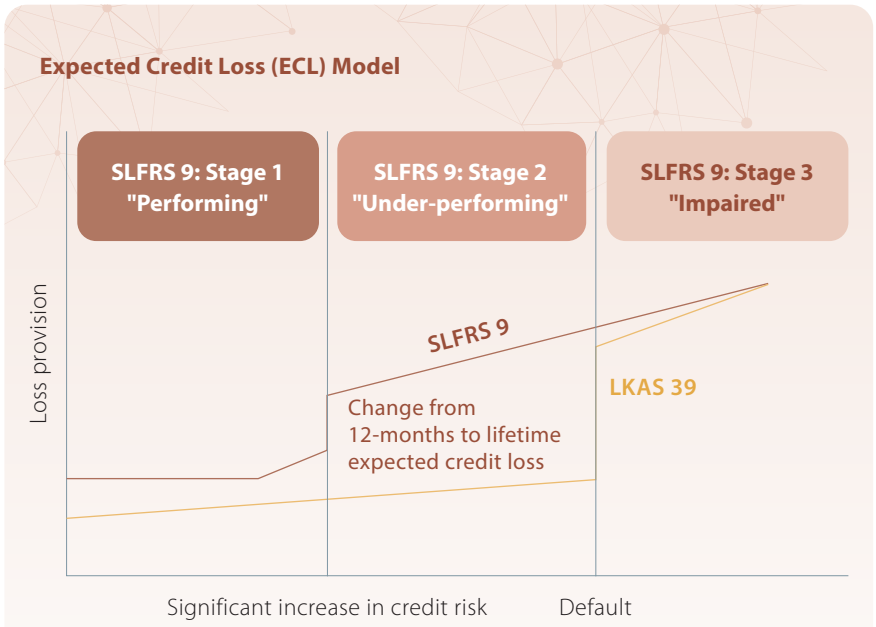
The transition from SLFRS 4 to SLFRS 17 and from SLAS 39 to SLFRS 9 introduces a major upgrade in the Company's financial reporting framework. Under SLFRS 17, insurance contracts are classified into cohorts and measured using one of three approaches—the General Measurement Model, the Variable Fee Approach, or the Premium Allocation Approach & improving transparency and comparability. Key components such as the Contractual Service Margin (CSM), Risk Adjustment (RA), and Present Value of Future Cash Flows (PVFCF) are now explicitly reported, giving better visibility into profitability and risk.





SLFRS 9 further refines asset classification and brings in an expected credit loss model, improving consistency between assets and liabilities. These changes increase earnings volatility and require stronger data quality, tighter coordination between actuarial and finance teams, and deeper analysis of value drivers. Going forward, management will focus more on CSM trends, new business value, RA levels, asset–liability matching, and discount rate impacts to guide the business effectively under the new standards.

Variable Fee Approach	Premium Allocation Approach	SLFRS 17 Results
→ CSM (Contractual Service Margin) Release → RA (Risk Adjustment) Release → Expected and Actual Cashflow Change → Loss Component Recognition → Net expenses from reinsurance contracts	→ Movement in Insurance Contract Liabilities → Loss component → Non-attributable expenses → Net expenses from reinsurance contracts	**Insurance result: Revenues + Services**
→ Income from Financial Investments → Underlying assets finance income / expenses → Insurance finance expense & income	→ Income from Financial Investments → Insurance finance expense & income	**Financial Result**



Assets	Equity and Liabilities
Financial instruments measured at:	**Equity (incl. OCI)**
Fair Value (P&L)	**Liability for remaining coverage (LRC)** Present Value of Future Cash Flows (PVFCF) Risk Adjustment (RA) Contractual Service Margin (CSM)
Fair Value (OCI)	
Amortised Cost	Liability for Incurred Claim (LIC)
Other Assets	Other Liabilities



FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS



Investment strategy

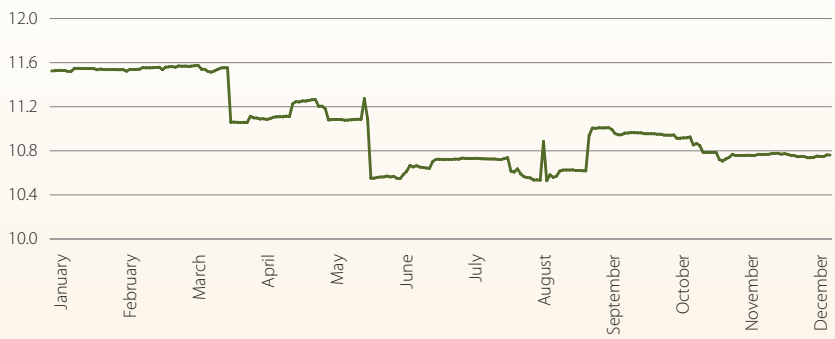
- **Fixed income**
  - Liability matching
  - Active management
  - Liquidity management
- **Equity**
  - Tactical
  - Medium to long term

By the end of 2025, UA managed investment assets totalling LKR 108 Bn, reflecting a strong 13% year-on-year growth. The Company's investment strategy remains centred on delivering sustainable long term asset expansion, competitive risk adjusted returns, and maintaining prudent solvency levels. Assets are allocated across clearly defined funds according to their liability profiles and managed in line with each fund's Investment Policy Statement, with full adherence to regulatory requirements.

A declining interest-rate environment shaped market dynamics during the year, with the 10-year Treasury bond rate falling by more than 75 basis points. In response, UA increased its allocation to equities, which delivered strong performance throughout the year. The Company also reinforced its commitment to sustainability by investing in green bonds and continues to assess emerging opportunities in this area.

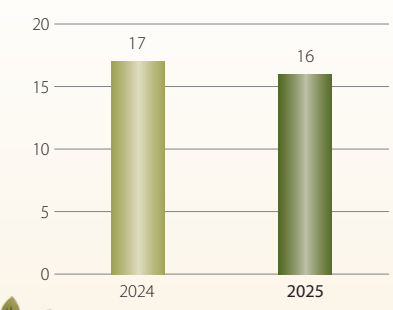
UA entered into a strategic Bancassurance partnership with Sampath Bank PLC, which involved an upfront fee. To facilitate this payment, assets were realised, resulting in a substantial capital gain for the Shareholders' Fund.

10Y T Bond Yield Change in 2025



The total investment portfolio (excluding unit-linked funds) recorded an overall fund yield of 16% in 2025, reflecting disciplined asset allocation, strong equity market performance, and tactical realisation of fixed-income gains.

Overall Fund Yield



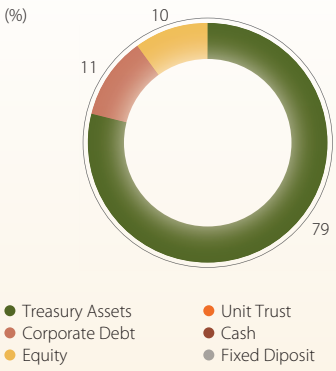
Rs. 108 Bn
Investment Assets



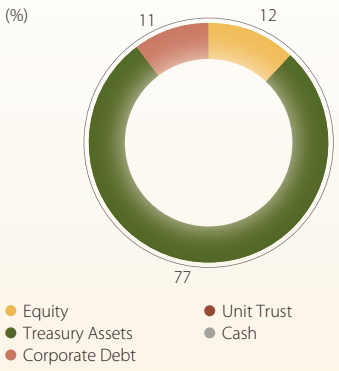
Key factors that influenced asset management in 2025

Declining interest rates	Lower reinvestment yields reduced the overall fund return but enabled the realisation of fixed-income capital gains.
Attractive equity market performance	The ASPI delivered strong returns during the year, and UA's increased allocation to equities contributed positively to investment income and portfolio gains.
Upfront Bancassurance partnership payment	This generated significant realised gains in 2025 but reduced recurring interest income due to the sale of income-generating assets.
Higher-than-expected business cash flows	Strengthened investment income but slightly diluted the overall portfolio yield as surplus cash was invested at lower rates.
Improved macroeconomic environment	Low inflation and greater economic stability encouraged selective increases in risk-asset exposure, enhancing overall returns.

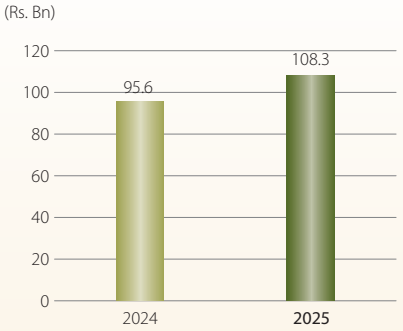
Total Asset Allocation (Excluding Unit Linked)



Policyholder's Fund Asset Allocation



Total Assets Under Management



Policyholder Funds

UA managed Rs. 97 Bn under policyholder funds, reflecting 18% growth during the year. Higher business inflows, equity market appreciation, and the impact of lower interest rates on asset valuation supported fund expansion.

The policyholder portfolio delivered a solid yield in 2025, enabling the company to pay an attractive dividend rate to its policyholders. UA remains committed to providing superior policyholder returns through prudent, forward-looking investment strategies aligned with evolving macroeconomic conditions.

External asset managers continue to play a role in equity management, with 12% of total investments managed externally. In early 2025, UA increased allocations to one of its managers, contributing to an average 33% return generated by both managers and supporting higher realised equity gains during the year.

UA also invested Rs. 600 Mn green bonds during 2025, reinforcing its sustainability agenda.

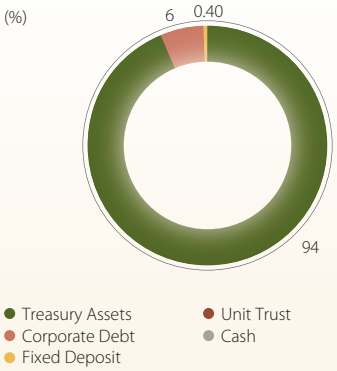
Shareholders' Fund

UA managed Rs. 11 Bn under the Shareholders' Fund. Total AUM declined by 19%, primarily due to the upfront Bancassurance partnership payment. Despite this, the fund delivered a strong return in 2025, well above general fixed-income market rates, supported by robust realised gains from fixed-income assets and favourable market movements.

FINANCIAL CAPITAL

MANAGEMENT OF INVESTMENTS

Shareholders Fund



Unit-Linked Assets

As of year,-end 2025, UA managed Rs. 793 Mn in unit-linked assets, reflecting a modest 1% year-on-year growth. The Company operates three unit-linked funds:

Unit-Linked Fixed (FIXD)

A fully fixed-income portfolio

Unit-Linked Managed (MNGD)

A balanced fund

Unit-Linked Equity (EQTY)

A predominantly equity-based fund (approx. 90% equity exposure)

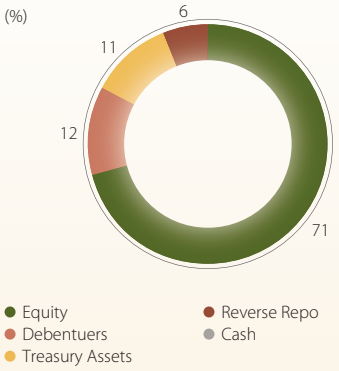
Performance in 2025 was strong across all funds:

9.90%
FIXD

19.30%
MNGD

33.67%
EQTY

Unit-Linked Funds 2025



SHARE INFORMATION

Union Assurance PLC (UA) continued to reinforce its long term value creation commitment by delivering transparent, data driven insights into its market performance.

The following Share Information section provides a clear view of how the Company's market position, trading dynamics, and valuation indicators evolved during 2025. This reflects our continued accountability to shareholders through timely, accurate, and comprehensive disclosures.

Rs. 45,552 Mn
Market Capitalisation

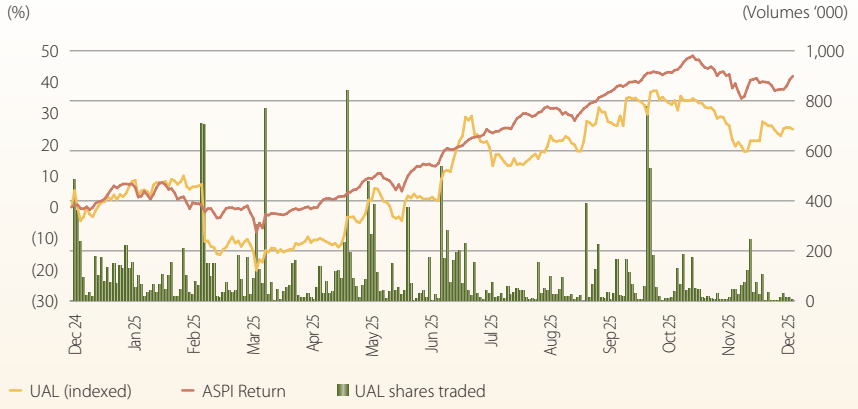
Rs. 5.72
Earnings Per Share

Share Performance

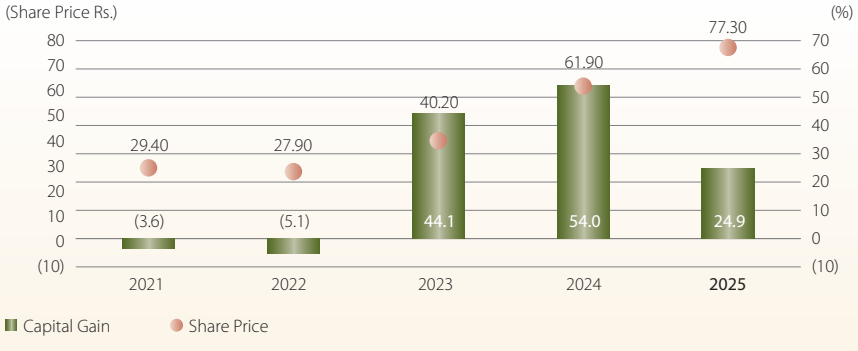
UA is listed on the Colombo Stock Exchange under the ticker UAL.N0000 and recorded a market capitalisation of Rs. 45.55 Bn as at 31 December 2025. The Company maintained 589,285,720 shares in issue throughout the year.

A detailed analysis of the Company's share price movements, liquidity, and overall market performance for the period is presented below.

ASPI vs UA Share Performance



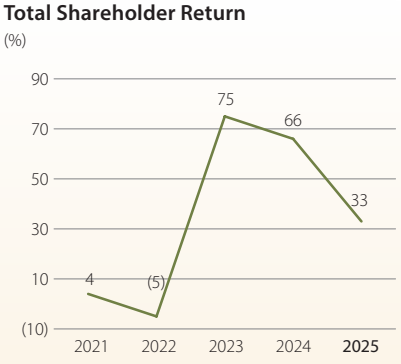
UA's share price closed the year at Rs. 77.30, marking a 25% year-on-year appreciation. While this represents solid absolute growth, the return trailed the broader ASPI, which delivered a considerably stronger performance during 2025. Over the year, the share traded within a range of Rs. 49.00 to Rs. 86.50, with an average daily trading volume of 92,984 shares, indicating healthy liquidity. UA's beta of 1.02 as at 4Q 2025 reflects a price movement pattern broadly aligned with the overall market, signifying moderate sensitivity to market-wide volatility.



Total Shareholder Return

UA's Total Shareholder Return for the year reached 33%, reflecting solid value delivery to shareholders. However, this performance was below the broader market, with the ASPI Total Return Index recording a stronger 49% for 2025, underscoring the wider market uplift experienced during the period.

Total Shareholder Return



Trading Statistics

During the year, 22,130,208 UA shares were traded across 17,802 transactions, reflecting sustained investor interest and active market participation. The average daily turnover increased to Rs. 6,187,499 in 2025, up from Rs. 5,540,402 in 2024, indicating stronger investor confidence and enhanced liquidity in UA shares.



FINANCIAL CAPITAL

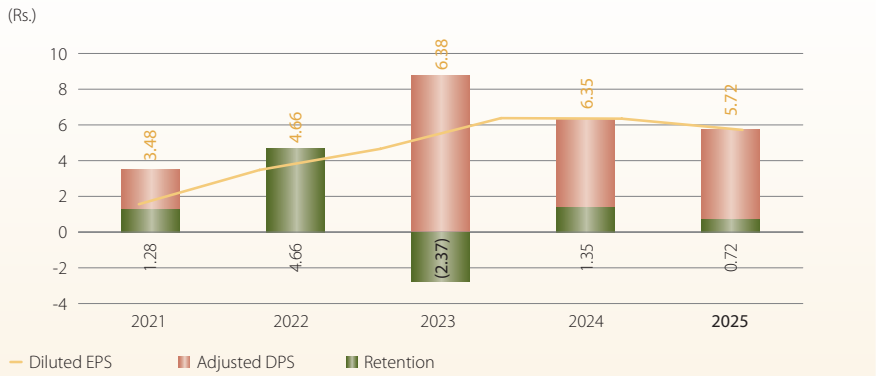
SHARE INFORMATION

	2025	2024
Number of transactions	17,802	15,363
Number of shares traded	22,130,208	26,793,268
Value of shares traded	1,472,624,805	1,313,075,165
Shares traded as a percentage of total shares in issue (%)	3.76%	4.55%
Market Capitalisation (Rs. Mn)	45,552	36,477
Percentage of Market Capitalisation (%)	0.56%	0.64%
Gross Dividend (Rs. Mn)	2,946	2,946

EPS Vs. Retention Per Share

The fully diluted earnings per share (EPS) for the year amounted to Rs. 5.72 in 2025, reflecting a 9.9% decline from Rs. 6.35 in 2024. This movement was primarily driven by a marginal contraction in profit for the period. From a capital formation perspective, retained earnings continue to serve as a key internal source of funding, supporting the Company's growth initiatives while maintaining robust solvency buffers and overall balance sheet strength.

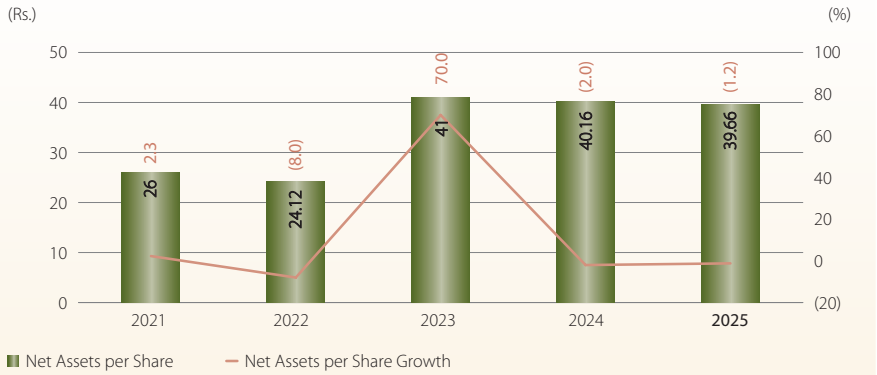
EPS vs Retention per Share



Net Assets Per Share (NPS)

Net Assets per Share declined by 1.2% to Rs. 39.66, primarily reflecting the impact of a reduction in the market valuation of financial investments. This decline was mainly attributable to reduced unrealised gains on available-for-sale treasury assets, reflecting movements in market yields during the period.

Net Assets Per Share

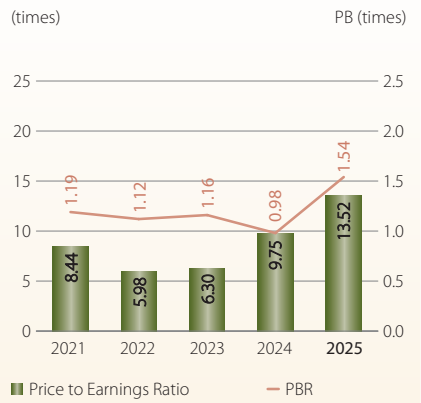


Price Earnings Ratio (PER) and Price to Book Ratio

The Price-to-Earnings Ratio (PER) increased to 13.52 times, up from 9.75 times in 2024, largely driven by the upward movement in the share price. This positioned UA at a premium relative to both the sector PER of 8.33 times and the market PER of 10.73 times, reflecting investor confidence in the Company's stable earnings profile and long-term growth prospects.

Similarly, the Price-to-Book (PB) ratio rose to 1.95 times, compared to 1.54 times in the previous year. This uplift exceeds the sector PB ratio of 1.14 times and the market PB ratio of 1.45 times, signalling a positive market re-rating of the Company's intrinsic value and its future earning potential.

Price Earnings Ratio and Price to Book Ratio



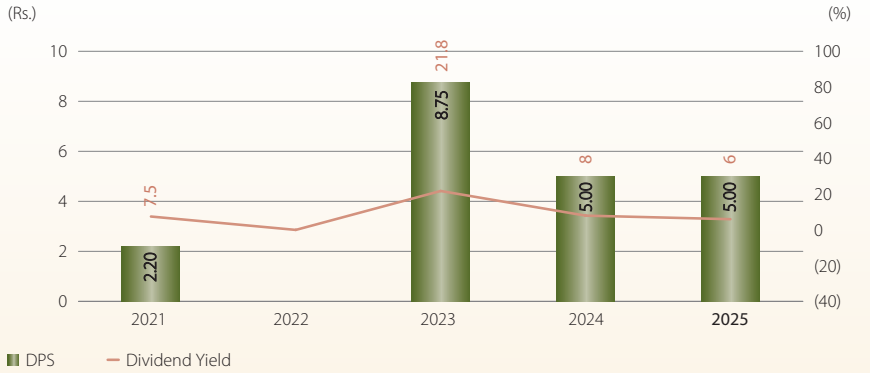
Dividend Yield

UA's dividend policy is designed to balance sustainable capital strength with consistent shareholder returns. The policy prioritises the maintenance of a robust Capital Adequacy Ratio, while aiming to deliver a dividend payout that reflects the Company's earnings growth and long-term value creation.

Rs. 4,153 Mn
Cash Earnings

6%
Shareholder Dividend Yield

DPS Vs Dividend Yield





Summary Company Indicators

	Unit	2025	2024	2023
Market Capitalisation	(Rs. Mn)	45,552	36,477	23,689
Diluted EPS	(Rs.)	5.72	6.35	6.38
Price/Earnings Ratio	(Diluted)	13.52	9.75	6.30
Price to Book Value	(Times)	1.95	1.54	0.98
Price/Cash Earnings	(Times)	10.97	8.28	5.51
Dividend Yield	(%)	6%	8%	22%
Dividend Payout Ratio	(%)	87%	79%	137%
Net Assets Per Share	(Rs.)	39.66	40.16	41.00
Total Shareholder Return	(%)	33%	66%	75%

Distribution and Composition of Shareholders

The Company maintains a diversified shareholder base spread across a wide geographical footprint, comprising both individual and institutional investors. As at 31 December 2025, 2,808 registered individual shareholders accounted for 94.93% of the total shareholder count, with the majority being residents of Sri Lanka. Institutional shareholders represented 5.07% of the Company's shareholdings.

Ownership remains highly concentrated among the largest investors, with the top 20 shareholders collectively holding 95.87% of UA's share capital. The Directors did not hold any shares in the Company in their personal capacity as at 31 December 2025.

Composition of Shareholders

	As at 31 December 2025				As at 31 December 2024			
	No. of Shareholders	%	No. of shares	%	No. of Shareholders	%	No. of shares	%
Directors & spouses:	-	-	-	-	-	-	-	-
Resident:								
Individuals	2,782	94.05	38,543,553	6.54	2,230	93.27	39,556,043	6.71
Institutions	145	4.90	547,522,031	92.91	140	5.86	547,574,667	92.92
Non-Resident:								
Individuals	26	0.88	1,707,599	0.29	17	0.71	989,908	0.17
Institutions	5	0.17	1,512,537	0.26	4	0.17	1,165,102	0.20
Total	2,958	100.00	589,285,720	100.00	2,391	100.00	589,285,720	100.00

FINANCIAL CAPITAL

SHARE INFORMATION

Distribution of Shareholders

Range of Shareholders	As at 31 December 2025				As at 31 December 2024			
	No. of Shareholders	%	No. of shares	%	No. of Shareholders	%	No. of shares	%
Less than 1,000	1,628	55.04	410,671	0.07	1,169	48.89	296,377	0.05
1,001 to 10,000	884	29.89	3,616,522	0.61	771	32.25	3,339,014	0.57
10,001 to 100,000	379	12.81	11,834,106	2.01	380	15.89	12,010,160	2.04
100,001 to 1,000,000	59	1.99	15,032,872	2.55	64	2.68	17,794,804	3.02
Over 1,000,000	8	0.27	558,391,549	94.76	7	0.29	555,845,365	94.33
Total	2,958	100.00	589,285,720	100.00	2,391	100.00	589,285,720	100.00

Public Shareholding

The Company is listed on the Colombo Stock Exchange (CSE), and its public shareholding structure complies with the exchange's listing requirements. The percentage of shares held by the public, the number of public shareholders, and the float-adjusted market capitalisation are presented below.

Range of Shareholders	As at 31 December 2025				As at 31 December 2024			
	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	2,957	58,928,570	10%	4.6	2,390	58,928,570	10%	3.6

Directors' Shareholding

	31.12.2025	31.12.2024
Mr. Krishan Niraj Jayasekara Balendra - Chairman	Nil	Nil
Mr. Suresh Rajendra (Retired w.e.f. 31 Dec 2025)	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
Ms. Christine Malkanthi Lakshmi Dias Bandaranaike	Nil	N/A
Mr. Subasinghe Arachige Jude Senath Wijewardana Jayatilake	Nil	N/A

CEO's Shareholding

	31.12.2025	31.12.2024
Mr. Subasinghe Arachige Jude Senath Wijewardana Jayatilake	Nil	Nil

Twenty Largest Shareholders

Name of Shareholder	As at 31 December 2025		As at 31 December 2024	
	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%
People's Leasing & Finance PLC / Mr. L. P. Hapangama	5,442,538	0.9%	3,415,510	0.6%
J. B. Cocoshell (PVT) LTD	3,573,256	0.6%	3,698,495	0.6%
Corporate Holdings (Private) Limited A/C No. 01	1,513,730	0.3%	1,513,730	0.3%
Standard Chartered Bank DIFC Branch S/A EFG Hermes UAE L.L.C	1,250,275	0.2%	957,460	0.2%
Mr. J. P. Paul	1,174,600	0.2%	-	0.0%
Mrs. A. Selliah	1,080,000	0.2%	1,080,000	0.2%
Mr. J. D. Bandaranayake & Miss N. Bandaranayake & Dr. Mrs. V. Bandaranayake	905,929	0.2%	665,190	0.1%
Mr. J. D. Bandaranayake & Dr. Mrs. V. Bandaranayake & Miss I. Bandaranayake	884,377	0.2%	665,190	0.1%
People's Leasing & Finance PLC / Mr. L. H. L. M. P Haradasa	696,867	0.1%	637,380	0.1%
Dr. S. Selliah	580,000	0.1%	580,000	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%
Arunodhaya Industries (Private) Limited	400,000	0.1%	400,000	0.1%
Mr. S. Sivajeevan	400,000	0.1%	375,000	0.1%
Arunodhaya (Private) Limited	400,000	0.1%	400,000	0.1%
Odyssey Capital Partners (Private) Limited	400,000	0.1%	475,000	0.1%
Arunodhaya Investments (Private) Limited	400,000	0.1%	400,000	0.1%
Mr. N. D. Kurukulasuriya	390,000	0.1%	390,000	0.1%
Others	24,311,998	4.1%	28,150,615	4.8%
Total number of shares issued	589,285,720	100.0%	589,285,720	100.0%

MANUFACTURED CAPITAL

INFRASTRUCTURE AND TECHNOLOGY: BUILDING THE FOUNDATIONS OF VALUE CREATION

Our Manufactured Capital, comprising our physical and digital infrastructure, forms the foundation of our client-centric, digitally enabled transformation. This infrastructure enables us to effectively reach customers, optimise operational efficiency, and provide productive, modern workplaces for our employees. Through disciplined and strategic investments, we continue to expand our market reach while driving operational and product excellence.

Rs. 339 Mn
Investment in PPE

Rs. 1,329 Mn
Revenue from relocation & refurbished branch network

57,389 Sq ft
Training Space

Total capacity utilisation
361,513 Sq ft
Building space

2.65%
Return on Asset

Rs. 99
Revenue per Investment in Operational footprint

Key Highlights

- **New Auditorium –** Established a modern auditorium to support townhall meetings, training programmes, and corporate events.
- **Branch Network Expansion –** Expanded our branch footprint with the opening of new branches strengthening our regional presence and customer accessibility.
- **Branch Relocations and Refurbishments –** Upgraded four branches to enhance customer experience and operational efficiency and relocated the call centre to a better location to improve service delivery.

SDGs Impacted



Value Creation Process

Inputs

- Property, plant, and equipment (PPE)
- Digital Infrastructure

Value Creation

- Investment in technology
- Equipment maintenance
- Automation and technology upgrades
- Investment in branches
- Renovation, relocation, and closure of branches

Outputs

- Rs. 363 Mn. increase in PPE
- 5 new branches

Outcomes

- Revenue generated from new branches Rs. 117 Mn

Focus Area	KPI	GRI
Branch Expansion Refer page 98	Expanding our branch network to enhance regional coverage, customer reach, and service accessibility.	-
Branch Relocation Refer page 99	Relocating branches to optimise accessibility, customer experience, and operational performance.	-
Renovation and Maintenance Refer page 99	Continuous refurbishment and maintenance of buildings strengthened our manufactured capital by preserving asset quality and operational efficiency.	-

Risks

- Rising refurbishment and relocation costs due to increased material, labour, and compliance requirements.
- Higher rental and leasing costs in prime locations driven by strong demand for strategic office spaces.
- Increase in building maintenance expenses caused by higher labour costs with minimum wage regulations

Opportunities

- Investing in digital infrastructure to enhance productivity and reduce operational costs.
- Expanding branch presence in high potential, underserved regions through targeted network growth.
- Employee productivity improvement by upgrading ventilation systems, air quality monitoring, and integrating ergonomic furniture and layouts.

Related Stakeholders

Relevant Material Topics

Environmental Risk Exposure
ESG Focused Investments
Stakeholder Relationship Management
Geographic Expansion
Digitisation of Business Processes

MANUFACTURED CAPITAL

Capital Trade-offs

Investments in plant, machinery, and infrastructure require upfront financial outlays; however, these investments enable long term revenue growth, capacity expansion, and improved operational efficiency.

Automation and digitalisation enhance product quality and service consistency, leading to stronger customer relationships and improved customer satisfaction.

Effectively designed and modern work environments enhance employee well-being, boost morale, and drive higher productivity and engagement.

Continuous technology upgrades and process improvements strengthen organisational knowledge, innovation capability, and operational know how.

Management Approach

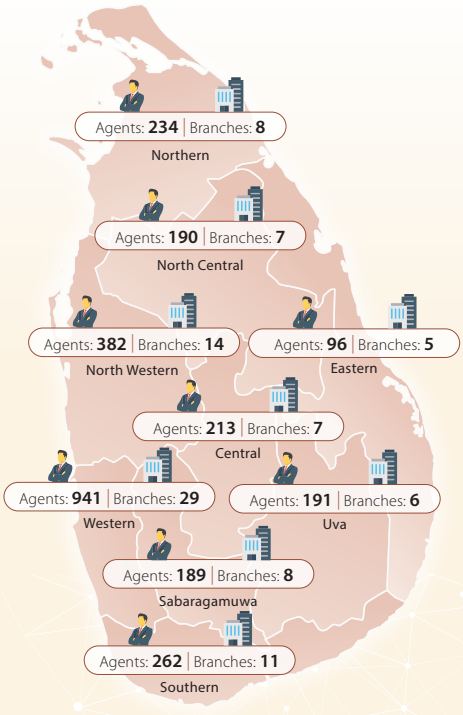
Our Manufactured Capital, comprising our branch network, IT infrastructure, and other customer interaction points, collectively reflected in Property, Plant, and Equipment (PPE), is fundamental to our success. In 2025, we strengthened this capital through targeted branch expansions and relocations aligned with our distribution strategy, alongside continued investments in our digital value proposition.

This capital plays a critical role in enabling an effective omni-channel approach, strengthening both physical and digital distribution channels and expanding our customer reach. Manufactured Capital remains a key driver of value creation, supporting employment generation, enhancing customer satisfaction, improving organisational agility and scalability, delivering competitive advantage, and enabling sustained business growth.

Branch Expansion

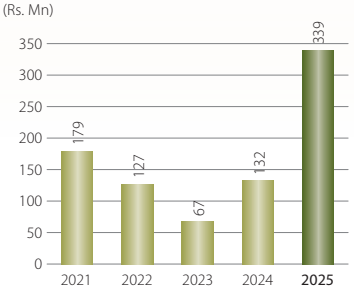
To achieve market success, build customer confidence, and capture market share, strong brand visibility and easy access to our products and services are critical. In support of our digital-first strategy, we operate a well-established network of 95 strategically located branches across the island. These branches are enabled by modern technology and staffed by skilled, well-trained teams who consistently demonstrate a strong customer-centric culture.

Our Branch Network



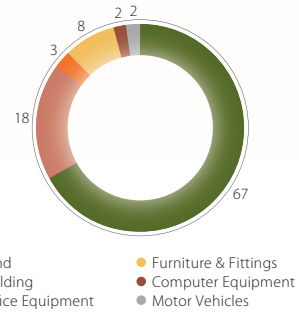
Investment in Property, Plant and Equipment

(Rs. Mn)



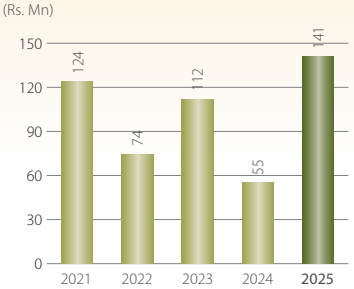
PPE Composition

(%)



Investment in Intangible Assets

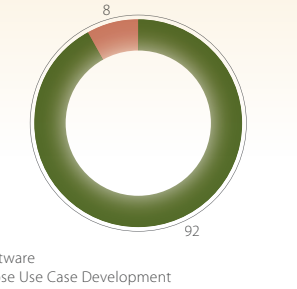
(Rs. Mn)



Investment excluding partnerships

Intangible Asset Composition

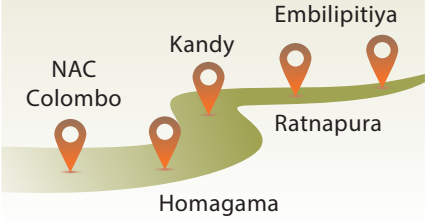
(%)



During 2025, our continued investment in physical infrastructure resulted in the opening of five new branches, the relocation of three branches, and the refurbishment of one branch. As a result, our Manufactured Capital totals Rs. 3,384 Mn, including Rs. 2,265 Mn in land, Rs. 618 Mn in buildings, and Rs. 501 Mn in other property, plant, and equipment, underscoring the strength of our asset base and supporting long-term growth.

Branch Network Expansion

Opened new branches to expand our regional footprint and improve financial accessibility, reinforcing our presence in strategically important regional and urban markets.



Branch Relocations and Refurbishments

In 2025, we undertook targeted branch relocations and refurbishments to improve customer experience and operational efficiency.

Location	Initiative	Improvement Summary
Nittabuwa	Relocation	Relocated to new premises, furnished with a combination of new and refurbished furniture to optimise functionality and cost efficiency.
Akuressa	Relocation	Moved to a new location, equipped with a combination of new and existing furniture, along with the installation of new air conditioning units.
Chilaw	Relocation	Relocated to new premises, fitted with a mix of new and existing furniture, and equipped with new air conditioning units to improve operational effectiveness.
Kilinochchi	Refurbishment	Refurbished the branch using a mix of new and existing furniture, with the installation of a new air conditioning unit to improve customer and employee comfort.



Chilaw branch relocation



Embilipitiya- New agency channel branch opening

Investments in Head Office Improvements in 2025



New Corporate Auditorium

Established a modern auditorium to support corporate events and townhall meetings, equipped with advanced audio visual technology, flexible seating configurations, and contemporary facilities to enhance engagement and collaboration.

MANUFACTURED CAPITAL



Call Centre Relocation

Relocated the call centre to a prime, strategically accessible location, improving employee convenience and strengthening customer service delivery and responsiveness.



Optimised IT Infrastructure Layout

Redesigned the IT infrastructure layout to maximise space efficiency and support advanced technology requirements, enhancing system performance and scalability.

Flexible Meeting Spaces

Introduced convertible meeting areas with modular designs, enabling spaces to be reconfigured or segmented to accommodate diverse operational and business needs.







Enhanced Workplace Ergonomics

Installed ergonomic chairs across workstations to improve employee comfort, well being, and productivity.

Strengthened Building Safety Measures

Upgraded building safety infrastructure, including enhanced fire exits, emergency response systems, and strengthened compliance with applicable health and safety standards.

Training Spaces

We recognise that investment in training is a shared commitment between the organisation and its employees. Accordingly, we provide dedicated training facilities that support employee development, skills enhancement, and regulatory compliance. These training spaces are integral to our value creation process and reflect our commitment to building a capable and future-ready workforce.

Continuous investment in modern training facilities enables our employees to acquire the knowledge and competencies required to enhance organisational effectiveness and maintain our competitive edge.

Awareness Programmes

As part of our risk mitigation framework, fire and natural disaster scenarios are covered under the Company's Business Continuity Plan (BCP) during the year.

We conducted awareness sessions for Regional Managers and new recruits to strengthen understanding of operational resilience, compliance requirements, and organisational preparedness.



Impact of Manufactured Capital Improvements



Strengthened learning and knowledge-sharing

Enables structured training programmes, town hall meetings, and knowledge-sharing sessions through modern, purpose-built facilities, supporting continuous learning and organisational development.



Enhanced organisational capability

Modernised infrastructure supports long-term organisational development by enabling efficient operations, collaboration, and scalability.



Employment generation

Branch expansion and operational growth create direct and indirect employment opportunities across multiple regions.



Increased accessibility and service quality

Strategically located facilities and upgraded systems improve customer accessibility while ensuring consistent, high-quality service standards.



Superior customer experience

Improved infrastructure and modernised service environments enable faster, more efficient service delivery, enhancing overall customer satisfaction.



Improved financial inclusion

Expanded and upgraded branch presence enhances access to financial products and services across diverse regional and community markets.

Way Forward

Objectives	2026 Short-Term Target	Medium to Long-Term Target
Branch Network Expansion	Enhance the look and feel of branches while strengthening brand visibility and customer experience.	Continue to expand and optimise our physical branch presence in line with strategic distribution and market needs.
Repairs & Maintenance	Conduct regular BCP testing to mitigate risks associated with Property, Plant, and Equipment (PPE).	Implement continuous initiatives to enhance asset usability, extend asset lifespan, and improve long term operational resilience.

HUMAN CAPITAL

OUR PEOPLE: THE FOUNDATION OF OUR SUCCESS

The professionalism, dedication, and expertise of our employees are central to delivering on our brand promise. We are committed to empowering our team through continuous skill development, knowledge enhancement, and growth opportunities within a supportive, thriving environment that prioritises their well-being.

48:52
Male: Female ratio

Rs. 60.5 Mn
Investment in L&D

Rs. 2,225 Mn
Remuneration and benefits paid

19%
Employee turnover %
(Support function and sales supervision)

Key Highlights

- Successfully introduced the Company's new Employee Value Proposition (EVP), "Grow Beyond Limits".
- Implemented a structured employee feedback system to enhance engagement, improve workplace quality, and boost overall employee satisfaction.
- "GROW", a multi-faceted, comprehensive initiative designed to empower and support women in various aspects of their personal and professional lives.
- Employee (Support function and sales supervision) turnover decreased by approximately 19.5% in 2025 compared to 2024.
- Positioned the UA culture among potential stakeholders through strategic activation of "Life at UA" across all social media platforms.

SDGs Impacted





Value Creation Process

Inputs

- 821 employees
- Employee skills, qualifications, and competencies
- Competitive remuneration and benefits
- HR governance structures

Value Creation

- Learning and development programmes
- Performance management and career progression
- Work–life Integration initiatives
- Fostering a diverse, equitable, and inclusive culture

Outputs

- 52% female participation
- 81% employee retention rate
- 80 internal promotions
- 16,900+ total learning hours
- Rs. 2,225 Mn paid as employee compensation and benefits

Outcomes

- Strengthened diversity and equal opportunity
- A highly skilled, motivated, and engaged workforce

Focus Area	KPI	GRI
Talent acquisition and retention Refer page 107	• Drive organisational excellence by strengthening talent acquisition, workforce planning, employee well-being, and leadership development through competency based data driven, structured, and people centric HR practices.	GRI 404
Strong employer brand Refer page 105	• Strengthen the employer brand by expanding university recruitment networks, enhancing social media presence, and developing a strategic roadmap to implement the EVP.	GRI 401
Deliver superior service to our employees Refer page 106	• Ensure compliance with policies and procedures. • Conduct compensation and benefits survey for market competitiveness. • Digitalisation of routine processes was initiated to enhance accuracy, improve efficiency and enable increased focus on impactful employee engagement.	-
Employee engagement Refer page 114	• Enhance employee experience through culture-building initiatives and use the pulse survey to guide employer branding strategies.	-
Diversity, equity, and inclusion Refer page 108	• Promote Diversity, Equity, and Inclusion (DE&I) through meaningful initiatives implemented across the organisation.	GRI 405

Risks

- High attrition rates among sales staff.
- Difficulty in sourcing skilled professionals with advanced technical capabilities.
- Reliance on outdated systems reduces efficiency and scalability.
- Growing employee expectations for flexible work arrangements and remote options.
- External climate factors such as floods affecting employee well-being and productivity.

Opportunities

- Flexible work models, robust career development programs, and global talent acquisition strategies to improve retention.
- Investments in mental health initiatives, diversity programmes, and work-life balance to foster engagement and resilience.
- AI and data training to enhance productivity and career growth.
- Structured mentoring, leadership development, and knowledge-sharing frameworks to preserve institutional expertise as senior employees retire.

HUMAN CAPITAL

GRI 2-7 a, 2-7 b i, 2-7 b ii, 2-7 c, 2-7 d

Related Stakeholders

Relevant Material Topics

Corporate Governance & Regulatory Compliance

Anti-Corruption

Retention, Training and Development

Employee Diversity, Equal Opportunity & Non-Discrimination

Environmental Risk Exposure

Capital Trade-offs

Strategic investments in human capital may initially impact short-term financial performance however, ensure seamless business operations in the long-term.

Developing communication, collaboration, and negotiation skills strengthen relationships with customers and suppliers, fostering trust and long-term partnerships.

Investing in training and development accelerates innovation and enhances organisational knowledge, creating a competitive advantage.

Sustainability awareness help reduce resource consumption and minimise ecological impact, thereby preserving and enhancing natural capital.

Optimising physical assets and infrastructure improves operational efficiency and supports scalability for future growth.

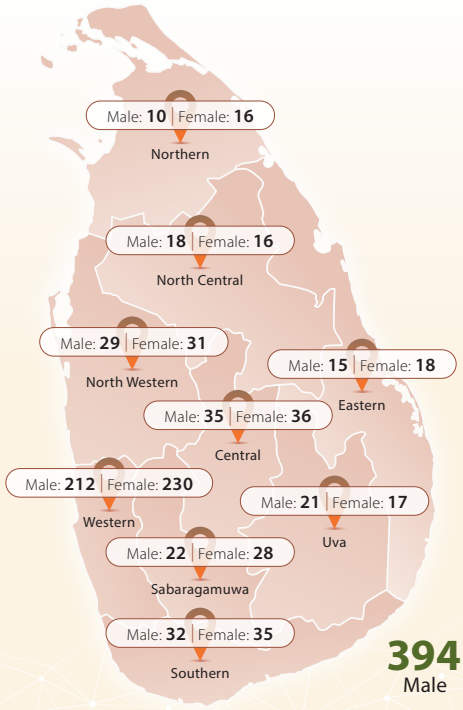
Management Approach

Our human capital strategy aims to build a high-performing and inclusive workforce by strengthening talent acquisition, offering structured development opportunities, and enhancing employee engagement. It emphasises leadership development, well-being, and DE&I, while ensuring performance is aligned with organisational goals through fair and transparent evaluation and recognition systems.

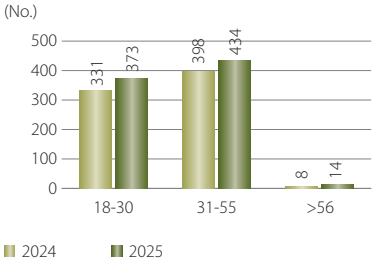
Our Team Profile

Our strength lies in our team, whose expertise and commitment drives our competitive edge. The detailed profile of our team is presented below.

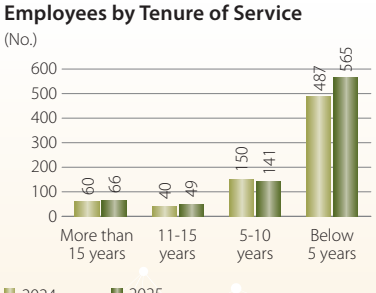
Employees by Gender and Province [LA]



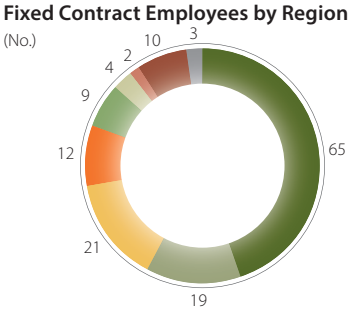
Employees by Age



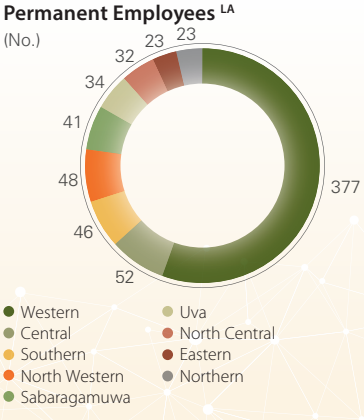
Employees by Tenure of Service



Fixed Contract Employees by Region [LA]



Permanent Employees [LA]



394 Male | **427** Female [LA]



All above information is disclosed based on year-end employee headcount. [LA]

The 11.4% net increase in employee cadre demonstrates the strong recruitment drive and improved employee retention, reflecting the company's continued commitment to attracting and sustaining a diverse and capable talent pool.

UA Employee Value Proposition



At Union Assurance, our Employee Value Proposition (EVP) was officially launched on 12 March 2025, marking a significant milestone in our commitment to building a workplace where employees are empowered to **"Grow Beyond Limits"** both personally and professionally. The EVP reflects who we are as an organisation and how we strive to create an environment that encourages continuous growth, resilience, and innovation, while enabling our people to unlock their fullest potential.

Our EVP is built on three equally important pillars:

Progression | **Experience** | **Empowerment**

Over the past year, several key initiatives have been rolled out to bring the EVP to life

Employee Progression

Creating the environment to improve employee's skills, responsibilities, and career level within the organisation.

- Formation of the Internal Trainer Faculty
- Implementation and the completion of the 'SHIFT' leadership development program
- Formation of the Nurture Network

Employee Experience

Initiatives were designed to promote work–life integration, foster inclusion, and strengthen a sense of belonging among employees. During the year we conducted Zumba sessions, installed a vending machine and allocated a half day leave on birthdays.

Employee Empowerment

In line with our focus on empowerment and engagement beyond the workplace, employees were encouraged to participate in extracurricular and team-based activities that build collaboration and confidence.

- Opportunity to pursue employee's passion through clubs, societies and sports.
- Union Assurance Staff Talent Show
- A series of EVP Roadshows creating platforms for awareness, dialogue, and alignment with the organisation's values and direction.

Through these initiatives, Union Assurance continues to reinforce its commitment to employee growth and development. It reflects our ongoing investment in our people and our dedication to creating a workplace where employees feel valued, supported, and inspired to grow alongside the organisation today and in the years ahead.



HUMAN CAPITAL

GRI 2-24 a, 403-9 a, 408-1 a, 408-1 c

HR Governance

Our Human Resource Policies



The organisation embeds its policy commitments into day to day operations through structured governance processes and clear compliance requirements. All policies are accessible to employees via the Company intranet, ensuring transparency and organisation-wide awareness. Targeted training sessions are provided on a needs basis to ensure employees understand and apply these commitments in relevant areas of their work. These mechanisms collectively support consistent implementation of the organisation's ethical, social, and environmental standards across its activities and value chain. LA

HR Compliance

Focus Area	Our Actions
Compliance with labour laws and regulations	We comply with all applicable labour laws, rules, and regulations in Sri Lanka, including those related to compensation, dismissal, recruitment, promotion, working hours, benefits, and welfare. Employees are provided with sufficient notice of operational changes. No fines or sanctions for non-compliance were imposed during 2025.
Child labour & forced labour	We maintain strict policies prohibiting underage and forced labour. No incidents of such violations were reported during the year. LA
Non-compliance in labour practices	We continuously enhance labour practices and maintain robust monitoring systems to ensure full compliance. Our policies are aligned with industry best practices.
Compliance with health and safety regulations	We are committed to providing a safe and healthy work environment. Comprehensive health and safety protocols and standards are in place to protect employees. No work-related fatalities, injuries, or hazardous incidents occurred during the year. LA
Protecting human rights	Our HR policy reflects our commitment to safeguarding human rights and employee rights. No violations were reported during the year.

Employee Movement

We adhere to the Group Recruitment Policy of our Parent Company, John Keells Holdings, ensuring alignment with the OneJKH principles. During 2025, we recruited a total of 341 employees, while employee turnover stood at 19%. Our targeted recruitment and retention strategies contributed to 58% female recruitments, reinforcing our commitment to diversity and inclusion.

Our Recruitment and Selection Process

Preparation of Requisition for the internal vacancy

Pre sourcing through advertisements on internal and external sources

Selection Process

- Application sourcing
- Initial screening
- Candidate contact and pre-evaluation
- Assessment stage
- Formal interview process
- Mandatory screening process (sanction screening / reference check / industry clearance)
- Final evaluation
- Offer finalisation

Onboarding

- Group level induction and pathway onboarding programme
- Company induction

University Partnerships

As Sri Lanka's premier life insurer, Union Assurance has strengthened its commitment to empowering future business leaders by signing MoUs with universities. The newest partnership being University of Sabaragamuwa and this partnership complements our existing collaborations with leading academic institutions, including the University of Wayamba, University of Sri Jayewardenepura, University of Kelaniya, and NSBM, reaffirming our dedication to nurturing Sri Lanka's youth and preparing them for an evolving business landscape.



Internship Programme & Apprenticeship Programme (Ucraft)

A two-year apprenticeship program designed as a stepping stone for undergraduates to gain corporate exposure, practical experience, and industry insights, helping them transition seamlessly into professional careers.

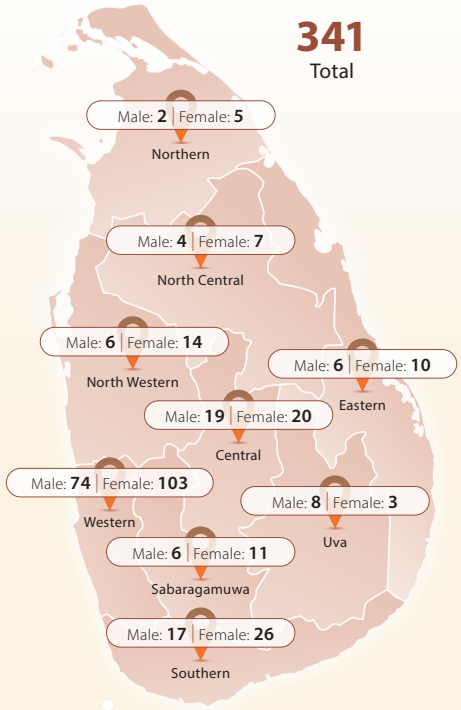
UCRAFT
BY UNION ASSURANCE



HUMAN CAPITAL

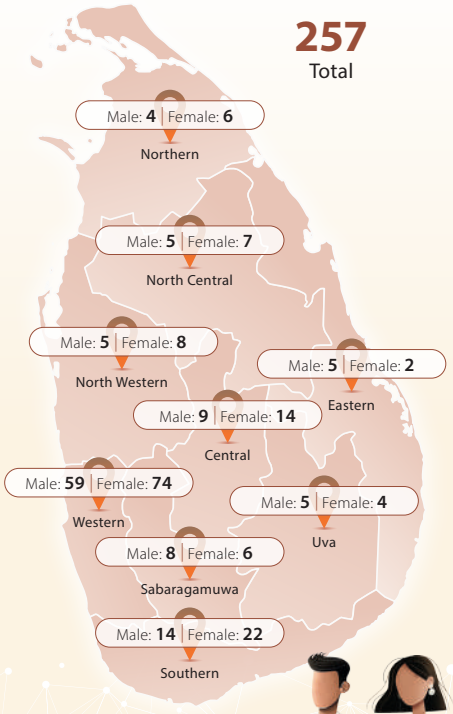
GRI 2-7 e, 401-1 a, 401-1 b, 406-1 a, 406-1 b

Recruitment by Province [LA]



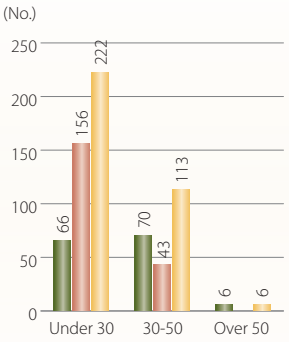
42% Male | **58%** [LA] Female

Employee Exits by Province [LA]

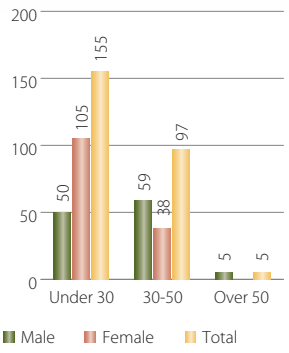


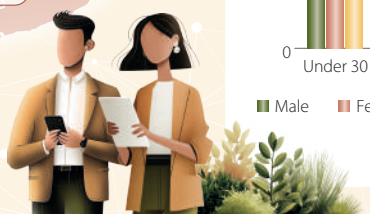
44% Male | **56%** [LA] Female

Recruitment by Age [LA]



Exits by Age [LA]





Diversity, Equity & Inclusion (DE&I) Commitment

Aligned with the 'OneJKH' commitment to Diversity, Equity, and Inclusion, we foster a workplace culture that embraces diversity, equality, and inclusivity across the organisation. Our DE&I framework is anchored on principles of empowerment, inclusion, zero tolerance for discrimination, equal opportunity, and active participation, while promoting diverse value chains.

To strengthen this commitment, we have:

- Introduced awareness programmes to mitigate unconscious bias.
- Implemented the Equal 100 Days Parental Leave Policy, granting both maternal and paternal 100 days of paid leave.
- Maintained a zero-incident record of discrimination during the year. [LA]

Our DE&I Policies

Equal Opportunity and Non-Discrimination Policy

Applies to all employees and governs interactions with stakeholders across the Company.

Diversity, Equity, and Inclusion Policy

Commits to creating a respectful, inclusive workplace where diversity is embraced and contributions are valued. The UA believes diverse teams drive innovation, talent retention, and superior results, and strives to reflect the diversity of communities and stakeholders in its workforce and value chain.

Gender Equality Policy

Provides a framework for achieving gender balance, integrating gender parity into work culture, processes, and policies. Includes strategic interventions to empower women and foster inclusivity.

Zero Tolerance Policy

Enforces strict measures to eliminate sexual harassment and maintain a safe, respectful work environment.

GRI 405-1 a, 405-1 b

DE&I Initiatives Conducted During the Year

Leading Liyo – Women-centric Leadership Programme

A transformative development initiative designed to unlock potential and foster leadership among female professionals at UA.

Key Objectives:

- Empower female talent with tools, resources, and mentorship for career growth.
- Increase retention of high-potential women through targeted engagement strategies.
- Build a strong women's network for collaboration and knowledge-sharing.
- Enhance the visibility of female role models to inspire future leaders.

International Women's Day

Celebrated the women of UA with sessions focused on mental well-being and financial literacy, empowering them personally and professionally.

Breast Cancer Awareness Programme

Conducted an awareness session and facilitated initial breast cancer screening tests to promote health and early detection.



Cultural & Religious Celebrations

to foster inclusivity and respect for diverse cultural traditions.

- Iftar during Ramadan
- Vesak celebrations
- Thai Pongal festivities
- Christmas Programme

International Men's Day

Recognised male employees' contributions through a promotional partnership with Hameedia (15% discount) and a token of appreciation.

Female Well-being Enhancement

Installed sanitary napkin dispensers at the Head Office to support health and hygiene needs.

Structural Diversity [LA]

Male		Female
6	Governance Body	3
52	Senior Management	9
154	Middle Management	59
182	Executive and below	356



Age Representation of Governance Body





HUMAN CAPITAL

GRI 401-3 a, 401-3 b, 401-3 c, 401-3 d, 401-3 e

Parental Leave - 2025 [LA]	Male	Female
Total number of employees that were entitled to parental leave, by gender.	4	7
Total number of employees that took parental leave, by gender.	4	7
Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	4	7
Total number of employees that returned to work after parental leave ended who were still employed 12 months after their return to work, by gender.	4	6
Return to work and retention rates of employees that took parental leave, by gender.	100%	86%

Parental Support Initiatives

Initiative	Description
Partnership with Parenthood Global	Collaborated with Parenthood Global to promote a parent-inclusive workplace culture. In addition, we provide employees with access to a registered and well-known crèche facility, ensuring reliable childcare support.
Equal Parental Leave	Implemented 100 days of paid parental leave for mothers and fathers, reinforcing our commitment to gender equality and family well-being.



Parental leave

86%

Percentage retention of women at work for 12 months after maternity leave

Learning and Development

We empower our employees to achieve both personal and professional growth through tailored learning and development programmes. Training needs are identified based on the organisation's strategic objectives and the unique aspirations of each individual. Using a structured and systematic approach, we ensure that all programmes are relevant, impactful, and measurable. Our learning ecosystem includes diverse options such as on-the-job training, digital learning platforms, workshops, mentorship, coaching, and structured management development initiatives. In 2025, employees benefited from 16,900+ hours of training delivered, with an average of 21 hours per employee, reinforcing our commitment to continuous development.

Our Training and Development Process



Identifying Training Needs

- Through one-on-one discussions between employees and their immediate supervisors.
- Via voluntary registration by employees based on the quarterly training calendar published.

Designing Training Programmes

- Developing structured programs tailored to identified needs and organisational objectives.





Implementing Training

- Delivering training sessions effectively to ensure maximum engagement and knowledge transfer.

Evaluating Training Effectiveness

- Assessing outcomes to confirm that the objectives of each program have been achieved and identifying areas for improvement.





GRI 404-1 a, 404- 2 a

Key Training Programmes Implemented in 2025 [LA]

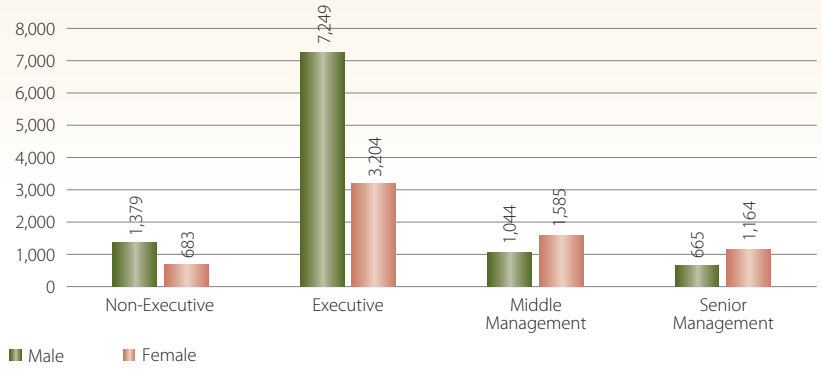
Programme	Description	No. of Hours	No. of Participants
Leadership & Management	Programs designed to enhance personal effectiveness, leadership, and managerial skills. Examples include SHIFT (Leadership Development Program), Performance Conversations for People Managers, and Nurture Network.	2,368	360
Onboarding	Initiatives to integrate new employees into the organisation, including Company orientation, departmental processes, and training on John Keells Group Values.	9,264	1,117
Product & Technical	Training to ensure employees have the knowledge and skills to understand, use, and support products and technical processes. Examples include Fundamentals in Life Insurance, process understanding.	4,128	544
Sales & Service Excellence	Programs focused on improving customer interactions, building client relationships, and achieving excellence in sales and service delivery. Examples include soft skills for customer service and service transformation.	1,088	311
Systems, Operations & Compliance	Training to raise awareness of legal and regulatory requirements and equip staff to protect the organisation's brand. Examples include Anti-Money Laundering, information security, and data protection act sessions.	125	85

51%:49% [LA]
Female:Male
Ratio of Training Received
(2024: 55%:45%)

Rs. 59,947
Training Cost per Employee
(2024: Rs. 52,220)

Rs. 48,023
Social Welfare Cost per Employee
(2024: Rs. 32,440)

Training Hours Based on Gender and Employment Category



Rs. 49 Mn
Total Investment in Training
(2024: Rs. 33 Mn)

16,900+ [LA]
Hours of Training
(2024: 19,044)

21
No. of Internally filled positions
(2024: 22)



HUMAN CAPITAL

GRI 2-19 a, 2-19 b, 201-3 b, 201-3 c, 201-3 d 201-3 e, 401-2 a, 401-2 b, 405-2 a, 405-2 b

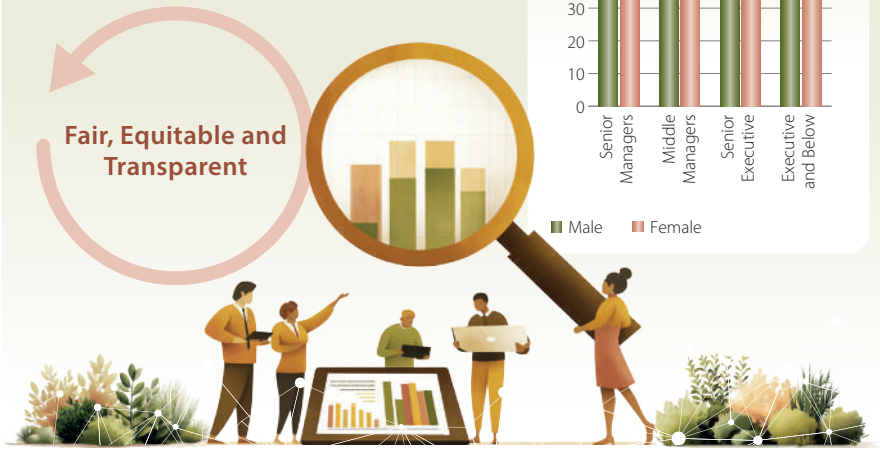
Remuneration and Benefits

We provide fair, equitable, and transparent remuneration and benefits that align with our performance-driven culture. Our compensation package includes a competitive base salary, travel allowance based on designations, performance-based bonuses, statutory contributions, and comprehensive benefits such as medical coverage. In addition, an industry-leading parental leave policy granting 100 days of paid leave for both parents. LA

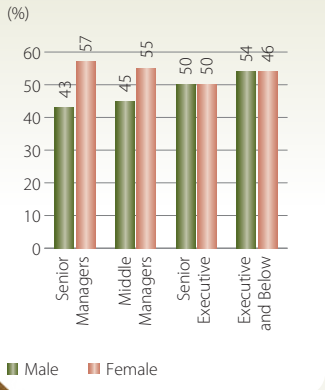
Our Remuneration Policy is: LA

Designed to:

- Attract and retain top talent
- To be recognised as an Employer of Choice
- Maintain high levels of morale and motivation



Average Salary Ratio



Rs. 31.36 Mn
Revenue per Employee
(2024: Rs. 29.37 Mn)

Rs. 284 Mn
Contribution to Defined Benefit Plan
(2024: Rs. 230 Mn)

Rs. 2,225 Mn
Payment to Employees
(2024: Rs. 1,847 Mn)

In addition to the regulated benefits, we offer a variety of monetary and non-monetary benefits aimed at supporting the holistic well being of our employees. LA

Monetary LA

- Attractive remuneration
- Vehicle allowances
- Paid time off
- Retirement benefits (EPF, ETF, Gratuity)
- Health & life insurance benefits

Non-Monetary LA

- Employee well-being
- Job security and enrichment
- Flexi work arrangements and remote working
- Career development and learning opportunities
- Work/Life integration

Defined Benefit Plan Obligations and Other Retirement Plans

Union Assurance PLC operates both defined contribution and defined benefit post-employment plans. Under the defined benefit gratuity plan, the Company does not maintain a separate fund; therefore, all gratuity liabilities are fully met through the Company's general resources, with the liability estimated annually by an independent actuary using the projected unit credit method. The Company's defined contribution plans cover all employees, who are mandatory members of the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF). Contributions to these schemes follow statutory percentages, with the Company contributing 12% and employees contributing 8% of basic salary to the EPF, while the Company contributes an additional 3% to the ETF. As Note 45 confirms, all employees participate in these mandatory retirement schemes, and all eligible employees are entitled to the gratuity plan, reflecting full participation in the Company's retirement benefit framework. LA

Refer Notes to the Financial Statements (Note 45)

The Human Resource Compensation Committee (HRCC) is responsible for reviewing and ratifying the compensation and performance appraisals of the CEO and Key Management Personnel (KMPs), as recommended by the Group Career Committee. The Committee also monitors the performance and development of the Company's top talent to support organisational growth and succession planning, with particular focus on future readiness of identified key talents.

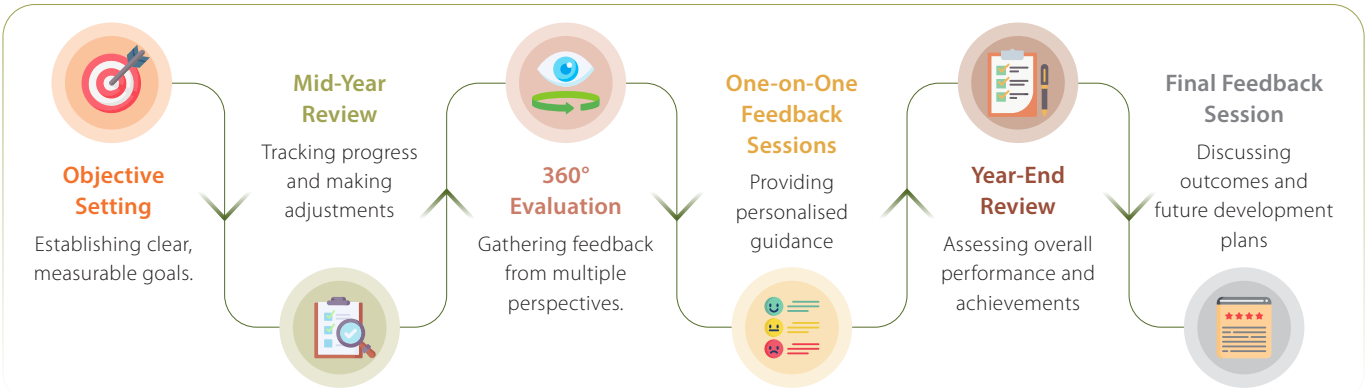
The organisation identifies its Head Office in Colombo, Sri Lanka as the central and most significant operational site for compiling and reporting gender pay and remuneration ratios.

GRI 403-6 a, 404-3 a

Performance Management

Our performance management system is designed to motivate employees and ensure alignment with the Company's strategic objectives. Every employee undergoes an annual performance and career development review, and we continuously refine our practices to enhance effectiveness.

Our Performance Evaluation Process



We have strengthened the link between individual performance and organisational productivity, ensuring that contributions are recognised and rewarded. To support this, we have enhanced our reward philosophy and practices, incorporating both financial and non-financial metrics for a holistic evaluation.

In 2025, 100% employees are eligible to participate in performance appraisals, reinforcing our commitment to growth and excellence.

	2025	2024
No of employees who got promoted [LA]	80	86
Percentage of employees who have undergone performance evaluations relative to the total cadre [LA]	85%	78%

Success Drivers

The following six key Success Drivers are designed to make employees more flexible, creative, and focused on adding value for customers, partners, and colleagues.



Employee Recognition

At Union Assurance, we believe in celebrating excellence and acknowledging the contributions of our people. Our recognition programmes are designed to motivate, inspire, and reinforce a culture of high performance.



Bravo Award

A prestigious recognition certificate presented to employees for exceptional work and special projects that demonstrate innovation, commitment, and impact.



Union Assurance Recognised as a Company with Great Managers - Powered by CLA Coaching & Consulting Inc.

This year, seven outstanding leaders were recognised for their leadership impact, reinforcing our commitment to building a strong leadership culture.

HUMAN CAPITAL

GRI 201-3 a, 403-6 a

Employee Engagement

Throughout the year, we strengthened employee engagement through a range of internal initiatives and collaborations with the JKH Group. These efforts are designed to cultivate a strong sense of belonging, enhance team effectiveness, and nurture leadership qualities within a supportive environment that encourages employees to showcase their soft skills.

Townhall Meetings

Our Townhall meetings serve as a cornerstone for open dialogue between leadership and employees. These sessions provide a platform to communicate strategic priorities, share progress updates, and address questions in a transparent and collaborative environment.

By fostering two-way communication, we ensure employees have a clear understanding of how their individual contributions align with the Company's broader vision. Townhalls also reinforce our core values of trust and inclusivity, empowering employees to voice ideas and concerns while staying aligned with long-term goals.



Townhall meetings at UA Head Office

In addition, we hosted celebratory and fellowship-building events, creating opportunities for connection and camaraderie that further reinforce engagement and organisational culture.



Avurudu Celebrations



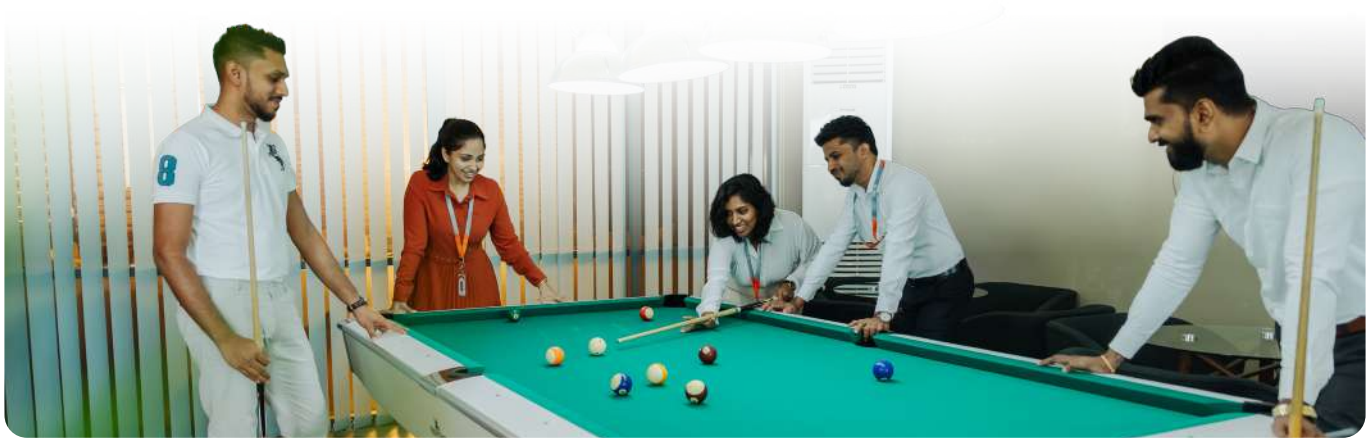
DJ Night



UA Kids Carnival



Halloween Celebrations



GRI 403-1 a, 403-1 b, 403-2 a, 403-2 b, 403-2 d, 403-3 a, 403- 4 a, 403- 5 a

Health and Safety

To uphold the highest standards of occupational health and safety, we have implemented a structured process to identify, eliminate, or minimise risks associated with each work segment. This process is developed with input from employees, ensuring that risk mitigation strategies are practical and effective.

Clear communication is a key priority, these strategies are shared across all levels of the organisation, particularly those exposed to specific job-related risks. By fostering awareness and accountability, we aim to create a safe, secure, and resilient work environment for everyone. The basic health & safety protocols are in place. LA



The organisation has identified fire risk as a significant occupational health and safety concern, and both the Head Office and branch network are fully covered under its fire safety management approach. The Logistics Department oversees periodic monitoring, supported by a range of preventive measures such as fire drills, routine building maintenance, thermal inspections of electrical wiring, trained fire teams with regular awareness sessions, expert reviews of the emergency response plan, and strict hot work permit procedures. Fire alarm systems, smoke detectors, and First Aid Fire Appliances (FAFA) are in place across all locations. Together, these systems ensure a consistent, proactive approach to fire safety across the entire organisation. LA





To minimise potential work-related ill health, we have implemented several preventive measures targeting ergonomic and environmental factors: LA

- **Improved lighting conditions:** Management assessed and adjusted workplace lighting levels to reduce excessive brightness exposure, helping mitigate risks such as eye strain, headaches, and related discomfort that can contribute to ill health.
- **Ergonomic seating enhancements:** Standard chairs were upgraded to more ergonomically appropriate options across designations, reducing risks of musculoskeletal discomfort or longer-term disorders.
- **Special accommodations for medical needs:** Employees with documented medical conditions receive customised chairs designed to meet their specific ergonomic or health requirements, further supporting prevention of work-related musculoskeletal or posture-related disorders.



HUMAN CAPITAL

GRI 403-6 b

Employee Well-being Initiatives [LA]

At Union Assurance, we prioritise the holistic well-being of our employees through a series of impactful programs and activities designed to nurture physical, emotional, and mental health. Key initiatives during the year included:



Launch of HappyMind

A dedicated well-being initiative, now integrated with Talent Development to ensure sustained support for employee growth and wellness.



Personal Grooming & Corporate Etiquette Programme

Conducted by Personal Style Coach for sales staff, empowering employees with confidence and professionalism.

Health Camp

Complimentary eye and hearing screening camp at the Head Office premises



Breast Cancer Awareness Session

Promoting health education and preventive care.





Zumba Sessions

Encouraging physical fitness and energy through fun, interactive workouts.



Cycling Workshop at Head Office

Reinforcing our commitment to active lifestyles and employee well-being.

'Salad Rush' Event

A unique initiative to strengthen team spirit and promote healthy eating, in collaboration with renowned chef Chathurika Anuradha.



10 km Cycling Event

Inspiring employees to embrace fitness and outdoor activity.



Art Therapy Session – 'Paint to Express'

A one-of-a-kind emotional well-being initiative where employees created vibrant traditional Sri Lankan masks, celebrating creativity and cultural heritage.



Employee Surveys and Focus Groups

To ensure we listen to the voice of our employees, we conducted multiple surveys and focus group sessions throughout the year. These initiatives help us gather valuable insights and continuously improve the employee experience.

Key Initiatives Included:

1. Employee Pulse Survey

An internal survey designed to assess critical areas such as:

- Empowerment and innovation
- Inclusion and growth
- Collaboration and recognition
- Health and well-being
- Recommendations for improvement

Two Pulse surveys were conducted during the year to track progress and identify

2. Em-Pulse Group Survey

A specialised survey aimed at deeper engagement and feedback from targeted employee groups which is conducted by the JKH Group.

3. Focus Group Sessions

Interactive sessions that provided employees with a platform to share ideas, concerns, and suggestions in a collaborative environment.

These efforts reflect our commitment to transparency, inclusivity, and continuous improvement, ensuring that employee feedback directly shapes our organisational strategies.

Way Forward

Objectives	2026 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 • Conduct industry mapping for identified roles	• Execution and management of the set succession plans for all critical roles
Maintain Gender parity	• 50:50 female:male representation	• 50:50 female:male representation
Learning & development	• Design and develop learning interventions based on identified needs and aligned with the Business KPIs and competency framework (Success Drivers) • Identify the learning needs critical to the business excellence	• Build a future-ready workforce equipped with the skills and knowledge • Continuous monitoring of success drivers into all levels of people development
Active employee engagement	• Strengthening employee engagement through diverse activities • Conduct half yearly Employee Pulse Survey to identify gaps and continuous improvement	• Improve employee engagement and motivation, drive productivity and innovation • Improved the quarterly survey and action plans

NATURAL CAPITAL

OUR NATURAL RESOURCES: ENSURING RESPONSIBLE STEWARDSHIP

As a responsible corporate citizen, we are committed to advancing the global climate agenda by fostering environmentally conscious practices within our organisation and the broader community. Through robust systems and processes, we strive to make a positive contribution to environmental preservation, promote resource efficiency, including energy and water conservation and ensure the effective management of emissions and waste. Our approach reflects a long-term dedication to sustainability and responsible stewardship of natural resources.

2.10 tonnes
Recycled Waste

Rs. 6.3 Mn
Investment in Solar Power

1.7 ML
Water Treatment

1,858.72 tCO_2e
Total Carbon Footprint

Key Highlights

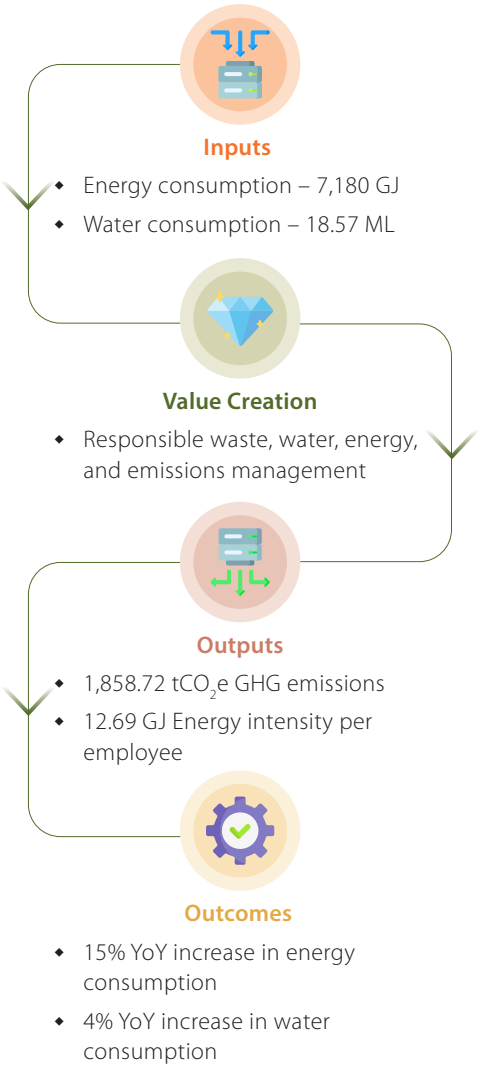
- Driving Towards Low Emission Mobility
- Formation of Sustainability Management Committee
- Embedding Climate Resilience into Strategic Risk Management
- Advancing Renewable Energy at Kurunegala Facility
- Wastewater Treatment Plant Operation – Kurunegala
- Plastic and Polythene Recycling Initiative

SDGs Impacted



Transitioned our transportation fleet to Electric & Hybrid vehicles

Value Creation Process



*Mainly due to increase in branch operations.

Focus Area	KPI	GRI
Waste management Refer page 124	Integrating the 5R principles, Refuse, Reduce, Reuse, Repurpose, and Recycle into every aspect of the Company's activities.	GRI 306
Responsible water consumption Refer page 123	Monitoring water usage and driving awareness initiatives to promote water conservation.	GRI 303
Sustainable emission management Refer page 122	Evaluating emission levels against established targets to ensure compliance and continuous improvement.	GRI 305
Efficient energy management Refer page 121	Identifying opportunities to enhance energy efficiency while progressively transitioning toward renewable energy sources.	GRI 302

Risks

- Physical climate risks disrupting branch operations causing impact to new business and premium collection (e.g. Tsunami/ flood etc.)
- Disaster-related claim surges (e.g., natural disasters affecting mortality, health claims, lapses and surrenders)
- Chronic climate changes impacting health and life expectancy due to increase in;
  - » Heat stress
  - » Vector-borne diseases
  - » Respiratory issues
  - » Contagious diseases
- Challenges in transitioning to low carbon operations
- Volatility in interest rate due to climate related events

Opportunities

- Shift towards lower-emission operations to position the Company as an environmentally responsible insurer
- Higher demand for life insurance driven by increasing acute and chronic climate risks

NATURAL CAPITAL

Related Stakeholders

Relevant Material Topics

Environmental Risk Exposure
ESG Focused Investments
Geographic Expansion

Capital Trade-offs

Committing to environmental sustainability requires an initial investment, but it delivers significant long-term benefits, including cost savings and value creation.

Our initiatives not only strengthen compliance with environmental standards but also foster community well-being and support a resilient, sustainable value chain.

By prioritising sustainability, we enhance employee well-being and foster a healthier work environment.

Environmental sustainability enhances our brand reputation, positioning us as a responsible and forward-thinking organisation.

Management Approach

As a service-based organisation, our operations have a minimal dependence on natural resources, resulting in a limited direct environmental footprint. Despite this, we remain fully committed to supporting the transition toward a low-carbon economy. We continue to embed environmental responsibility across our business by fostering awareness, encouraging sustainable behaviours, and integrating responsible operational practices that contribute to long-term environmental stewardship.

Climate Risk

The escalating impacts of climate change present significant challenges to the insurance industry, increasing financial exposure from extreme weather events and threatening operational stability and sustainability. Recognising this urgent need for action, we remain committed to protecting natural resources and achieving a sustainable reduction in emissions, as outlined in our ESG policy. We maintain full compliance with environmental standards and have consistently upheld a record free of fines or penalties throughout the year.

Additionally, we proactively identify and mitigate both direct and indirect climate-related risks that impact our operations.

Refer pages 30 - 39 for more information on climate-related risks and opportunities



Floods caused by cyclone Ditwah

Energy and Emissions Management

Energy Management Objective

Implement sustainable and efficient practices to enhance and optimise energy use

Energy efficiency measures implemented in 2025



Investment in Solar Power

We initiated a solar power plant at our Kurunegala premises, with an anticipated generation capacity of approximately 60 kW, to support our transition toward renewable energy and contribute to long-term carbon reduction efforts.

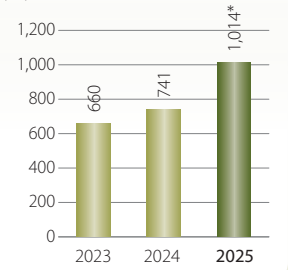


NATURAL CAPITAL

GRI 302-1 a, 302-1 b, 302-1 c, 302-1 e, 302-1 g, 302-3 a, 302-3 b, 302-3 c, 302-3 d

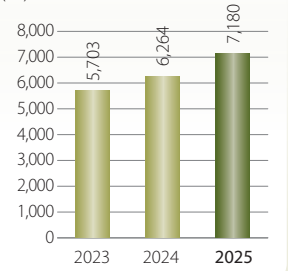
Energy Consumption - Fuel [LA]

(GJ)



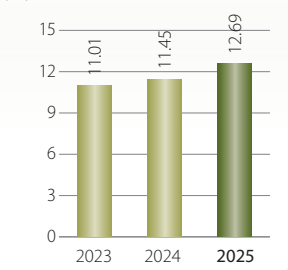
Energy Consumption - Electricity [LA]

(GJ)



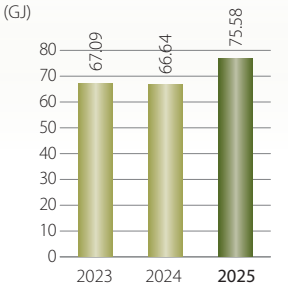
Energy Intensity Per Employee [LA]

(GJ)



Energy Intensity Per Branch [LA]

(GJ)



** Petrol 536 GJ (conversion factor – 0.033506)* [LA]
** Diesel 476 GJ (conversion factor – 0.03829)*

75.58 GJ
Energy Consumption per Branch

12.69 GJ
Consumption per employee

0.02 GJ
Electricity Energy Consumption per Square Foot

0.29 GJ
Energy Consumption per Rs. 1 Mn of Revenue

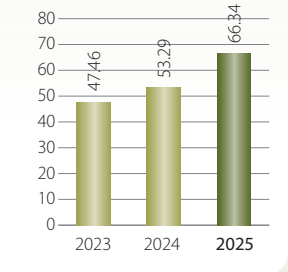


- Energy consumption is entirely from non-renewable sources and intensity is calculated based on electricity consumption within UA. [LA]
- Heating, cooling or steam consumption is not relevant to UA. [LA]
- Energy data is compiled using standard utility billing information and internal fuel records, and established conversion factors in line with GRI requirements. [LA]

Emissions Management

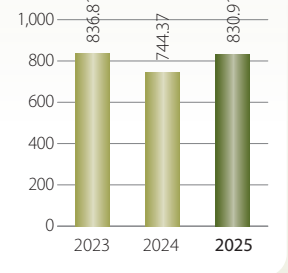
Direct Scope 1 Emissions [LA]

(tCO_2e)



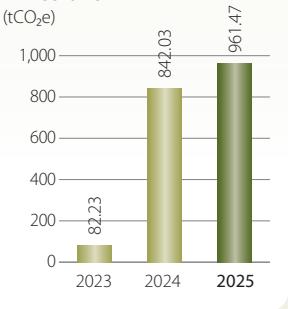
Indirect Scope 2 Emissions [LA]

(tCO_2e)



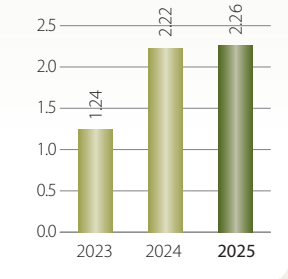
Indirect Scope 3 Emissions [LA]

(tCO_2e)



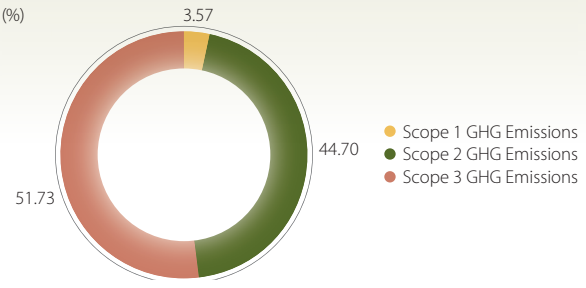
Emissions Intensity - Per Employee [LA]

(tCO_2e)



Emissions Composition [LA]

(%)



2.26 tCO_2e
GHG Emission per Employee

1,858.72 tCO_2e
Total Carbon Footprint

For Certificate of Assessment - Greenhouse Gas Emissions Inventory Refer page 373

(tCO2e)	2025	2024	YoY Change (%)
Direct (Scope 1) GHG Emissions	66.34	53.29	24.49
Indirect (Scope 2) GHG Emissions	830.91	744.37	11.63
Indirect (Scope 3) GHG Emissions	961.47	842.03	14.18
Total Carbon Footprint	1,858.72	1,639.70	13.36
Emission Intensity (Emissions per Employee) [LA]	2.26	2.22	1.76

GRI 303-1 a, 303-1 c, 303-5 a

Water Management

Water Management Objective [LA]

Sustainable and efficient usage of water resources

UA withdraw water mainly from municipal supply and consumed for sanitation lunchroom/ pantries. Bottled water is used for drinking purposes. Wastewater is discharged to municipal sewers and storm water managed through drainage systems. Water related impacts are low and primarily indirect, including demand on urban water systems and minor runoffs from building sites/ parking areas. [LA]

Water management measures implemented in 2025

UA minimise water impact by installing sensor taps and leak detection through regular maintenance. We coordinate with landlords/ building owners on water efficiency and plumbing maintenance, and encourage customers to use digital channels/e-documents to reduce water-intensive paper demand. [LA]

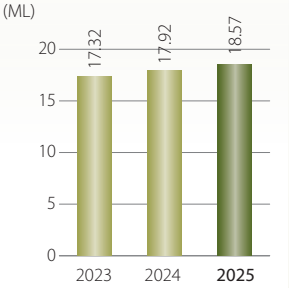
Installed a wastewater management system in Kurunegala to ensure that every drop of wastewater undergoes rigorous treatment to meet the highest environmental standards prior to its responsible release back into the ecosystem [LA]



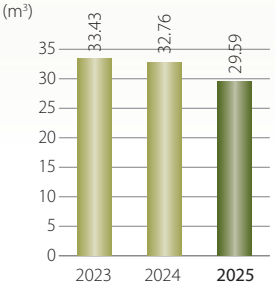
Installed sensor-activated taps across facilities to minimise water wastage and promote efficient water management [LA]



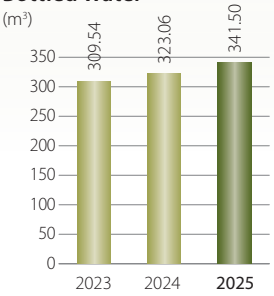
Water Consumption – Main line [LA]



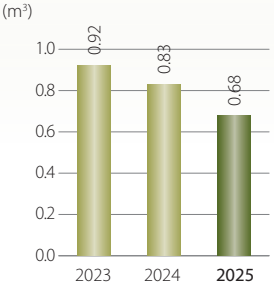
Water Consumption – Main line per Employee [LA]



Water Withdrawal – Bottled Water [LA]



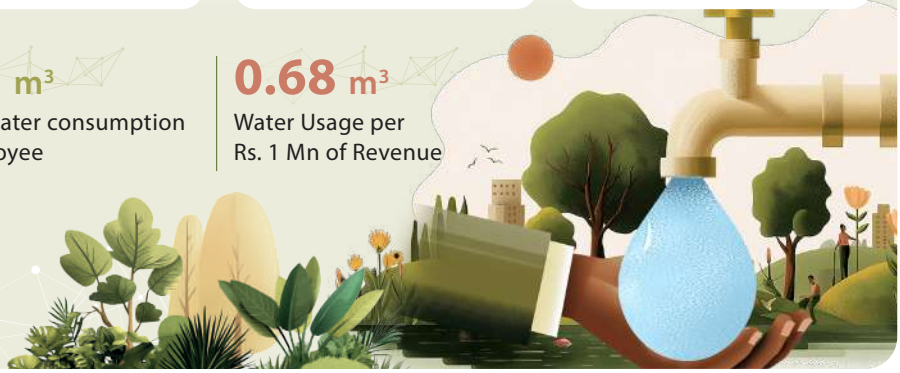
Water Usage per Rs. 1 Mn of Revenue [LA]



29.59 m³
Water consumption per employee

0.42 m³
Bottled water consumption per employee

0.68 m³
Water Usage per Rs. 1 Mn of Revenue



NATURAL CAPITAL

Waste Management

Waste Management Objective [LA]

Contribute positively to the preservation of our environment



Paper Saving Initiatives

In partnership with Neptune Papers (Pvt) Ltd we responsibly disposed 2.10 tonnes of wastepaper, contributing to significant positive environmental outcomes.

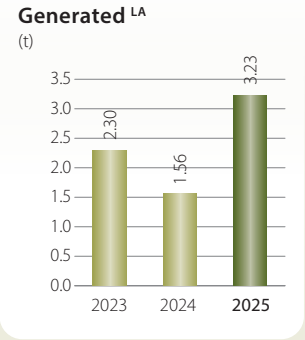
36 fully grown trees	**3,691** litres of oil	**8,412** kWh of electricity	**66,833** litres of water	**6** cubic meters of landfill	Reduced Green House Gas (GHG) emission by **2.10** tonnes of carbon equivalent

GRI 306-2 b, 306-2 c, 306-3 a, 306-4 a, 306-4 c, 306 -4 d, 306-5a

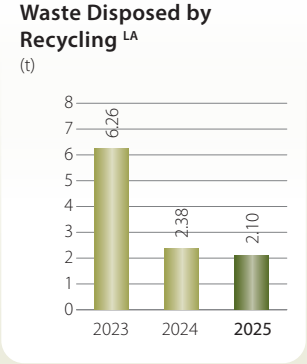
Data Collection

All waste disposed through the Municipal Council is weighed, documented, and verified by the janitorial staff, with internal records maintained by the Administration team. Waste sent for recycling is handled by a third-party vendor under the JKH Group's service agreement, and recorded through service reports issued by the authorised recycling service provider. [LA]

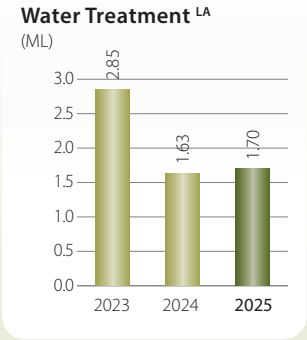
Non-Hazardous Waste Generated [LA]



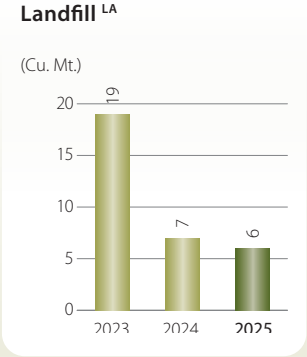
Waste Disposed by Recycling [LA]



Water Withdrawal – Water Treatment [LA]



Landfill [LA]



2.10 tonnes
Waste disposed by recycling

1.7 ML
Water treatment

3.23 tonnes
Non-hazardous waste generated



Way Forward

We are aligned with the JKH Group's broader environmental aspirations outlined in the ESG framework.

Objectives	2026 Short-Term Target	Medium to Long-Term Target
Develop and execute strategies to manage and optimise resources efficiently, ensuring operational sustainability.	Expand renewable energy adoption through strategic investments in solar power initiatives to reduce carbon emissions and reliance on non-renewable sources.	Implement rainwater harvesting systems to address water scarcity and promote efficient water management.
Drive initiatives that minimise emissions and waste, fostering cleaner and healthier ecosystems.	Implement a comprehensive zero-plastic policy to minimise plastic waste and promote eco-friendly alternatives across operations.	Achieve low emissions by reducing emissions at the source through cleaner technologies and sustainable practices.
Provide innovative and practical approaches to address climate-related risks and leverage opportunities for resilience and growth.	Conduct detailed energy audits and implement targeted measures based on findings to optimise energy efficiency and reduce environmental impact.	Plant trees to enhance carbon sequestration, mitigate climate change, and support biodiversity.

SOCIAL AND RELATIONSHIP CAPITAL

GRI 413-1 a

PARTNERSHIPS AND NETWORKS: ENHANCING COLLECTIVE IMPACT

We are committed to creating lasting value for our customers, business partners, and communities through strong, mutually beneficial relationships built on trust, transparency, and accountability. As a life insurer, these connections are at the heart of our value-creation process. They enable our operations, broaden market reach, and fuel business growth. Our extensive network and shared values strengthen these social ties, making them fundamental to our success.

3,000+
Sales Staff

340,000+
Lives Insured

Rs. 39 Mn
Investment in CSR

2,000+
Service Providers

Key Highlights

Customers

- Launched **Union Assurance Flex Life** – an innovative, fully customisable solution.
- Enhanced Electronic Medical Examination Report (e-MER) and digital medical records.

Field Staff

- Became the first insurer to fully digitise the Advisor Life Cycle Management process, setting a new industry benchmark.
- Introduced the Advisor Welfare Scheme, a dedicated initiative to empower and support advisor network.

Business Partners

- Entered an exclusive partnership with Sampath Bank PLC, reshaping the competitive landscape of Bancassurance.
- Ensured all suppliers and vendors are screened against ESG standards. [LA]

Community

- Contributed to the government 'Rebuilding Sri Lanka' Fund, established to provide relief to communities affected by Cyclone Ditwah.
- 23,000+ individuals received free diabetes screenings through the 'Suwamaga' diabetes prevalence campaign.
- Launched the 'Diabeater' pledge, uniting communities to combat diabetes.

SDGs Impacted



Value Creation Process

Inputs

- Rs. 39 Mn. investment in community development
- Rs. 6,949 Mn paid to suppliers
- Rs. 4,787 Mn total commission and incentives paid to sales staff

Value Creation

- CSR initiatives
- Customer relationship management
- Supplier retention
- Product development

Outputs

- 222 MDRT qualifiers
- Rs. 7,878 Mn revenue from new customers

Outcomes

- Empowered communities
- Strong supplier relationships
- Loyal customers
- Strong business partner relationships

Focus Area	KPI	GRI
Drive operational efficiency through faster claims settlement, higher automation, and optimised sales channels Refer page 132	◆ Maintain a 93% + one-day claims settlement ratio	-
Field staff development - Empower advisors through continuous training and advanced digital tools to strengthen network performance Refer page 134	◆ 3,000+ Active sales force	GRI 418
Bancassurance channel optimisation Refer page 134	◆ Expansion of Bancassurance Exclusive partnerships	-
Drive nationwide diabetes awareness and promote preventive health practices Refer page 139	Targets ◆ Directly impact 15,000+ lives through health screenings ◆ Indirectly impact 50,000+ lives through education and awareness	-

Risks

Customer

- Lower disposable income causing more surrenders.
- Medical inflation increasing claim costs.

Sales Agents

- Competitive market making sales agent retention challenging.

Business Partners

- Price adjustments driven by external factors.

Opportunities

Customer

- Enhance engagement through digital platforms.
- Low interest rates improving product attractiveness.

Sales Agents

- Strengthen a high-quality sales agency force.
- Drive acquisition and retention of quality business.

Business Partners

- Build sustainable, long-term supplier relationships.

SOCIAL AND RELATIONSHIP CAPITAL

Related Stakeholders

Relevant Material Topics

- Corporate Governance & Regulatory Compliance
- Anti-Corruption
- Retention, Training and Development
- Health & Safety of Customers
- Transparent and Fair Advice to Customers
- Customer Privacy
- Employee Diversity, Equal Opportunity & Non-Discrimination
- Channel Partnerships
- Reinsurance Partners
- Stakeholder Relationship Management

Capital Trade-offs

Short-term investment in CSR initiatives requires financial resources but delivers sustainable growth.

Continuous training and development of Agency and Bancassurance partners foster a skilled, motivated, and loyal workforce.

Aligning with environmental and social responsibility standards strengthens brand reputation and secures the license to operate.

Increased brand awareness and knowledge assets enhance market positioning and customer trust.

Management Approach

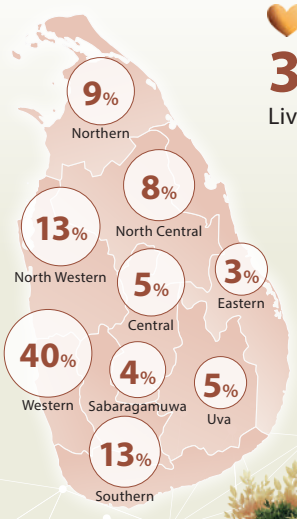
We are committed to enhancing our connections with customers, suppliers, and communities by continually refining our value proposition to drive mutual value and ensure stakeholder satisfaction. Our management approach prioritises strong engagement, fostering a culture of trust that places stakeholder 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.

Customers

We consistently deliver exceptional value to our customers by pursuing excellence in product quality, timely delivery, and outstanding service.

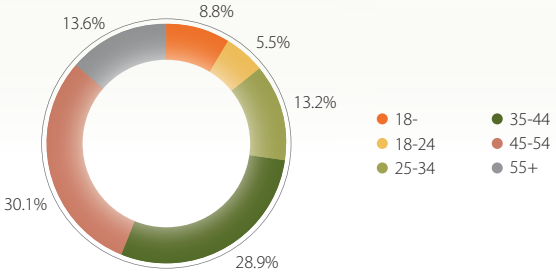
Our Diverse Customer Bases

By Location



340,000+
Lives Insured

By Age



By Gender

57% Male | **43%** Female





GRI 417-2 a, 417-2 b, 417-3 a, 418-1 a

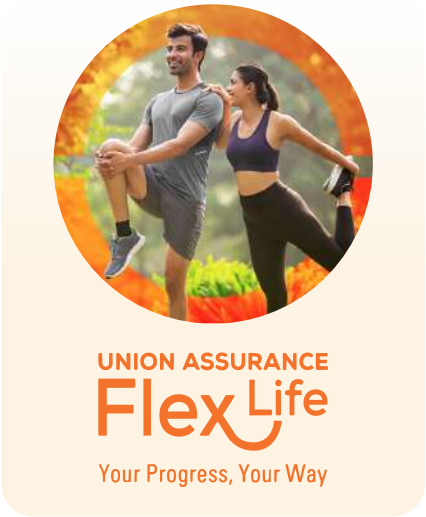
Our Product Portfolio

Our product portfolio is designed to cater to diverse customer needs and can be segmented by:

Age	Behaviour	Channel
Coverage options spanning ages 18 to 75	Protection-focused or savings/ investment-oriented solutions	Individual, Corporate, or Bancassurance offerings

For a detailed overview of our product portfolio, please refer to page 14

We leverage deep industry expertise and advanced data analytics to develop innovative, customer-focused insurance solutions. This approach enables us to meet the unique needs of individuals throughout their life journey. In 2025, we reinforced this commitment by introducing **FlexLife**, designed to address evolving customer expectations. **FlexLife** is an innovative and highly customisable life insurance solution designed to redefine financial planning. This strategic milestone reflects our commitment to personalisation, agility, and customer-centric service. **FlexLife** empowers customers to tailor coverage for every life stage, whether securing retirement, protecting loved ones, funding education, or ensuring healthcare. With flexible payment options, loyalty bonuses, top-ups, partial withdrawals, and comprehensive protection including optional covers for hospitalisation and critical illness, FlexLife offers unmatched flexibility and control. Customers can choose between lump-sum maturity benefits or steady annuity income, making financial security simpler and more rewarding.



Product Responsibility

We ensure that the benefits, features, and terms of each product are communicated clearly to customers and prospects. Our well-trained sales force provides comprehensive guidance throughout the policyholder journey. Every product is developed in full compliance with regulatory standards and applicable laws. Additionally, our omni-channel approach guarantees easy access for customers seeking clarification or support regarding our product portfolio.

Product Pricing

Our pricing strategy is fair, transparent, and aligned with regulatory requirements, ensuring full compliance with industry standards. Robust underwriting practices consider relevant mortality and interest rates, while pricing decisions are modelled on multiple factors, including customer lifestyle and behavioural patterns.

Ensuring Compliance

We adhere strictly to internal policies and external regulations in product design and advertising to maintain transparency and integrity. Comprehensive advisory training supports responsible selling practices, while compliance with IRCSL guidelines ensures fair treatment. Continuous reviews and oversight by our customer management unit reinforce these principles. Furthermore, automated processes have been implemented to minimise risks and prevent fraudulent activities.

Accountability	
Incidents of non-compliance concerning product and service information and labelling [LA]	Nil
Incidents of non-compliance concerning marketing communications [LA] FN-IN-270a.1	Nil
Substantiated complaints concerning breaches of customer privacy and loss of customer data [LA] HC-MC-230a.2	Nil

Data Privacy

Safeguarding customer information is our highest priority. We maintain stringent controls and advanced IT security measures to ensure confidentiality and integrity of data. Our IT processes are aligned with **ISO/IEC 27001:2022** Information Security Management System standards and CIS Critical Security Controls, minimising security risks and reinforcing strong IT governance.

To strengthen awareness, we conduct regular employee training sessions on data security best practices. Additionally, we implement robust cybersecurity measures across all interactions with the Company, ensuring comprehensive protection of sensitive information.

SOCIAL AND RELATIONSHIP CAPITAL

Sri Lanka's first comprehensive data protection law, the Personal Data Protection Act No. 9 of 2022 (as amended) is expected to be fully enforced in a phased approach. We are proactively aligning our policies and systems with these requirements to maintain compliance and build trust through transparency and accountability.

Please refer to 'Strengthening Cyber Security' on page 148 for more information on data privacy.

100%

Percentage of significant product or service categories covered by and assessed for compliance with such procedures.

Delivery Channels

Our commitment to delivering superior customer experiences is reflected in continuous efforts to expand delivery channels, introduce multiple payment options through diverse service providers, and strengthen our digital capabilities. As digital adoption accelerates, we are proactively enhancing our digital value proposition to offer seamless, convenient, and secure solutions. We focus on making interactions effortless by ensuring accessibility across all touchpoints. Through an omni-channel approach, customers can connect with us easily whether online or offline, whenever they need assistance, reinforcing convenience and trust at every stage of their journey.

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.

Our Digital Reach and Engagement

By leveraging digital channels, we continue to drive convenience, transparency, and efficiency, redefining customer engagement in the insurance industry.

344,000+
Facebook followers
(2024: 229,000+)

45,500+
LinkedIn followers
(2024: 34,000+)



114,200+
YouTube subscribers
(2024: 26,000+)

248,000+
Website sessions
(2024: 226,000+)

7,000+
Instagram followers
(2024: 5,900+)

15,000+
TikTok followers
(2024: 2,500+)

Product Knowledge FN-IN-270a.4

We ensure customers have a clear understanding of our products. Our well-trained advisors provide comprehensive guidance, educating customers on product features and benefits. In addition, detailed brochures for each product are available on our website for easy reference.

Furthermore, every new customer receives a welcome call from our call centre to confirm their understanding of the contract and proactively address any potential misunderstandings.

Policyholder Experience

In 2025, we advanced initiatives that promote transparency, trust, and customer empowerment. A key milestone was the introduction of the Policyholder Charter, which outlines minimum service standards and is accessible to all stakeholders via our website. This reinforces our commitment to accountability and service excellence across every customer touchpoint.

To further enhance clarity, the Insurance Product Information Document (IPID) was launched, providing policyholders and prospective customers with a concise summary of key features and benefits in simple language. This initiative ensures better comprehension, informed decision-making, and aligns with regulatory best practices. Both the Policyholder Charter and IPID were implemented in accordance with IRCSL guidelines.

Accountability	2025	2024
New Policyholders during the year	32,000+	36,800+
Market share	11%	12%
One day claims settlement ratio	94%	93%
STP	69%	65%
Revenue from new customers (Rs. Mn)	7,878	6,226
Clicklife App registrations	13,500+	11,900+

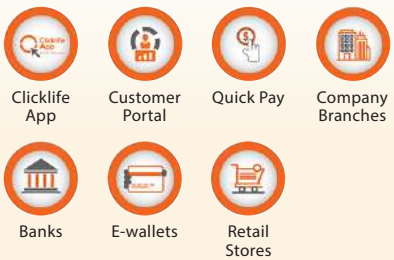
Customer engagement

With a network of 95 branches, five Bancassurance partnerships, brokers, and our Clicklife App, we provide customers with enhanced accessibility and convenience to meet their needs. We have partnered with multiple service providers to offer a wide range of payment options for added flexibility. Recognising the importance of accessibility, we have established multiple channels for customers to share feedback and voice concerns.



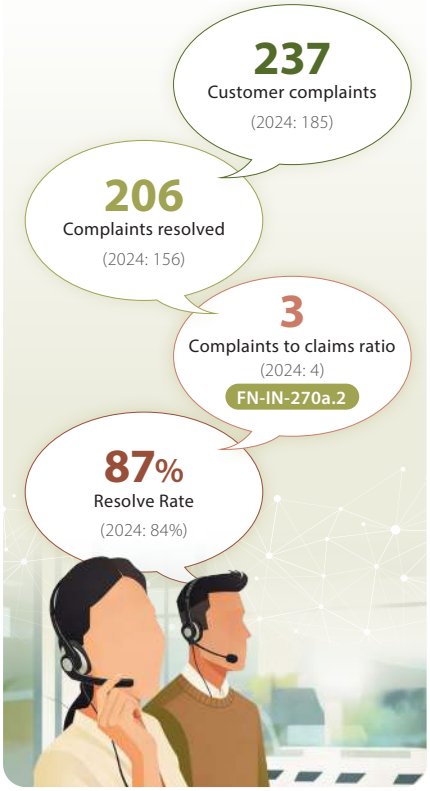
SCAN TO DOWNLOAD THE APP

UNION ASSURANCE Clicklife App



Complaints Management

We operate a dedicated Complaints Management Unit, established in line with IRCSL directives, to ensure timely and complaint resolution of customer concerns. Guided by a robust governance framework and defined SLAs, all complaints are systematically logged, reviewed, and formally communicated, with structured escalation to senior management when necessary. If customers remain dissatisfied, they have the right to escalate the matter to the IRCSL or the Insurance Ombudsman. This process is embedded within our governance and compliance structure, reinforcing transparency, accountability, and fair treatment for all policyholders.



Empowering Customers through Education and Transparency

We understand that the insurance industry can be complex, and we are committed to empowering our customers with the knowledge they need to make confident, well-informed decisions. By simplifying information and offering clear guidance, we help customers better understand their options. Ultimately, we strive to build strong, long-term relationships by ensuring customers feel supported at every stage.

SOCIAL AND RELATIONSHIP CAPITAL

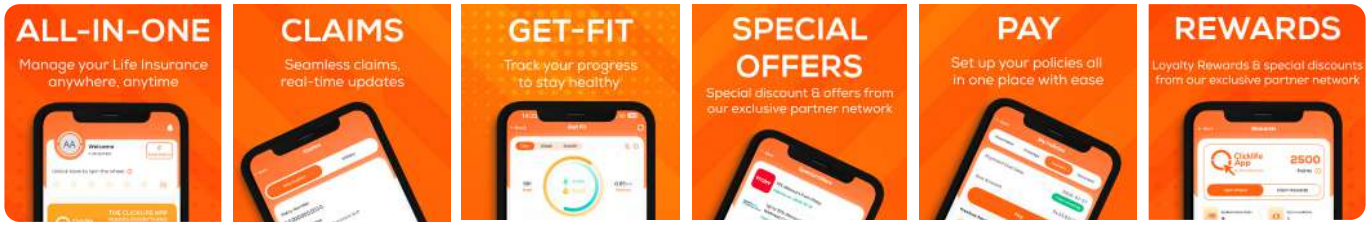
Enhancing Customer Experience through Digitising

We harness digital innovation to enhance customer experience, drive transparency, and simplify processes, giving us a competitive edge, accelerating time-to-market, and delivering superior results.

Clicklife App

A key initiative is the Clicklife App, developed in-house to provide a seamless and convenient customer experience. This industry-leading platform enables customers to access complete policy information anytime, anywhere, eliminating the need to visit branches or contact an agent. Clicklife offers advanced self-service features, including policy alterations, claims submission, and loan applications. Customers can also instantly access essential documents such as bonus and dividend statements, visa and tax letters, address confirmations, and surrender value letters.

Key Features of the Clicklife App



First-ever Digital Loyalty Rewards Programme in the life insurance sector

Union Assurance continued to strengthen its digital leadership by advancing Sri Lanka's first-ever Digital Loyalty Rewards Programme in the life insurance sector through the Clicklife App. This milestone initiative reinforces the Company's ongoing commitment to enhancing the well-being of Sri Lankans by delivering modern digital solutions that elevate everyday living while ensuring consistent financial protection. Through this app-based rewards programme, customers can continue to earn digital rewards and redeem them across a network of more than 100 partner merchants, offering a seamless and engaging value-added experience.

Rs. 5 Mn
for digital loyalty rewards programme

Clicklife Health Tracker & Fitness Challenge HC-MC-260a.4

The Clicklife App motivates users through a gamified rewards system. Customers can earn points by staying active such as completing the fitness goal and by joining monthly challenges. These points accumulate through fitness activity, premium payments, and regular app engagement, and can be redeemed as digital vouchers at a wide network of partner merchants. The app's health tracker and activity dashboard further encourage users to maintain healthy habits while being rewarded for their progress.

Straight Through Processing (STP)

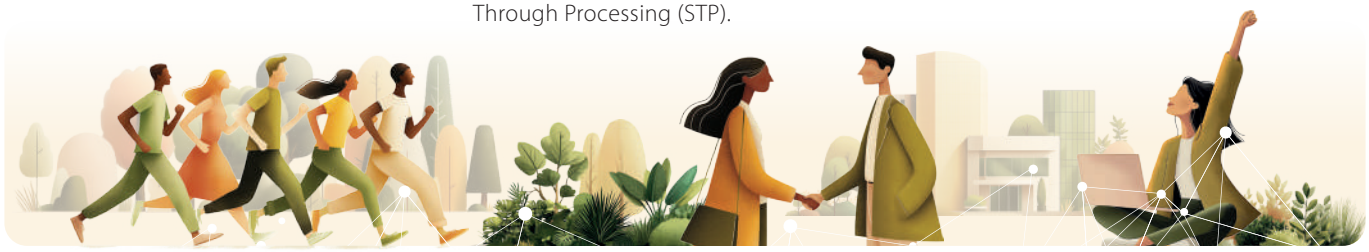
Our advanced Auto Underwriting Rule Engine streamlines risk assessment and speeds up policy issuance by automatically approving straightforward cases. This minimises the need for manual involvement, enhances the quality of underwriting, and effectively supports higher business volumes. Throughout the year, we continued to strengthen both the accuracy and overall rate of Straight Through Processing (STP).

100% Paperless Insurance Proposals Submission

To support our sustainability goals, we have fully transitioned to paperless insurance proposals by introducing digital policy certificates and e-policy documents. This shift has helped reduce our environmental impact and contributed to wider conservation initiatives. Customers can also conveniently access essential policy documents such as bonus letters, payment receipts, visa letters, and tax letters directly through our mobile app.

Integrated Customer Service (I PHONIC SYSTEM)

Our I-PHONIC system enhances communication with policyholders by unifying all inbound and outbound call centre functions into one integrated platform. Its dashboard feature enables effective call centre supervision from any location, boosting operational scalability and greatly improving policyholder satisfaction.



Business Partners

Our business partners are integral to creating value by delivering essential support services that enable us to provide exceptional customer experiences. We foster relationships built on trust, transparency, and mutual respect, ensuring fair and equitable treatment of all partners at every stage of engagement.

Our Business Partners

2,698* LA
Agency force

5
Bancassurance partners

4
Reinsurance partners

Rs. 48 Mn
Spend on sales staff training

26
Insurance brokers

Over 2,000
Local vendors and service providers



**Agency force is disclosed based on year end headcount.* LA

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 service 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.

Awards and Recognition

We demonstrated our industry leadership at the 15th National Forum for Life Insurance Advisors (NAFLIA) Conference, securing the highest number of National and Category Awards at the prestigious Life Insurance Industry Sales Awards. 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.

Strengthening industry leadership with multiple wins at SLIM NSA 2025

We delivered an outstanding performance at the SLIM National Sales Awards 2025, securing five prestigious awards across both Agency and Partnership Distribution channels. These achievements underscore the dedication, professionalism, and customer-centric approach that define Union Assurance's commitment to sales excellence and industry leadership.



Performance based career achievements in 2025

Accountability	Agency	Bancassurance	Total
TOT	6	5	11
COT	24	26	50
MDRT	152	70	222
	182	101	283

SOCIAL AND RELATIONSHIP CAPITAL

Agency Force

In a market characterised by low penetration and intense competition, building a strong agency network is essential to reach potential customers and maintain a competitive edge. Our success is powered by the dedication and passion of our Agency force, who effectively communicate our value proposition to the uninsured and convert them into valued policyholders.

We take pride in being the preferred life insurer for our agency team, and we remain committed to their continuous development through comprehensive training programmes. In addition, we offer competitive rewards and recognition to celebrate their hard work and the exceptional service they deliver to our customers.

Developing the Agency Workforce

Through our Learning Academy, we partnered with the Sri Lanka Institute of Marketing (SLIM) to deliver specialised training programmes for our top advisors. In 2025, 31 advisors successfully completed SLIM certification, marking a significant milestone in their professional development and reinforcing our commitment to building a highly skilled and customer-focused sales force.

Training programmes for Agency Force

- Product related training
- Reward & Recognition related programs
- AML/PDPA & CTF training
- FAME System Training sessions
- Financial need Analysis Training
- Lapse prevention awareness
- Motivational sessions
- Coaching & leadership development programs



Fully Digitised Advisor Life Cycle Management

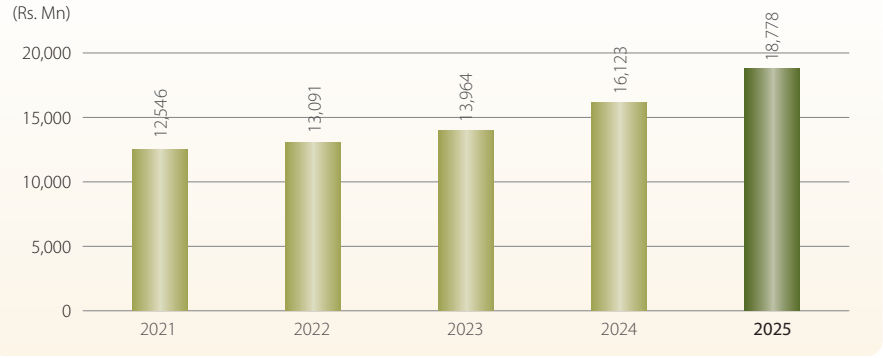
We set a new industry benchmark by becoming the first insurer in Sri Lanka to fully digitise the Advisor life cycle management process. This pioneering initiative transforms every stage of advisor operations from onboarding to self-service, into a seamless digital experience, reinforcing our leadership in innovation.

The transition from manual to digital processes has delivered significant benefits for both internal and external stakeholders. Automated onboarding has significantly improved turnaround times, while integration with the Sri Lanka Insurance Institute's digital examination platform, an industry-first, enables instant verification of prerequisite exam requirements. Advisors now enjoy intuitive self-service features, allowing them to complete service requests quickly and efficiently with just a few clicks.

Advisor Welfare Scheme

The Advisor Welfare Scheme, a groundbreaking initiative designed to empower and support the advisor network and their families, was launched during the year. This first-of-its-kind programme in Sri Lanka's life insurance industry reflects our commitment to developing an empowered agency force.

Revenue Generated by the Agency Force



Bancassurance Partnerships

In 2025, we reinforced our position as Sri Lanka's leading Bancassurance provider by doubling down on efforts to expand and deepen the channel. This strategic focus included forging new alliances and strengthening existing partnerships to deliver superior insurance solutions across the island.

We now have five leading bank partnerships, including three exclusive arrangements, making Bancassurance a key contributor to our growth strategy. The channel accounted for 27% of total revenue, leveraging Sri Lanka's relatively low Bancassurance penetration to unlock new opportunities. Recognised as a strategically significant avenue for increasing insurance accessibility, we remain committed to expanding this channel and pursuing new partnerships to reach underserved segments in 2026 and beyond.



Increasing Our Footprint

Exclusive Partnership with Sampath Bank PLC

In January 2025, we entered into a long-term exclusive Bancassurance agreement with Sampath Bank PLC. This transformative alliance integrates comprehensive life insurance solutions into Sampath Bank's extensive branch network, combining nearly four decades of expertise to deliver a unified platform for customers' banking and insurance needs.

Strengthen Our Ties with Existing Partners

Union Bank PLC Partnership

The top achievers from Union Bank were honoured at a glamorous gala awards night.

Nations Trust Bank PLC Partnership

Our long-standing exclusive partnership with NTB remains a cornerstone of our Bancassurance strategy. In 2025, we introduced "Triathlon 2025 – Powered by Trust, driven by Assurance", the first-ever triathlon organised under a Bancassurance partnership in Sri Lanka.



Seylan Bank PLC & Pan Asia Bank PLC

We celebrated & recognised the top performers of Seylan Bank's bancassurance channel at a awards ceremony. We also recognised our collaboration with Pan Asia Bank, reinforcing our commitment to partner engagement and performance excellence.



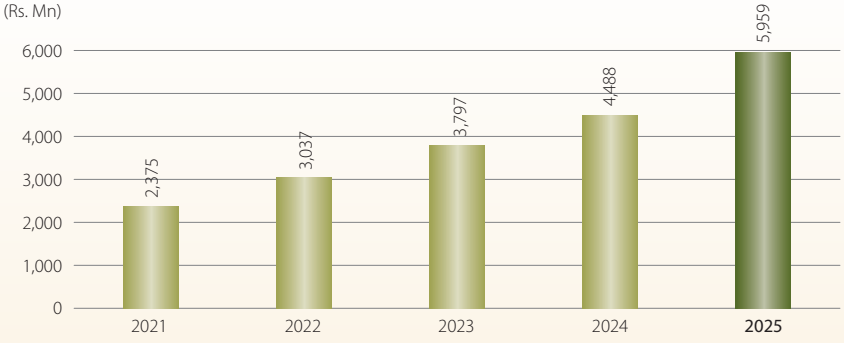
Developing the Bancassurance Workforce

We are dedicated to empowering our Bancassurance workforce through comprehensive training and development programmes. We believe a well-trained team is crucial for driving sales, improving customer service, and enhancing the overall effectiveness of the Bancassurance model. Our key training initiatives include comprehensive onboarding programmes, ongoing product and sales training, and interactive digital learning platforms.

Training pillars

- Leadership & Management
- Onboarding
- Product & Technical
- Sales & Service Excellence
- Systems, Operations & Compliance

Revenue Generated by Bancassurance Partnerships



SOCIAL AND RELATIONSHIP CAPITAL

Empowering and Recognising Our Sales Force

In 2025, we focused on initiatives that empowered, motivated, and rewarded our sales force. To recognise the value of our sales teams, we celebrated their achievements through performance-based compensation, bi-annual and annual awards, exclusive overseas tours, internal recognition programmes, incentive schemes, and other appreciation initiatives.

National Business Launch

Successfully hosted the prestigious National Business Launch at Monarch Imperial under the inspiring theme "Rise to Brilliance", attended by senior management and over 500 members of our agency force. The event was recognised and rewarded top-performing advisors for their exceptional contributions.



Bancassurance Overseas Tour

Union Assurance celebrated the outstanding achievements of more than 60 top performers from its Bancassurance division with a four-day premium tour to Thailand. This experience, which included their families, was designed to reward dedication and create unforgettable moments, allowing them to share success with loved ones.



Partnership Distribution Annual Awards 2024

Also hosted at Cinnamon Life, this event honoured our Bancassurance and Corporate channels under the theme "A New Era of Expansion", highlighting our focus on strengthening leadership in partnership distribution.



Agency Distribution Annual Awards 2024

Held at Cinnamon Life – City of Dreams, this event celebrated achievements and inspired continued excellence, reinforcing our commitment to empowering the agency force to lead the transformation of Sri Lanka's life insurance landscape.





Agency Overseas Tour

The tour to Amsterdam served as a prestigious recognition platform, celebrating top performance while fostering stronger engagement and leadership alignment within the agency force.



MDRT Recognition Event

Hosted at Hilton Colombo, this event honoured over 65 Insurance Relationship Officers (IROs) from the Partnership Distribution channel who achieved the prestigious Million Dollar Round Table (MDRT) status for 2024.

GRI 2-28 a, 204-1 a, 204-1 b, 204-1 c, 308-1 a, 414-1 a

Reinsurance Partners

We recognise the critical role of strong reinsurance partnerships in ensuring stability, resilience, and sustainable growth. Our dedicated Reinsurance Unit manages all treaty arrangements with precision and transparency, fostering trust and collaboration with leading global reinsurers.

In 2025, we enhanced engagement through structured negotiations, timely settlements, and data-driven insights, enabling robust risk management and capacity building. These partnerships not only safeguard our portfolio but also reinforce our commitment to delivering reliable protection for policyholders. By strengthening these alliances, we continue to uphold resilience, innovation, and leadership in an evolving insurance landscape.

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

Rs. 1,698 Mn
Payments to reinsurers

Rs. 152 Mn
Commission received

Rs. 1,096 Mn
Claim recoveries from reinsurers

Vendors and Service Providers

We demonstrate our dedication to responsible sourcing through procurement practices that prioritise sustainability and ethics. We partner exclusively with office equipment and peripheral suppliers who adhere to stringent Environmental, Social, and Governance (ESG) standards.

To build strong, long-term partnerships, we maintain open communication, implement continuous process improvements, and work jointly to enhance product quality, drive cost-efficiency, and ensure timely payments.

Key Measures to Uphold Ethical and Transparent Sourcing:

- Supplier selection and retention are governed by Manual of Financial Authority (MOFA) guidelines and overseen by the Supplies Committee.
- All procurement activities require three valid quotations, evaluated based on quality, ethical compliance, and competitive pricing.
- Every vendor undergoes rigorous screening against our ESG standards.

2,669
Local* suppliers

42
Foreign suppliers

84% LA
from total procurement expenditure spent on local* suppliers

100% LA
No. of suppliers assessed for social impacts

** Local - within Sri Lankan territory*

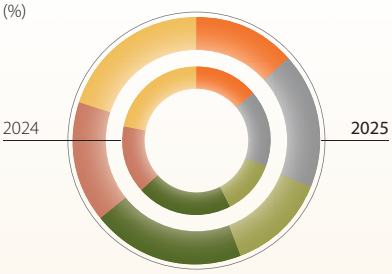


Competitors

At Union Assurance, we uphold the principle of ethical competition as a cornerstone of sustainable success. Our approach is grounded in fairness, transparency, and legality, ensuring that we compete openly and responsibly. We aim to win business through our core strengths, innovation, operational efficiency, and exceptional customer service.

New Business Market Share

(%)



	2025	2024
UAL	13.57	13.97
AIA	17.66	16.66
SLIC	12.99	11.96
Ceylinco Life	20.16	20.94
Softlogic Life	15.80	14.71
Others	19.82	21.76

Industry

As a leading player in Sri Lanka's insurance industry, we engage with key stakeholders to strengthen the sector and uphold regulatory standards. This includes close collaboration with the Insurance Regulatory Commission of Sri Lanka and other government institutions to ensure compliance and contribute to policy development.

We also participate in industry-wide discussions and initiatives aimed at driving progress and innovation. Furthermore, through our membership in the Insurance Association of Sri Lanka and other prominent associations, we work collectively to advance best practices and promote the overall growth and resilience of the insurance industry.

Membership in Associations LA

- 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)

SOCIAL AND RELATIONSHIP CAPITAL

GRI 205-1 a, 205-2 b, 205-2 e, 205-3 a, 205-3 b, 205-3 c, 205-3 d

Communities

Anti-corruption Policy [LA]

Our comprehensive anti-corruption policy holds all employees accountable for ethical conduct. It provides clear guidelines aligned with our Code of Ethics, ensuring employees understand and uphold high standards of business integrity.

- Employees periodically acknowledge the policy to stay informed and compliant.
- Key principles include individual responsibility for ethical behaviour and full comprehension of the policy's scope.
- In 2025, there were no reported incidents of corruption or corrective actions taken.

Integrity

We earn and maintain stakeholder trust through:

- Strict compliance with laws and regulations
- A robust governance framework
- Effective internal policies and controls
- Adherence to a strong Code of Conduct
- Independent audit reviews

Transparency

Transparency is central to our operations. We ensure customers have easy access to comprehensive product information and maintain accountability through regular updates via our annual report, corporate website, and other platforms. In cases where claims are declined, we clearly communicate the reasons for the decision.

Responsibility

We take full responsibility for our actions.

- Product development follows stringent regulatory guidelines and is overseen by the Executive Committee (ExCo).
- Marketing practices are conducted ethically and responsibly, reflecting our commitment to integrity.

Environmental and social concern

We strive to ensure our operations pose no social or environmental risk while actively working to create a meaningful positive impact on society.



**All operations were assessed for anti-corruption risks and the risk register was updated accordingly.*
**All employees received communication and training on anti-corruption policies. Please refer Human Capital Page 104 to see employee category and region wise breakdown.*

Social License to Operate

We recognise that our operations are deeply rooted in the communities we serve, and we strive to be a responsible corporate citizen. With decades of operational excellence, we have consistently demonstrated a strong commitment to ethical practices and social development.

Our success is measured not only by financial performance but by the positive impact we create in people's lives. Through community development programs focused on education, mental health, financial assistance, and overall well-being, we aim to empower individuals and foster sustainable growth.

Promoting Socially Responsible Behaviour

We are committed to promoting socially responsible behaviour through stringent governance structures, progressive policies, and robust procedures. Our ethical stance is embedded in our policies, and our operations reflect an unwavering commitment to responsible business practices.

Collaboration with the John Keells Foundation

In 2025, UA continued its contribution to the John Keells English Language Scholarship Programme of John Keells Foundation (JKF), a long-term initiative supporting English and ICT skills development of pre-O'Level students of deserving Government schools located in and around UA locations. JKF is the Corporate Social Responsibility entity of the John Keells Group, which implements a range of initiatives shaped by evolving socio-economic needs. Guided by its vision of "Empowering the Nation for Tomorrow," JKF drives long-term, sustainable programmes across key focus areas, including Education, Social Health & Cohesion, Community and Livelihood, and Biodiversity, all of which support the Group's broader sustainability agenda. In addition, our employees actively volunteered across several JKF initiatives, further strengthening UA's commitment to fostering meaningful and lasting community impact.



Supporting English and ICT skills development of pre-O'Level students

Union Assurance Suwamaga

Combating the National Crisis of Diabetes in the Nation

The Union Assurance Suwamaga flagship CSR programme continued during the year, with a focus on empowering community progress by proactively addressing the growing incidence of diabetes in Sri Lanka.

The programme is structured around four strategic pillars:

- Raising awareness about diabetes
- Promoting healthy lifestyles
- Supporting early detection and risk management
- Fostering community engagement

Under the programme, from June 2024 to August 2025, more than **23,000 people** were screened for diabetes, achieving island-wide coverage across all **25 districts** and conducting screenings at **263 locations**.

The launch of the Union Assurance Suwamaga Impact Report 2025

The Union Assurance Suwamaga Impact Report reviews the programme's achievements over a 15-month period from June 2024 to August 2025. The report provides valuable insights into diabetes related health concerns among affected segments of the population based on BMI, Random Blood Sugar/ Fasting Blood Sugar, HbA1c testing, current health status and family health history derived from the total beneficiary sample.

Representing Sri Lanka at the International Diabetes Federation World Diabetes Congress 2025

Union Assurance represented Sri Lanka at the IDF World Diabetes Congress 2025, held in Bangkok, Thailand. Organised by the International Diabetes Federation (IDF), the Congress brought together over 6,800 participants from more than 165 countries under the theme, "Shape the Future of Diabetes", serving as a premier global platform for sharing the latest scientific breakthroughs, innovative care models and impactful advocacy strategies in diabetes prevention and management, as a cure is still elusive.

At the Congress, Union Assurance showcased its flagship CSR initiative, Suwamaga, a pioneering programme dedicated to reducing the incidence of diabetes across Sri Lanka.



Key Highlights from the Union Assurance Suwamaga Impact Report

Close to 3%
of total sample of beneficiaries were unaware that they had diabetes and were diagnosed for the very first time.

78%
of beneficiaries either did not know whether their families had a history of diabetes or believed there was none, showing a significant lack of awareness about genetic risk.

18%
of beneficiaries had prior diagnosis or awareness of the condition.

71%
beneficiaries changed health behaviours after participating in the Union Assurance Suwamaga programme.

45%
of beneficiaries have become more aware of NCDs

14%
of beneficiaries have visited a doctor for medical advice/medical check-ups

36%
of beneficiaries have started to adapt healthy living behaviours

16%
of beneficiaries started looking for more information on NCDs



Scan to download the Suwamaga Impact Report

SOCIAL AND RELATIONSHIP CAPITAL

Union Assurance Diabeater

Launched in 2024, Union Assurance Suwamaga has entered its third phase with a powerful new nationwide movement, 'Diabeater'.

The Diabeater movement invites the public to take the 'Diabeater pledge', uniting the nation in the fight against diabetes through education, action and community support. The movement was officially launched at Union Assurance's Head Office, in the presence of the Company's staff members.

Becoming a Diabeater involves embracing a holistic, three-pronged approach to health and well-being. First, Diabeaters will be equipped with the necessary tools and resources to take charge of their health. This empowers individuals to make informed lifestyle choices that can help prevent or manage diabetes effectively. Second, participants are encouraged to raise awareness within their communities, sparking conversations about healthier lifestyles and setting an example for others to follow. Finally, the movement seeks to unite the nation, fostering a sense of collective responsibility and collaboration in the fight against diabetes.





Piripun Parapurak, Surakina Mehewarak



Union Assurance reaffirmed its commitment to empowering progress by nurturing emotional well-being of Sri Lanka's youth through its initiative, 'Piripun Parapurak, Surakina Mehewarak'. Born out of growing concern over the mental health challenges faced by schoolchildren, the initiative reflects the Company's proactive approach to raising awareness and educating students on this delicate matter.

The series of programmes were designed to shed light onto this pressing yet often overlooked issue. The sessions focused on equipping participants with practical strategies to manage exam-related stress, digital screen dependency, and emotional pressure. Led by experienced mental health professionals, the interactive sessions encouraged students to adopt healthier study habits, build emotional resilience, and foster safe spaces for self-expression.

Union Assurance Flood Relief Efforts

UA, contributed Rs. 50 Mn to the government 'Rebuilding Sri Lanka' Fund, established to provide relief to communities affected by Cyclone Ditwah.

We also supported the Sirasa Shakthi Sahana Yathra flood relief initiative, providing essential aid to affected communities. Employees volunteered to distribute supplies and contributed one day's salary to recovery efforts. Further, UA donated 500 x 5L water bottles to the Central Provincial Council and an additional 500 x 5L bottles to agency staff. Additionally, UA supplied 2,700 sanitary napkins to the Ceylon Chamber of Commerce.

These actions reflect our strong commitment to social responsibility and standing by communities during times of need.



Supported the Sirasa Shakthi Sahana Yathra flood relief initiative

Accountability to Community

Ethical Community Engagement

Our interactions with communities and CSR initiatives are firmly guided by our Code of Conduct, ensuring ethical and transparent practices at every stage. We are committed to full compliance with all applicable social and economic laws and regulations.

In 2025, we recorded zero instances of non-compliance, reaffirming our dedication to integrity and responsible corporate citizenship.

Contribution To Sustainable Development Goals (SDG)

We recognise that sustainability goals are essential for building a better future and addressing global challenges such as poverty, inequality, climate change, and environmental degradation. In line with this vision, we are committed to supporting the United Nations Sustainable Development Goals (UN SDGs) and operate within a community that values our dedication to responsible practices.

As part of our strategy, we have identified key SDGs and embedded action-oriented targets into our operations, ensuring that our efforts contribute meaningfully to societal development and long-term sustainability.



Way Forward

Objectives	2026 Short-Term Target	Medium to Long-Term Target
One day claims settlement ratio	93%+	Leverage digital technology to offer a better customer experience
Channel optimisation	Expansion of Bancassurance exclusive partnerships	Strengthen distribution with productivity improvement to drive sustainable growth
CSR spent	1% of CSR investment from PAT	Creating sustainable community impact in longer term

INTELLECTUAL CAPITAL

OUR EXPERTISE, AND TECHNOLOGY: POWERING CONTINUOUS IMPROVEMENT AND GROWTH

Building on the strong foundations established in 2024, Union Assurance further strengthened its Intellectual Capital in 2025 by converting strategic digital investments, strengthened governance frameworks, and institutional knowledge into measurable performance gains, enhanced operational resilience, and sustained industry leadership. Intellectual Capital remains a core pillar of the Company's competitive advantage, underpinned by resilient digital platforms, advanced analytics, mature information security capabilities, and robust governance practices. Collectively, these capabilities continue to enhance productivity, reinforce stakeholder trust, foster innovation, and support long term sustainable growth.

Rs. 141 Mn
Investment in Technology

20,000+
New Clicklife users

170+
Interactive Dashboards for Data Analytics

99.9%
Average Data Centre Availability

Key Highlights

- Introduced industry first end-to-end digital Agent life cycle management system
- Developed industry first seamless Bancassurance 2.0 digital integration with Sampath Bank PLC
- Obtained ISO/IEC 27001:2022 certification for compliant information security management system as industry first

SDGs Impacted



GRI 418-1 b

Value Creation Process

Inputs

- Rs. 141 Mn investment in technology
- Investment in employee training and development
- Contractual relationships

Value Creation

- Digitalisation and automation of processes

Outputs

- Secure systems
- Awards and accolades
- New products

Outcomes

- Enhanced customer experience
- Brand loyalty
- Engaged workforce

Focus Area	KPI	GRI
Investment in digital platforms, automation, and advanced analytics Refer pages 144 - 147	• New investments in intangible assets	
Strengthening IT governance, risk management, and compliance frameworks Refer page 148	• External party accreditations – ISO/IEC 27001:2022	GRI 418
Safeguarding the confidentiality, integrity, and availability of information assets Refer page 148	• No. of Data breach incidents reported during the year - 0	

Risks

- Shift in customer expectations.
- Escalating operational expenditures.
- Strengthening competitive landscape.

Opportunities

- Drive product innovation to align with evolving customer expectations.
- Enhance cost efficiency through automation and streamlined processes.
- Pursue market expansion opportunities and cultivate strategic ties.

Related Stakeholders

Relevant Material Topics

Customer Privacy

Digitisation of Business Processes

INTELLECTUAL CAPITAL

Capital Trade-offs

While sustained investments in digitalisation and automation may exert short term pressure on financial resources, these initiatives are expected to deliver material long term benefits through productivity gains, operational efficiencies, and structural cost optimisation, supporting improved margins and sustainable value creation.

Digitalisation and innovation continue to enhance customer satisfaction through more responsive, transparent, and personalised engagement. In parallel, strategic partnerships with intermediaries, service providers, and technology partners are strengthening supplier and partner capital, contributing to a more resilient, collaborative, and dependable value chain.

We remain focused on developing a skilled, agile, and future ready workforce by investing in continuous learning and professional development, fostering mentoring and leadership capability, and promoting knowledge sharing across the organisation. These initiatives strengthen expertise, engagement, and retention while enabling effective adoption of digital and analytical capabilities.

Our strategic shift towards digitalisation supports a progressively paperless operating environment, reducing resource consumption and operational waste. This contributes meaningfully to our sustainability objectives by lowering our environmental footprint while improving process efficiency and service delivery.

Management Approach

We proactively develop and strengthen our intellectual capital through a strong culture of innovation and targeted investments in people, processes, technology, and brand. These investments are fundamental to our long term strategy, enabling sustained growth, operational excellence, and the creation of durable stakeholder value.

Our management approach is underpinned by a clear commitment to accelerating digitalisation, strengthening IT governance and cyber resilience, embedding advanced analytics, and enhancing distribution enablement. During 2025, these initiatives progressed decisively from targeted implementation to organisation-wide execution and maturity, embedding intellectual capital as a strategic enabler across the organisation.

Driving Efficiency and Superior Customer Experiences through Digitalisation

Agile systems, streamlined processes, and a strong digital foundation underpin our ability to adapt rapidly to a changing business environment. Digitalisation has fundamentally transformed the way we operate, enabling greater operational efficiency, more effective resource utilisation, and stronger cross functional collaboration to deliver superior customer experiences consistently.

During the year, we continued to invest in advanced technology and specialised expertise to accelerate our digital transformation journey. These investments strengthened our operational resilience, enhanced scalability, and improved responsiveness across customer and distribution touchpoints.

99.9%
Average Data Centre Availability

Enhancing the Digital Value Proposition for Customers

Expanding the Clicklife Digital Ecosystem

Building on the Clicklife enhancements introduced in 2024, we expanded the ecosystem in 2025, evolving it into a comprehensive digital health, wellness, and protection platform. This evolution extended Clicklife beyond a transactional engagement tool into a holistic, customer-centric ecosystem aligned with everyday health and insurance needs.

The expanded platform strengthened customer engagement through intuitive, self driven digital journeys, encouraged proactive adoption of wellness and protection solutions, and deepened long term customer relationships. By delivering seamless, integrated experiences across health management, lifestyle, and insurance touchpoints, Clicklife reinforced customer trust, increased platform stickiness, and supported sustained value creation.

20,000+
New users during the year



Suwamaga+ and AI-Driven Wellness & Nutrition Tracking

Clicklife is the first application in Sri Lanka's insurance industry to enable customers to track calorie and free sugar intake in alignment with World Health Organisation (WHO) dietary guidelines. The platform promotes healthier lifestyle choices by encouraging free sugar consumption to be maintained below 10% of total daily energy intake for adults and children, and below 5% for additional health benefits.

The AI-powered calorie and sugar tracking capability within Clicklife Suwamaga+ supports Union Assurance's Corporate Social Responsibility (CSR) agenda by proactively contributing to diabetes prevention, improved nutritional awareness, and better long-term health outcomes among customers and the wider community. By embedding preventive health tools into everyday digital engagement, Clicklife enables individuals to make informed decisions that support sustained well-being and reduced lifestyle-related health risks.



Clicklife Digital Telemedicine Feature

A pivotal enhancement to Clicklife in 2025 was the introduction of embedded telemedicine. Customers with health covers such as Health 360 can now access free monthly online doctor consultations directly through the Clicklife app, complemented by in-app medicine ordering, eliminating the need for platform switching.

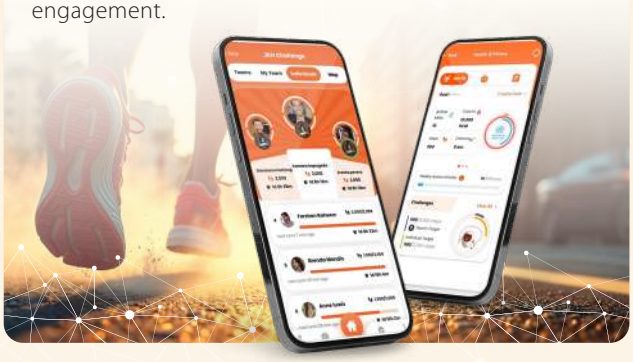
This capability expanded the role of life insurance beyond reactive indemnification to proactive, accessible healthcare support, enabling greater convenience, early intervention, and improved continuity of care.



Clicklife Challenges – Gamified Engagement

To promote healthier lifestyles and deepen customer engagement, Union Assurance introduced the Clicklife Challenge feature in 2025. Designed to support both individual and team-based participation, the initiative increases application engagement while encouraging sustained positive behavioural change. FN-IN-410b.2

Beyond well-being outcomes, Clicklife Challenge also functions as a strategic customer acquisition and conversion tool, enabling corporate partners to launch customised challenges for their employees and communities. This capability extends the overall value of the Clicklife ecosystem by strengthening partner relationships, increasing platform adoption, and reinforcing Union Assurance's positioning at the intersection of insurance, wellness, and digital engagement.



Intelligent Interactive Voice Response (IVR) Implementation

The Intelligent IVR system demonstrated consistent adoption and stable performance throughout 2025 Q4, efficiently managing customer interactions and contributing to improved contact-centre productivity and service efficiency.

Key highlights included:

- The system handled **10%** of all incoming calls, successfully managing **2,257** customer interactions out of **22,786** total calls without requiring human agent intervention
- Monthly IVR usage remained within the **9%–11%** range, reflecting reliable system performance and sustained customer adoption
- By independently resolving over **2,200** customer interactions, the IVR reduced agent workload and supported operational efficiency
- A gradual increase in usage from **9%** in October to **11%** in December indicates growing customer confidence and comfort with self-service options

INTELLECTUAL CAPITAL

Advancing Bionic Distribution for Unrivalled Distribution

In 2025, we advanced our Bionic Distribution model through the deployment of two industry-first capabilities: the end-to-end digital Agent Life Cycle Management System (AMS) and seamless Bancassurance 2.0 digital integration with Sampath Bank PLC. Together, these initiatives significantly enhanced scalability, productivity, accountability, and data-driven decision-making across the Company's distribution ecosystem.



These platforms collectively enabled:

- Faster, data-driven decision-making across distribution channels
- AI-driven performance insights, enhancing transparency and accountability
- Reduced reliance on manual intervention through end-to-end automation
- Scalable growth without proportional increases in operating costs

Industry-First Digital Agent Life Cycle Management System

Delivering on the advisor enablement commitments articulated in 2024, we implemented the UA Agent Management System (AMS) in 2025, Sri Lanka's first fully digitised, end-to-end Agent life cycle management platform. AMS replaced paper-intensive, fragmented workflows across advisor onboarding, servicing, and policy reallocation with a secure, automated, and scalable digital solution.

Key achievements in 2025 included:

- Reduction in advisor onboarding turnaround time from four days to 15–20 minutes
- Digitisation of over 3,000 advisor code issuances annually, eliminating more than 100,000 A4 pages
- Industry-first real-time integration with the Sri Lanka Insurance Institute (SLII) for examination verification
- Digitisation of nine advisor self-service requests, reducing fulfilment time from 2–3 days to 5–10 minutes
- Automation of over 6,000 policy reallocations per month, preventing orphaned policies and enhancing service continuity
- Embedded audit trails, digital agreements, and certificate-based encryption, strengthening governance and information security

The platform has become a foundational enabler of the Company's Bionic Distribution strategy, reinforcing efficiency, compliance, and sustainable growth.

Fully digitised - capacity for **4,000+** agent code issuance & seamless reallocations

100% paperless **760 $kgCO_2$** avoids annually

15–20mins vs. 4 days | Fastest in the market

5–10mins | 9 self-services digitised

Net annual benefit **Rs. 3 Mn** | 44% ROI | Payback in 3 years



Industry First Seamless Bancassurance 2.0 Digital Integration with Sampath Bank PLC

In 2025, we achieved a significant industry milestone by delivering Sri Lanka's first core banking integrated Bancassurance 2.0 model in strategic partnership with Sampath Bank PLC. This initiative transformed a previously manual, fragmented Bancassurance process into a fully digitised, real-time lead-to-proposal journey through the seamless integration of Sampath Bank's Finacle core banking system with Union Assurance's Lead Management System (LMS).

The solution enabled end to end automation, real time data exchange, and embedded governance controls, significantly enhancing speed, transparency, and accountability across the Bancassurance value chain.

Key achievements in 2025 included:

- Automated, real time lead generation from over 220 bank branches, eliminating manual lead collation
- Removal of manual routing and reconciliation processes, delivering over 900 man hours in annual operational savings
- Instant lead assignment and tracking, enabling faster customer engagement and improved conversion outcomes
- Deployment of nine customised, real time dashboards, providing comprehensive pipeline visibility and performance insights
- Introduction of AI driven performance insight emails for more than 220 branch managers, strengthening accountability and decision making
- Fully PDPA compliant consent management embedded directly into operational workflows, reinforcing regulatory compliance and customer trust

Within its first year of operation, the platform enabled six fold scalability, established a repeatable and scalable blueprint for future Bancassurance partnerships, and strengthened transparency, collaboration, and trust with Sampath Bank PLC. This capability now serves as a strategic enabler of Union Assurance's Bionic Distribution model, supporting sustainable growth while maintaining operational efficiency and governance excellence.

Operational Efficiency
900+
man hours saving per Annum

Industry First Real time lead flow
2.5K +
leads/month, Scaled 6x volume

Performance Visibility Delivered tailor-made dashboards
AI-powered
insights

100%
PDPA compliant

Industry-First Innovations

Seamless Bancassurance Digital Integration

Direct integration with Finacle core banking to real-time transfer leads into UA.

Seamless Lead-to-Proposal Digital Journey

In-house engineered, end-to-end digital customer onboarding flow

AI-Powered Performance Management

AI insights for bank management & sales network

INTELLECTUAL CAPITAL

GRI 418-1 c

Information Technology Governance and Cyber Security LA

Information Technology (IT) Governance remains a critical enabler of a resilient, secure, and well controlled operating environment at Union Assurance. The governance framework is designed to safeguard the confidentiality, integrity, and availability of information assets, while ensuring that technology investments and controls consistently support the Company's strategic objectives and long term value creation.



Alignment with Business Strategy

Union Assurance ensures continuous alignment between IT objectives and corporate strategy through regular evaluation and oversight. During the year, IT policies and control frameworks were further strengthened and updated in line with the ISO/IEC 27001 Information Security Management System (ISMS), the Centre for Internet Security (CIS) Critical Security Controls, and Zero Trust security principles. These enhancements provide a robust and future ready foundation for protecting information assets, supporting digital growth initiatives, and sustaining stakeholder confidence.



IT Risk Management

The IT risk management framework adopts a structured, risk based approach, prioritising risks based on their potential impact and likelihood. Formal processes are in place to identify, analyse, evaluate, and mitigate information security and technology related risks. Accountability for managing IT and information security risks is embedded across business and support functions, reinforcing a proactive, organisation wide culture of resilience and risk ownership.



Resource and Performance Management

Technology performance is monitored across strategic initiatives, project delivery, infrastructure utilisation, and the effectiveness of Disaster Recovery (DR) and Business Continuity Plan (BCP) testing. Continuous oversight of operational performance and service delivery is supported through security dashboards and monitoring tools, providing real time visibility into system performance, incidents, and security related events.



Value Delivery

IT investments are governed through clearly defined policies, controls, and Key Result Areas (KRAs) to ensure optimal utilisation of financial and technological resources. This disciplined governance approach ensures that technology initiatives deliver measurable business value, support enterprise priorities, and enhance service quality and operational efficiency across the organisation.



Integration and Assurance

IT governance is embedded within Union Assurance's broader corporate governance and assurance framework. Relevant stakeholders across business, risk, compliance, and internal assurance functions are actively involved in IT related decision making. Integrated, end to end processes reduce hidden risks, improve consistency, and strengthen overall organisational governance and accountability.



Regulatory Compliance

Regulatory and statutory requirements are embedded within IT policies and standards and are subject to ongoing assessment through periodic reviews and audits. This ensures sustained compliance with regulatory obligations and the continued effectiveness of internal controls governing technology and information security.

Information Security Certification and Maturity (ISMS)

Union Assurance became the first life insurance company in Sri Lanka to achieve ISO/IEC 27001:2022 certification, demonstrating the maturity and robustness of its Information Security Management System. During 2025, the Company successfully completed the ISO/IEC 27001:2022 surveillance audit, supporting the continued maintenance of this globally recognised certification.

In parallel, ISMS policies and procedures were aligned with the CIS Critical Security Controls, strengthening the IT control environment through the adoption of prescriptive, best practice cybersecurity measures to enhance cyber resilience, governance, and operational assurance.

This certification and alignment validate our strong commitment to protecting critical information assets, including customer data, financial information, intellectual property, employee records, and data entrusted by third parties and reinforce the Company's leadership position and benchmark setting role in information security within the insurance industry.

Cyber Security HC-MC-230a.1

Cyber security remains a critical priority within the Company's IT governance framework amid the increasing scale and sophistication of global cyber threats. The Board exercises strong oversight of cyber security readiness, with cyber risk forming a standing agenda item of the Board Audit and Compliance Committee (BACC).

A comprehensive Cyber Security Policy, aligned with JKH Group standards, is in place to guide the Company's security posture. Security operations are supported by a managed Security Operations Centre (SOC), leveraging advanced security intelligence platforms to enhance threat detection, continuous monitoring, and incident response capabilities.

The Company operates a modern, Zero Trust–based security architecture incorporating Secure Web Gateway, Advanced Threat Protection, Data Loss Prevention (DLP), and Zero Trust Network Access (ZTNA). These controls strengthen protection against unauthorised access and enable secure hybrid and remote working across the enterprise.

The cyber security programme remains aligned with the Centre for Internet Security (CIS) Controls at Implementation Group 2 (IG2), reinforcing a mature, risk-based approach to cyber resilience.

During 2025, we maintained our **ISO/IEC 27001:2022** certification. The Information Security Management System (ISMS) continues to be aligned with CIS Controls, strengthening the overall IT control environment through the adoption of prescriptive and prioritised security measures. This alignment enhances data protection, operational resilience, cybersecurity maturity, and information security governance.

In parallel, we further strengthened our privacy and data protection framework in line with the Personal Data Protection Act 09 of 2022 - PDPA (as amended). Key initiatives were undertaken during the year, and actions are ongoing to close gaps identified through the PDPA gap assessment. Moreover, we are evaluating the feasibility of aligning our privacy processes for potential certification under ISO/IEC 27701, the Privacy Information Management System (PIMS).

Rs. 37 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 structured to support swift restoration of operations following any disruption. It is aligned with the Disaster Recovery Institute International's Professional Practices, ISO 22301:2019, and the Business Continuity Guidelines issued by the Insurance Regulatory Commission of Sri Lanka. In 2025, several initiatives were carried out to assess the strength and effectiveness of the BCP in line with these standards and guidelines. These included:

- Reviewing the risk assessment, business impact analysis, and recovery objectives
- Conducting a comprehensive evaluation of the BCP across all functions
- Carrying out desk top exercises and call tree drills
- Executing IT drills and testing IT system recovery

Strengthening Data Analytics Capabilities

Data analytics continued to play a pivotal role in supporting the Company's digital transformation agenda during 2025, with a strong emphasis on scaling insight generation, improving operational efficiency, and embedding advanced analytics into core business processes.

Our data analytics ecosystem was further expanded to over **170** interactive dashboards, enabling enhanced data visibility, real-time performance monitoring, and faster, more informed decision-making across strategic and operational functions.

AI-powered dashboards were introduced to support the Bancassurance partnership with Sampath Bank PLC, providing branch managers with actionable insights and data-driven recommendations. These capabilities contributed to improved sales effectiveness, customer engagement, and frontline performance management.

In parallel, 7-month persistency monitoring was implemented as a leading performance indicator to proactively identify risks and drive timely interventions, thereby strengthening overall policy quality and supporting improvements in 13-month LIMRA persistency.

Harnessing Tacit Knowledge

In 2025, we placed strong emphasis on strengthening our collective tacit knowledge, the shared expertise, skills, experience, business insight, and research capabilities of our employees through focused talent acquisition and development initiatives. We expanded our mentoring programmes, introduced strategically crafted upskilling opportunities, and provided comprehensive learning and development pathways, reinforcing a culture of continuous knowledge sharing.

Our recruitment approach prioritises candidates who align closely with our organisational values, ensuring a solid cultural fit and long-term cohesion. In addition, our enhanced employee value proposition, supported by effective retention initiatives and data-driven HR practices, contributed to maintaining a stable, motivated, and highly engaged workforce.

INTELLECTUAL CAPITAL

215
Employees with over 10 years experience at UA

A diverse workforce



Research and Innovation

We continued to strengthen our Research and Development (R&D) capabilities by fostering a culture of continuous innovation. As part of this effort, we prioritised high impact R&D initiatives that generated new insights and supported the creation of advanced technologies and innovative products. This sustained focus on R&D and ongoing product development enabled us to preserve our competitive advantage. Consequently, we introduced outstanding new products that effectively address shifting customer expectations and market trends, supported by strong marketing strategies and deep industry understanding.



Memorandums of Understanding (MOUs)

- MOU with Happy Mind to promote employee mental well being
- MOU with SLIM to Certify the Insurance Advisors

Strengthening Our Brand

In 2025, Union Assurance continued to build powerful momentum in advancing its brand vision of "Empowering Human Progress by Protecting What Matters Most." Entering the second year of this renewed brand direction, the Company sharpened its strategic focus on progress, guiding individuals, families, and communities towards greater stability, resilience, and long-term aspirations.

Second Phase of the Brand Campaign

Building on the success of Union Assurance's first brand campaign following the launch of its new brand vision in 2024, the Company has rolled out the second phase of the campaign island-wide to further strengthen its brand proposition and deepen engagement with customers.

Infusing Brand Identity Across All Communications

Every communication piece and campaign consistently reflects our brand identity and messaging. This integration spans Above The Line (ATL) and Below The Line (BTL) channels, including television, TV+, radio, outdoor advertising, cinema, activations, and digital platforms, ensuring a unified and impactful brand presence across all touchpoints.

Award-Winning Brand Campaign

UA triumphed at the Dragons of Sri Lanka Awards 2025, securing a Gold Dragon for its transformative campaign "Exit Insurance. Enter Progress." The award, presented under the Brand Building and Awareness category, recognised campaigns that challenge conventional norms and deliver measurable impact through creativity and strategic insight.



BLOG IT Symposium

Union Assurance organised the 'Union Assurance Blog It Symposium 2025', marking a significant milestone as the first-ever event of its kind in the Life Insurance sector. The event, open to the public, welcomed renowned figures from the literary world and featured an engaging lineup of events including a dynamic panel discussion and specialised workshops aimed at sharing knowledge and inspiring the next generation of writers.



Continuation of Circle of Well-being

Circle of Well-being by Union Assurance is a YouTube talk show that covers key aspects of financial, emotional, and physical well-being to help individuals lead more balanced and fulfilling lives.



Further, UA continued to enhance brand engagement through unique employee-focused initiatives, including Salad Rush, Paint to Express, and the 10 km Cycling event.

Please refer Human capital on page 116 for more information

Unique Brand Engagement Programmes

Union Assurance engaged in unique brand engagement programmes that allows stakeholders to assimilate with the brand vision and purpose. Each activity looked at providing a fun and engaging template to provide a great brand experience.

SLASSCOM FitHit 2025 - Powered by Union Assurance

For the second consecutive year, Union Assurance has demonstrated its unwavering commitment to empowering progress of all Sri Lankans by proudly partnering with 'SLASSCOM FitHit 2025,' powered by Union Assurance.

Designed to inspire individuals to pursue their fitness goals, SLASSCOM FitHit 2025 powered by Union Assurance provided a platform for participants to prioritise their health, embrace an active lifestyle, and foster a sense of community and vitality.





INTELLECTUAL CAPITAL

Our Awards and Recognitions

We have earned multiple awards and continue to be celebrated at leading industry events for our outstanding performance across diverse business areas.



Union Assurance Wins at the 6th Indian Chamber Emerging Asia Conclave and Awards 2025



Union Assurance Continues to Be Among the Top 50 Most Valuable Brands in Sri Lanka



Gold at Dragons of Sri Lanka Awards 2025



First Insurer to Earn the YouTube Silver Play Button



John Keells Chairperson's Award for Disruptive Innovation



Union Assurance Becomes First Life Insurer in Sri Lanka to Achieve ISO/IEC 27001:2022 Certification

Please refer page 20 for more details about Awards & Recognition

Way Forward

Objectives	2026 Short-Term Target	Medium to Long-Term Target
Life Operations Transformation	Embed AI-assisted intelligence into underwriting and claims workflows to support risk summarisation, exception handling, fraud signal detection, and ambiguity identification, while retaining human accountability and decision ownership.	Establish highly efficient, intelligence enabled Life Operations characterised by faster turnaround times, improved risk outcomes, consistent decision making, and scalable operating capacity.
Expansion of Clicklife Digital Ecosystem	Enhance Clicklife with targeted health, wellness, protection, and digital purchase capabilities to increase self service adoption and insurance uptake, particularly across priority customer journeys and younger customer segments.	Evolve Clicklife into a fully integrated digital "super app" supporting embedded insurance, protection services, wearable enabled health and wellness engagement, and pay as you live propositions across the customer lifecycle.
Bionic Distribution Enablement	Strengthen analytics driven visibility across all distribution channels, align advisor and partner day in the life workspaces, and improve execution consistency through insight led performance management.	Enable a fully integrated bionic distribution model powered by advanced analytics, seamless partner integration, and predictive performance and productivity management.
Enterprise Data and Intelligence Capabilities	Introduce AI powered, conversational access to enterprise insights, enabling employees to interact with data intuitively and accelerate high quality, insight driven decision making.	Evolve enterprise intelligence into a multimodal experience integrating conversational, visual, and emerging interaction models to deliver contextual, real time decision support across the organisation.
Cyber Resilience and Privacy Governance	Advance Zero Trust implementation, strengthen threat detection and response capabilities, and embed security and privacy controls across operational and digital platforms.	Achieve mature cyber resilience and privacy governance aligned with ISO/IEC 27701, reinforcing customer trust, regulatory compliance, and long term organisational sustainability.



THE MOST RESILIENT

Strong Corporate Governance serves as the foundation of sustainable value creation, anchoring integrity, transparency, and accountability in every decision. Rooted in disciplined oversight and ethical leadership, governance remains the guiding force that safeguards resilience, enables responsible growth, and embeds sustainability as an enduring strategic commitment.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Board's stewardship reflects an unwavering commitment to sustainability, guiding the organisation with foresight and responsible leadership. By integrating sustainability into governance structures, strategic planning, and performance oversight, the Board ensures that growth is not only achieved but sustained—delivering lasting value to stakeholders while contributing positively to the broader environment and society.



Krishan Balendra

Chairperson/
Non-Executive Director
(Member of the Board since 01 January 2019)

Board Sub-Committees: Member of the Nominations and Governance Committee and Human Resources and Compensation Committee of Union Assurance PLC.

Skills and Experience: Krishan is the Chairperson-CEO of John Keells Holdings PLC. He is also the Chairperson of the Ceylon Chamber of Commerce. He is a former Chair of the Employers Federation of Ceylon, 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.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181



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, Board Audit & Compliance Committee of Union Assurance PLC.

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

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.

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.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181



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 Board Audit & Compliance Committee of Union Assurance PLC.

Skills and Experience: Stephen is currently CEO and Founder of Insurance Consulting Asia. He has deep experience in Strategy, Distribution, Marketing, Finance and Operational Transformation. He 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 holds a Bachelor of Science from Sheffield Hallam University and an MBA from the University of Manchester.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181



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 Holdings PLC. 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.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181



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 Union Assurance PLC.

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, and an Attorney-at-Law. He is also an Engineer specialising in Computer Science, having graduated from the University of Moratuwa.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181

CORPORATE GOVERNANCE

BOARD OF DIRECTORS



Christine Bandaranaike

Independent
Non-Executive Director
(Member of the Board since 28 April 2025)

Board Sub-Committees: Member of the Board Audit & Compliance Committee and Related Party Transactions Review Committee.

Skills and Experience: Christine brings over 25 years of experience in capital markets across Sri Lanka and Canada. Christine currently serves as the CEO and Portfolio Manager of JB Financial (Pvt) Ltd, where she founded the discretionary asset management arm of the Jafferjee Brothers Group in 2011.

Christine began her career in mutual funds and private wealth management at TD Bank Financial Group in Toronto before joining Citi National Investment Bank in Colombo. She is a Chartered Financial Analyst (CFA) and holds a Master's degree in Economics from the University of Toronto, as well as a Bachelor of Arts (Hons) in Economics from the University of Western Ontario.

Christine currently serves as the President of the Unit Trust Association of Sri Lanka and is a former Vice President and Director of CFA Society Sri Lanka.

Please refer to the Directorships in Listed and Unlisted Companies on page number 181



Senath Jayatilake

Executive Director/
Chief Executive Officer
(Member of the Board since 23 February 2026)

Board Sub-Committees: None

Skills and Experience: Senath joined Union Assurance PLC in November 2019. Prior to his current position, he also served in the capacity of Chief Distribution Officer and Deputy Chief Executive Officer at Union Assurance PLC.

Senath is an Executive Vice President of the John Keells Group. He was previously the Chief Executive Officer, John Keells Logistics (Private) Limited and accounting for over 19 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 a Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants (UK).

EXECUTIVE COMMITTEE



Senath Jayatilake
Executive Director/ Chief Executive Officer

Senath joined Union Assurance PLC in November 2019. Prior to his current position, he also served in the capacity of Chief Distribution Officer and Deputy Chief Executive Officer at Union Assurance PLC.

Senath is an Executive Vice President of the John Keells Group. He was previously the Chief Executive Officer, John Keells Logistics (Private) Limited and accounting for over 19 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 a Chartered Global Management Accountant (CGMA) of the Chartered Institute of Management Accountants (UK).



Rumesh Modarage
Chief Operating Officer

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

Prior to joining Union Assurance, he served as Senior Manager at Softlogic Life Insurance PLC, and counts over 15 years of experience in the fields of Insurance Finance, Reinsurance, Product Development, Life Operations and transformation, customer experience transformation including call centre and customer journey mapping, Strategic initiatives, compliance and internal controls , Operational process automation & Digitisation, renewal optimisation, 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.



Himani Weerasekera
Chief Financial Officer

Himani Weerasekera, the Chief Financial Officer at Union Assurance PLC, joined the Company in 2024 with 31 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).

CORPORATE GOVERNANCE

EXECUTIVE COMMITTEE



Harsha Senanayake
Chief Information Officer

Harsha joined Union Assurance PLC in October 2016.

He has been with the John Keells Group for more than 24 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.



Nisansala Paranayapa
Chief People Officer

Nisansala Joined Union Assurance PLC in September 2024 from the John Keells Group.

She has over 19 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).



Malaka Mihindukulasuriya
Chief Actuarial Officer

Malaka was appointed as the Chief Actuarial Officer of Union Assurance PLC in September 2025.

Malaka is a Fellow member of the institute and Faculty of Actuaries (FIA, UK) with more than two decades of experience both locally and internationally. He began his professional journey at Sri Lanka Insurance in 2004 and later moved to UK, joining Aviva Life in 2008. He last served as the Chief Actuary and Strategy Officer at Allianz Insurance Lanka Ltd.

Malaka has also contributed to the profession as a Council Member of the Actuarial Association of Sri Lanka (2016-2020) and as Chair of the Actuarial Sub-Committee of the Insurance Association of Sri Lanka (2021-2023). He holds a BSc in Financial, Business & Computational Mathematics (First class, University of Colombo), an MSc in Actuarial Management (Distinction, City University London), and an Executive MBA (PIM, University of Jayawardenapura).



Imtiyaz Aniff
Chief Agency Officer

Imtiyaz joined Union Assurance PLC 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 21 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 a 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.



Wathsala Aluthgedara
Chief Partnership Distribution Officer

Wathsala was appointed as the Chief Partnership Distribution Officer of Union Assurance PLC in August 2023.

She is an experienced business leader with over 21 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).



Mahen Gunarathna
Chief Marketing Officer

Mahen joined Union Assurance PLC in November 2021.

He is a marketing professional with over 21 years of experience in multinational, international and local markets with significant contributions to the Hospitality, Fashion and Textile, and Insurance industries.

Mahen holds an MBA from the Postgraduate Institute of Management, University of Sri Jayawardenapura (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).

CORPORATE GOVERNANCE

THE CHAIRPERSON'S STATEMENT ON CORPORATE GOVERNANCE



Krishan Balendra
Chairperson

At Union Assurance PLC, a strong Corporate Governance framework is the cornerstone of our success, providing clear structures, responsibilities and accountability that safeguard the interests of all stakeholders. This report demonstrates our governance practices, reflecting our unwavering commitment to maintain integrity, transparency and excellence in compliance, as we continue to build sustainable value and long-term trust.

Governance Attitude

Transparency, ethical behaviour, and reliability form the cornerstone of the Company's governance philosophy. These principles are embedded within a comprehensive policy framework and Code of Conduct and Ethics that is effectively communicated to all employees. Our policies reflect international best practices and voluntary governance standards, supporting strong performance and sound risk oversight. Our governance structure is designed to enable responsible decision making while maintaining a clear balance between empowerment and oversight.

Governance Structure and Leadership

The Company's governance framework provides a clear structure through which the Board offers strategic leadership and oversees risk, in compliance with applicable regulatory requirements. Delegation of authority is effected through established Board sub-committees and the Executive Committee, with well defined roles and limits of authority, while the Board maintains overall responsibility.

An independent and diverse Board composition supports sound decision making and strategic clarity. The Board also conducts an annual self assessment to evaluate its performance and ensure continuous improvement.

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

Establishing a robust system of internal controls and risk management is a core responsibility of the Board. In fulfilling this duty, the Board is supported by the Board Audit and Compliance Committee (BACC), which plays a pivotal role in overseeing the Company's risk management and assurance processes. The BACC continually reviews the effectiveness and efficiency of internal controls to ensure that the risk framework remains strong and responsive. Further details are provided in the BACC Report on pages 184 - 186.

Engagement with Stakeholders

Our stakeholder engagement mechanisms are structured and comprehensive, enabling us to gain valuable insights into stakeholder expectations and concerns. These insights support informed decision making and allow us to respond appropriately while balancing the diverse interests of all stakeholder groups.

Way Forward

The Company will continue to remain steadfast in our commitment to upholding the highest standards of corporate governance, recognising that transparency, accountability, and ethical conduct are foundational to our long term success and sustainability.

Through the SLFRS 17 Steering Committee, the Board will ensure that the organisation is fully prepared for SLFRS 17 implementation, both technically and strategically. Details on the current progress and planned enhancements to the SLFRS 17 governance framework are provided on pages 192 - 193.

In compliance with the guidelines issued by Institute of Chartered Accountants (CA) Sri Lanka and considering the growing focus on sustainable business operations, the Company established a robust governance framework to support the implementation of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). The framework has been structured to ensure

strong oversight, effective management involvement, and alignment with the broader sustainability direction of the John Keells Group. The implementation of the standard reinforces the Company's commitment to transparent, consistent, and high quality sustainability reporting, in line with emerging global and local expectations.

During the year, notable progress was made in enhancing compliance with the Personal Data Protection Act (PDPA) (as amended). Additional information is available on page 165. BACC continues to be regularly updated on these developments.

Additionally, Cyber security risk is maintained as a standing Board-level oversight priority, with the organisation's ISO/IEC 27001:2022 certified Information Security Management System.

Furthermore, the Company will continue to strengthen its Anti-Money Laundering / Combating the Financing of Terrorism / Countering Proliferation Financing (AML/CFT/CPF) measures and extend its fullest support towards the Country's upcoming mutual evaluation.

Statement of Declaration

I am pleased to state that the Company has adhered to all applicable requirements of the Directions issued by Insurance Regulatory Commission of Sri Lanka (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 workplace related situations.

Appreciation

In closing, I express my deep appreciation to the Board of Directors for their strategic direction, insightful counsel, and commitment to strong governance, all of which have been instrumental in steering the Company forward.

Together, we remain committed to building a stronger, more resilient, and future-ready organisation that continues to create meaningful value for all.



Krishan Balendra
Chairperson

27 February 2026

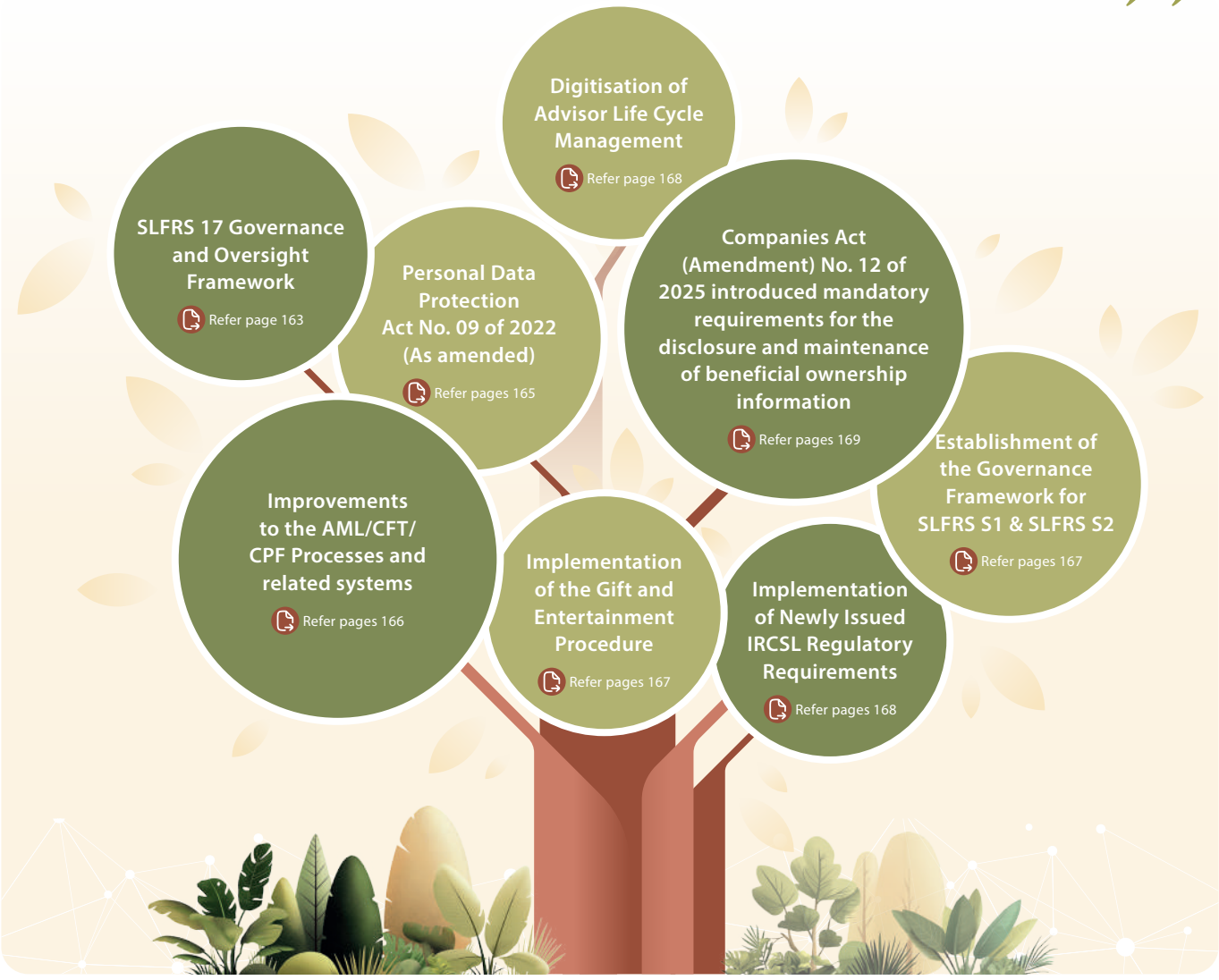


CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

Key Corporate Governance Highlights for the Year 2025

Corporate Governance remains a cornerstone of our long-term sustainability, continuously evolving to meet emerging risks, stakeholder expectations, and global best practices.



Key Highlights:

SLFRS 17 Governance and Oversight Framework

A Strengthened Governance Architecture for a New Financial Reporting Era

Union Assurance PLC has continued to refine and strengthen its governance framework to ensure the organisation is fully prepared for the transition to SLFRS 17 – Insurance Contracts, which becomes effective for the industry from 01 January 2026. Recognising that SLFRS 17 introduces fundamental changes to valuation, reporting, actuarial modelling, data capabilities and risk management, the Company has implemented a holistic governance model designed to ensure accuracy, compliance, transparency and strategic alignment.

This governance model emphasises Board-level oversight, cross functional collaboration, and enhanced internal controls, providing a controlled environment for both implementation and long-term application of the standard.

Governance Structure for SLFRS 17 Implementation

Union Assurance PLC's SLFRS 17 reporting hierarchy ensures strong oversight, efficient coordination, and clear accountability across all functions. The process begins with the Core SLFRS 17 Team, which brings together Actuarial, Finance, Operations, and IT to manage methodologies, actuarial and financial modelling, system and data integration, and end to end reporting. Their work, including escalations on progress and key judgements, is reviewed by the Executive Committee (EXCO)—comprising the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Information Officer (CIO), Chief Operating Officer (COO) and Chief Actuarial Officer (CAO)—which provides strategic guidance, validates cross functional decisions, and ensures adequate resourcing.

Above this, the SLFRS 17 Steering Committee functions as the central governance body, responsible for approving critical accounting and actuarial policies, monitoring readiness, and managing major risks or dependencies.

The Steering Committee reports directly to the Board of Directors, which holds ultimate accountability for SLFRS 17 governance and ensures alignment with long term business and regulatory objectives.

Supporting the entire structure, External Auditors conduct progressive audits to provide independent assurance over methodologies, controls, data integrity, systems and financial reporting. Together, this layered governance model delivers a robust, transparent, and well controlled transition to SLFRS 17.



The Board

SLFRS 17 Steering Committee

Enhanced Steering Committee Structure

- Provide strategic oversight and direction
- Approve key accounting and actuarial policy choices
- Monitor project progress and manage risks
- Ensure cross-functional coordination
- Review impacts on financial statements and KPIs
- Strengthen decision-making frameworks post-implementation

External Auditors

CEO and SLFRS 17 Implementation leadership team comprising CFO, CAO, CIO and COO

External Consultants

SLFRS 17 Project Team

Actuarial | Finance & Planning | Life Operations | Information Technology

External Assurance and Independent Validation

- SLFRS 17 technical requirements
- Internal control effectiveness
- Actuarial and accounting methodology consistency
- Documentation and audit readiness standard

Strengthened working committee Governance

Actuarial

- Formal validation cycles for actuarial engines
- Peer review protocols aligned with global best practices
- Documentation of assumptions, methods and controls

Finance

- Integration of SLFRS 17 journal entries into the general ledger
- Reconciliations between actuarial output, source systems, and sub ledgers
- Governance checkpoints for disclosures, KPIs and narrative reporting

Data, Systems and Technology Governance

- A centralised data governance framework for actuarial and financial reporting data
- Data lineage documentation and ownership mapping
- Automated controls around data extraction, transformation, and model input quality

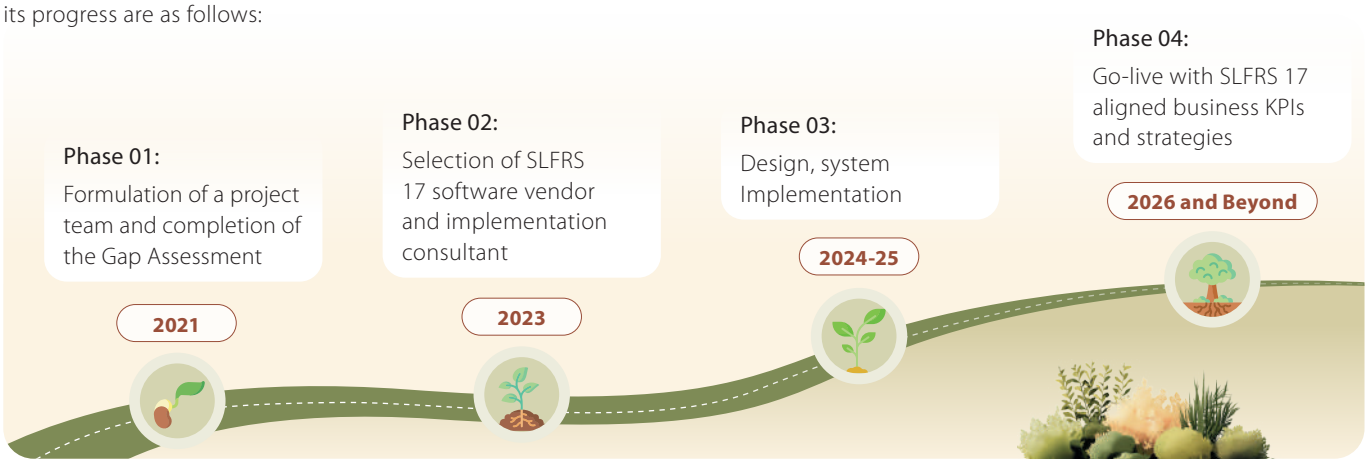
Implementation and consulting support

CORPORATE GOVERNANCE

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SLFRS 17 Project Plan

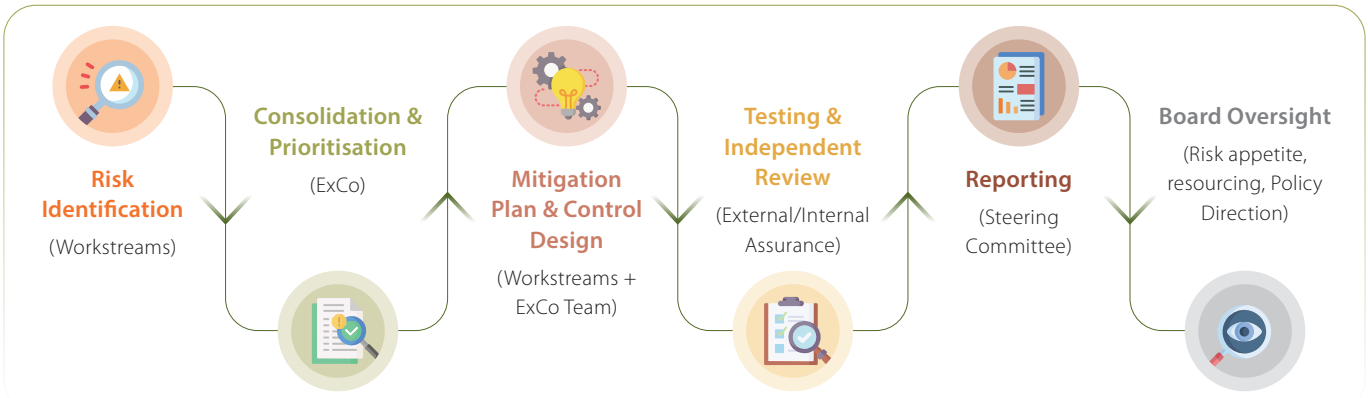
Union Assurance PLC commenced the project in 2021 by commissioning a detailed and transparent process. The project road map and its progress are as follows:



Union Assurance PLC is satisfied with its project progress and will align with the industry to go live in 2026.

Strengthening the Risk Management Framework for SLFRS 17 Transition

The implementation of SLFRS 17 introduces substantial changes to financial reporting, requiring Union Assurance PLC to strengthen its risk management capabilities to manage the operational, regulatory, and strategic challenges associated with the new standard. To support a smooth transition, the Company has established a comprehensive risk management framework that focuses on identifying, assessing, and mitigating risks across all stages of implementation. This includes enhancing internal controls, centralising actuarial modelling processes, and ensuring adequate technical and operational resourcing. Continuous monitoring and refinement of controls help safeguard compliance while minimising disruption to business operations. The updated framework reflects Union Assurance PLC's commitment to building the necessary risk management infrastructure to ensure the successful and well governed adoption 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 Enterprise Resource Planning (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 Proof of Concept (POC) phase to ensure system capabilities. • Expanded scope with progressive audit consultant to ensure financial requirements are met.

Risk Focus Area	Challenge	Remedial Action
 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 re-design 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. • Re-evaluate product mix and pricing strategies.
 Business Impact	Performance management	• Re-define 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.

Overview of Personal Data Protection Act No. 09 of 2022 (As amended)

Sri Lanka's Personal Data Protection Act – PDPA (as amended), the country's first comprehensive data protection law, aims to safeguard privacy, regulate personal data processing, and align with global standards like GDPR while considering local socio-economic needs. It promotes interoperability with international frameworks to build trust in the digital economy, encourages innovation, and protect citizens' rights. Initially set for enforcement in March 2025, the timeline was extended through an Amendment Bill passed in October 2025, with full implementation of key provisions and establishment of the Data Protection Authority expected in late 2025 or early 2026 under a phased approach to ensure compliance readiness.

Our approach for Compliance with the Personal Data Protection Act (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 PDPA.

The Company made significant progress during the year by implementing key measures to align with PDPA. This includes executing recommendations provided by the external consultant following the Gap assessment conducted in the previous year. The BACC continues to receive periodic updates on the status of gap rectification and compliance readiness. Management remains accountable for monitoring progress and ensuring adherence to the Act. This has also been incorporated into the Enterprise Risk Management (ERM) framework as an emerging risk, given the potential impact of a data breach.



Data Protection Officer (DPO)

The Company has appointed a Data Protection Officer to oversee compliance with the PDPA and implement strategies to ensure adherence to its provisions. The DPO operates independently and has direct access to both the CEO and the Board Audit and Compliance Committee.



Data Retention and Compliance

The Company has defined appropriate retention periods and disposal methods for personal data to ensure compliance with regulatory requirements and best practices.



Gap Assessment and Controls

The Gap assessment was completed, and recommendations were received for necessary action. Implementation of controls and mitigants is ongoing as relevant.

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Data Flow Mapping

Data flow mapping was completed with the support of external consultants, and detailed discussions were held with the respective departments to analyse data capture, processing, and transfer mechanisms. Data flow maps were developed for all departments to document key processes involving the handling of personal data.

Awareness and Education

Initial PDPA awareness training was delivered to all employees, covering 100% of Head Office staff, Insurance Relationship Officers (IROs), branch Sales Support Officers (SSOs), and Insurance Advisors. Mandatory PDPA awareness has also been incorporated into the employee onboarding programme and agent handbooks, with refresher sessions conducted across all levels, including senior management. To ensure continuous learning and a strong privacy culture, the Company introduced ongoing initiatives such as an e-learning module.

Contract and Policy Updates

The Company reviewed and updated key policies including the Privacy Policy, Data Protection Policy, Data Retention and Disposal Policy to ensure continued alignment with regulatory requirements. Data Processor Agreements (DPAs) and Joint Controller Agreements were executed with major service providers, with additional agreements currently being formalised as part of ongoing compliance initiatives. These agreements strengthen accountability across the value chain and enhance data subject confidence by clearly defining each party's responsibilities in safeguarding personal information. In parallel, the Company is systematically reviewing all existing contracts and agreements to incorporate the necessary data protection clauses, thereby reinforcing its commitment to protecting the personal data entrusted to it.

Breach Management & Incident Readiness

The Company has established a structured breach management process, and a Data Leakage Prevention (DLP) mechanism has been implemented to track and manage data transfers to external parties. Relevant breach notification clauses have been incorporated into both new and existing contracts, ensuring timely reporting of incidents to all required parties, including the DPO. In addition, standard templates have been developed to support the reporting of data breaches to the Authority and to affected data subjects, further strengthening the Company's incident readiness and regulatory compliance.

Looking ahead, the Company will continue to advance its data protection framework by adopting emerging technologies, strengthening monitoring capabilities and embedding privacy by design into all digital solutions. These efforts will further enhance customer trust, enable seamless and secure digital innovation, and ensure resilient compliance with evolving regulatory expectations.

Improvements to the AML/CFT/CPF Processes and Related Systems

AML/CFT/CPF processes are overseen by Senior Management and the Board Audit and Compliance Committee (BACC). The Company has adopted and implemented a risk based approach that is fully aligned with applicable regulatory requirements.

During the year, the Company implemented several initiatives to further strengthen its AML/CFT/CPF framework. These efforts focused on enhancing governance structures, improving oversight mechanisms, and reinforcing overall regulatory compliance, thereby ensuring continued alignment with evolving regulatory expectations and industry best practices.

Enhancement of the AML Alerting Model

The Company further strengthened its real time alerting capabilities by introducing additional rules to more effectively flag and detect suspicious activities and events. This digitised mechanism enhances the effectiveness of managing AML/CFT risks associated with unusual transactions and enables the Compliance team to identify and report suspicious activities in a timely manner.

Strengthening of the Sanctions Screening Process

The sanctions screening framework was further enhanced to improve the accuracy and reliability of screenings conducted against sanctioned individuals and entities.

Improvement of the Threshold Reporting Process

The process for threshold reporting was refined to ensure full adherence to the GoAML reporting requirements issued by the Financial Intelligence Unit of Sri Lanka, thereby reinforcing the Company's regulatory compliance.

E-learning Programme on AML/CFT/CPF

The Company successfully launched a comprehensive and mandatory e learning programme for all employees on AML/CFT/CPF. The module includes thorough content coverage aligned with regulatory expectations and incorporates an in built mechanism to monitor completion status and ensure full staff compliance.

Independent Compliance Reviews

Several independent compliance reviews were undertaken during the year to assess adherence to applicable regulatory requirements, identify areas for improvement, and ensure the continuous enhancement of the Company's compliance framework. Findings from these independent reviews are tracked through management action plans, with progress closely monitored to ensure timely and effective remediation.

The Company will continue to strengthen its AML/CFT/CPF framework through ongoing system optimisation, enhanced regulatory alignment, and continuous capacity building initiatives, ensuring its readiness to address emerging and evolving financial crime risks.

Implementation of the Gift and Entertainment Procedure

In alignment with the requirements of the Anti-Corruption Act, 2023, the Company implemented a strengthened Gift and Entertainment Procedure to reinforce ethical conduct and ensure full compliance with national anti corruption standards. The procedure establishes clear guidelines on the acceptance, offering, and reporting of gifts, hospitality, and entertainment, with the objective of preventing inappropriate influence, conflicts of interest, and any perception of undue advantage.

The procedure introduces defined approval thresholds, mandatory declaration requirements, and a structured review mechanism to ensure transparency across all business interactions. Employees are required to record all gifts and entertainment in line with the established process, thereby promoting accountability and enabling effective oversight by the Compliance function.

Awareness sessions were conducted to ensure all employees understood the legal expectations under the Anti-Corruption Act, 2023 and their responsibilities under the updated procedure. Ongoing monitoring is carried out by the Compliance team, with periodic updates provided to Senior Management.

The implementation of the gift and entertainment process, together with the associated awareness programmes, directly mitigates bribery and corruption risks by establishing clear rules governing acceptable conduct, prohibiting improper payments or undue influence, and outlining the controls and escalation mechanisms necessary to prevent, detect, and respond to any related misconduct.

The implementation of this procedure underscores the Company's strong commitment to integrity, ethical business practices, and robust corporate governance, while fostering a culture of transparency and compliance across all levels of the organisation.

Establishment of the Governance Framework for SLFRS S1 & SLFRS S2

The Company established a robust governance framework to support the implementation of SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures). The framework has been structured to ensure strong oversight, effective management involvement, and alignment with the broader sustainability direction of the John Keells Holdings PLC.

Under this framework, the Board of Directors retains overall responsibility for ESG and sustainability oversight, ensuring that sustainability-related risks, opportunities, and disclosures are integrated into the Company's strategic agenda. The Board Audit Compliance Committee functions as the primary conduit for these matters.

All aspects relating to the Company's ESG framework, including alignment with the Group's overarching sustainability strategy, implementation oversight, risk management, performance monitoring, and sustainability related reporting are channelled through the Board Audit and Compliance Committee. Management provides detailed reports and progress updates to the Committee, which, in turn, presents its observations and recommendations to the Board during formal management presentations.

To support effective operationalisation, the Company also established a Management Committee dedicated to facilitating the implementation of SLFRS S1 and SLFRS S2 at Union Assurance PLC. This committee is responsible for coordinating cross

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functional efforts, ensuring the availability of accurate and useful sustainability related information, and driving the internal processes required to meet the new disclosure standards.

The implementation of this governance structure reinforces the Company's commitment to transparent, consistent, and high quality sustainability reporting, in line with emerging global and local expectations.

Digitisation of Advisor Life Cycle Management

Union Assurance PLC has set a new industry benchmark by becoming the first to fully digitise the Advisor Life Cycle Management process. This groundbreaking initiative transforms every aspect of advisor operations from onboarding and self-servicing, into a seamless digital experience reinforcing Union Assurance PLC's leadership in innovation within the insurance sector.

The shift from manual to digital processes has unlocked substantial benefits for both internal and external stakeholders. With automation, the advisor onboarding process has been significantly accelerated, representing a major improvement in operational turnaround times. This efficiency is further enhanced by the integration with the Sri Lanka Insurance Institute's digital interface, which is an Industry first initiative, allowing instant verification against prerequisite exam requirements. In addition, advisors have also been empowered with intuitive self-service capabilities, enabling them to complete service requests with just a few clicks.

These advancements have led to increased productivity, improved data accuracy, and a significantly enhanced advisor experience, while also delivering considerable cost savings to the organisation and ensures compliance with legal and regulatory requirements, enhances governance, and strengthens security and privacy measures to protect sensitive information.

Implementation of Newly Issued IRCSL Regulatory Requirements

Disclosure Requirements Under Directions 2 of 2025

Union Assurance PLC successfully implemented the Insurance Regulatory Commission of Sri Lanka (IRCSL) disclosure requirements under Direction 2 across all external marketing and customer communications in English, Sinhala, and Tamil.

This comprehensive initiative included the implementation of mandatory branch display obligations, updating all marketing channels; print, outdoor and digital mediums to consistently carry the required disclosures. Revising all product brochures, and ensuring that all customer-facing communication materials were aligned with regulatory standards. These measures reinforced transparency and demonstrated our commitment to full compliance across every customer touchpoint.

Policy Framework

In line with the IRCSL Policy Framework Guideline, the Company has established a standardised, fair, and transparent structure for all long term insurance policy documents. This framework ensures that product terms, disclosures, and documentation remain clear, equitable, and aligned with regulatory expectations. Through enhanced documentation standards and improved regulatory alignment, the Company has strengthened policyholder protection and ensured greater clarity and fairness across all long-term insurance products.

Insurance Product Information Document (IPID)

In compliance with Direction No. 04 of 2025 on issuing the Insurance Product Information Document (IPID), the Company introduced a standardised and simplified product disclosure document aimed at enhancing policyholder awareness, improving transparency, and empowering customers to gain a clearer understanding of insurance products. The IPID provides policyholders and prospective customers with a concise summary of key policy information, outlining essential terms, conditions, benefits, and features in simple and easily understandable language. This initiative is intended to support better-informed decision-making and ensure greater clarity regarding the nature and scope of insurance policies.

Policyholder Charter

The Policyholder Charter was developed in accordance with Direction No. 02 of 2025, issued under Section 3 of the Regulation of Insurance Industry Act, No. 43 of 2000. This initiative reflects our commitment to upholding defined service standards across all key customer touchpoints, ensuring fair treatment, transparency, and consistency for policyholders and prospective customers. The Charter aims to support the industry's evolution from a "Customer Centric (2C)" culture to a "Customer Confidence–Centric (3C)" culture, fostering stronger, more trustworthy relationships between the Company and its policyholders.

Companies Act (Amendment) No. 12 of 2025 - Beneficial Ownership Transparency

The Company recognises that the identification and disclosure of beneficial ownership are fundamental to ownership transparency, stakeholder confidence, and sound corporate governance. Maintaining accurate and up-to-date information on individuals who ultimately own or exercise effective control over the Company enhances oversight, supports informed decision-making, and ensures alignment with evolving regulatory expectations.

During the year, the Companies Act (Amendment) No. 12 of 2025 ("Amendment Act") introduced mandatory requirements for companies incorporated or registered under the Companies Act No. 7 of 2007 to identify, record, maintain, verify, and file beneficial ownership information with the Registrar of Companies. At the reporting date, the Amendment Act has not yet been brought into operation, and the related regulations and prescribed filing procedures remain pending issuance by the Registrar of Companies.

In anticipation of the legislation becoming operative, the Company, through its Company Secretaries, has proactively commenced preparatory compliance activities, including the collation and preliminary verification of beneficial ownership information and a review of internal processes and controls. Preparations are also underway for the establishment and maintenance of a Register of Beneficial Owners in accordance with the requirements of the Amendment Act.

KEY ANNOUNCEMENTS MADE TO THE COLOMBO STOCK EXCHANGE (CSE)

- **Long-Term Referral Bancassurance Partnership –** On 30 January 2025, pursuant to Board approval, the Company entered into a long-term referral bancassurance partnership for life insurance products with Sampath Bank PLC ("the Bank").

  This internally funded arrangement provides the Company with exclusive access to the Bank's extensive distribution network. The partnership enables Union Assurance PLC to offer a comprehensive suite of life insurance solutions to the Bank's customer base, thereby strengthening the Company's distribution reach and supporting its long-term strategic objectives.

- **Cash Dividend –** Announcement made to the CSE relating to the First and Final dividend for the financial year ended 31 December 2024 on 28 February 2025.

- **Divestment of Equity Stake in Fairfirst Insurance Limited –** In terms of Section 8 of the Listing Rules of the Colombo Stock Exchange, the Company announced the divestment of its 22% equity stake, comprising 30,800,000 ordinary shares, in Fairfirst Insurance Limited, an associate company of the Company. The shares were divested to Fairfax Asia Limited, a subsidiary of Fairfax Financial Holdings Limited, for a total consideration of Rs. 2,638,079,877.

- **Board Composition and Board Committee Changes –** Ms. C. M. L. Dias Bandaranaike was appointed as an Independent Non-Executive Director of the Company with effect from 28 April 2025. She was also appointed to serve on the Board Audit and Compliance Committee and the Related Party Transactions Review Committee. Mr. S. A. J. S. W. Jayatilake was appointed to the Board as an Executive Director w.e.f. 23.02.2026. Mr. S. Rajendra stepped down from the Board of Directors of the Company consequent to his retirement from the John Keells Group on 31 December 2025. Upon his resignation, he also ceased to be a member of the Human Resources and Compensation Committee.



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Compliance Summary

Regulatory Benchmark

Requirements/Standard/Principle/Code	Adherence	Compliance Status	Page Reference
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	209
Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure.	Mandatory	Complied	210
Statement of Compliance under the revised Section 9 of the Listing Rules of the CSE on Corporate Governance.	Mandatory	Complied	211
Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC).	Mandatory	Complied	221
Content of the annual report as per Section 168 of the Companies Act No. 7 of 2007.	Mandatory	Complied	221
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.	222
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.	224
Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto	Mandatory	Complied	-
Anti-Corruption Act No 09 of 2023	Mandatory	Complied	-
Personal Data Protection Act Overview (PDPA) 09 of 2022 (As amended)	Mandatory	Complied	-
SLFRS 17 Financial reporting standards	Mandatory	Complied	-
SLFRS Sustainability reporting standards	Mandatory	Complied	-



**The AML/CFT/CPF Policy was revised and approved by the Board of Directors during the review period. Changes related to the ML/TF risk assessment and the enhanced CDD process were incorporated into the policy accordingly.*

In line with section 9.2.1. of the Corporate Governance Rules of the CSE, the related Policies were adopted / updated and 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/2026/01/statement-for-website-adoption-of-policies.pdf

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.

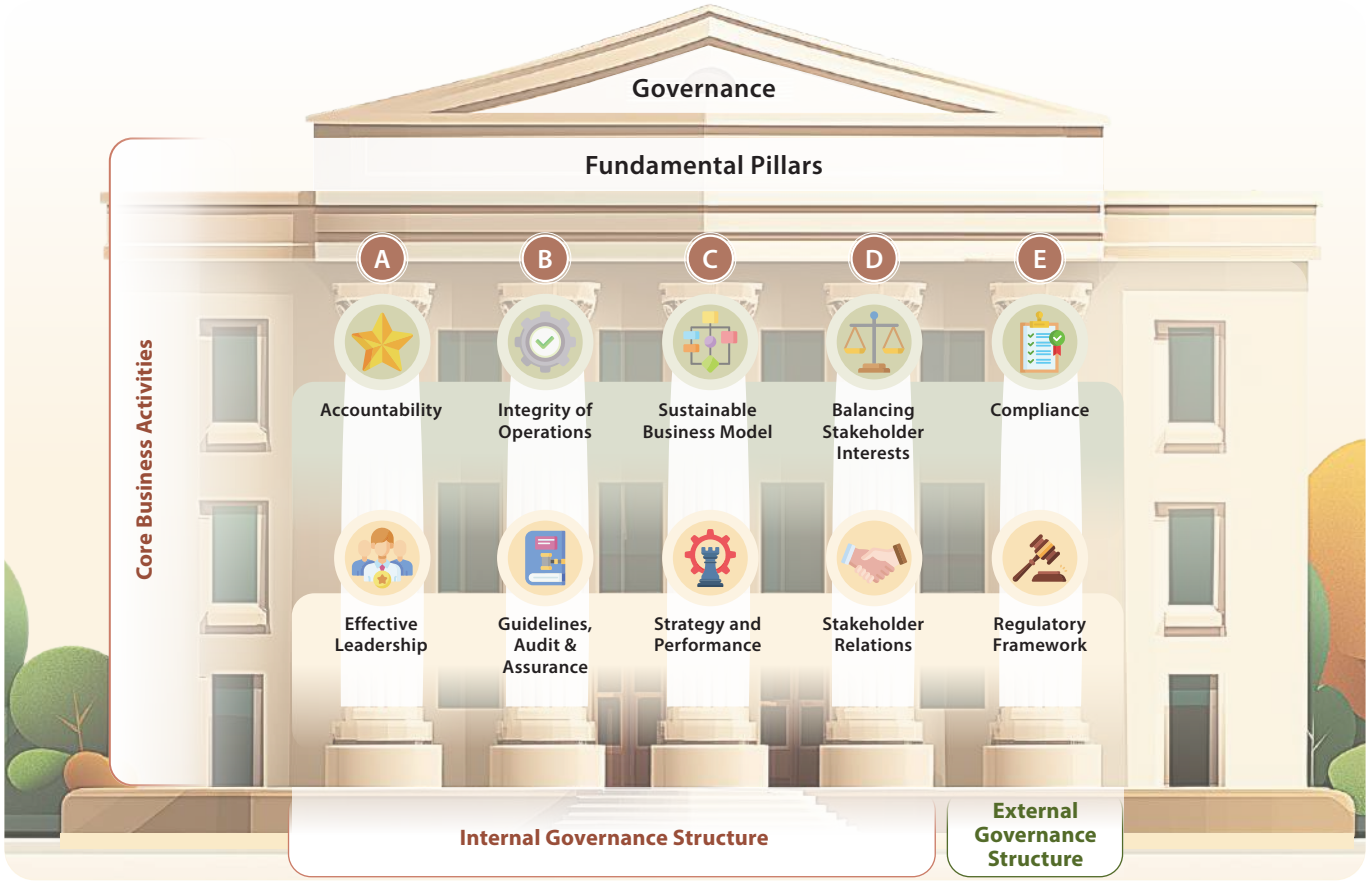


CORPORATE GOVERNANCE

HOW WE ADMINISTER CORPORATE GOVERNANCE

The Board of Directors of Union Assurance PLC regards Corporate Governance as the cornerstone of its operations, guiding the Board and all employees in their day to day business activities. Union Assurance PLC's robust governance framework and strong underlying principles have consistently provided a solid foundation for driving sustainable value creation.

Our Integrated Governance Framework



Internal Governance Structure

The governance structure in place emphasises the responsibilities of the Board of Directors, Board sub-committees, and the Senior Management team, who collectively formulate, execute, and monitor the Company's business objectives. It further reinforces the organisational operating structure, including the assignment of responsibilities and authority levels, the establishment of reporting lines and information flows, and the implementation of internal control systems, encompassing risk management, compliance, and internal audit functions. A summary of the key elements of both the internal and external governance structures is presented in the Company's Corporate Governance Model.

Performance Aspects

Effective Leadership

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(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, gender 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 culture of effective Corporate Governance 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 ten (10), in accordance with the Company's Articles of Association, which ensures the Board remains agile and responsive to the Company's needs. In executing their duties and responsibilities, Directors are required to comply with applicable Law, the Code of Conduct, and the requirements of the Policy referred to in Rule 9.5.1 of the Listing Rules of the CSE.

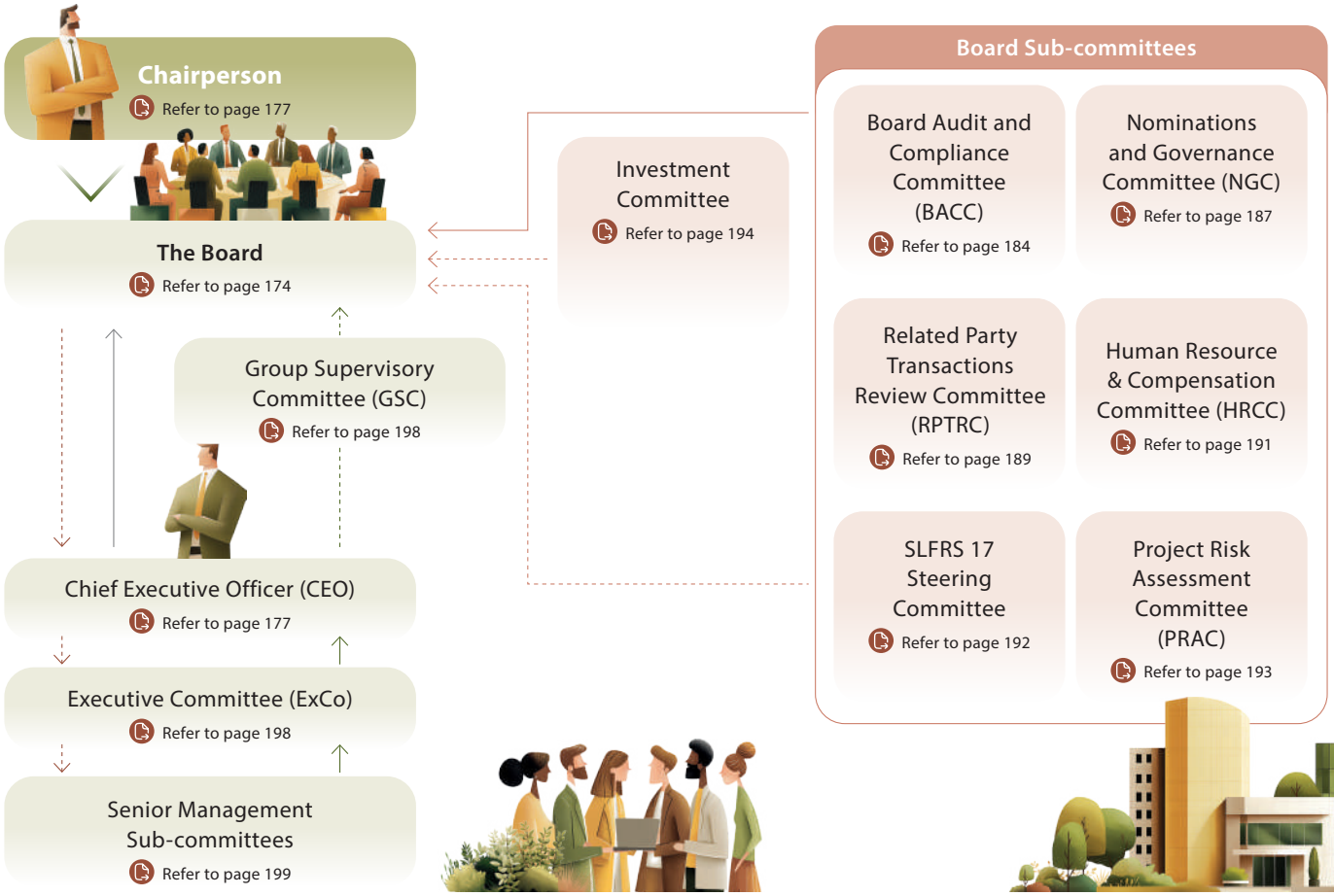
Board Sub-committees

The Board determines the strategic direction of the Company, oversees risk management, and establishes a sound governance framework. Certain responsibilities of the Board are delegated to its sub-committees and to the Executive Management of Union Assurance PLC, with clear mandates and accountability structures. These delegated responsibilities, along with the corresponding governance processes, are explained in detail throughout this report.

1.1 Our Internal Governance Structure

As at 31 December 2025, 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.

**Mr. S. A. J. S. W. Jayatilake was appointment as an Executive Director w.e.f. 23.02.2026.*



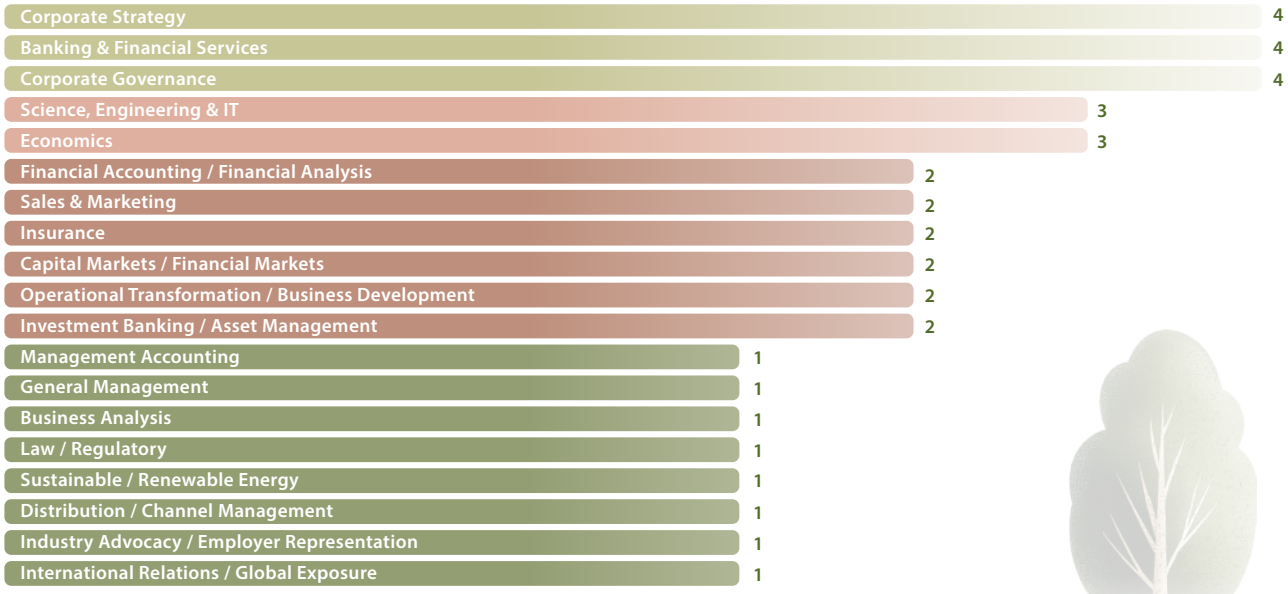
1.2 Board Composition, Skills and Diversity

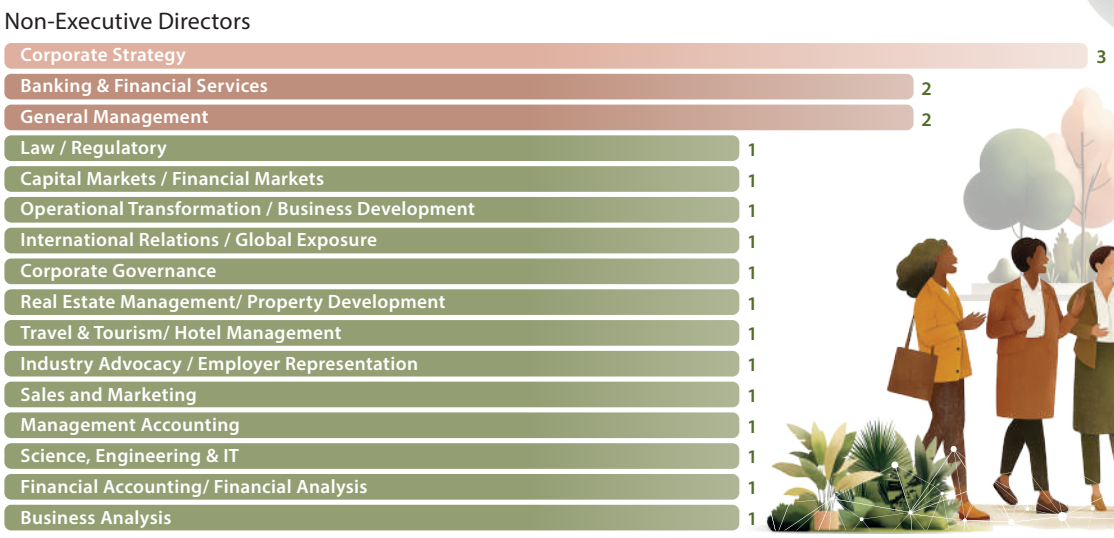
The composition of the Board of Union Assurance PLC is governed by the Listing Rules of the CSE as well as the Company's Articles of Association. As an insurance company, Union Assurance PLC requires a broad range of skills, expertise, and perspectives to create value and safeguard the interests of all stakeholders. Accordingly, the Board continually evaluates and determines the required mix of competencies in response to the evolving operating environment and shifts in Union Assurance PLC's long term strategic direction.

Ensuring an appropriate blend of experience and capabilities enables the Board, as a collective, to effectively guide strategic priorities and drive sustainable value creation. The Board comprised seven Directors during the accounting period, including Mr. Rajendra, who resigned with effect from 31 December 2025 consequent to his retirement from the John Keells Group. All Directors served in a Non-Executive capacity, of whom four (4) were Independent Directors. The Board reflects diversity in professional experience, subject matter expertise, gender, and age, contributing to rich and balanced deliberations and the exercise of independent judgement on all matters. Brief profiles of the Directors are presented on pages 154 - 156 of this Report. No alternate Directors were appointed during the year.

As per sections 9.8.1 and 9.8.2 of the Listing Rules, the Board composition should consist of minimum 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 Union Assurance PLC and the positions held in the Union Assurance PLC sub-committees as at 31 December 2025.

Skills and Experience of the Board of Directors as at 31 December 2025







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Age

50-55	56-60	61-65
5	1	1



Nationality

Sri Lankan	United Kingdom
6	1

Independence

Independent Non-Executive Directors	Non-Executive Directors
4	3

Gender

Male	Female
6	1



Tenure on the BOD

Below 1 year	1-3 years	3-6 years	6-10 years	More than 10 years
1	1	1	3	1



Positions held in the sub-committees as at 31 December 2025

Director Name	Nominations and Governance Committee	Human Resources and Compensation Committee	Related Party Transactions Review Committee	Board Audit and Compliance Committee	SLFRS 17 Steering Committee
Mr. K. N. J. Balendra	Member	-	-	-	-
Mr. S. Rajendra*	-	Member	-	-	Member
Mr. D. H. Fernando	Chairperson	Chairperson	Member	Member	
Mr. S. A. Appleyard			Member	Member	Chairperson
Mr. D. P. Gamlath	-	-	-	-	-
Mr. P. T. Wanigasekara	Member	Member	Chairperson	Chairperson	-
Ms. C. M. L. D. Bandaranaike**	-	-	Member	Member	-

** Resigned with effect from 31.12.2025*
***Appointed with effect from 28.04.2025*

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.

Stakeholder Engagement

- Ensuring all stakeholder interests and perspectives are considered for corporate decisions.
- Building and improving stakeholder relationships and promoting value creation.

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.

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.

1.4 Board Governance Philosophy

The Board is committed to upholding the highest standards of governance, ethics, and integrity, recognising that these principles are fundamental to sustained value creation and to safeguarding the interests of all our stakeholders. We believe that strong governance enables us to live our values through enhanced accountability, robust risk and performance management, transparency and ethical, effective leadership.

Acting in the best interests of all stakeholders remains central to the Board's mandate. We continuously review and align with evolving best practices, frameworks and regulatory developments to remain resilient and responsible in an increasingly dynamic business environment.

1.5 Segregation of the Role of Chairperson and Chief Executive Officer (CEO)

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:

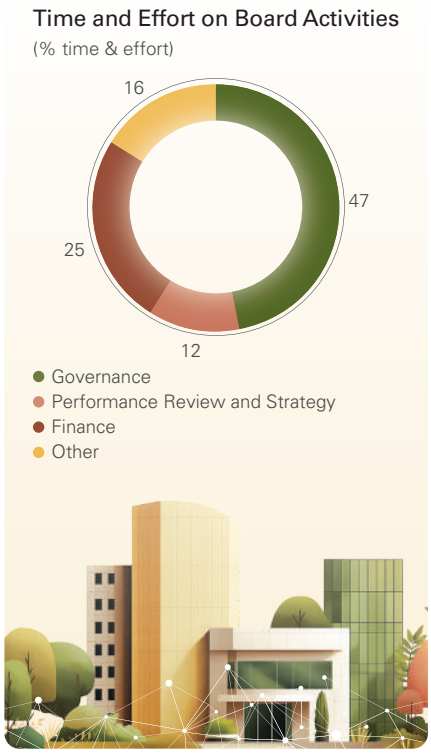
- Execution of the strategies and policies approved by the Board.
- Ensuring the efficient and effective management of the Company's operations.
- Ensuring that the operating model remains aligned with the Company's short- and long-term strategic objectives.

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1.6 Board Meeting

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 per-centum (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 on the issues and decisions at hand. During the year 2025, the Board met on four (04) 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.



Key Focus Areas of the Board Meetings

Performance Review and Strategy

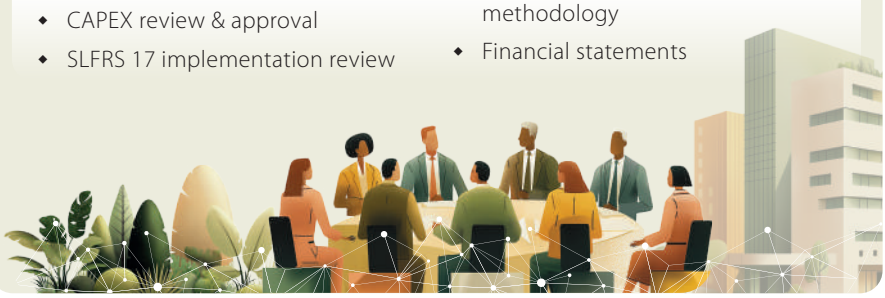
- Review of Business Plan
- New Partnerships
- Review of business performance
- Review progress on Strategy

Governance

- Internal & External audits
- Minutes of Board and sub-committees meetings
- Risk register
- Regulatory Compliance
- Presentation of ML/TF Risk assessment
- Policies & manuals

Finance

- Valuation & Solvency position
- CAPEX review & approval
- SLFRS 17 implementation review
- Budgets/Expense allocation methodology
- Financial statements



Board Attendance during the year 2025

Name of Director	Year of Appointment	10.02.2025	28.04.2025	05.08.2025	13.11.2025	Eligibility	Attendance
Non-Executive Directors							
Mr. K N J Balendra	2019	◆	◆	◆	◆	4	4
Mr. S Rajendra*	2011	◆	◆	◆	◆	4	4
Mr. D P Gamlath	2020	◆	◆	◆	◆	4	4
Independent Non-Executive Directors							
Mr. D H Fernando	2018	◆	◆	◆	◆	4	4
Mr. S A Appleyard	2019	◆	◆	◆	◆	4	4
Mr. P T Wanigasekara	2023	◆	◆	◆	◆	4	4
Ms. C M L D Bandaranaike**	2025	N/A	◆	◆	◆	3	3

Resigned w.e.f 31.12.2025
***Appointed w.e.f 28.04.2025*

1.7 Board Appointments and Re-election

Board appointments follow a structured and formal process, within the purview of the Nominations & Governance Committee. The Nominations and Governance Committee Report can be found on pages 187 - 188. Independent Directors are appointed for an initial contractual tenure of three (3) years, with the possibility of extension for up to nine (9) 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 (1/3) of the Directors retire from office at each Annual General Meeting (AGM). The Directors, except the Chairperson, who are subject to retirement by rotation shall be those who have been longest in office since their last election or appointment. A retiring Director shall 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.

Key Considerations for Board Appointments



Appointments, Resignations and Retirements

Mr. S. Rajendra retired from the Board with effect from 31 December 2025.

Ms. C. M. L. D. Bandaranaike was appointed to the Board as an Independent Non-Executive Director with effect from 28 April 2025 and Mr. S. A. J. S. W. Jayatilake was appointed to the Board as an Executive Director w.e.f. 23.02.2026.

Details of new Directors appointed to the Board as required by the Listing Rules of the CSE 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. D. H. Fernando will offer himself for re-election at the AGM to be held on 31 March 2026 in terms of Article 84 of the Articles of Association of the Company.

Ms. C. M. L. D. Bandaranaike and Mr. S. A. J. S. W. Jayatilaka will offer themselves for re-election at the AGM to be held on 31 March 2026, in terms of Article 90 of the Articles of Association of the Company.

1.8 Board Independence

All the Directors of Union Assurance PLC are Non-Executive Directors, with four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors as at 31 December 2025 including Mr. S Rajendra who resigned on 31 December 2025. 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	Material Business Relationship	Close Family Member is a Director or CEO	Carrying not less than 10% of Voting Rights	Continuously served for more than nine years	Business Connection	Director/ Shareholder in another Entity	Age not above seventy (70) years
Mr. P T Wanigasekara	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Mr. D H Fernando	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

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Director	Employment in the Company	Material Business Relationship	Close Family Member is a Director or CEO	Carrying not less than 10% of Voting Rights	Continuously served for more than nine years	Business Connection	Director/ Shareholder in another Entity	Age not above seventy (70) years
Mr. S A Appleyard	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Ms. C M L D Bandaranaike	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 ten per-centum (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 (9) 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 below seventy (70) years of age, unless Nominations and Governance Committee recommends the appointment, the Board of Directors approves the recommendation and Board approval is affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.

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 the Listing Rules of the CSE 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 shall hold no more than twenty (20) directorships in companies inclusive of the subsidiaries or associates of the Company. The following table illustrates the total number of Board seats held in other listed and unlisted companies by each of the Directors as at 31 December 2025.

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	
Mr. K. N. J. Balendra (Chairperson)	19	1	6	12
Mr. S. Rajendra*	19	-	3	16
Mr. D. H. Fernando	19	-	-	19
Mr. S. A. Appleyard	1	-	-	1
Mr. D. P. Gamlath	19	1	1	17
Mr. P. T. Wanigasekara	2	-	2	-
Ms. C. M. L. D. Bandaranaike	-	-	-	-

Resigned with effect from 31.12.2025

Directorships in Listed and Unlisted Companies as at 31 December 2025

Name of Director	No. of Board Seats Held in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
Mr. K. N. J. Balendra	John Keells Holdings PLC	◆ Asian Hotels & Properties PLC ◆ Ceylon Cold Stores PLC ◆ John Keells PLC ◆ John Keells Hotels PLC ◆ Keells Food Products PLC ◆ Trans-Asia Hotels PLC	-	Director of several unlisted companies in the John Keells Group
Mr. S. Rajendra*	-	◆ Asian Hotels & Properties PLC ◆ John Keells Hotels PLC ◆ Trans Asia Hotels PLC	-	Director of several unlisted companies in the John Keells Group
Mr. D. P. Gamlath	Ceylon Cold Stores PLC	◆ Keells Food Products PLC	-	Director of several unlisted companies in the John Keells Group
Mr. D. H. Fernando	-	-	-	◆ Panthera Ventures (Pvt) Ltd ◆ PV Galle Properties (Pvt) Ltd ◆ PV Hilltop Holdings (Pvt) Ltd ◆ Omak Technologies (Pvt) Ltd ◆ Techkitez (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 Holdings (Pvt) Ltd ◆ Asia Securities Wealth Management (Pvt) Ltd ◆ A-Sec Capital (Pvt) Ltd ◆ Asia Securities Advisors (Pvt) Ltd ◆ Sri Lankan Airlines Ltd ◆ Sri Lanka Catering Ltd ◆ Mandala Ventures (Pvt) Ltd ◆ Mandala Properties (Pvt) Ltd ◆ Arimac Lanka (Pvt) Ltd
Mr. S. A. Appleyard	-	-	-	◆ Insurance Consulting Asia Ltd
Mr. P. T. Wanigasekara	-	◆ Abans Finance PLC ◆ John Keells PLC	-	-
Ms. C. M. L. D. Bandaranaike	-	-	-	-

**Resigned with effect from 31.12.2025*

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1.9 Supply of Information

The Board pack is circulated at least seven (7) 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 aforementioned matters, 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, to assist 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 2026, 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 30 January 2026.

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.

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 sub-committees 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 Union Assurance PLC are as follows:

- Board Audit and Compliance Committee (BACC)
- Nominations and Governance Committee (NGC)
- Related Party Transactions Review Committee (RPTRC)
- Human Resources and Compensation Committee (HRCC)
- SLFRS 17 Steering Committee
- Project Risk Assessment Committee (PRAC)



The Related Party Transactions Review Committee (RPTRC) and Board Audit and Compliance Committee (BACC) are composed entirely of Independent Directors, while the other Board Sub-Committees 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 184 - 186
Nominations and Governance Committee (NGC)	• Appointment of Directors. • 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 187 - 188
Related Party Transactions Review Committee (RPTRC)	• Disclosure and review of Related Party Transactions.	Report of RPTRC on pages 189 - 190
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 page 191
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 pages 192 - 193
Project Risk Assessment Committee (PRAC)	• Review and assess large scale investments and projects. • Evaluate project risks.	Report of the PRAC on page 193



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THE BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)



Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

Composition of the Committee as at 31 December 2025

The Audit Committee comprises of four (4) Independent Directors. Please refer to the profiles of the Board of Directors on pages 154 to 156.

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	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. P T Wanigasekara* (Chairperson)	01.04.2023	Independent Non-Executive Director	4/4
Mr. D H Fernando	03.08.2018	Independent Non-Executive Director	4/4
Mr. S A Appleyard	01.10.2024	Independent Non-Executive Director	4/4
Ms. C M L D Bandaranaike	28.04.2025	Independent Non-Executive Director	3/2

**Member of a Professional Accounting Body*

Regular Attendees by Invitation

- Mr. S Rajendra - Non-Independent Non-Executive Director of Union Assurance PLC
- Mr. S Jayatilake - Chief Executive Officer
- Ms. H Weerasekera - Chief Financial Officer
- Mr. M De Zylva - Assistant Vice President - Risk & Compliance
- Mr. H 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

Ms. S Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

100% INEDs Representation on the Committee	**100%** NEDs Representation on the Committee	**93%** Member Attendance to the Committee	Compliant with the Rules of the CSE	Compliant with Code of Best Practice

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.

- **Environment Social Governance (ESG) and Sustainability -** While the Board retains overall responsibility for ESG and Sustainability oversight, the Board Audit and Compliance Committee (BACC) shall serve as the conduit for these matters.

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 the Group assessed and reported to the Committee information pertaining to 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 Group by the Group Business Process Review (GBPR).

- Reviewed thirty-one (31) Internal Audit reports during the year, covering operations of twenty-seven (27) Branch locations and four (4) Head Office functions including Underwriting, Claims, Re-insurance, Finance, Human Resources, Agency Operations/ Bancassurance operation and Regulatory Compliance.

- 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

CORPORATE GOVERNANCE

REPORT OF THE BOARD AUDIT AND COMPLIANCE COMMITTEE (BACC)

between what requires an independent 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, Chartered Accountants, have been functioning as the External Auditor since 1988. The last Engagement Partner rotation was carried out in the year 2020, with the KPMG, Chartered Accountants, Engagement Partner having completed six (6) 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 for Senior Management and the Board, that staff at all functions are aware and conduct business transactions as per established 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 201.

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 Policy 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 Policy guarantees strict confidentiality of the identity of Whistleblowers. The Committee reviewed the whistleblowing arrangements for the Company during the year.

Evaluation of the Committee

The effectiveness of the Committee is evaluated annually by its members. The evaluation for the current year was presented to the Board, and the Committee was determined to be effective.

Re-Appointment of the External Auditors

The Committee has recommended to the Board that Messrs. KPMG Chartered Accountants be re-appointed as auditors for the financial year ending 31 December 2026, 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

27 February 2026

THE NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)



Dumith Fernando
Chairperson
The Nominations and Governance Committee

Composition of the Committee as at 31 December 2025

The Nomination and Governance Committee comprises of two (2) Independent Directors and one (1) Non-Independent Director. Please refer to the Director profiles on pages 154 to 156.

Attendance and Composition

One (01) meeting was held during the year. Minutes of the NGC meetings are regularly reported to the Board.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. D H Fernando (Chairperson)	01.10.2024	Independent Non-Executive Director	1/1
Mr. P T Wanigasekara	01.10.2024	Independent Non-Executive Director	1/1
Mr. K N J Balendra	01.10.2024	Non-Independent Non-Executive Director	1/1

67% INEDs Representation on the Committee

100% NEDs Representation on the Committee

100% Member Attendance to the Committee

Compliant with the Rules of the CSE

Compliant with Code of Best Practice

The Report of the Nominations and Governance Committee

The Nominations and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), it defines the Committee's mandate, functions, composition, and operative practices, reviewed annually for alignment with regulatory requirements, including Section 9.11.5 of the Listing Rules and Corporate Governance best practices voluntarily adopted by the Company.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments 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.
- Oversee the process of appointment, re-election and re-appointment of Directors to the Board of the Company, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of the listed subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.
- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Directors and Non-Independent Non-Executive 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 the Chairperson of this Committee and the outcomes discussed at the Board level.
- Review and recommend an overall corporate governance framework, considering applicable laws, rules, regulatory requirements and industry/ international best practices.

Activities During the Year

During the financial year ended 31 December 2025, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.
- Ensured that in accordance with Article 84 of the Company's Articles of Association, one-third (1/3) of the Directors on the Board being subject to retirement by rotation by virtue of

CORPORATE GOVERNANCE

THE NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 90, requiring Directors appointed during the year, if any, to retire at the first Annual General Meeting following their appointment.

During the year, the following Directors, retiring under Article 84 and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 28 March 2025:

- » Mr. S. A. Appleyard, Independent Non-Executive Director, (Article 84)
- » Mr. D. P. Gamlath, Independent Non-Executive Director, (Article 84)

- Ensured that the newly appointed Director was provided with an induction to the Company together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson, CEO, Company Secretary, and senior management and through Board notes.
- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.
- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.
- Reviewed key Company policies ensuring compliance with Rule 9.2 of the Listing Rules.

Director Profiles and Information Disclosures

The profiles of the Company's Directors, including details of their first appointment to the Board, most recent re-appointment, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company), are provided in the Board and Management Profiles and Corporate Governance Commentary sections of this Annual Report.

Directors retiring at the Annual General Meeting of the Company for the financial year ended 31 December 2025

The following Directors who are retiring under Articles 84 and 90 of the Articles of Association of the Company will be placed before the shareholders at the Annual General Meeting of the Company for re-election:

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*
Mr. D. H. Fernando (Article 84)	Independent Non-Executive Director	03.08.2018	29.03.2023	The details are provided in the Board Profiles and Corporate Governance Commentary sections of this Annual Report
Ms. C. M. L. D. Bandaranaike (Article 90)	Independent Non-Executive Director	28.04.2025	-	
Mr. S. A. J. S. W. Jayatilake (Article 90)	Executive Director	23.02.2026	-	

Board, and Board Committee Evaluations

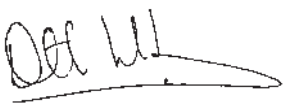
- The Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance for the financial year 2024, the outcome of which were discussed between the Board and the Committee.

Reporting

The Committee reports its activities at each Board Meeting of the Company.

Governance Practices and Compliance with Listing Rules

The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance Commentary section of the Annual Report.



Dumith Fernando
Chairperson of the Nominations and Governance Committee

27 February 2026

THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)



Pasan Wanigasekara
Chairperson
The Related Party Transactions Review Committee

In line with the Corporate Governance Rules, a documented policy and processes are in place regarding Related Party Transactions.

Attendance and Composition

The Related Party Transactions Review Committee (RPTRC) comprises of four (4) Directors and all of them are Independent Directors. Please refer to the profiles of the Board of Directors on pages 154 to 156. Minutes of the RPTRC meetings are regularly reported to the Board. The composition of the Committee as at 31 December 2025, along with the attendance of the members at Committee meetings respectively, is provided below.

Four (04) meetings were held during 2025.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. P T Wanigasekara (Chairperson)	01.10.2024	Independent Non-Executive Director	4/4
Mr. D H Fernando	01.10.2024	Independent Non-Executive Director	4/4
Mr. S A Appleyard	01.10.2024	Independent Non-Executive Director	4/4
Ms. C M L D Bandaranaike	28.04.2025	Independent Non-Executive Director	3/2

Regular Attendees by Invitation

- Mr. S Jayatilake – Chief Executive Officer
- Ms. H Weerasekera – Chief Financial Officer
- Mr. S Karunaratne – Financial Controller – Finance and Planning
- Mr. M De Zylva AVP – Risk and Compliance

Secretary to the Committee

Ms. S Cader - Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

100% INEDs Representation on the Committee	**100%** NEDs Representation on the Committee	**93%** Member Attendance to the Committee	Compliant with the Rules of the CSE	Compliant with Code of Best Practice

Objective and Governing Policies

The objective of the Committee is to exercise oversight 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 ("the Code"), the Listing Rules of the Colombo Stock Exchange (CSE) ("Listing Rules") and other applicable laws, rules, regulations, codes of best practice and standards.

Procedure

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 RPT framework is aligned with the 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.

CORPORATE GOVERNANCE

THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

  - » 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.

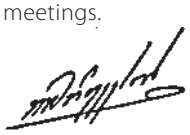
- To provide updates to the Board on a quarterly basis, of the RPTs pertaining to the Company as follows:
  - » Starting Recurrent RPTs.
  - » RPTs during the quarter including Non-recurrent RPTs.
  - » RPTs which were above the thresholds.
  - » Market announcements made in keeping with the RPT disclosure guidelines.

- The Committee primarily relied on processes that were validated from time-to-time, periodic reporting by the relevant entities and Key Management Personnel, 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 pre-approved all proposed non-recurrent RPTs of the Company.
- Recurrent RPTs were reviewed annually 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 Section 9 of the Listing Rules of the CSE. Further, either the Directors or close family members do 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

27 February 2026

THE HUMAN RESOURCES AND COMPENSATION COMMITTEE (HRCC)



Dumith Fernando
Chairperson
The Human Resources and Compensation Committee

Attendance and Composition

The Human Resources and Compensation Committee comprises of three (3) Directors and two (2) of them are Independent Directors. Please refer to the profiles of the Board of Directors on pages 154 to 156. Minutes of the HRCC meetings are regularly reported to the Board. The composition of the Committee, together with the attendance of its members at Committee meetings, is provided below.

One (01) meeting was held during 2025.

Members*	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. D H Fernando (Chairperson)	01.10.2024	Independent Non-Executive Director	1/1
Mr. P T Wanigasekara	01.10.2024	Independent Non-Executive Director	1/1
Mr. S Rajendra**	01.10.2024	Non-Independent Non-Executive Director	1/1

**Mr. K N J Balendra was appointed to the committee w.e.f. 01.01.2026.*
***Resigned w.e.f. 31.12.2025.*

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.

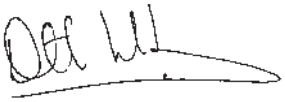
67% INEDs Representation on the Committee	**100%** NEDs Representation on the Committee	**100%** Member Attendance to the Committee	Compliant with the Rules of the CSE	Compliant with Code of Best Practice

The Report of the Human Resource and Compensation Committee

The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

The Committee plays a vital role in the Company's governance framework by ensuring compensation and benefits policies are fair, competitive, and aligned with the John Keells Group's compensation philosophy. It reviews and ratifies the compensation of the Chief Executive Officer and key executives, who are pivotal in shaping business strategy and decision-making, while also making recommendations to the Board. Additionally, the Committee monitors and evaluates top talent performance to support organisational growth and succession planning, with a focus on key executive roles. In fulfilling these responsibilities, it ensures the alignment of stakeholder interests, the retention of top talent, and compliance with legal and regulatory standards.

The Chairperson of the Committee updates the Board on pertinent matters during Board meetings, ensuring key developments and relevant issues are addressed. The Committee confirms compliance with the Companies Act No 7 of 2007 regarding Director remuneration and confirms that no Director or key executive participated in decisions regarding their own remuneration. Performance appraisals, along with short-term and long-term incentive calculations for the Chief Executive Officer and key executives, were conducted in line with approved processes and the framework of the John Keells Group. As part of its governance responsibilities, the Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.



Dumith Fernando
Chairperson of the Human Resources and Compensation Committee

27 February 2026

CORPORATE GOVERNANCE

SLFRS 17 STEERING COMMITTEE



Stephen Appleyard
Chairperson
SLFRS 17 Steering Committee

Attendance and Composition

The SLFRS 17 Steering Committee comprises two (2) Directors and one (1) of them is an Independent Director and the Sector CFO. Please refer to the profiles of the Board of Directors on pages 154 to 156. Minutes of the SLFRS 17 meetings are regularly reported to the Board. The composition of the Committee as at 31 December 2025, along with the attendance of the members at Committee meetings respectively, is provided below.

Ten (10) meetings were held during 2025.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. S A Appleyard (Chairperson)	01.06.2021	Independent Non-Executive Director	10/10
Mr. S Rajendra*	01.06.2021	Non-Independent Non-Executive Director	10/10
Ms. S Cader	01.06.2021	Executive Vice President/ Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC	10/10

**Resigned with effect from 31.12.2025*

Permanent Invitees

- Mr. S Jayatilake - Chief Executive Officer
- Ms. H Weerasekera - Chief Financial Officer
- Mr. H Senanayake - Chief Information Officer
- Mr. R Modarage - Chief Operating Officer
- Mr. M Mihindukulasuriya - Chief Actuarial Officer

The other members of the Executive Committee of the Company attend meetings 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

67%
NEDs Representation on the Committee

100%
Member Attendance to the Committee

Compliant with the Internal Governance Framework

Reporting and Communication

Following best practices in Corporate Governance, the SLFRS 17 Steering Committee holds meetings to stay informed about the project's status and effectively fulfil its responsibilities. The Committee also ensures that communication with external auditors, regulators, and other stakeholders is clear and timely.

Purpose and Key Objectives of the Committee

The SLFRS 17 Steering Committee is the key governance body tasked with overseeing the implementation and compliance of the SLFRS 17 standard within the organisation. 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. The Committee will assist the Management of the Company, the BACC and the Board of Directors by diligently fulfilling their responsibilities.

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 BACC and the board appraised of the progress if 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 and informed about changes due to 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.

THE PROJECT RISK ASSESSMENT COMMITTEE (PRAC)



Hans Wijayasuriya
Chairperson
The Project Risk Assessment Committee

The Project Risk Assessment Committee is a committee of the Parent Company, John Keells Holdings PLC, and is shared across the Group, providing oversight to its subsidiaries, including the Company.

Attendance and Composition

The Committee comprised the following Directors of the Parent Company, as at 31 December 2025.

Members	Date of appointment to the Committee	Nature of Directorship at John Keells Holdings PLC
Mr. S. S. H. Wijayasuriya (Chairperson)	25.05.2018	Independent Non -Executive
Mr. A. Cabraal (NED)	01.10.2024	Independent Non -Executive
Mr. K. N. J. Balendra	25.05.2018	Executive Director/Chairperson and CEO of John Keells Holdings PLC
Mr. J. G. A. Cooray	25.05.2018	Executive Director/Deputy Chairperson and Group Finance Director of John Keells Holdings PLC

Secretary to the Committee

Mr. G 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 2025.

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.

CORPORATE GOVERNANCE

THE INVESTMENT COMMITTEE (IC)



Gihan Cooray
Chairperson
The Investment Committee

The Investment Committee overlooks the management of shareholders' and policyholders' funds targeting sustainable growth of capital and ensuring company financial obligations are met.

Attendance and Composition

The composition of the Committee as at 31 December 2025 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 2025. 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.

Members	Date of appointment to the Committee	Nature of Directorship	Eligibility to attend/ attended
Mr. G. 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
Mr. P. T. Wanigasekara	01.01.2023	Non-Executive Independent Director	10/12
Mr. S. Jayatilake	01.01.2023	Chief Executive Officer	12/12
Ms. H. Weerasekera	22.07.2024	Chief Financial Officer	12/12
Mr. S. Jain	21.07.2022	Chief Actuarial Officer	12/12
Mr. M. Mihindukulasuriya	01.09.2025	Chief Actuarial Officer	3/3
Mr. A. Keil	18.03.2015	Head of Investment / AVP - Secretary to the Committee	12/12

97%
Member Attendance to the Committee

Compliant with Best Corporate Governance Practice

Regular Attendees by Invitation

Sherin Cader

Executive Vice President/Chief Financial Officer of the Financial Services Industry Group of John Keells Holdings PLC.

Manager Middle Office / AVP Risk & Compliance

Two External Fund Managers

Who manage two separate allocations of funds for the Company.

External research firm to provide macro outlook

Provide macro insights useful for making investment decisions.

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 achieve investment objectives

- Evaluate the projected investment income outlined in the business plan, to make sure it is 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 view



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

CORPORATE GOVERNANCE

THE INVESTMENT COMMITTEE (IC)

The following core principles of asset management continued to be adopted during the year

A. Investment strategy formulation - Reviewed and provided recommendations to the overall Investment Strategy.

Provide suggestions and key inputs to investment strategies recommended by the front office to align the company's long term investment objectives. Key highlights include:

- Offered guidance to the front office on efficient cash flow allocation to support long-term investment objectives.
- Provided views and recommendations on short-term trading positions to optimise returns within the approved strategy.
- Contributed inputs on new asset classes proposed by the front office, ensuring alignment with the Company's risk-return expectations.

B. Funding Strategy Evaluation for Strategic Partnerships and Business Growth -The Committee provided key strategic guidance in identifying and assessing the most effective funding options to support strategic partnerships and drive future business expansion.

- Evaluated funding strategies proposed by the Investment Department and provided inputs to identify the most cost-efficient option
- Assessed the impact on future investment income and overall fund yield

C. The Committee rigorously reviewed the implications of all key decisions on the Company's overall solvency.

- Assessed the impact of new non-treasury investments and provided inputs to strengthen the Company's CAR ratio.
- Evaluated the effect of cash outflows related to Bancassurance expansion on overall solvency.
- Recommended strategies to enhance the CAR ratio through prudent investment decisions and capital-improving measures.

D. Establishing the Guaranteed Returns for Universal Life Fund

- Reviewed and assessed the optimal Guaranteed Dividend Rate for the Universal Life Fund for 2026, using multiple scenario analyses that incorporated forecasted market conditions.
- Recommended the actual policyholder dividend rate for 2025, based on the fund's realised performance during the year.
- Evaluated the impact of interim and final dividend rates on the fund, particularly in the context of significant movements in interest rates and equity market returns.

E. 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:

- Conducted monthly performance reviews to evaluate returns against benchmarks and planned outcomes.
- Ensured alignment of the external asset manager's investment decisions with the Company's overarching investment strategy.
- Verified that total returns generated by the external manager included sufficient realised gains to meet shareholder and policyholder return objectives.
- Ensured that the external asset manager complied with all regulatory requirements and adhered to the Company's investment policy guidelines.

F. Rigorous Portfolio Performance Evaluation - The committee periodically reviewed the fund's yield, interest income, realised/ unrealised gain, and losses

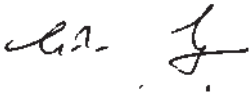
- Monthly Portfolio Review: Assessed each portfolio's performance against planned income and benchmarks.
- Deviations Analysis and Correction: Identified reasons for deviations and took corrective action if structural.
- Peer Comparison: Compared performance with peers and similar operations for continuous improvement.

G. Provided forward-looking insights on the evolving economic outlook to support efficient cash-flow allocation and alignment with long-term investment objectives.

- Conducted top-down macroeconomic analysis to identify sectors and duration exposures expected to deliver the most favourable risk-adjusted returns.
- Performed economic scenario analyses to assess the potential impact of varying macroeconomic conditions on the Company's Assets Under Management.
- Leveraged external expertise to supplement internal assessments and gain timely insights into near-term macro-economic developments.

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

27 February 2026

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 the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Board of Directors is responsible for the adequacy and effectiveness of the Internal Controls System at Union Assurance PLC. 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 assurances 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 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 184 - 186 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.

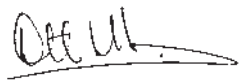
The Board has reviewed the effectiveness of the Company's system of internal controls during the year under review. There were no material weaknesses identified in the system of internal controls during the year.

Conclusion

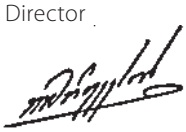
The Board having implemented the above, is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute assurance against material mis-statements of loss. The Board confirms that the financial reporting 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 CSE.



Krishan Balendra
Chairperson



Dumith Fernando
Director



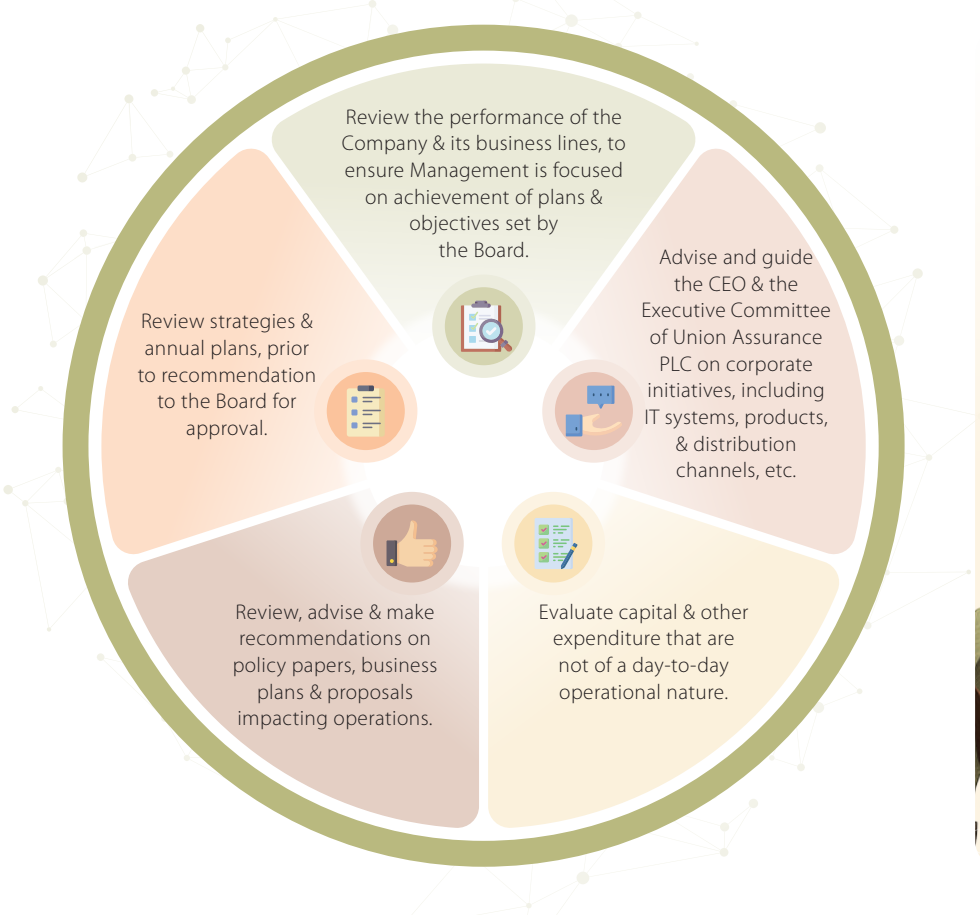
Pasan Wanigasekara
Chairperson
Board Audit and Compliance Committee

27 February 2026

CORPORATE GOVERNANCE

1.17 Group Supervisory Committee (GSC)

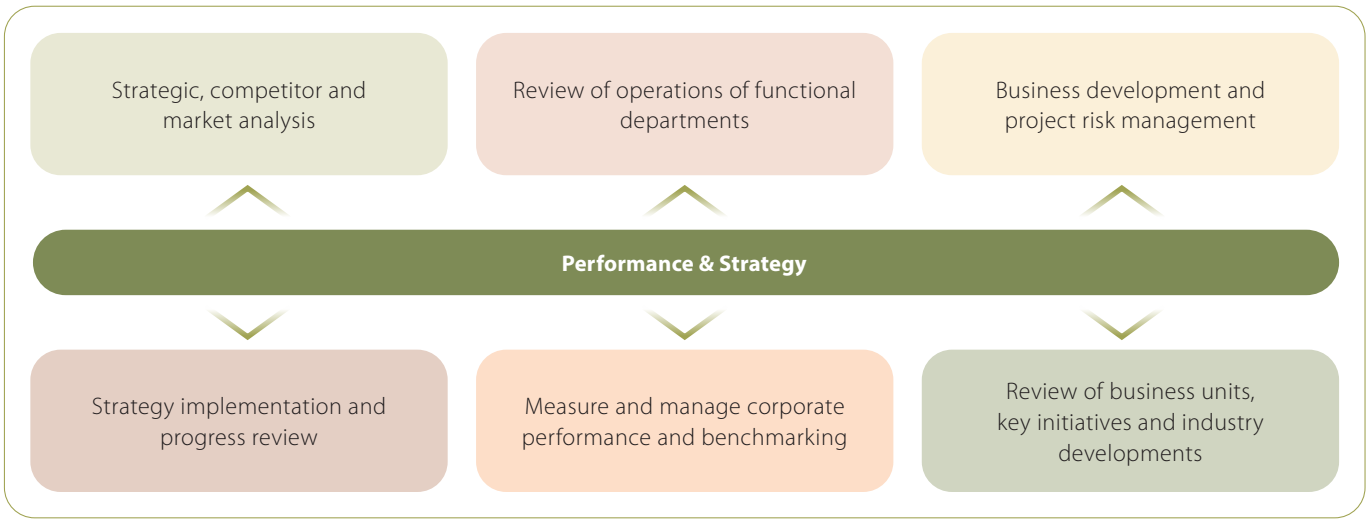
The GSC Committee was chaired by Mr. S Rajendra, Director of Union Assurance PLC during the year under review. This Committee ensures a well-devolved Executive Committee structure. The role, key focus areas and activities of the GSC are given below.



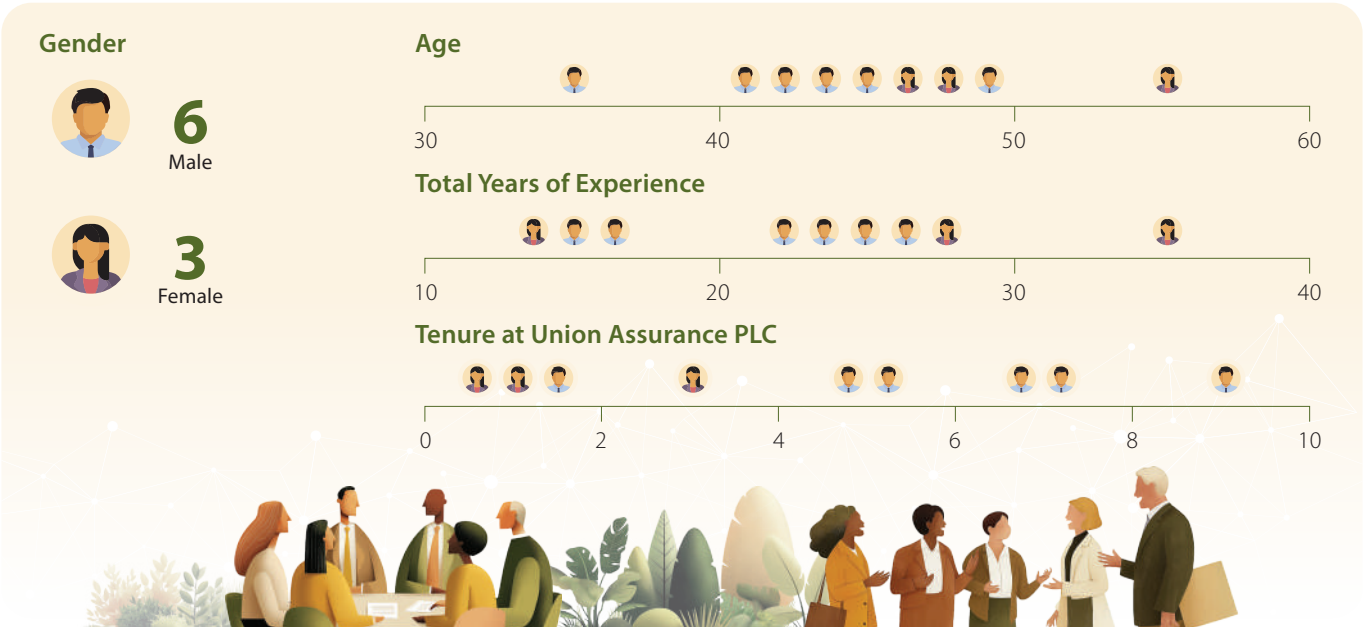


1.18 Executive Committee (ExCo) and Senior Management Sub-Committees

The ExCo consists of nine (9) 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.



Executive Committee Composition, Skills and Diversity



Senior Management Sub-Committees

The mentioned below specific Committees comprising of Senior Management personnel have been set up to manage operations of Union Assurance PLC in an efficient, transparent and effective manner and assist ExCo 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.

CORPORATE GOVERNANCE

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 Union Assurance PLC brand movement.
- Measure and improve customer satisfaction.
- Ensure continued assistance provided to other support functions.

Sustainability/ ESG Management Committee

- The Sustainability/ ESG Management Committee focuses on driving the Company's ESG strategy and roadmap. The Sustainability/ESG Management Committee also works to enhance the Company's ESG disclosures, ensuring transparent communication of its sustainability commitment to stakeholders.

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 +94112306245 during working hours from 8.30 a.m. to 4.30 p.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 CEO in determining the Annual Board plan.
- Making necessary disclosures on RPT, 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 Union Assurance PLC, Audit and Assurance practices and activities are monitored by the Board Audit & Compliance Committee (BACC), supported by the Risk and Compliance division of Union Assurance PLC, ensuring the integrity of operations. These include compliance with applicable laws and regulations (explained under External Governance Structure – page 172), 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 170.

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 Union Assurance PLC, include the following:

i. Compliance Assurance

ii. Employee Participation

iii. Financial Resource Management

iv. Fraud Risk Assessment and Internal Audits

v. IT Governance

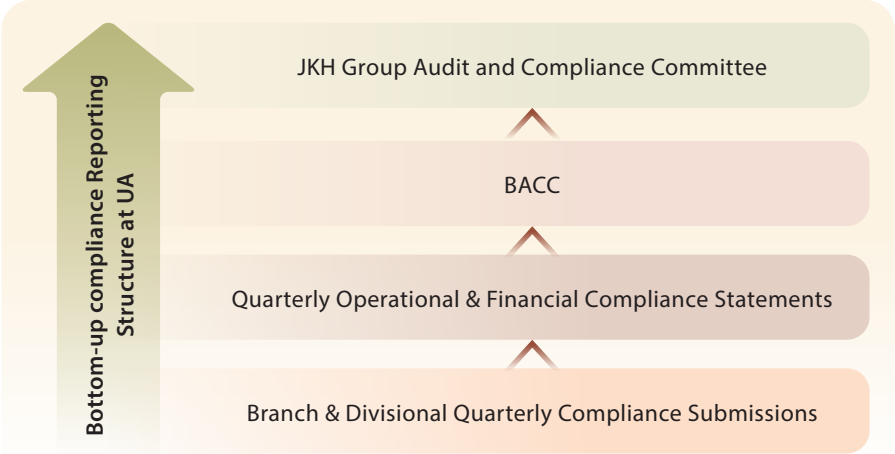
i. Compliance Assurance

Compliance assurance within the Company is established through a structured bottom up sign off process. Compliance checklists at both branch and divisional levels are developed based on the Company's internal policies and procedure manuals, encompassing financial controls, regulatory compliance, and operational compliance requirements.

The Company submits financial and operational compliance statements to the Board Audit and Compliance Committee (BACC) on a quarterly basis. These submissions are subsequently reported to the JKH Group Audit and Compliance Committee.

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 upholds a strict Zero Tolerance Policy with respect to fraud and misappropriation, reinforcing its commitment to maintaining robust governance, transparency, and ethical conduct across all operations.



ii. Employee Participation

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 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 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

CORPORATE GOVERNANCE

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, 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 all forms of fraud, misconduct, and irregularity to be extremely serious and violate the Values of the Company. It includes inter-alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing ones self to be placed in situations Conflicts of Interest, and making dishonest and reckless statements (financial or non-financial) 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 Union Assurance PLC 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.

In alignment with the requirements of the Anti Corruption Act, 2023, the Company implemented a strengthened Gift and Entertainment Procedure to reinforce ethical conduct and ensure full compliance with national anti-corruption standards. The procedure establishes clear guidelines on the acceptance, offering, and reporting of gifts, hospitality, and entertainment, with the objective of preventing inappropriate influence, conflicts of interest, and any perception of undue advantage.

Whistleblowing Speak–Up Policy

A comprehensive Speak-Up (Whistleblowing) Policy 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 about malpractices or unethical behaviour. Such communication and feedback from employees are recorded by the Management, irrespective of the level of anonymity, and are 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. The Company prohibits any form of retaliation against employees who raise concerns in good faith.

2.4 Related Party Transactions and Conflicts of Interest

All Directors are expected to act in the best interests of the Company at all times and to avoid situations that may give rise to conflicts of interest. Directors are required to declare their business interests at the time of appointment, at the beginning of each financial year, and in the Company's Financial Statements. These disclosures are recorded in the Register of Interests, which is maintained by the Company Secretary and subsequently tabled at the next Board meeting. In accordance with the Companies Act, this Register is available for inspection.

Where a Director has a conflict of interest relating to a matter under consideration by the Board—and the Board determines such conflict to be material—the interest is formally disclosed. The matter is then discussed at a Board meeting attended by Independent Non Executive Directors who do not hold any material interest in the transaction.

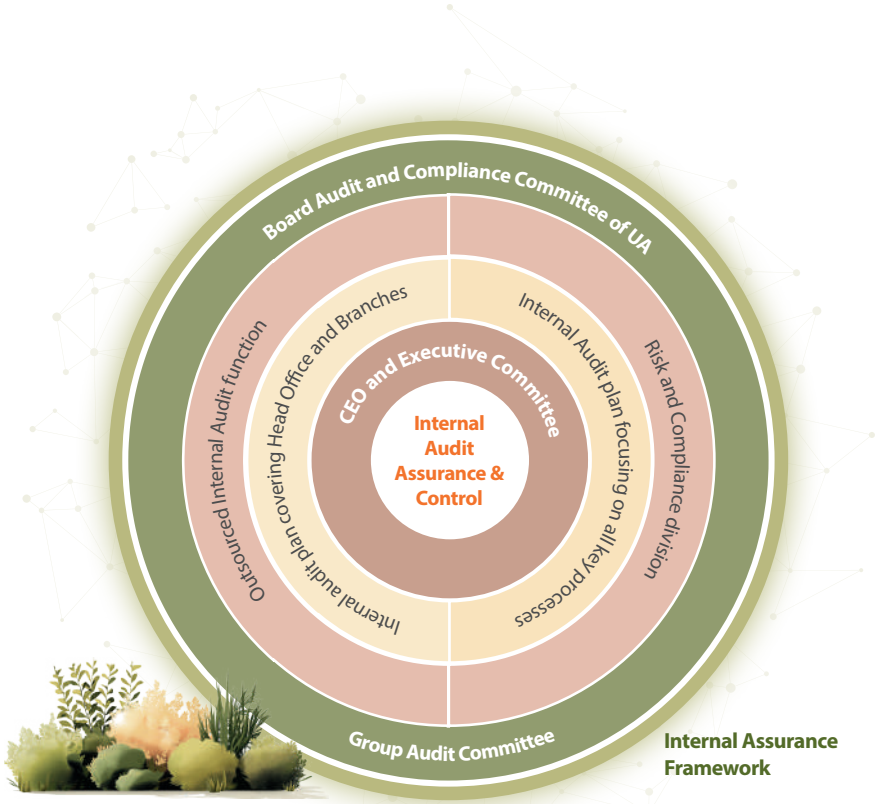
Directors with a material conflict of interest abstain from participating in deliberations and decision-making on such matters. In addition, potential conflicts of interest are reviewed by the Group Related Party Transactions Review Committee to ensure that the independence of the Board is preserved and that no Related Party receives preferential or favourable treatment. This process supports the Company's commitment to transparency, accountability, and sound corporate governance.

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, Charted Accountants, the Company's External Auditors, performed an audit at the year end. 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

(C) Sustainable Business Model

3.0 Strategy and Performance

Union Assurance PLC'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 226 - 236 of this report, under the Enterprise Risk Management section. Through the BACC, the Board assesses the adequacy and effectiveness of Internal Control Systems at Union Assurance PLC 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 184 - 186 for the BACC report.

3.2 Environmental, Social and Governance Factors (ESG)

ESG 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 78 - 142.

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 118 - 125.

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.

Impact on Employees

- Ensuring equality and safety for employees, while creating a conducive work environment for all staff

Refer to pages 102 - 117



Impact on Suppliers & Service Providers

- Ensuring that required standards are met by Suppliers and Service Providers, including standards from a sustainability perspective

Refer to pages 126 - 141



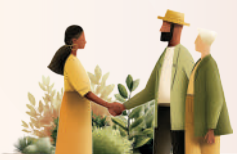
Impact on Customers

- Establishing robust relationships & customer engagement

Refer to pages 126 - 141

- Having a responsible assortment of product offerings

Refer to pages 126 - 141



Impact on the Community

- Impacting and engaging with the Community

Refer to pages 126 - 141

- Sustainable Development

Refer to pages 126 - 141

- Uplifting Fair Competition

Refer to pages 126 - 141



CORPORATE GOVERNANCE

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.

3.4 Business Continuity Planning

Business Continuity Plan (BCP) of Union Assurance PLC is built on the principles of strategic resilience and operational agility. It is designed to proactively strengthen organisational resilience and enable teams to respond swiftly and effectively to disruptions. This commitment is implemented through a structured framework encompassing risk assessments, scenario planning, and targeted recovery strategies.

The BCP identifies time-critical business functions, defines clear recovery objectives, and establishes incident command protocols and continuity arrangements to ensure rapid response and adaptability during crises. Regular training, cross-functional drills, and continuous improvement initiatives equip teams to maintain essential operations and restore normalcy efficiently in the face of diverse threats.

Developed and maintained under the guidance of a Master Business Continuity Planner certified by the Disaster Recovery Institute International (DRII), USA, the BCP is a cornerstone of Union Assurance PLC's resilience strategy. It details how the organisation will sustain operations during extreme events, recover after incidents, and return to near-normal conditions promptly.

The plan aligns with DRII professional practices, ISO 22301:2019 standards, and the Business Continuity Guidelines of the IRCSL. To uphold these standards, several key interventions were carried out during the year, including:



The Disaster Recovery Location was assessed for adequacy, followed by a simulated drill to confirm readiness for day-zero operations. Additional exercises included call tree activation, desktop simulations, and IT recovery drills. Desktop exercises focused on testing decision-making, coordination, and response protocols during prolonged disruptions, while simulated drills validated the practical implementation of recovery strategies for business units and IT platforms during extended outages, ensuring team preparedness and effectiveness. Furthermore, multiple training sessions were conducted to update the Incident Command Team, Staff Support Team, IT Recovery Team, and other support groups, including Crisis Communications.

3.5 IT Governance and Cyber Security

Information Technology Governance remains fundamental to sustaining a resilient and secure business environment at Union Assurance PLC. The governance framework ensures the confidentiality, integrity, and availability of information while supporting organisational objectives. Key components of the IT governance structure are outlined below.

Alignment with Business Strategy

Continuous evaluation ensures that IT objectives are fully aligned with corporate goals. IT policies were strengthened and updated in accordance with the Centre for Internet Security (CIS) Critical Security Controls, the ISO 27001 Information Security Management System (ISMS) controls, and Zero Trust principles. These enhancements provide a robust foundation for safeguarding information assets and supporting long-term value creation.

IT Risk Management

The IT risk management framework prioritises risks based on impact and likelihood. Structured processes are in place to identify, analyse, evaluate, and mitigate risks. Responsibilities for managing information security risks are embedded across functions, ensuring a proactive and resilient organisational posture.

Resource and Performance Management

Performance monitoring covers strategic IT initiatives, project delivery, resource utilisation, and the outcomes of Disaster Recovery (DR) and BCP tests. Continuous oversight of operational performance and technology service delivery is supported by security dashboards and tracking mechanisms that provide visibility into security-related events.

Value Delivery

IT investments are governed through defined policies, controls, and Key Result Areas (KRAs), ensuring optimal utilisation of resources in alignment with corporate

priorities. This structured approach supports effective management of critical technology assets and enhances service delivery across the enterprise.

Integration and Assurance

All relevant corporate stakeholders are involved in IT-related decision-making processes, ensuring alignment with assurance functions. Integrated end-to-end processes reduce hidden risks, improve operational consistency, and reinforce organisational governance.

Regulatory Compliance

Compliance requirements are embedded within the organisation's IT policies and continuously assessed through periodic reviews. This ensures adherence to regulatory obligations and maintains the effectiveness of internal IT controls. The organisation maintains formal incident response and escalation governance, with comprehensive cyber security reports presented quarterly to the Board Audit and Compliance Committee, ensuring oversight of all security incidents, threat management, and control effectiveness.

Union Assurance PLC became the first life insurance company in Sri Lanka to achieve ISO/IEC 27001:2022 certification, demonstrating the maturity and resilience of the organisation's Information Security Management System (ISMS). During 2025, the organisation successfully underwent the ISO/IEC 27001:2022 surveillance audit process, supporting the continued maintenance of the certification. Furthermore, ISMS policies and procedures were aligned with the Centre for Internet Security (CIS) Critical Security Controls, strengthening the IT control environment through the adoption of prescriptive cybersecurity controls to enhance cyber resilience and governance.

This globally recognised certification validates the organisation's commitment to protecting critical information assets; such as customer data, financial records, intellectual property, employee information, and data entrusted by third parties and reinforces Union Assurance PLC's leadership position and benchmark-setting role in information security within the insurance industry.

Cyber Security

Cyber Security remains a priority within the IT governance framework due to the increasing complexity of global cyber threats. The Board maintains strong oversight of cyber security readiness, and cyber risk considerations form a key part of the Board Audit and Compliance Committee (BACC) agenda.

A comprehensive Cyber Security Policy, aligned with Group standards, is in place. Operations are supported by a managed Security Operations Centre (SOC) equipped with advanced security intelligence platforms to enhance threat detection, monitoring, and response capabilities.

The organisation maintains a modern Zero Trust–based security architecture, comprising Secure Web Gateway, Advanced Threat Protection, Data Loss Prevention (DLP), and Zero Trust Network Access (ZTNA). These controls support the prevention of unauthorised access and enable secure hybrid and remote working across the enterprise.

These capabilities provide strong protection against unauthorised access and support secure hybrid and remote working environments.

The organisation continues to maintain alignment with the CIS Controls at Implementation Group 2 (IG2), reinforcing a mature, risk-based approach to cyber resilience.

The organisation continued to maintain its ISO/IEC 27001:2022 certification during 2025, with Information Security Management System (ISMS) policies and procedures aligned to the Centre for Internet Security (CIS) Controls. This alignment strengthened the IT control environment through the implementation of prescriptive and prioritised cybersecurity controls, enhancing data protection, operational resilience, cybersecurity maturity, and overall information security governance.

During the year, the Company strengthened its privacy and data protection framework in alignment with the PDPA (as amended). As part of the process a lot of key initiatives have been conducted and the Company is progressing with the closure of gaps identified through the PDPA gap assessment and evaluating the possibility of aligning its processes to be certified with ISO 27701 Privacy Information Management System (PIMS).

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, Union Assurance PLC continues to adapt and innovate to remain ahead of the competition. Please refer pages 142 - 152 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 102 - 117 Human Capital on Capital Management Review describe UA's systems and practices that inspire our employees to reach greater heights.

CORPORATE GOVERNANCE

(D) Balancing Stakeholder Interests

4.0 Stakeholder Relations

Union Assurance PLC'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.

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.

The 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

Union Assurance PLC 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
- Union Assurance PLC Internal Portal
- Employee Surveys including 360
- Union Assurance PLC Corporate Communication
- Management and Departmental meetings

Shareholder Communications

Union Assurance PLC 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 +9411-2990314 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.

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 Listing Rules. Further, in line with section 9.4.2 of the Listing Rules, 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 38th Annual General Meeting Held on 28 March 2025

- Mr. S. A. Appleyard and Mr. D. P. Gamlath who retired in terms of Article 84 of the Articles of Association of the Company were re-elected as Directors 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

Union Assurance PLC 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 52% of the workforce. Please refer the Human Capital report on pages 102 - 117 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.



CORPORATE GOVERNANCE

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. Union Assurance PLC 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 Union Assurance PLC's Total Available Capital (TAC) as against Risk Capital required at a particular date. The CAR as of 31 December 2025 is 215% 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 246.
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 2025, 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.

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 the Code, to the extent of business exigency.	Corporate Governance Report	222 - 223
B	1. The Board must comprise a minimum of two (2) Directors who are citizens of Sri Lanka and also residents of Sri Lanka.	Yes	Board of Directors	176
	2. The total period of service of a Director other than an Executive Director, shall not exceed nine (9) 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	176
	3. (i) The age of a person who serves as Director shall not exceed seventy-five (75) years.	Yes	Corporate Governance Report	176
	(ii) Notwithstanding the above, a person who serves as a Director and is seventy-five (75) years or above as of 1 July 2019, such Director may continue to serve as a Director only until 30 June 2022, and shall be deemed to have vacated office on 30 June 2022	N/A	N/A	N/A
	4. The Board must adhere to Section 7.10 of the Listing Rules of the CSE (or any amendments thereto), pertaining to Corporate Governance	Yes	Corporate Governance Report	211 - 220
	5. A person shall be disqualified to be a Director of an Insurer if such person is a Director of more than twenty (20) companies inclusive of subsidiaries or associate companies of the Insurer. Of such twenty (20) companies, not more than ten (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	180
	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 disclosure requirement set out in the revised Listing Rules.	Corporate Governance Report	211 - 220
	7. The Insurer shall rectify its non-compliance in respect of items B1 to 6 above within three (3) months from the date of non-compliance and inform IRCSL immediately after three (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 seventy (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 seventy (70) years is not prohibited by the Articles of Association of the relevant Insurer and that such Insurer complies with the provisions of the Companies Act.	N/A	N/A	N/A

CORPORATE GOVERNANCE

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	154 - 156
(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	260 - 350 & 239
(iii)	The names and the number of shares held by the twenty (20) largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held.	Yes	Share Information	95
(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	94
	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	94
(vi)	Information pertaining to material foreseeable risk factors of the company.	Yes	Enterprise Risk Management	226 - 236
(vii)	Details of material issues pertaining to employees and industrial relations of the entity	Yes	Human Capital	102 - 117
(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 27.6	313
(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.	330 & 239 - 244
(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	93
(xi)	List of ratios and market price information.	Yes	Share Information	91 - 95
(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 27.7	313 - 314
(xiii)	Detail of funds 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 Schemes	Yes	Notes to the Financial Statements – Note 40.3	332
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules of the CSE	Yes	Corporate Governance Section	154 - 225
(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	343
(xvii to xxii)	Disclosures pertaining to Foreign Currency denominated Securities to GSS+ Bonds, Perpetual debt Securities, Infrastructure Bonds, Shariah Compliant Debt Securities and High Yield Corporate Debt Securities listed on the CSE.	N/A	N/A	N/A

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	A statement confirming the extent of compliance with the Corporate Governance Rules.	Yes	Corporate Governance Section	170
9.2. Policies				
9.2.1	A specified set of Policies to be maintained together with the details relating to the implementation of such Policies by the Company to be mentioned on the Company website.	Yes	Corporate Governance Section	170
9.2.2	Any waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the Company 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	201
9.2.3 (i) and (ii)	Company to disclose in its Annual Report the list of Policies that are in place in conformity with Rule 9.2.1, with reference to its website. Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	Yes	Corporate Governance Section	170
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	170 and 200
9.3. Board Committees				
9.3.1 (a), (b), (c) and (d)	Maintenance of minimum required Board Committees	Yes	Corporate Governance Section	174
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the mentioned Board committees.	Yes	Corporate Governance Section	184 - 193
9.3.3	The Chairperson of the Board do not serve as the Chairperson of the Board Committees referred to in Rule 9.3.1.	Yes	Corporate Governance Section	176
9.4. Meeting Procedures and the Conduct of all General Meetings with Shareholders				
9.4.1 (a), (b), (c), (d)	Maintenance of records relating to all Resolutions considered at any General Meeting including requisite information. Making available copies of the same on request, to the CSE and/or SEC	Yes	Corporate Governance Section	207
9.4.2 (a) to (d)	Communication and relations with shareholders and investors	Yes	Corporate Governance Section	206

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.5. Policy on Matters Relating to the Board of Directors				
9.5.1 (a)	Balanced representation between Executive Directors and Non-Executive Directors, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance.	Yes	Corporate Governance Section	174
9.5.1 (b)	Rationale for combining the roles of Chairperson and CEO, terms of reference of Senior Independent Director (SID) and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined.	Chairperson and CEO roles held by separate individuals	Corporate Governance Section	177
9.5.1 (c)	Require diversity in Board composition for Board effectiveness.	Yes	Corporate Governance Section	175 - 176
9.5.1 (d)	The maximum number of Directors with the rationale for the same.	Yes	Corporate Governance Section	176
9.5.1 (e)	The frequency of Board meetings.	Yes	Corporate Governance Section	178
9.5.1 (f)	Establish mechanisms to keep Directors informed of the Listing Rules and the Company's status of compliance.	Yes	Corporate Governance Section	182
9.5.1 (g)	The minimum number of meetings (numbers and percentages), that a Director must attend.	Yes	Corporate Governance Section	178
9.5.1 (h)	Requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements	Yes	Corporate Governance Section	180
9.5.1 (i)	Maximum number of directorships in Listed Entities that may be held by Directors.	Yes	Corporate Governance Section	180
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	178
9.5.2	Confirmation of compliance with Policy in the Annual Report, with reasons for non-compliance and proposed remedial action.	Yes	Corporate Governance Section	174
9.6. Chairperson and CEO				
9.6.1	Requirement of a SID if the positions of Chairperson and CEO are held by the same individual.	N/A	N/A	N/A
9.6.2	Market Announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale.	N/A	N/A	N/A
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

Section	Requirement	Complied	Reference	Pages
9.7. Fitness of Directors and CEO				
9.7.1	Company to 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	180
9.7.2	Company to ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before the shareholders' meeting or appointments are made.	Yes	Corporate Governance Section	180
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	180
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with fit and proper assessment criteria	Yes	Corporate Governance Section	180
9.7.5	Disclosures in the Annual Report	Yes	Corporate Governance Section	180
9.8. Board Composition				
9.8.1	Minimum number of Directors on the Board	Yes	Corporate Governance Section	180
9.8.2	At least two (2) Members of the Board or one-third (1/3) of the Board, whichever is higher to be Independent.	Yes	Corporate Governance Section	175
9.8.3 (i) to (ix)	Meeting the criteria for determining independence.	Yes	Corporate Governance Section	179
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.	Yes	Corporate Governance Section	179
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 to set out the names of Directors determined to be 'independent' in the Annual Report.	Yes	Corporate Governance Section	179
9.8.5 (c)	If the Board of Directors to determine and make a Market Announcement if the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3.	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.	Yes	Corporate Governance Section	175

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.10. Disclosures Relating to Directors				
9.10.1	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.	Yes	Corporate Governance Section	180
9.10.2	Market announcement upon the appointment of a new director	Yes	Corporate Governance Section	179
9.10.3	Market Announcement regarding any changes to the composition of the Board and Board Committees including necessary details.	Yes	Corporate Governance Section	179
9.10.4 (a)	Disclosure of name, qualifications and brief profile of the Directors.	Yes	Board of Directors	154 - 156
9.10.4 (b)	Disclosure of the nature of his/her expertise in relevant functional areas of the Directors	Yes	Board of Directors and Board Composition	154 - 156 & 175
9.10.4 (c)	Disclosure of whether either the Director or Close Family Members have any material business relationships with other Directors of the Listed Entity;	Yes	RPT report	189
9.10.4 (d)	Disclosure of whether the Directors are Executive, Non-Executive and/or independent Directors.	Yes	Board of Directors	154 - 156
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 Company 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 and Directorships in Listed and Unlisted Companies as at 31 December 2025	154 - 156 & 181
9.10.4 (f)	Disclosure of the number of Board meetings of the Company attended during the year.	Yes	Board Meetings	178
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	176
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 to include the number of meetings held and the number attended by each member.	Yes	Sub-committee reports	183 - 193
9.10.4 (i)	The terms of reference and powers of the SID (where applicable).	N/A	N/A	N/A

Section	Requirement	Complied	Reference	Pages
9.11. Nominations and Governance Committee				
9.11.1	Establishment of a Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	187
9.11.2	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	187
9.11.3	The Nominations and Governance Committee to 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	187
9.11.4. (1) (a) and (b)	The Nominations and Governance Committee to; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	Yes	Nominations and Governance Committee Commentary	187
9.11.4 (2)	Chairperson of the Nominations and Governance Committee to be an Independent Director.	Yes	Nominations and Governance Committee Commentary	187
9.11.4 (3)	The Chairperson and the members of the Nominations and Governance Committee to be identified in the Annual Report.	Yes	Nominations and Governance Committee Commentary	187
9.11.5 (i) to (x)	The functions of the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Report	187
9.11.6 (a)	Disclosure of the names of the Chairperson of Nominations and Governance Committee and members of the Committee and the nature of directorships held by such members.	Yes	Nominations and Governance Committee Commentary	187
9.11.6 (b)	The date of appointment to the Nominations and Governance Committee.	Yes	Nominations and Governance Committee Commentary	187
9.11.6 (c)	Whether a documented policy and processes are in place when nominating Directors.	Yes	Nominations and Governance Committee Report	187
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	187

CORPORATE GOVERNANCE

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	187
9.11.6 (f)	Details to demonstrate effective implementation of policies and process relating to appointment and re-appointment of Directors.	Yes	Nominations and Governance Committee Report	187
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	187
9.11.6 (h)	Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO.	Yes	Nominations and Governance Committee Report	187
9.11.6 (i)	Processes adopted by the Company to inform the Independent Directors of major issues relating to the Company.	Yes	Nominations and Governance Committee Report	187
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	187
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	187
9.11.6 (l)	A statement that the Directors meet the criteria for determining independence.	Yes	Nominations and Governance Committee Report	187
9.11.6 (m)	A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met.	Yes	Nominations and Governance Committee Report	187

Section	Requirement	Complied	Reference	Pages
9.12. Remuneration Committee				
9.12.2	Establishment of a Remuneration Committee.	Yes, Human Resources Compensation Committee has been established, which is equivalent to the Remuneration Committee.	HRCC Report	191
9.12.3	The Remuneration Committee to establish and maintain a formal and transparent procedure for developing policy on Executive Directors and Individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	Yes	HRCC Report	191
9.12.4	Remuneration for Non-executive Directors shall 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	Annual Report of the Board of Directors	241
9.12.5	Remuneration Committee to have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	HRCC Report	191
9.12.6 (1) (a) and (b)	The Remuneration Committee to; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity.	Yes	HRCC Commentary	191
9.12.6. (2)	Chairperson of the Remuneration Committee to be an Independent Director.	Yes	HRCC Commentary	191
9.12.7	Functions of the Remuneration Committee.	Yes	HRCC Report	191
9.12.8 (a)	Disclosure of names of the Chairperson and members of the Remuneration Committee and the nature of directorship held by such members.	Yes	HRCC Commentary	191
9.12.8 (b)	A statement regarding the Remuneration Policy.	Yes	HRCC Report	191
9.12.8 (c)	The aggregate remuneration of the Executive and Non - Executive Directors.	Yes	Notes to the financial statements	241
9.13. Audit Committee				
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk.	Yes	BACC Report	184
9.13.2	The Audit Committee to have a written terms of reference clearly defining its scope, authority, and duties.	Yes	BACC Report	184

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.13.3 (1)	The members of the Audit Committee to; (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	184
9.13.3 (2)	The quorum for a meeting of the Audit Committee to require that the majority of those in attendance to be Independent Directors.	Yes	BACC Report	184
9.13.3 (3)	The Audit Committee to meet as often as required, provided that the Audit Committee compulsorily meets on a quarterly basis, at minimum, prior to recommending the financials to be released to the Market.	Yes	BACC Report	184
9.13.3 (4)	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Yes	BACC Report	184
9.13.3 (5)	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	184
9.13.3 (6)	The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	Yes	BACC Report	184
9.13.4	Functions of the Audit Committee.	Yes	BACC Report	184 - 186
9.13.5 (1)	The Audit Committee Report to set out the manner in which the Company has complied with the requirements applicable to the Audit Committee during the period for with the requirement applicable to the Audit Committee during the period for which the Annual Report relates.	Yes	BACC Report	184 - 186
9.13.5 (2) (a)	Disclosure of the names of the Chairperson of the Audit Committee and the members of the Audit Committee and the members of the Audit Committee, and the nature of directorships held by such members.	Yes	BACC Report	184 - 186
9.13.5 (2) (b)	The status of risk management and internal control of the Company and as a Group (where applicable).	Yes	BACC Report	184 - 186
9.13.5 (2) (c)	A statement that it has received assurance from the CEO and the CFO of the Company's operations and finances.	Yes	BACC Report	184 - 186
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	184 - 186
9.13.5 (2) (e)	Whether the Company has a formal Audit Charter.	Yes	BACC Report	184 - 186
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	184 - 186
9.13.5 (2) (g)	Details demonstrating the effective discharge of its functions and duties for that financial year of the Company.	Yes	BACC Report	184 - 186
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 terms of all relevant professional and regulatory requirements.	Yes	BACC Report	184 - 186

Section	Requirement	Complied	Reference	Pages
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. And to contain details on the number of years that the external auditors provides non-audit services with explanations of how auditors' objectivity and independence are safeguarded taking into consideration fees paid for non- audit service provided by the external auditors and affiliated parties	Yes	BACC Report	184 - 186
9.14. Related Party Transactions Review Committee				
9.14.1	Establishment of a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules of the CSE.	Yes	RPTRC Report	189 - 190
9.14.2	The Related Party Transactions Review Committee to comprise of a minimum of three (3) Directors, out of which two (02) members shall be Independent Directors. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Yes	RPTRC Report	189 - 190
9.14.3 (1) to (4)	Functions of the Related Party Transactions Review Committee.	Yes	RPTRC Report	189 - 190
9.14.4 (1) to (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions, Related Party Transactions Review Committee to request Board to approve Related Party Transactions reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a Related Party Transaction	Yes	RPTRC Report	189 - 190
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	RPTRC Report	189 - 190
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	189 - 190
9.14.7 (1) (a) and (b)	Immediate Disclosures	Yes	RPTRC Report	189 - 190
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements - Note 48	344
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements - Note 48	344
9.14.8 (3)	Report by the Related Party Transactions Review Committee.	Yes	RPTRC Report	344

CORPORATE GOVERNANCE

Section	Requirement	Complied	Reference	Pages
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the Rules pertaining to Related Party Transactions or a negative statement otherwise.	Yes	RPTRC Report	344
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)	Related Party Transactions Review Committee to obtain competent independent advice on acquisition and disposal of substantial assets.		N/A	N/A
9.17. Additional Disclosures				
9.17 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Annual Report of Board of Directors	239
9.17 (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	239
9.17 (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	239
9.17 (iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Company operates.	N/A	No Penalties	N/A

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	344
(b)	Details pertaining to Recurrent Related Party Transactions	Yes		
(c)	Report of the Related Party Transactions Review Committee	Yes	RPTRC Report	189 - 190
(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	239

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	260 & 239
168 (1) (b)	Signed Financial Statements of the Company	Yes	Financial Statements	260
168 (1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditors' Report	248
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	260 & 239
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	239
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements - Note 21	260
168 (1) (g)	Corporate donations made by the Company	Yes	Annual Report of the Board of Directors on the affairs of the Company	239
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	Yes	Board of Directors	154 - 156
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	260
168 (1) (j)	Auditors' relationship or any interest with the Company	Yes	BACC Report	184 - 186
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	239

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	174
A.1.1	Regular meetings	Yes	Corporate Governance Report	178
A.1.2	Role and responsibilities of the Board	Yes	Corporate Governance Report	176
A.1.3	Act in accordance with laws of the country. Obtain professional advice, when required.	Yes	Corporate Governance Report	179 - 180
A.1.4	Access to advice and services of Company Secretary	Yes	Corporate Governance Report	200
A.1.5	Independent judgement	Yes	Corporate Governance Report	179
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	Corporate Governance Report	179
A.1.7	One-third of the Directors can call for a resolution	Yes	Corporate Governance Report	179
A.1.8	Board induction and training	Yes	Corporate Governance Report	182
A.2	Division of responsibilities between Chairperson and CEO	Yes	Corporate Governance Report	177
A.3	Chairperson's role in preserving good Corporate Governance	Yes	Corporate Governance Report	177
A.4	Availability of Financial acumen	Yes	Corporate Governance Report	154 - 156
A.5	Board balance	Yes	Corporate Governance Report	175
A.6	Supply of timely information	Yes	Corporate Governance Report	182
A.7	Appointments to the Board	Yes	Corporate Governance Report	179
A.8	Re-election	Yes	Corporate Governance Report	179
A.9	Appraisal of Board performance	Yes	Corporate Governance Commentary	182
A.10	Disclosure of information in respect of Directors	Yes	Corporate Governance Report	154 - 156
A.11	Appraisal of the Chief Executive Officer (CEO)	Yes	Corporate Governance Report	182
B. Directors' Remuneration				
B.1	Remuneration Procedures	Yes	HRCC Report	191
B.2	The level and make up of remuneration	Yes	HRCC Report and Note to the Financial Statements – Note 21	191 & 260
B.3	Disclosure of remuneration	Yes	Note to the Financial Statements – Note 21	260
C. Relations with Shareholders				
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meeting	Yes	Notice of meeting Corporate Governance Report	208
C.2	Communication with shareholders	Yes	Corporate Governance Report	208
C.3	Major and material transactions	Yes	Notes to the Financial Statements - Note 48	260

Section	Requirement	Complied	Reference	Pages
D. Accountability and Audit				
D.1	Financial and Business Reporting	Yes	Financial and Business Reporting	260
	Management Discussion and Analysis	Yes	Management Discussion and Analysis	51
	Annual Report of the Board of Directors	Yes	Annual Report of the Board of Directors	239
	Statement of Compliance	Yes	Statement of Compliance	208 - 225
	Statement of Directors' Responsibility	Yes	Statement of Directors' Responsibility	247
	Statement of Going Concern of the Company	Yes	Statement of Going Concern of the Company	244
	Statement of Directors' Responsibility	Yes	Directors' Statement on Internal Control over Financial Reporting	197
	Financial Reporting	Yes		
	Independent Auditors' Report	Yes	Independent Auditors' Report	248
	Managing Director's and Chief Financial Officer's Statement of Responsibility	Yes	Managing Director's and Chief Financial Officer's Statement of Responsibility	
	Related Party Transactions disclosure of the Statement of Compliance	Yes	Note 48 in the Financial Statements	344
	Process in place is described in the Report of the Related Party Transaction Review Committee	Yes	RPTRC Report	189 - 190
D.2	Risk Management and Internal Control	Yes	Enterprise Risk Management	226 - 236
			BACC Report	184 - 186
D.3	Audit Committee	Yes	Directors Report on Internal Controls	197
			BACC Report	184 - 186
D.4	Related Party Transactions Review Committee	Yes	RPTRC Report	189 - 190
D.5	Code of Business Conduct and Ethics	Yes	Corporate Governance Report	201
D.6	Corporate Governance Disclosure	Yes	Corporate Governance Report	208 - 225
E. Institutional Investors				
E.1	Shareholder Voting	Yes	Corporate Governance Report	207
E.2	Evaluation of Governance Disclosure	Yes	Stakeholders Relationship	65
	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	207
F. Other Investors				
F.1	Investing/Divesting decisions	Yes	Stakeholder Engagement Communication	206
F.2	Shareholder voting	Yes	Corporate Governance Report	207
G. Internet of Things and Cybersecurity				
G.	Internet of things and Cyber Security	Yes	Corporate Governance Report	204
H. Environment, Society and Governance (ESG)				
H.1	Environment, Social and Governance (ESG) reporting	Yes	Report on ESG	24
			Corporate Governance Report	203

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 determining the remuneration of CEO and EDs.
- 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 Review section.

Sustainability

- ESG (environmental, social, and governance) considerations play a pivotal role in the Company's decision-making processes. The Annual Report incorporates disclosures on ESG matters relevant to UAL, guided by the <IR> framework, GRI Standards, and SLFRS S1 and S2. The Company's operations also align with the Principles of the United Nations Global Compact and contribute to the 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

Our commitment to sustainable growth and resilience is anchored in effective risk management. A proactive approach to identifying, assessing, and mitigating risks enables the Company to navigate an evolving risk environment while safeguarding the interests of our stakeholders.

Introduction

The Company's Enterprise Risk Management (ERM) framework is designed to support the proactive identification, assessment and mitigation of risk events across the business. The risk management framework ensures consistency in risk assessment methodologies across business units and functions and adopts an integrated top down and bottom up approach that is closely aligned with strategic planning and decision making.

The ERM process operates on an annual cycle, with risks identified and reviewed at the business level on a quarterly basis. These risks are subsequently consolidated and reviewed by sector and industry group management committees, while Group level risks are reviewed biannually by the Group Executive Committee. The Group's risk appetite thresholds are established at the Group level and documented in the annual Group Risk Report. This report outlines Group wide risk ratings, the overall risk profile and key risk analysis and is presented to the JKH Audit Committee.

Salient aspects of the report are reviewed by the Board, thereby concluding the annual risk management cycle. Any policy level enhancements arising from these discussions are incorporated into the subsequent cycle to ensure continued alignment with the evolving risk environment.

During the year, the Company continued to strengthen its Enterprise Risk Management (ERM) framework to enhance risk identification, assessment and mitigation processes. The framework is designed to support the achievement of strategic objectives while safeguarding stakeholder interests. Recognising that effective risk management requires a proactive and forward looking approach, UA undertook a comprehensive gap assessment to identify climate related risks and opportunities in alignment with the SLFRS S1 and S2 standards. Based on this assessment, climate risks were evaluated and prioritised according to their likelihood and potential impact on business operations and long term sustainability.

In parallel, the Company continued to foster a strong risk ready culture across the organisation, embedding risk aware attitudes, skills and values through ongoing communication, training and engagement initiatives. This holistic approach ensures that both traditional and emerging risks, particularly those related to climate change are managed systematically and integrated into strategic decision making.

Risk Appetite and Tolerance

The Company's risk appetite and tolerance reflect its strategic intent and capacity for value creation, providing a clear framework for risk taking across the business. Risks are continuously monitored within these thresholds to preserve UA's financial strength, performance and reputation.

Accountability

A strong culture of accountability underpins the Company's risk management approach, with all employees responsible for managing risks within their work environment and ensuring compliance with established risk policies.

Governance Structure



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.

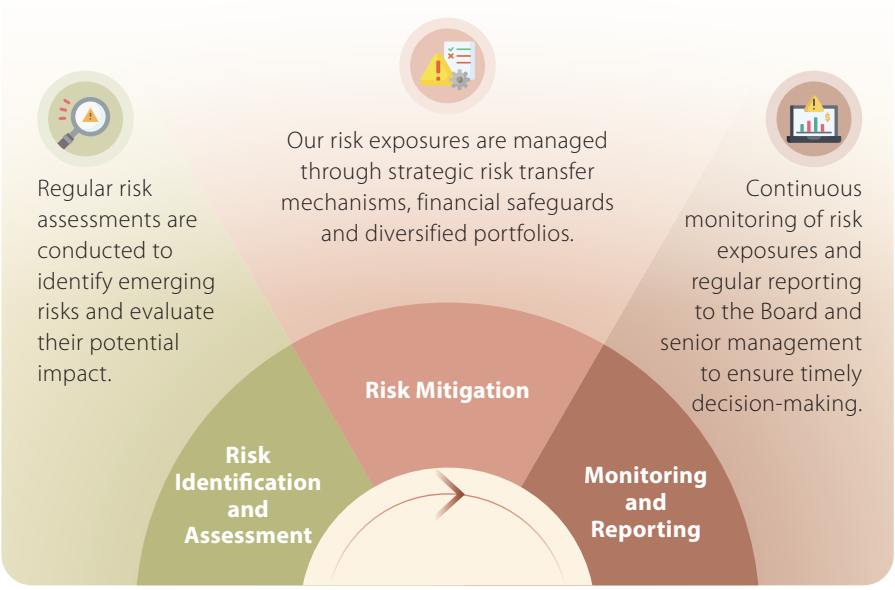
Risk Management and Compliance Functions

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.

Audit and Assurance

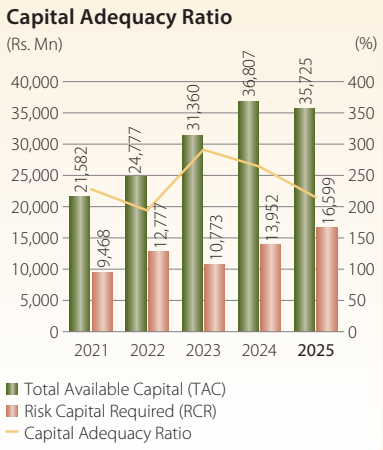
The third line is made up of internal auditors who provide independent assurance on the effectiveness of the first and second lines. They evaluate the overall risk management framework and internal controls, identifying gaps and recommending improvements.

Risk Management Framework



Risk and Solvency Assessment

215%
Capital Adequacy Ratio



The Company remains fully compliant with the capital adequacy requirements stipulated by the Insurance Regulatory Commission of Sri Lanka (IRCSL). In line with regulatory expectations, the Company consistently maintains a Capital Adequacy Ratio (CAR) well above the mandatory minimum of 120%, ensuring a robust buffer to absorb potential adverse financial shocks.

Furthermore, the Company's CAR continues to remain comfortably above IRCSL's supervisory attention level of 160%, thereby avoiding any conditions that would trigger enhanced regulatory scrutiny. This sustained performance reflects the Company's strong capital position and prudent risk management practices.

In addition to maintaining healthy CAR levels, the Company also complies with the IRCSL requirement to uphold a minimum Total Available Capital (TAC) of LKR 500 million. Throughout the year, the Company's TAC remained significantly above this threshold, providing a solid capital foundation to support operations, meet policyholder obligations and ensure long term financial stability.

During the year, the Company's Capital Adequacy Ratio (CAR) remained broadly stable, with no significant market driven fluctuations compared to the previous year. Throughout all reporting periods, Union Assurance maintained a CAR comfortably above the regulatory minimum requirement of 120%, reflecting the Company's strong capital position and disciplined financial management.

The Company continues to employ rigorous capital monitoring practices, including sensitivity analysis and stress testing on key risk exposures. The results of these assessments are evaluated against UA's defined risk appetite and tolerance levels, enabling proactive capital management and ensuring that the Company remains well positioned to withstand adverse economic conditions.

Objectives	Base Case Rs. '000	One percentage point increase in the yield curve 2025 Rs. '000	One percentage points decrease in the yield curve 2025 Rs. '000
Total Available Capital (TAC)	35,725,117	35,588,637	36,264,707
Formula Risk-based Capital Required (FRCR)	16,598,720	16,958,777	16,217,764
Surrender Value Capital Charge (SVCC)	-	-	-
Risk Based Capital requirement (RCR)	16,598,720	16,958,777	16,217,764
Risk-based Capital Adequacy Ratio (CAR)	215%	210%	224%

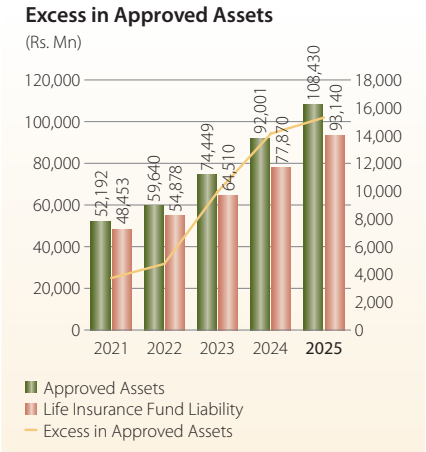


ENTERPRISE RISK MANAGEMENT

Excess in Admissible Assets

In accordance with Section 38 of the Regulation of Insurance Industry Act, No. 43 of 2000, insurers engaged in long term insurance business are required to invest the balance assets of the Long-Term Insurance Fund in approved categories of Admissible Assets, subject to the regulatory limits prescribed by the Insurance Regulatory Commission of Sri Lanka (IRCSL). These assets are characterised by higher credit quality and stability, thereby ensuring that the Life Fund remains secure and capable of meeting long term policyholder obligations.

The Company fully complies with these regulatory investment requirements. As reflected in the accompanying chart, Union Assurance has consistently maintained a substantial excess of Admissible Assets over the years, underscoring the Company's prudent investment strategy, disciplined oversight practices and strong commitment to safeguarding the financial soundness of the Life Fund.



Total Risk Capital by Risk type

The chart illustrates the Total Risk Capital as at December 31, 2024 and December 31, 2025, disaggregated by major risk types. A notable shift is observed over the one year period, driven primarily by movements in Market Risk.

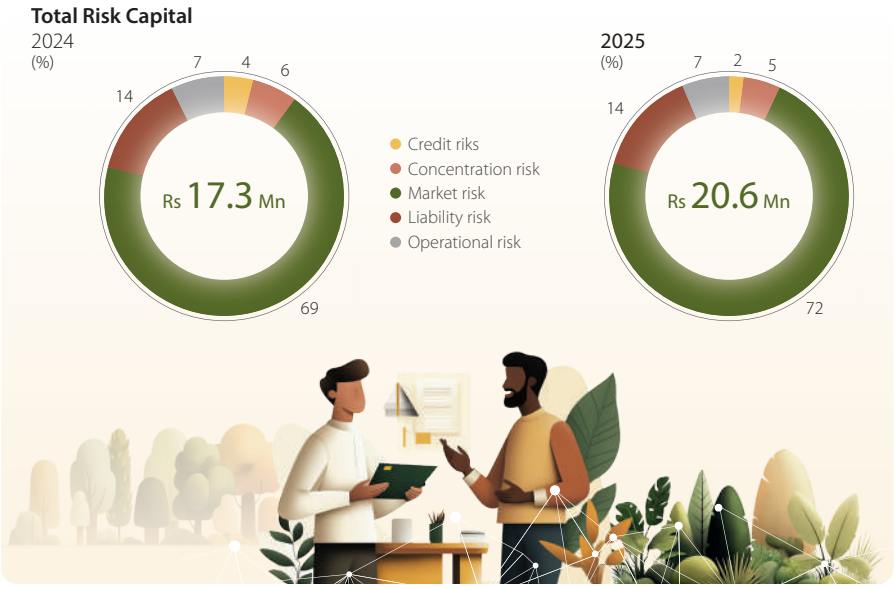
In 2025, Market Risk represented the largest proportion of UA's total risk capital requirement, accounting for 72% of the overall risk Capital.

This increase made Market Risk the dominant contributor to the total risk profile. The second largest component was Liability Risk, representing 14% of the total risk capital for the year.

The overall Total Risk Capital increased from 2024 to 2025. This increase was predominantly driven by a rise in the Market Risk capital charge. The growth in Market Risk capital was attributable to:

- Higher interest rate risk capital,
- Increased equity risk capital

These factors collectively contributed to a higher overall Risk Capital requirement in 2025, signalling an environment where market related exposures were more pronounced, resulting in a larger capital allocation to safeguard against potential adverse movements.



Enterprise Risk Management Process

1 Risk Identification

Risk identification is the first step in the Enterprise Risk Management process. A risk event is defined as any uncertain event that, if it occurs, may affect the Company's ability to achieve its objectives. Risks may arise from a variety of internal and external sources. Through effective risk identification, management is able to understand the root causes of risks and introduce appropriate preventive or mitigating measures in the affected areas.

2 Risk Assessment and Rating

The ERM framework enables Union Assurance to assess risks based on their impact and likelihood, supporting informed decision making and the implementation of appropriate mitigation actions. At the Company level, risk assessment is a continuous process, with regular reviews and updates carried out and overseen by the Board.

The impact of a risk is assessed based on the potential financial loss and the extent of harm it may cause, while the likelihood is evaluated considering historical experience and existing preventive controls. Each risk is rated using the following scales:

Likelihood	Remote, Unlikely, Possible, Likely, Almost Certain
Impact	Insignificant, Minor, Moderate, Major, Catastrophic

By combining impact and likelihood, the overall risk rating is determined as Insignificant, Low, Medium, High, or Ultra High. The risks are then plotted on a risk matrix using a traffic light approach to support prioritisation and management focus.

3 Risk Mitigation / Response

Once risks are identified, assessed and prioritised, responsibility lies with the respective departments and senior management to implement appropriate risk responses. Risk mitigation measures generally fall into three categories:

Prevention	Actions taken to avoid or minimise the risk before it occurs
Detection	Measures implemented to identify risks at an early stage
Correction	Corrective actions taken after a risk event to prevent recurrence

Based on the risk rating, management may adopt one of the following responses:

Accept the risk	Where impact and likelihood are low
Transfer the risk	Where impact is high but likelihood is low, by transferring exposure to third parties
Reduce the risk	Where likelihood is high but impact is manageable, through controls, policies and procedures
Avoid the risk	Where both impact and likelihood are high

4 Risk Monitoring and Control

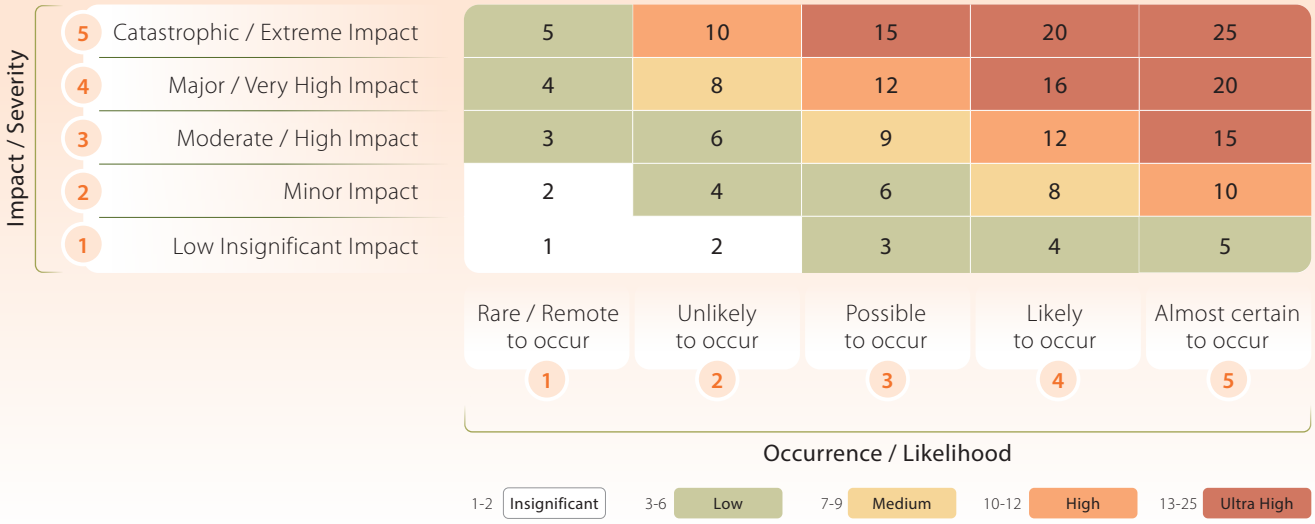
Union Assurance follows a continuous risk monitoring process to ensure the effectiveness and completeness of the ERM framework. After risk responses are implemented, risk owners, together with the second line of defence, review the effectiveness of controls and identify any emerging risks.

The Board provides oversight of strategic and business risks by reviewing and approving business plans and regularly discussing key risk themes, issues and emerging risks that may affect the achievement of strategic objectives.

ENTERPRISE RISK MANAGEMENT

5 Risk Reporting

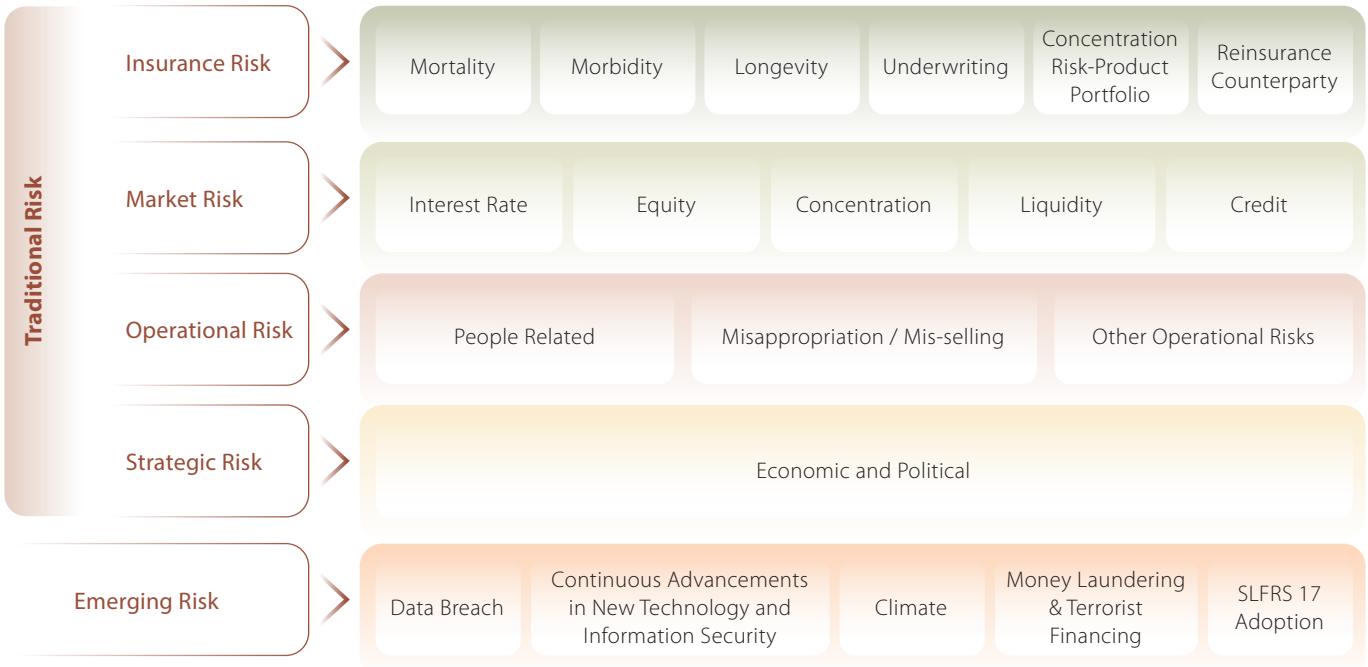
Risks relating to the Company's operations are identified, assessed and reviewed on a quarterly basis by the Board Audit and Compliance Committee (BACC) using the risk register. This process enables management to focus on high risk areas and ensure that appropriate mitigation actions are identified, implemented and monitored in a timely manner.



Risk Landscape

The Company adopts a proactive and structured approach to identifying and managing risks across its operations. The risk directory presented below outlines the key risks and opportunities identified, together with the corresponding response strategies implemented to mitigate potential impacts and support sustainable business performance.

Our enterprise risk landscape encompasses traditional insurance related risks, including mortality, morbidity and underwriting risks, as well as a range of emerging risks. These include rapid technological advancements, data security and privacy risks and climate related risks, which are becoming increasingly significant and dynamic. While the impacts of these emerging risks have not yet materially affected the Company, we remain vigilant to their potential implications. Continuous monitoring of both local and global developments enables us to identify underlying issues early and safeguard long term value creation.



Traditional Risk

Insurance Risk

Insurance risk reflects the potential for adverse outcomes arising from uncertainty in insured events and their timing, frequency and severity, impacting insurance liabilities. This risk is influenced by underwriting quality, product development and pricing and the effectiveness of claims management.

<table>
<tr><th>Risk</th><th>Rating</th><th>Mitigation</th></tr>
<tr><td>

Mortality Risk

Risk of loss arising due to policy holders' death experience being different from the expected.

<table>
<tr><th rowspan="2">As at 31 December
Assumption</th><th rowspan="2">Change %</th><th colspan="2">Impact on liabilities %</th><th colspan="2">Impact on liabilities Rs. '000</th></tr>
<tr><th>2024</th><th>2025</th><th>2024</th><th>2025</th></tr>
<tr><td>Mortality</td><td>10</td><td>0.17</td><td>0.20</td><td>113,190</td><td>160,976</td></tr>
<tr><td></td><td>(10)</td><td>(0.17)</td><td>(0.20)</td><td>(113,577)</td><td>(161,474)</td></tr>
<tr><td></td><td>10</td><td>0.34</td><td>0.36</td><td>226,854</td><td>285,200</td></tr>
<tr><td></td><td>(10)</td><td>(0.34)</td><td>(0.36)</td><td>(227,330)</td><td>(285,289)</td></tr>
</table>

</td><td>  </td><td>

- Use of standard mortality tables with necessary adjustments to reflect expected mortality experience, ensuring accurate pricing of products.
- Regular stress testing and experience analysis to assess the adequacy and resilience of assumptions.

</td></tr>
<tr><td>Morbidity Risk</td><td>  </td><td rowspan="4">

- Assumptions are primarily based on reinsurance tables, with adjustments made where necessary to reflect the Company's own risk experience. Stress analyses are conducted to identify and address any discrepancies.
- Defined underwriting authority limits are in place to ensure controlled and consistent decision making.
- Insurance risk is transferred through proportional and non proportional reinsurance treaties, as well as facultative placements for single high value risks.
- A structured training framework for underwriters ensures continuous skill development and technical competence.
- Independent reviews of the underwriting process are carried out to ensure compliance with established standards and to identify improvement opportunities.

</td></tr>
<tr><td>Longevity Risk</td><td>  </td></tr>
<tr><td>Underwriting Risk</td><td>  </td></tr>
<tr><td>Concentration Risk (Product Portfolio)</td><td>  </td><td>

- Developing an optimal product mix that aligns with the Company's strategic direction and long term objectives.
- Leveraging data analytics and big data insights to identify emerging customer needs and tailor products accordingly.
- Conducting stress analyses to assess the sensitivity of the product portfolio and evaluate the impact of changes in the business mix.

</td></tr>
</table>

ENTERPRISE RISK MANAGEMENT

Risk	Rating	Mitigation
Reinsurance Counter Party Risk		◆ Regularly reviewing and assessing the adequacy of reinsurance arrangements and the overall reinsurance strategy, considering both existing exposures and potential emerging risks. ◆ Selecting reinsurers with strong credit ratings, based on evaluations from reputable international rating agencies, to ensure the Company partners only with financially sound and reliable counterparties across all business segments.

Market Risk

Market risk arises from fluctuations in financial market conditions that may adversely impact the value of financial instruments. The Company is exposed to a range of market risks through both its 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 reviewing 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.
Liquidity Risk Refer page 278		◆ 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.
Concentration Risk		◆ Focus on diversification of Insurance portfolio across regions. ◆ Maintaining a diversified portfolio of Assets Refer page 277

Operational Risk

People Related Risk

The loss of experienced and critical staff continues to be a key people-related risk, as challenges in retaining and attracting skilled personnel may negatively affect operational efficiency and the Company's competitive advantage.

Risk	Rating	Mitigation
Misappropriation and miss-selling		• Encourage need base selling skills to avoid any miss-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.
Loss of experienced and critical staff		• The Company mitigates this risk by promoting continuous learning and providing relevant training and development opportunities. • Market salary surveys are conducted to benchmark remuneration and ensure competitive compensation for staff.

Other Operational Risks

Risk	Rating	Mitigation
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.
Business Continuity risk		• Regularly backup critical data and have a disaster recovery plan. • Enable remote working 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, reconciliations and audits • Supplier due diligence

Emerging Risks

Risk	Rating	Mitigation
Information Security & Cyber Risk		• Procedures and controls have been implemented in line with the ISO 27001:2022 standard. • Regular IT threat assessments are conducted, along with awareness training and timely system patching to identify and manage IT-related threats. • Annual reviews of firewall and network infrastructure are carried out to safeguard against network attacks and antivirus protection is maintained across all computers.

ENTERPRISE RISK MANAGEMENT

Risk	Rating	Mitigation
Data Breach and Privacy Risk		◆ Development of Policies and Procedures to safeguard personal data. ◆ Training and awareness amongst all staff and insurance advisors ◆ Enforcing Information classification mechanisms such as labelling. ◆ Implementation of Data Leakage Prevention (DLP) alerts. ◆ Access controls, data encryption, data minimisation and secure disposal subsequent to the retention period. ◆ Ensuring data protection clauses are included in contracts / agreements, Data Processor Agreements (DPAs) or Joint Controller Agreements are in place with key data processors. ◆ Maintaining data flow maps and updating the information flow.
Continuous advancements in New Technology		◆ 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 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 Executive Committee with adequate oversight provided by the Board. ◆ Adequate resource allocation and subject related regular training. ◆ Expanded scope with progressive audit consultant to ensure financial requirements are met. ◆ Detailed end- to - end reconciliations within systems and the final output. ◆ Extending consultant's support beyond implementation through the transition to business as usual.
Climate Related Risks		◆ Test BCP on a regular basis and constantly evaluate test scenarios and attempt to test likely / emerging scenarios. ◆ Strengthening online sales, mobile apps and call centre capabilities to reduce reliance on physical branches. ◆ All data available centrally to service customers with a bi-weekly back up process in place. ◆ Customer Communication Strategy: Prepare proactive communication plans for policyholders during disasters via call centre. ◆ Encourage submission of digital insurance proposals (currently 100%) and promoting digital platforms for customer onboarding and premium collections via standing orders/credit cards and ClickLife App. ◆ Periodic BCP training & awareness for all departments. ◆ Transfer part of disaster-related risk to reinsurers to protect liquidity. ◆ Stress Testing & Scenario Analysis: Model financial impact of natural disasters on claims and investments.

Integration of Climate Related Risks into the Risk Management Framework

Climate change creates both risks and opportunities that affect our business operations, financial performance and long term sustainability. Understanding and managing these impacts are essential to protecting value for our stakeholders and supporting a resilient and sustainable organisation. In line with SLFRS S1 and SLFRS S2, we recognise that climate related risks are closely connected to other key risks such as market risk, insurance risk and natural catastrophe risk which are already embedded within our overall risk landscape.

Sri Lanka is increasingly exposed to physical climate risks, including extreme rainfall and flooding, which can result in significant economic and social impacts. These developments present growing challenges for the insurance industry, particularly due to the existing protection gap, where insurance coverage for climate related losses remains limited.

Industry-wide collaboration may be required to develop credible experience studies that can effectively address this gap.

Our approach to managing climate related risks is fully integrated into the Company's Enterprise Risk Management Framework, in alignment with SLFRS S1 and S2 requirements. Climate related risks are systematically identified, assessed, managed, monitored and reported as part of our regular risk management process. The prioritised climate related risks were identified through value chain mapping exercises carried out in collaboration with the respective departments, operational teams and the external consultants (KPMG), enabling us to assess where climate risks and opportunities are most likely to arise across our activities.

The Company identified several risks and opportunities arising from climate change and these were assessed using the existing risk rating methodology, which evaluates both the potential impact on the business and the likelihood of occurrence. This assessment considered implications for financial performance, business continuity and customer outcomes. This structured evaluation process supports informed decision making and enables the timely implementation of appropriate risk mitigation and adaptation measures. Presented below are the prioritised climate related risks identified by UA.

Refer pages 26 - 42

Risk Category	Description
CRRO - Physical Acute	Physical climate risks disrupting branch operations causing impact to new business and premium collection (e.g. Tsunami/ Flood etc.) Disaster related claim surges (E.g., natural disasters affecting mortality, health claims, lapses and surrenders) Climate linked interest rates volatility affecting investment returns, asset/liability valuations and capital adequacy.
CRRO - Physical Chronic	Chronic climate changes impacting health and life expectancy due to increase in, ◆ Heat stress ◆ Respiratory issues ◆ Vector-borne diseases ◆ Contagious diseases
CRRO - Transitional Risk	Challenges in transitioning to low carbon operations.

Climate change is one of the most significant long term challenges facing businesses today with implications for operational resilience, financial stability and strategic planning. Our commitment to addressing climate-related risks and opportunities will be embedded to our long-term strategy, ensuring that we remain agile and responsive in a changing operating environment, consistent with the principles set out in SLFRS S1 and S2.

From a customer perspective, climate related risks such as air pollution, rising greenhouse gas emissions and the increasing frequency and severity of extreme weather events can have direct and immediate impacts on policyholders' health and well being. Physical risks including floods, cyclones and deteriorating air quality may contribute to higher mortality, morbidity and hospitalisation rates, thereby influencing the Company's insurance risk exposure as well as affecting new business growth.

As a responsible insurer, Union Assurance remains committed to supporting its policyholders by strengthening service resilience and accessibility. This includes enabling fully digital workflows for proposal and claim submissions, enhancing customer convenience and ensuring uninterrupted service delivery. In parallel, the Company continues to implement robust business continuity measures and proactive initiatives to manage and mitigate climate related risks, reinforcing our dedication to safeguarding customer trust and well being.

As part of its long-term commitment to reducing operational emissions, the Company replaced its vehicle fleet to BYD electric vehicles during the year. The Company also continued its investments in green bonds and commenced investments in solar power initiatives, further strengthening its commitment to sustainability.

ENTERPRISE RISK MANAGEMENT

Money Laundering and Terrorist Financing

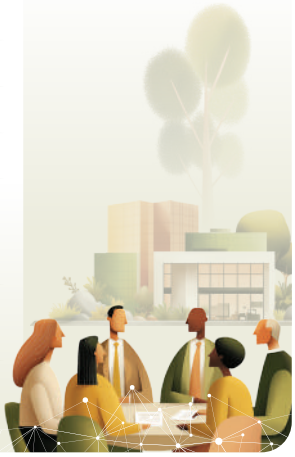
Money laundering in the insurance industry typically involves the misuse of insurance products to conceal the origin of illicit funds. Both locally and globally, there is growing concern about the vulnerability of certain insurance products to money laundering activities. Some of the most common methods include:

- Purchase of life insurance policies using illicit funds, followed by early surrender or cancellation
- Overpayment of premiums with requests for refunds
- Use of third parties or nominees to purchase or benefit from policies
- Assignment or frequent changes to policy beneficiaries without clear justification
- Use of single premium or high value policies to layer illegal funds



To mitigate these risks, ensure regulatory compliance and safeguard the integrity of the financial system, UA has implemented robust Anti Money Laundering (AML) and Counter Terrorist Financing (CTF) programs, which include the following:

- Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) procedures
- Risk based customer and product risk assessments
- Ongoing transaction monitoring and periodic reviews
- Suspicious Transaction Reporting (STR) mechanisms
- Conduct sanction screening at the time of onboarding and on an ongoing basis for all Customers/ Beneficiaries, Employees and Agents
- Employee and insurance advisor awareness and training programs
- Strong governance, internal controls and regulatory reporting processes



Personal Data Breach and Privacy Risks

The Personal Data Protection Act No. 9 of 2022 (PDPA), as amended, represents a landmark development as the first comprehensive data protection legislation in South Asia. Modelled on the European Union's General Data Protection Regulation (GDPR), the PDPA seeks to ensure that personal data is processed in a lawful, fair and responsible manner.

The Act has both territorial and extraterritorial applicability covering entities operating within Sri Lanka as well as those outside the country that offer goods or services to or monitor the behaviour of individuals in Sri Lanka. Implementation of the PDPA is being carried out in phases with full enforcement expected by the first quarter of 2026. The Act also establishes the Data Protection Authority (DPA), which is responsible for overseeing compliance and enforcing the obligations of both public and private sector entities.

During the current financial year, the Company identified and segregated personal data breaches involving insurance advisors and employees as an emerging risk, recognising the potentially significant impact on both the organisation and affected individuals. Such risks may result in regulatory and legal exposure, reputational damage, operational disruptions and financial losses, while also posing serious consequences for data subjects including misuse of personal information.

In response the Company continues to enhance its data protection governance framework, including strengthening internal controls, awareness programs and safeguards to mitigate the likelihood and impact of personal data breaches in line with PDPA requirements.

Regulatory and Legal Exposure	Reputational Damage	Operational Disruptions	Financial Losses
Non-compliance with data protection regulations can result in significant penalties and legal actions.	Organisation may suffer reputational harm, leading to loss of customer trust and potential business opportunities.	Loss of availability of personal data can disrupt business operations, affecting productivity and service delivery.	Breaches can result in direct financial losses due to fraud or indirect costs such as legal fees, regulatory fines and compensation to affected individuals.



THE MOST PROGRESSIVE

As we reflect on a year of strong performance, we highlight those considerate and disciplined decisions that enabled us to deliver the most progressive financial outcomes. Our focus has always been on driving sustainable growth not only for the organisation and its shareholders, but for every customer who entrusts us with securing their future and supporting their progress.

FINANCIAL CALENDAR

	2025	2026
39th Annual General Meeting to be held on	N/A	Mar 31,2026
38th Annual General Meeting held on	Mar 28,2025	N/A
The first and final dividends for the year 2024/2025 paid / payable on	Apr 1,2025	Mar 30,2026
Audited financial statements of preceeding year authorized on	Feb 28,2025	Feb 27,2026
Interim financial statements published / will be published as per rule 7.4 of the Colombo Stock Exchange		
Interim results for the three months ended 31 March (Unaudited)	May 9,2025	May 15,2026
Interim results for the three months ended 30 June (Unaudited)	Jul 25,2025	Aug 14,2026
Interim results for the three months ended 30 September (Unaudited)	Nov 3,2025	Nov 13,2026
Interim results for the three months ended 31 December (Unaudited)	Feb 27,2026	Feb 26,2027

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 2025.

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 mission are provided on page 13 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 2025 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 253 to 350 and the Auditors' Report on the financial statements is provided on pages 248 to 251 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	2025 Rs. '000	2024 Rs. '000
Profit after tax	**3,369,914**	3,741,218
Balance brought forward from the previous year	**12,398,147**	13,805,444
Profit available for appropriations	**15,768,061**	17,546,662
Appropriations		
Dividend paid for previous year	**(2,946,428)**	(5,156,250)
Transfer from revaluation reserve	**7,735**	7,735
Transfer of defined benefit plans of equity accounted investee from other capital reserve	**(6,086)**	-
Un–appropriated profit carried forward	**12,823,282**	12,398,147

Accounting policies

Details of accounting policies are presented on Pages 260 to 350 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 2025, 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 2025 was Rs. 25,750 million (2024 – Rs. 21,647 million).

Provision for Taxation

The Company is liable to income tax at 30% in 2025 (2024 – 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 301.

Profit and Appropriations

The net profit after tax of the Company was Rs. 3,370 million for the year (2024 - Rs. 3,741 million).

The total comprehensive income net of tax of the Company was Rs.2,629 Mn (2024 - Rs. 4,647 Mn).

Dividends and Reserves

The Board of Directors has declared a first and final dividend of Rs. 5.00 per share on the 27 February 2026 for the year ended 31 December 2025, (2024 – 2,946 Mn). The dividend will be paid in March 2026 to those shareholders on the register as of 11 March 2026. 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. 339 million. The carrying value of property, plant and equipment as at 31 December 2025 was Rs. 3,384 million (2024 - Rs. 3,020 million). The details of property, plant and equipment are shown in Note 27 to the financial statements on page 310.

During the financial year, the Company acquired intangible assets to the aggregate value of Rs. 6,932 million. The carrying value of intangible assets was Rs. 7,275 million as at the reporting date (2024 - Rs. 785 million). The details of intangible assets are shown in Note 26 to the financial statements on page 308.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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 2025 to reflect its market value as per Company policy.

The revaluation was performed by Mr. P B Kalugalagedera, Independent Chartered Valuation Surveyor. The details of the revaluation and relevant accounting policies are provided in Note 27 to the financial statements on page 310.

Investments

Details of investments held by the Company are disclosed in Note 30 to the financial statements on page 318.

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 2025 was Rs. 1,000 million (2024 - Rs. 1,000 million) and the total capital and reserves was Rs. 23,373 million (2024 - Rs. 23,668 million).

As explained in Note 37 on page 330, 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 91 to 95 of this report.

Share Holding

There were 2,958 registered shareholders, holding ordinary voting shares as at 31 December 2025 (2024 – 2,391). The distribution of shareholding including the percentage held by the public is given on page 94 of this report.

Substantial Shareholdings

The list of top twenty shareholders of the company and the percentages held by each of them as at 31 December 2025 is given on page 95 of this report, together with comparative shareholding as at 31 December 2024.

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 2025 the Board of Directors of Union Assurance PLC consisted of following Directors, with diverse knowledge and experience. Brief profiles of the Directors are given in the Corporate Governance section on page 154 to 156.

Mr K N J Balendra - Chairperson /Non-Independent Non-Executive Director

Mr. S Rajendra – Non-Independent Non-Executive Director
(resigned w.e.f. 31 December 2025)

Mr. D P Gamlath – Non-Independent Non-Executive Director

Mr. D H Fernando - Independent Non-Executive Director

Mr. S A Appleyard - Independent Non-Executive Director

Mr. P T Wanigasekara - Independent Non-Executive Director

Ms. C M L D Bandaranaike – Independent Non-Executive Director

Mr. S A J S W Jayatilake - Non-Independent Executive Director

Appointment and Resignation of Directors

Ms. C. M. L. D. Bandaranaike was appointed to the Board as an Independent Non-Executive Director with effect from 28 April 2025.

Mr. S. A. J. S. W. Jayatilake has been appointed to the Board of Directors of the Company as an Executive Director of the Company with effect from 23 February 2026.

Mr. S Rajendra, Non Independent Non-Executive Director stepped down from the Board of Directors of the Company, consequent to his retirement from the John Keells Group on 31 December 2025.

Retirement and Re-Election / Re-Appointment of Directors

Retirement and Re-Election of Directors of the Company 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 172.

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 retaining the overall responsibility and accountability for the management of the Company, has established Board committees to ensure enhanced oversight and effective governance over specific areas of the Company's operations. In compliance with the Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange (CSE), the Company has constituted 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 183 to 193.

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 343 to the financial statements, under related party transactions.

b) Directors' Interests in Shares

The Directors' individual shareholdings in the Company are provided on page 94 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

Ms. C M L D Bandaranayake was appointed as an Independent Non-Executive Director to the Board with effect from 28 April 2025 at the standard Non-Executive Director fees approved by the Board for Non-Executive Directors, which fees are commensurate with the market complexities of the Company.

Directors' remuneration is established within a framework approved by the Human Resources and Compensation Committee of the 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.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Directors' Meetings

Details of Board meetings and Board subcommittee meetings are presented on page 178 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.

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 102 to 117. The number of persons employed by the Company as at 31 December 2025 was 821 (2024 - 737).

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 and 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 (2024 – Nil). These amounts do not include contributions on account of corporate social responsibility (CSR) initiatives.

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 126 to 141.

Compliance with Laws and Regulations

The Company has complied with all applicable laws and regulations. A compliance checklist is signed off on a quarterly basis by responsible officers and any violations are reported to the Board Audit and Compliance Committee. Refer pages 209 to 223 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. Refer pages 227 to 228 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 230.

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 pages 192 to 193.

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 154 to 225.

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.

The Company has complied with SLFRS S1 and S2 disclosure requirements for the first reporting period (1 January 2025 to 31 December 2025), applying all the permitted transition reliefs. A Climate-First Reporting approach was adopted, with disclosures limited to climate-related risks and opportunities and no comparative information presented in the first reporting year. The company will fully report Scope 1 and Scope 2 GHG emissions and partially disclose Scope 3 emissions under the transition provisions. A more comprehensive report on sustainability is found on pages 27 to 42.

Environment Protection

Initiatives taken by the Company to preserve the environment are presented in the Natural Capital Report on pages 118 to 125. 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 2025, the payments of the Company amounted to Rs. 5,850 million (2024 - Rs. 5,627 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 jointly by the CA Sri Lanka and the SEC of Sri Lanka, 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, Chartered Accountants. The fees paid or payable in respect of the services provided to the Company during the year 2025 and 2024 are presented below.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Audit and audit related fees	**7,535**	6,301
Non audit fees	**27,172**	9,133

Independence of Auditors

Based on the declaration from Messrs. KPMG, Chartered Accountants 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, Chartered Accountants 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 Annual General Meeting.

Auditors' Report

Auditors' Report on the financial statements is given on page 248 to 251 of this annual report.

Approval of Financial Statements

The audited financial statements were approved by the Board of Directors on 27 February 2026. 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 31 March 2026 at 2.00 p.m. The notice of the meeting relating to the 39th Annual General Meeting is given on page 394.

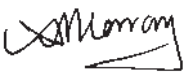
This Annual Report is signed for and on behalf of the Board of Directors by:



K.N.J Balendra
Chairperson



D.P Gamlath
Director



Keells Consultants (Private) Limited
Secretaries

27 February 2026

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The financial statements of Union Assurance PLC as at 31 December 2025 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) and subsequent revisions to date
- The Regulation of Insurance Industry (RII) Act No. 43 of 2000 and subsequent amendments thereto
- Code of Best Practice of Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange commission of Sri Lanka
- Inland Revenue Act No.24 of 2017 and subsequent amendments thereto

Accordingly, the Company has prepared the financial statements which comply with SLFRSs / LKASs and related interpretations applicable for the year ended 31 December 2025, together with the comparative data as at and for the year ended 31 December 2024, 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.

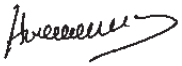
The BACC pre - approves the audit and non - audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence. The BACC also reviews the external audit plan, the internal audit plan, all internal audit reviews and management letters and 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

27 February 2026

ACTUARY'S REPORT

27 February 2026

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 2025

In accordance with the engagement letter dated 12 August 2025, 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 2025.

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 2025, 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 LKR84,566 million. The value of assets held in respect of conventional life business is LKR92,833 million. The surplus in respect of the conventional life business after making an allowance for a shareholder transfer of LKR3,345 million is LKR8,267 million. The cost of bonus for the participating business as at 31 December 2025 is LKR75 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 LKR11,611 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 LKR308 million. The surplus in respect of the unit-linked business after shareholder transfer is LKR278 million. Shareholder transfer in respect of Unit Linked business is LKR55 million as at 31 December 2025. The surplus in respect of the unit-linked business before shareholder transfer is LKR333 million.

5. The risk-based capital required under the Regulation of Insurance Industry Act No. 43 of 2000 is LKR16,599 million, and the Company's CAR (after allowing for the LKR3,400 million shareholder transfer) is 215%, 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 2025 are in excess of the liabilities computed in the above-mentioned manner.

Vivek Jalan FIA
Managing Director
Head of Insurance Consulting & Technology, Indian Subcontinent

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Registered Office:
Emaar Capital Tower 2
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W: www.wtwco.com
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 248 to 251. 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.

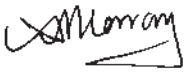
The Directors are required to prepare the financial statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their audit opinion.

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

27 February 2026

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
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Internet www.kpmg.com/lk

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 2025, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 253 to 350.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, 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 334) and Note 43 (page 340) to these financial statements.

Risk Description	Our Response
The Company has recognised insurance contract liabilities and insurance contract liabilities - unit linked amounting to Rs. 93,759 Mn and Rs. 808 Mn respectively as at 31 December 2025. The Company's insurance contract liabilities in total including unit-linked fund represent 91 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. ◆ 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.

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 G H Raddella ACA,
W.W.J.C Perera FCA
G.A.U Karunaratne FCA
R.H Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S Goonewardene ACA, Ms F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

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.	◆ 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.

As required by section 47(2) of the Regulation of Insurance Act No 43 of 2000 and amendments thereof as far as appear from our examination, the accounting records of the company have been maintained in the manner required by the rule issued by the Insurance Regulatory Commission of Sri Lanka. So as to clearly indicate the true and fair view of the financial position of the company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 3272.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

27 February 2026

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INCOME STATEMENT

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000	Change %
Gross written premium	9	294	**25,749,667**	21,646,969	19
Premium ceded to reinsurers	10	295	**(1,697,889)**	(1,491,725)	14
Net written premium			**24,051,778**	20,155,244	19
Other revenue					
Net investment income	11	295	**12,350,908**	11,756,691	5
Net realised gains	12	296	**1,307,593**	862,097	52
Net fair value gains	13	297	**1,998,775**	1,999,211	(0)
Other income	14	297	**52,635**	45,220	16
Gain from sale of equity accounted investee	29	317	**43,919**	-	100
Total other revenue			**15,753,830**	14,663,219	7
Total net revenue			**39,805,608**	34,818,463	14
Benefits, claims and expenses					
Net insurance benefits and claims paid	15	298	**(7,848,300)**	(6,692,988)	17
Net change in insurance claims outstanding	16	298	**18,653**	(24,942)	(175)
Change in insurance contract liabilities	17	299	**(15,483,115)**	(13,637,246)	14
Underwriting and net acquisition costs (net of reinsurance)	18	300	**(4,906,249)**	(4,000,274)	23
Other operating, administrative and selling expenses	19	300	**(5,837,709)**	(4,910,477)	19
Depreciation and amortisation	26/27/28	308/310/315	**(783,410)**	(661,573)	18
Total benefits, claims and expenses			**(34,840,130)**	(29,927,500)	16
Profit from operations			**4,965,478**	4,890,963	2
Share of results of equity accounted investee, net of tax	29	317	**203,792**	337,223	(40)
Profit before tax	21	301	**5,169,270**	5,228,186	(1)
Income tax expenses	22	301	**(1,799,356)**	(1,486,968)	21
Profit for the year			**3,369,914**	3,741,218	(10)
Earnings per share					
Basic (Rs.)	23	303	**5.72**	6.35	(10)
Diluted (Rs.)	23	303	**5.72**	6.35	(10)

The notes to the financial statements as set out on pages 260 to 350 form an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000	Change %
Profit for the year			**3,369,914**	3,741,218	(10)
Other comprehensive income					
Items that will never be reclassified to income statement					
Gains on revaluation of land and buildings	27.1	312	**175,276**	-	
Share of net change in remeasurement loss on defined benefit plan of equity accounted investee, net of tax	29.1(a)	318	**-**	(2,565)	
Remeasurement loss on defined benefit plans	40.2	331	**(17,950)**	(13,631)	
			157,326	(16,196)	1,071
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	331	**(121,489)**	339,110	
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	29.1(a)	318	**15,112**	38,517	
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement			**(43,919)**	-	
Net change in fair value of available for sale financial assets transferred to the income statement	39.1	331	**(248,261)**	(45,813)	
			(398,557)	331,814	(220)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	39	331	**(460,335)**	698,251	
Net change in fair value of available for sale financial assets of insurance contract liabilities transferred to the income statement	39.1	331	**(39,293)**	(108,143)	
			(499,628)	590,108	(185)
			(898,185)	921,922	(197)
Other comprehensive income, net of tax			**(740,859)**	905,726	(182)
Total comprehensive income for the year, net of tax			**2,629,055**	4,646,944	(43)

The notes to the financial statements as set out on pages 260 to 350 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
Assets				
Intangible assets	26	308	**7,274,896**	784,599
Property, plant and equipment	27	310	**3,383,567**	3,020,336
Right of use assets	28	315	**508,588**	590,235
Investment in equity accounted investee	29	317	**-**	2,419,176
Financial investments	30	318	**108,252,636**	95,567,444
Loans to life policyholders	31	326	**2,858,074**	2,651,478
Reinsurance receivable	32	327	**526,145**	418,852
Premiums receivable	33	328	**1,032,595**	1,066,641
Receivables and other assets	34	328	**1,714,282**	1,326,177
Cash in hand and at bank	35	329	**1,698,143**	1,614,403
Total assets			**127,248,926**	109,459,341
Equity and liabilities				
Equity				
Stated capital	36	330	**1,000,000**	1,000,000
Restricted regulatory reserve	37	330	**3,381,934**	3,381,934
Revaluation reserve	38	330	**2,722,901**	2,555,360
Available for sale reserve	39	331	**3,357,792**	4,255,977
Other reserves	40	331	**86,684**	76,573
Retained earnings	41	334	**12,823,282**	12,398,147
Total equity			**23,372,593**	23,667,991
Liabilities				
Insurance contract liabilities	42	334	**93,758,787**	78,399,507
Insurance contract liabilities - Unit Linked	43	340	**807,777**	792,176
Lease liabilities	44	340	**510,588**	606,916
Employee benefit liabilities	45	340	**284,384**	229,709
Reinsurance payables	46	343	**603,586**	587,668
Other liabilities	47	343	**7,712,135**	5,040,845
Bank overdraft	35	329	**199,076**	134,529
Total liabilities			**103,876,333**	85,791,350
Total equity and liabilities			**127,248,926**	109,459,341
Net Assets Per Share			**39.66**	40.16

The notes to the financial statements as set out on pages 260 to 350 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

D P Gamlath
Director

Colombo
27 February 2026

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 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
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)
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	27.10	-	-	(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 260 to 350 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 2025		1,000,000	3,381,934	2,555,360	16,752	4,255,977	59,821	12,398,147	23,667,991
Profit for the year		-	-	-	-	-	-	3,369,914	3,369,914
Other comprehensive income for the year, net of tax									
Net change in fair value of available for sale financial assets	39	-	-	-	-	(369,750)	-	-	(369,750)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	39	-	-	-	-	(499,628)	-	-	(499,628)
Gain on revaluation of land and buildings	27.1	-	-	175,276	-	-	-	-	175,276
Remeasurement loss on defined benefit plans	40.2	-	-	-	-	-	(17,950)	-	(17,950)
Share of net change in fair value of available for sale financial assets of equity accounted investee, net of tax	39	-	-	-	-	15,112	-	-	15,112
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement	29	-	-	-	-	(43,919)	-	-	(43,919)
Total other comprehensive income, net of tax		-	-	175,276	-	(898,185)	(17,950)	-	(740,859)
Total comprehensive income for the year		-	-	175,276	-	(898,185)	(17,950)	3,369,914	2,629,055
Transactions with owners, transfers, recorded directly in equity									
Contributions and distributions									
First and final dividend 2024	24.2	-	-	-	-	-	-	(2,946,428)	(2,946,428)
Share based payments	40.3 (a)	-	-	-	-	-	21,975	-	21,975
Transfer of share of defined benefit plans of equity accounted investee from other capital reserve to retained earnings		-	-	-	-	-	6,086	(6,086)	-
Transfer from revaluation reserve to retained earnings	27.10	-	-	(7,735)	-	-	-	7,735	-
Total contributions and distributions		-	-	(7,735)	-	-	28,061	(2,944,779)	(2,924,453)
Balance as at 31 December 2025		1,000,000	3,381,934	2,722,901	16,752	3,357,792	69,932	12,823,282	23,372,593

The notes to the financial statements as set out on pages 260 to 350 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
Cash flows from operations				
Insurance premiums received			**25,783,713**	21,631,772
Reinsurance premiums paid			**(556,625)**	(131,754)
Insurance benefits and claims paid	15	298	**(8,837,496)**	(7,696,259)
Reinsurance claims received	15	298	**989,196**	1,003,271
Payments to intermediaries to acquire insurance contracts			**(4,711,398)**	(3,981,172)
Cash paid to and on behalf of employees			**(2,539,133)**	(2,236,307)
Interest received			**10,862,602**	10,486,711
Dividends received			**245,122**	183,551
Other operating cash flows			**(4,346,105)**	(3,994,490)
Cash generated from operating activities	Note A	259	**16,889,876**	15,265,323
Interest paid			**(58,256)**	(53,838)
Income tax paid			**(1,706,740)**	(1,524,456)
Employee benefits paid	45.3.(a)	341	**(16,641)**	(25,437)
Net cash flow from operating activities			**15,108,239**	13,661,592
Cash flows used in investing activities				
Purchase of investments	30.7	326	**(54,987,269)**	(56,247,530)
Maturity proceeds of investments	30.7	326	**15,515,301**	13,414,782
Proceeds from sale of investments			**30,385,133**	35,424,368
Purchase of property, plant and equipment	27.1	312	**(338,546)**	(131,804)
Purchase of intangible assets			**(5,141,136)**	(54,560)
Proceeds from sale of Investment in equity accounted investee			**2,638,080**	-
Proceeds from sale of property, plant and equipment			**3,772**	3,050
Net cash used in investing activities			**(11,924,665)**	(7,591,694)
Net cash inflow before financing activities			**3,183,574**	6,069,898
Cash flows used in financing activities				
Dividends paid to equity holders of the Company			**(2,946,125)**	(5,156,250)
Settlement of lease liabilities			**(218,256)**	(150,689)
Net cash used in financing activities			**(3,164,381)**	(5,306,939)
Net increase in cash and cash equivalents			**19,193**	762,959
Cash and cash equivalents at the beginning of the year			**1,479,874**	716,915
Cash and cash equivalents at the end of the year	Note B	259	**1,499,067**	1,479,874

The notes to the financial statements as set out on pages 260 to 350 form an integral part of these financial statements

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
NOTE A.				
Reconciliation of profit before taxation with cash from operating activities				
Profit before tax			**5,169,270**	5,228,186
Non - cash items included in profit before tax				
Depreciation and amortisation	26.1/27.1/28.1	310/312/316	**783,410**	661,573
Provision for employee benefits	19.1	300	**53,366**	50,937
Provision for doubtful debtors	34.1(a)	329	**1,774**	2,717
Net realised gains	12	296	**(1,307,593)**	(862,097)
Net fair value gains	13	297	**(1,998,775)**	(1,999,211)
Gain on sale of property, plant and equipment	14	297	**(635)**	(1,755)
Amortisation of financial investments			**(765,403)**	(874,220)
Amortisation of lease liabilities	44	340	**58,132**	53,658
Scrip dividend income	30.7	326	**(18,845)**	(25,944)
Share of results of equity accounted investee	29.1	317	**(203,792)**	(337,223)
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to the income statement			**(43,919)**	-
Interest expense on obligation to repurchase securities			**124**	180
Share based payment expenses	40.3 (a)	334	**21,975**	16,226
Profit before working capital changes			**1,749,089**	1,913,027
Net change in operational assets				
Net change in reinsurance assets			**(107,293)**	28,706
Net change in premiums receivable			**34,046**	(15,197)
Net change in receivables and other assets			**(974,281)**	(767,119)
Net change in operational liabilities				
Net change in life insurance contract liabilities			**15,374,881**	13,429,607
Net change in reinsurance liabilities			**15,918**	222,641
Net change in other liabilities			**797,516**	453,658
Cash generated from operating activities			**16,889,876**	15,265,323
NOTE B.				
Cash and cash equivalents at the end of the year				
Cash in hand and at bank	35.2	329	**1,698,143**	1,614,403
Bank overdraft	35.2	329	**(199,076)**	(134,529)
Cash and cash equivalents			**1,499,067**	1,479,874

For the purpose of the cash flow statement, cash and cash equivalent consist of cash in hand and at bank, net of outstanding bank overdraft.

The notes to the financial statements as set out on pages 260 to 350 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.

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.

On 18 September 2025, Union Assurance PLC divested its 22% stake in Fairfirst Insurance Limited. Details are given in Note 29

1.4 Number of Employees

The staff strength of the Company as at 31 December 2025 is 821 (2024 – 737).

1.5 Financial Statements

The financial statements for the year ended 31 December 2025, comprise of the Company and the results of the equity accounted investee. The results of equity accounted investee of the Company, Fairfirst Insurance Limited have been presented in the financial statements upto the date of its divestment 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 Financial Statements

The financial statements for the year ended 31 December 2025 were authorised for issue by the Directors on 27 February 2026.

1.7 Responsibility for 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 247).

2 Basis of Accounting

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards, as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com

2.1.1 Presentation of financial statements

These financial statements have been presented in compliance with the requirements of the companies Act No. 07 of 2007 and amendments thereto and 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 253 to 254);
- a Statement of Financial Position providing information on the financial position of the Company as at the year end (refer page 255);
- a Statement of Changes in Equity depicting all changes in shareholders' funds of the company during the year under review (refer pages 256 to 257);
- 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 258 to 259);
- Notes to the financial statements comprising accounting policies and other explanatory information (refer pages 260 to 350).

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	290
Available for sale financial assets	Fair value	8	290
Financial assets - Unit linked	Fair value	8	290
Non-Financial assets / liabilities			
Freehold land and buildings	Fair value	27.7	313
Insurance contract liabilities	Actuarially valued in line with the guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)	42	334
Employee Benefit Liabilites	Actuarially valued and recognised at present value	45	340
Employee share based option	Fair value	40.3	332

2.3 Functional and Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees (LKR), which is 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 2025 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 2025 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 382 to 389, 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.

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

During 2025, Sri Lanka's economy exhibited clear signs of stabilization, supported by a strong rebound in GDP, moderated inflation levels, and improved foreign currency inflows from exports, tourism, and record high worker remittances. These positive developments reflect the effectiveness of ongoing fiscal and structural reforms aimed at strengthening macroeconomic stability.

Impact of Cyclone Ditwah

Towards the end of November 2025, Cyclone Ditwah caused significant damage to property and loss of life, with estimated economic losses of approximately USD 4.1 billion. The Government has initiated comprehensive recovery measures to restore the country to its pre-cyclone status, leveraging financial assistance and loans from both domestic and international sources.

Effect on Life Insurance Industry

The impact of Cyclone Ditwah on the life insurance industry was immaterial. Consequently, there were no significant uncertainties affecting key accounting judgments, estimates, or assumptions applied in the preparation of the financial statements for the year ended 31 December 2025.

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	304
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	334
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	334

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	269
Determination of the fair value of financial instruments and investments and owner occupied properties with significant unobservable inputs	8	290
Impairment of financial assets	25	304
Impairment of intangible assets	26	308
Measuring of fair value for equity settled share based payment	40.3	332
Measuring insurance and reinsurance contracts: key assumptions	42	334
Liability Adequacy Test	42	334
Measurement of defined benefit obligations: key actuarial assumptions	45	340
Recognition and measurement of provisions and contingencies: key assumptions on the likelihood and magnitude of an outflow of resources	51	349

4 New Standards and Amendments

4.1 Standards issued but not yet effective

The following standards have been issued and are effective for annual periods beginning after 1 January 2026, early application was permitted with transitional rules.

These standards have not been applied to these financial statements as explained below.

The Company will apply SLFRS 17 and SLFRS 9 for the first time on 1 January 2026. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Company's financial statements in the period of initial application.

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 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	2025 Rs. '000	2024 Rs. '000
Insurance contract liabilities	**93,758,787**	78,399,507
Insurance contract liabilities - Unit Link	**807,777**	792,176
Reinsurance payables	**603,586**	587,668
Liabilities connected with insurance	**95,170,150**	79,779,351
Total liabilities	**103,876,333**	85,791,350
Predominance ratio	**92%**	93%

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 - 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 new asset classification under SLFRS 9 following to the 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	Note	Current classification	Credit risk grading	Carrying value under LKAS 39 Rs. '000	Fair value Rs. '000	Classification under SLFRS 9
Treasury bonds	30.3	HTM	N/A	48,222,643	54,987,311	FVTOCI
Debentures	30.4	L&R	Please refer Note 30.4(a)	11,441,753	11,987,530	FVTOCI
Bank deposits	30.4	L&R	N/A	43,130	43,130	Amortised cost
Reverse repurchase agreements	30.4	L&R	N/A	1,782,763	1,782,763	Amortised cost

NOTES TO THE FINANCIAL STATEMENTS

All other financial assets (that meet the definition of held for trading or managed and evaluated on a fair value basis)

Instrument	Note	Current classification	Carrying value under LKAS 39 Rs.'000	Fair value Rs.'000	Classification under SLFRS 9
Equity shares	30.6	FVTPL	11,630,873	11,630,873	FVTPL
Debentures	30.6	FVTPL	93,171	93,171	FVTPL
Reverse repurchase agreements	30.6	FVTPL	54,072	54,072	FVTPL
Treasury bonds	30.6	FVTPL	82,898	82,898	FVTPL
Unit trusts	30.6	FVTPL	126,771	126,771	FVTPL
Treasury bonds	30.5	AFS	32,776,108	32,776,108	FVTOCI
Treasury bills	30.5	AFS	1,998,454	1,998,454	FVTOCI

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 FVTOCI 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 be remained under FVTPL and measured at fair value under SLFRS 9.

ii. Impairment - 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 which are more closely aligned with the risk management activities of the Company. No significant change is currently anticipated from hedge accounting.

4.1.2 SLFRS 17 – Insurance Contracts

SLFRS 17 will replace SLFRS 4 on accounting for insurance contracts and will be effective from 01 January 2026.

SLFRS 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 a new measurement model for all insurance contracts.

Objective

SLFRS 17 Insurance contracts establishes the 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

SLFRS 17 applies to:

- Insurance contracts, including reinsurance contracts, it issues;
- Reinsurance contracts it holds; and
- Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

The Company has insurance and reinsurance contracts and those are valued under SLFRS 17. The Company doesn't issue any investment contracts with discretionary participation features.

Some contracts meet the definition of an insurance contract but have their primary purpose as provision of services for a fixed fee. Such issued contracts are in the scope of the Standard, unless an entity chooses to apply SLFRS 15 Revenue from Contracts with Customers, provided the following conditions are met:

a) the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;

b) the contract compensates customers by providing a service, rather than by making cash payments to the customer; and

c) the insurance risk transferred by the contract arises primarily from the customer's use of service rather than from uncertainty over the cost of those services.

However, the Company doesn't currently provide any of its product where the main aim is provision of service for a fixed fee.

Recognition

Currently, all acquisition costs were recognized as expense. Under SLFRS 17, only insurance acquisition cash flows that arises before the recognition of the related insurance contracts are recognised as a separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognized.

An entity shall recognize a group of insurance contracts it issues from the earliest of the following:

a) the beginning of the coverage period;

b) the date when the first payment from a policyholder becomes due; and

c) when the group becomes onerous and circumstances indicate that there is such a group.

SLFRS – 17 specify three measurement approaches;

1. General Measurement Model (GMM)
2. Premium Allocation Approach (PAA)
3. Variable Fee Approach (VFA)

General Measurement Model (GMM)

On initial recognition, an entity shall measure a group of contracts at the total of:

a) the amount of fulfilment cash flows ("FCF"), which comprise:

   I. estimates of future cash flows;

   II. an adjustment to reflect the time value of money ("TVM") and the financial risks associated with the future cash flows; and

   III. a risk adjustment for non-financial risk

b) the contractual service margin ("CSM").

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.

Company has applied the measurement models suits its product portfolio in compliance with standard requirements.

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 flow of the insurance contracts.

Company has determined its discount rate methodology considering above characteristics.

NOTES TO THE FINANCIAL STATEMENTS

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.

Contractual Service Margin (CSM)

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

a) the initial recognition of an amount for the FCF;

b) the derecognition at that date of any asset or liability recognised for acquisition cash flows; and

c) any cash flows arising from the contracts in the group at that date.

Subsequent Measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

a) the liability for remaining coverage comprising:

   I. the FCF related to future services and;

   II. the CSM of the group at that date;

b) the liability for incurred claims, comprising the FCF related to past service allocated to the group at that date.

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.

Variable Fee Approach (VFA)

Mandatory measurement approach for contracts with direct participation features. The standard describes three conditions which are required to be met by a contract to be deemed to be a contract with direct participation feature. The three conditions are as follows:

I. The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.

II. The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.

III. The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Premium Allocation Approach (PAA)

Optional measurement approach which can be applied instead of GMM provided certain criteria are met. Typically, these are contracts where application of PAA will yield similar insurance contract liabilities as under GMM or coverage period of contract one year or less than one year.

Company has applied the measurement models that suit its product portfolio in compliance with standard requirements.

Modification and De-Recognition

Modification of an Insurance Contract

If the terms of an insurance contract are modified, an entity shall derecognise the original contract and recognise the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The modification is substantive if any of the following conditions are satisfied:

a) if, had the modified terms been included at contract's inception, this would have led to:

   I. exclusion from the Standard's scope;

   II. unbundling of different embedded derivatives;

   III. significant change to contract boundary; or

   IV. the reallocation to a different group of contracts; or

b) if the original contract met the definition of a direct participating insurance contracts, but the modified contract no longer meets that definition, or vice versa; or

c) the entity originally applied the PAA, but the contract's modifications made it no longer eligible for it.

De-Recognition

An entity shall de-recognise an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.

Presentation in the Statement of Financial Position

An entity shall present separately in the statement of financial position the carrying amount of groups of:

a) insurance contracts issued that are assets;

b) insurance contracts issued that are liabilities;

c) reinsurance contracts held that are assets; and

d) reinsurance contracts held that are liabilities.

Recognition and Presentation in the Statement(s) of Financial Performance

An entity shall disaggregate the amounts recognised in the statement(s) of financial performance into:

a) an insurance service result, comprising insurance revenue and insurance service expenses, and

b) insurance finance income or expenses.

Income or expenses from reinsurance contracts held shall be presented separately from the expenses or income from insurance contracts issued.

Insurance Service Result

An entity shall present in profit or loss revenue arising from the groups of insurance contracts issued, and insurance service expenses arising from a group of insurance contracts it issues, comprising incurred claims and other incurred insurance service expenses. Revenue and insurance service expenses shall exclude any investment components.

Insurance Finance Income or Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money; and

b) the effect of changes in assumptions that relate to financial risk; but

c) excluding any such changes for groups of insurance contracts with direct participating insurance contracts that would instead adjust the CSM.

SLFRS 17 has an accounting policy choice between including all of insurance finance income or expense for the period in profit or loss, or disaggregating it between amount presented in profit or loss and amount presented in other comprehensive income (OCI).

The Company has elected to apply the accounting policy choice to disaggregate insurance finance income or expense between profit or loss and other comprehensive income (OCI) Which reduces volatility in profit or loss arising from interest rate movements. The disaggregation policy choice will be applied to contracts measured under GMM & VFA.

Disclosures

An entity shall disclose qualitative and quantitative information on;

a) the amounts recognised in its Financial Statements that arise from insurance contracts;

b) the significant judgements, and changes in those judgements, made when applying SLFRS 17; and

c) the nature and extent of the risks that arise from insurance contracts.

Effective Date

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2026.

Transition

Under SLFRS 17, an entity is required to apply the Standard retrospectively unless doing so is Impractical. In such cases, the entity may apply either the modified retrospective approach or the fair value approach.

The Company has decided to apply the fair value approach. Under this approach, the entity determines the Contractual Service Margin (CSM) or the loss component at the transition date as the difference between the fair value of a group of insurance contracts and the fulfilment cash flows (FCF) measured at that date.

In applying this approach, the Company determined opening balances at the transition date by:

- Derecognising balances that are not permitted under SLFRS 17;
- Recognising insurance contract liabilities measured in accordance with the Standard; and
- Recognising any resulting net difference directly in opening equity at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

As the Company implemented SLFRS 9 on the same date as SLFRS 17, financial assets and financial liabilities were classified and measured in accordance with SLFRS 9 from the transition date.

At the date of initial application:

- Financial assets were assessed based on the business model for managing those assets and their contractual cash flow characteristics;
- Financial instruments were classified into the appropriate measurement categories; and
- Expected credit loss provisions were recognised where applicable.

As both Standards were adopted simultaneously, the transition adjustments arising from:

- The recognition and measurement of insurance contract liabilities under SLFRS 17; and
- The classification, measurement, and impairment of financial instruments under SLFRS 9 were recorded as adjustments to opening equity at the date of initial application.

This approach ensured consistency in the measurement of insurance liabilities and the financial assets supporting those liabilities from the same transition date and provided a reliable starting point for ongoing reporting under the new Standards.

SLFRS 17 Implementation program

Implementation of SLFRS 17 requires a high level of expertise across both accounting and actuarial domains, as the Standard is complex and introduces fundamental changes to financial reporting, including the application of significant judgement and estimation. The impact of the Standard is substantial and will affect the measurement of insurance contracts, the timing of profit recognition, and the key indicators used to assess business performance.

Given that the implementation journey requires new investments in IT, actuarial, and finance systems, the Company initiated a comprehensive implementation program in 2021 and 2025 for SLFRS 17 and SLFRS 9 respectively. This program includes establishing a strong governance structure, defining accounting policies, and developing robust internal controls to support effective compliance.

The Company is in the process of implementing SLFRS 17 and SLFRS 9 with the support of selected external consultants in both actuarial and finance areas to ensure adherence to the reporting requirements. This includes the development of accounting policies and methodological applications, the establishment of appropriate processes and controls, and the implementation of necessary actuarial and finance system enhancements. Most of the key decisions have been finalized under each respective category and the Company is now in the final state of readiness for go-live.

Management is in the process of validating the results of the application of the standard. As the validation process is yet in progress, no quantitative disclosure are made in these financial statements.

4.2 Applicable on or after 1 January 2026

A number of new accounting standards and amendments are effective for annual reporting periods beginning on or after 1 January 2026 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.

4.3 SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to include Company information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is accompanied in the financial statements, including for items currently labelled as 'other'.

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.

Set out below is an index of the material policies;

Material Accounting Policy	Note	Page
Recongnition of Income and Expenses		
Gross written premium	9	294
Premium ceded to reinsurers	10	295
Net investment income	11	295
Net realised gains	12	296
Net fair value gains	13	297
Other income	14	297
Net insurance benefits and claims paid	15	298
Net change in insurance claims outstanding	16	298
Change in insurance contract liabilities	17	299
Underwriting and net acquisition costs - (net of reinsurance)	18	300
Other operating, administrative and selling expenses	19	300
Income tax expenses	22	301
Recognition of Assets and Liabilities		
Impairment of non-financial assets	5.1	269
Financial risk management	7	272
Fair value measurement and related disclosures	8	290
Financial assets and liabilities	25	304
Intangible assets	26	308
Property, plant and equipment	27	310
Right of use assets (Leases)	28	315
Investment in equity accounted investee	29	317
Financial investments	30	318
Loans to life policyholders	31	326
Reinsurance receivable	32	327
Premiums receivable	33	328
Receivables and other assets	34	328
Cash and cash equivalents	35	329
Stated capital	36	330
Employee share based option	40.3	332
Insurance contract liabilities	42	334
Insurance contract liabilities - unit linked	43	340
Lease Liability	44	340
Employee benefit liabilities	45	340
Reinsurance payables	46	343
Other liabilities	47	343
Commitments	49	349
Events after the reporting date	50	349
Provisions and contingencies	51	349
Shareholder related		
Earnings per share (EPS)	23	303
Dividends per share (DPS)	24	304
General		
Foreign currency transactions	5.2	270
Statement of cash flows	5.3	270
Operating segments	6	270
Related party transactions disclosures	48	343

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.

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 assets' 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 profit or loss. 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.

NOTES TO THE FINANCIAL STATEMENTS

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 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 Company has the following two strategic segments, which are its reportable segments.

The following summary describes the operations of each reportable segment.

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 Shareholders Fund. Every year, the surplus arising from policyholder funds 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 Shareholders 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	2025			2024		
	Policyholder Fund	Shareholder Fund	Total	Policyholder Fund	Shareholder Fund	Total
Segment revenue						
Gross Written Premium	**25,749,667**	**-**	**25,749,667**	21,646,969	-	21,646,969
Net Written Premium	**24,051,778**	**-**	**24,051,778**	20,155,244	-	20,155,244
Total Investment Income and Other Revenue	**14,198,101**	**1,555,729**	**15,753,830**	12,799,403	1,863,816	14,663,219
Total Net Revenue	**38,249,879**	**1,555,729**	**39,805,608**	32,954,647	1,863,816	34,818,463
Total Claims and Expenses	**(19,366,764)**	**9,749**	**(19,357,015)**	(16,317,401)	27,147	(16,290,254)
Change in Contract Liabilities	**(15,483,115)**	**-**	**(15,483,115)**	(13,637,246)	-	(13,637,246)
Share of results of equity accounted investee, net of tax	**-**	**203,792**	**203,792**	-	337,223	337,223
Surplus distributed to shareholders	**(3,400,000)**	**3,400,000**	**-**	(3,000,000)	3,000,000	-
Segment Profit Before Tax	**-**	**5,169,270**	**5,169,270**	-	5,228,186	5,228,186
Income Tax Expenses	**-**	**(1,799,356)**	**(1,799,356)**	-	(1,486,968)	(1,486,968)
Segment Profit After Tax	**-**	**3,369,914**	**3,369,914**	-	3,741,218	3,741,218

All revenues are from external customers. There is no revenue from transactions between operating segments

As at 31 December Rs.'000	2025			2024		
	Policyholder Fund	Shareholder Fund	Total	Policyholder Fund	Shareholder Fund	Total
Segment Assets	**109,287,422**	**17,961,504**	**127,248,926**	93,259,520	16,199,821	109,459,341
Segment Equity and Reserves	**5,025,142**	**18,347,451**	**23,372,593**	5,375,177	18,292,814	23,667,991
Segment Liabilities	**100,864,667**	**3,011,666**	**103,876,333**	84,888,302	903,048	85,791,350

Segmental cash flows have not been presented since its managed at 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.

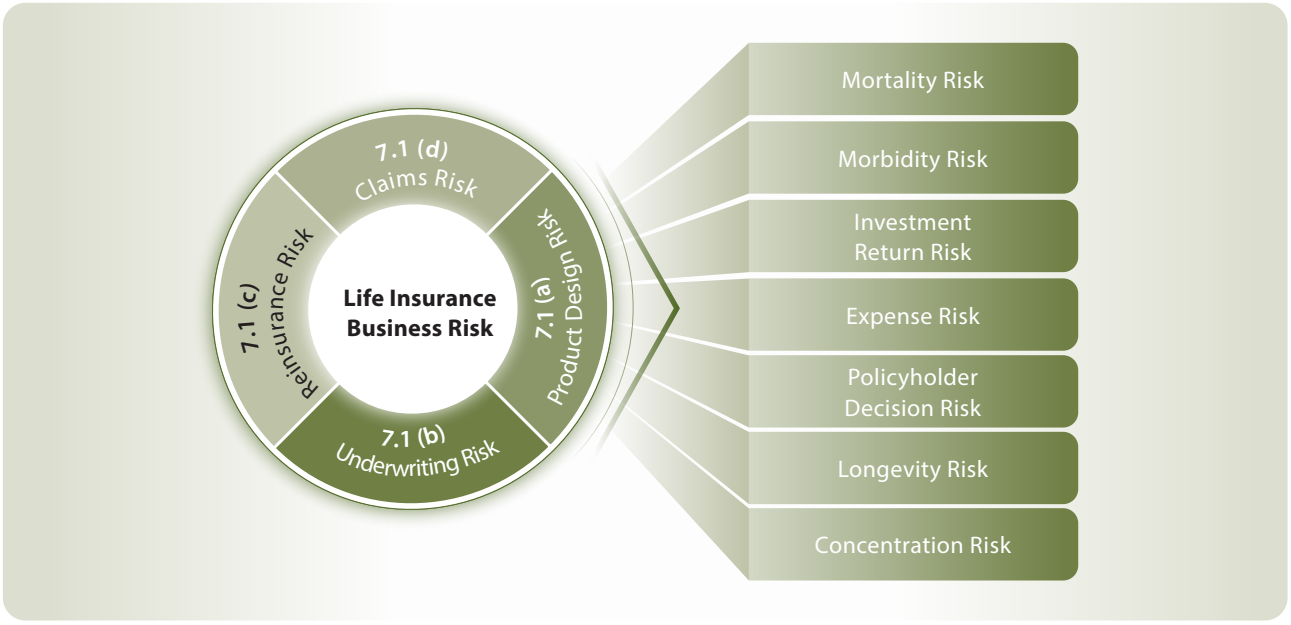
Details of our risk management framework, objectives and regulatory framework is provided under Corporate Governance and Enterprise Risk Management section, given on pages 226 to 236.

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 Life Insurance 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 226 to 236.

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 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 product	◆ Market risk: Insufficient fees to cover expenses	◆ Product Pricing
	◆ Policyholder behaviour risk	◆ Surrender penalties

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	2025		2024	
Type of contract	Rs. '000	%	Rs. '000	%
Participating	**9,321,215**	**10**	8,773,934	11
Non Participating	**84,119,253**	**90**	69,303,001	89
Total traditional	**93,440,468**	**100**	78,076,935	100
Non unit fund of linked insurance	**318,319**		322,572	
Total value of insurance liabilities	**93,758,787**		78,399,507	

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 2025 or 2024, based on the results of the liability adequacy test.

As at 31 December	Change %	Impact on liabilities %		Impact on liabilities Rs. '000	
		2025	2024	2025	2024
Mortality	+10	**0.20**	0.17	**160,976**	113,190
	-10	**(0.20)**	(0.17)	**(161,474)**	(113,577)
Discount rate	+1	**(3.92)**	(3.77)	**(3,104,644)**	(2,482,603)
	-1	**4.23**	4.04	**3,350,544**	2,665,222

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 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 contract (rather than in the costs associated with insured events).

NOTES TO THE FINANCIAL STATEMENTS

Risk Response

- Validation of policyholder data before underwriting. Accordingly, policyholder undergoes a medical test at 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 due to misalignment between the Company's reinsurance requirements and the actual coverage provided under reinsurance contracts, resulting in the retention of a higher level of risk than originally anticipated.
- Legal risk may occur where reinsurance contract terms do not accurately reflect the intended risk transfer or where such contracts are subject to enforceability challenges under applicable laws and regulations.
- Counterparty risk may result from the inability or potential refusal of a reinsurer, or a stakeholder in the case of alternative risk transfer mechanisms, to meet its contractual obligations to the Company.
- Liquidity risk may arise due to timing differences between the settlement of claims paid to policyholders and the receipt of corresponding recoveries from reinsurers.
- Operational risk may arise from inadequate contractual structures, or from insufficient technological, administrative, or operational capacity to effectively manage, monitor, and recover amounts due from reinsurers.

Risk Response

- Reinsurance arrangements are structured and placed in accordance with policy guidelines approved annually by the Board of Directors, taking into consideration the regulatory guidelines issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).
- Management conducts regular assessments of the creditworthiness and financial strength of reinsurers to support the ongoing optimisation of the reinsurance strategy and to determine the appropriate allowance for impairment of reinsurance assets.

The Company reinsures approximately 7% of gross written premiums.

For the year ended 31 December	2025 Rs. '000	%	2024 Rs. '000	%
Gross Written premium	**25,749,667**		21,646,969	
Reinsurance	**(1,697,889)**	**7**	(1,491,725)	7
Net Written Premium	**24,051,778**		20,155,244	

The Company has recovered approximately 46% of gross claims paid from reinsurers during the period under review.

For the year ended 31 December	2025 Rs. '000	%	2024 Rs. '000	%
Gross claims expenses*	**2,381,463**		2,170,578	
Claims recovered from reinsurers	**(1,096,490)**	**46**	(974,565)	45

*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 Company 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	2025 Rs. '000	2025 %	2024 Rs. '000	2024 %
Government securities and related institutions	**84,779,968**	**79**	77,382,593	82
Corporate debt securities	**11,441,753**	**11**	10,469,094	11
Fixed deposits	**43,130**	**-**	-	-
Unit Trusts	**126,771**	**-**	206,111	-
Investment in quoted equity securities	**11,065,865**	**10**	6,734,308	7
Total	**107,457,487**	**100**	94,792,106	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	2025 Rs. '000	2025 %	2024 Rs. '000	2024 %
Banking and Diversified financials	**10,792,562**	**94**	10,264,014	98
Utility	**444,139**	**4**	-	-
Telecommunication	**205,052**	**2**	205,080	2
Total	**11,441,753**	**100**	10,469,094	100

NOTES TO THE FINANCIAL STATEMENTS

Fixed Deposits

This includes investments made in fixed deposits issued by licensed commercial banks.

Investment in Quoted Equity Securities

Considering the market return and risk, the Company has predominantly invested in Capital goods and Materials sectors and regularly reviews market risk of the portfolio to assess adequacy of diversification.

As at 31 December	2025		2024	
Industry Group	Rs. '000	%	Rs. '000	%
Banks	1,491,154	13	1,696,821	25
Capital Goods	3,756,449	34	2,141,627	32
Consumer Durables & Apparel	630,704	6	1,029,815	15
Consumer Services	310,008	3	19,011	-
Diversified Financials	599,157	5	166,019	3
Food Beverage & Tobacco	148,618	1	431,308	7
Materials	2,551,098	23	1,033,328	15
Real Estate	530,259	5	-	-
Retailing	66,232	1	-	-
Transportation	59,700	1	206,449	3
Telecommunication Services	875,934	8	-	-
Utility	46,552	-	9,930	-
Total	11,065,865	100	6,734,308	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.

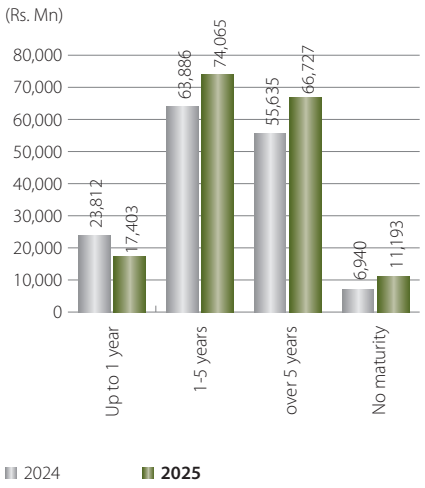
Risk Response

- 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.

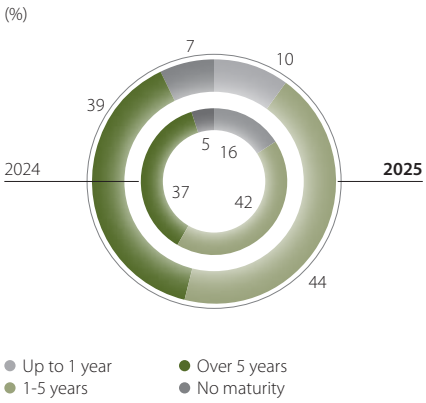
Excess liquidity position of the Company excluding insurance contract liabilities is given below (based on undiscounted cashflows);

As at 31 December	2025		2024	
	Rs. '000	%	Rs. '000	%
Up to one year	17,402,780	10	23,811,862	16
1 - 5 Years	74,065,333	44	63,886,135	42
Over 5 years	66,727,419	39	55,635,185	37
No maturity	11,192,636	7	6,940,419	5
	169,388,168	100	150,273,601	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 2025	Carrying amount	No fixed tenure	Up to one year	1 - 5 years	Over 5 years	Total
Financial assets						
Held to maturity	48,222,643	-	7,638,101	39,294,974	38,250,900	85,183,975
Loans and receivables	13,267,646	-	4,832,287	12,044,353	1,892,297	18,768,937
Available for sale	34,774,562	-	7,029,756	21,136,390	25,755,272	53,921,418
Fair value through profit or loss	11,192,636	11,192,636	-	-	-	11,192,636
Other financial assets	515,598	-	116,949	393,070	34,179	544,198
Loans to life policyholders	2,858,074	-	497,428	1,610,515	750,131	2,858,074
Reinsurance receivable	526,145	-	381,407	87,088	57,650	526,145
Premiums receivable	1,032,595	-	1,032,595	-	-	1,032,595
Cash and cash equivalents	1,698,143	-	1,698,143	-	-	1,698,143
Total undiscounted assets	114,088,042	11,192,636	23,226,666	74,566,390	66,740,429	175,726,121
Financial liabilities						
Reinsurance payables	603,586	-	603,586	-	-	603,586
Lease liabilities	510,588	-	209,503	408,057	13,010	630,570
Other financial liabilities	4,893,146	-	4,811,721	93,000	-	4,904,721
Bank overdraft	199,076	-	199,076	-	-	199,076
Total undiscounted liabilities	6,206,396	-	5,823,886	501,057	13,010	6,337,953
Total excess liquidity	107,881,646	11,192,636	17,402,780	74,065,333	66,727,419	169,388,168

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2024	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 and cash equivalents	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

The table below sets out the availability of the company's financial assets to support future funding.

As at 31 December Unencumbered Rs.'000	2025			2024		
	Restricted as collateral	Available as collateral	Total	Restricted as collateral	Available as collateral	Total
Held to maturity	**44,347,850**	**3,874,793**	**48,222,643**	42,428,240	3,816,135	46,244,375
Loans and receivables	**11,787,223**	**1,480,423**	**13,267,646**	12,039,241	2,403,584	14,442,825
Available for sale	**29,294,644**	**5,479,918**	**34,774,562**	19,983,231	7,181,256	27,164,487
Fair value through profit or loss	**11,192,636**	**-**	**11,192,636**	6,893,162	47,257	6,940,419
Loans to life policyholders	**2,858,074**	**-**	**2,858,074**	2,651,478	-	2,651,478
Reinsurance receivable	**526,145**	**-**	**526,145**	418,852	-	418,852
Premiums receivable	**1,032,595**	**-**	**1,032,595**	1,066,641	-	1,066,641
Other financial assets	**515,486**	**112**	**515,598**	420,190	112	420,302
Cash in hand and at bank	**1,650,736**	**47,407**	**1,698,143**	1,577,124	37,279	1,614,403
Total	**103,205,389**	**10,882,653**	**114,088,042**	87,478,159	13,485,623	100,963,782

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 2025 (2024-Nill).

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	2025		2024	
Risk element	Rs. '000	%	Rs. '000	%
Financial investments	**96,391,622**	**93**	88,057,798	93
Loans to life policyholders and others	**3,264,068**	**3**	2,651,478	3
Reinsurance receivable	**526,145**	**1**	418,852	1
Premiums receivable	**1,032,595**	**1**	1,066,641	1
Cash at bank	**1,692,947**	**2**	1,609,353	2
Total	**102,907,377**	**100**	93,804,122	100

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 strengthened Sri Lanka's debt sustainability outlook. The government's continued adherence to the IMF program has reinforced fiscal discipline and ensured progress toward agreed targets. These measures have contributed to improved investor confidence, reflected in recent credit rating upgrades by leading agencies, which affirm the country's economic recovery. The Company employs robust mechanisms to mitigate credit risk.

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.

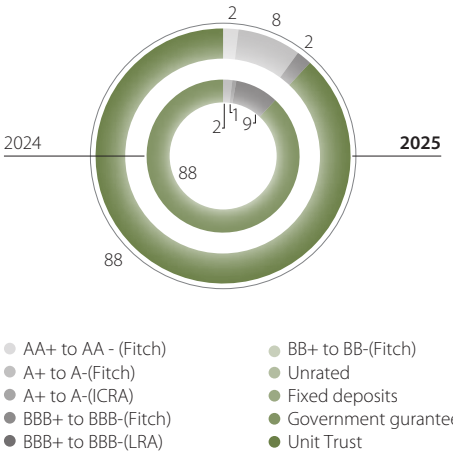
NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025 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		**48,222,643**	**13,267,646**	**34,774,562**	**126,771**	**96,391,622**	
Government securities and related institutions							
Treasury Bonds		**48,222,643**	**-**	**32,776,108**	**-**	**80,998,751**	**84**
Treasury Bills		**-**	**-**	**1,998,454**	**-**	**1,998,454**	**2**
Reverse Repo		**-**	**1,782,763**	**-**	**-**	**1,782,763**	**2**
Corporate debt securities							
AA+ to AA-	Fitch	**-**	**1,707,295**	**-**	**-**	**1,707,295**	**2**
A+ to A-	Fitch	**-**	**7,517,567**	**-**	**-**	**7,517,567**	**8**
BBB+ to BBB-	Fitch	**-**	**2,216,891**	**-**	**-**	**2,216,891**	**2**
BB+ to BB-	Fitch	**-**	**-**	**-**	**-**	**-**	**-**
Unrated		**-**	**-**	**-**	**-**	**-**	**-**
Fixed deposits							
Deposit with Licensed Commercial Banks		**-**	**43,130**	**-**	**-**	**43,130**	**-**
Unit Trust		**-**	**-**	**-**	**126,771**	**126,771**	**-**
Total		**48,222,643**	**13,267,646**	**34,774,562**	**126,771**	**96,391,622**	**100**
Past due but not impaired		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	
Impaired		**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	

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	

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 1,943 million as collateral for reverse repo investments amounting to Rs. 1,783 million.

Credit Risk Related to Policy Loans and Others

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	2025 Rs. '000	2024 Rs. '000
Neither past due nor impaired		
0 - 60 days	**123,162**	87,288
61- 90 days	**136,209**	40,664
91-180 days	**116,822**	132,287
181 days +	**2,481,881**	2,391,239
Past due but not impaired	**Nil**	Nil
Total	**2,858,074**	2,651,478
Provision for impairment	**-**	-
Total - Maximum exposure to credit risk	**2,858,074**	2,651,478

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. 1,053 million (2024 - Rs. 978 million) and its related surrender value is Rs. 4,659 million (2024 – Rs. 4,317 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 Risk element	2025 Rs. '000	2025 %	2024 Rs. '000	2024 %
Reinsurance receivables on outstanding claims	**233,510**	**44**	195,443	47
Reinsurance receivables on settled claims	**292,635**	**56**	223,409	53
Total reinsurance receivables / Maximum exposure to credit risk	**526,145**	**100**	418,852	100

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2025, 100% (2024 - 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	2025 Rs'000	2025 %	2024 Rs'000	2024 %
Munich	Fitch	AA	**459,681**	**87**	353,718	84
Hannover	Standard & Poor's	AA-	**62,466**	**12**	61,114	15
RGA	Standard & Poor's	AA-	**3,998**	**1**	4,020	1
Total			**526,145**	**100**	418,852	100

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 2025 is Rs. 1,033 million (2024 - Rs. 1,066 million).

As at 31 December	2025 Rs. '000	2024 Rs. '000
Neither past due nor impaired		
0 - 30 days	**1,032,595**	1,024,459
More than 30 days	**-**	42,182
Pass due but not impaired	**Nil**	Nil
Total - Maximum exposure to credit risk	**1,032,595**	1,066,641

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 22% of funds are deposited in banking institutions backed by the government of Sri Lanka.

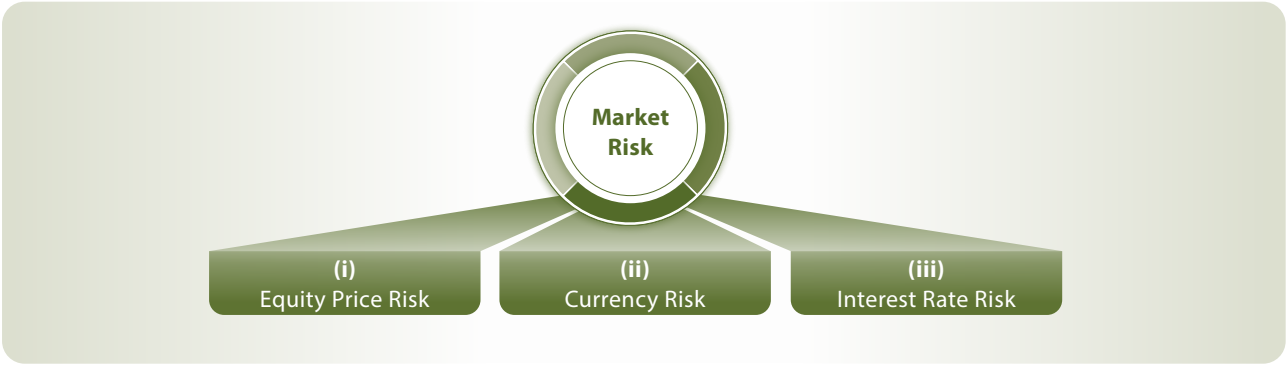
As at 31 December Bank	2025 Rs. '000	2025 %	2024 Rs. '000	2024 %
Bank of Ceylon	**327,596**	**19**	316,853	20
Commercial Bank of Ceylon PLC	**112,306**	**7**	97,805	6
Deutsche Bank AG	**176,502**	**11**	67,957	4
DFCC Bank PLC	**51,289**	**3**	9,929	-
Hatton National Bank PLC	**141,200**	**8**	68,719	4
National Development Bank PLC	**20,175**	**1**	11,063	1
National Savings Bank	**6,034**	**-**	10,091	1
Nations Trust Bank PLC	**187,173**	**11**	64,853	4
Pan Asia Bank	**7,953**	**1**	5,418	-
People's Bank	**52,412**	**3**	43,066	2
Sampath Bank PLC	**311,838**	**18**	66,933	5
Standard Chartered Bank	**110,849**	**7**	701,042	44
Seylan Bank PLC	**31,676**	**2**	22,320	1
Union Bank of Colombo PLC	**155,944**	**9**	123,304	8
Total cash at banks	**1,692,947**	**100**	1,609,353	100

The Company held cash at bank of Rs.1,693 million as at 31 December 2025 (2024 - Rs. 1,609 million). The cash at bank are held with banks and financial institutional counterparties, which are rated BBB- or better as at 31 December 2025.

As at 31 December Rating	2025 Amount Rs. '000	2025 %	2024 Amount Rs. '000	2024 %
AAA	116,884	7	711,133	44
AA-	945,352	56	-	-
A+	31,676	2	-	-
A	258,637	15	593,376	37
A-	176,502	10	176,123	11
BBB	7,953	1	-	-
BBB-	155,943	9	128,721	8
Total	**1,692,947**	**100**	1,609,353	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.

In 2025, the Sri Lankan share market experienced strong growth, marked by double-digit year-to-date gains, record-high indices, increased turnover, and improved fundamentals across key sectors. The All Share Price Index (ASPI) delivered an impressive total return of 42% for the year, reaching an all-time high of 23,659.7 in November 2025. The company's equity portfolio benefited from this favorable market performance, recording a growth of 60% compared to the previous year. As a result, the company recognized fair value gains amounting to Rs. 1,983 million for the year. High retail Investor confidence due to political stability, stable macro-economic environment and low interest rate environment, it is expected that the Sri Lankan equity market will remian positive for 2026.

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 2025, the Company has invested 10% (2024 - 7%) in equity as shown in the table below.

As at 31 December Rs.'000	2025 Value	2025 % of allocation	2024 Value	2024 % of allocation
Banks	**1,491,154**	**1**	1,696,821	2
Capital Goods	**3,756,449**	**4**	2,141,627	2
Consumer Durables & Apparel	**630,704**	**1**	1,029,815	1
Consumer Services	**310,008**	**-**	19,011	-
Diversified Financials	**599,157**	**1**	166,019	-
Food Beverage & Tobacco	**148,618**	**-**	431,308	1
Materials	**2,551,098**	**2**	1,033,328	1
Real Estate	**530,259**	**-**	-	-
Retailing	**66,232**	**-**	-	-
Transportation	**59,700**	**-**	206,449	-
Telecommunication Services	**875,934**	**1**	-	-
Utilities	**46,552**	**-**	9,930	-
Total value of equity	**11,065,865**	**10**	6,734,308	7
Total value of investments	**107,457,487**		94,792,106	

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 table provides details on the impact to the total fund inflow and total equity as a result of interest rate changes.

Rs.'000	2025 Impact on fund inflow	2024 Impact on fund inflow
10% increase in equity prices	**1,106,587**	673,431
10% decrease in equity prices	**(1,106,587)**	(673,431)

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

The Sri Lankan rupee depreciated by 5.8% against the US Dollar during 2025, reflecting pressures from both external and domestic market conditions. Key domestic factors included the relaxation of vehicle import restrictions, rising import demand, and capital outflows, which collectively increased foreign currency requirements. Externally, global developments such as the introduction of reciprocal tariffs by the United States and heightened geopolitical tensions among major economies contributed to currency volatility. Amid these challenges, the Central Bank of Sri Lanka implemented several measures including foreign exchange interventions and reserve accumulation strategies to stabilize the currency and maintain market confidence.

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.

The Central Bank of Sri Lanka (CBSL) maintained the policy rates consistent through out the year to support the economic recovery. The yield curve shifted downwards falling by 60 bps on average across all maturities. Constant interest rate environment meant there is minimum impact to the liability and fixed income asset valuation and the investment income during the year.

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 movements.
- 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	2025			2024		
	Fixed Interest Rate	Variable Interest Rate	Non-Interest bearing	Fixed Interest Rate	Variable Interest Rate	Non-Interest bearing
Government securities	**84,779,968**	**-**	**-**	77,382,593	-	-
Corporate debts	**10,820,323**	**621,430**	**-**	9,839,947	629,147	-
Fixed deposits	**43,130**	**-**	**-**	-	-	-
Unit Trust	**-**	**-**	**126,771**	-	-	206,111
Equity instruments	**-**	**-**	**11,065,865**	-	-	6,734,308
Total	**95,643,421**	**621,430**	**11,192,636**	87,222,540	629,147	6,940,419

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	2025		2024	
	Impact on fund inflow	Impact on equity	Impact on fund inflow	Impact on equity
+100 basis points	**(1,500)**	**1,500**	(6,544)	6,544
-100 basis points	**1,509**	**(1,509)**	6,677	(6,677)

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.

Rs. '000		2025 Impact on fund inflow	2025 Impact on equity	2024 Impact on fund inflow	2024 Impact on equity
+100 basis points	AFS	**(1,187,070)**	**1,187,070**	(514,009)	514,009
-100 basis points	AFS	**1,268,523**	**(1,268,523)**	535,117	(535,117)

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 management Executive Committee 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 Risks	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 Risks	Systems support challenges leading to integration failures or delays.	New/enhanced IT systems accommodated for SLFRS 17 calculations.
			Centralized data warehouse for streamlined data processing.
			End-to-end system testing to ensure proper integration and functionality.
3	Actuarial and Financial Model Complexity Risks	Complex IFRS 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.
			Parallel runs and back-testing before full implementation.
			Continuous training for finance, actuarial, and IT teams.
			Expert consultants on the implementation process.
4	Change Management and Workforce Readiness Risks	Employees may struggle to adapt to new processes, methodologies, and reporting structures.	A comprehensive change management strategy with clear roles and responsibilities in place.
			Regular SLFRS 17 training sessions for finance, actuarial, and IT teams.
			SLFRS 17 project team to monitor progress and resolve issues.
5	Reporting and Disclosure Risks	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 Risks	Implementation delays, system failures, or resource constraints could disrupt normal business operations.	Business continuity plan (BCP) in place to mitigate disruptions.
			Dedicated resources in place for SLFRS 17 implementation.
			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.	Cost-effective solutions, such as cloud-based SLFRS 17 systems.
			Detailed budget and cost-control measures in place.
			Regular review of project expenditure to present budget overruns.
8	Audit and Compliance Risks	Non-compliance with IFRS 17 regulations could lead to audit findings or financial penalties.	Internal controls and audit trails for all SLFRS 17-related processes.
			Progessive audit to ensure compliance.

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	2025 Rs. '000	2024 Rs. '000
Total Available Capital (TAC)	**35,725,117**	36,806,563
Formula Risk Based Capital Required (RCR)	**16,598,720**	13,951,689
Surrender Value Capital Charge (SVCC)	**-**	-
Risk based Capital requirement (RCR)	**16,598,720**	13,951,689
Risk based Capital Adequacy Ratio (CAR)	**215%**	264%

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 1' profit or loss), is deferred and recognised only when the inputs become observable or on recognition of the instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS

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							
		2025				2024			
		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	-	-	2,882,778	2,882,778	-	-	2,719,250	2,719,250
Total Non-Financial Assets at Fair Value		-	-	2,882,778	2,882,778	-	-	2,719,250	2,719,250
Fiancial Assets									
Financial assets at FVTPL									
Financial assets held for trading:									
Equity securities	30.6	11,065,865	-	-	11,065,865	6,734,308	-	-	6,734,308
Unit Trusts	30.6	126,771	-	-	126,771	206,111	-	-	206,111
Designated at FVTPL									
Investments for the benefit of Life insurance policyholders who bear the investment risk									
Equity securities	30.6	565,008	-	-	565,008	514,556	-	-	514,556
Debt securities	30.6	-	93,171	-	93,171	-	76,358	-	76,358
Government securities	30.6	82,898	54,072	-	136,970	100,896	76,998	-	177,894
Unit Trusts	30.6	-	-	-	-	6,530	-	-	6,530
		11,840,542	147,243	-	11,987,785	7,562,401	153,356	-	7,715,757
AFS financial assets:									
Treasury bills	30.5	1,998,454	-	-	1,998,454	6,809,621	-	-	6,809,621
Treasury bonds	30.5	32,776,108	-	-	32,776,108	20,354,866	-	-	20,354,866
		34,774,562	-	-	34,774,562	27,164,487	-	-	27,164,487
Total of financial assets carried at fair value		46,615,104	147,243	-	46,762,347	34,726,888	153,356	-	34,880,244
Total of assets carried at fair value		46,615,104	147,243	2,882,778	49,645,125	34,726,888	153,356	2,719,250	37,599,494

8.3 Transfer between levels

There were no transfers made between the levels in the year 2025 (2024 - Nil).

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	2025 Rs. '000	2024 Rs. '000
Financial Assets		
Reinsurance receivable	**526,145**	418,852
Premiums receivable	**1,032,595**	1,066,641
Receivables and other assets	**515,598**	420,302
Loans to life policyholders	**2,858,074**	2,651,478
Cash in hand and at bank	**1,698,143**	1,614,403
Financial Liabilities		
Reinsurance payables	**603,586**	587,668
Lease Liabilities	**510,588**	606,916
Other financial liabilities	**4,893,146**	2,837,476
Bank overdraft	**199,076**	134,529

*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									
		2025					2024				
		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	**48,222,643**	**54,987,311**	**-**	**-**	**54,987,311**	46,244,375	52,017,058	-	-	52,017,058
		48,222,643	**54,987,311**	**-**	**-**	**54,987,311**	46,244,375	52,017,058	-	-	52,017,058
L & R financial assets											
Bank deposits	30.4	**43,130**	**43,130**	**-**	**-**	**43,130**	-	-	-	-	-
Debentures	30.4	**11,441,753**	**11,987,530**	**-**	**-**	**11,987,530**	10,469,094	3,946,089	7,073,491	-	11,019,580
Reverse repurchase agreements	30.4	**1,782,763**	**-**	**1,782,763**	**-**	**1,782,763**	3,973,731	-	3,973,731	-	3,973,731
		13,267,646	**12,030,660**	**1,782,763**	**-**	**13,813,423**	14,442,825	3,946,089	11,047,222	-	14,993,311
Total of fair values of financial investments not measured at fair value		**61,490,289**	**67,017,971**	**1,782,763**	**-**	**68,800,734**	60,687,200	55,963,147	11,047,222	-	67,010,369

NOTES TO THE FINANCIAL STATEMENTS

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.

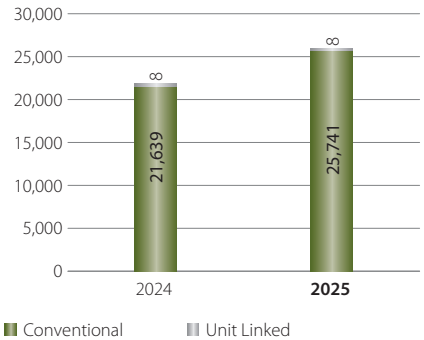
Premiums received in advance are not recorded as revenue and recorded as liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognised as income. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies.

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Conventional	**25,741,439**	21,638,719
Unit linked	**8,228**	8,250
Total gross written premium	**25,749,667**	21,646,969

For the year ended 31 December Rs. '000	2025			2024		
	Conventional	Unit linked	Total	Conventional	Unit linked	Total
Individual policies						
First year premium	**7,906,550**	**-**	**7,906,550**	6,233,431	-	6,233,431
Renewal premium	**16,864,705**	**8,228**	**16,872,933**	14,336,377	8,250	14,344,627
Single premium	**243,424**	**-**	**243,424**	204,988	-	204,988
	25,014,679	**8,228**	**25,022,907**	20,774,796	8,250	20,783,046
Corporate policies						
New business premium	**126,538**	**-**	**126,538**	331,137	-	331,137
Renewal premium	**600,222**	**-**	**600,222**	532,786	-	532,786
	726,760	**-**	**726,760**	863,923	-	863,923
Total gross written premium	**25,741,439**	**8,228**	**25,749,667**	21,638,719	8,250	21,646,969

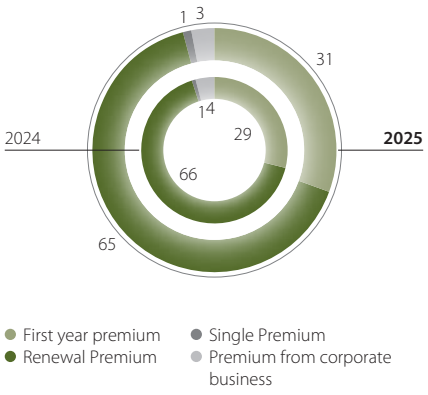
Gross Written Premium

(Rs. Mn)



Composition of GWP

(%)



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	2025 Rs. '000	2024 Rs. '000
Conventional	**1,697,453**	1,491,162
Unit linked	**436**	563
Total premium ceded to reinsurers	**1,697,889**	1,491,725

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 payments through the expected life of the financial assets or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial assets or liabilities. When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

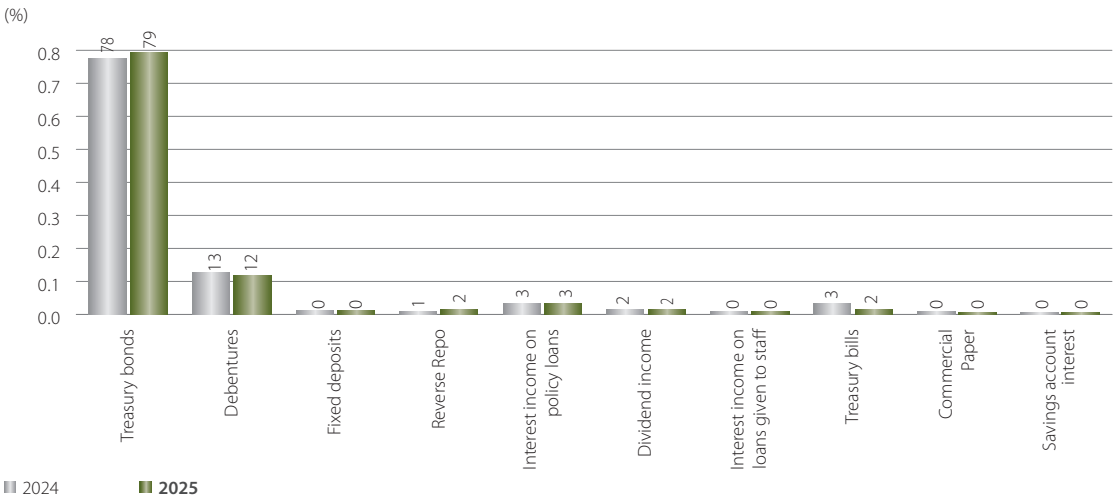
The calculation of the EIR includes all transaction costs and fees that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Fees and commissions that are an integral part of the effective 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	2025 Rs. '000	2024 Rs. '000
Investment income from;			
Held to maturity financial assets	11.1	**6,513,991**	5,998,617
Loans and receivables	11.2	**2,123,098**	2,045,399
Available for sale financial assets	11.3	**3,612,321**	3,537,776
Financial assets at fair value through profit or loss	11.4	**297,217**	261,989
Investment related expenses		**(195,719)**	(87,090)
Total net investment income		**12,350,908**	11,756,691

Composition of Investment Income



NOTES TO THE FINANCIAL STATEMENTS

11.1 Investment Income from Held to Maturity Financial Assets

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Interest income		
Treasury Bonds	**6,513,991**	5,998,617
	6,513,991	5,998,617

11.2 Investment Income from Loans and Receivables

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Interest income		
Interest income on policy loans	**431,062**	386,975
Reverse repurchase agreements	**194,722**	88,094
Fixed deposits	**2,130**	4,312
Interest income on loans given to staff	**31,933**	40,595
Debentures	**1,456,098**	1,496,081
Assets Backed Securities	**-**	23,670
Savings account interest	**7,153**	5,672
	2,123,098	2,045,399

11.3 Investment Income from Available for Sale Financial Assets

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Interest income		
Treasury bonds	**3,408,019**	3,161,202
Treasury bills	**204,302**	376,574
	3,612,321	3,537,776

11.4 Investment Income from Fair Value Through Profit or Loss

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Interest income		
Treasury bills	**117**	7,623
Treasury bonds	**16,025**	26,744
Debentures	**12,398**	11,669
Reverse repurchase agreements	**4,692**	6,459
	33,232	52,495
Dividend income		
Held for trading - Conventional	**248,957**	190,398
Held for trading - Unit linked	**15,028**	19,096
	263,985	209,494
	297,217	261,989

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	2025 Rs. '000	2024 Rs. '000
Realised gains	**1,484,761**	920,924
Realised losses	**(177,168)**	(58,827)
Total net realised gains	**1,307,593**	862,097

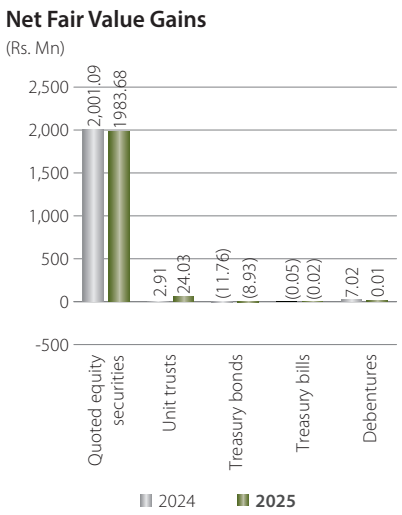
For the year ended 31 December Rs. '000	2025 Realised gains	2025 Realised losses	2025 Net realised gains / (losses)	2024 Realised gains	2024 Realised losses	2024 Net realised gains / (losses)
Available for sale financial assets						
Treasury Bills	-	-	-	4,245	(526)	3,719
Treasury Bonds	**297,263**	**(9,708)**	**287,555**	180,138	(29,901)	150,237
	297,263	**(9,708)**	**287,555**	184,383	(30,427)	153,956
Fair value through profit or loss financial assets						
Treasury Bills	-	-	-	313	(420)	(107)
Treasury bonds	**2,500**	-	**2,500**	21,883	-	21,883
Unit trusts	**75,171**	-	**75,171**	282,396	-	282,396
Quoted equity securities	**1,109,827**	**(167,460)**	**942,367**	431,949	(27,970)	403,979
	1,187,498	**(167,460)**	**1,020,038**	736,541	(28,390)	708,151
Loans and receivables						
Debentures	-	-	-	-	(10)	(10)
	-	-	-	-	(10)	(10)
	1,484,761	**(177,168)**	**1,307,593**	920,924	(58,827)	862,097

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	2025 Rs. '000	2024 Rs. '000
Fair value through profit or loss financial assets		
Quoted equity securities	**1,983,684**	2,001,091
Unit Trusts	**24,031**	2,913
Treasury bonds	**(8,932)**	(11,759)
Treasury bills	**(17)**	(54)
Debentures	**9**	7,020
Total net fair value gains	**1,998,775**	1,999,211

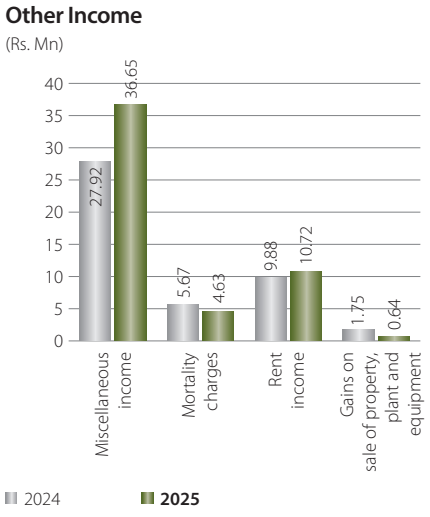


14 Other Income

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	2025 Rs. '000	2024 Rs. '000
Mortality charges	**4,633**	5,673
Miscellaneous income	**36,647**	27,916
Rent income	**10,720**	9,876
Gains on sale of property, plant and equipment	**635**	1,755
Total other income	**52,635**	45,220



NOTES TO THE FINANCIAL STATEMENTS

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 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.

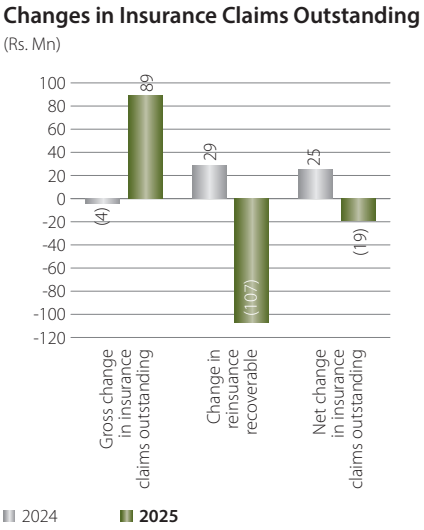
	2025			2024		
For the year ended 31 December Rs. '000	**Gross claims paid**	**Claims recovered from reinsurers**	**Net claims paid**	**Gross claims paid**	**Claims recovered from reinsurers**	**Net claims paid**
Death, disability and hospitalisation	**2,294,154**	**(989,196)**	**1,304,958**	2,184,278	(1,003,271)	1,181,007
Surrenders	**2,964,087**	**-**	**2,964,087**	2,308,867	-	2,308,867
Annuity payments	**212,225**	**-**	**212,225**	195,560	-	195,560
Policy maturities	**3,367,030**	**-**	**3,367,030**	3,007,554	-	3,007,554
Total net life insurance claims and benefits	**8,837,496**	**(989,196)**	**7,848,300**	7,696,259	(1,003,271)	6,692,988

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.

	2025			2024		
For the year ended 31 December Rs. '000	**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	**87,308**	**(107,293)**	**(19,985)**	(13,700)	28,706	15,006
Surrenders	**-**	**-**	**-**	8,745	-	8,745
Annuity payments	**1,391**	**-**	**1,391**	1,282	-	1,282
Policy maturities	**(59)**	**-**	**(59)**	(91)	-	(91)
Total net change in insurance claims outstanding	**88,640**	**(107,293)**	**(18,653)**	(3,764)	28,706	24,942



16.1 Net Insurance Benefits and Claims Expense

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Net insurance benefits and claims paid	15	**7,848,300**	6,692,988
Net change in insurance claims outstanding	16	**(18,653)**	24,942
Total net insurance benefits and claims expense		**7,829,647**	6,717,930

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 life insurance fund

The Directors are satisfied with the provision relating to long term insurances contract liabilities 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 246.

For the year ended 31 December Rs'000	Note	2025 Gross	2025 Reinsurance	2025 Net	2024 Gross	2024 Reinsurance	2024 Net
Premiums written	9/10	**25,749,667**	**(1,697,889)**	**24,051,778**	21,646,969	(1,491,725)	20,155,244
Insurance benefits and claims incurred	16.1	**(8,926,137)**	**1,096,490**	**(7,829,647)**	(7,692,495)	974,565	(6,717,930)
Underwriting and net acquisition costs (including reinsurance)	18	**(5,058,628)**	**152,379**	**(4,906,249)**	(4,136,169)	135,895	(4,000,274)
Other operating, selling and administrative expenses attributable to policyholders		**(6,630,868)**	**-**	**(6,630,868)**	(5,599,197)	-	(5,599,197)
Investment and other income attributable to policyholders		**14,198,101**	**-**	**14,198,101**	12,799,403	-	12,799,403
Surplus from life insurance fund transferred to Life shareholder's fund		**(3,400,000)**	**-**	**(3,400,000)**	(3,000,000)	-	(3,000,000)
Change in insurance contract liabilities		**15,932,135**	**(449,020)**	**15,483,115**	14,018,511	(381,265)	13,637,246

NOTES TO THE FINANCIAL STATEMENTS

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	2025 Rs. '000	2024 Rs. '000
Acquisition cost	**5,058,628**	4,136,169
Reinsurance commission (including profit commission)	**(152,379)**	(135,895)
Total underwriting and net acquisition costs	**4,906,249**	4,000,274

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	2025 Rs. '000	2024 Rs. '000
Employee benefits expenses	19.1	**2,225,037**	1,847,293
Administration and establishment expenses		**2,338,494**	1,994,145
Finance cost	20.1	**68,499**	62,301
Selling expenses		**1,205,679**	1,006,738
Total other operating, administrative and selling expenses		**5,837,709**	4,910,477

19.1 Employee Benefits 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	2025 Rs. '000	2024 Rs. '000
Short Term Employee Benefits			
Staff remuneration		**1,803,933**	1,498,966
Defined contribution plan cost - EPF	45.1	**139,020**	111,553
Defined contribution plan cost - ETF	45.1	**33,532**	27,888
Staff welfare		**90,741**	66,741
Training expenses		**67,253**	50,312
Other costs		**15,217**	18,252
		2,149,696	1,773,712
Long Term Employee Benefits			
Defined benefit plan cost	45.3.(a)	**53,366**	50,937
Share based payment expense	40.3 (a)	**21,975**	16,226
Other long term employee benefit cost - Charge during the year		**-**	6,418
		75,341	73,581
Total employee benefits expenses		**2,225,037**	1,847,293

20 Finance Costs

Accounting poclicy

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	2025 Rs. '000	2024 Rs. '000
Interest expenses on lease liability	**58,132**	53,658
Bank Charges	**10,367**	8,643
	68,499	62,301

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	2025 Rs. '000	2024 Rs. '000
Directors fee and emoluments		**117,953**	96,667
Auditors remuneration			
Statutory audit and audit related services		**7,535**	6,301
Non audit related services		**27,172**	9,133
Legal fees		**11,549**	10,720
Depreciation of property plant and equipment	27.1	**147,453**	116,291
Amortisation of intangible assets	26.1	**442,186**	388,546
Depreciation of Right of use assets	28.1	**193,771**	156,736
Expenses relating to short term leases	28.1	**10,372**	3,394
Defined contribution plan			
- EPF	19.1	**139,020**	111,553
- ETF	19.1	**33,532**	27,888
Defined benefit plan cost	19.1	**53,366**	50,937
Other long term employee benefit cost charge during the year		**-**	6,418
Staff expenses		**1,999,119**	1,650,496
CSR expenses		**26,735**	23,909
Gain on sale of property,plant and equipment	14	**635**	(1,755)
Provision / (Reverals) for impairment of			
-Staff loans	34.1 (a)	**1,774**	2,717

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 2025 (2024 - 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.

NOTES TO THE FINANCIAL STATEMENTS

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 recognized 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 recognized 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 recognized 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 recognize 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognized 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 Amount Recognised in the Profit or Loss

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Current tax expense		
Current tax expense for the year	**(1,487,847)**	(1,486,968)
Capital gain tax on disposal of equity accounted investee	**(311,509)**	-
	(1,799,356)	(1,486,968)

Current tax expenses excludes the Company's share of income tax expenses of equity accounted investee of Rs. 100 million (2024 - Rs. 130 million), which has been included in the share of profit of equity accounted investee, net of tax.

22.7 Income Tax computation as per IRD Act No 24 of 2017 and amendments to Act

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Surplus distributed to the shareholder from the life fund	42.5	**3,400,000**	3,000,000
Investment income of the shareholder fund, net of expenses		**1,559,489**	1,956,561
		4,959,489	4,956,561
Tax payable on shareholder profits - (30%)		**1,487,847**	1,486,968
Capital gain tax on disposal of equity accounted investee		**311,509**	-
		1,799,356	1,486,968
Surplus distibuted to the policy holders who participate in the Company's profit		**75,292**	79,943
Tax on Surplus distibuted to the policy holders who participate in the company's profit - (30%)		**22,588**	23,983
Total Tax Liability		**1,821,944**	1,510,951

22.8 Reconciliation of Effective Tax Rate

A reconciliation between tax expense and the product of accounting profit.

For the year ended 31 December	2025 %	2025 Rs. '000	2024 %	2024 Rs. '000
Profit before tax		**5,169,270**		5,228,186
Tax using the company's domestic tax rate	**30%**	**1,550,781**	30%	1,568,456
Share of profit of equity accounted investee, net of tax	**-2%**	**(100,457)**	-2%	(130,139)
Net aggregate disallowable expenses and tax exempt income	**1%**	**37,523**	1%	48,651
Capital Gain Tax on disposal of equity accounted investment	**6%**	**311,509**	0%	-
Total income tax expense of the shareholders fund	**35%**	**1,799,356**	28%	1,486,968

22.9 Uncertainty over Income Tax Treatments

The court of appeal delivered the order on 19 February 2026 for Income Tax Y/A 2010/11, 2011/12 and 2015/16 in favour of the company allowing the company to deduct all management expenses against the investment income of the life insurance business. Therefore, the company concluded that no additional provisions required to be made in the financial statements. 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	2025 Rs. '000	2024 Rs. '000
Profit after tax (Rs. '000)	**3,369,914**	3,741,218
Weighted average number of ordinary shares ('000)	**589,286**	589,286
Basic Earnings Per Share (Rs.)	**5.72**	6.35

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.

NOTES TO THE FINANCIAL STATEMENTS

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 (2024 - Rs. 5.00) for the financial year ended 31 December 2025 out of retained earnings.

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Dividend declared (Rs. '000)	**2,946,429**	2,946,429
Number of ordinary shares ('000)	**589,286**	589,286
Dividend per share (Rs.)	**5.00**	5.00

24.1 (a) Compliance with Section 56 and 57 of Companies Act No. 7 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, subject to relevant regulatory adherence, prior to declaring the final dividend. 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	2025 Rs. '000	2024 Rs. '000
First and final dividend for 2024 - Rs. 5.00 per share (2023 - 8.75)	**2,946,428**	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 recognized 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	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 Rceivables (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 losse 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.

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, other than impairment losses on available for sale equity instruments, 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	-	-	√	√ *
Term deposits	-	-	√	-
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 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 finance assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset 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, or
- In the case of equity a significant or prolonged decline in its fair value below its cost.

NOTES TO THE FINANCIAL STATEMENTS

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 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 profit or loss. 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 profit or loss. 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 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.

25.3 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.

25.4 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 profit or loss 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 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.

NOTES TO THE FINANCIAL STATEMENTS

25.5 Financial Assets and Liabilities by Category

As at 31 December Rs'000	Note	L&R		FVTPL	
		2025	2024	2025	2024
Financial Assets					
Financial investments	30.2	**13,267,646**	14,442,825	**11,987,785**	7,715,757
Loans to life policyholders	31	**2,858,074**	2,651,478	**-**	-
Reinsurance receivable	32	**526,145**	418,852	**-**	-
Premiums receivable	33	**1,032,595**	1,066,641	**-**	-
Receivables and other assets	34	**515,598**	420,302	**-**	-
Cash in hand and at bank	35	**1,698,143**	1,614,403	**-**	-
Total financial assets		**19,898,201**	20,614,501	**11,987,785**	7,715,757
Financial Liabilities					
Reinsurance payables	46	**-**	-	**-**	-
Lease Liabilities	44	**-**	-	**-**	-
Other financial liabilities	47	**-**	-	**-**	-
Bank overdraft	35	**-**	-	**-**	-
Total financial liabilities		**-**	-	**-**	-

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.

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 profit or loss. 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;

AFS		HTM		Other financial liabilities		Total	
2025	2024	2025	2024	2025	2024	2025	2024
34,774,562	27,164,487	**48,222,643**	46,244,375	**-**	-	**108,252,636**	95,567,444
-	-	**-**	-	**-**	-	**2,858,074**	2,651,478
-	-	**-**	-	**-**	-	**526,145**	418,852
-	-	**-**	-	**-**	-	**1,032,595**	1,066,641
-	-	**-**	-	**-**	-	**515,598**	420,302
-	-	**-**	-	**-**	-	**1,698,143**	1,614,403
34,774,562	27,164,487	**48,222,643**	46,244,375	**-**	-	**114,883,191**	101,739,120
-	-	**-**	-	**603,586**	587,668	**603,586**	587,668
-	-	**-**	-	**510,588**	606,916	**510,588**	606,916
-	-	**-**	-	**4,893,146**	2,837,476	**4,893,146**	2,837,476
-	-	**-**	-	**199,076**	134,529	**199,076**	134,529
-	-	**-**	-	**6,206,396**	4,166,589	**6,206,396**	4,166,589

Software	5 -10 years using the straight line method from the date the software is available for use
Contractual Relationships	5 - 15 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 (2024 - 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 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.

NOTES TO THE FINANCIAL STATEMENTS

26.1 Reconciliation of Carrying Amounts of Intangible Assets

As at 31 December Rs. '000	Software		Contractual relationships	Lapse used Case Development	2025	2024
	Licensed	Purchased			Total	Total
Cost						
Balance as at 1 January	39,063	1,286,529	1,196,268	94,838	**2,616,698**	2,574,138
Acquisitions during the year - separately acquired	-	141,137	6,791,346	-	**6,932,483**	54,560
Fair value adjustment	-	-	-	-	**-**	(12,000)
Balance as at 31 December	39,063	1,427,666	7,987,614	94,838	**9,549,181**	2,616,698
Accumulated amortisation and impairment losses						
Balance as at 1 January	39,063	825,791	919,826	47,419	**1,832,099**	1,443,553
Amortisation	-	151,946	280,756	9,484	**442,186**	388,546
Balance as at 31 December	39,063	977,737	1,200,582	56,903	**2,274,285**	1,832,099
Carrying value						
As at 31 December 2025	-	449,929	6,787,032	37,935	**7,274,896**	
As at 31 December 2024	-	460,738	276,442	47,419		784,599

26.2 Assessment of Impairment of Intangible Assets

Bancassurance Partnerships

Contractual relationships are valued at the present value of the access fee outflows, by recognising the relevant asset and the liability. There are three such contractual relationship agreements with three 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.

Other Intangible Assets

The Board of Directors has assessed the potential impairment loss of other intangible assets as at 31 December 2025. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

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. 6,932 million (2024 - Rs. 55 million).

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 2025. (2024 - 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. 345 million (2024 - Rs. 271 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.

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 Equipments	4-5 years
Furniture and fittings	5 years
Computer equipment	2-5 years
Motor vehicles	8 years

NOTES TO THE FINANCIAL STATEMENTS

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if 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 Rs. '000	Freehold land	Freehold buildings	Office equipment	Furniture and fittings	Computer equipment	Motor vehicles	2025 Total	2024 Total
Cost / Revaluation								
Balance as at 1 January	2,190,700	540,300	305,818	591,511	518,389	80	**4,146,798**	4,080,482
Additions during the year	-	-	57,406	177,022	34,153	69,964	**338,545**	131,804
Revaluation	74,050	101,226	-	-	-	-	**175,276**	-
Transfer of accumulated depreciation on assets revalued	-	(23,498)	-	-	-	-	**(23,498)**	-
Disposals during the year	-	-	(52,021)	(42,632)	(246,194)	(80)	**(340,927)**	(65,488)
Balance as at 31 December	2,264,750	618,028	311,203	725,901	306,348	69,964	**4,296,194**	4,146,798
Accumulated depreciation and impairment losses								
Balance as at 1 January	-	11,750	218,604	416,855	479,173	80	**1,126,462**	1,074,364
Depreciation for the year	-	11,748	35,439	81,832	17,091	1,343	**147,453**	116,291
Transfer of accumulated depreciation on assets revalued	-	(23,498)	-	-	-	-	**(23,498)**	-
Accumulated depreciation on disposals during the year	-	-	(48,914)	(42,602)	(246,194)	(80)	**(337,790)**	(64,193)
Balance as at 31 December	-	-	205,129	456,085	250,070	1,343	**912,627**	1,126,462
Carrying value								
As at 31 December 2025	2,264,750	618,028	106,074	269,816	56,278	68,621	**3,383,567**	
As at 31 December 2024	2,190,700	528,550	87,214	174,656	39,216	-		3,020,336

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.339 million (2024 - Rs. 132 million). Cash payments amounting to Rs. 339 million (2024- Rs. 132 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. 341 million (2024 - Rs. 65 million). Cash amounting to Rs. 4 million (2024 - Rs. 3 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 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.

27.6 The Details of Freehold Land and Buildings Which are Stated at Valuation

Freehold land and buildings were valued by an Independent valuer, Mr. P. B. Kalugalagedara (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 2025	Mr. P. B. Kalugalagedera Chartered valuation surveyor	1,984,750	452,250	2,437,000	85
Land and building situated at No. 6, Rajapihilla Road, Kurunegala	1	32.3	27,412	Market Comparable Method / Investment Method	31 December 2025		280,000	165,778	445,778	15
							2,264,750	618,028	2,882,778	100

27.7 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 2025

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. 19,000,000 - Rs. 22,000,000	Price per perch for land increases, decreases
			Building - Price per square foot	Rs. 35,000 - Rs. 50,000	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. 14,000,000	Price per perch for land increases, decreases
			Building - Price per square foot	Rs. 25,000 - Rs. 45,000	Price per square foot for building increases, decreases

NOTES TO THE FINANCIAL STATEMENTS

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.

27.8 Revaluation Surplus

Rs.'000	2025		
	Land	Buildings	Total
Revalued amount	2,264,750	618,028	2,882,778
Carrying value (prior to revaluation)	(2,190,700)	(516,802)	(2,707,502)
Revaluation surplus for the year ended 31 December	74,050	101,226	175,276

27.9 Amount if Land and Buildings were stated at Historical Cost;

As at 31 December	2025 Rs. '000	2024 Rs. '000
Cost	251,124	251,124
Accumulated depreciation	(113,717)	(109,702)
Carrying value	137,407	141,422

27.10 The Effect of Revaluation of Freehold Buildings on the Income Statement during the year was as follows;

As at 31 December	2025 Rs. '000	2024 Rs. '000
Depreciation charge per annum after revaluation	11,750	11,750
Depreciation charge per annum prior to revaluation	(4,015)	(4,015)
Decrease in profit in subsequent period	7,735	7,735

27.11 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 2025. Based on the assessment, the Company does not foresee any indications of impairment as at the reporting date.

27.12 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	2025 Rs. '000	2024 Rs. '000
Computer equipment	207,421	440,569
Office equipment	117,734	157,871
Furniture and fittings	251,235	271,905
Motor Vehicle	-	80
Total	576,390	870,425

27.13 Property, Plant and Equipment pledged as Security

None of the property, plant or equipment have been pledged as security as at the reporting date.

27.14 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.

27.15 Temporarily Idle Property, Plant and Equipment

There are no temporarily idle property, plant or equipment as at the reporting date.

27.16 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.

27.17 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 (2024 - Nil)

27.18 Investment Properties

As at the reporting date, the Company has not invested in investment properties (2024 - Nil)

28 Right of Use Assets (Leases)

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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	2025 Building Rs. '000	2025 Motor Vehicles Rs. '000	2025 Total Rs. '000	2024 Total Rs. '000
Balance at 1 January	560,830	29,405	590,235	418,566
Additions to right of use assets during the year	111,716	18,744	130,460	333,364
Derecognition of right of use assets	(9,248)	(9,088)	(18,336)	(4,959)
Depreciation for the year	(170,079)	(23,692)	(193,771)	(156,736)
Balance at 31 December	**493,219**	**15,369**	**508,588**	590,235

Amounts recognised in the income statement

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Interest on lease liabilities	58,132	53,658
Depreciation of right of use assets	193,771	156,736
Expenses relating to short-term leases	10,372	3,394
	262,275	213,788

Amounts recognised in statement of cash flows

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Lease capital repayment	218,256	150,689
	218,256	150,689

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.

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

Divestment of Investment in Associate Company

The Company divested its 22% stake in Fairfirst Insurance Limited comprising of 30,800,000 ordinary shares to Fairfax Asia Limited for a total consideration of Rs. 2,638 Mn.

For the year ended 31 December	2025 Rs. '000
Sales proceed	2,638,080
Investment in equity accounted investee	(2,638,080)
Transfer of share of available for sales reserve of equity accounted investee to Income statement	43,919
Gain on disposal of equity accounted investee	43,919

29.1 Summarised Financial Information in Respect of Equity Accounted Investee

Income Statement

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Percentage ownership interest	0%	22%
Net earned premium	3,793,926	5,951,357
Finance and other income	1,550,608	2,342,076
Benefits, claims and expenses	(3,961,584)	(6,169,059)
Profit before tax	1,382,950	2,124,374
Income tax expenses	(456,624)	(591,543)
Profit from continuing operations, net of tax	926,326	1,532,831
Company's share of profit from investment in associate, net of tax	203,792	337,223
Other Comprehensive Income		
Other comprehensive income, net of tax	68,691	163,418
Company's share of other comprehensive income, net of tax	15,112	35,952
Total comprehensive income	995,017	1,696,249
Company's share of total comprehensive income, net of tax	218,904	373,175

Statemet of financial position

As at 31 December	2025 Rs. '000	2024 Rs. '000
Total assets	25,975,425	24,846,576
Total liabilities	13,984,153	13,850,321
Net assets (100%)	11,991,272	10,996,255
Company's share of net assets (22%) before disposal	2,638,080	2,419,176
Sales Proceeds	(2,638,080)	-
Company's share of net assets (22%) subsequent to disposal	-	2,419,176

NOTES TO THE FINANCIAL STATEMENTS

29.1(a) Company's Share of Other Comprehensive Income, net of Tax

For the year ended 31 December	Note	2025 Rs. '000	2024 Rs. '000
Share of gains on AFS reserve	39	**15,112**	38,517
Share of remeasurement losses on defined benefit plans	40.2	**-**	(2,565)
Company's share of other comprehensive income, net of tax		**15,112**	35,952

29.2 Reconciliation of Summarised Financial Information

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in the financial statements is as follows.

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Value of investment in equity accounted investee as at 1 January	**2,419,176**	2,046,001
Add		
Net profit for the period recognised in income statement	**203,792**	337,223
Other comprehensive income	**15,112**	35,952
Company's share of equity accounted investee (net of tax)	**218,904**	373,175
Value of investment in equity accounted investee prior to disposal	**2,638,080**	2,419,176
Sales Proceeds	**(2,638,080)**	-
Value of investment in equity accounted investee subsequent to disposal	**-**	-
Contingent liabilities of equity accounted investee	**Nil**	Nil
Capital and other commitments of equity accounted investee	**Nil**	Nil

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.

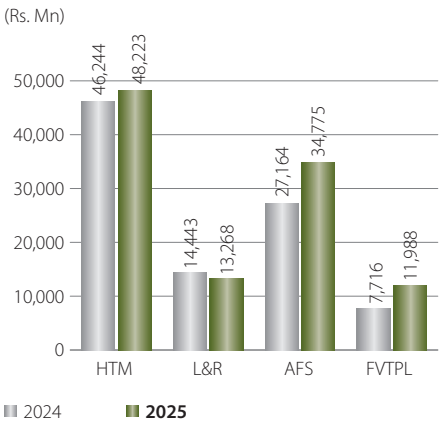
30.1 Financial Investments Pledged as Security

None of the financial investments have been pledged as security as at the reporting date.

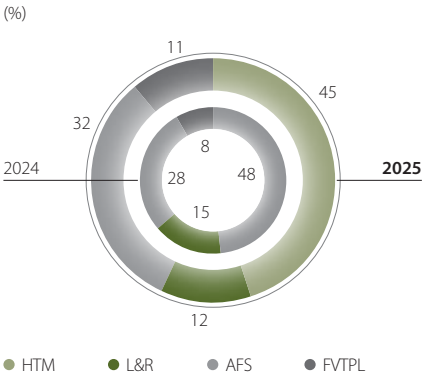
30.2 The Company's Financial Instruments are Summarised as follows

As at 31 December Rs. '000	Note	2025 Carrying value	2025 Fair Value	2024 Carrying value	2024 Fair Value
Held to maturity financial assets (HTM)	30.3	**48,222,643**	**54,987,311**	46,244,375	52,017,058
Loans and receivables (L&R)	30.4	**13,267,646**	**13,813,423**	14,442,825	14,993,311
Available for sale financial assets (AFS)	30.5	**34,774,562**	**34,774,562**	27,164,487	27,164,487
Financial assets at fair value through profit or loss (FVTPL)	30.6	**11,987,785**	**11,987,785**	7,715,757	7,715,757
Total financial investments		**108,252,636**	**115,563,081**	95,567,444	101,890,613

Investments - Reporting Category Wise



Composition of Investments



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	2025 Rs. '000	2024 Rs. '000
Treasury bonds		
Held to maturity financial investments	**1,853,030**	1,826,810
Available for sale financial investments	**1,557,472**	1,710,015
	3,410,502	3,536,825

30.3 Held to Maturity Financial Assets (HTM)

As at 31 December	2025 Rs. '000	2024 Rs. '000
Amortised cost		
Treasury bonds	**48,222,643**	46,244,375
Total HTM financial investments	**48,222,643**	46,244,375

30.3 (a) Impairment of Held to Maturity Financial Investments

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	2025 Rs. '000	2024 Rs. '000
Amortised cost			
Bank deposits		**43,130**	-
Debentures	30.4 (a)	**11,441,753**	10,469,094
Reverse repurchase agreements		**1,782,763**	3,973,731
Total L&R financial investments		**13,267,646**	14,442,825
The effective interest rate		**13.27%**	12.63%

NOTES TO THE FINANCIAL STATEMENTS

30.4 (a) Debentures

As at 31 December Issuer	2025 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Peoples Bank	AA-	3/29/26	5,000,000	536,233	501,539	9.75
Singer Finance (Lanka) PLC	BBB-	6/25/26	805,200	85,197	84,759	11.70
Siyapatha Finance PLC	BBB+	9/1/26	5,000,000	515,247	515,129	9.46
Hatton National Bank PLC	A	9/23/26	864,100	89,291	89,327	12.80
Nations Trust Bank PLC	BBB+	12/23/26	3,000,000	300,851	301,485	12.90
Peoples Bank	AA-	11/8/27	4,370,000	444,514	446,199	12.25
Sampath Bank PLC	A	2/9/28	6,770,000	843,937	1,062,108	28.00
Seylan Bank PLC	A-	3/29/28	3,000,000	310,088	311,511	13.50
Sri Lanka Telecom PLC	AA-	4/19/28	2,000,000	205,052	206,008	12.75
Commercial Bank of Ceylon PLC	A	7/23/28	5,000,000	527,537	530,201	12.50
Commercial Bank of Ceylon PLC	A	12/20/28	7,500,000	753,574	820,983	15.00
DFCC Bank PLC	BBB+	1/16/29	9,697,700	1,111,133	1,178,699	15.25
Siyapatha Finance PLC	A	6/6/29	7,000,000	751,363	788,295	13.20
Resus Energy PLC	A-	6/30/29	1,700,000	179,672	173,721	11.55
Commercial Bank Of Ceylon PLC	A	12/12/29	5,000,000	512,400	762,644	27.00
First Capital Treasuries PLC	A	4/25/30	5,002,300	540,731	537,639	12.00
Merchant Bank of Sri Lanka PLC	BBB+	5/30/30	1,907,100	204,463	197,093	12.50
Siyapatha Finance PLC	A	6/26/30	5,519,900	583,695	560,730	11.40
Resus Energy PLC	A-	6/30/30	2,500,000	264,467	255,745	11.75
Seylan Bank PLC	A-	7/18/30	287,500	29,390	28,151	10.80
Seylan Bank PLC	A-	7/18/30	3,400,000	356,980	342,950	11.25
Peoples Bank	AA-	7/27/30	5,000,000	521,497	474,963	10.25
First Capital Holdings PLC	A+	9/29/30	4,800,200	493,087	472,231	11.00
Hatton National Bank PLC	A	8/27/34	10,500,000	1,097,177	1,169,132	13.50
Commercial Bank of Ceylon PLC	A	8/12/35	794,200	82,795	78,473	11.00
Commercial Bank of Ceylon PLC	A	8/12/35	972,500	101,382	97,815	11.30
				11,441,753	11,987,530	

As at 31 December Issuer	Credit Rating	Maturity date	2024 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	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
Peoples 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
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
				10,469,094	11,019,580	

NOTES TO THE FINANCIAL STATEMENTS

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	2025 Rs. '000	2024 Rs. '000
Fair value		
Treasury bills	**1,998,454**	6,809,621
Treasury bonds	**32,776,108**	20,354,866
Total Available for Sale Financial investments	**34,774,562**	27,164,487

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	2025 Rs. '000	2024 Rs. '000
Fair value			
Quoted equities	30.6 (a)	**11,065,865**	6,734,308
Unit trusts		**126,771**	206,111
		11,192,636	6,940,419
Investments in unit linked funds			
Quoted equities	30.6 (b)	**565,008**	514,556
Reverse repurchase agreements		**54,072**	76,998
Treasury bills		**-**	4,900
Treasury bonds		**82,898**	95,996
Unit trusts		**-**	6,530
Debentures		**93,171**	76,358
		795,149	775,338
Total Fair Value Through Profit or Loss financial investments		**11,987,785**	7,715,757

30.6 (a) Quoted Equities - Other than Unit Linked Investments

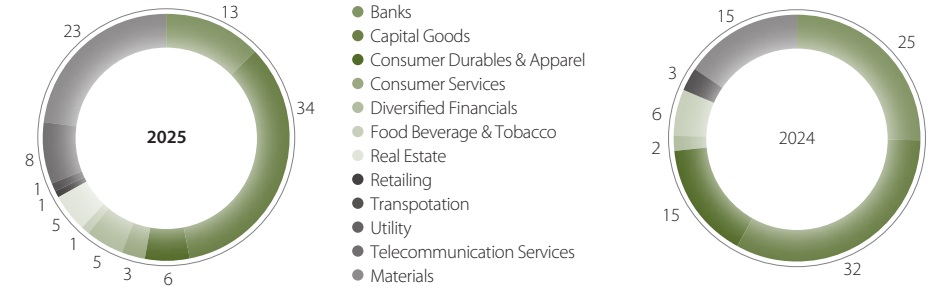
As at 31 December	2025 No of shares	2025 Cost Rs. '000	2025 Carrying / Fair Value Rs. '000	2024 No of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000
Banks						
Commercial Bank of Ceylon PLC	**6,478,353**	**982,223**	**1,300,529**	3,935,763	371,709	569,702
Hatton National Bank PLC	**-**	**-**	**-**	3,410,443	530,865	1,090,489
Sampath Bank PLC	**-**	**-**	**-**	153,328	12,113	18,131
National Development Bank PLC	**-**	**-**	**-**	119,058	10,358	13,483
Nations Trust Bank PLC	**471,286**	**93,760**	**147,513**	26,897	3,558	5,016
Seylan Bank PLC	**570,262**	**35,796**	**43,112**	-	-	-
		1,111,779	**1,491,154**		928,603	1,696,821
Capital Goods						
Access Engineering PLC	**13,776,118**	**575,444**	**1,009,789**	10,548,394	283,981	363,920
ACL Cables PLC	**7,112,077**	**254,597**	**638,665**	2,942,660	268,266	348,705
Aitken Spence PLC	**288,325**	**44,255**	**45,051**	1,456,617	156,329	211,209
E B Creasy & Company PLC	**418,111**	**27,215**	**27,094**	-	-	-
Hayleys PLC	**1,062,724**	**187,473**	**208,028**	95,866	11,244	12,582
Hemas Holdings PLC	**2,416,785**	**53,461**	**83,862**	123,890	11,150	12,792
Royal Ceramics Lanka PLC	**11,240,446**	**462,682**	**517,061**	4,251,360	179,566	184,934
John Keells Holdings PLC	**56,539,141**	**1,067,077**	**1,226,899**	44,578,969	719,042	1,007,485
		2,672,204	**3,756,449**		1,629,578	2,141,627

As at 31 December	2025 No of shares	2025 Cost Rs. '000	2025 Carrying / Fair Value Rs. '000	2024 No of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000
Consumer Durables & Apparel						
Hayleys Fabric PLC	**8,070,007**	**343,323**	**328,449**	8,011,724	341,356	440,645
Hela Apparel Holdings PLC	**-**	**-**	**-**	36,865,251	273,417	217,505
Teejay Lanka PLC	**8,660,592**	**373,750**	**302,255**	7,092,850	287,536	371,665
		717,073	**630,704**		902,309	1,029,815
Consumer Services						
Aitken Spence Hotel Holdings PLC	**290,556**	**22,322**	**32,905**	224,450	15,038	19,011
Jetwing Symphony PLC	**3,386,493**	**65,359**	**68,069**	-	-	-
John Keells Hotels PLC	**9,128,119**	**233,301**	**209,034**	-	-	-
		320,982	**310,008**		15,038	19,011
Diversified Financials						
Central Finance Company PLC	**71,901**	**17,256**	**19,269**	-	-	-
People's Leasing & Finance PLC	**18,367,710**	**317,659**	**459,193**	8,735,261	106,821	148,499
Lanka Orix Leasing Company PLC	**-**	**-**	**-**	15,009	6,487	10,360
LB Finance PLC	**275,000**	**33,074**	**42,694**	80,000	5,720	7,160
Mercantile Investments and Finance PLC	**2,096,800**	**57,662**	**78,001**	-	-	-
		425,651	**599,157**		119,028	166,019
Food Beverage & Tobacco						
Ceylon Tobacco Company PLC	**-**	**-**	**-**	9,130	11,458	12,757
Distilleries Company of Sri Lanka PLC	**-**	**-**	**-**	2,155,093	54,892	84,049
Melstacrop Limited	**440,590**	**57,238**	**76,663**	6,145	498	756
Sunshine Holdings PLC	**2,050,000**	**61,044**	**71,955**	3,337,467	153,752	333,746
		118,282	**148,618**		220,600	431,308
Materials						
Alumex PLC	**23,392,186**	**456,363**	**477,201**	-	-	-
Chevron Lubricants Lanka PLC	**-**	**-**	**-**	2,780,897	314,550	444,944
CIC Holdings PLC	**27,032,564**	**694,794**	**895,995**	-	-	-
JAT Holding PLC	**490,190**	**12,790**	**23,627**	233,261	6,076	5,832
Tokyo Cement Company (Lanka) PLC	**10,904,272**	**679,739**	**1,154,275**	8,882,696	439,145	582,552
		1,843,686	**2,551,098**		759,771	1,033,328
Real Estate						
Prime Lands Residencies PLC	**15,971,669**	**495,292**	**530,259**	-	-	-
		495,292	**530,259**		-	-
Retailing						
Singer Sri Lanka PLC	**755,215**	**56,471**	**66,232**	-	-	-
		56,471	**66,232**		-	-
Telecommunication Services						
Dialog Axiata PLC	**29,393,757**	**627,955**	**875,934**	-	-	-
		627,955	**875,934**			
Transpotation						
Digital Mobility Solutions Lanka Ltd	**400,000**	**46,385**	**59,700**	3,058,501	147,511	206,449
		46,385	**59,700**		147,511	206,449
Utility						
Vallibel One PLC	**471,180**	**48,001**	**46,552**	152,067	8,020	9,930
		48,001	**46,552**		8,020	9,930
		8,483,761	**11,065,865**		4,730,458	6,734,308

NOTES TO THE FINANCIAL STATEMENTS

Quoted Equities - Other than Unit Linked Investments

(%)



30.6 (b) Equity Securities - Unit Linked Fund

As at 31 December	2025 No of shares	2025 Cost Rs. '000	2025 Carrying / Fair Value Rs. '000	2024 No of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000
Banks						
Commercial Bank of Ceylon PLC	**425,426**	**45,845**	**85,404**	316,074	30,404	45,752
Hatton National Bank PLC	**-**	**-**	**-**	263,271	32,280	84,181
		45,845	**85,404**		62,684	129,933
Capital Goods						
Access Engineering PLC	**911,263**	**34,475**	**66,795**	688,728	21,930	23,761
ACL Cables PLC	**344,950**	**11,307**	**30,977**	211,001	19,447	25,004
Aitken Spence PLC	**-**	**-**	**-**	99,376	10,554	14,410
E B Creasy & Company PLC	**236,069**	**15,800**	**15,297**	-	-	-
Hayleys PLC	**22,190**	**4,288**	**4,344**	-	-	-
John Keells Holdings PLC	**3,381,341**	**58,761**	**73,375**	3,744,230	64,679	84,620
Royal Ceramics Lanka PLC	**583,970**	**24,318**	**26,863**	232,489	10,191	10,112
		148,949	**217,651**		126,801	157,907
Consumer Durables & Apparel						
Hayleys Fabric PLC	**670,043**	**24,273**	**27,271**	691,236	25,086	38,018
Hela Apparel Holdings PLC	**-**	**-**	**-**	2,831,136	24,260	16,704
Teejay Lanka PLC	**586,916**	**24,204**	**20,483**	519,857	20,733	27,241
		48,477	**47,754**		70,079	81,963
Consumer Services						
Jetwing Symphony PLC	**39,930**	**771**	**803**	-	-	-
John Keells Hotels PLC	**80,621**	**1,909**	**1,846**	-	-	-
		2,680	**2,649**		-	-
Diversified Financials						
Mercantile Investments and Finance PLC	**748,600**	**20,587**	**27,848**	-	-	-
People's Leasing & Finance PLC	**1,159,485**	**16,638**	**28,987**	700,003	8,202	11,900
		37,225	**56,835**		8,202	11,900

As at 31 December	2025 No of shares	2025 Cost Rs. '000	2025 Carrying / Fair Value Rs. '000	2024 No of shares	2024 Cost Rs. '000	2024 Carrying / Fair Value Rs. '000
Food Beverage & Tobacco						
Distilleries Company of Sri Lanka PLC	-	-	-	237,738	6,073	9,271
Sunshine Holdings PLC	-	-	-	244,898	10,778	24,490
		-	-		16,851	33,761
Materials						
Alumex PLC	**945,566**	**18,663**	**19,290**	-	-	-
Chevron Lubricants Lanka PLC	-	-	-	204,455	22,206	32,712
CIC Holdings PLC	**1,188,620**	**29,294**	**38,957**	-	-	-
Ex-pack Corrugated Cartons PLC	-	-	-	126,183	1,676	2,057
Lanka Aluminium Industries PLC	**11,892**	**559**	**582**	-	-	-
Tokyo Cement Company (Lanka) PLC	**382,176**	**18,937**	**39,990**	726,780	35,952	47,912
		67,453	**98,819**		59,834	82,681
Real Estate						
Prime Lands Residencies PLC	**636,482**	**18,462**	**21,131**	-	-	-
		18,462	**21,131**	-	-	-
Telecommunication Services						
Dialog Axiata PLC	**1,166,603**	**23,865**	**34,765**	-	-	-
		23,865	**34,765**	-	-	-
Transpotation						
Digital Mobility Solutions Lanka Ltd	-	-	-	243,124	8,820	16,411
		-	-		8,820	16,411
		392,956	**565,008**		353,271	514,556

Equity Securities - Unit Linked Fund - (FVTPL)

(%)



NOTES TO THE FINANCIAL STATEMENTS

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 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 losses 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
As at 1 January 2025	46,244,375	14,442,825	27,164,487	7,715,757	95,567,444
Purchases	2,226,450	2,729,370	21,823,593	28,207,856	54,987,269
Maturities	(500,000)	(3,967,910)	(11,012,063)	(35,328)	(15,515,301)
Disposals	-	-	(3,154,868)	(25,922,671)	(29,077,539)
Scrip Dividend	-	-	-	18,845	18,845
Fair value losses recorded in income statement (excluding net realised gains) classified as held for trading	-	-	-	1,998,775	1,998,775
Fair value losses recorded in OCI	-	-	(869,378)	-	(869,378)
Amortisation	199,695	(97)	562,400	3,404	765,402
Net change in accrued Interest	52,123	63,458	260,391	1,147	377,119
As at 31 December 2025	48,222,643	13,267,646	34,774,562	11,987,785	108,252,636

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	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**1,955,102**	1,763,679
Loans granted during the year	**1,052,905**	977,892
Repayments during the year	**(928,232)**	(786,469)
	2,079,775	1,955,102
Interest receivables on loans to life policyholders	**778,299**	696,376
Balance as at 31 December	**2,858,074**	2,651,478

31.1 Collateral Details

As at 31 December 2025 surrender value of policyholder loans amounted to Rs. 4,659 million (2024 - Rs. 4,317 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 2025, no impairment loss was recorded on policyholder loans (2024 - Nil).

31.5 Number of Policy Loans

Number of policy loans due as at 31 December 2025 was 12,487 (2024 - 13,355).

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	2025 Rs. '000	2024 Rs. '000
Reinsurance receivable on outstanding claims	**233,510**	195,443
Reinsurance receivable on settled claims	**292,635**	223,409
Total reinsurance receivables	**526,145**	418,852

32.1 Impairment of Reinsurance Receivable

The Board of Directors has assessed potential impairment loss of reinsurance receivable as at 31 December 2025. Based on the assessment, there was no impairment loss on reinsurance receivable.

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	2025 Rs. '000	2024 Rs. '000
Less than 60 days	**217,458**	151,027
More than 60 days	**75,177**	72,382
	292,635	223,409

32.4 Reinsurance Receivable Past Due but Not Impaired (On Paid Claims)

As at 31 December 2025, reinsurance receivable of Rs. 182 million (2024 - Rs. 72million) 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.

NOTES TO THE FINANCIAL STATEMENTS

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, subject to a provision for premium default. Premium default ratio is computed by analysing the default history. Commission and reinsurance premium relating to that accrued income are also recorded in the same manner.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Premiums receivable from;		
Policyholders	**787,038**	743,968
Intermediaries (Including collections in transit)	**245,557**	322,673
Total premiums receivable	**1,032,595**	1,066,641

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 2025. Based on the assessment, there was no impairment loss on premiums receivable (2024 - 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	2025 Rs. '000	2024 Rs. '000
Financial Assets			
Staff loans*	34.1	**404,291**	349,770
Agent / advisor loans	34.2	**1,703**	3,499
Refundable deposits		**57,242**	57,319
Other receivables		**52,362**	9,714
		515,598	420,302
Non Financial Assets			
Taxes recoverable	34.6	**542,327**	263,064
Prepayments		**162,501**	194,693
Inventories		**6,632**	9,982
Advance payments		**487,224**	438,136
		1,198,684	905,875
Total receivables and other assets		**1,714,282**	1,326,177

34.1 Staff Loans

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		**349,770**	292,306
Loans provided during the year		**262,800**	236,746
Payments / settlements during the year		**(233,708)**	(205,320)
Fair value adjustment during the year		**32,880**	31,715
		411,742	355,447
Provision for impairment	34.1 (a)	**(7,451)**	(5,677)
Balance as at 31 December		**404,291**	349,770

34.1 (a) Provision for Impairment

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**5,677**	2,960
Charge during the year	**1,774**	2,717
Balance as at 31 December	**7,451**	5,677

34.2 Agent Loans

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**35,747**	38,550
Payments / settlements during the year	**(1,796)**	(2,803)
	33,951	35,747
Provision for impairment	**(32,248)**	(32,248)
Balance as at 31 December	**1,703**	3,499

34.3 Impairment of Staff and Agent Loans

The Management has assessed potential impairment loss of staff and agent loans as at 31 December 2025. 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).

34.4 Loans Granted to Directors

No loans have been granted to the Directors of the Company during 2025 (2024 - 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	2025 Rs. '000	2024 Rs. '000
ACT recoverable	**92,296**	92,296
WHT recoverable	**170,768**	170,768
Income tax recoverable	**279,263**	-
	542,327	263,064

34.7

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 (2024-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	2025 Rs. '000	2024 Rs. '000
Cash at Bank	**1,505,774**	1,544,500
Cash at Bank with related parties		
- Nations Trust Bank PLC	**187,173**	64,853
Cash in hand	**5,196**	5,050
Total cash in hand and at bank	**1,698,143**	1,614,403

35.2 Cash and Cash Equivalent in the Statement of Cash Flows

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Cash in hand and at bank	35.1	**1,698,143**	1,614,403
Bank overdraft used for cash management purposes		**(199,076)**	(134,529)
Cash and cash equivalent in the statement of cash flows		**1,499,067**	1,479,874

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 at Bank

Please refer Note 7.2(c) to the financial statements.

NOTES 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.

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 meetings of the Company. All issued shares are fully paid.

As at 31 December	2025 No. of shares	2025 Rs. '000	2024 No. of shares	2024 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

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 Life Policyholder Fund to Life Shareholder Fund (SHF). 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 SHF is represented by government debt securities as per the direction of the IRCSL [Note 30.2(a)].

As at 31 December	2025 Rs. '000	2024 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 in 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	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		**2,079,500**	2,087,235
Revaluation surplus during the year		**175,276**	-
Depreciation transfer during the year	27.10	**(7,735)**	(7,735)
		2,247,041	2,079,500
Unrealised gain reserve	38.1	**475,860**	475,860
Balance as at 31 December		**2,722,901**	2,555,360

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 to Life Policyholders in 2007, and the gain on transferring the land and building at Kurunegala in 2011. These gains will be realised to shareholders when the properties are disposed and upon declaration of surplus.

39 Available For Sale Reserve

Nature and purpose of reserve

The Available for Sale reserves 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	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		**4,255,977**	3,334,055
Net change in fair value of AFS financial assets		**(121,489)**	339,110
Net change in fair value of AFS financial assets transferred to the income statement	39.1	**(248,261)**	(45,813)
		(369,750)	293,297
Net change in liabilities of insurance contracts arising from fair value changes in AFS financial assets		**(460,335)**	698,251
Net change in liabilities of insurance contracts arising from fair value changes in AFS financial assets transferred to the income statement	39.1	**(39,293)**	(108,143)
		(499,628)	590,108
Share of gains (losses) on AFS assets of equity accounted investee		**15,112**	38,517
Reclassification of company's share of accumulated other comprehensive income of equity accounted investee to income statement		**(43,919)**	-
Related tax		**-**	-
Balance as at 31 December		**3,357,792**	4,255,977

39.1 Net change in fair value transferred to the income statement

As at 31 December	2025 Rs. '000	2024 Rs. '000
Net change in fair value of AFS financial assets	**(248,261)**	(45,813)
Net change in liabilities of insurance contracts arising from fair value changes in AFS financial assets	**(39,293)**	(108,143)
Balance as at 31 December	**(287,554)**	(153,956)

40 Other Reserves

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Reserve on merger with Cornhill (Private) Limited	40.1	**16,752**	16,752
Reserves on retirement benefit obligation	40.2	**(65,987)**	(54,123)
Employee share based option	40.3(a)	**135,919**	113,944
Total other reserves		**86,684**	76,573

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	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		**(54,123)**	(37,927)
Actuarial losses on defined benefit plan	45.3(a)	**(17,950)**	(13,631)
Transfer of share of remeasurement loss on defined benefit plan of equity accounted investee		**6,086**	(2,565)
Related tax		**-**	-
Balance as at 31 December		**(65,987)**	(54,123)

NOTES TO THE FINANCIAL STATEMENTS

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 award 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.

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 the John Keells Holdings PLC was used and results were generated using binomial model for ESOP.

	2026 Plan no 12 Award 1	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	1.46	2.07	2.54	2.90	3.28	3.87
Expected volatility (%)	22.71	24.54	25.05	24.99	24.15	22.37	21.35
Risk free interest rate (%)	9.56	12.76	14.49	26.92	23.10	8.87	6.44
Expected life of share options (Years)	5	5	5	5	5	5	5
Weighted average share price at the grant date (LKR)	22.93	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	3
Weighted average fair value of options granted during the year (LKR)	7.64	64.67	52.79	45.94	39.95	44.21	44.91
Exercise price for options outstanding at the end of the year (LKR)	21.8	20.03	145.59	137.86	121.91	136.64	132.86

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	2025 No.	2025 WAEP (Rs)	2024 No.	2024 WAEP (Rs)
Outstanding at 1 January	**8,125,899**	**16.13**	1,019,172	94.59
Granted during the year	**4,905,150**	**21.80**	419,600	200.74
Adjustment for 1:10 sub-division	**-**	**N/A**	9,970,563	N/A
Trasfer Out	**-**	**N/A**	(2,942,186)	15.39
Forfeited during the year	**(2,113,143)**	**14.73**	(341,250)	13.28
Outstanding at 31 December	**10,917,906**	**18.95**	8,125,899	16.13
Exercisable at 31 December	**3,372,613**	**14.89**	2,868,510	13.22

NOTES TO THE FINANCIAL STATEMENTS

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	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**113,944**	97,718
Expense arising from equity settled share-based payment transactions	**21,975**	16,226
Balance as at 31 December	**135,919**	113,944

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.

41 Retained Earnings

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January		**12,398,147**	13,805,444
Profit for the year		**3,369,914**	3,741,218
Transfer from revaluation reserve to retained earnings, net of tax	38	**7,735**	7,735
Transfer of share of defined benefit plans of equity accounted investee from other capital reserve to retained earnings		**(6,086)**	-
First and final dividends 2024		**(2,946,428)**	(5,156,250)
Balance as at 31 December		**12,823,282**	12,398,147

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 the 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 by 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 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.

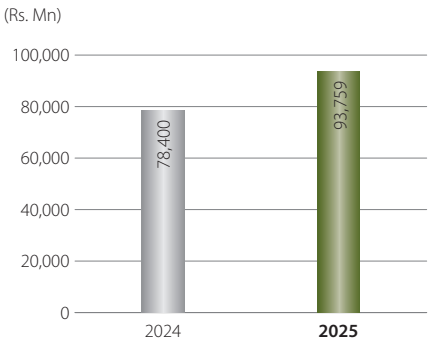
NOTES TO THE FINANCIAL STATEMENTS

42.4 Valuation of Life Insurance Fund

The valuation of the conventional life insurance fund as at 31 December 2025 was carried out by Mr. Vivek Jalan FIA, FIAI of Willis Towers Watson India Private Limited and a sum of Rs. 3,345 million was transferred from the conventional life insurance fund to the shareholders fund for the year 2025. Subsequent to the transfer the conventional life fund stood at Rs. 93,440 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 a sum of Rs. 55 million was transferred from the non unit fund of linked long term fund to the shareholders fund for the year 2025. Subsequent to the transfer the non unit fund stood at Rs. 318 million.

Conventional and Non - Unit Fund



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 2025 is adequate to cover the liabilities of the funds.

42.5 Surplus from Life Insurance Fund Transferred to Life Shareholder Fund

As at 31 December	2025 Rs. '000	2024 Rs. '000
Conventional life insurance fund	**3,344,665**	3,000,000
Non unit fund of linked Life insurance	**55,335**	-
	3,400,000	3,000,000

42.6 Insurance Contract Liabilities

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Life insurance fund	42.7	**92,807,484**	77,514,257
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	**(101,643)**	(79,055)
		93,140,887	77,870,248
Claim payables	42.16	**617,900**	529,259
		93,758,787	78,399,507

42.7 Composition of the Life Fund

As at 31 December Rs'000	Note	2025 Insurance contract liabilities	2025 Reinsurance	2025 Net	2024 Insurance contract liabilities	2024 Reinsurance	2024 Net
Balance as at 1 January		**81,582,060**	**(4,067,803)**	**77,514,257**	67,709,735	(3,579,349)	64,130,386
Premium income / Reinsurance expenses	9/10	**25,749,667**	**(1,697,889)**	**24,051,778**	21,646,969	(1,491,725)	20,155,244
Liabilities paid for death, maturities, surrenders, benefits and claims	15	**(8,837,496)**	**989,196**	**(7,848,300)**	(7,696,259)	1,003,271	(6,692,988)
Benefits and claims experience variation		**(3,388,940)**	**-**	**(3,388,940)**	(3,032,490)	-	(3,032,490)
Investment return and other income		**14,015,805**	**-**	**14,015,805**	12,553,575	-	12,553,575
Expenses		**(11,537,116)**	**-**	**(11,537,116)**	(9,599,470)	-	(9,599,470)
Balance as at 31 December		**97,583,980**	**(4,776,496)**	**92,807,484**	81,582,060	(4,067,803)	77,514,257

42.8 Movement in Life Fund

As at 31 December	2025 Rs. '000	2024 Rs. '000
Conventional life insurance fund		
Balance as at 1 January	**78,076,935**	64,797,623
Increase in life insurance fund before surplus transfer to shareholders	**18,637,793**	16,314,179
Transfer to shareholders	**(3,344,665)**	(3,000,000)
Effect of Taxation on Surplus / Bonus transferred to - Policyholders	**(22,588)**	(23,983)
Net change in unclaimed benefits	**92,993**	(10,884)
Balance as at 31 December - Conventional Life insurance	**93,440,468**	78,076,935
Non Unit Fund of Linked Life Insurance Contracts		
Balance as at 1 January	**322,572**	245,761
Increase in non unit fund of linked life insurance before surplus transfer to shareholders	**55,435**	69,692
Transfer to shareholders	**(55,335)**	-
Net change in unclaimed benefits	**(4,353)**	7,119
Balance as at 31 December - Non unit fund of linked Life insurance	**318,319**	322,572
	93,758,787	78,399,507

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 2025 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 2024.
Morbidity rate	Percentage of reinsurance rates, where the percentages are determined based on the morbidity studies performed as of 31 December 2024.
Expense rate and Expense inflation	Fixed & variable, acquisition and maintenance cost assumptions based on the 2024 experience study, with an inflation adjustment made to reconcile with the actual expenses in 2025. 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 2024.

42.10 Sensitivity Analysis

Sensitivity analysis of life insurance fund liability in an 1% increase & 1% decrease interest rate environment is provided in Note 7.1(a).

NOTES TO THE FINANCIAL STATEMENTS

42.11 Expected Maturity Profile for Reserves for Insurance Contracts, Net of Reinsurance (Undiscounted cash flows)

As at 31 December	2025 Rs. '000	2024 Rs. '000
< 1 year	**4,400**	3,489
1 to 5 years	**28,918**	23,114
5 to 10 years	**62,169**	53,934
10 to 20 years	**63,059**	57,914
> 20 years	**30,018**	29,740
	188,564	168,191

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% (2024 - 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. 75 million (Please refer point (3) of the Actuarial report provided in page 246) 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 215% and Total Available Capital (TAC) of Rs.35,725 million as at 31 December 2025, which exceeded the minimum requirement of 120% and Rs. 500 million respectively as per the Solvency Margin (Risk Based Capital) Rules.

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 ton on-participating and non unit fund of unit linked business from life policyholder fund through Income Statement to life 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 Link 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]	330
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]	330
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]	338
iv One-off surplus relating to participating and other than participating should be disclosed separately.	Complied [Note 42.14]	338
v Disclosure on composition of investments supporting the Restricted Regulatory Reserve.	Complied [Note 30.2(a)]	319

42.14 (a) Distribution of One-off Surplus

The distribution of One-off surplus to Shareholders as dividends shall remain restricted until a Company develops appropriate policies and procedures for effective management of its business, as listed below. 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 regulator will reconsider the distribution of One-off Surplus when the RBC rules are revised.

- Expense allocation policy setting out basis of allocation of expenses between the Shareholder Fund and the Policyholder Fund as well as between different lines of business within the Policyholder Fund, particularly participating and non-participating.
- Dividend declaration policy for universal life business.
- Bonus policy for the participating business, which should include treatment of One-off Surplus for the purpose of bonus declaration.
- Asset-liability management policy.
- Policy on internal target Capital Adequacy Ratio.
- Considerations for transfer of funds from Policyholder Fund to Shareholder Fund.

The IRCSL will permit 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 recognized insurance liabilities are adequate at the end of each reporting period. The Liability Adequacy Test has been performed as at 31 December 2025 to reflect most

NOTES TO THE FINANCIAL STATEMENTS

probable estimates of assumptions (with some degree of prudence) and using professional judgement liaising with 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 246 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.

Total insurance contract liabilities - Unit Linked

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**792,176**	718,692
Premium Invested	**7,594**	7,544
Net investment income	**38,176**	53,058
Net realised gains	**58,205**	54,443
Net fair value gains	**97,083**	148,642
Fund Management fee expense	**(11,168)**	(10,315)
Other expenses	**(9,085)**	(10,546)
	972,981	961,518
Fund withdrawals	**(165,204)**	(169,342)
Balance as at 31 December	**807,777**	792,176

Fair Value of the Financial Investments Backing Unit Linked Contracts are as follows.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Government securities	**136,970**	177,894
Equity instruments	**565,008**	514,556
Corporate debt instruments	**93,171**	76,358
Unit Trust	**-**	6,530
	795,149	775,338
Other financial investments and assets	**20,347**	27,422
Other unit linked liabilities	**(7,719)**	(10,584)
Insurance contract liabilities - Unit Linked	**807,777**	792,176

44 Lease Liability

Accounting Policy

Refer accounting policy in Note 28.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**606,916**	422,540
New lease agreements recognized during the period	**128,574**	329,603
Interest expenses for the year	**58,132**	53,658
Termination	**(22,646)**	(6,539)
Payment of lease liabilities	**(260,388)**	(192,346)
Balance as at 31 December	**510,588**	606,916

45 Employee Benefits 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.

Following contributions have been made to the employee provident fund and employee trust fund during the year.

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Employees' Provident Fund (EPF)		
Employer's contribution (12%)	**139,020**	111,553
Employee's contribution (8%)	**86,386**	74,369
Employees' Trust Fund (ETF)		
Employer's contribution (3%)	**33,532**	27,888

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 Employee benefit liabilities

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Employee defined benefit plan - gratuity	45.3 (a)	**284,384**	229,709
Balance as at 31 December		**284,384**	229,709

45.3.(a) Movement in Present Value of Gratuity

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**229,709**	190,578
Included in Profit or Loss:		
Current service cost	**22,971**	25,209
Interest cost	**30,395**	25,728
	53,366	50,937
Included in OCI:		
Remeasurement loss on obligation	**17,950**	13,631
Other		
Gratuity transfer	**1,733**	-
Payments during the year	**(18,374)**	(25,437)
Balance as at 31 December	**284,384**	229,709

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) 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 (asset) 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 Principal Actuarial Assumptions Used

The defined benefit obligation liability of the Company is based on an actuarial valuation carried out by Mr. K. Arumugam (Fellow Member, Institute of Actuaries of India) 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.

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A long term treasury bond rate of 9% per annum (2024: 10%) has been used to discount the future liability taking into consideration remaining working life of eligible employees. Further, the salary increment rate of 8%(2024: 8%) 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.

Assumptions	2025 Rs. '000	2024 Rs. '000
Financial assumptions		
Discount rate	**9.0%**	10.0%
Salary increase	**8.0%**	8.0%
Demographic assumptions		
Staff turnover rate - early withdrawal through resignations		
- i) Less than 5 years	**27.5%**	32.5%
- ii) More than 5 years	**4%**	7%
Retirement age	**60 Years**	60 Years
Mortality	**based on the A1967/70 issued by the Institute of Actuaries, London**	
Weighted average duration for retirement obligation	**5 Years**	5 Years

45.5 Maturity Analysis of the Payments

The following payments are expected on employee benefit liabilities in future years

As at 31 December	2025 Rs. '000	2024 Rs. '000
Within the next 12 months	**41,008**	32,663
Between 1 and 2 years	**35,472**	26,840
Between 2 and 5 years	**106,433**	73,157
Over 5 years	**101,471**	97,049
Total expected payments	**284,384**	229,709

45.6 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%		(11,970)	272,414
-1%		13,033	297,417
	1%	13,678	298,062
	-1%	(12,778)	271,606

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

Refer 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.

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**587,668**	365,027
Arising during the year	**740,921**	1,357,906
Utilised during the year	**(725,003)**	(1,135,265)
Balance as at 31 December	**603,586**	587,668

47 Other Liabilities

Financial Liabilities

Refer 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	2025 Rs. '000	2024 Rs. '000
Other Financial Liabilities			
Agency commission, incentive and other payables		**550,620**	570,523
Premiums in suspense		**1,655,327**	1,485,459
Other liabilities		**2,687,199**	781,494
		4,893,146	2,837,476
Other Non Financial Liabilities			
Government levies	47.1	**872,578**	766,638
Other staff related provisions		**474,388**	321,178
Other liabilities and accruals		**1,471,789**	1,115,137
Premium received In advance		**234**	416
		2,818,989	2,203,369
Total other liabilities		**7,712,135**	5,040,845

47.1 Government Levies

As at 31 December	2025 Rs. '000	2024 Rs. '000
Other Financial Liabilities		
Income Tax Payable	**804,589**	711,973
Crop Insurace Payable	**24,901**	23,711
Cess Payable	**13,895**	11,620
WHT Payable	**27,866**	18,179
Other	**1,327**	1,155
	872,578	766,638

Maturity schedule of other financial liabilities as of 31 December 2025 and 2024 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.

NOTES TO THE FINANCIAL STATEMENTS

48.1 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 per 31 December 2025 audited financial statements, which required additional disclosures in the 2025 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.

48.2 Non-Recurrent Related Party Transaction

There were no non-recurrent related party transactions which aggregate value exceeded 10% of the equity or 5% of the total assets of the Company which ever is lower as per 31 December 2025 audited financial statements, which required additional disclosures in the 2025 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 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.

48.3 (a) Compensation of KMPS

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Short term employment benefits	**117,953**	96,667
Post employment benefits	**8,967**	5,134
Other long term benefits	**-**	-
Termination benefits	**-**	-
Share based benefits	**-**	-
Total	**126,920**	101,801

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.

48.3 (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 KMPs' domestic partner and children, children of the KMPs' domestic partner and dependents of the KMP or the KMPs' domestic partner.

For the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Insurance premium	**2,523**	1,485

The Directors of the Company and their immediate relatives do not have substantial shareholdings in the Company as at 31 December 2025.

48.3 (c) Share Based Benefits to KMP and CFM

As at 31 December	2025 Rs. '000	2024 Rs. '000
Number of ordinary shares held	**-**	-
Dividends Paid (in Rs. 000)	**-**	-

48.4 Transactions with Related Entities

The Directors of the company as at 31 December 2025 was also Directors of the following companies as set out below and transactions included in Note 48.4(a), 48.4(b) and 48.4(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
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
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
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
John Keells Stock Brokers (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 Stock Brokers (Pvt) Ltd
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
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
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

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Company	Name of Director	Position	Relationship	Details of financial dealings
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
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
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
	Mr P T Wanigasekara	Director		
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		
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

48.4 (a) Transactions with the Parent and Ultimate Controlling Party

As at 31 December	2025 Rs. '000	2024 Rs. '000
Statement of financial position		
Assets		
Financial instruments	**1,300,274**	1,092,104
	1,300,274	1,092,104
Liabilities		
Other liabilities	**(24,850)**	(44,017)
	(24,850)	(44,017)

Transacted amounts for the year ended 31 December	2025 Rs. '000	2024 Rs. '000
Income Statement		
Gross written premium	**408**	413
Net benefits and claims	**-**	(600)
Other operating and administrative expenses	**(189,014)**	(203,014)
Dividend Income received	**11,964**	5,654
Dividend Paid	**(2,651,786)**	(4,640,625)
Statement of financial position		
Purchase of intangible assets	**15,733**	-
Net Purchase/(Sale) of financial instruments	**283,864**	151,176
Employee benefit liabilities	**(1,234)**	-

48.4 (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	2025 Rs. '000	2024 Rs. '000
Statement of financial position				
Financial investments				
Nations Trust Bank PLC	Associate	Debenture Investments, equity shares, bank balances and distribution Rights	**635,537**	588,551
John Keells Hotels PLC	Subsidiary	Shares	**210,880**	-
			846,417	588,551
Other liabilities				
Other subsidiaries and associates			**(10,662)**	(5,608)
			(10,662)	(5,608)

For the year ended 31 December Company	Relationship with John Keells Holdings PLC	Investment / Nature of transaction	Transaction amount during the year 2025 Rs. '000	2024 Rs. '000
Income statement				
Gross written premium				
Other subsidiaries and associates			**12,597**	75,736
			12,597	75,736
Net benefits and claims				
Other subsidiaries and associates			**(7,000)**	(1,300)
			(7,000)	(1,300)
Investment income				
Nations Trust Bank PLC	Associate	Debentures interest income	**38,653**	53,187
Nations Trust Bank PLC	Associate	Dividend	**738**	-
Ceylon Cold Stores PLC	Subsidiary	Dividend	**446**	-
John Keells Hotels PLC	Subsidiary	Dividend	**17**	-
			39,854	53,187
Other operating and administrative expenses				
Other subsidiaries and associates			**(669,489)**	(556,916)
			(669,489)	(556,916)
Statement of financial position				
Assets				
Property, plant & equipment and intangible assets				
Other subsidiaries and associates		Acquisition of property plant, & equipment and intangible assets	**111,415**	27,970
			111,415	27,970

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December Company	Relationship with John Keells Holdings PLC	Investment / Nature of transaction	Transaction amount during the year 2025 Rs. '000	2024 Rs. '000
Net Purchase / (Sale) of financial instruments				
John Keells Hotels PLC	Subsidiary		**236,181**	(47,831)
Ceylon Cold Stores PLC	Subsidiary		**4,006**	-
Nations Trust Bank PLC	Associate		**89,464**	3,394
			329,651	(44,437)
Employee benefit liabilities				
Mackinnons Travels (Pvt) Ltd	Subsidiary		**-**	144
Walkers Tours Ltd	Subsidiary		**-**	252
			-	396

48.4 (c) Transactions with / Between Associate of the Company - Fairfirst Insurance Ltd

As at 31 December	2025 Rs. '000	2024 Rs. '000
Statement of Financial Position		
Other receivables *	-	-
Other liabilities *	-	-

*Relating to current account transactions and are payable / receivable on demand.

For the year ended 31 December	Transaction amount during the year 2025 Rs. '000	2024 Rs. '000
Income Statement		
Other operating and administrative expenses	**(221)**	(292)

48.4 (d) Companies controlled / jointly controlled / significantly influenced by KMP and their close family members

For the year ended 31 December		Transaction amount during the year 2025 Rs. '000	2024 Rs. '000
Income Statement			
Asia Securities (Pvt) Ltd	Gross written premium	**11,436**	6,545
	Net benefits and claims	**(4,031)**	(7,770)
	Stock Brokerage Commission	**(34,458)**	(9,724)
Asia Securities Wealth Management (Pvt) Ltd	Unit Trust Management Fees	**(305)**	-
Insurance Consulting Asia Ltd	Other operating and administrative expenses	**-**	(8,188)

48.4 (e) No guarantees given or received during the year.

48.4 (f) Impairment

Management concluded that no impairment is required in relation to the receivable balances as at the reporting date.

No expenses has been recognized 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. 96 million (2024 - 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 Mr. Senath Jayatilake Chief Executive Officer of Union Assurance PLC has been appointed to the Board of Directors of the Company as an Executive Director of the Company with effect from 23 February 2026.

50.2 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 2025. The dividend will be paid on or before 30 March 2026.

As required by the 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 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 statement as at 31 December 2025.

There have been no events other than the above subsequent to the reporting date which would have any material effect on the Company.

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 2025, 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 Union Assurance PLC for the years of assessments 2010/11, 2011/12, 2012/13, 2014/15, 2015/16, 2017/18, 2018/19 and 2019/20 assessing the Life insurance business to pay income tax liabilities of Rs. 13 million, 132 million, Rs. 411 million together with a Rs. 233 million penalty totalling to Rs.644 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, Rs. 701 million along with a Rs. 498 million penalty totalling to Rs. 1,199 million and Rs. 856 million respectively.

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 years of assessments 2012/13, 2014/15 and 2015/16 and in favour of the Inland Revenue Department for years of assessments 2010/11, 2011/12, 2017/18, 2018/19 and 2019/20. All these cases were filed at the Court of Appeal against said determinations by IRD and UA respectively.

NOTES TO THE FINANCIAL STATEMENTS

The court of appeal delivered the order on 19 February 2026 for Y/A 2010/11, 2011/12 and 2015/16 in favour of the company allowing the company to deduct all management expenses against the investment income of the life insurance business.

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2013/14, 2016/17 and 2020/21 assessing the Life insurance business to pay income tax liabilities of 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 and Rs. 627 million respectively. The Company has lodged valid appeals against said assessments with the Tax Appeals Commission (TAC).

The IRD has raised an assessment on Union Assurance PLC for the year 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 with the Commissioner General of IRD against said assessment.

VAT assessments relating to years of assessments 2018 and 2019

The IRD has raised assessments on Union Assurance PLC 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 IRD against said assessments.

VAT on Financial Services assessments relating to years of assessments 2016, 2019, 2021, 2022 and 2023

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2016 & 2019, assessing the Life insurance business to pay a VAT on Financial Services liability of Rs. 59 million along with a Rs. 33 million penalty totalling to Rs. 92 million and Rs. 108 million along with a Rs. 54 million penalty totalling to Rs. 162 million respectively. The Company has lodged valid appeals against the said assessments with the TAC.

The IRD has raised assessments on Union Assurance PLC for the years of assessments 2021, 2022 and 2023 assessing the Life insurance business to pay VAT on Financial Services liability of Rs. 175 million along with a Rs. 88 million penalty totalling to Rs. 263 million, Rs. 318 million along with a Rs. 159 million penalty totalling to Rs. 477 million and Rs. 569 million along with a Rs. 267 million penalty totalling to Rs. 836 million. The Company has lodged valid appeals with the Commissioner General of Inland Revenue against the said assessments.

Social Security Contribution Levy assessment relating to year of assessment 2023

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2023 assessing the Life insurance business to pay a Social security contribution levy liability of Rs. 79 million along with a Rs. 45 million penalty totalling to Rs.124 million. The Company has lodged a valid appeal with the Commissioner General of Inland Revenue against the said assessment.

Surcharge Tax assessment relating to year of assessment 2020/21

The IRD has raised an assessment on Union Assurance PLC for the year of assessment 2020/21 assessing the Life insurance business to pay a surcharge tax liability of Rs. 476 million along with a Rs. 453 million penalty totalling to Rs. 929 million. The Company has lodged a valid appeal against the said assessment with the TAC.

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 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.

52 Directors' Responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements. Please refer page 247 for the Statement of Directors' Responsibility.



THE MOST VIBRANT

As we conclude another year of delivering world-class protection solutions, multiple innovations, and meaningful experiences to support stakeholders' progress, we reflect on the collective action taken, challenges embraced, and new avenues explored to achieve our wins. Each step reinforces our role as the most vibrant Life Insurer in the country, always energised by our promise to protect, to innovate, and to enable brighter futures for every Sri Lankan.

DECADE AT A GLANCE

Income Statement

For the year ended 31 December Rs'000	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gross written premium	**25,749,667**	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
Net written premium	**24,051,778**	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
Investment and other income	**14,198,101**	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
Net benefits and claims	**(23,312,762)**	(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)
Change in contract liability due to transfer of one off surplus	**-**	-	-	-	-	-	-	-	3,381,934	-
Underwriting and net acquisition costs (including reinsurance)	**(4,906,249)**	(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)
Other operating and administrative expenses	**(6,630,868)**	(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)
Income tax (expenses) / reversal	**-**	-	-	-	-	(71,304)	-	32,404	-	(60,679)
Surplus from life insurance fund	**3,400,000**	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
Investment and other income not attributable to policyholders	**1,603,191**	1,933,941	2,213,453	1,291,507	948,683	939,021	926,419	1,029,785	236,290	179,432
Expenses not attributable to policyholders	**(37,713)**	(42,978)	(69,777)	(101,191)	(72,933)	(157,922)	(122,693)	(114,796)	(63,940)	(27,119)
Share of net result of equity accounted investee	**203,792**	337,223	311,874	229,642	151,557	116,438	104,736	149,807	187,844	60,315
Income tax (expenses) / reversal	**(1,799,356)**	(1,486,968)	(1,497,185)	(972,854)	(573,722)	(801,941)	(750,432)	1,079,046	-	-
Profit for the year	**3,369,914**	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

* Includes the restricted one-off surplus transfer of Rs. 3.4 billion in 2017.

Statement of Financial Position

For the year ended 31 December Rs'000	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Assets										
Intangible assets	**7,274,896**	784,599	1,130,585	1,311,217	1,545,529	1,247,057	1,306,922	1,392,191	212,817	94,647
Property, plant and equipment	**3,383,567**	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
Right of use assets	**508,588**	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
Financial investments	**108,252,636**	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
Loans to life policyholders	**2,858,074**	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
Reinsurance receivable	**526,145**	418,852	447,558	556,985	969,446	492,011	502,975	371,126	267,417	178,181
Premiums receivable	**1,032,595**	1,066,641	1,051,444	878,441	532,975	487,959	344,785	331,539	268,511	246,800
Receivables and other assets	**1,714,282**	1,326,177	942,120	777,524	801,758	1,189,309	1,452,885	1,675,601	947,239	809,784
Cash in hand and at bank	**1,698,143**	1,614,403	839,475	952,332	969,748	960,270	632,962	696,835	580,126	379,232
Total Assets	**127,248,926**	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

Statement of financial position

For the year ended 31 December Rs'000	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	3,381,934	-
Other reserves	**6,167,377**	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
Retained earnings	**12,823,282**	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
Total Equity	**23,372,593**	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
Liabilities										
Insurance contract liabilities - Life	**93,758,787**	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
Insurance contract liabilities - Unit Linked	**807,777**	792,176	718,692	746,484	916,192	1,061,701	1,246,075	1,501,271	2,121,609	2,377,707
Lease liabilities	**510,588**	606,916	422,540	448,719	421,300	232,259	289,176	-	-	-
Employee benefit liabilities	**284,384**	229,709	190,578	286,691	239,915	194,753	162,957	115,516	122,588	107,963
Reinsurance payables	**603,586**	587,668	365,027	636,154	1,038,267	533,023	812,930	669,314	345,146	208,742
Other liabilities	**7,712,135**	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
Bank overdraft	**199,076**	134,529	122,560	228,479	249,332	160,805	168,428	244,175	195,306	150,306
Total Liabilities	**103,876,333**	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
Total equity and liabilities	**127,248,926**	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
Investor Information										
Return on Net Assets (%)	**14.33**	15.64	19.59	18.52	13.44	6.18	8.17	25.31	93.29	35.81
Earnings Per Share (Rs.)	**5.72**	6.35	6.38	4.66	3.48	1.56	1.97	5.50	12.53	2.23
Dividend Per Share (Rs.)	**5.00**	5.00	8.75	-	22.00	14.00	20.00	20.00	18.00	10.50
Net Assets Per Share (Rs.)	**39.66**	40.16	41.00	24.12	26.23	25.64	24.88	23.20	20.30	6.56
Market Price Per Share (Rs.)	**77.3**	61.90	40.2	27.90	294.00	305.00	330.00	347.30	135.00	143.00
Market Capitalisation (Rs. Mn.)	**45,551.79**	36,476.79	23,689.29	16,441.07	17,325.00	17,973.21	19,446.00	20,465.89	7,955.00	8,426.79
Price Earnings Ratio (Times)	**13.52**	9.75	6.30	5.98	8.44	19.52	16.79	6.31	1.08	6.42
Other Information										
Number of employees	**821**	737	780	798	770	795	764	614	529	474
No of Shares ('000)	**589,286**	589,286	589,286	589,286	58,929	58,929	58,929	58,929	58,929	58,929

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

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TO THE BOARD OF DIRECTORS OF UNION ASSURANCE PLC

Report on the Content Elements Included in Union Assurance PLC's Integrated Annual Report for the year ended December 31, 2025

Conclusion

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

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

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

Basis for conclusion

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

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

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Intended use or purpose

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

Restriction on use or distribution

This report has been prepared for the Board of Directors of Union Assurance PLC for the purpose of providing an assurance conclusion on whether the SMI in the Union Assurance PLC's Integrated Annual Report for the Year ended 31st December 2025 has been prepared in accordance with the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Union Assurance PLC, or for any other purpose than that for which it was prepared.

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

Our conclusion is not modified in respect of this matter.

Responsibilities of Management for the SMI

The management of the entity are responsible for:

- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria

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M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

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

Those charged with governance are responsible for overseeing the reporting process for the entity's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non financial data, including the use of estimates, assumptions, and third party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of Union Assurance PLC.

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

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI , other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

1. Assessing the suitability of the criteria used by the Entity in preparing SMI;
2. Through inquiries, obtained an understanding of the Entity's control environment, processes and information systems relevant to the preparation of the Information subject to Limited Assurance, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
3. Obtaining an understanding of the relevant internal policies and procedures developed by the Entity, including those relevant to determining what matters most to the Entity's stakeholders, how the Entity creates value, the Entity's external environment, strategy, governance and reporting.

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

4. Obtaining an understanding of the description of the Entity's strategy and how the Entity creates value in the SMI and enquiring of management as to whether the description accurately reflects their understanding;
5. Assessing of the alignment between the Entity's strategy, the disclosures on how the Entity creates value and what matters most to the Entity's stakeholders.
6. Checking Board minutes to ensure consistency with the SMI.
7. Evaluated the overall presentation of the Information subject to Limited Assurance to determine whether it is consistent with the criteria and in line with our overall knowledge of, and experience with, the entity's processes.

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

CHARTERED ACCOUNTANTS
Colombo

27th February 2026

INDEPENDENT PRACTITIONERS' LIMITED ASSURANCE REPORT

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TO THE BOARD OF DIRECTORS OF UNION ASSURANCE PLC

Report on Selected Indicators Included in Union Assurance PLC's Integrated Annual Report for the year ended December 31, 2025

Conclusion

We have performed a limited assurance engagement on whether the selected sustainability related indicators as defined in annexure A ("Subject matter Information" or "SMI") in Union Assurance PLC's ("the Company") Integrated annual report for the year ended December 31, 2025 have been prepared with reference to the selected Global Reporting Initiative Standards 2021 as mentioned in Annexure A ("Criteria").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the selected sustainability related indicators as defined in annexure A of Union Assurance PLC for the year ended 31st December 2025 are not prepared, in all material respects, with reference to the Criteria.

The SMI subject to our limited assurance engagement are listed in Annexure A. The assured sustainability information is marked in Bold font and marked with "LA" in the Integrated Annual Report, and the corresponding GRI indicators are also provided in Annexure A.

Our conclusion on the SMI as defined in annexure A does not extend to other information that accompanies or contains the SMI as defined in annexure A and our assurance report.

Basis for conclusion

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

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

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding

compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Intended use or purpose

We have been engaged by the Management of Union Assurance PLC to provide limited assurance on whether the selected SMI as defined in annexure A have been prepared with reference to the Criteria.

Restriction on use or distribution

This report has been prepared for the Board of Directors of Union Assurance PLC for the purpose of providing an assurance conclusion on whether the selected SMI in the Union Assurance PLC's Integrated Annual Report for the Year ended 31st December 2025 has been prepared with reference to the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than Union Assurance PLC, or for any other purpose than that for which it was prepared.

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

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Our conclusion is not modified in respect of this matter.

Responsibilities of Management for the SMI.

The management of the Company are responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.
- Selecting or developing suitable criteria for preparing the Subject Matter Information and appropriately referring to or describing the criteria
- Preventing and detecting fraud and ensuring the Company's compliance with applicable laws and regulations to its activities.
- Ensuring that staff involved in preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units; and
- Preparing the Subject Matter Information with reference to the criteria
- The maintenance and integrity of Union Assurance PLC's website, including the presentation of our independent limited assurance report on the website is the responsibility of the Union Assurance PLC's management. Management is responsible for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Union Assurance PLC's website.

Those charged with governance are responsible for overseeing the reporting process for the Company's SMI.

Inherent limitations

The preparation of SMI is subject to inherent limitations arising from the nature of non-financial data, including the use of estimates, assumptions, and third-party information. In addition, due to the inherent limitations of any internal control system, errors or irregularities may occur and not be detected.

Our engagement was not designed to detect internal control weaknesses because the procedures were performed on a test basis and not continuously throughout the period.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
- reporting our conclusion to the Board of Directors of Union Assurance PLC.

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

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our procedures selected depended on our understanding of the SMI, other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviewed senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquired management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquired relevant staff at corporate and selected site level responsible for the preparation of the SMI in the Integrated Annual Report of Union Assurance PLC for the year ended 31st December 2025;
- enquired about the design and implementation of the systems and methods used to collect and report the SMI in the Integrated Annual Report of the Union Assurance PLC for the year ended 31st December 2025, including the aggregation of the reported information;
- applied analytical procedures, as appropriate;
- compared the SMI in the Integrated Annual Report of Union Assurance PLC for the year ended 31st December 2025 to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- recalculated the Information subject to Limited Assurance based on the criteria;

- read the SMI in the Integrated Annual Report of Union Assurance PLC for the year ended 31st December 2025 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company; and
- read the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

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

CHARTERED ACCOUNTANTS
Colombo

27th February 2026

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Annexure A to our limited assurance report dated 27th February 2026

The numbers in this annexure have been included in the Integrated Annual Report prepared by the Management

Our reporting boundary is limited to the Company's operations in Sri Lanka

GRI Standard (The criteria relevant to the information)		Disclosure Topic	Point in time or period subject to assurance	Page Number
Disclosure 2-7 Employees related	2-7 a	Employees related metrics	As at 31st December 2025	104
	2-7 b i		As at 31st December 2025	104
	2-7 b ii		As at 31st December 2025	104
	2-7 c		for the year ended 31 December 2025	104
	2-7 d		for the year ended 31 December 2025	104
	2-7 e		As at 31st December 2025	108
Disclosure 2-19 Remuneration Policy	2-19 a	Remuneration Policies for highest governance body and senior Executives	for the year ended 31 December 2025	112
	2-19 b		for the year ended 31 December 2025	112
Disclosure 2-24 Embedding policy commitments	2-24 a	Embedding policy commitments	for the year ended 31 December 2025	106
Disclosure 2-28 Membership associations	2-28 a	Membership associations list	for the year ended 31 December 2025	137
Disclosure 201-1 Direct economic value generated and distributed	201-1 a	Direct economic value generated and distributed	for the year ended 31 December 2025	64
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	201-3 a	Defined benefit plan obligations and other retirement plans	for the year ended 31 December 2025	112
	201-3 b		for the year ended 31 December 2025	112
	201-3 c		for the year ended 31 December 2025	112
	201-3 d		for the year ended 31 December 2025	112
	201-3 e		for the year ended 31 December 2025	112
Disclosure 204-1 Proportion of spending on local suppliers	204-1 a	Proportion of spending on local suppliers	for the year ended 31 December 2025	137
	204-1 b		for the year ended 31 December 2025	137
	204-1 c		for the year ended 31 December 2025	137
Disclosure 205-1 Operations assessed for risks related to corruption	205-1 a	Operations assessed for anti-corruption risks and Communication and training on anti-corruption policies	As at 31st December 2025	138
Disclosure 205-2 Communication and Training about anti-corruption policies and procedures				138
	205-2 b		for the year ended 31 December 2025	138
	205-2 e		for the year ended 31 December 2025	138

GRI Standard (The criteria relevant to the information)		Disclosure Topic	Point in time or period subject to assurance	Page Number
Disclosure 205-3 Confirmed incidents of corruption and actions taken	205-3 a	Confirmed incidents of corruption and actions taken	for the year ended 31 December 2025	138
	205-3 b		for the year ended 31 December 2025	138
	205-3 c		for the year ended 31 December 2025	138
	205-3 d		for the year ended 31 December 2025	138
Disclosure 302-1 Energy consumption within the organization	302-1 a	Total Energy consumption within the organization	for the year ended 31 December 2025	122
	302-1 b		for the year ended 31 December 2025	122
	302-1 c i		for the year ended 31 December 2025	122
	302-1 e		for the year ended 31 December 2025	122
	302-1 g		for the year ended 31 December 2025	122
Disclosure 302-3 Energy Intensity	302-3 a	Energy Intensity	for the year ended 31 December 2025	122
	302-3 b		for the year ended 31 December 2025	122
	302-3 c		for the year ended 31 December 2025	122
	302-3 d		for the year ended 31 December 2025	122
Disclosure 303-1 Interactions with water as a shared resource	303-1 a	Interactions with water as a shared resource	for the year ended 31 December 2025	123
	303-1 c		for the year ended 31 December 2025	123
Disclosure 303-5 Water Consumption	303-5 a	Total Water Consumption	for the year ended 31 December 2025	123
Disclosure 306-2 Management of significant waste related impacts	306-2 b	Management of significant waste related impacts	for the year ended 31 December 2025	125
	306-2 c		for the year ended 31 December 2025	125
Disclosure 306-3 Waste generated	306-3 a	Waste generated	for the year ended 31 December 2025	125
Disclosure 306-4 Waste diverted from disposal	306-4 a	Waste diverted from disposal	for the year ended 31 December 2025	125
	306-4 c		for the year ended 31 December 2025	125
	306 -4 d		for the year ended 31 December 2025	125
Disclosure 306-5 Waste directed to disposal	306-5 a	Waste directed to disposal	for the year ended 31 December 2025	125
Disclosure 308-1 New suppliers that were screened using environmental criteria	308-1 a	List of New suppliers that were screened using environmental criteria	for the year ended 31 December 2025	137

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GRI Standard (The criteria relevant to the information)		Disclosure Topic	Point in time or period subject to assurance	Page Number
Disclosure 401-1 New employee hires and employee turnover	401-1 a	List of New employee hires and employee turnover	for the year ended 31 December 2025	108
	401-1 b		for the year ended 31 December 2025	108
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2 a	Benefits provided to full-time employees that are not provided to temporary or part-time employees	for the year ended 31 December 2025	112
	401-2 b		for the year ended 31 December 2025	112
Disclosure 401-3 Parental leave	401-3 a	Parental leave calculations	for the year ended 31 December 2025	110
	401-3 b		for the year ended 31 December 2025	110
	401-3 c		for the year ended 31 December 2025	110
	401-3 d		for the year ended 31 December 2025	110
	401-3 e		for the year ended 31 December 2025	110
Disclosure 403-1 Occupational health and safety management system	403-1 a	Occupational health and safety management system	for the year ended 31 December 2025	115
	403-1 b		for the year ended 31 December 2025	115
Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	403-2 a	Hazard identification, risk assessment, and incident investigation	for the year ended 31 December 2025	115
	403-2 b		for the year ended 31 December 2025	115
	403-2 d		for the year ended 31 December 2025	115
Disclosure 403-3 Occupational health services	403-3 a	Occupational health services	for the year ended 31 December 2025	115
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	403-4 a	Worker participation, consultation, and communication on occupational health and safety	for the year ended 31 December 2025	115
Disclosure 403-5 Worker training on occupational health and safety	403-5 a	Worker training on occupational health and safety	for the year ended 31 December 2025	115
Disclosure 403-6 Promotion of worker health	403-6 a	Promotion of worker health	for the year ended 31 December 2025	113,114
	403-6 b		for the year ended 31 December 2025	116
Disclosure 403-9 Work-related injuries	403-9 a	Work-related injuries	for the year ended 31 December 2025	106
Disclosure 404-1 Average hours of training per year per employee	404-1 a	Average hours of training per year per employee	for the year ended 31 December 2025	111

GRI Standard (The criteria relevant to the information)		Disclosure Topic	Point in time or period subject to assurance	Page Number
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	404- 2 a	Programs for upgrading employee skills and transition assistance programs	for the year ended 31 December 2025	111
Disclosure 404-3 Percentage of employees receiving regular performance and career	404-3 a	Percentage of employees receiving regular performance and career development reviews'	for the year ended 31 December 2025	113
Disclosure 405-1 Diversity of governance bodies and employees	405-1 a	Diversity of governance bodies and employees	for the year ended 31 December 2025	109
	405-1 b		for the year ended 31 December 2025	109
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	405-2 a	Ratio of basic salary and remuneration of women to men	for the year ended 31 December 2025	112
	405-2 b		for the year ended 31 December 2025	112
Disclosure 406-1 Incidents of discrimination and corrective actions taken	406-1 a	Incidents of discrimination and corrective actions taken	for the year ended 31 December 2025	108
	406-1 b		for the year ended 31 December 2025	108
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	408-1 a	Operations and suppliers at Significant risk for incidents of child labour	for the year ended 31 December 2025	106
	408-1 c		for the year ended 31 December 2025	106
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	413-1 a	Operations with significant actual and potential negative impacts on local communities	for the year ended 31 December 2025	126
Disclosure 414-1 New suppliers that were screened using social criteria	414-1 a	New suppliers that were screened using social criteria	for the year ended 31 December 2025	137
Disclosure 417-2 Incidents of non- compliance concerning product and service information and labeling	417-2 a	Number of Incidents of non-compliance concerning product and service information and labeling	for the year ended 31 December 2025	129
	417-2 b		for the year ended 31 December 2025	129
Disclosure 417-3 Incidents of non compliance concerning marketing communications	417-3 a	Incidents of non-compliance concerning marketing communications	for the year ended 31 December 2025	129
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1 a	Substantiated complaints concerning breaches of customer privacy and losses of customer data	for the year ended 31 December 2025	129
	418-1 b		for the year ended 31 December 2025	143
	418-1 c		for the year ended 31 December 2025	148

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GRI Standard	Disclosure		Description	Page Reference
GRI 2: General Disclosures 2021	2-7 Employees	2-7 a	Report the total number of employees, and a breakdown of this total by gender and by region;	104
		2-7 b i	permanent employees, and a breakdown by gender and by region;	104
		2-7 b ii	temporary employees, and a breakdown by gender and by region;	104
		2-7 c	describe the methodologies and assumptions used to compile the data, including whether the numbers are reported: i. in head count, full-time equivalent (FTE), or using another methodology; ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;	104
		2-7 d	report contextual information necessary to understand the data reported under 2-7-a and 2-7-b;	104
		2-7 e	describe significant fluctuations in the number of employees during the reporting period and between reporting periods.	108
	2-19 Remuneration policies	2-19 a	Describe the remuneration policies for members of the highest governance body and senior executives, including: i. fixed pay and variable pay; ii. sign-on bonuses or recruitment incentive payments; iii. termination payments; iv. claw backs; v. retirement benefits;	112
		2-19 b	describe how the remuneration policies for members of the highest governance bodyand senior executives relate to their objectives and performance in relation to themanagement of the organization's impacts on the economy, environment, and people.	112
	2-24 Embedding policy commitments	2-24 a	Describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: i. how it allocates responsibility to implement the commitments across different levels within the organization; ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments	106
	2-28 Membership associations	2-28 a	Report industry associations, other membership associations, and national or international advocacy organizations in which it participates in a significant role.	137

GRI Standard	Disclosure		Description	Page Reference
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	201-1 a	Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.	64
	201-3 Defined benefit plan obligations and other retirement plans	201-3 a	If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.	114
		201-3 b	If a separate fund exists to pay the plan's pension liabilities: the extent to which the scheme's liabilities are estimated to be covered by the i.assets that have been set aside to meet them; ii. the basis on which that estimate has been arrived at; iii. when that estimate was made.	112
		201-3 c	If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.	112
		201-3 d	Percentage of salary contributed by employee or employer.	112
		201-3 e	Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.	112
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	204-1 a	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).	137
		204-1 b	The organization's geographical definition of 'local'.	137
		204-1 c	The definition used for 'significant locations of operation'.	137
GRI 205: Anti corruption 2016	205-1 Operations assessed for risks related to corruption	205-1 a	Total number and percentage of operations assessed for risks related to corruption	138
		205-2 b	Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.	138
		205-2 e	Total number and percentage of employees that have received training on anticorruption, broken down by employee category and region	138

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GRI Standard	Disclosure		Description	Page Reference
	205-3 Confirmed incidents of corruption and actions taken	205-3 a	Total number and nature of confirmed incidents of corruption	138
		205-3 b	Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.	138
		205-3 c	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	138
		205-3 d	Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	138
GRI 302: Energy 2016	302-1 Energy consumption within the organization	302-1 a	Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.	122
		302-1 b	Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.	122
		302-1 c	In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption	122
		302-1 e	Total energy consumption within the organization, in joules or multiples.	122
		302-1 g	Source of the conversion factors used.	122
	302-3 Energy intensity	302-3 a	Energy intensity ratio for the organization.	122
		302-3 b	Organization-specific metric (the denominator) chosen to calculate the ratio	122
		302-3 c	Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.	122
		302-3 d	Whether the ratio uses energy consumption within the organization, outside of it, or both.	122
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	303-1 a	A description of how the organization interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts the organization has caused or contributed to, or that are directly linked to its operations, products, or services by its business relationships (e.g., impacts caused by runoff).	123
		303-1 c	A description of how water-related impacts are addressed, including how the organization works with stakeholders to steward water as a shared resource, and how it engages with suppliers or customers with significant water-related impacts.	123
	303-5 Water consumption	303-5 a	Total water consumption from all areas in megaliters.	123

GRI Standard	Disclosure		Description	Page Reference
GRI 306: Waste 2020	306-2 Management of significate wastage related impacts	306-2 b	If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations.	125
		306-2 c	The processes used to collect and monitor waste-related data.	125
	306-3 waste generated	306-3 a	Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.	125
	306- 4 Waste diverted from disposal	306-4 a	Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.	125
		306-4 c	Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations: i. Preparation for reuse; ii. Recycling; iii. Other recovery operations.	125
		306 -4 d	For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal: i. onsite; ii. offsite.	125
	306-5 Waste directed to disposal	306-5a	Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.	125
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	308-1 a	a. Percentage of new suppliers that were screened using environmental criteria.	137
	401-1 New employee hires and employee turnover	401-1 a	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	108
		401-1 b	Total number and rate of employee turnover during the reporting period, by age group, gender and region.	108
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	401-2 a	"Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others.	112
		401-2 b	The definition used for 'significant locations of operation'.	112

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GRI Standard	Disclosure		Description	Page Reference
	401-3 Parental leave	401-3 a	Total number of employees that were entitled to parental leave, by gender.	110
		401-3 b	Total number of employees that took parental leave, by gender.	110
		401-3 c	Total number of employees that returned to work in the reporting period after parental leave ended, by gender.	110
		401-3 d	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.	110
		401-3 e	Return to work and retention rates of employees that took parental leave, by gender.	110
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	403-1 a	A statement of whether an occupational health and safety management system has been implemented, including whether: i. the system has been implemented because of legal requirements and, if so, a list of the requirements; ii. the system has been implemented based on recognized risk management and/ormanagement system standards/ guidelines and, if so, a list of the standards/guidelines.	115
		403-1 b	A description of the scope of workers, activities, and workplaces covered by theoccupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.	115
	403- 2 Hazard identification, risk assessment, and incident investigation	403-2 a	A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including: i. how the organization ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.	115
		403-2 b	A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.	115
		403-2 d	A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.	115
	403- 3 Occupational health services	403-3 a	A description of the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and an explanation of how the organization ensures the quality of these services and facilitates workers' access to them.	115

GRI Standard	Disclosure		Description	Page Reference
	403- 4 Worker participation, consultation, and communication on occupational health and safety	403- 4 a	A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.	115
	403- 5 Worker training on occupational health and safety	403- 5 a	A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.	115
	4043- 6 Promotion of worker health	403-6 a	An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.	113,114
		403-6 b	A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.	116
	403-9 Work-related injuries	403-9 a	For all employees: i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked.	106
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	404-1 a	Average hours of training that the organization's employees have undertaken during the reporting period, by: i. gender; ii. employee category.	111
	404-2 Programs for upgrading employee skills and transition assistance programs	404- 2 a	Type and scope of programs implemented and assistance provided to upgrade employee skills.	111
	404-3 Percentage of employees receiving regular performance and career development reviews	404-3 a	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	113

GRI CONTENT INDEX

GRI Standard	Disclosure		Description	Page Reference
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	405-1 a	Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	109
		405-1 b	Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	109
	405-2 Ratio of basic salary and remuneration of women to men	405-2 a	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	112
		405-2 b	The definition used for 'significant locations of operation'.	112
GRI 406: Non discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	406-1 a	Total number of incidents of discrimination during the reporting period.	108
		406-1 b	Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	108
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	408-1 a	Operations and suppliers considered to have significant risk for incidents of: i. child labor; ii. young workers exposed to hazardous work.	106
		408-1 c	Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	106

GRI Standard	Disclosure		Description	Page Reference
GRI 413: Local Communities 2016	413-1 Operations with significant actual and potential negative impacts on local communities	413-1 a	a. 2.1 Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: i.social impact assessments, including gender impact assessments, based on participatory processes; environmental impact assessments and ongoing monitoring; public disclosure of results of environmental and social impact assessments; local community development programs based on local communities' needs; stakeholder engagement plans based on stakeholder mapping; broad based local community consultation committees and processes that include vulnerable groups ; works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; formal local community grievance processes.	126
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	414-1 a	Percentage of new suppliers that were screened using social criteria.	137
GRI 417: Marketing and Labeling 2016	417- 2 Number of Incidents of non-compliance concerning product and service information and labeling	417-2 a	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes.	129
		417-2 b	If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	129
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	417-3 a	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes.	129
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1 a	Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies.	129
		418-1 b	Total number of identified leaks, thefts, or losses of customer data.	143
		418-1 c	If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	148

SASB INDEX

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
SASB Insurance				
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 - Refer page 129
	Complaints-to-claims ratio	Rate	FN-IN-270a.2	Social and Relationship Capital - Refer page 131
	Customer retention rate	Rate	FN-IN-270a.3	UA recorded 85% customer retention rate in 2025
	Description of approach to informing customers about products	N/A	FN-IN-270a.4	Social and Relationship Capital - Refer page 131
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	During the year, UA focused on enhancing portfolio resilience through strategic asset allocation, active risk management, and sustainable return generation, while supporting responsible investment practices that reinforce long-term financial stability. For the equity portfolio, which is managed by external fund managers, ESG integration is more explicitly embedded into the investment research process while external managers evaluate companies' performance across key ESG dimensions. UA incorporated ESG awareness across key stages of the investment lifecycle, including initial screening, issuer evaluation, and post-investment monitoring.
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low carbon technology	N/A	FN-IN-410b.1	Not relevant to life insurance because standard measures premiums related to energy-efficiency and low-carbon technology projects, which are products offered within property and casualty or technical insurance, not life insurance.
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	N/A	FN-IN-410b.2	Health 360 – UA provides a 25% annual increase in Basic Annual Sum Insured for each claim-free year to incentivise healthy life style. This benefit can accumulate up to 100% of the original Basic Sum Insured without an increase in premium. The cashless claim settlement process supports environmental objectives by reducing paperwork, physical document handling, and transport related emissions. Click Life App rewards users for completing wellness activities and maintaining healthy habits. Intellectual Capital - Refer page 145

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Metric tonnes (t) CO_2-e	FN-IN-410c.1	UA utilize the permitted transition relief
	Gross exposure for each industry by asset class	Presentation currency	FN-IN-410c.2	
	Percentage of gross exposure included in the financed emissions calculation	Percentage %	FN-IN-410c.3	
	Description of the methodology used to calculate financed emissions	N/A	FN-IN-410c.4	
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather related natural catastrophes	Presentation currency	FN-IN-450a.1	Currently, UA mitigate financial risks associated with natural events using catastrophic insurance with applicableconditions. Due to limitations in the detailed information required to fully comply with SASB standards, we are unable to quantify these metrics at this time. However, the company remains committed to enhancing our data capabilities and improving our position in the future.
	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)	Presentation currency	FN-IN-450a.2	
	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	(1) UA intend to localise reinsurers' global underwriting standards to fit Sri Lankan market and regulatory needs. Guidance from regulator is required on integrating ESG factors into underwriting and whether a suitable system module exists. (2) The entity integrates material environmental risks into its overall risk framework by assessing the impact and likelihood and incorporate them into governance, materiality, and risk-appetite processes. Currently Environmental scenarios are not embedded in stress testing and capital planning to evaluate potential impacts on solvency.

SASB INDEX

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
Systemic Risk Management	Exposure to derivative instruments by category: (1) Total Exposure to Non-Centrally Cleared Derivatives (2) Total Fair Value of Acceptable Collateral Posted with a Central Clearinghouse (3) Total Exposure to Centrally Cleared Derivatives	Presentation currency	FN-IN-550a.1	UA has no exposure to derivatives as of 31 December 2025
	Total fair value of securities lending collateral assets	Presentation currency	FN-IN-550a.2	Financial note 7.2 (c) : Collateral of Debt Securities - Refer page 283
	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	N/A	FN-IN-550a.3	UA managed capital-related risks through a disciplined framework that aligns the investment portfolios with the Company's long-term liability profile through rigorous asset–liability management (ALM), continuous capital adequacy monitoring, and strict adherence to internal investment risk controls. UA maintained its solvency margin in accordance with the Solvency Margin (Risk-Based Capital) Rules 2015. Solvency is assessed using the Capital Adequacy Ratio (CAR) methodology mandated by the Regulator. Liquidity-related risks are mitigated through a conservative investment strategy that prioritises high-quality, liquid government securities, supported by regular liquidity gap analyses, cash-flow forecasting, and stress testing to ensure adequate liquidity buffers.
Activity Metrics	Number of policies in force, by segment	Number	FN-IN-000.A	Life insurance policy count - 262,981
SASB Managed Care				
Customer Privacy & Technology Standards	Description of policies and practices to secure customers' personal health data records and other personal data	N/A	HC-MC-230a.1	The Company has established robust policies including data protection, retention and disposal policies and practices to safeguard customers' personal data, including sensitive health information. Data is processed, and stored in secure systems with access controls and monitoring mechanisms in line with ISO 27001 and emerging PDPA requirements. Only authorized personnel are permitted to access personal health records, and such access is governed by clearly defined approval workflows. Regular awareness trainings and continuous monitoring is carried out to ensure compliance with data protection standards and to prevent unauthorized disclosure or misuse. Intellectual capital: Cyber security - Refer page 149

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
	(1) Total Number of Data Breaches (2) (a) Percentage of Data Breaches in which Customers' Personal Data (but not personal health data), was subject to data breach (2) (b) Percentage of Data Breaches in which Customers' Personal Health Data was subject to data breach (3) Total number of unique customers who were affected by data breaches in which the customers':	Number	HC-MC-230a.2	UA did not encounter any data breaches. Social and Relationship Capital - Refer page 129
	Total amount of monetary losses incurred during the reporting period resulting from legal proceedings associated with data security and privacy	Presentation currency	HC-MC-230a.3	UA did not encounter any monetary losses from legal proceedings associated with date security and privacy.
Access to Coverage	Percentage of total health care insurance premiums spent directly on medical claims and efforts to improve the quality of care - Medical Loss Ratio (MLR)	Percentage %	HC-MC-240a.1	MLR - 95% (*Expenditure on activities that improve quality of care is not considered due to unavailability of data)
	Description of policies and practices regarding customer access to coverage	N/A	HC-MC-240a.4	UA maintained a balanced product portfolio that caters to diverse segments of the market, including products with case sizes designed for low to high income customer segments. The entity integrates assessments of pre existing conditions and overall health status into its underwriting process in accordance with the established underwriting guidelines. A pre existing condition includes any illness, injury, chronic disease, previous surgery, or ongoing medical treatment that existed prior to the application. Based on the evaluation of these factors, the company may request additional health disclosures, apply premium loadings, impose specific medical requirements, or offer limited coverage options. All such decisions are made following the standard underwriting guidelines to ensure fair and consistent risk assessment.

SASB INDEX

Topic	Metric	Unit of Measure	Sasb Code	Disclosure / Page Reference
Plan Performance	Enrolee retention rate by plan type	Rate	HC-MC-250a.2	UA currently does not track this
	Percentage of claims denied that were appealed by customers and ultimately reversed	Percentage %	HC-MC-250a.3	UA currently does not track this
	Plan enrolee grievance rate (per 10,000 enrollees)	Rate	HC-MC-250a.4	UA currently does not track this
	Description of plan performance and ratings for offered plan types, by region	N/A	HC-MC-250a.5	UA does not differentiate its health insurance products by region.
Improved Outcomes	Percentage of enrolees in wellness programmes by type; (1) Diet and nutrition (2) Exercise (3) Stress management (4) Mental health (5) Smoking or alcohol cessation (6) Other wellness programmes	Percentage %	HC-MC-260a.1	83% (*we only have wellness programmes for Exercise)
	Discussion of initiatives and programmes to maintain and improve enrolee health	N/A	HC-MC-260a.4	Clicklife app introduced new monthly Step Challenges and weekly Active Minute Challenges to drive sustained physical activity among policyholders. App rolled out AI-enabled calorie and sugar-monitoring tools, delivering more accurate insights into daily dietary habits. Social Capital - Refer page 132
Climate Change Impacts on Human Health	Discussion of the strategy to address the effects of climate change on business operations and how specific risks presented by changes in the geographical incidence, morbidity and mortality of illnesses and diseases are incorporated into risk models	N/A	HC-MC-450a.1	Incorporation of climate-related impacts into pricing and actuarial risk models would require reliable long-term datasets covering multiple years and diverse climatic events. Such data is currently not available in sufficient volume at an individual insurer level. Industry-wide collaboration may therefore be necessary to develop credible experience studies. Additionally, life insurance pricing relies significantly on reinsurance morbidity and mortality assumptions. For climate-related risks to be fully embedded into actuarial models, corresponding adjustments would first need to be reflected within reinsurer pricing frameworks.
Activity Metrics	Number of enrollees by plan type	Number	HC-MC-000.A	UA currently does not track this

CERTIFICATE OF CARBON FOOTPRINT

17/02/2026

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**, based on data provided by the client in respect of the selected emissions sources and activities outlined in the table below. Following completion of the assessment, CCC hereby confirms that the Carbon Footprint of the Organisational Operations of Union Assurance PLC for the calendar year **2025** amounts to **1,858.73 tonnes of Carbon Dioxide Equivalent (tCO_2e)**.

Reporting Scope	Emissions Source	Emissions Activity	Emissions Total (tCO_2e)
Scope 1 – Direct Emissions	Stationary Combustion	Generator Fuel	5.834
	Mobile Combustion	Long-term Leased Vehicles (Operational)	60.510
SCOPE 1 TOTAL EMISSIONS			**66.344**
Scope 2 – Indirect Emissions	Purchased Electricity	Electricity Consumption	830.915
SCOPE 2 TOTAL EMISSIONS			**830.915**
Scope 3 – Indirect Emissions	Purchased Electricity	Electricity Transmission and Distribution Losses	78.937
	Waste Transportation	Third-party Outbound Waste Transportation	0.015
	Waste Disposal	Waste Disposal	0.014
	Water Consumption	Water	2.688
	Work from home	Work from home	0.000
	Business Travel	Foreign and Local	448.624
	Employee Commuting	Employees Commuting to and from Work	431.194
SCOPE 3 TOTAL EMISSIONS			**961.472**
TOTAL SCOPE 1, 2 & 3 CARBON FOOTPRINT OF UNION ASSURANCE PLC			**1,858.732**

The calculations were undertaken 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 (WBCSD)** and the **World Resources Institute (WRI)**. This standard provides comprehensive guidance on the establishment of organisational and operational boundaries, the quantification of greenhouse gas emissions, and standardised reporting practices.

The calculations have been performed in accordance with the methodologies stipulated under the GHG Protocol, applied to the limited scope defined and requested by Union Assurance PLC. The client is solely responsible for the authenticity, relevance, and accuracy of the data provided for the purposes of this GHG Assessment (data has not been independently validated).

Yours faithfully,

DocuSigned by:
Kanishka Jayasinghe
ED03461D417A421...

Kanishka Jayasinghe
Chief Operating Officer
The Climate and Conservation Consortium

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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.

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.

GLOSSARY OF INSURANCE TERMS

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

Rs'000	2025					2024				
	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	5,735,461	5,869,372	6,857,395	7,287,439	25,749,667	4,887,227	4,919,653	5,468,883	6,371,206	21,646,969
Premium ceded to reinsurers	(401,004)	(428,328)	(432,294)	(436,263)	(1,697,889)	(345,885)	(375,160)	(373,887)	(396,793)	(1,491,725)
Net written premium	5,334,457	5,441,044	6,425,101	6,851,176	24,051,778	4,541,342	4,544,493	5,094,996	5,974,413	20,155,244
Other revenue										
Net investment income	2,911,241	3,018,381	3,126,501	3,294,785	12,350,908	2,764,350	2,923,015	2,989,207	3,080,119	11,756,691
Net realised gains	283,010	22,784	699,579	302,220	1,307,593	180,665	400,264	36,593	244,575	862,097
Net fair value gains/ (losses)	(282,215)	915,516	1,066,878	298,596	1,998,775	503,402	983	(137,411)	1,632,237	1,999,211
Other income	7,006	6,494	9,639	29,496	52,635	4,747	6,834	8,882	24,757	45,220
Gain on disposal of equity accounted investee	-	-	43,919	-	43,919	-	-	-	-	-
Total other revenue	2,919,042	3,963,175	4,946,516	3,925,097	15,753,830	3,453,164	3,331,096	2,897,271	4,981,688	14,663,219
Total net revenue	8,253,499	9,404,219	11,371,617	10,776,273	39,805,608	7,994,506	7,875,589	7,992,267	10,956,101	34,818,463
Benefits, claims and expenses										
Net insurance benefits and claims paid	(1,810,321)	(1,777,445)	(2,185,321)	(2,075,213)	(7,848,300)	(1,442,688)	(1,414,084)	(2,063,270)	(1,772,946)	(6,692,988)
Net change in insurance claims outstanding	(23,792)	18,225	38,116	(13,896)	18,653	(59,456)	64,449	44,248	(74,183)	(24,942)
Change in contract liabilities - Life Fund	(3,366,400)	(4,597,081)	(5,808,385)	(1,711,249)	(15,483,115)	(3,757,560)	(3,826,044)	(3,103,273)	(2,950,369)	(13,637,246)
Underwriting and net acquisition costs (including reinsurance)	(1,081,855)	(1,157,108)	(1,371,665)	(1,295,621)	(4,906,249)	(901,139)	(915,244)	(1,078,961)	(1,104,930)	(4,000,274)
Other operating, administrative and selling expenses	(1,176,554)	(1,409,414)	(1,500,186)	(1,751,555)	(5,837,709)	(1,093,676)	(1,167,083)	(1,211,618)	(1,438,100)	(4,910,477)
Depreciation and amortisation	(175,374)	(193,034)	(202,323)	(212,679)	(783,410)	(147,949)	(152,487)	(153,540)	(207,597)	(661,573)
Total benefits, claims and expenses	(7,634,296)	(9,115,857)	(11,029,764)	(7,060,213)	(34,840,130)	(7,402,468)	(7,410,493)	(7,566,414)	(7,548,125)	(29,927,500)
Profit from operations	619,203	288,362	341,853	3,716,060	4,965,478	592,038	465,096	425,853	3,407,976	4,890,963
Share of results of equity accounted investee, net of tax	85,012	85,806	32,974	-	203,792	64,095	58,745	148,611	65,772	337,223
Profit before tax	704,215	374,168	374,827	3,716,060	5,169,270	656,133	523,841	574,464	3,473,748	5,228,186
Income tax expense	(187,723)	(87,661)	(401,925)	(1,122,047)	(1,799,356)	(172,595)	(148,331)	(129,119)	(1,036,923)	(1,486,968)
Profit / (Loss) for the period	516,492	286,507	(27,098)	2,594,013	3,369,914	483,538	375,510	445,345	2,436,825	3,741,218

LIFE INSURANCE FUND
INSURANCE REVENUE ACCOUNT

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
Gross written premium	9	294	**25,749,667**	21,646,969
Premium ceded to reinsurers	10	295	**(1,697,889)**	(1,491,725)
Net written premium			**24,051,778**	20,155,244
Net insurance benefits and claims paid	15	298	**(7,848,300)**	(6,692,988)
Net change in insurance claims outstanding	16	298	**18,653**	(24,942)
Underwriting and net acquisition costs (net of reinsurance)			**(4,906,249)**	(4,000,274)
Other operating, selling and administrative expenses			**(5,847,458)**	(4,937,624)
Depreciation and amortisation	26/27/28	308/310/315	**(783,410)**	(661,573)
Underwriting surplus			**4,685,014**	3,837,843
Investment and other income			**14,198,101**	12,799,403
Change in contract liabilities - Life fund	17	299	**(15,483,115)**	(13,637,246)
Surplus from life insurance fund			**3,400,000**	3,000,000
Investment and other income not attributable to policyholders			**1,603,191**	1,933,941
Expenses not attributable to policyholders			**(37,713)**	(42,978)
Share of results of equity accounted investee, net of tax	29	317	**203,792**	337,223
Income tax expenses	22	301	**(1,799,356)**	(1,486,968)
Profit from shareholders' fund			**(30,086)**	741,218
Profit for the year attributable to equity holders of the company			**3,369,914**	3,741,218

LIFE INSURANCE FUND STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
Assets				
Intangible assets			**487,864**	508,157
Property, plant and equipment	27	310	**3,383,567**	3,020,336
Right of use assets	28	315	**508,588**	590,235
Financial investments	1	386	**97,417,502**	82,119,212
Loans to life policyholders	31	326	**2,858,074**	2,651,478
Reinsurance receivable	32	327	**526,145**	418,852
Premiums receivable	33	328	**1,032,595**	1,066,641
Receivables and other assets	2	388	**1,422,349**	1,307,486
Cash in hand and at bank	3	388	**1,650,737**	1,577,123
Total assets			**109,287,421**	93,259,520
Reserves and liabilities				
Reserves				
Revaluation reserve	4	389	**2,247,041**	2,079,500
Available for sale reserve			**2,827,337**	3,326,965
Other reserves	5	389	**(49,237)**	(31,286)
Total reserves			**5,025,141**	5,375,179
Liabilities				
Insurance contract liabilities	42	334	**93,758,787**	78,399,507
Insurance contract liabilities - Unit Linked	43	340	**807,777**	792,176
Lease liabilities	44	340	**510,588**	606,916
Employee benefit liabilities	45	340	**284,384**	229,709
Reinsurance payables	46	343	**603,586**	587,668
Other liabilities	7	389	**8,098,082**	7,133,836
Bank overdraft	35	329	**199,076**	134,529
Total liabilities			**104,262,280**	87,884,341
Total reserves and liabilities			**109,287,421**	93,259,520

LIFE INSURANCE FUND STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
Cash flows from operations				
Insurance premiums received			**25,783,713**	21,631,772
Reinsurance premiums paid			**(556,625)**	(131,754)
Insurance benefits and claims paid	15	298	**(8,837,497)**	(7,696,259)
Reinsurance claims received	15	298	**989,196**	1,003,271
Payments to intermediaries to acquire insurance contracts			**(4,711,398)**	(3,981,172)
Cash paid to and on behalf of employees			**(2,561,108)**	(2,247,640)
Interest received			**9,681,508**	9,079,691
Dividends received			**245,122**	183,550
Other operating cash flows			**(4,585,899)**	(4,335,575)
Cash paid to life shareholder fund			**(3,000,000)**	(2,800,000)
Cash generated from operating activities	Note A	385	**12,447,012**	10,705,884
Interest paid			**(58,256)**	(53,696)
Income tax Payment			**(23,983)**	(21,149)
Employee benefits paid			**(16,641)**	(25,438)
Net cash from operating activities			**12,348,132**	10,605,601
Cash flows used in investing activities				
Purchase of investments			**(47,966,174)**	(41,405,941)
Maturity proceeds of investments			**12,693,718**	6,452,986
Proceeds from sale of investments			**23,611,556**	25,416,753
Purchase of property, plant and equipment	27	310	**(338,546)**	(131,804)
Purchase of intangible assets			**(141,136)**	(54,560)
Proceeds on sale of property, plant and equipment			**3,772**	3,050
Net cash used in investing activities			**(12,136,810)**	(9,719,516)
Net cash inflow before financing activities			**211,322**	886,085
Cash flows used in financing activities				
Settlement of lease liabilities			**(202,256)**	(151,484)
Net cash used in financing activities			**(202,256)**	(151,484)
Net increase in cash and cash equivalents			**9,066**	734,601
Cash and cash equivalents at the beginning of the year			**1,442,595**	707,994
Cash and cash equivalent at the end of the year	Note B	385	**1,451,661**	1,442,595

For the year ended 31 December	Note	Page	2025 Rs. '000	2024 Rs. '000
Note A				
Reconciliation of surplus from life insurance fund before tax with cash from operating activities				
Surplus from life insurance fund before tax			**3,400,000**	3,000,000
Non - cash items included in profit before tax				
Depreciation and amortisation	26.1/27.1/28.1	310/312/316	**783,410**	661,573
Provision for employee benefits	19.1	300	**53,366**	50,937
Provision for doubtful debtors	34.1(a)	329	**1,774**	2,717
Net realised gains			**(1,045,282)**	(690,952)
Net fair value gains	13	297	**(1,998,775)**	(1,998,994)
Gains on sale of property, plant and equipment	14	297	**(635)**	(1,755)
Amortisation of financial investment			**(624,959)**	(574,319)
Amortisation of lease liabilities	44	340	**58,132**	53,658
Scrip dividend income	30.7	326	**(18,845)**	(25,944)
Interest expense on obligation to repurchase securities			**124**	38
Profit before working capital changes			**608,310**	476,959
Net change in operational assets				
Net change in reinsurance assets			**(107,293)**	28,706
Net change in premiums receivable			**34,046**	(15,197)
Net change in receivables and other assets			**(4,170,746)**	(3,956,016)
Net change in operational liabilities				
Net change in life insurance contract liabilities			**15,374,881**	13,429,607
Net change in reinsurance liabilities			**15,918**	222,641
Net change in other liabilities			**691,896**	519,184
Cash generated from operating activities			**12,447,012**	10,705,884
Note B				
Cash and cash equivalents at the end of the year				
Cash in hand and at bank			**1,650,737**	1,577,123
Bank overdraft			**(199,076)**	(134,528)
Cash and cash equivalents			**1,451,661**	1,442,595
Net cash in hand and at bank for the previous year			**1,442,595**	707,994
Increase in cash and cash equivalents			**9,066**	734,601

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	2025 Carrying Value	2025 Fair Value	2024 Carrying Value	2024 Fair Value
Held to maturity financial assets (HTM)	1.1	**44,347,850**	**50,703,228**	42,428,240	47,824,829
Loans and receivables (L&R)	1.2	**11,787,222**	**12,266,695**	12,039,241	12,521,654
Available for sale financial assets (AFS)	1.3	**29,294,645**	**29,294,645**	19,983,231	19,983,231
Financial assets at fair value through profit or loss (FVTPL)	1.4	**11,987,785**	**11,987,785**	7,668,500	7,668,500
Total financial investments		**97,417,502**	**104,252,353**	82,119,212	87,998,214

1.1 Held to Maturity Financial Assets (HTM)

As at 31 December	2025 Rs. '000	2024 Rs. '000
Amortised cost		
Treasury bonds	**44,347,850**	42,428,240
Total HTM financial investments	**44,347,850**	42,428,240

1.2 Loans and Receivables (L&R)

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Amortised cost			
Debentures	1.2 (a)	**10,828,798**	9,855,775
Reverse repurchase agreements		**958,424**	2,183,466
Total L&R financial investments		**11,787,222**	12,039,241

1.2 (a) Debentures

As at 31 December Issuer	2025 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Commercial Bank of Ceylon PLC	**A**	**7/23/28**	**5,000,000**	**527,537**	**530,201**	**12.50**
Commercial Bank of Ceylon PLC	**A**	**12/20/28**	**5,000,000**	**502,382**	**547,322**	**15.00**
Commercial Bank of Ceylon PLC	**A**	**12/12/ 29**	**5,000,000**	**512,400**	**762,644**	**27.00**
Commercial Bank of Ceylon PLC	**A**	**8/12/35**	**794,200**	**82,795**	**78,473**	**11.00**
Commercial Bank of Ceylon PLC	**A**	**8/12/35**	**972,500**	**101,383**	**97,816**	**11.30**
DFCC Bank PLC	**BBB+**	**1/16/29**	**8,000,000**	**916,616**	**972,354**	**15.25**
First Capital Holdings PLC	**A+**	**9/29/30**	**4,800,200**	**493,087**	**472,231**	**11.00**
First Capital Treasuries PLC	**A**	**4/25/30**	**5,002,300**	**540,731**	**537,639**	**12.00**
Hatton National Bank PLC	**A**	**9/23/26**	**864,100**	**89,291**	**89,327**	**12.80**
Hatton National Bank PLC	**A**	**8/27/34**	**10,500,000**	**1,097,177**	**1,169,132**	**13.50**
Merchant Bank of Sri Lanka PLC	**BBB+**	**5/30/30**	**1,907,100**	**204,463**	**197,093**	**12.50**
Nations Trust Bank PLC	**BBB+**	**12/23/26**	**3,000,000**	**300,851**	**301,485**	**12.90**
Peoples Bank	**AA-**	**3/29/26**	**5,000,000**	**536,233**	**501,539**	**9.75**
Peoples Bank	**AA-**	**11/08/27**	**4,370,000**	**444,514**	**446,199**	**12.25**
Peoples Bank	**AA-**	**7/27/30**	**5,000,000**	**521,497**	**474,963**	**10.25**

As at 31 December Issuer	2025 Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Market value Rs. '000	Interest %
Resus Energy PLC	A-	6/30/29	1,700,000	179,672	173,721	11.55
Resus Energy PLC	A-	6/30/30	2,500,000	264,467	255,745	11.75
Sampath Bank PLC	A	2/09 /28	5,770,000	719,279	905,223	28.00
Seylan Bank PLC	A-	3/29/ 28	3,000,000	310,088	311,511	13.50
Seylan Bank PLC	A-	7/18/30	3,400,000	356,980	342,950	11.25
Seylan Bank PLC	A-	7/18/30	287,500	29,390	28,151	10.80
Singer Finance (Lanka) PLC	BBB-	6/25/26	402,700	42,609	42,390	11.70
Siyapatha Finance PLC	A	6/06/29	7,000,000	751,363	788,295	13.20
Siyapatha Finance PLC	A	6/26/30	5,519,900	583,695	560,730	11.40
Siyapatha Finance PLC	BBB+	9/01/26	5,000,000	515,247	515,129	9.46
Sri Lanka Telecom PLC	AA-	4/19/28	2,000,000	205,052	206,008	12.75
				10,828,798	11,308,271	

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-	9/01/26	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	11/08/27	4,370,000	444,568	451,061	12.25
Sampath Bank PLC	BBB+	2/09/28	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+	6/06/29	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	1,097,276	1,072,973	13.50
				9,855,775	10,338,188	

LIFE INSURANCE FUND NOTES TO THE STATEMENT OF FINANCIAL POSITION

1.3 Available for Sale Financial Assets (AFS)

As at 31 December	2025 Rs. '000	2024 Rs. '000
Fair value		
Treasury Bills	-	5,946,832
Treasury bonds	**29,294,645**	14,036,399
Total AFS financial investments	**29,294,645**	19,983,231

1.4 Financial Assets at Fair Value Through Profit or Loss (FVTPL)

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Fair value			
Quoted equities	30.6 (a)	**11,065,865**	6,734,308
Unit Trusts		**126,771**	158,854
		11,192,636	6,893,162
Investments in unit linked funds			
Quoted equities	30.6 (b)	**565,008**	514,556
Reverse repurchase agreements		**54,072**	76,998
Treasury bills		**-**	4,900
Treasury bonds		**82,898**	95,996
Unit trust		**-**	6,530
Debentures		**93,171**	76,358
		795,149	775,338
		11,987,785	7,668,500

2 Receivables and Other Assets

As at 31 December	Note	2025 Rs. '000	2024 Rs. '000
Financial assets			
Staff loans		**404,179**	349,658
Agent loans	34.2	**1,703**	3,499
Refundable deposits		**57,242**	57,319
Other receivables		**54,835**	9,854
		517,959	420,330
Non financial assets			
Taxes recoverable	2.1	**248,830**	248,830
Prepayments		**161,705**	190,208
Inventories		**6,632**	9,982
Advance payments		**487,223**	438,136
		904,390	887,156
Total receivable and other assets		**1,422,349**	1,307,486

2.1 Taxes Recoverable

As at 31 December	2025 Rs. '000	2024 Rs. '000
ACT recoverable	**92,296**	92,296
WHT receivable	**156,534**	156,534
	248,830	248,830

3 Cash In Hand and at Bank

As at 31 December	2025 Rs. '000	2024 Rs. '000
Cash at bank	**1,643,543**	1,551,635
Cash at bank - Unit Linked	**1,999**	20,438
Cash in hand	**5,195**	5,050
Total	**1,650,737**	1,577,123

4 Revaluation Reserve

As at 31 December	2025 Rs. '000	2024 Rs. '000
Balance as at 1 January	**2,079,500**	2,087,235
Revaluation surplus during the year	**175,276**	-
Transfer to retained earnings	**(7,735)**	(7,735)
Balance as at 31 December	**2,247,041**	2,079,500

5 Other Reserves

As at 31 December	2025 Rs. '000	2024 Rs. '000
Reserve on Cornhill merger	**16,752**	16,752
Reserve on retirement benefit obligation	**(65,989)**	(48,038)
Total other reserves	**(49,237)**	(31,286)

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	2025 Rs. '000	2024 Rs. '000
Financial liabilities		
Agency commission payable	**550,620**	570,523
Premiums in suspense	**1,655,327**	1,485,459
Other liabilities	**3,966,747**	3,656,907
	6,172,694	5,712,889
Non financial liabilities		
Government levies	**65,676**	54,937
Other staff related provisions	**474,388**	321,178
Premium received in advance	**234**	416
Other liabilities	**1,385,090**	1,044,416
	1,925,388	1,420,947
Total other liabilities	**8,098,082**	7,133,836

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	Telephone Number/s
1	Akuressa	No. 58, 2nd Floor, Matara Road, 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 / 252234984
7	Anuradhapura II	272, Main Street, Anuradhapura.	252235547 / 252237777
8	Awissawela	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	Bandarawela	No.5, Haputale Road, Bandarawela	572223239
13	Batticaloa	No:217,Trincomalee Road, Batticaloa.	652224574
14	Borella	No. 80a, Ward Place, Colombo 07.	322222104
15	Chillaw I	87, Puttalam Road, Chilaw	322222104
16	Chillaw II	87, Puttalam Road, Chilaw	322222104
17	City Office	No.153, Dharmapala Mw, Colombo 3	117868866 / 117868861
18	Colombo Channel 4	No. 121 - 2/1, Muhandiram Road, Colombo 03.	1330
19	Dambulla	27/01, Rathna Hardware, Kurunegala Road, Dambulla	662284628
20	Dehiwala	50/1/1, 1st Floor, Dehiwala Road, Borlasgamuwa	112516592 / 112516881
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	1330
24	Gampaha	No. 184, 2nd Floor, Colombo Road, Gamapaha	332226441
25	Gampola	25, Gangasiri Road, Gampola.	812077174
26	Giriullla	No. 86a, Negombo Road, Giriulla	372288586
27	Hingurakgoda	No.02, Airport Road Higurakgoda	272246581
28	Homagama	No.56/A. Katuwana Road, Homagama	112892802 / 112892803
29	Homagama Channel 4	No. 226/2, 2nd Floor, Iranganie Industries Building, Galawilawatta, Homagama.	1330
30	Horana	No. 198, Rathnapura Road, Horana.	342265217
31	Ja-Ela	No. 71a2/1, Negombo Road, Ja-Ela	112243633
32	Jaffna	218 3/1, Stanley Road, Jaffna.	212223753
33	Jaffna Metro	218 3/1, Stanley Road, Jaffna.	212223753
34	Kadawatha	143/K, 2nd Floor, Kandy Road, Kadawatha	112927252
35	Kalmunai	345, Batticaloa Road, Pandiruppu 02, Kalmunai.	672222633
36	Kalutara	338/1/2, Main Street, Kalutara	342222104
37	Kandy	300, Katugastota Road, Kandy	812227443
38	Katugasthota	185/4, Galagedara Road, Katugastota	812221304
39	Kegalle	No. 297, Colombo Road, Kegalle	352230497
40	Kegalle Channel 4	No.134, Kalugalla Mawatha, Kegalle.	1330
41	Kilinochchi	Nos. 83 & 85, Kandy Road, Kilinochchi	212280118
42	Kiribathgoda	97, Kandy Road, Kiribathgoda	112916197
43	Kirillapone	No. 57-2/1, High Level Road, Kirillapona, Colombo 06	112513362
44	Kottawa	685a, 2nd Floor, Old Kottawa Road, Kottawa	112178008
45	Kuliyapitiya	No. 93, Madampe Road, Kuliyapitiya	372281904
46	Kurunegala I	No. 6, Rajapihilla Road, Kurunegala	372228513
47	Kurunegala II	No. 6, Rajapihilla Road, Kurunegala	372228513
48	Kurunegala Metro	No. 6, Rajapihilla Road, Kurunegala	372228513

DISTRIBUTION NETWORK

	Branch	Address	Telephone Number/s
49	Kurunegala Channel 4	No. 40 2/1, Hindu Kovil Road, Kurunegala	1330
50	Maharagama	181,2nd Floor, High Level Road, Maharagama.	112089082
51	Mahawa	No. 272, Moragollagama Road, Mahawa.	372275264
52	Mahiyanganaya	102/1a, Padiyathalawa Road, Mahiyangana.	552258255
53	Melsiripura	No. 227, Dambulla Road, Melsiripura	372051123
54	Matale	553/F, Trincomalee Street, Matale	662231536
55	Mannar	No:191, Thalaimannar Road, Sinna Kadai, Mannar	232223257
56	Matara I	No. 58 1/2,3rd Floor, Esplanade Road, Matara	412226633
57	Matara II	No. 58 1/2,2 Nd Floor Esplanade Road, Matara	412226805
58	Matara Channel 4	No. 2/58, Sri Rathnapala Mw, Matara	1330
59	Mathugama	No.94/2, Agalawatta Road, Mathugama	342248017
60	Monaragala	No. 112, Wellawaya Road, Monaragala	552276290 / 552276379
61	Moratuwa I	No. 495 1st Floor, Galle Road, Rawathawatta, Moratuwa	112645802 / 112641666
62	Moratuwa II	No. 495, Galle Road, Rawathawatta, Moratuwa	112645526 / 112641666
63	Mullative	First Floor, P.w.d. Road, Mullathive Town, Mullathivu	212290893 / 213135135
64	Negombo I	No:147,St.joseph's Street,Negombo	312224264 / 313717890
65	Negombo II	No:147,St.joseph's Street,Negombo	312224264 / 313717890
66	Nelliadi	Jaffna Nelliady Road, Navalar Madam, Nelliady	212260344
67	Nikaweratiya	No: 65, Puttlam Road, Nikaweratiya	372260567
68	Nittambuwa	251/B, Horagolla, Kandy Road, Nittambuwa	332293924
69	Nugegoda	376, High Level Rd, Gangodawila, Nugegoda	112815512
70	Nuwaraeliya	36, Park Road, Nuwaraeliya	522223341
71	Padaviya	N0: 2, New Town, Padaviya	252253018
72	Panadura	587, 585, Galle Road, Panadura	382244830
73	Pettah	No. 73, 74, Colombo Gold Centre, Colombo 11	112432329
74	Piliyandala	No. 24, Vidyala Mawatha, Piliyandala	112619550
75	Polonnaruwa	13, 1st Floor, Hospital Junction, Polonnaruwa.	113135573
76	Puttalam	No. 97/1, 2nd Floor, Cargills Food Cotiy Building, Puttalam	322265980
77	Rajagiriya	Westin Towers, No.2, Lake Drive, Colombo 08.	112689514 / 113049480
78	Rathnapura	No. 434/2, Main Street, Kudugalwatte, Rathnapura.	452226740
79	Rathnapura Channel 4	No. 567 1/1 9 9new No: 23/2/1), Senavirathna Building, Colombo Road, Rathnapura	1330
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	Thambuththegama	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	Wellawatta Channel 4	No. 121 - 2/1, Muhandiram Road, Colombo 03.	1330
93	Wellawaya	No. 2b, Kumaradasa Mawatha, Wellawaya	552274219 / 552274218
94	Wellawaya Channel 4	No. 205/A, 205/B, Pahalagama, Monaragala Road, Wellawaya.	1330
95	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 - Resigned w.e.f 31 December 2025
D. H. Fernando
S. A. Appleyard
D. P. Gamlath
P. T. Wanigasekara
C. M. L. Dias Bandaranaike - Appointed w.e.f 28 April 2025
S. A. J. S. W Jayatilake - Appointed w.e.f 23 February 2026

Human Resources and Compensation Committee
D. H. Fernando - Chairperson
K. N. J. Balendra - Appointed w.e.f 01 January 2026
S. Rajendra - Resigned w.e.f 31 December 2025
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
C. M. L. D. Bandaranaike - Appointed w.e.f 28 April 2025

Board Audit and Compliance Committee
P. T. Wanigasekara - Chairperson
D. H. Fernando
S. A. Appleyard
C. M. L. D. Bandaranaike - Appointed w.e.f 28 April 2025

Investment Committee
J. G. A. Cooray - Chairperson
P. T. Wanigasekara
Senath Jayatilake
Himani Weerasekera
Malaka Mihindukulasuriya
Angelo Keil

SLFRS-17 Steering Committee
S. A. Appleyard - Chairperson
S. Rajendra - Resigned w.e.f 31 December 2025
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
Sampath Bank PLC
Nations Trust Bank PLC
Union Bank Colombo PLC
Seylan Bank PLC
Pan Asia Banking Corporation PLC
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
People's Bank
Standard Chartered Bank

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

NOTICE OF MEETING

Notice is hereby given that the 39th Annual General Meeting ('AGM' or 'Meeting') of Union Assurance PLC (the 'Company') will be held as a virtual meeting on Tuesday, 31 March 2026 at 2.00 p.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 for the Financial Year ended 31 December 2025 with the Report of the Auditors thereon.
3. To re-elect as a Director, Mr. D H Fernando who retires in terms of Article 84 of the Articles of Association of the Company. A brief profile of Mr. D H Fernando is contained in the Board of Directors section of the Annual Report.
4. To re-elect as a Director, Ms. C M L D Bandaranaike who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Ms. C M L D Bandaranaike is contained in the Board of Directors section of the Annual Report.
5. To re-elect as a Director, Mr. S A J S W Jayatilake who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Mr. S A J S W Jayatilake is contained in the Board of Directors section of the Annual Report.
6. To re-appoint the Auditors, Messrs KPMG, Chartered Accountants and to authorise the Directors to determine their remuneration.
7. 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-performance/
2) The Colombo Stock Exchange - https://www.cse.lk/company-profile?symbol=UAL.N0000
(3) The following QR Code (accessible through mobile devices):

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 send a request to the Company by filling the Form of Request attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request, subject to the circumstances prevailing at the time, unless collected in person.

By Order of the Board
Union Assurance PLC

Keells Consultants (Private) Limited
Secretaries

27 February 2026

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. Dumith Hemantha Fernando	or failing him
Mr. Stephen Anthony Appleyard	or failing him
Mr. Daminda Prabath Gamlath	or failing him
Mr. Pasan Thaminda Wanigasekara	or failing him
Ms. Christine Malkanthi Lakshmi Dias Bandaranaike	or failing her
Mr. Subasinghe Arachige Jude Senath Wijewardana Jayatilake	

as my/our proxy to represent me/us and vote on my/our behalf at the 39th Annual General Meeting of the Company to be held on 31 March 2026 at 2.00 p.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. D H Fernando who retires in terms of Article 84 of the Articles of Association of the Company.	☐	☐	☐
2. To re-elect as a Director, Ms. C M L D Bandaranaike who retires in terms of Article 90 of the Articles of Association of the Company.	☐	☐	☐
3. To re-elect as a Director, Mr. S A J S W Jayatilake who retires in terms of Article 90 of the Articles of Association of the Company.	☐	☐	☐
4. To re-appoint the Auditors and to authorise the Directors to determine their remuneration.	☐	☐	☐

Signed on this ……day of ……. Two Thousand and Twenty-Six.

……
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.	:	.....

UNION ASSURANCE
A JOHN KEELLS COMPANY

Union Assurance PLC
20, St. Michael's Road, Colombo 03, Sri Lanka.
+94 11 2990990
www.unionassurance.com