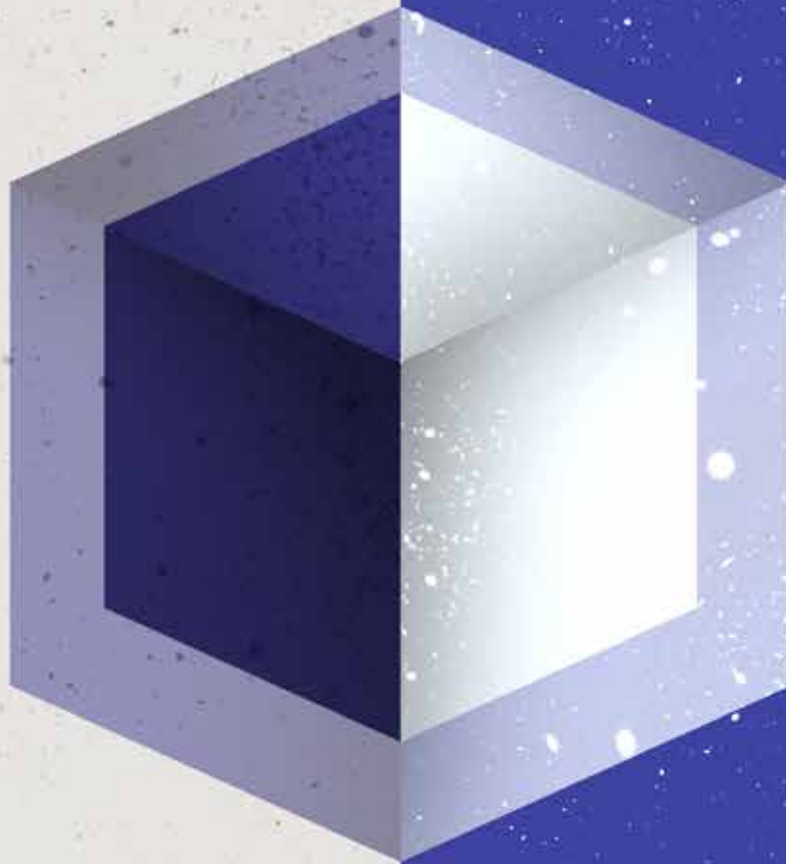


ANNUAL REPORT 2023

WHAT MATTERS IS



WHAT'S ON THE INSIDE







WHAT MATTERS IS WHAT'S ON THE INSIDE

The essence of an organization lies within. It is not external appearances that hold significance, but rather the qualities and values that reside within an organisation. In ensuring sustained success and stability amidst external volatilities, we at COOP first embraced adversities. By assessing the reality, we were able to set in place viable and practical solutions that sought opportunities during tough times.

With a well-rounded focus on all stakeholders, we have been able to prosper together. As challenges continued, it made us fortify the care we provide to our employees and customers. Reliable indemnification and benefits were passed down to our stakeholders, ensuring that we remain a stable source of financial protection for all.

Learning and growing together, we continue to pursue sustainable progress - making our company formidable in the face of challenges.

ABOUT CICPLC

Page No.

| | |
|-----------------------------------|----|
| VISION MISSION VALUES | 3 |
| WELCOME TO OUR ANNUAL REPORT 2023 | 4 |
| WE ARE CO-OPERATIVE INSURANCE | 7 |
| PRODUCT PORTFOLIO | 8 |
| ORGANISATIONAL STRUCTURE | 10 |
| MILESTONES OVER THE YEARS | 12 |
| MATERIALITY ASSESSMENT | 14 |
| SUSTAINABLE DEVELOPMENT GOALS | 22 |
| FINANCIAL HIGHLIGHTS | 24 |

LEADERSHIP

Page No.

| | |
|---|----|
| CHAIRMAN'S STATEMENT | 28 |
| CHIEF EXECUTIVE OFFICER'S REVIEW | 32 |
| BOARD OF DIRECTORS AND PROFILES - CICPLC | 36 |
| BOARD OF DIRECTORS AND PROFILES - COOPLIFE INSURANCE LIMITED | 39 |
| CORPORATE MANAGEMENT TEAM - CICPLC | 41 |
| CORPORATE & SALES MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED | 42 |
| SENIOR MANAGEMENT TEAM - CICPLC | 43 |
| BRANCH MANAGEMENT TEAM - CICPLC | 45 |
| BRANCH MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED | 49 |
| MDRT QUALIFIERS OF COOPLIFE INSURANCE LIMITED FOR THE YEAR 2023 | 51 |
| DISTRIBUTION CHANNELS | 52 |
| RISK MANAGEMENT | 53 |
| CORPORATE GOVERNANCE AND INTERNAL CONTROLS | 60 |
| COMPLIANCE STATUS | 71 |
| REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY | 86 |
| CERTIFICATE OF IBNR AND LAT | 91 |

Content

MANAGEMENT DISCUSSION AND ANALYSIS

| | |
|--|-----|
| APPROACH TO STAKEHOLDER RELATIONS | 94 |
| OUR STRATEGY | 100 |
| OPERATING ENVIRONMENT | 103 |
| VALUE CREATION MODEL | 108 |
| SOUND FINANCIAL PERFORMANCE | 110 |
| BROADENING BOUNDARY LINES | 114 |
| TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT | 119 |
| BUILDING A WINNING CULTURE | 126 |
| IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION | 132 |
| DEVELOPING ENVIRONMENTAL SUSTAINABILITY | 143 |

| FINANCIAL STATEMENTS | Page No. |
|--|-----------------|
| STATEMENT OF DIRECTORS' RESPONSIBILITY | 146 |
| AUDIT COMMITTEE REPORT | 147 |
| INDEPENDENT AUDITORS' REPORT | 148 |
| STATEMENT OF FINANCIAL POSITION | 152 |
| STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME | 153 |
| STATEMENT OF CHANGES IN EQUITY | 154 |
| STATEMENT OF CASH FLOWS | 156 |
| NOTES TO THE FINANCIAL STATEMENTS | 157 |
| SEGMENTAL REVIEW - STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - 2023 | 249 |
| SEGMENTAL REVIEW - STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - 2022 | 250 |
| SEGMENTAL REVIEW - STATEMENT OF FINANCIAL POSITION - 2023 | 251 |
| SEGMENTAL REVIEW - STATEMENT OF FINANCIAL POSITION - 2022 | 252 |
| SUPPLEMENTARY INFORMATION | |
| STATEMENT OF VALUE ADDED | 254 |
| INSURANCE REVENUE ACCOUNT | 255 |
| TEN YEAR SUMMARY - STATEMENT OF INCOME | 256 |
| TEN YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION | 258 |
| INVESTOR INFORMATION | 260 |
| GLOSSARY OF INSURANCE TERMS | 263 |
| BRANCH NETWORK | 266 |
| NOTICE OF MEETING | 272 |
| CORPORATE INFORMATION | IBC |

VISION

To be an organisation that will stand “united” with its customers to the very end.

MISSION

To be ever mindful of the needs of our customers and, thereby make ‘true protection’ a way of life via the provision of innovative, yet affordable insurance solutions, which confirm to the highest ethical and moral standards.

VALUES

Respect
Ethics
Accountability
Commitment
Trust

WELCOME TO OUR ANNUAL REPORT 2023

We cordially welcome you to our Integrated Annual Report for the financial year which ended on 31st December 2023. The Report is also our 9th Integrated Annual Report, which combines the inner operational conduct and performance of the Company with the principles of the International Integrated Reporting Framework.

STATEMENT ON REPORT SCOPE

The report is a widely accessible medium for financial and operational conduct and outcomes of Co-operative Insurance Company PLC (CICPLC), and the financial performance of our subsidiary companies. The financial and operational reporting boundaries include the Group's financial year, which commenced on the 1st of January, 2023 and ended on the 31st of December, 2023.

The report serves as a comprehensive and validated record of our performance as an independent entity and as a Group, which holds complete ownership of Cooplife Insurance Limited and Coopinsu Training Academy (Pvt) Ltd (CITA). Where relevant, the report includes information and insights into the operational activities of our life insurance subsidiary, Cooplife Insurance Limited, complemented by transparent disclosure of its financial information through comprehensive audited financial statements and notes.

It must also be noted that during the financial period, the organisation underwent several changes to its Board composition, detailed under the 'Corporate Governance Report' on pages xx-xx. There were no changes to the ownership of the Group.

KEY AREAS

- Business model — Our process of transforming resources / capitals through our core activities, and how we create value over time (pages 108-109).
- Capitals — Financial, manufactured, intellectual, human, social and relationship and natural capitals, which we rely on for value creation, growth and success (pages 110-144).
- Output — According to integrated reporting, our outputs entail products and services. In relation to CICPLC, this is the provision of insurance services (page 255).
- Outcomes — Positive or negative results of capital as a result of our activities and outputs (page 153).
- Performance - Performance relative to our strategic objectives and impact on capitals (pages 100-102).
- Comparability — Where applicable, the report provides comparative information (financial and non-financial) (pages 152-259).



The 2023 report serves as a reflection of our tenacity in a year of operations that put our resolve to the test. We overcame hurdles originating from the broader economic climate and navigated through unexpected situations, showcasing our enduring spirit.





Hence, this year's title 'What Matters is what's on the Inside' aptly demonstrates the year's resilient performance and our capacity to rebuild growth and success.

EXTERNAL AND INTERNAL ASSURANCE

All financial statements have been audited and the financial statements and notes within the Annual Report have been independently verified by the Group's external auditors Messrs Jayasinghe & Company Chartered Accountants. Moreover, the internal audit, the Board, the Chief Financial Officer and the relevant personnel in charge of report development have evaluated the Report's contents and information (financial and non-financial).

GUIDING PRINCIPLES

- Strategic focus and future orientation: The report includes the Company's overall strategic direction on pages 100 –102 and how we have progressed during the year under review. The report also provides an account of what challenges and risks the Company faces when pursuing this strategic focus; this is discussed in detail under The Risk Management Review on pages 53-59.
- Connectivity — We have adopted several approaches to help readers get the most out of our Annual Report and connect information across and between sections.
 - Icons such as those displayed on the right side panel, enable readers to draw connections between capital and stakeholders.
 - Where relevant we have drawn connections between activities and SDGs.
 - Impact between capitals (connectivity and trade-off)
 - Connectivity to material themes.
 - Quantitative and qualitative information to demonstrate our ability to create value
- Stakeholder relationships: Our various stakeholders and how we engage with them are provided on pages 94-99.
- Materiality: Aspects that could significantly affect our ability to create value over time, pages 14-21.
- Conciseness — Concisely presented information but with adequate presentation of activities, performance and outcomes, apart from governance.
- Reliability and completeness — Information presented in the Annual Report has been enhanced by external assurance, internal audit and evaluations from the Board, committees and key personnel.
- Consistency and comparability — Content elements and structure have remained similar to the previous year's report. It also includes quantitative values (in Rupees and numbers), percentages and ratios (under capitals), which are material for the financial year under review. Certain improvements have been adopted to enhance report quality.

| CAPITALS | Financial | Manufactured | Intellectual |
|----------|--|---|---|
| |  |  |  |
| | Human | Social and Relationship | Natural |
| |  |  |  |

| STAKEHOLDERS | Shareholders and Investors | Employees | Clients |
|--------------|--|---|---|
| |  |  |  |
| | Business Partners & Suppliers | Government Regulators and Industry Bodies | Community |
| |  |  |  |

REPORT CHANGES AND IMPROVEMENTS

- Enhanced use of icons to effectively illustrate the link between value generation and the information that bridges activities and results.
- Layered content in social and relationship capital reports to demonstrate value creation for customers, partners, regulators and the community.

WELCOME TO OUR ANNUAL REPORT 2023

GUIDING FRAMEWORKS

The following frameworks provided guidance when preparing the annual report and ensuring compliance with regulations, mandatory standards and best practices.

| Financial reporting | Corporate governance | Integrated reporting and Sustainability |
|--|---|--|
| Sri Lanka Accounting Standards (LKAS/SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) | Listing Rules of Colombo Stock Exchange (CSE) | International Integrated Reporting Framework by the IIRC |
| Companies Act No. 7 of 2007 | Code of Best Practices on Corporate Governance Issued by CA Sri Lanka and Securities and Exchange Commission of Sri Lanka | United Nations — Sustainable Development Goals (SDGs) |
| Listing Rules of Colombo Stock Exchange (CSE) | Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka | |
| Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments | Statement of Recommended Practice (SoRP) by IRCSL | |
| Regulations and Directions Issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) | Companies Act No. 7 of 2007 | |
| SLSAE 3000 - Sri Lanka Standard on Assurance Engagements | | |

FORWARD-LOOKING STATEMENT

The 2023 Annual Report of CICPLC includes forward-looking statements, projecting the Group and Company's expected future financial performance, operational activities, and strategic direction. It's important to underscore, however, that these projections are not set in stone. They are subject to a degree of uncertainty due to unpredictable factors, potential risks, and unforeseen challenges that could steer the company off its planned or preferred trajectory. We kindly urge the readers and users of this Annual Report to take into account both the external environment and internal dynamics when interpreting and following up on such matters. Your understanding is greatly appreciated.

FEEDBACK

Feedback and ideas will enable us to improve our future annual reports and we welcome our readers and stakeholders to share their thoughts on this Annual Report.

Please direct your feedback to:

W D K Gunasena
Senior Manager Finance
Tel: 0112557318 Fax: 0112557311
dhanushka.g@coopinsu.com

WE ARE CO-OPERATIVE INSURANCE

ABOUT CO-OPERATIVE INSURANCE

At Co-operative Insurance Company PLC (CICPLC), our mission is to safeguard the interests of all Sri Lankans. Rooted in the cooperative sector, we have proudly served around one million policyholders as of 2023, considering them vital stakeholders in our growth.

Incorporated in 1999, CICPLC is licensed to operate insurance services under the control of Insurance Act No. 25 of 1962 and subsequent amendments Act No. 42 of 1986 (presently replaced by Regulation of Insurance Industry Act No. 43 of 2000). Our reinsurance partnerships feature some of the global industry's leading reinsurers. This strategic collaboration ensures our unwavering commitment to compensating clients, even in the face of substantial claims.

As a company that strives to be a customer-centric insurance provider, we have a team of diverse insurance professionals, both technical and non-technical teams working to provide solutions, affordably and conveniently. As a Group, we provide general insurance and life insurance solutions to individuals alongside risk management solutions for businesses.

Our financial strength allows us to make genuine claim settlements reliably and maintain sufficient capital adequacy ratios, complying with regulatory requirements. Now in business for a quarter of a century, we celebrate our 25th anniversary in 2024 and are preparing to extend our legacy and focus on innovation to deliver value to our shareholders, policyholders, partners and all stakeholders.








At Co-operative Insurance, our journey has been organic. Our extensive distribution channels ensure accessibility across the island, while our community-powered approach fuels growth, fostering trust and reliability. Over time, we've embraced technological systems and digital solutions to streamline back-office operations and enhance customer service. And as an insurance company, we proactively assess risks and market niches to offer insurance where needed. Our foundation lies in cooperative values, emphasising community support and resilience.


GROUP







| | |
|--|--------------------------------------|
| Total assets Rs. 15.9 Bn ↑ (2022: Rs 14.2Bn) | |
| Gross Written Premium Rs. 5.7Bn ↓ (2022: Rs 6.2 Bn) | Market capitalisation Rs 3,961 Mn |
| Investment income Rs. 1.7 Bn ↑ (2022: Rs. 1.2 Bn) | Market share price Rs. 2.40 |
| Net benefits and claims Rs. 4.98 Bn ↑ (2022: Rs. 3.4 Bn) | |
| Combined staff 1,480 | 100% Equity Based Capital |

PRODUCT PORTFOLIO

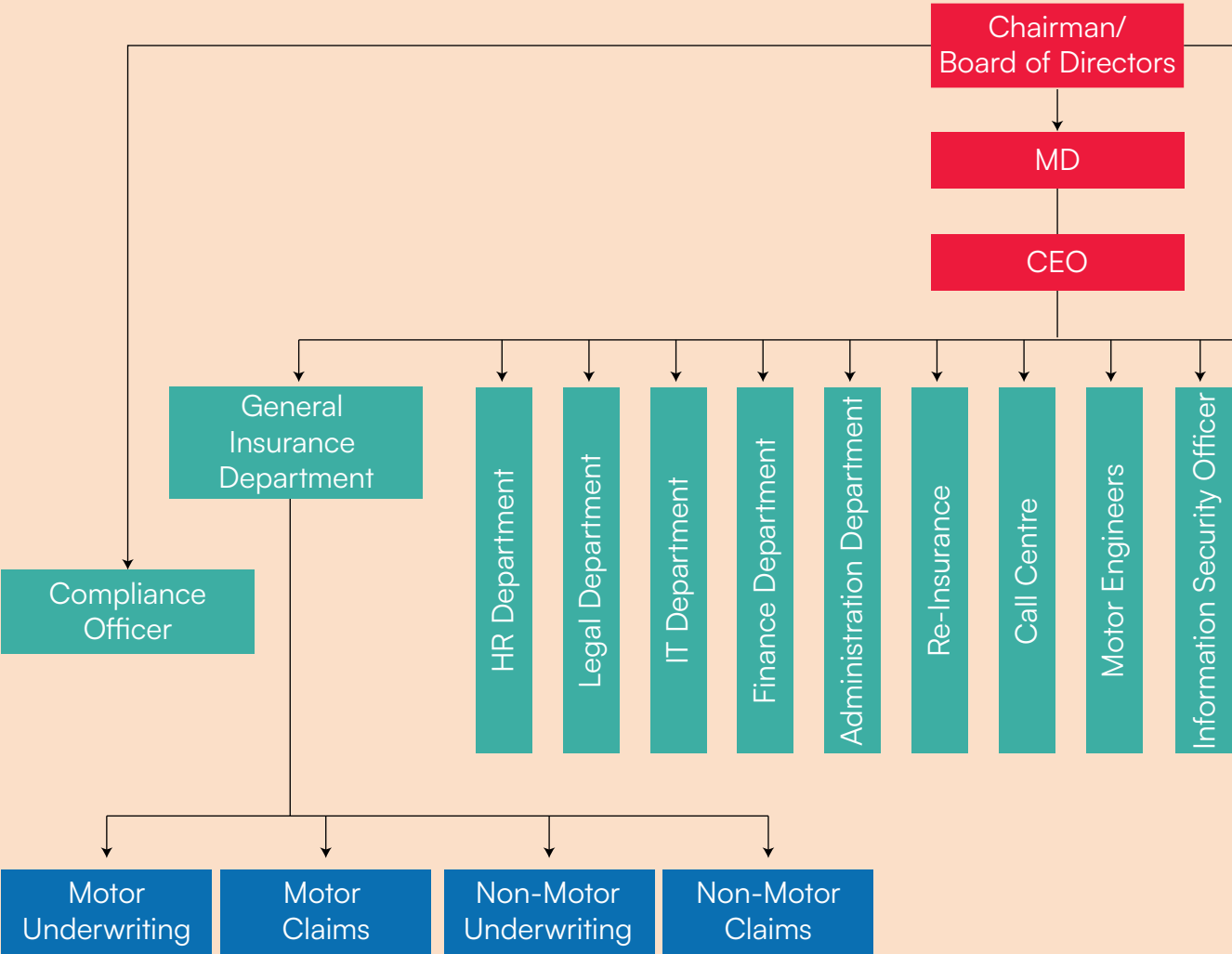
CICPLC

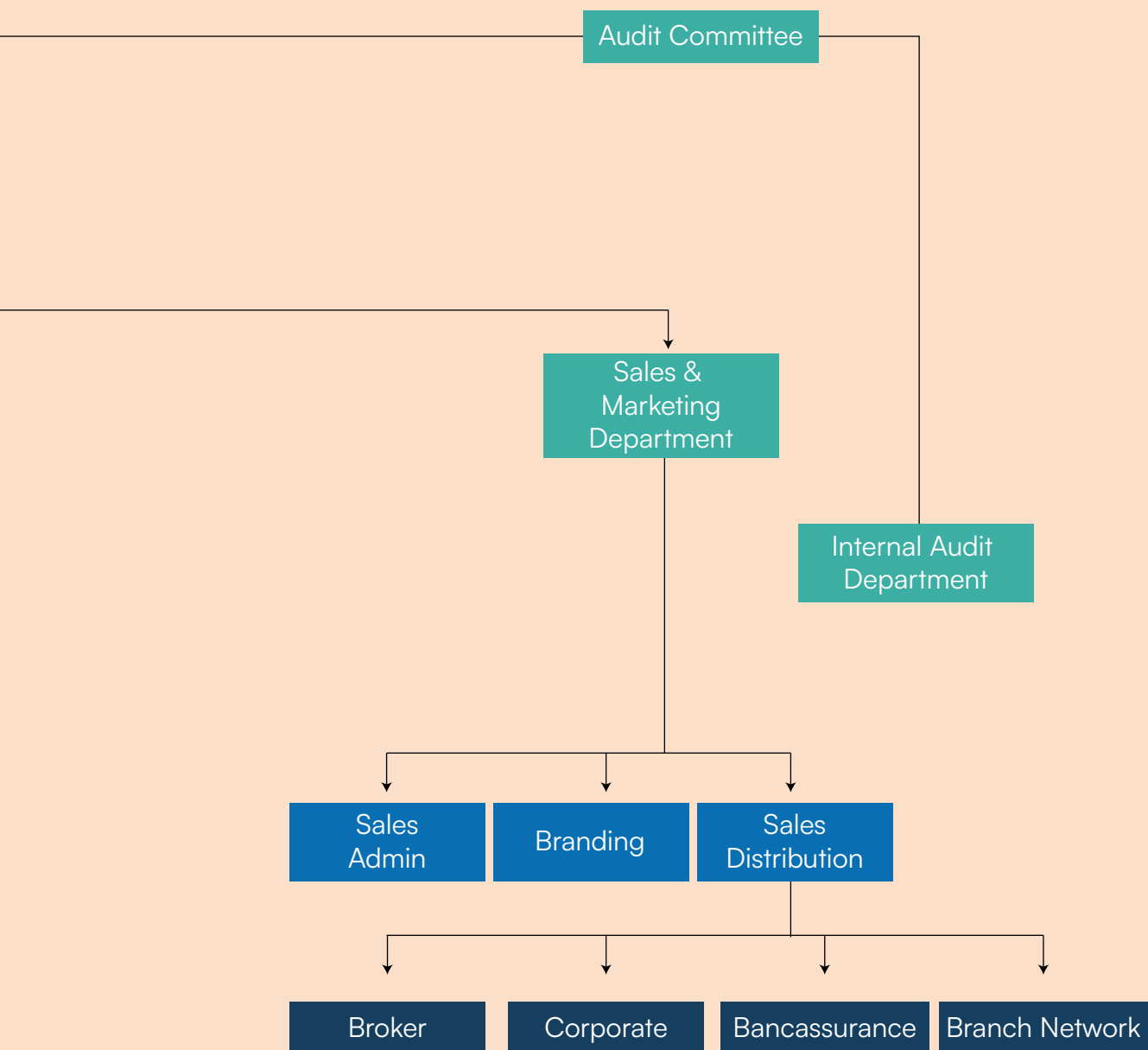
| MOTOR | FIRE | ENGINEERING |
|---|--|-------------------------------------|
|  Comprehensive Motor Insurance |  Commercial Fire Insurance | Contractors All Risk |
|  Comprehensive Motor Insurance for Three-wheelers and Motorcycles |  Dwelling House Fire Policy | Erection All Risk |
|  Comprehensive Motor Insurance |  Trade Combined Insurance | Machinery All Risk |
| Motor Third Party |  Comprehensive Coverage for Dwelling Houses | Machinery Breakdown |
| Motor Third-Party Fire and Theft | Hoteliers Comprehensive | Contractors Plant and Machinery |
| Motor Comprehensive Insurance | Tea and Rubber Factories | Electronic Equipment |
| Motor Fire and Theft | Consequential Loss | Electrical and Electronic Insurance |
| Motor Fire only | Dwelling House | Boiler and Pressure Vessels |
| Motor Theft only | | |

| MEDICAL | MARINE |
|--|--|
|  <p>Surgical and Hospital Insurance</p> | <p>AVIATION AND MARINE HULL</p> |
| COOP Health First Medical Insurance Policy | Hull Insurance |
| Dharana Plus Medical Expenses and Personal Accident Insurance Policy | CARGO |
| Wellness Plus Insurance | Export Cargo |
| | Import Cargo |
| | Open Policy |

| Miscellaneous | | |
|---|--|--|
|  <p>Personal Accident Insurance</p> | Title Insurance | Advance Bonds |
|  <p>Personal Accident</p> | COOP Travel Care | Bid Bonds |
|  <p>COOP Personal Accident Cover</p> | Bankers' Indemnity | Fidelity Guarantee |
|  <p>Burglary Insurance</p> | Goods in Transit | Product Liability |
|  <p>Livestock</p> | COOP Farmer Care(crop) Insurance | Professional Indemnity |
|  <p>Coop Shakthi Micro Insurance</p> | COOP Virtual Protector Insurance Cover | Worker's Compensation |
| Isuru Personal Accident Insurance | Personal Accident Insurance Policy for Fisherman (COOP Sayura Shakthi) | Freight Forwarders Insurance |
| 24-hour Personal Accident Insurance | All Risk | Director's Officer's Liability Insurance |
| Glass Insurance | Performance Bonds | |

ORGANISATIONAL STRUCTURE





MILESTONES OVER THE YEARS

01

Co-operative Insurance, established.

1999

02

Recipient of the Gold award at the International Quality Summit in New York.

2008

03

Winner of the Platinum Award at the International Star for Leadership in Quality Convention - Paris.

2009

04

Received award in the diamond category for Century International Quality ERA award.

2010

2023

Key Accounts division and agency channel started.
Launched express counters concept.

17

2022

Successfully achieved Rs. 5 Bn GWP milestone.

16

2021

CICPLC became a quoted public company listed on the Colombo Stock Exchange.

Won Compliance award from CA Sri Lanka.

15

2020

We opened our 110th branch
Awarded as the "Best General Insurance Company for Innovation Sri Lanka", from Global Banking and Finance, UK.

Launched the Digital Insurance solution platform through CI.LK

14

05

Winner of the Diamond Award at the International Star for Leadership in Quality Crown Convention - Paris.

2011

06

The Gold award and three other Bronze awards at the International ARC Awards in 2012 (New York) for the year 2010 annual report.

2012

07

Recipient of the Diamond Award at the Arch of Europe for quality and technology.

2013

08

Highest dividend payout of 14% payout by any insurer.

2014

2019

CITA partnered with the Chartered Insurance Institute - Central and South Asia as an education partner.

Certificate of compliance received by CA Sri Lanka

Recognised as the "Fastest Growing General Insurance Company Sri Lanka 2019" by Global Banking & Finance Review® UK.

13

2018

100th branch opened.

12

2017

CICPLC was ranked in the highest claims paid category, by the insurance regulator, for the 2Q of 2017.

11

2016

Recorded the highest GWP growth rate in General Insurance sector.

10

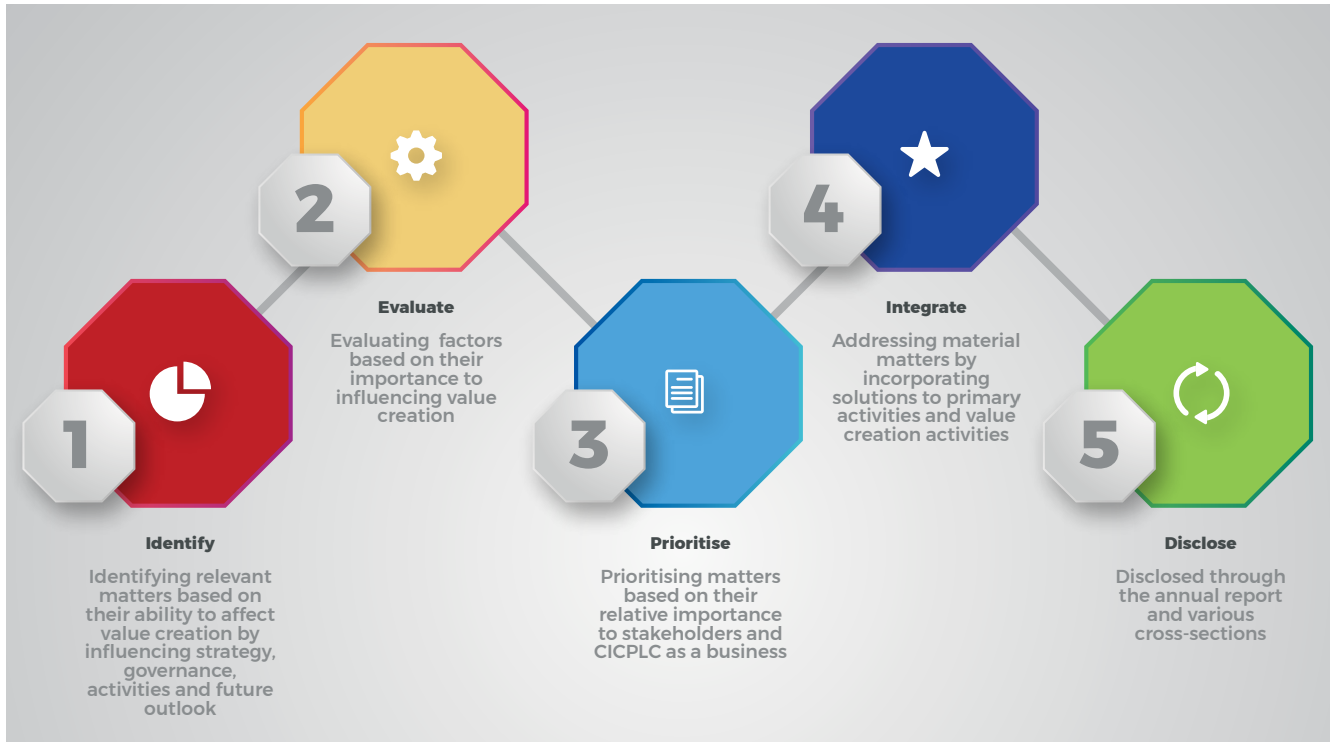
2015

Segregation of CICPLC and Cooplife under Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011.

09

MATERIALITY ASSESSMENT

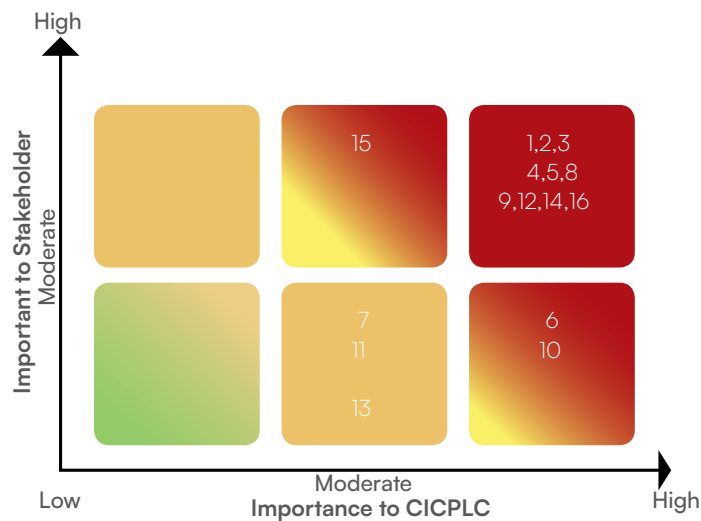
Material topics are aspects which carry the potential to alter or influence how we create value for stakeholders. CICPLC utilises the following process when determining new material topics and when evaluating already established topics of importance.



Evaluating matters — Through comprehensive analysis of various factors that could influence our value creation process, we have pinpointed several key elements that hold significant sway over value generation. Leveraging years of hands-on experience and refined judgement, we have identified these critical areas. It has been observed over time that any decline in these aspects can disrupt the value-creation process and adversely impact stakeholder expectations.

PRIORITISATION HEAT MAP

Prioritisation mapping



| Material topic | Reason for materiality | Our approach | Strategic relevance | |
|--|--|--|--|--|
| 1. Profitability and revenue growth | Important in safeguarding shareholder interests and business growth. | <ul style="list-style-type: none"> Cost optimisations to increase operating profit Diversified distribution for new business New products that attract niche segments. Strategic pricing | Financial growth and stability | |
| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
| <ul style="list-style-type: none"> Impact on revenue from regulatory, monetary or fiscal policies. E.g. new directive for general insurers to remit 100% of motor insurance SRCC TC premiums, etc. Related Financial Risks listed and addressed under risk management review and notes to financial statements | <ul style="list-style-type: none"> Improved operating profit through increased efficiencies and reduced wastages Investment opportunities in financial (E.g. private equity) and non-financial assets For distribution diversification towards increased earnings | <ul style="list-style-type: none"> Gross Written Premium: Rs. 5.7 Bn (consolidated) Investment income: Rs 1.7 Bn (consolidated) | <ul style="list-style-type: none"> We anticipate a rebound in GWP, followed by a higher profit margin for 2024. | <ul style="list-style-type: none"> Financial summary (24-26) Financial capital (110-113) Financial statements (146-253) |

| Material topic | Reason for materiality | Our approach | Strategic relevance | |
|--|---|---|---|--|
| 2. Strong capital position (capital adequacy) | For stability and sustainability of the company Meet financial obligations and safeguard customer interests. | <ul style="list-style-type: none"> Maintaining strict adherence to the regulatory minimum to ensure our ability to withstand any unexpected shocks | Financial growth and stability | |
| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
| <ul style="list-style-type: none"> Liquidity risk and other related risks are detailed under the Risk Management Review Operational disruptions Impact of economic crises and downturns | <ul style="list-style-type: none"> Scope to strengthen risk management mechanism Stress testing to identify exposures | <ul style="list-style-type: none"> Capital adequacy ratio of 333% Tier 1 capital Rs 3,951 Mn Tier 2 capital Rs 1,015 Mn Leverage ratio: Debt to Equity ratio 0% Liquidity ratios: Quick asset ratio 1.27 (Company) Current ratio 1.29 (Company) | <ul style="list-style-type: none"> We have the ability to maintain a higher capital adequacy ratio (CAR) | <ul style="list-style-type: none"> Cross referencing Risk Management review (53-59) Corporate governance review (60-70) Financial statements (146-253) |

MATERIALITY ASSESSMENT

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|--|---|--|---------------------------------------|
| 3. Strengthening risk, governance and compliance frameworks | To safeguard stakeholder interests and maintain business stability, in order to sustain economic value creation for all stakeholders. | <ul style="list-style-type: none"> Ensuring adherence to Articles of Association and applicable statutory rules and regulations | Financial growth and stability |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|---|--|---|--|--|
| <ul style="list-style-type: none"> Complexities in governance Operational risks Highly regulated environment Transformations warranting risk and governance changes | <ul style="list-style-type: none"> To enhance operational resilience with a continuously improving Governance, Risk and Compliance mechanism Cultivate a risk culture Leveraging GRC to improve technological processes | <ul style="list-style-type: none"> Appointed a professional Director with effect from 9th June 2023. | <ul style="list-style-type: none"> Ensuring full compliance with regulations in the ensuing financial period Compliance with SLFRS 17 implementation | <ul style="list-style-type: none"> Risk Management Review (53-59) Corporate Governance Review (60-70) Leadership messages (27-35) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|--|---|---|-----------------------------|
| 4. Diversified distribution mix | Critical for facilitating business growth and increased market share. | <ul style="list-style-type: none"> Increased number of agents/sales force 2 new brokers Over 233 locations (branches and service centres) Accessibility to comprehensive insurance through post offices | Expanding Operations |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|--|--|---|--|---|
| <ul style="list-style-type: none"> Governance and risk management complexities in expanding and working with intermediaries Conflict between partners and digital diversification Regulatory challenges | <ul style="list-style-type: none"> Growth opportunities Diversification of risks Access to niche market segments Increased client retention and enhanced accessibility | <ul style="list-style-type: none"> New one express counter opened Agents 2023: 199 2022:219 | <ul style="list-style-type: none"> One Express counter. | <ul style="list-style-type: none"> Social and relationship capital (132-142) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|-----------------------------------|--|---|---------------------------------------|
| 5. Diversified product mix | To broaden the customer base through policies that cater to diverse insurance needs. | <ul style="list-style-type: none"> Customer-centric policies focused on the best possible coverage under optimal pricing Evaluation of industry trends and customer needs | Financial growth and stability |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|--|---|---|--|---|
| <ul style="list-style-type: none"> Sales forecast risks Stretched resources to accommodate many products | <ul style="list-style-type: none"> New business segments | <ul style="list-style-type: none"> New product Wellness Plus (March 2023) Overall products based on affordability | <ul style="list-style-type: none"> Potentially new products in 2023 | <ul style="list-style-type: none"> Social and relationship capital (132-142) Intellectual capital (119-125) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|---|---|---|---------------------------------------|
| 6. Technological and digital transformations | Crucial for long-term cost optimisations. For transforming processes and enhancing service value. | <ul style="list-style-type: none"> Making necessary improvements and adopting new systems to support critical business functions. Slow-paced transformations to keep costs at an optimum | Financial growth and stability |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|---|---|--|---|--|
| <ul style="list-style-type: none"> Disruptive technologies that make older solutions redundant Lack of policies would lead to failure/inefficiencies Risks in adopting innovations (operational failures etc.) Adapting to disruptive technologies (E.g. AI) Need for quick adoptions that cause significant investments and operational | <ul style="list-style-type: none"> Personalised services Automated back office operations Integrate with distribution channels Scalability and flexibility Customer insights and behaviour analysis Improved data collection Better risk assessment Process efficiencies in underwriting and claims | <ul style="list-style-type: none"> Assessment of options for data servers, comparing traditional physical servers with cloud-based solutions. | <ul style="list-style-type: none"> Improvements the website and digital accessibility IT system revamps to enhance operational efficiencies | <ul style="list-style-type: none"> Manufactured capital (114-118) Intellectual capital (119-125) |

MATERIALITY ASSESSMENT

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|-----------------------------|---|--|---|
| 7. Talent management | To sustain organisational growth and empower the economic growth of employees | <ul style="list-style-type: none"> Human resource department overseeing all aspects of talent management. Department's collaboration with leadership to maintain proper remuneration, training and rewards and performance management. KPI-driven performance appraisals. | Developing employee competencies |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|--|---|--|---|--|
| <ul style="list-style-type: none"> Failure to attract and retain the best talent High turnover Technological disruptions to employment Lack of leadership pipeline Inability to mentor younger staff Lack of desired development opportunities | <ul style="list-style-type: none"> Developing an in-house sales team with the right recruitment process in place Incentives, including bonus payments will be allocated | <ul style="list-style-type: none"> Development of a proper succession plan Staff Salaries & wages (Company) 2023: Rs. 510 Mn 2022: Rs. 495Mn Promotions 2023: 128 2022: 178 | <ul style="list-style-type: none"> Initiate a dedicated training unit Increased financial incentives Better investment in training and development Enhanced succession planning and talent pipeline | <ul style="list-style-type: none"> Human capital report - Cultivating Success (126-137) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|---|---|--|--------------------------------------|
| 8. Customer experience and accessibility | An imperative aspect in attracting and retaining customers. | <ul style="list-style-type: none"> Gradual improvements in online/digital insurance Management of one of the largest insurance networks 199-strong sales agents | Increasing Value to Customers |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|--|--|---|--|---|
| <ul style="list-style-type: none"> Lack of convenience and accessibility can lead to loss of customers, negative brand image and missed opportunities | <ul style="list-style-type: none"> Increased customer satisfaction and retention Growing customer base Improved brand image/ presence | <ul style="list-style-type: none"> Diversified distribution network Improved website Enhance online facility for premium. Improved rapid claim settlement | <ul style="list-style-type: none"> Enhanced digital insurance accessibility More digitalised service options | <ul style="list-style-type: none"> Social and relationship capital (132-142) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|---|---|---|--|
| 9. Branding, communication and marketing | Central in our efforts to position ourselves as a proactive risk management solutions provider. | <ul style="list-style-type: none"> Conducting selective campaigns Niche target market promotions Above-the-line and outdoor advertising (E.g. TV advertising, LED screens etc) Mobile van for direct promotions | Brand recognition the marketplace |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|--|---|--|---|---|
| Risks <ul style="list-style-type: none"> Reputational risk from lack of responsiveness or misinformation | Opportunities <ul style="list-style-type: none"> Brand differentiation from competitors Customer loyalty | Performance in FY 2023 <ul style="list-style-type: none"> TV and radio promotion Activations Leaflet distributions (mobile van and branches) Social media (FB) communications. Develop the Brand image | Outlook <ul style="list-style-type: none"> Targeted promotions Increased social media interactions | Cross referencing <ul style="list-style-type: none"> Intellectual capital (119-125) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|-------------------------------------|--|---|--|
| 10. Strong partner relations | <p>Partner-based business opportunities are essential to achieve revenue and market share growth.</p> <p>Essential in reaching a diverse cross-section of customers.</p> | <ul style="list-style-type: none"> Regular engagement with partners, including reinsurers, brokers, agents and suppliers and commitment to mutual economic gains | Enhancing stakeholder relations |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|---|---|--|--|---|
| <ul style="list-style-type: none"> Dependency risk through discontinuation of partnerships | <ul style="list-style-type: none"> Innovate through collaborations Expand markets Enhance business gains | <ul style="list-style-type: none"> Engaging multiple leasing companies that previously terminated partnership Payments to channel partners made timely | <ul style="list-style-type: none"> Focus on exchanging capabilities to enhance business opportunities. Training to enhance service. Increasing bancassurance partners | <ul style="list-style-type: none"> Social and relationship capital (132-142) |

MATERIALITY ASSESSMENT

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|---|--|--|--|
| 11. Support for community and environmental sustainability | <p>For an enhanced social license to operate.</p> <p>Ability to provide need-based solutions at affordable premiums to safeguard the vulnerable against risks.</p> | <p>Providing economic and inclusive policies to low-middle income earners and MSMEs</p> <ul style="list-style-type: none"> • Outreach programs/activations in rural areas • Religious programs | Impacting community and environment |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|--|---|--|--|---|
| <ul style="list-style-type: none"> • Social and political uncertainties | <ul style="list-style-type: none"> • To make impactful changes through economic and social protection. | <ul style="list-style-type: none"> • Constrained by financial and operational considerations. | <ul style="list-style-type: none"> • Expected increase in MSME policies • Community contributions • Actions to preserve the environment | <ul style="list-style-type: none"> • Social and relationship capital (132-142) |

| Material topic | Reason for materiality | Our approach | Strategic relevance |
|---|--|--|--|
| 12. Macro environment developments | Economic, political, environmental, social and legal changes directly impact the banking system, thereby impacting business activities and value creation. | <ul style="list-style-type: none"> • Continued monitoring of developments | Impacting community and environment |

| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
|---|--|---|---|---|
| <ul style="list-style-type: none"> • Contracted economic growth • Spiralling inflation • Economic reforms, such as higher taxes, cost-reflective energy prices etc. • Decreasing consumer purchasing power • Political upheaval and uncertainties • Social unrest | <ul style="list-style-type: none"> • Disinflation seen in 2023 to single-digit levels and maintained at stable levels • Digital advancements • Country's social and economic resilience | <ul style="list-style-type: none"> • GDP growth -2.3% (Source: Department of Census and Statistics) • Inflation According to NCPI 4.20 Headline inflation (y-o-y) • Tax rate increased from 18 to 30 per cent amidst other revisions | <ul style="list-style-type: none"> • Economic stability expected with 2.2% economic growth in 2024 • Rising poverty rates • Gradual inflation increase (World Bank report) | <ul style="list-style-type: none"> • Operating environment (103-107) |

| Material topic | Reason for materiality | Our approach | Strategic relevance | |
|---|---|--|---|---|
| 13. SLFRS 17 | Preparation and implementation of the standard will significantly impact how we prepare financial statements, disclosures and financial metrics. | <ul style="list-style-type: none">• Process to assimilate and implement the requirements commenced with incremental improvements• Implementation set for 2026 | Implementation of SLFRS 17-Insurance Contracts as per requirements | |
| Risks | Opportunities | Performance in FY 2023 | Outlook | Cross referencing |
| <ul style="list-style-type: none">• Impact on financial statements• Challenging data requirements• Challenges when adopting software or configuring existing software• Time management challenges and delays | <ul style="list-style-type: none">• Improve financial reporting• Enhance reporting systems and processes• Better transparency• Aids in strategic planning for various outcomes and scenarios | <ul style="list-style-type: none">• Implementation of time plan for live approach. | <ul style="list-style-type: none">• Standardise insurance accounting globally to improve comparability and increase transparency. | <ul style="list-style-type: none">• Notes for financial statement (146-253)• Financial capital report — Fiscal Performance (110-113) |

SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC CONTRIBUTION



1 - As an insurer we help create financial fortification to preserve life's interests. We safeguard vulnerable individuals from falling into poverty. Whether it's health insurance covering medical expenses or property insurance that protects insurers during calamities, our affordable solutions help provide essential financial support.

3 - Solutions such as Health insurance serves as a critical pillar in ensuring access to quality healthcare and preventing financial hardships related to medical expenses. Not only do we provide healthcare coverage for policyholders, but our employees are entitled to mandatory health insurance upon recruitment. We believe that when the country's population and households are insured, they are less likely to face devastating out-of-pocket health expenditures. By mitigating financial risks, insurance contributes directly to achieving Sustainable Development Goal 1 (UN SDG 1) by preventing poverty.

8 - We firmly believe in everyone's fundamental right to insurance. Regardless of income levels, we remain committed to our core values by extending insurance coverage to grassroots communities and low-income households. Our aim is to provide a safety net, ensuring social protection for everyone. Whether it's a domestic helper or a labourer, we strive to address the genuine concerns of individuals. Beyond financial protection, we also contribute to employment opportunities. By offering decent work options to employees, agents, and brokers, we promote financial stability and support economic growth.

ENVIRONMENTAL CONTRIBUTION



6 - We proactively protect water quality and sanitation in our work areas. Our waste disposal practices prevent any direct release of waste into water sources or land. We prioritise our employees' well-being by providing clean drinking water and proper sanitation facilities at all our branches, including the Head Office.

12 and 15 - From providing clean water and sanitation facilities to staff and to curbing unwarranted usage of electricity, we have taken several modest steps to contribute to environmental sustainability. To ensure that we conduct operations responsibly and encourage responsible consumption, we introduced a digital insurance card to policyholders in the previous financial year. This initiative not only provides convenience and reduces expenditure related to physical cards; it also reduces the environmental impact of plastic insurance cards.

We also promote the reuse of papers and cartridges instead of disposing of them after use. Furthermore, we ensure the appropriate disposal of food, plastic, glass, and other waste materials. Our branches and head office adhere to regular garbage collection schedules set by the municipal council.

SOCIAL CONTRIBUTIONS



4 - At CITA — the Group subsidiary for Insurance Education and Training, works to ensure accessibility to industry-related education. They are committed to enhancing insurance education within Co-operative Insurance and the industry. CITA offers courses and accreditations from the Chartered Insurance Institute (CII) in the UK; it also focuses on the professional development of students. Furthermore, CITA hosts an online exam centre for CII-UK exams and an on-site exam centre.

5 — We promote equality by tailoring products to address the specific needs of everyone, without bias. Internally, we foster gender equality through inclusive employment practices.

10 - To address inequalities, we focus on creating and distributing economic value to various stakeholder groups. Our commitment extends beyond safeguarding shareholder investments—we also prioritise economic benefits for our customers through affordable solutions, payments to partners, employee remuneration, and tax contributions to the government. Additionally, community-based initiatives play a crucial role. As we grow our business, we allocate economic benefits proportionally to stakeholders while maintaining prudent financial management. Furthermore, our HR policies prioritise employee development and retention by addressing their needs. In 2023, we implemented salary increments for all employees to enhance their financial well-being in response to the impact of rising living costs.

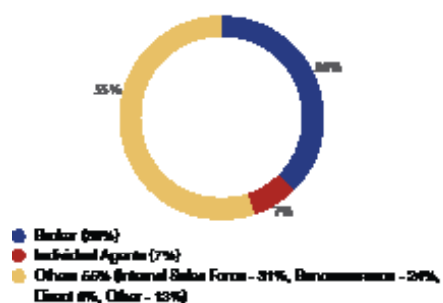
16 - Implementing Sustainable Development Goals (SDGs) requires collaboration among diverse stakeholders, including the insurance sector. We contribute by adopting partnership models and participating in policy dialogues.

17 - As an insurer, we have taken committed approach to following industry regulations, which ensure fair practices, consumer protection, and stability within the insurance sector. Our compliance extends to statutory laws and regulations specific to insurance operations. These legal frameworks cover aspects, such as solvency, risk management, and customer rights. We are also contributors to the country's social development by paying income taxes.

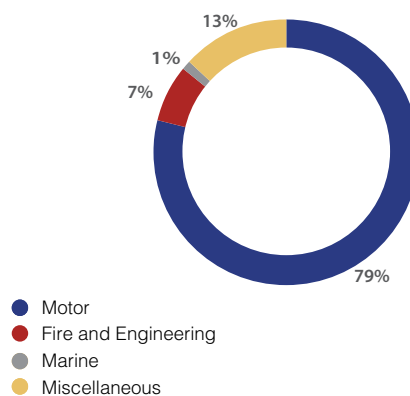
FINANCIAL HIGHLIGHTS

| | 2023 | 2022 | 2021 |
|--|--------|--------|--------|
| Key Financial Indicators | Rs. Mn | Rs. Mn | Rs. Mn |
| Revenue and profitability — Group | | | |
| Gross written premium | 5,703 | 6,198 | 5,356 |
| Net earned premium | 5,225 | 5,226 | 4,550 |
| Finance income | 1,735 | 1,186 | 764 |
| Underwriting profit | 77 | 1,590 | 1,808 |
| Profit/(Loss) before tax (PBT) | (374) | 763 | 933 |
| Profit/(Loss) after tax (PAT) | (320) | 627 | 810 |
| Revenue and profitability — General | | | |
| Gross written premium | 4,539 | 5,087 | 4,519 |
| Net earned premium | 4,106 | 4,161 | 3,760 |
| Finance income | 1,008 | 771 | 490 |
| Underwriting profit | 477 | 1,471 | 1,597 |
| Profit/(Loss) before tax (PBT) | (337) | 563 | 739 |
| Profit/(Loss) after tax (PAT) | (259) | 458 | 631 |
| Revenue and profitability — Life | | | |
| Gross written premium | 1,168 | 1,115 | 841 |
| Net earned premium | 1,122 | 1,068 | 794 |
| Finance income | 727 | 415 | 299 |
| Underwriting Profit/(Loss) | (397) | 556 | 406 |
| Profit/(Loss) before tax (PBT) | (37) | 200 | 217 |
| Profit/(Loss) after tax (PAT) | (62) | 169 | 202 |
| Life fund | 3,893 | 2,761 | 2,327 |
| Claims and benefits incurred | | | |
| General | 3,587 | 2,599 | 2,125 |
| Life | 1,395 | 793 | 443 |
| Financial position (Group) | | | |
| Total assets | 15,908 | 14,246 | 13,008 |
| Financial investments | 11,311 | 10,242 | 9,032 |
| Premium receivables | 1,305 | 1,339 | 1,024 |
| Insurance provision - General | 3,575 | 3,249 | 3,127 |
| Total liabilities | 10,222 | 8,425 | 7,778 |
| Total equity | 5,687 | 5,821 | 5,229 |
| Profitability ratios | | | |
| Return on total assets - Group | -2% | 4% | 6% |
| ROCE - Group | -6% | 14% | 19% |
| Investment yield - Group | 15% | 12% | 8% |
| For shareholders and investors | | | |
| Flout adjusted Market capitalisation | 3,961 | 4,256 | 1,167 |
| Dividend per share (Rs.) | - | - | 0.135 |
| Dividend payout ratio | - | - | 32% |
| Market price per share (Rs.) | 2.4 | 4.00 | 7 |
| Net asset value per share - Company (Rs.) | 2.98 | 3.04 | 2.08 |
| Earnings per share (EPS) - Company (Rs.) | -0.16 | 0.28 | 0.42 |
| Ratios (Company) | | | |
| Return on equity | -6% | 9% | 14% |
| Price to book ratio (Rs.) | 0.80 | 0.85 | 0.25 |

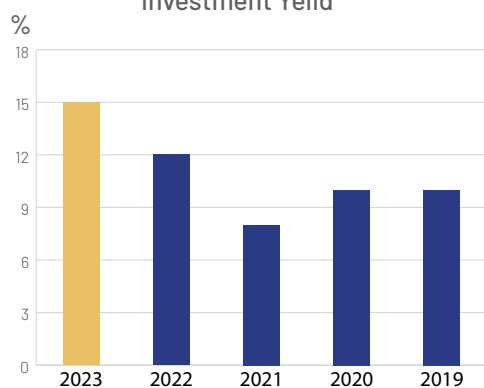
Channel Mix - GWP



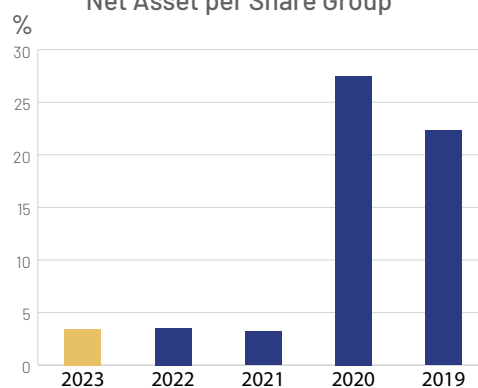
Product Mix - Company



Investment Yield



Net Asset per Share Group





LEADERSHIP



CHAIRMAN'S STATEMENT



Dear Stakeholder,

As the newly appointed Chairman of Co-operative Insurance Company PLC (CICPLC), it is with great pleasure that I present our Annual Report for the financial year ending on 31st December 2023. CICPLC faced an exceptionally challenging year, grappling with both macroeconomic concerns and governance-related obstacles. Nevertheless, we braved all challenges to record higher net revenue in the year under consideration. Despite not fully realising financial goals for the fiscal year, Co-operative Insurance PLC and Cooplife Insurance Limited, fared resiliently as we weathered many operational hurdles with patience and perseverance.

I take this opportunity to assure our shareholders and investors, that even amidst the temporary pause from operations, momentum persisted - the Group managed to maintain healthy financial performance and stability. This resilience underscores our ability to weather challenges and adapt to adverse circumstances.

COMMITMENT TO CREATING VALUE

I am pleased to say that amidst impediments our team worked tirelessly to maintain GWP above the Rs 5 Bn mark, which was achieved for the first time in the previous fiscal year. In this regard, I must thank all our channel partners for remaining steadfast with us despite the uncertainties we encountered. The temporary deferment of operations in the first half of 2023 allowed us to thoroughly evaluate the resilience of our relationships with our distribution partners as well as the dedication of our employees.

Consolidated Profit after Tax stood at a loss of Rs. 320 Mn compared to the profit of Rs. 627 Mn achieved in 2022. However, I am pleased to state that the consolidated total net revenue increased to Rs. 7.3 Bn; this includes a consolidated Gross Written Premium of Rs. 5.7 Bn, followed by a consolidated Net Earned Premium (NEP) equalled Rs. 5,225 Mn, which dipped only slightly compared to Rs. 5,226 in 2022.

Investment income surged during the year, owing to higher yields in treasury bonds and fixed deposits. Total investment income amounted to Rs. 1.7 Bn compared to Rs. 1.2 Bn earned in 2022.

Our financial position remained balanced, as demonstrated by a capital adequacy ratio of 333%, which surpassed the mandatory minimum of 120%. Moreover, Fitch Ratings affirmed a rating of BB (lka) outlook stable in October 2023. Due to the challenges of the year, our market share in the general insurance sector dropped marginally to 3.75%. Last year's market shares slightly exceeded 4%, representing growth compared to five years ago.

I am pleased to report that several MDRT winners emerged from our life insurance subsidiary. They have demonstrated remarkable abilities in achieving impressive premium numbers despite a national economic downturn and constrained consumer spending. Our sales teams in Co-operative Insurance PLC and Cooplife Insurance Ltd have successfully tapped into the growing consumer preference for insurance, particularly in the northern and eastern provinces of the country.

In 2023, despite the suspension of operations from April to May, we focused on developing our human capital, as staff worked diligently to support the company's recovery. Remarkably, we maintained consistent financial remuneration levels and even awarded a salary increment to employees during the financial year under review.

Value to customers came in the form of over Rs. 4.9 Bn (Group) in net claims and benefits, which are higher than Rs. 3.3 Bn, incurred in 2022. Co-operative Insurance Company PLC and Cooplife Insurance Limited maintained a commitment to providing economical and customer-centric insurance solutions while maintaining our distribution channels and sales network to provide increased accessibility and customer convenience. Furthermore, the Life fund (for life insurance policyholders) reached Rs. 3.9 Bn compared to Rs. 2.8 Bn reported in 2022.

EXTERNAL FACTORS

It is heartening to relay some positive macroeconomic developments that stabilised the economy in 2023, compared to the unprecedented challenges faced in 2022. Despite seeing an economic contraction at the end of the year at 2.3%, the 3rd quarter of 2023 recorded an uptick in economic growth by and another 4.5% growth in the fourth quarter. The country underwent some notable improvements. Inflation which peaked at 69.8% in September 2022, declined to 4% by August 2023. The reduction in inflation became a respite as it arrested a further rise in essential goods.

Across 2023, the Government, alongside the Central Bank, took prudent measures to stabilise the economy. The Central Bank of Sri Lanka adjusted its monetary policy rates by 250 basis points in June, followed by another 200 basis points in July. In November 2023, with the decision to reduce the SDFR and SLFR by 100 basis points, rates resulted at 9% and 10%, respectively.



The Company is now on track with its strategic vision while maintaining proper operational and governance conduct, as the change in leadership has enabled us to take necessary corrective action.



The Sri Lankan rupee appreciated against the USD by 11.2% due to increasing inflows and reducing outflows, as well as improving market sentiments; this became favourable for the Company when servicing payments for reinsurers, in contrast to the high depreciation of the rupee in 2022.

Usable foreign exchange reserves improved, driven by factors such as strong remittances, and improving tourism revenue. The staff-level agreement with the IMF resulted in receiving the first and second tranches in March and December 2023, respectively. As part of the external debt restructuring, tax revenues increased as a means of increasing the State's fiscal revenue. Moreover, in early 2023, cost-reflective electricity tariffs were adopted, giving way to a 66% rise in power prices, in addition to hikes in fuel prices.

Consolidated Total Net Revenue



Rs. 7.3 billion

CHAIRMAN'S STATEMENT

From an industry perspective, we continued to operate within the backdrop of a persistent ban on motor imports. While this has affected all non-life insurers, adaptability and strategic thinking, including a focus on promoting non-motor insurance segments, has paved the way for many to see the silver lining, including Co-operative Insurance Company PLC. The rise in insurance adoption can be attributed to heightened awareness of its benefits, even as disposable income declined.

GOVERNANCE

During the past year, your Company faced significant governance challenges. Despite these headwinds, the organisation worked diligently to resolve issues and find robust solutions. Due to conflicts of interest among directors, which resulted in non-compliance with regulations set by the Colombo Stock Exchange (CSE) and the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Company's registration was suspended while share trading and transfers were halted. After careful consideration of responsibilities, all Directors resolved their concerns, and after complying with all regulations, the suspension was revoked after a month. The Company is now on track with its strategic vision while maintaining proper operational and governance conduct, as the change in leadership has enabled us to take necessary corrective action.

I am happy to note that we have complied with the new Enhanced Corporate Governance Rules announced by The Securities and Exchange Commission of Sri Lanka, which was to go into effect from October 1st, 2023. The revised requirements strive to strengthen accountability, transparency and investor confidence in all companies listed on the stock exchange.

During the year under review, four new appointments were made to the Board, which includes Mr Lalith Waragoda, Mr K.K.G. Sanirathne, Mr G.G. Dayasumana and Mr H.H.D.E.P. Herath; all four Directors operate in the capacity of Non-Executive Directors (Independent) and I welcome them wholeheartedly to the folds of the Board leadership. The appointments were necessitated by the retirements of two Directors, Mr K.K.S. Weerasekera who acted as Non-Executive (Non-Independent) and Mr D. Thilakawardena Non-Executive (Non-Independent), and the removal of one Director.

Furthermore, Mr P.B. Jayarathne was re-elected to the Board in the year. The duties of the Chairman and CEO remain separate, and a new Chief Executive Officer was also appointed. I welcome Mr D.U.P. Rajapaksha as our new CEO, and I am confident that his longstanding tenure at the Company and his passion for its success will continue to make operational headlines. Through all these developments, we recognise and honour effective regulatory oversight and stakeholder protection and understand their importance for sustainable business operations.

PLANS FOR THE FUTURE

Looking ahead to 2024, our focus skews towards financial performance and enhanced financial position. We embrace change within the industry to find new avenues of growth while focusing on increasing our market share and premium income. Letting go of the old ways of thinking will enable us to find a new footing within the saturated insurance market. In this regard, technology will play a crucial role as we seek to leverage automation and process reengineering backed by digitalisation. While accelerating technological adoptions will stretch to the future, our immediate plans include strengthening our digital insurance side of the business, as we continue to improve online facilities and conveniences for customers.

We understand that adaptability is key to adjusting to macroeconomic changes, especially the uncontrollable brain drain seen in the country. Moreover, to address any gaps in the workforce, we will take measures to enhance their knowledge and skills through generalised and personalised training programs, in an accelerated momentum in the short to mid future.

APPRECIATIONS

My sincere appreciation goes to my colleagues on the Board of Directors of Cooperative Insurance PLC and Cooplife Insurance Limited and the Chairman of Cooplife for performing their duties without compromise. I sincerely value their guidance and strategic insights, which have been crucial for both individual companies. I express my sincere gratitude to our two chief executive officers and corporate management teams for their unwavering dedication, strategic acumen, and innovative thinking. Their ideas have consistently guided us through challenging situations, allowing us to overcome adversity.

Additionally, I extend my gratitude to the regulatory authority, IRCSL, which played a crucial role in addressing the company's challenges. Their actions demonstrated their independence and commitment to protecting policyholders' rights. Additionally, I thank the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission (SEC) for taking timely action to safeguard shareholders' interests during the crisis.

I also express my gratitude to our business partners, including agents, brokerage companies, and bancassurance partners. Their unwavering support has been instrumental in maintaining our financial performance and stability. I am immensely grateful to our reinsurers for their swift support and prompt responses, which enabled us to fulfil our promise to the insured.

Lastly, I wish to express my heartfelt gratitude to our esteemed investors and shareholders. Your unwavering trust in our capabilities has been the driving force behind our growth. As we move forward, we remain committed to delivering value and achieving even greater heights together.



A B Senadira
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW



Dear stakeholders,

I'm pleased to share with you the operational highlights of the financial year ending 2023 and honoured to present the company's 09th integrated annual report, as the Company's newly appointed Chief Executive Officer (CEO).

As I reflect on the past financial year, it's crucial to acknowledge the hurdles we've overcome and the wisdom we've gained. Despite encountering obstacles, I take pride in spearheading a team that has shown tenacity, flexibility, and a steadfast dedication to our principles. In a sector characterized by price competitiveness and impacted by macroeconomic headwinds, we remained committed to our core purpose of serving and safeguarding our clients.

As evidenced by the theme of this year's report, "What Matters is What's Inside," our commitment to nurturing our stakeholders, employees, and customers remained unwavering. Throughout the period under review, we remained steadfast in our commitment to policyholders, ensuring Rs. 3.6 Bn in claim disbursements (general insurance) that reinforced their trust in our ability to honour genuine claims. Simultaneously, our unwavering support extended to our dedicated staff who persevered through challenges. We prioritised their financial well-being by providing timely financial remunerations and sustaining incentives and bonus payments, all aimed at fostering motivation and recognising exceptional performance.

The following commentary on this year's financial and operational performance serves as a testament to the resilience and dedication demonstrated by our team.

PERFORMANCE

Over the past fiscal year, our financial performance was underpinned by prudent financial management, especially within macroeconomic uncertainty and an operational suspension, which temporarily halted activities for one month. We have maintained steady revenue, primarily driven by premiums and investment income. Our stringent underwriting standards have also contributed to mitigating adverse claims experiences and bolstering profitability. In the year under review, we achieved a gross written premium of Rs. 4.5 Bn, which ultimately resulted in a net earned premium of Rs. 4.1 Bn. Co-operative Insurance Company PLC (CICPLC), as a business entity, marked Rs. 4.5 Bn in GWP.

Although the Company's Gross Written Premium has declined marginally when compared to 2022, we experienced a 4% increase in company net revenue to Rs. 5.4 Bn for the fiscal year 2023. Net revenue of CICPLC amounted to Rs. 5.4 Bn while Cooplife achieved net revenue of Rs. 1.9 Bn. The investment income of CICPLC surpassed the Rs. 1 Bn mark, which is 30.7% higher than the income gained in 2022. Profit before tax experienced a loss for the fiscal year of 2023, as it was reported at a negative Rs. 337 Mn against a profit of Rs. 563 Mn achieved in 2022.

The result came after a substantial distribution of benefits and claims in the year under review, maintaining our promise to policyholders of genuine claims. CICPLC incurred Rs. 3.6 Bn in benefits and claims dispersed to policyholders, which exceeds Rs. 2.6 Bn paid in 2022. The increase in benefits and claims provided to our policyholders and CICPLC operating and administrative expenses, which totalled Rs. 1.8 Bn, made an impact on our bottom-line. However, our top-line performance continues to strengthen.

Motor insurance, which accounts for 79% of company premium income amounted to Rs. 3.6 Bn in GWP. This marked a decrease compared to 2022 and is attributed to factors such as the suspension period, vehicle import ban, and prevailing economic conditions. To bolster third-party insurance, initiatives were undertaken including the establishment of 300 new third-party counters, with a particular focus on reaching rural MPCS (Multi-purpose Cooperative Society) banks. This brings to focus our efforts to enhance service accessibility. Third-party insurance witnessed growth both in terms of business volume and policy uptake, with an increase in policies.



Our primary focus is on fostering sustainable growth through carefully planned and executed strategies. We aim to create lasting value for our stakeholders while ensuring the long-term viability and success of our business.



Non-motor sales premium saw a growth compared to 2022, and reached Rs. 947 Mn GWP; this includes fire and engineering, marine, and miscellaneous classes. Personal insurance, including bond insurance, loan guarantee, burglary insurance, and personal accident insurance, was the most demanded in the miscellaneous classes and contributed to the growth of the segment. Additionally, improvements were made in health insurance where business with higher premiums was gained. Although individual medical policies did not experience an uptick, group policies increased in GWP.

OPERATIONAL PERFORMANCE

As a company deeply dedicated to expanding market presence and maximising stakeholder value, we have placed strategic operational initiatives at the forefront of our agenda. Our primary focus is on fostering sustainable growth through carefully planned and executed strategies. We aim to create lasting value for our stakeholders while ensuring the long-term viability and success of our business.

Net Claims and Benefits



Rs. **3,691** million

CHIEF EXECUTIVE OFFICER'S REVIEW

In the year under review, our sales strategy encompassed a combination of individual sales efforts by our agents, banks and broker partnerships. Despite observing a cessation of partnerships with certain leasing companies, we successfully reinstated these collaborations through effective discussions and targeted communications. Consequently, the majority of these companies resumed their partnerships with us.

We also focused on cultivating an in-house sales force dedicated to achieving specific targets, supported by incentive schemes and allowances directly tied to this objective. This strategic approach fosters hands-on business development, empowering a well-formed team to drive growth and meet evolving market demands effectively.

In the year under review, much of our communication and marketing remained organic, as we adopted a low-cost approach. Our advertising strategy included both traditional mediums such as newspapers and social media. Furthermore, we implemented door-to-door campaigns to directly engage with our target audience at a regional level. During the year, we initiated Co-op Express, a fresh initiative similar to the drive-through concept with distinct units in specific locations. This innovative concept has been rolled out in Waikkala, Trinco, Mannar, and Jaella, marking a strategic shift in our distribution and service strategy.

Moreover, as part of commemorating our 25th-anniversary milestone, we orchestrated a comprehensive company-wide campaign to celebrate this significant achievement and further strengthen our brand presence.

We have recently undertaken substantial enhancements to our website, prioritising improvements to ensure an improved user experience. Our focus remains on leveraging digital platforms and strategic content creation to connect with our audience effectively while adhering to regulatory requirements and optimising resources for maximum impact.

Throughout the year, our employees and our sales team remained a formidable strength and a cornerstone of our company, steadfastly standing by us even during the period of suspension. Comprising individuals, our sales force demonstrated remarkable loyalty and dedication.

Sales training was diligently conducted both regionally and at the head office, with a focus on technical competency. Our commission structure remained competitive and unchanged, aligned with the IRC SL-approved scheme to ensure maximum benefits for our sales team.



Our focus on resilience and adaptability will enable us to navigate any uncertainties that may arise. By continuously refining our operational efficiencies and risk management practices, we aim to mitigate potential challenges and seize opportunities for sustainable growth.



Despite experiencing a temporary sales drop, confirmed staff members remained committed and did not depart from our company. By year-end, sales had rebounded to normal levels, achieving around Rs. 500 Mn in premiums per month. To further incentivise personal growth, salespeople were encouraged to enhance their personal businesses, thereby augmenting their individual commissions.

OUTLOOK

With operations well into 2024, our company holds optimistic projections following a challenging year in 2023. With a total projection of Rs. 4.5 Bn (GWP) in the previous year, we have set ambitious targets for 2024, budgeting Rs. 6.3 Bn. Despite the hurdles faced, we are confident in our ability to achieve this milestone. Our optimism stems from several strategic advantages and initiatives. Leveraging our extensive distribution network will be pivotal in driving this rebound. Renewed partnerships with brokering companies, bancassurance partners and importantly our sales agents will enhance our reach and will be the strongest value drivers of our growth trajectory.

Additionally, our focus on resilience and adaptability will enable us to navigate any uncertainties that may arise. By continuously refining our operational efficiencies and risk management practices, we aim to mitigate potential challenges and seize opportunities for sustainable growth.

As we embark on the journey into 2024, we are poised for success. With a clear strategic direction, robust partnerships, and a commitment to achieving targets, we are optimistic about realising our budgetary goals and further solidifying our position as a leading player in the insurance industry.

APPRECIATION

I would like to express my profound gratitude to the entire team at CICPLC for their unwavering commitment and determination. Each member of our staff has dedicated their skills and time to generate value for our company and stakeholders. I extend my heartfelt thanks to our Shareholders and the Board of Directors of CICPLC.

I would also like to acknowledge all our Business Partners, including brokerage firms, agents, cooperative society partners, rural banks, bancassurance partners, and other alternative partners. Your contributions have been invaluable. My gratitude extends to our reinsurance partners and other service providers who have been instrumental in our success throughout the year. I would like to extend my deepest gratitude to the Insurance Regulatory Commission of Sri Lanka (IRCSL) for their invaluable assistance and guidance. Their support has been instrumental in our journey.

I also want to express my heartfelt thanks to all our dedicated employees. Your hard work, commitment, and professionalism have been the driving force behind our success. Thank you for your tireless efforts and for contributing to our shared mission. Your dedication is greatly appreciated.

Looking ahead, I am confident that by working together, we can continue to create shared value and garner support in building a secure future for everyone.



D U P Rajapakshe
Chief Executive Officer

BOARD OF DIRECTORS AND PROFILES - CICPLC



1. Mr. A.B. Senadira

Chairman

Mr. Senadira is the Chairman of CICPLC and New Thalawakale MPCs Ltd. He holds several Directorships, which include the Boards of the Sri Lanka Consumer Co-operative Federation, the Co-operative District Council Nuwaraeliya, the Central Province Rural Bank Union Ltd. and he is also Chairman of the Senadira Savindhi Transport Agency (Pvt) Ltd.

2. Mr. D.L. Samarawickrama

Vice Chairman

Non-Executive, Non-Independent Director Vice Chairman of CICPLC, Mr. D.L. Samarawickrama is also a Director on the Board of Cooplife Insurance Limited. He is the Chairman of the Colombo South Co-operative Society Ltd till June 2023. He is also a Director of the Colombo District Co-operative Council and was a Director Of the Colombo District Rural Bank Federation till June 2023.

3. Mr P B Jayarathne

Director

Mr. Jayarathna is the Chairman of the Nochiyagama MPCs Ltd. He also serves as the Vice Chairman of the Anuradhapura District Co-operative Council.



4. Mr. A.A.J. Amarasinghe

Director

Mr. Amarasinghe is the Vice Chairman of the Wennappuwa Multi-Purpose Co-operative Society Ltd and the Director of the Kammal Pattu Coconut Producers Co-operative Society Ltd.

5. Mr. M. Widanagamage

Director

Mr. Widanagamage is the Chairman of Beliatta Multi-Purpose Co-operative Society Ltd. and also he is the Vice Chairman of the Hambanthota District Co-operative Rural Bank Union Ltd.

6. Mr. T.B.H. Kumara

Director

Mr. Kumara has served in the boards of the Sri Lanka Co-operative Marketing Federation Ltd and the Colombo District Co-operative Rural Bank Union Ltd as Director. He also served as the Chairman of the Kolonnawa Multi-Purpose Co-operative Society Ltd.

7. Mr. L. Waragoda

Director

(Appointed on 9th June 2023)

Mr. Waragoda is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) with 35+ years of exposure in external and internal auditing, financial management, human resource management and general business administration in shipping & logistics, manufacturing and trading enterprises, including in few multinational corporations (MNCs).

BOARD OF DIRECTORS AND PROFILES - CICPLC



8. Mr. G G Dayasumana

Director

(Appointed on 30th November 2023)

Mr. G G Dayasumana owns over 35 years of expertise and experience in the Co-operative sector during which he has served the Department of Co-operative Development as an Assistant Commissioner for 10 years and as a Deputy Commissioner for 5 years. He holds a Master of Science in Service Management and a Post Graduate Diploma in Business Management from the University of Colombo. Further, He possesses a Higher National Diploma in Commerce from the Sri Lanka Institute of Advanced Technology.

9. Mr. H H D E P Herath

(Appointed on 30th November 2023)

Mr. H H D E P Herath is the Chairman of Paduwasnuwara Multi-Purpose Co-operative Society Ltd and was a Chairman of Paduwasnuwara Pradeshiya Sabha. He has served the Human Resource Development Authority of North Western Provincial Council as the Chairman and Executive Director. Mr. Herath possesses a Bachelor of Science Degree from the University of Peradeniya.

10. Mr. K K G Sanirathne

Director

(Appointed on 28th August 2023)

Mr. K K G Sanirathna is the Chairman of Katana Multi-Purpose Co-operative Society Ltd and the Director of National Housing Development Authority, Ocean View Development Co (Pvt) Ltd and Co-operative Rural Bank Union Limited-Gampaha District. He has held the Directorship of Katana Multi-Purpose Co-operative Society Ltd previously and served as the Private Secretary of a State Minister and a Deputy Minister. Mr. Sanirathna possesses a Bachelor of Arts Degree from the University of Kelaniya.

11. Mr. S. Wickramasinghe

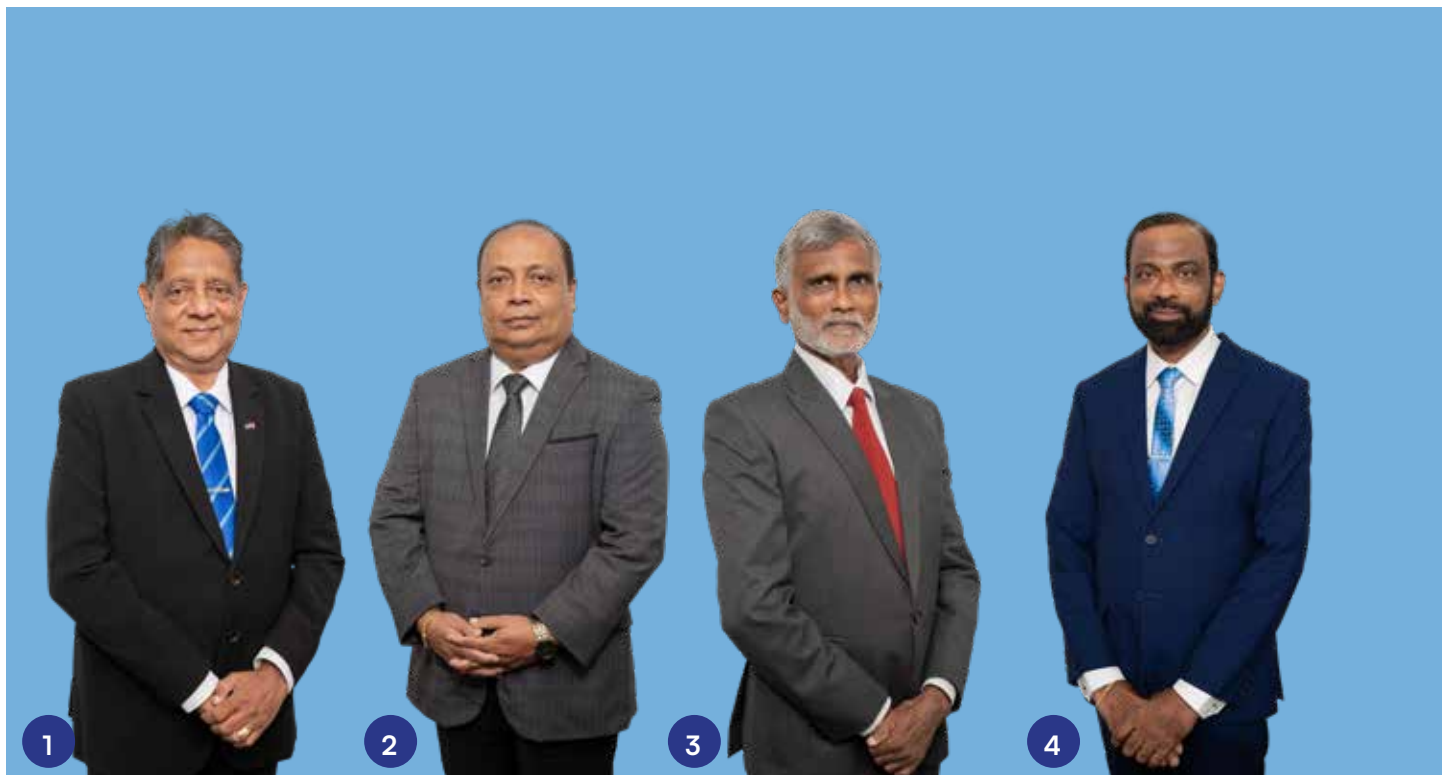
Director

(Appointed on 15th March 2024)

Mr. Suraj Wickramasinghe serves as the Chairman of the Post and Telecom Employees Co-operative Bank Society Limited since February 2022. Prior to his Chairmanship, he held the position of Deputy Chairman from 2019 to 2022, where he played a pivotal role in guiding the strategic direction of the organisation. With a tenure as Director from 2012

to 2019, Mr. Wickramasinghe has demonstrated his steadfast commitment and leadership within the institution over the years. His extensive experience and dedication have been instrumental in advancing the cooperative bank's mission and serving the needs of its members in the post and telecom sectors. He also holds the position of Deputy Secretary at the All Ceylon Post & Telegraph Workers' Union.

BOARD OF DIRECTORS AND PROFILES - COOPLIFE INSURANCE LIMITED



1. Mr. W L A Peiris *Chairman*

Dr. W. Lalith A. Peiris is the Chairman of Coopliffe Insurance Limited and Co-operative Insurance Training Academy (CITA) previously he served as Chairman of Co-operative Insurance Company PLC and the National Co-operative Council of Sri Lanka. Additionally, Dr. Peiris extends his service as the Chairman of Wennappuwa Multi-Purpose Co-operative Society Ltd. In addition, he is a Director of the Wayamba Co-operative Rural Bank Federation and Chairman of the Chilaw District Co-operative Council.

2. Mr. R Sooriarachchi *Vice Chairman*

Mr. Sooriyaarachchi serves as a member of the Board of Coopliffe Insurance Limited. He is the Chairman of the National Housing Development Authority. He serves as a Director of Urban Development Authority & HDFC Bank, the Urban Settlement Development Authority, Colombo Hilton (Hotel Development Limited), Tea Rubber Coconut Plantation Fragmentation Control Board. In the past, he chaired both Gampaha District Rural Bank Union Limited and Puttalam Salt Limited. Further, he was a Director of the Road Development Authority and Sri Lanka Co-operative Rural Bank Federation Ltd. Mr. Sooriyaarachchi served Co-operative Insurance Company PLC as a Director for 09 years.

3. Mr. K R W Ranasinghe *Managing Director*

Mr. Ranasinghe is the Managing Director of Coopliffe Insurance Limited and Co-opinsu Training Academy (CITA). He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA)

and the Society of Certified Management Accountants Sri Lanka (FSCMA). He is also a member of the Institute of Data Processing Management UK (LIDPM). He holds an MBA from PIM and a B.Sc. Management (Special) Degree from the University of Sri Jayewardenepura. He possesses over three decades of expertise and experience in both the public and private sectors. Mr. Ranasinghe also acts as a Director of Prime Engineering Lanka (Pvt) Ltd, Prime Teleservices (Pvt) Ltd and Sirioya Hydro Power (Pvt) Ltd. In addition, he has served as a Director at Laugfs Group and has also held the positions of CEO and CFO.

4. Mr. D L Samarawickrama *Director*

Mr. Samarawickrama serves as a member of the Board of Coopliffe Insurance Limited. In addition to his service on the Boards of several Co-operative sector entities. He also serves on the Board of CICLPLC as Vice Chairman and also serves as a Director of the Colombo District Rural Bank Federation. He has served as a Chairman at Colombo South Co-operative Society Ltd. and retired in May 2023.

BOARD OF DIRECTORS AND PROFILES - COOPLIFE INSURANCE LIMITED



5. Ms. W P M Chathurani

Director

Mrs. Chathurani has a longstanding experience in the field of Accounting and Auditing and she is a fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) and Certified Management Accountants of Sri Lanka. In addition to her role as a Director of Coopliffe Insurance Limited, she also extends her professional services as a Partner at PE Mathew & Company. She has graduated in the field of physics from the University of Colombo.

6. Mr. K. J. Sesiri

Director

While serving as a Director of Coopliffe Insurance Limited Mr. Sesiri extends his service as Vice Chairman of Matara District Co-operative Council and Matara District Tea Producers, Co-operative Society. He is also the Chairman of Beralapanathara Multi-purpose Co-operative Society and a Director of Matara District Co-operative Rural Bank. Further, he has served as Vice Chairman of Co-operative Insurance Company PLC. Mr. Sesiri holds a special degree in Bachelor of Management Science.

7. Mr. A B Senadira

Director

Mr. Senadira is the Chairman of CICPLC and New Thalawakale MPCs Ltd. while serving as Director of Coopliffe Insurance Ltd. He holds several Directorships, which includes the Boards of the Sri Lanka Consumer Co-operative Federation, the Co-operative District Council Nuwaraeliya, the Central Province Rural Bank Union Ltd. and he is also Chairman of the Senadira Savindhi Transport Agency (Pvt) Ltd.

8. Mr. Prasanna Sooriyarachchi

Director

Mr. Suriyarachchi is a Director of Coopliffe Insurance Limited. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA), the Association of Accounting Technicians of Sri Lanka (FMAAT) and the Society of Certified Management Accountants of Sri Lanka (FSCMA). He holds an MBA from PIM Institute of the University of Sri Jayawardenepura. He possesses over 25 years of expertise and experience in large-scale multiple business sectors in Sri Lanka & overseas serving as Group Financial Manager, Deputy General Manager and CFO.

CORPORATE MANAGEMENT TEAM - CICPLC



D U P Rajapaksha
Chief Executive Officer



L A N C Weerasinghe
General Manager - Sales &
Marketing



S V Pethangoda
Assistant General Manager -
General Insurance



D D S Gamage
Senior Manager - Finance



H S P I G P Wijerama
Senior Manager - Legal



H L N T Gunawardena
Manager - Human Resource



N N D De Silva
Manager - Administration &
Logistics



A M R A L Lakmal
Manager - IT



H P D K Kumarathunga
Acting Manager - Internal Audit



W D K Gunasena
Senior Manager - Finance



K M Jayasundara
National Sales Manager



A H T Priyadarshani
Manager - Reinsurance



R K Kapila
Motor Engineer



W J De Silva
Consultant -
Marine & Medical Insurance



S R S Epa
Senior Manager - Non-Motor
Underwriting

CORPORATE & SALES MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED

CORPORATE MANAGEMENT TEAM



K R W Ranasinghe
Managing Director



J A Dilani Jayasooriya
Chief Financial Officer



S G Rathnapala
National Sales Manager



G N Kettipearachchi
Manager Underwriting



R T K Hakmana
Manager - Claims and servicing



B S Mendis
Accountant/Compliance Officer



P W A G Kawshalya
Assistant Accountant



O V J Chandula
Assistant Manager - Actuarial

SALES MANAGEMENT TEAM



W.M.A.K. Wijesundara
Regional Manager - Nikaweratiya



P.N.P. Jayasinghe
Assistant Regional Sales Manager - Kurunegala



C.M.S. Chandrasekara
Assistant Regional Sales Manager - Kuliyaipitiya



R.M.K. Rajakaruna
Senior Regional Manager - Anuradhapura



K.G.A. Gongalegoda
Regional Manager - Kandy



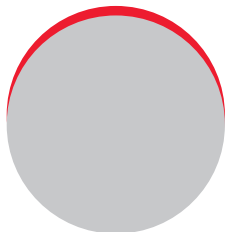
R.M.A.B. Madawala
Senior Regional Manager - East



G.G.W.S. Disanayaka
Regional Manager - Colombo



M.A.S. Ekanayaka
Assistant Regional Sales Manager - Homagama



Y.G.M.U. Kumara
Regional Manager - Rathnapura



K.D. Basil
Assistant Regional Manager - Southern



A. Ranjith
Zonal Sales Manager - Chunnakam/ Vavuniya

SENIOR MANAGEMENT TEAM - CICPLC



J M H Jayasinghe
Assistant General
Manager



A D Paranavithana
Senior Manager - Technical



S Pathirana
Senior Manager - Legal



C N Kaludewa
Senior Manager - Brand
& Customer Engagement



P W S Kumara
Manager - Non Motor



M E K Fernando
Manager - Motor Claim



**T A M T L
Wickramasinghe**
Manager - Non-Motor



E M N Nayanangani
Manager - Marketing
Administration



P N C Samarakkody
Accountant



N V Jagathsiri
Zonal Manager -
Southern



K G S P Rathnayake
Zonal Manager - North
West



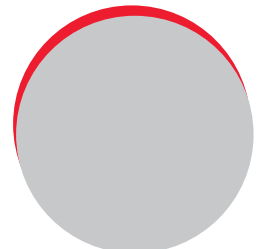
M G U N Bandara
Zonal Manager -
Colombo East



D A C Hasantha
Zonal Manager -
Colombo North



R M S K Ratnayake
Regional Manager



W A Hemakumara
Regional Manager



W S N Fernando
Senior Manager -
Corporate Division



M F M Numais
Assistant Regional
Manager



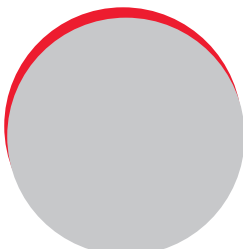
A I Bandara
Assistant Regional
Manager



P R A B Udurawana
Area Manager



A P P De Silva
Area Manager



P M S P Wijayasinghe
Area Manager



M M A Mallawaarachchi
Area Manager



R C Gunasekara
Area Manager



P K L C Peramune
Area Manager



H P C Jayasekara
Area Manager

SENIOR MANAGEMENT TEAM - CICPLC



K K S Chanaka
Area Manager



D S Waththuhewa
Area Development
Manager



P P K Jayasinghe
Area Development
Manager



R M B K Ratnayake
Manager - Broker
Services



A N M De Alwis
Manager- 3rd Party
Channel Development



K P R I Wijesinghe
Assistant Manager -
Internal Audit



H A B Sampath
Assistant Accountant



S Jayarathna
Assistant Manager -
Stores



C P Ranasinghe
Assistant Motor Engineer



R A C P Ratnayake
Assistant Manager -
Human Resource



U C P Ekanayake
Assistant Manager -
Motor U/W



J K A H R P Gunawardhana
Assistant Manager -
Non-Motor



C I Ekanayaka
Assistant Manager-Motor
U/W



M H S S Hettiarachchi
Assistant Manager -
Motor Claims



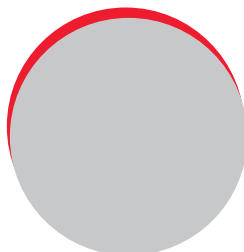
A P S Gayan
Assistant Manager -
Regional Underwriting



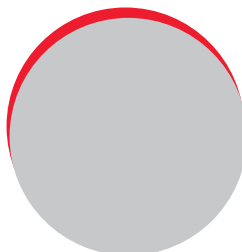
W T Randika
Assistant Manager -
Regional Underwriting



S I Jayalath
Assistant Manager -
Regional Underwriting



R P D S Rathnayake
Assistant Manager -
Regional Underwriting



P G P Roshan
Junior Engineer



P G D R Kumara
Head Of Agency Channel



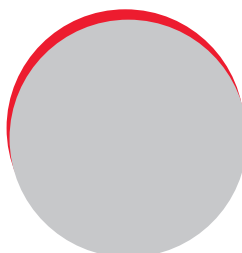
G H K M Dhammika
Assistant Manager -
Bancassurance



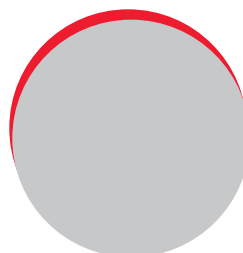
W N V Sumanajith
Assistant Motor Engineer



E H T D Ekanayake
Assistant Motor Engineer

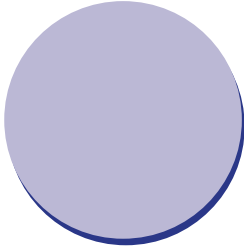


R A A K Rathnayaka
Senior Manager - Motor
Claims



S Perera
Consultant - Non-Motor

BRANCH MANAGEMENT TEAM - CICPLC



M Ranjeevan
Akkaipattu



K Jeerasinghe
Akuressa



D S S M Kulathunga
Aluthgama



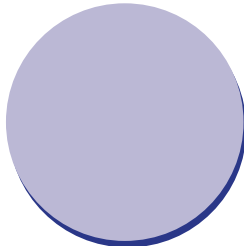
H L Rajawasam
Ambalangoda



W V P N Vinodani
Ampara



W A U Wickramasinghe
Avissawella



W K N Rukantha
Baddegama



S B Sampath
Bandarawela



M P M S M Perera
Battaramulla



H M R D Bandara
Bibila



D C C Fernando
Chilaw



G G S P Neranjan
City Office



S Wasantha
Dambulla



A I P K Peiris
Dehiwala



H L Lalith
Deniyaya



A R M A B Rathnayaka
Digana



E A T T Karunathilaka
Eheliyagoda



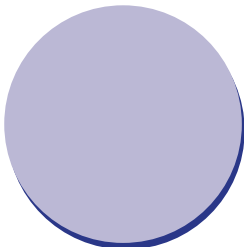
P A Weraniyagoda
Elpitiya



H M T Madubasitha
Galenbidunuwewa



A P M P Jayasekara
Galewela



H K Jayantha
Galle



P M P S Kumarasinghe
Giriulla



N Rajakulendran
Hatton



A D Kanishka
Horana



K A N S Maduwantha
Jaela

BRANCH MANAGEMENT TEAM - CICPLC



M Sulakshan
Jaffna



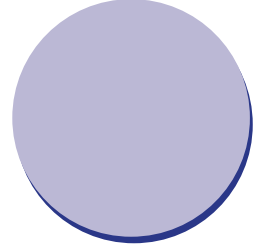
H I M S Perera
Kadawatha



H M A Chaminda
Kaduvela



L H A Kumara
Kalawana



A D Anoj
Kalmunai



M D R Srinath
Kaluthara



M G C W Meegaskumbura
Kantale



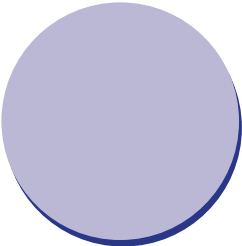
M M Wikramasekara
Karapitiya



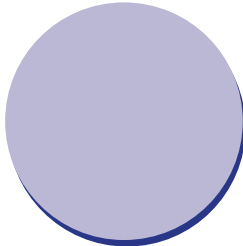
R M A Rajanayaka
Katugastota



H N P Priyankara
Kegalle



M D N C Gunathilake
Kelaniya



P Kokulan
Kilinichochi



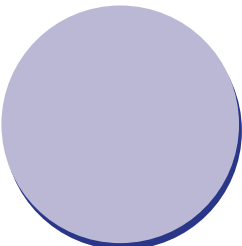
L R B Gunawardana
Kiribathgoda



R P L Rajapaksha
Kirindiwela



R P A K Chathuganga
Kolonnawa



W A Piyarathna
Kurunagala



T M U Thennakoon
Kurunegala North



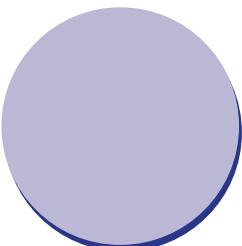
T P G M P Perera
Mahiyanganaya



P P L D Perera
Malabe



A Shiromila
Mannar



P C B Ratnayake
Matale



K M Thewarapperuma
Matugama



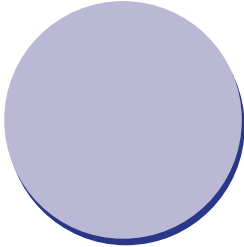
L R Buddadasa
Medawachchiya



H E A P Edirisooriya
Metro



A V V M Gunawardhana
Minuwangoda



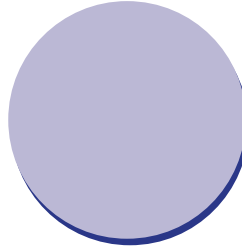
**R D S Nilantha
Dharmasiri**
Monaragala



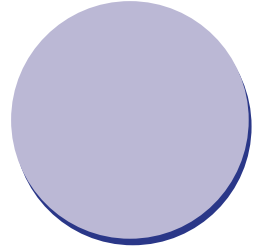
T G B M Senevirathna
Moratuwa



L M A Ranaweera
Narammala



W M N A Fernando
Negombo



K G Dharmawardhana
Neluwa



W M S Bandara
Nikawaratiya



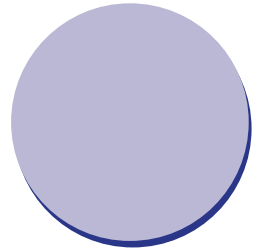
L J L Jayasinghe
Nittambuwa



**W A D S J
Wickramaarachchi**
Nochchiyagama



G S R D K Perera
Nugegoda



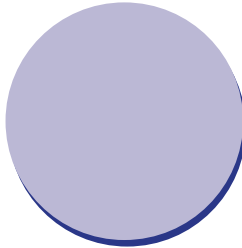
D M T B Dissanayake
Nuwara Eliya



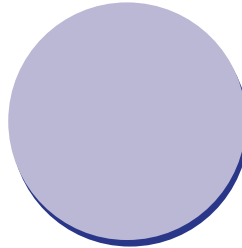
L B D Fernando
Panadura



W S N Kumara
Pelmadulla



B Ajantha Kumar
Pilimathalawa



B D K Perera
Piliyandala



D M Lahandasinghe
Polonnaruwa



I K Perera
Postal



M A A P Kumara
Rikillagaskada



H M Karunarathna
Thambuttegama



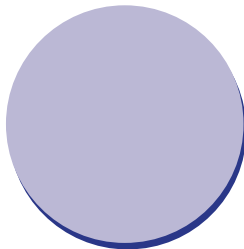
**D K W
Dewakaluarachchi**
Tissamaharama



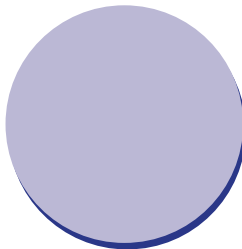
M Kasankahan
Trincomalee



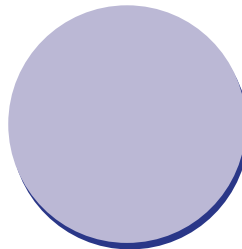
R Sutharsan
Vavuniya



U Jegatheeswaran
Vavuniya



N A U P Nishshanka
Wariyapola



K S A Karunanayake
Walasmulla



H S Disanayaka
Welimada

BRANCH MANAGEMENT TEAM - CICPLC



E G S Nidarshana
Wellaway



A H M S M Abeyrathna
Wennappuwa

BRANCH MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED



Ms. M Sriyanilatha
Galgamuwa



Ms. S P D P N N Chandani
Paduwasnuwara



Ms. C A H M D C Chandrasekara
Mahawa



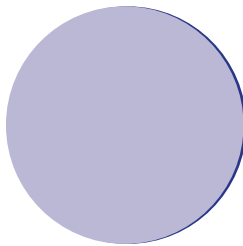
Ms. S P U N Swarnalatha
Nikaweratiya North



Ms. A M S Atapathu
Nikaweratiya South



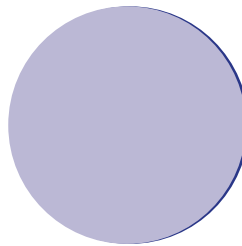
Mr. K M M P Premarathna
Anamaduwa



M G C Udayangani
Wariyapola



Mr. W P N Wijesinghe
Alawwa



Mr. S Samarkkody
Giriulla



Ms. P N P Jayasinghe
Kurunagala



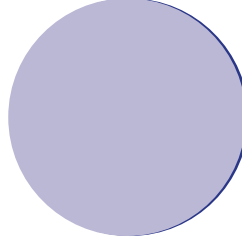
Ms. D M J Dasanayaka
Kurunegala 02



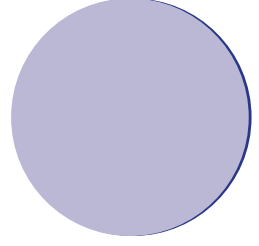
Ms. K A P Fernando
Chilaw



Ms. W S R H B N Senanayaka
Kuliyapitiya



Ms. S G A Dilrukshi
Puttlam



G H M Dammika
Wennappuwa



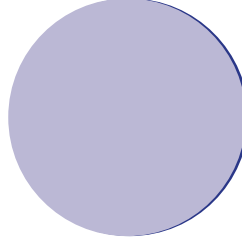
D P A J Nilmini
Dankotuwa



Mr. E M S K Ellepola
Dambulla



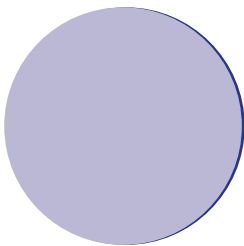
Mr. H N Bandara
Kekirawa



S P I Kanthi
Thambuththegama



Ms. R M C K Rathnayaka
Galewela



D M W J K Disanayaka
Galenbindunuwewa



Ms. G Asoka
Kandy 02



Mr. K G A Gongalegeda
Kandy

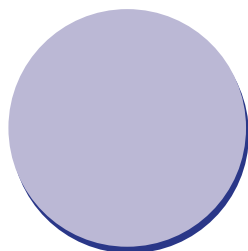


Mr. S D D Ramanayake
Kegalle



H M R P Mudalige
Matale

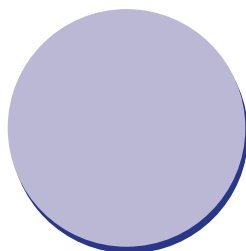
BRANCH MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED



**Ms. R A P S
Pushpakumari**
Katugasthota



L D Godawela
Kegalle City



G V P D Kumari
Ampara



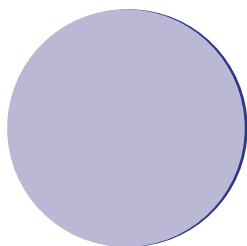
Siriwardana W M K
Monaragala



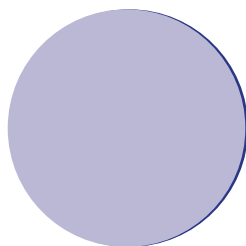
Mr. H W I Rangajeewa
Nuwara-Eliya



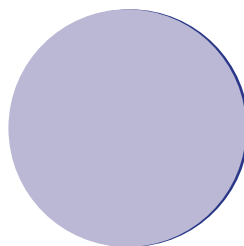
**Mr. Y G S C
Premachandra**
Siyambalanduwa



Mr. S Nagarajah
Trincomalee



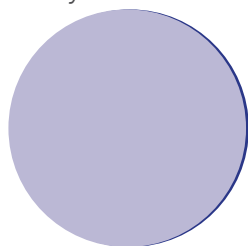
V R J S Karunasena
City Office



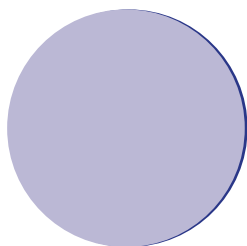
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Kiribathgoda



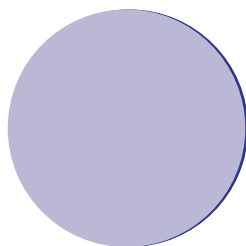
Mr. U P K Rodrigo
Moratuwa



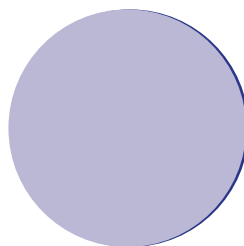
D S K S Rodrigo
Negombo



B N P Bollalage
Minuwangoda



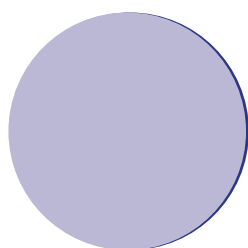
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Nittambuwa



W K B Janani
Avissawella



Janaka Wedasinghe
Homagama



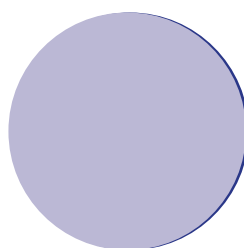
K D M C Karannagoda
Kaluthara



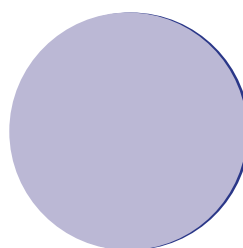
Ms. B G P Mangalika
Maharagama



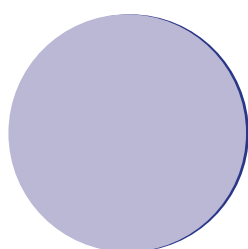
K M Perera
Pelmadulla



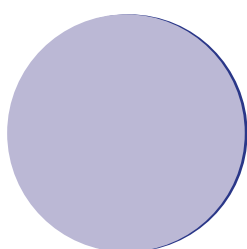
W R R Kumara
Rathnapura



M Ransinghe
Akurassa



S R Weerasinghe
Ambalanthota



G Weerasekara
Galle



J K Kaluarachchi
Matara



H Dharmalatha
Embilipitiya



Mr. K D Basil
Morawaka

MDRT QUALIFIERS OF COOPLIFE INSURANCE LIMITED FOR THE YEAR 2023



Ms. A Kalugala
Kandy Branch



Ms. D M I T Disanayaka
Panduwasnuwara Branch



Ms. R P N Jayamanna
Kurunegala Branch



Ms. V Sethupriya
Jaffna Branch



Mr. S Sajeeth
Chunnakam Branch



Mr. T Kapilesan
Chunnakam Branch



Mr. T Sinthujan
Chunnakam Branch



COOPLIFE
Insurance



DISTRIBUTION CHANNELS

Our channel partners including our dedicated sales force made commendable contributions to GWP.

CICPLC

Contribution to GWP - 2023



Individual agents

Rs. 300 Mn **7%**



Brokers

Rs. 1,740 Mn **38%**



Other

Rs. 2,499 Mn **55%**

Internal Sales Force - Rs. 1,431 Mn (32%)

Bancassurance - Rs. 200 Mn (4%)

Direct - Rs. 291 Mn (6%)

Other - Rs. 577 Mn (13%)

RISK MANAGEMENT

Encountering diverse risks is an inherent part of operating a business, and their influence on our daily activities, strategic goals, and stakeholders at Co-operative Insurance Company PLC (CICPLC) cannot be overlooked. Yet, how we recognise and address these risks is pivotal in shaping the company's trajectory and instilling trust among stakeholders. As custodians of risk management, we bear the duty of nurturing a culture of risk consciousness across the organisation. This entails fostering awareness and ensuring compliance with control measures, which are not solely the concern of those within the risk management framework but also a shared responsibility among all employees.

CICPLC's risk management system is extensive and thorough, encompassing control mechanisms for all types of risk exposures. These exposures undergo regular review, and proactive measures are taken to realign them in the expectation of potential risks, due to regulatory changes and macroeconomic shifts that could adversely affect the insurance sector and the Company. The design of these control mechanisms is geared towards effective monitoring and mitigation of risks.

INTERNAL DEVELOPMENTS

In the year under review, several internal changes were implemented to enhance our risk management practices, effectively addressing previously identified gaps.

- Designating the Audit Committee as the Audit and Risk Management Committee
- Issuing directions to mitigate the risks highlighted through internal audit reports and risk manager's reports by the audit and risk management committee directly to the management and reporting to the board of directors subsequently.
- Follow-up and ensure such directions issued by the Audit Committee are implemented effectively.

RISK ENVIRONMENT OF 2023

Throughout 2023, our operational landscape was marked by a multitude of uncontrollable factors. The compounding adverse effects of the economic crisis necessitated an ongoing assessment of the external environment. This was crucial in mitigating the impact of macroeconomic fluctuations on the strategic, underwriting-related, financial, and operational facets of the company.

| | |
|---------------------------|--|
| Macroeconomic | <ul style="list-style-type: none"> - Slow rupee appreciation - Sovereign rating downgrade - Reduced disposable income negatively affects the premium collection - Imbalance in vehicle pricing leading to significant fluctuations impacting insurance values - Exchange rate and interest rate fluctuations - Restrictions on new business due to vehicle import limitations - Shortage of foreign currency inflows - Heightened capital market volatility - Price increases due to inflation driven by exchange rate fluctuations - Increase in staff turnover due to migration/lucrative overseas job opportunities |
| Technology | <ul style="list-style-type: none"> - Rapid advancements in technology, notably in AI and process automation. - Escalating cyber security risks stemming from the expanding digitalisation. - Greater reliance on digital platforms for various functions. |
| Social | <ul style="list-style-type: none"> - Public unrest manifested through diverse protests and gatherings. - Heightened emphasis on health and safety in the workplace. - Transitioning to remote working arrangements. - Greater reliance on technology accompanied by decreased social interactions. |
| Regulation and compliance | <ul style="list-style-type: none"> - Failure to comply with numerous governance requirements was observed. - Implementation of IFRS 17 was deferred to January 2026, however, it creates a significant impact on the group operations and the system needs to be upgraded and redeveloped according to the requirement. - Need to adopt steps to fill the gap identified in the implementation of IFRS 17 |

RISK MANAGEMENT

AREAS OF RISK

The Company’s risk management process encompasses various key categories of risks, including both general and industry-specific factors that influence operations, strategic direction, and stakeholder interests. Regular assessments of these risks involve monitoring both external and internal operating environments. Based on our findings from these assessments, we make necessary adjustments to risk ratings and control mechanisms to effectively manage and mitigate identified risks.



THE FRAMEWORK

Our risk management framework is a structured approach deployed to identify, analyse, prioritise, mitigate and control and monitor risks. Its primary goal is to minimise the negative impacts of risks across the organisation while maximising positive outcomes.

OBJECTIVES OF MANAGING RISKS

The risk management framework starts by establishing multiple objectives, providing a foundation to ensure that our actions are in line with strategic priorities.

| Focus | Description |
|-------------------------------|---|
| Identifies and Evaluates Risk | Identify new risk exposures in addition to those already significant to the company, based on both internal and external changes. |

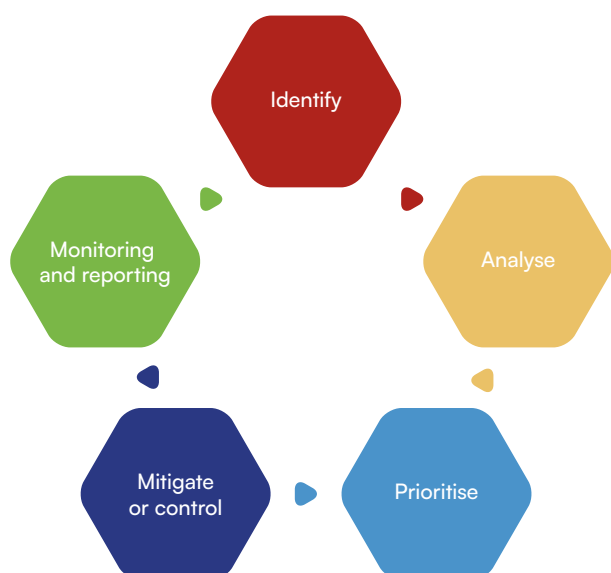
| Focus | Description |
|--|--|
| Reduce and Mitigate risk | Develop adequate control mechanisms to mitigate the impacts of risks and assess the effectiveness of these mechanisms. |
| Supports Efficient Use of Resources | Risk management offers a proactive strategy for resource allocation and optimisation. |
| Better Communication of Risk within the Organisation | Effective lines of defence facilitate clear communication of identified risks and control mechanisms. |
| Reassures Stakeholders | Risk management mitigates risk exposures and adverse outcomes, thus safeguarding stakeholder interests. |
| Support the Continuity of the Organisation | Risk management offers leverage and buffers to navigate through risk exposures, ensuring business continuity. |

RISK MANAGEMENT PROCESS

When addressing significant risks, we adhere to a comprehensive risk management process. This structured approach ensures proper accountability and duty over risk management.

RISK IDENTIFICATION

At the outset of our risk management process, we systematically identify all key risk areas associated with our core business activities. We meticulously identify and document these risks, along with their subcategories, which may impact our value-creation potential over time. At CICPLC, our risk identification process is manual, with identified risks recorded and regularly updated in the risk register.



• RISK ANALYSIS

Upon identifying risks with potential impact on our business, we proceed to analyse them to determine their scope. It's crucial to establish connections between these risks and various variables within CICPLC. This involves assessing the intensity and seriousness of each risk, and considering how it could affect different business functions. Some risks may have the potential to disrupt the entire organisation, halting operations entirely, while others may have insignificant impacts. Our analysis of these risks is currently conducted manually.

At various levels of the organisation's functions, we assess and document risks. Examples of these assessments include:

1. Strategic Risk Assessment: This involves evaluating risks related to the organisation's mission and strategic objectives. It's typically carried out by senior management teams during strategic planning meetings.

2. Underwriting Risk Assessment: Underwriting risk pertains to the risk of unforeseen events or inadequate risk assessment when writing insurance policies. Assessments in this area help ensure that the insurer accurately evaluates the risks associated with expanding coverage, avoiding potential higher payouts than premiums collected.
3. Financial Risk Assessment: The accounting department and audit team monitor the external environment to assess credit, investment, and market risk exposures based on financial markets and service providers. Liquidity risk, another focus area, is assessed by monitoring cash flow, investment portfolios, etc.
4. Operational Risk Assessment: Business process owners evaluate the risks associated with their operational activities and continuously improve processes to mitigate risks. Additionally, compliance obligations relative to the organisation's risk factors are evaluated by the Compliance Officer.

These assessments provide a comprehensive view of risks across different aspects of our operations, allowing us to proactively manage and mitigate potential threats to our business.

• RISK PRIORITISATION

After analysis, risks undergo a ranking and prioritisation process to address varying risk categories based on severity. Risks deemed to have minimal impact on the business are rated very low or low on the scale, while those with significant impact receive the rating of 'catastrophic'. This ranking approach allows us to gain a realistic understanding of our exposure to different risks.

While low-level risks may not demand immediate intervention, high-rated risks necessitate prompt controls and mitigation efforts, often involving interventions from management and the Board. This prioritisation framework ensures that resources are allocated effectively to manage risks according to their potential impact on the organisation.

• MITIGATION OR CONTROL

We address each risk based on its severity, striving to contain or eliminate it as much as possible. In our manual risk management process, we actively involve stakeholders to find and implement the best solutions. This collaborative approach ensures effective risk management with input from all parties involved.

• MONITORING AND REPORTING

Once risks have been identified, analysed, prioritised, and controlled, they will be subject to ongoing monitoring by the relevant authorities within the company. Business heads, committees, audit teams, and compliance teams will take appropriate interventions based on their respective levels of responsibility. They will maintain regular communication with the relevant line of command to ensure that risk management efforts remain effective and aligned with the company's objectives.

RISK MANAGEMENT

RISK MANAGEMENT STRUCTURE (RISK GOVERNANCE)

CICPLC's risk management framework relies on the Three Lines of Defence model. This structured model facilitates a clear delineation of authority and oversight in managing risks, ensuring a systematic approach to risk management.

| First tier of defence | Second tier of defence | Third tier of defence |
|--|---|--|
| Heads of Business Units | Internal And External Audits | Compliance Officer/Audit and Risk Management Committee |
| <ul style="list-style-type: none"> Monitor external environment for risks and impacts through feedback from field staff, business partners and customers Design a suitable risk management framework The Risk Management Committee identifies, evaluates and assesses the potential risks Analysing the controls in place and designing new controls required Implement action required to mitigate the risk identified in the company Monitor the performance of risk management action | <ul style="list-style-type: none"> Conducts audits regularly across accounting, internal systems, and operations to measure adequacies and recommend improvements Conducts investigations for known mal-practices concerning recovery and losses Strengthen control systems and deterrents | <ul style="list-style-type: none"> Monitor the effectiveness of risk management methods Recommend risk-controlling measures to the Board Empower the responsible personnel to take appropriate actions to control risks |

REPORTING LINE

The internal audit team delivers their findings and recommendations to the Audit Committee. Additionally, the Risk and Audit Committees oversee risk management practices and verify the presence of control mechanisms. This committee reports directly to the Board, offering recommendations to assist Board Members. The Manager of Risk & Compliance serves as the secretary of the Risk Management Committee and reports to the Risk Management Committee and its Chairman, who, in turn, reports to the Board.

• AUDIT COMMITTEE

The Board appoints the audit committee, endowing them with oversight responsibilities regarding the adequacy of the risk management process, risk assessment, control, and mitigation measures.

| Members | Reporting | Responsibilities |
|---|--------------|---|
| Committee Chairman, Secretary, 3 Independent Non-Executive Directors | To the Board | <ul style="list-style-type: none"> Evaluating and scrutinising risk monitoring, evaluation and management. Review the adequacy and effectiveness of the company's accounting and internal controls and risk management systems. Monitor and review effectiveness of the internal audit function. Review and monitor the auditor's independence, objectivity and the effectiveness of the audit. Review the management letter, management's response and the auditor's recommendations. |

• INTERNAL AUDIT TEAM

The team conducts assessments of risks and control mechanisms, ensuring that the company adheres to relevant control mechanisms and regulations.

| Members | Reporting | Responsibilities |
|--|---|--|
| Manager Internal Audit, Assistant Manager, Audit Executive / Junior Executive Audit Assistance | The team reports to the Audit Committee | <ul style="list-style-type: none"> Identify the audit scope and develop annual audit plans. Measuring the Company's health in risk management, operations and how well we apply controls in day-to-day work. Recommendations to rectify unhealthy conduct and mismanagement in internal controls and risk mechanisms Periodic and random audits to ensure compliance by employees and management. Gathering, Analysing, evaluating, accounting documentation, reports, data, and flowchart. • Following up the audit to monitor the management's intervention |

However, with effect from 18th March 2024, the internal audit function of the company was outsourced to M/s BDO Partners, a firm of Chartered Accountants.

• RISK MANAGEMENT COMMITTEE

Appointed by the Board, the committee holds responsibilities regarding the implementation of risk controls in business operations.

| Members | Reporting | Responsibilities |
|--|--------------|--|
| Committee Chairman, Secretary, 3 Independent Non-Executive Directors | To the Board | <ul style="list-style-type: none"> Oversee the executive team to ensure that they have identified and reviewed all relevant risks and have established a risk management framework that can address such risks Oversee applicable risks (mentioned under areas of risk within this review) in conjunction with the Board and Board Committees Has oversight on dividing risk-related responsibilities to each board committee and conducts a gap analysis to see any gaps in oversight of risks Together with the Board, approve the risk management framework |

RISK MANAGEMENT

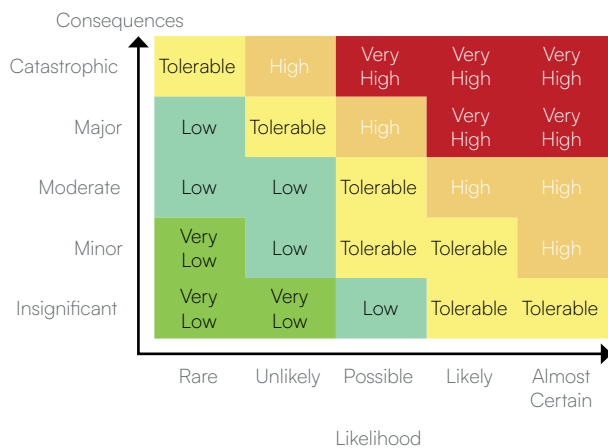
RISK REGISTER

In the continuous evaluation of risks impacting our business operations and stakeholder interests, the Manager of Risk and Compliance oversees a comprehensive risk register. Established and implemented in 2022, this register encompasses all risks affecting every facet of the company's functions. The Manager of Risk and Compliance maintains this register regularly, identifying potential areas of risk and devising appropriate mitigation and control measures. Additionally, the register serves as a monitoring tool to track the progress of risk mitigation actions.

Furthermore, while the Manager of Risk and Compliance conducts regular risk assessments, the Internal Audit Team also conducts assessments during internal audit processes.

RISK APPETITE AND TOLERANCE

Risk appetite refers to the threshold of risk that we can tolerate, ensuring a favourable impact on our strategic objectives and day-to-day operations. It is gauged based on the ranking of each risk, according to the risk rating model outlined below. The risk rating model serves as a tool for evaluating and prioritising risks by considering both their likelihood (probability) of occurrence and the potential impact of each risk on the specific objectives of the organisation (consequence).



Severity of Impact: Catastrophic — 5 Major — 4 Moderate — 3 Minor — 2 Insignificant — 1
Likelihood of Occurrence: Almost Certain — 5 Likely — 4 Possible — 3 Unlikely — 2 Rare — 1

RISK RATING CATEGORY DESCRIPTION

Risks affecting our business are categorised into five distinct groups, determined by the severity of their impact and the likelihood of occurrence. Each category is clearly defined, accompanied by specific descriptions outlining how risks within that category should be mitigated or controlled.

- Very Low - No further action is necessary other than to ensure that the controls are maintained.
- Low - No additional controls are required unless they can be implemented at a very low cost (in terms of time, money and effort)
- Tolerable - Consideration should be given as to whether the risks can be lowered where applicable to a tolerable level, and preferably acceptable level, but the costs of additional risk reduction measures should be taken into account. The risk reduction measures should be implemented within a defined period.
- High - Significant efforts should be made to reduce the risk. Risk reduction measures should be implemented urgently within a defined period, and it might be necessary to consider suspending or restricting the activity or applying interim risk control measures until this has been completed. Considerable resources might have to be allocated to additional control measures.
- Very High - Significant improvements in risk control are necessary so that risk is reduced to a tolerable or acceptable level.

COMPLIANCE ON RBC

The company conducts monthly monitoring of RBC (Risk-Based Capital) compliance and, if deemed necessary, initiates corrective actions promptly, particularly when significant decisions are made. Proactive measures are taken in advance upon detecting any indications of possible deviations. Additionally, the Actuarial Function has been outsourced to Actsure Lab (Pvt) Ltd, which provided support in RBC implementation through training programs and guidance in aligning with the prescribed guidelines.

- Risk exposure impact on company solvency - We've identified the following factors that could potentially impact our solvency position.
- Credit risk capital charge — Changes in the existing ratings of the company's investments are among the factors influencing credit risk.

- Concentration risk capital charge- The risk of exceeding current investment category limits due to fluctuations in investment patterns and maturity cycles within the investment portfolio is a concern. Additionally, the accumulation of non-compliant assets necessary for business operations may escalate concentration risk.
- Reinsurance risk capital charge - High reinsurance receivable balances at a specific reporting date can elevate the reinsurance risk capital charge.
- Market risk capital charge - Fluctuations in other risk charges will result in an increase in the market risk capital charge.
- Operational risk capital charge - Aggressive growth in the balance sheet will similarly increase the operational risk charge.

OUTLOOK

The risk outlook for CICPLC reflects a dynamic environment shaped by diverse internal and external factors. Internally, we maintain a continuous assessment of risks across key categories, including credit, investment, reinsurance, and operational risks. Externally, economic conditions, regulatory dynamics, and market fluctuations may exert significant influence on our risk profile.

Despite these challenges, we are committed to vigilant risk management practices, implementing robust control mechanisms, and taking proactive measures to mitigate risks. Challenges persist, notably in managing credit risk amid shifts in investment ratings and concentration risk posed by investment patterns. Moreover, fluctuations in other risk charges may heighten market risk capital concerns. Nevertheless, with our steadfast commitment to risk management and ongoing monitoring, we strive to effectively navigate these challenges, safeguard stakeholder interests, and advance our strategic objectives.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

In a dynamic business sector and in a macro environment with varying degrees of challenges, we have refortified our approach to corporate governance and responsible leadership. In the year under review, it became increasingly apparent that commitment to accountability and transparent conduct is crucial for the operational viability and social acceptance of our Company. We have learned valuable lessons to safeguard corporate governance, ensuring its resilience and preventing compromise of the company's governance practices and internal controls. In maintaining good governance practices, Co-operative Insurance takes every effort to adhere to industry standards.

REGULATORY FRAMEWORKS

We adhere to both compulsory and optional governance best practices frameworks and regulatory standards within the industry.

| | | | | |
|---|--|--|--|--|
| Code of Best Practices on Corporate Governance (CA Sri Lanka and SEC) | Corporate Governance Framework for insurers by IRCSL | Statement of Compliance sections 7.6 and 7.10 of CSE Listing Rules | Section 168 of the Companies Act of 2007 | Code of Best Practice on Related Party Transactions by the SEC |
| VOLUNTARY | MANDATORY | MANDATORY | MANDATORY | MANDATORY |
| Completed Fully (REFER PAGE 71 to 81) | Completed Fully (REFER PAGE 4 to 5) | Completed Fully (REFER PAGE 81 to 83) | Completed Fully (REFER PAGE 71 to 85) | Completed Fully (REFER PAGE 71 to 85) |

FOCUS OF 2023

Throughout the year, significant strides were made in enhancing corporate governance and compliance. These efforts encompassed a range of areas, including board approvals, changes to the board composition, and the formulation and approval of internal policies. Transparency and accountability remained at the forefront, ensuring that the organisation's conduct aligned with best practices and fostered trust among stakeholders.

1. GOVERNANCE IN TIMES OF CRISIS:

Given the internal challenges faced during the operational year, our Board of Directors, along with relevant Board Subcommittees, assessed the Company's stability and took prudent decisions to rectify indiscretions and comply with relevant governance requirements. This proactive approach ensured the organisation's operational continuity and financial stability.

2. BOARD COMPOSITION:

Changes to the composition of the Board were necessary to comply with regulatory requirements and uphold best practices in governance. Board composition deviated from conditions expressed in Articles of Association and was rectified accordingly.

3. STRATEGIC PLANNING FOR GROWTH:

The company adopted a new strategic plan in the previous financial year. This plan focuses on long-term growth by transforming the company's brand perception in the market and increasing overall market share. These transformative changes are aligned with the organisation's vision for sustained success.

4. EMPLOYEE WELL-BEING AMIDST ECONOMIC CHALLENGES:

The economic crisis led to an exceptionally high cost of living, impacting our employees. In response, the Board approved a salary increment for all employees in 2023.

5. TRANSITION TO SLFRS 17 INSURANCE CONTRACTS:

The Board closely monitored the progress made on transitioning to SLFRS 17 insurance contracts across the year. The accounting standard is issued by the Institute of Chartered Accountants of Sri Lanka and aligns with IFRS 17 issued by the International Accounting Standards Board (IASB). The implementation date for SLFRS 17 was deferred to 2026.

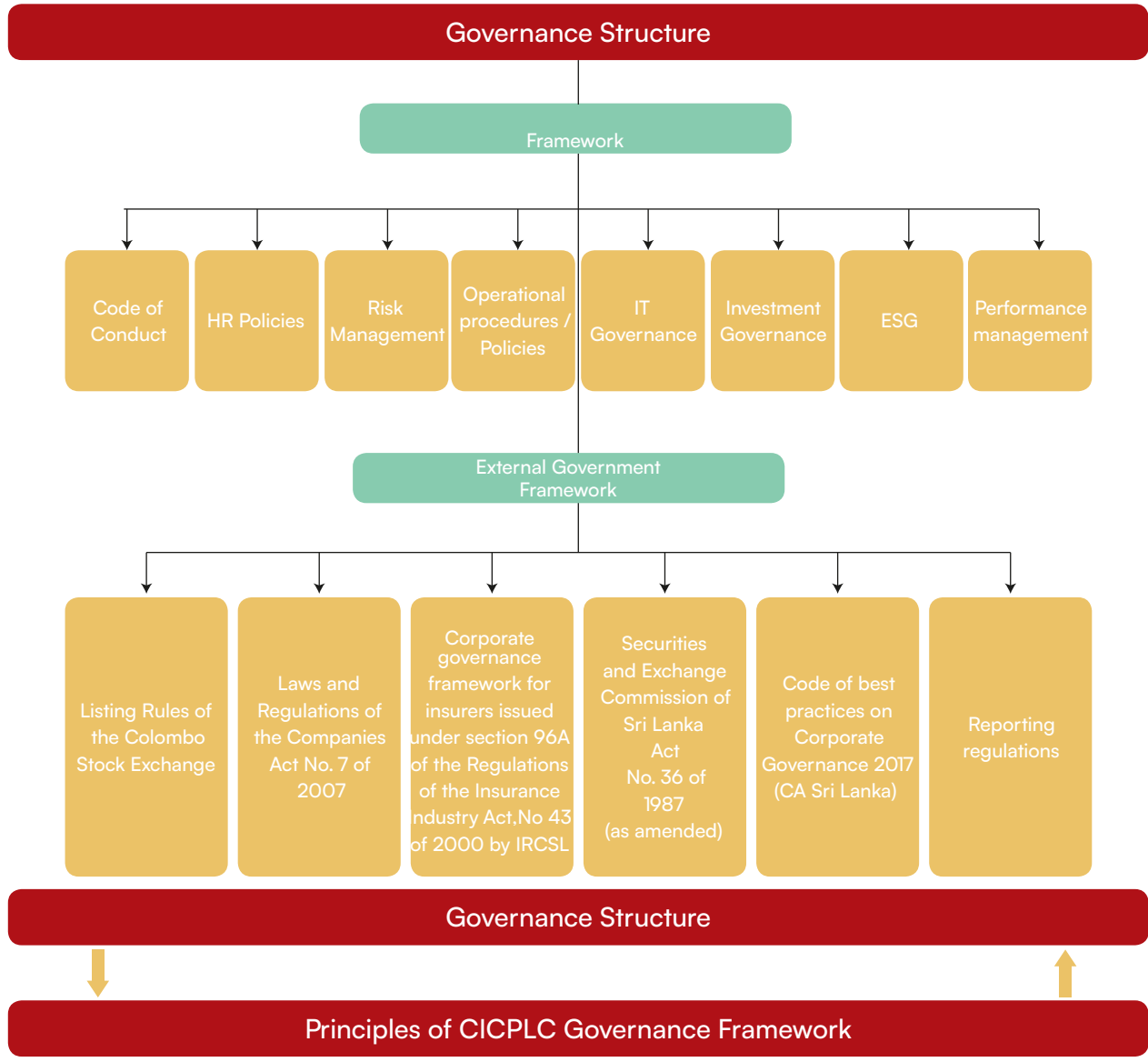
6. STRENGTHENING INFORMATION SECURITY AND TECHNOLOGY:

The information security officer oversees all policies and security-related matters and reports directly to the CEO.

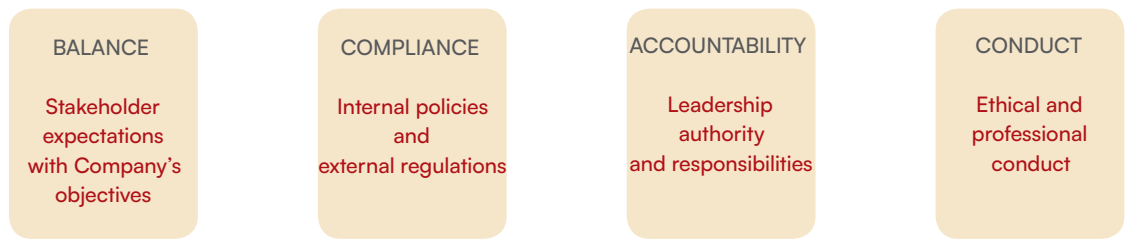
The company took measures to strengthen network and infrastructure protection by renewing firewalls and conducting IT audits to assess overall strength and assess any risk exposure which requires mitigation.

INTEGRATED GOVERNANCE

At Co-operative Insurance, our corporate governance framework encompasses a continuously improving governance structure that aligns with internal policies, regulations, and external statutory frameworks.



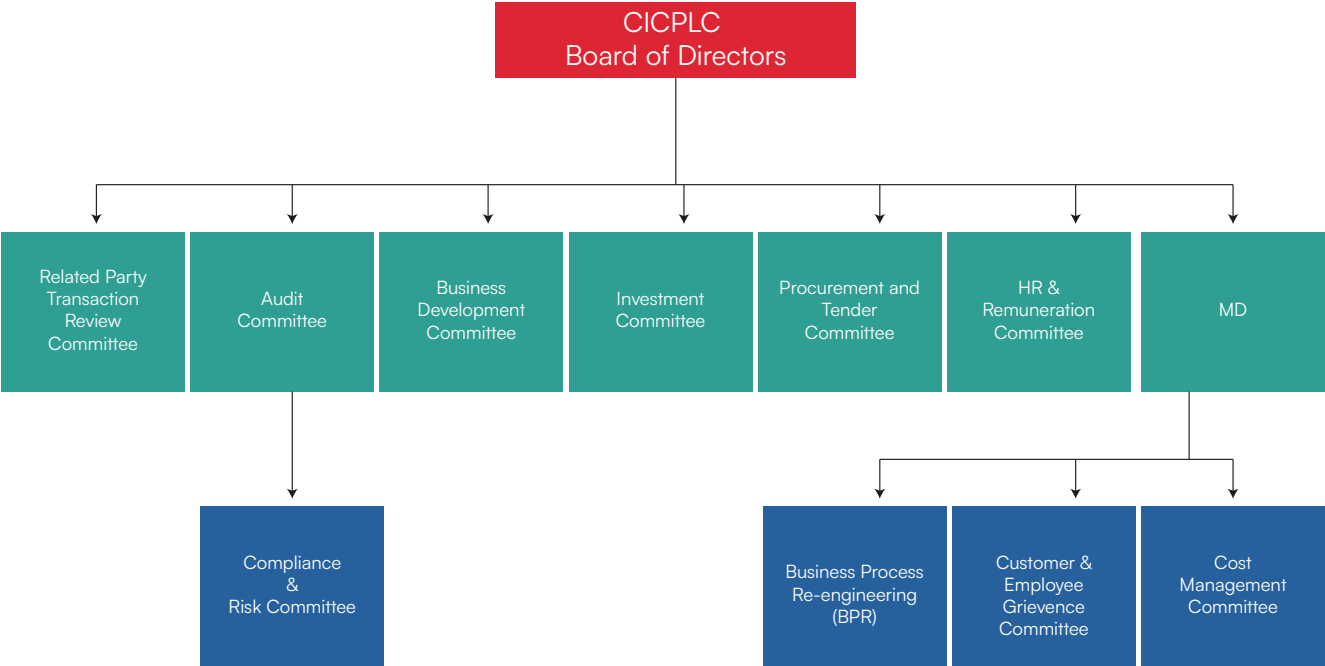
Our governance framework is governed and guided by four principles,



CORPORATE GOVERNANCE AND INTERNAL CONTROLS

GOVERNANCE STRUCTURE

At Co-operative Insurance, our governance structure operates as a top-down managed corporate entity. Within this framework, three distinct layers of leadership assume varying responsibilities, each operating under different levels of control and authority.



APPLYING GOVERNANCE

Through regular oversight and accountability mechanisms, we work increasingly to ensure that our actions are transparent, ethical and work in the best interest of stakeholders. Our governance structure fulfils duties with several focal points in mind.

| Focal Point | How governance supports value creation Stakeholders | | | Stakeholders |
|--|---|---|---|---------------------------|
| | Board | Sub committees | Executive leadership | |
| <ul style="list-style-type: none"> Ensure exponentially growing financial performance including improved revenue and profitability and a stable and substantive financial position. | <ul style="list-style-type: none"> Make sound decisions by promptly assessing company performance and external factors. | <ul style="list-style-type: none"> Evaluates the company's capacity to generate value through evaluating management, employee, and operational efficacy. Enforces policy implementation across all tiers, ensuring adherence to prescribed regulations and legal compliance. | <ul style="list-style-type: none"> Crafting the strategic blueprint and gaining board endorsement. | Shareholders |
| <ul style="list-style-type: none"> Talent management and employee development | <ul style="list-style-type: none"> Offer approvals, recommendations, and guidance to develop robust plans for value creation and business expansion. | | <ul style="list-style-type: none"> Establishing actionable goals aimed at enhancing stakeholder value and achieving financial targets against strategic objectives, and ensures operational effectiveness. | Employees |
| <ul style="list-style-type: none"> Safeguarding the interests of policyholders and providing guaranteed benefits. | <ul style="list-style-type: none"> Endorse policies that protect stakeholder interests and meet their expectations. | | <ul style="list-style-type: none"> Leading corporate, branch, and regional management teams, and staff, towards goal attainment. | Customers |
| <ul style="list-style-type: none"> Providing convenience and peace of mind through affordable and customer-specific risk management solutions. | <ul style="list-style-type: none"> Guarantee the protection and augmentation of shareholder investments by fostering revenue growth and implementing sound financial management practices across executive leadership, corporate management, and staff | | <ul style="list-style-type: none"> Furnishing pertinent data to sub-committees and the board to facilitate informed decision-making. | Partners and Suppliers |
| <ul style="list-style-type: none"> Delivering financial advantages and expanding business prospects. | | | | Regulators |
| <ul style="list-style-type: none"> Advocating for industry development, transparency, and ethical behaviour while safeguarding customer interests. | | | | Community and environment |
| <ul style="list-style-type: none"> Distributing the rewards of our economic progress. | | | | |

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

BOARD

As the top strategic leadership within CICPLC, Board members hold the ultimate responsibility for evaluating and endorsing decisions which carry strategic priorities for the company. Their role in shaping decisions directly influences CICPLC's capacity to advance growth objectives, enhance operational performance, and meet stakeholder expectations. The Board's primary responsibility lies in providing strategic leadership, which is paramount. Certain functions have been assigned to sub-committees appointed by the Board and the executive leadership of the Company.

The members are:

| Member | Directorship | Appointment date |
|---|---|------------------|
| Mr. A. B. Senadira | Non-Executive Director (Non -Independent) | 2019.08.30 |
| Mr. D. L. Samarawickrama | Non-Executive Director (Non -Independent) | 2018.08.02 |
| Mr. A. A. J. Amarasinghe | Non-Executive Director (Non -Independent) | 2022.06.15 |
| Mr. P .B. Jayarathne (Re-elected w.e.f. 2023.08.19) | Non-Executive Director (Independent) | 2021.02.05 |
| Mr. M. Vidanagamage | Non-Executive Director (Independent) | 2022.06.15 |
| Mr. T. B. H. Kumara | Non-Executive Director (Independent) | 2022.06.15 |
| Mr. Laliith Waragoda | Non-Executive Director (Independent) | 2023.06.09 |
| Mr. K. K. G. Sanirathne | Non-Executive Director (Independent) | 2023.08.28 |
| Mr. G. G. Dayasumana | Non-Executive Director (Independent) | 2023.11.30 |
| Mr. H.H.D.E.P. Herath | Non-Executive Director (Independent) | 2023.11.30 |
| Mr. K.K. S. Weerasekera (Retired w.e.f. 19.08.2023) | Non-Executive (Non-Independent) | 2016.09.04 |
| Mr. M.G.U.P. Kumara (Removed w.e.f. 09.06.2023) | Executive (Non-Independent) | 2022.06.15 |
| Mr. D. Thilakawardena (Retired w.e.f. 19.08.2023) | Non-Executive (Non-Independent) | 2021.02.05 |

By the end of the year, a majority of the Board comprised non-executive Independent directors (70%); Age diversity of those who remained on the Board, ranged from 40 years to 63 with the majority between the ages of 51-55. Furthermore, a majority of members (56%) have remained with the Board for over a year.

BOARD AT COOPLIFE INSURANCE LIMITED

The subsidiary of CICPLC, Cooplife Insurance Limited, operates independently from its parent company. It is governed by its own Board of Directors, consisting of 08 members. Cooplife Insurance Limited is led by a separate CEO and corporate management team, along with a branch management team. While CICPLC provides services to its subsidiary as part of its core activities, Cooplife Insurance Limited operates in accordance with relevant regulations and adheres to risk-based capital requirements. By the end of 2023, Cooplife Insurance Limited maintained a risk-based capital adequacy ratio of 356%.

BOARD COMPOSITION AND DIVERSITY

At the beginning of the year, the Board consisted of 09 Directors while 10 Directors comprised the Board by the end of the financial year 2023. As at the end of 2023, the Board consisted of 03 Non-Independent Directors and 07 Independent Directors. Board members bring a diverse range of ages, experiences, and leadership capabilities, which enriches their effectiveness in guiding the company on both strategic and operational fronts. (Profiles of Board members can be found on pages 36 to 40).

BOARD APPOINTMENTS

CICPLC follows a structured and transparent procedure for Board appointments in accordance with the Company's Articles. All appointments are communicated to shareholders, and a summary of the Director's credentials is provided to the Colombo Stock Exchange. Approval from the Insurance Regulatory Commission of Sri Lanka (IRCSL) was obtained for the appointment of four new Directors to the board in compliance with the RII Act No. 43 of 2000. Details of newly appointed Directors were disclosed to shareholders via CSE announcements throughout the year and are also included in this Annual Report.

RESIGNATION AND RE-ELECTION

As per the Company's Articles of Association, in the event of a Director's resignation, the Company has the authority to appoint a replacement. This also extends to instances where the Board size is increased. Such appointed Directors have the opportunity to nominate themselves for re-election at the following Annual General Meeting. Furthermore, in adherence to the Company's Articles, at each Annual General Meeting, one-third of the serving Directors, or if their count is not a multiple of three, the nearest lower whole number to one-third, shall retire from their positions.

BOARD INDEPENDENCE AND DECLARATION

Based on listing regulations, every Non-Executive Director is required to submit a declaration of independence. Among 10 Non-Executive Directors, Seven are classified as Independent Directors, while three hold the status of Independent Directors. The Board comprises a balanced mix of Non-Independent and Independent Directors. All Independent Directors have no significant stake in the company's affairs and operations, ensuring impartial and unbiased decision-making during board discussions.

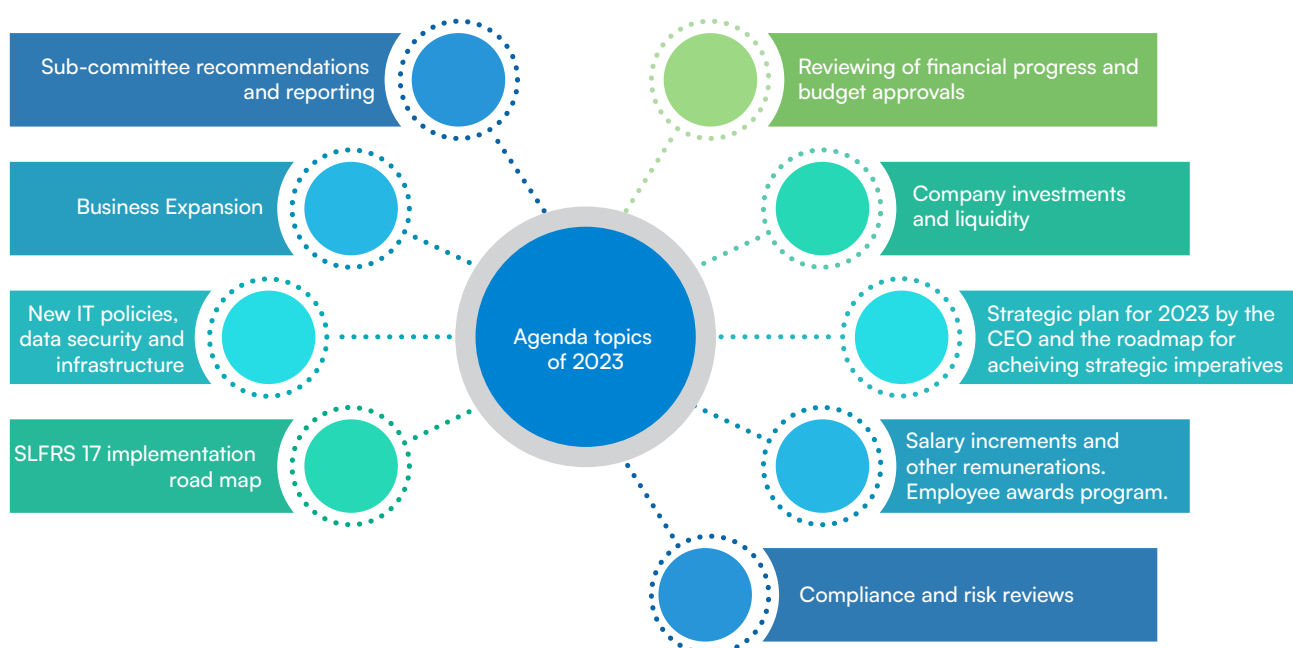
BOARD MEETINGS

Monthly board meetings are held for members to assess Company performance, plans, and concerns, facilitating informed deliberations before decisions are made. In the financial year under review 16 board meetings were conducted. The Board secretary ensures that all relevant documents are circulated among the Directors.

| Name of Director | Attendance | Eligibility |
|-----------------------------|------------|-------------|
| 1. Mr. A. B. Senadira | 13 | 15 |
| 2. Mr. D. L. Samarawickrama | 13 | 15 |
| 3. Mr. A. A. J. Amarasinghe | 13 | 15 |
| 4. Mr. P. B. Jayarathne | 13 | 15 |
| 5. Mr. M. Vidanagamage | 13 | 15 |
| 6. Mr. T. B. H. Kumara | 16 | 16 |
| 7. Mr. Lalith Waragoda | 10 | 10 |
| 8. Mr. K. K. G. Sanirathne | 4 | 4 |
| 9. Mr. G. G. Dayasumana | 1 | 1 |
| 10. Mr. H.H.D.E.P. Herath | 1 | 1 |
| 11. Mr. K.K. S. Weerasekera | 8 | 11 |
| 12. Mr. M.G.U.P. Kumara | 6 | 7 |
| 13. Mr. D. Thilakawardena | 9 | 11 |

BOARD AGENDA

Throughout the year, the board dedicated its discussions and deliberations to the following areas, granting approvals where necessary.



CORPORATE GOVERNANCE AND INTERNAL CONTROLS

BOARD RESPONSIBILITIES

The Board is responsible for making effective collective decisions on matters crucial to the Company's strategy, while also supporting management in maintaining sustainability and stability through prudent choices. They are expected to operate with transparency and impartiality, balancing the interests of both the Company and stakeholders.

Their responsibilities include:

- Developing and executing company strategy
- Harmonizing stakeholder interests with corporate decisions and objectives
- Incorporating sustainable business practices into decision-making and business activities
- Appointing qualified individuals with the requisite skills, experience, and knowledge to key roles such as CEO, senior management, and sub-committees

- Ensuring the adoption of appropriate accounting policies and compliance with financial regulations
- Establishing systems and controls to ensure regulatory compliance and information integrity
- Providing unbiased judgement on strategy, performance, resource allocation, and business conduct.

BOARD SUB-COMMITTEES

The Board has delegated work to sub-committees tasked with overseeing pre-delegated functions. Integral to the overarching governance framework, these committees directly report to the Board. The Board sub-committees support the Board of Directors in thoroughly evaluating and aligning Company operations with internal policies, procedures, and external regulations. These committees identify any deficiencies and provide recommendations to the Board for enhancing areas crucial to the sustainability and resilience of the Company. The Audit committee report is available for review on page 147.

| Committee | Members | Meetings FY 2023 | Responsibilities |
|-------------------------------------|--|------------------|---|
| Audit and Risk Management Committee | Mr. Lalith Waragoda Mr. H.H.D.E.P. Herath Mr. T B H Kumara Mr. G. G. Dayasumana | 7 | <ul style="list-style-type: none"> • Review Financial Reporting Review adequacy of internal control • Oversee independence of external auditor |
| Purchasing and Tender Committee | Mr. A B Senadeera Mr. D L Samarawickrama Mr. A A J Amarasinghe Mr. P.B Jayarathne Mr. M.Vidanagamage Mr. K.K. S. Weerasekera Mr. M.G.U.P.Kumara Mr. T B H Kumara | 7 | <ul style="list-style-type: none"> • Develop relevant policies and make decisions related to purchases. • Develop relevant policies and make decisions related to tenders |
| HR Committee | Mr. A B Senadeera Mr. D L Samarawickrama Mr. A A J Amarasinghe Mr. P B Jayarathne Mr. K K G Sanirathne Mr. K.K. S. Weerasekera Mr. D. Thilakawardena Mr. M.G.U.P.Kumara | 10 | <ul style="list-style-type: none"> • Oversee HR Practices and Policies |
| Investment Committee | Mr. A B Senadeera Mr. D L Samarawickrama Mr. A A J Amarasinghe Mr. M.Vidanagamage Mr. K.K. S. Weerasekera Mr. M.G.U.P.Kumara Mr. D. Thilakawardena | 10 | <ul style="list-style-type: none"> • Set policies and manage investment portfolio including performance |

| Committee | Members | Meetings FY 2023 | Responsibilities |
|---|--|------------------|--|
| Business Development Committee | Mr. A B Senadira Mr. D L Samarawickrama Mr. M.Vidanagamage Mr. K K G Sanirathne | 2 | <ul style="list-style-type: none"> Explore new opportunities and make relevant recommendations for business improvements. Conduct feasibility studies |
| Remuneration Committee | Mr. Lalith Waragoda Mr. H H D E P Herath Mr. T B H Kumara | 2 | <ul style="list-style-type: none"> Decide remuneration levels of board of directors and CEOs |
| Related party transactions review committee | Mr. G G Dayasumana Mr. A B Senadira Mr. A A J Amarasinghe Mr. M.Vidanagamage Mr. Lalith Waragoda | - | <ul style="list-style-type: none"> Reviewing related party transactions |

BOARD PARTICIPATION IN COMMITTEES

Board members actively engage in sub-committee activities

| Director | Committee | | | | | |
|-----------------------------|-------------------------------------|---------------------------------|--------------|----------------------|--------------------------------|------------------------|
| | Audit and Risk Management Committee | Purchasing and Tender Committee | HR Committee | Investment Committee | Business Development Committee | Remuneration Committee |
| 1. Mr. A. B. Senadira | | 6 | 7 | 8 | 2 | |
| 2. Mr. D. L. Samarawickrama | | 6 | 5 | 8 | 1 | |
| 3. Mr. A. A. J. Amarasinghe | | 6 | 7 | 8 | 2 | |
| 4. Mr. P .B. Jayarathne | 7 | | | | | 2 |
| 5. Mr. M. Vidanagamage | | 3 | 7 | 6 | 2 | |
| 6. Mr. T. B. H. Kumara | 7 | 1 | | | | |
| 7. Mr. Lalith Waragoda | 7 | | | | | 2 |
| 8. Mr. K. K. G. Sanirathne | | | 3 | | 1 | 2 |
| 9. Mr. G. G. Dayasumana | 1 | | | | | |
| 10. Mr. H.H.D.E.P. Herath | | | | | | |
| 11. Mr. K.K. S. Weerasekera | | 1 | 2 | 4 | | |
| 12. Mr. M.G.U.P. Kumara | | 1 | 2 | 2 | | |
| 13. Mr. D. Thilakawardena | | 3 | 2 | 2 | | |

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

DIRECTORSHIPS HELD AT OTHER BUSINESS ENTITIES

The board members of CICPLC hold directorships in various external entities as follows:

| Director | Directorships | | Capacity | | | |
|-----------------------------|------------------|--------------------|-------------|-----------------|---------------|-----------------|
| | Listed companies | Unlisted companies | Executive | | Non-Executive | |
| | | | Independent | Non-Independent | Independent | Non-Independent |
| 1. Mr. A. B. Senadira | - | 6 | - | - | - | 6 |
| 2. Mr. D. L. Samarawickrama | - | 2 | - | - | - | 2 |
| 3. Mr. A. A. J. Amarasinghe | - | 2 | - | - | - | 2 |
| 4. Mr. P .B. Jayarathne | - | 2 | - | - | - | 2 |
| 5. Mr. M. Vidanagamage | - | 2 | - | - | - | 2 |
| 6. Mr. T. B. H. Kumara | - | - | - | - | - | - |
| 7. Mr. Lalith Waragoda | - | - | - | - | - | - |
| 8. Mr. K. K. G. Sanirathne | - | 4 | - | - | - | 4 |
| 9. Mr. G. G. Dayasumana | - | 1 | - | - | - | 1 |
| 10. Mr. H.H.D.E.P. Herath | - | 2 | - | - | - | 2 |
| 11. Mr. K.K. S. Weerasekera | - | 6 | - | - | - | 6 |
| 12. Mr. M.G.U.P. Kumara | - | - | - | - | - | - |
| 13. Mr. D. Thilakawardena | 1 | - | - | - | 1 | - |

BOARD INDUCTION AND TRAINING

Newly appointed Directors are introduced to the company's management and familiarised with strategic objectives, and regulations. They also receive orientation on the various Board sub-committees, important policies, and meeting protocols. Additionally, the Managing Director/CEO ensures that Directors stay informed about any industry developments through regular updates.

ACCESS TO INFORMATION

Senior management equips the Board and sub-committees with comprehensive information concerning strategies, developments, financial results, investment analyses, and other relevant data. Such information aims to facilitate informed decision-making and keep Directors abreast of strategic and operational matters. The Company Secretary is responsible for maintaining minutes of board meetings and records of post-meeting discussions.

BOARD PERFORMANCE APPRAISAL

During meetings, the Board evaluates its performance by reviewing how effectively it has fulfilled its responsibilities over the course of the year.

DIRECTOR REMUNERATION

The Remuneration Committee is responsible for overseeing Director Remuneration. It follows a structured process to determine the suitable remuneration for each Director. The committee establishes remuneration levels with the aim of attracting, retaining, and incentivizing Directors, aligning with the Company's business objectives.

COMPANY SECRETARY

The Board secretary assists the Chairman in facilitating Board meetings and ensures accurate documentation of proceedings and deliberations. Acting as a primary liaison for public disclosures, they play a pivotal role in communication. Moreover, the secretary brings significant shareholder concerns to the awareness of all Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Segregating the roles of Chairman and CEO distinctly separates strategic oversight of the Board from the operational oversight of day-to-day business affairs. This segregation promotes a balanced allocation of power and authority between the two positions, facilitating effective governance.

CHAIRMAN

The Chairman assumes leadership of the Board, guiding its members to uphold the highest standards of accountability in line with governance best practices. Encouraging prudent discharge of duties, the chairman ensures active participation in Board meetings and maintains a balanced distribution of power within the Board. Moreover, the chairman remains accountable to shareholders, communicating with them directly during the Company's Annual General Meeting. Additionally, the chairman offers strategic and operational guidance to the CEO and corporate management.

CHIEF EXECUTIVE OFFICER

The Company's CEO Mr. Priyankara Rajapakshe was appointed on 30.01.2024. The primary duty of the CEO is to guide the company in attaining its strategic objectives and goals, while also supervising its day-to-day operations.

CHAIRMAN

- Lead the Board effectively, ensuring active participation in decision-making processes.
- Facilitate Board meetings as necessary.
- Objectively evaluate the duties fulfilled and concerns raised by Directors.
- Uphold governance standards to ensure compliance.
- Balance stakeholder interests and integrate them into decision-making and actions.
- Provide support to the CEO and corporate management in day-to-day operations, offering guidance on key decisions.

CHIEF EXECUTIVE OFFICER

- Collaborate with senior and corporate management to develop the company's business strategy.
- Offer leadership and expertise in daily operational activities.
- Address operational challenges and provide guidance for solutions.
- Ensure corporate management and employees perform effectively to achieve strategic goals.

CEO APPRAISAL

The Board conducts an annual evaluation of the CEO's performance, assessing his achievements against both financial and non-financial targets in line with the corporate plan. Regular meetings are held to review and deliberate on the CEO's performance, with necessary actions taken by the Board if targets are not achieved.

AUDITS AND INTERNAL CONTROLS

INTERNAL AUDIT

CICPLC conducts internal audits to verify the effectiveness of relevant policies and internal controls. The internal audit department identifies compliance discrepancies and reports them to the Audit Committee, which presents findings to the Board. The audit committee supervises the Company's adherence to regulatory requirements and internal control frameworks.

STATUTORY AUDIT

CICPLC engages the services of auditors for independent assurance on financial statements. These auditors assess the appropriateness of the Company's accounting practices and internal controls, offering recommendations to address any discrepancies. The Board selects and appoints the statutory auditor, subject to shareholder approval, based on their capacity to conduct impartial investigations of the Company's financial records and activities. They verify that the Company adheres to required accounting practices to provide accurate information to shareholders, regulators, and other stakeholders. The Company independent auditor, Jayasinghe & Co. evaluated the effectiveness of internal controls and ensured compliance of financial statements with reporting standards and legal requirements.

SHAREHOLDER COMMUNICATION

THE ANNUAL REPORT

The Annual Report serves as the primary written communication of the Company's performance and decisions made across the financial year. It encompasses financial and non-financial information, to update shareholders on the Company's progress towards strategic goals, profitability, and revenue growth. This information empowers shareholders, as well as potential investors, to make informed decisions about the Company. Additionally, the Audited Financial Statements included in the report ensure transparency, backed by external audits and internal audit evaluations.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

THE ANNUAL GENERAL MEETING

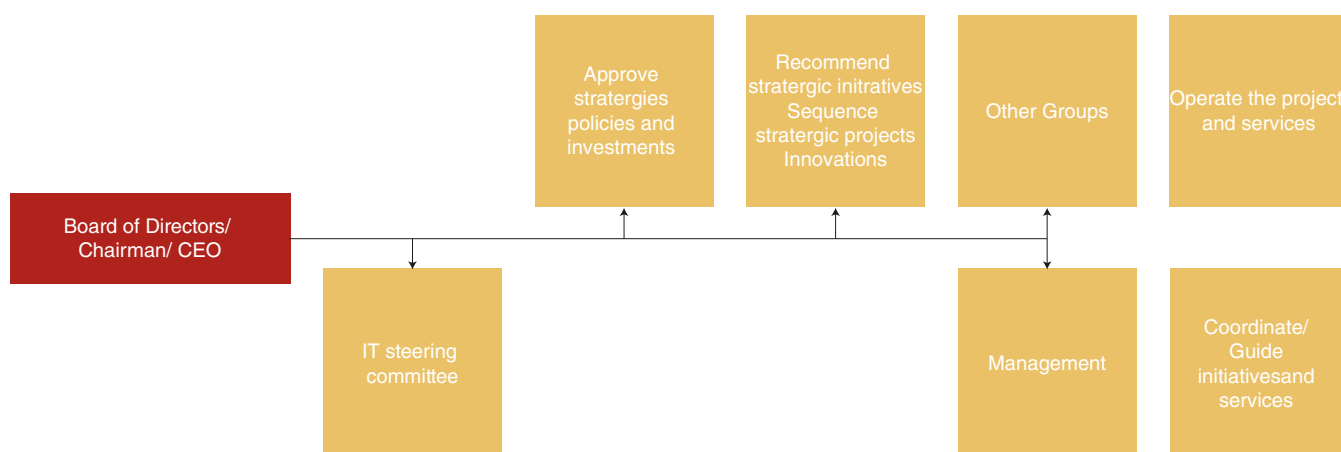
The company's Annual General Meeting (AGM) is pivotal, as it enabled direct engagement with shareholders. It serves as a crucial avenue for communicating significant company decisions and activities, and address shareholder concerns firsthand. AGM participation includes the Board, senior management, and a representative from the external auditor to effectively address shareholder queries. Shareholders receive a 15-day advance notice, ensuring ample preparation time. The most recent AGM, the 25th in the company's history, was convened on 19.08.2023 (Adjourned meeting).

IT GOVERNANCE

As a rapidly expanding Company, we remain committed to leveraging technological advancements to enhance internal efficiencies and optimise service delivery to our customers. Consequently, we have initiated multiple in-house development projects under the purview of our IT department and the IT steering committee. In the recent past, we reinforced our governance framework for IT-related matters by appointing a new Head of Information Technology. He spearheads all IT operations, in line with strategic objectives and helps fosters innovation.

IT GOVERNANCE STRUCTURE

The governance structure adopts a hierarchical approach, with the Board exercising ultimate oversight.



IT POLICIES

To fortify data security, we have in place a suite of policies. This includes a comprehensive Information Security Policy alongside guidelines for password management, virus protection, and data backups. These policies were developed under the guidance of the IT Steering Committee, ensuring thorough oversight and alignment with organisational objectives. These are:

- Information Management Security Policy
- Third-Party Access Policy
- Password Policy
- Remote Access Security Policy
- Virus Protection and Anti-Spam Policy
- Security Guidelines for Switches, Firewalls, and Routers
- Network and Software Monitoring Policy
- Penetration and Vulnerability Assessment Policy
- Application and System Software Licensing Policy
- Vendor Management

These policies collectively form the framework of our IT governance structure, enabling us to maintain optimum security standards and regulatory compliance while facilitating efficient IT operations.

STRENGTHENING SECURITY

Furthermore, a newly appointed Information Security Officer now oversees all policies and security-related concerns, reporting directly to the CEO. Currently, the Company is assessing the suitability of both cloud and physical servers. The Board is actively evaluating the feasibility of these options, relying on insights and data provided by the Head of IT. Additionally, the Company has taken steps to bolster network and infrastructure security by upgrading firewalls and conducting regular IT audits throughout the year. These audits help evaluate the overall strength of our systems and identify any potential risk exposures that necessitate mitigation measures.

COMPLIANCE STATUS

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

The table below summarises CICPLC Group's compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|-------------|---|---|-------------------|
| A | DIRECTORS | | |
| A.1 | THE BOARD | | |
| A1.1 | <p>Every company should be compliant headed by an effective Board, which should direct, lead and control the Company.</p> <p>The Board should meet regularly. Board meetings should be held at least once in every quarter of a financial year.</p> | <p>The Board consisted of ten (10) Directors. The majority of them represent Shareholders of co-operative societies being Chairpersons of such co-operative societies. Directors' profiles are presented on pages 36 to 40 of this Annual Report.</p> <p>The Board of Directors usually meets on a monthly basis to review the Company's performance and to determine whether its strategies and business practices are in line with the corporate plan. The attendance of the Directors. During the year 2023, stated in Directors report in page 86 to 90 16 board meetings were held during the year 2023.</p> | ✓ |
| A1.2 | KEY RESPONSIBILITIES OF THE BOARD | | |
| | Formulation and implementation of the Business Strategy. | <p>The Board is responsible for steering the Company towards its overall success. The Board delegates the authority to the CEO to formulate the required strategy.</p> <p>The CEO and the management team develop the Corporate Strategy.</p> <p>Annual budgets and action plans are developed in order to implement the Corporate Strategy. Those are reviewed by the Board of Directors.</p> | ✓ |

COMPLIANCE STATUS

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|---------|---|--|-------------------|
| | Ensuring that the CEO and the Management Team possess the required skills, experience and knowledge to implement the strategy. | The Board ensures that the CEO and the Management Team possess the required skills, experience and knowledge to implement the corporate plan and further to ensure that a proper succession plan is in place. | ✓ |
| | Effective systems to ensure the integrity of information, internal controls and risk management. | <p>Adequate systems and procedures are implemented to ensure the integrity of information, effectiveness of internal controls and the appropriateness of risk management procedures. The Internal and External Auditors, management team regularly review these systems.</p> <p>Accordingly, the Board has set up the audit committee, investment committee, compliance and risk management committee, human resources committee and remuneration committee to ensure that the Company has proper systems and controls. The risk management policy has been adopted on the basis of rules set by the IRCSL in terms of RBC, solvency, technical reserves, reinsurance arrangements, actuarial reviews, and also occasional inspection by the Insurance Regulatory Commission officers.</p> <p>In the case of investment risk, the Company has adopted a policy of spreading investments in different institutions and commercial banks recognised by the Insurance Regulatory Commission so as to give a higher contribution to solvency levels.</p> | ✓ |
| | Compliance with Laws and Regulations. | The Board ensures that all the applicable Laws and Regulations are complied within the conduct of the affairs of the Company. The Company has submitted the regulatory returns and applicable payments to the IRCSL, Central Bank of Sri Lanka (CBSL), Department of Inland Revenue, Registrar General of Companies, National Council for Road Safety, Employees' Trust Fund Board, National Insurance Trust Fund and Commissioner of Motor Traffic, within the stipulated time period. The Company was transferred to the watch list of the Colombo Stock Exchange on 13th October 2022 due to non-compliance with Section 7.10 of the listing rules. Trading of the Securities of the Company was suspended on 18th April 2023 due to the same non-compliance and trading suspension removed on 22nd June 2023. Accordingly, Company was transferred out from watch list on 18th July 2023. | ✓ |
| | Ensuring all stakeholder interests are considered in corporate decisions. | The Board ensures that the interests of all stakeholders are considered and safeguarded in making corporate decisions. | ✓ |
| | Recognising sustainable business development in corporate strategy, decisions and activities. | The Board recognises the necessity of sustainable business development in the corporate strategy, decisions and activities. Please refer our sustainability impact from pages 100 to 102 for more information on company's sustainable business development plan. | ✓ |
| | Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations. | The Board ensures that the proper processes are in place and systems of control and procedures are implemented to review accounting policies annually to be in line with the changing business requirements. Company's accounting policies are fully in line with Sri Lanka Accounting Standards (SLFRS/LKAS). Please refer the Independent Auditor's Report, which evidence that the Company's Financial Statements are in line with Sri Lanka Accounting Standards, given on pages 148 to 151. | ✓ |
| | Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned. | Through Board meetings and Board Sub-Committee all matters of concerns are properly addressed. The Board takes all its decisions paying due attention to the interests of all stakeholders and paying due attention to all matters of concern. | ✓ |

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|--|--|-------------------|
| A.1.3 | The Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise. | The Board recognises the importance of complying with all the applicable laws and regulations in Sri Lanka and the Board are in accordance with the laws of Sri Lanka as applicable to the insurance industry. | ✓ |
| A.1.5 | All Directors should bring independent judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of business conduct. | All Directors exercise independent judgement in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business. The Board is conscious of its obligation to ensure that the Directors avoid conflicts between their duty towards the Company and towards their other interests. All Directors are expected to make decisions objectively, avoiding conflicts of interest and in the best interests of the Company. | ✓ |
| A.1.6 | Dedicating adequate time and effort by the Directors. | All Directors ensure that they are able to render sufficient time and attention to the affairs of the Company. | ✓ |
| A.2 | CHAIRMAN AND CHIEF EXECUTIVE OFFICER | | |
| | Principle: Division of responsibilities at the head of the Company. | The posts of Chairperson and CEO were held separately. This segregation ensures a clear distinction between the Chairperson's responsibility to manage the Board and the CEO's responsibility to manage the Company's day to day business, and thereby ensures the balance of power and authority and is accountable to the Board of Directors. | ✓ |
| A.2.1 | Disclosure required if the positions The position of the Chairman and the CEO are combined. | The position of the Chairman and the CEO are separated. | N/A |
| A.3 | CHAIRPERSON'S ROLE | | |
| | Principle: The Chairperson should preserve order and facilitate the effective discharge of Board functions. | The Chairperson is responsible for leading the Board and ensuring that it operates under the highest standards of governance. The Chairperson is charged with encouraging the effective participation of all Directors in the decision making processes and thereby ensuring the effective performance of the Board. | ✓ |
| A.3.1 | The Chairman should conduct Board proceedings in a proper manner and ensure: <ul style="list-style-type: none"> Operations of the Board are managed effectively. All key and relevant issues are discussed by the Board in a timely and constructive manner. Taking appropriate steps to provide effective communication with shareholders and to ensure that shareholders' views are communicated to the Board as a whole. | The role of the Chairman is to conduct Board meetings in a manner which ensures that there is effective participation of all Directors and that their individual contribution and concerns are objectively assessed prior to making key decisions and the balance of power is maintained. He ensures that the Board is in complete control of the Company's corporate affairs. Chairman also supports the Chief Executive Officer to manage day to day operations of the Company. Chairman is the ultimate point of contact to the Shareholders at the AGM. | ✓ |

COMPLIANCE STATUS

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|---|--|-------------------|
| A.5 | BOARD BALANCE | | |
| | Principle: The Board should have a balance of Executive and Non-Executive Directors. | The Board consists of ten Non-Executive Directors. | ✓ |
| A.5.1 | The Board should include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of the total number of Directors, whichever is higher | The Board comprised ten Non-Executive Directors of each category are given on page 64, the details of the Directors. | ✓ |
| A.5.2 | Two or one-third of Non-Executive Directors appointed to the Board of Directors which ever is higher, should be 'Independent'. | Three Directors out of ten total Directors are Independent Directors and it is complied with the requirement of the code. | ✓ |
| A.6 | SUPPLY OF INFORMATION | | |
| | Principle: The Board should be provided with timely information, in a form and of a quality appropriate to enable it to discharge its duties. | | |
| A.6.1 | The Management has an obligation to provide the Board with appropriate and timely information. | The Senior Management presents adequate information with regard to new developments, proposed strategies, financial operations, investment proposals, and etc. To ensure clear communication of information. | ✓ |
| A.6.2 | The minutes, agenda and papers required for Board Meetings should be provided at least seven days before the meeting. | Comprehensive Board Papers are presented to Directors at the Board Meetings. The Board Secretary maintains record of Board discussion and minutes of matters discussed by the Board. | ✓ |
| A.7 | APPOINTMENTS TO THE BOARD | | |
| | Principle: There should be a formal and transparent procedure for the appointment of new Directors to the Board. | All new appointments to the Board are made following a formal and transparent procedure in AGM, annually. | ✓ |
| A.7.3 | The Company should disclose information to the shareholders upon the new appointment of Directors. | All appointments of new Directors are disclosed to the Shareholders through CSE website. In addition, new appointments to the Board are done after obtaining the approval from Insurance Regulatory Commission of Sri Lanka (IRCSL) according to the terms of the Regulation of Insurance Act. | ✓ |
| A.8 | RE-ELECTION | | |
| | All Directors including Chairman of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. | In Accordance with the Company articles at each Annual General Meeting, One third of the Directors for the time being, or if their number is not a multiple of 03, the number nearest to 1/3 shall retire from office. | ✓ |

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|-------------|---|--|-------------------|
| A.9 | APPRAISAL OF BOARD PERFORMANCE | | |
| | Principle: Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged. | The Board appraised itself on its performance in the discharge of its key responsibilities in the Board meetings held during the year. | ✓ |
| A.10 | DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS | | |
| | Principle: Shareholders should be kept advised of relevant details in respect of Directors. | | |
| A.10.1 | Annual Report should contain details of all Directors. | Information with respect to all Directors is disclosed in pages 36 to page 40 in this Annual Report and where relevant. | ✓ |
| A.11 | APPRAISAL OF CHIEF EXECUTIVE OFFICER (CEO) | | |
| | Principle: The Board should be required, at least annually, to assess the performance of the CEO. | The Board sets targets (both financial and non-financial) for each of the financial years based on the corporate plan, reviews them on a regular basis and discusses at the Board meetings. If such targets are not met, it also considers whether there are reasonable grounds for such departures and takes relevant action. | ✓ |
| | The Board should set, with consultation of the CEO, the financial and non-financial targets to be achieved by the CEO during the year, in line with short, medium and longterm objectives of the Company | | |
| A.11.1 | The performance of the CEO should be evaluated by the Board at the end of each year | The Chief Executive Officer is responsible for day-to-day operations of CICPLC and is accountable to the Board of Directors. The Board evaluates the CEO's performance through monitoring the achievement levels of set objectives during the year. | ✓ |
| B | DIRECTORS' REMUNERATION | | |
| B.1 | REMUNERATION PROCEDURE | | |
| | Principle: Companies should establish a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration. | | |
| B.1.1 | Set up a Remuneration Committee to make recommendations to the Board. | Remuneration Committee sets remuneration, pre-requisites and allowances of the Directors, Management and the other employees based on industry and market surveys. | ✓ |
| B.1.2 | Remuneration Committees should consist exclusively of Non-Executive Directors, and should have a Chairman, who should be appointed by the Board. | HR Committee headed by the Chairman of the Board and consist of 5 non executive directors. Remuneration levels are designed to attract, retain and motivate persons who contribute to the achievement of the corporate plan. | ✓ |

COMPLIANCE STATUS

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|--|---|-------------------|
| B.1.3 | The Chairman and Members of the Remuneration committee should be listed in the Annual Report each year | Please refer the details of the Remuneration Committee on page 210. | ✓ |
| B.1.5 | The Remuneration Committee should consult the Chairperson and CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities. | The chairperson of the board is also the chairman of the remuneration committee. The CEO attends meeting by invitation. Remuneration Committee obtains professional advice from within and outside the Company | ✓ |
| B.2 | THE LEVEL AND MAKE-UP OF REMUNERATION | | |
| B.2.1 | The Remuneration Committee should provide the packages needed to attract, retain and motivate CEO/ Executive Director. | Remuneration committee designed remuneration levels to attract, retain and motivate persons who contribute to the achievement of the corporate plan. | ✓ |
| B.3 | DISCLOSURE OF REMUNERATION | | |
| | Principle: The Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole. | | |
| B.3.1 | Remuneration Policy and details of remuneration of the Board should be stated in the Annual Report. | The aggregate remuneration of the Directors is shown on page 208 | ✓ |
| C. | RELATIONS WITH SHAREHOLDERS | | |
| C.1 | CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS | | |
| | Principle: Boards should use the AGM to communicate with shareholders and should encourage their participation | <p>The Company uses the AGM as a tool to effectively communicate with Shareholders and to allow them a reasonable opportunity to ask questions from the Board of Directors.</p> <p>As per the Companies Act No 07 of 2007, annual report together with notice of meeting, form of proxy and any other document (if any) are circulated to the Shareholders at least 15 working days prior to the date of the Annual General meeting.</p> <p>All members of the Board and the senior management make an effort to attend the AGM and answer questions and concerns raised by the Shareholders. A representative (usually the engagement partner) of the External Auditors also attends the AGM and takes questions from shareholders relating to their audit of the Company's Financial Statements, if required.</p> <p>The Board members and Company representatives are available to clarify the matters raised by shareholders. The most recent shareholders' meeting after 25th Annual General Meeting (AGM) of the Company held on 19/08/2023 (Adjourned meeting)</p> | ✓ |

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|--|--|-------------------|
| C.1.1 | Dispatch notice of AGM and related papers to shareholders. | Company counts all proxy votes and to indicate to the Chairperson the level of proxies lodged on each resolution and the number of votes for and against such resolutions. | ✓ |
| C.1.2 | Separate resolution for each substantially separate issues. | Each substantially separate issue is proposed as a separate resolution to provide Shareholders the opportunity to deal with each significant matter separately. | ✓ |
| C.1.3 | Accurate recording and counting valid proxy appointments received for a General Meeting. | All proxy appointments received are duly recorded and counted in respect of each resolution. | ✓ |
| C.1.4 | Availability of Chairman of Board Committees at the Annual General Meeting. | The Chairmen of the Board Committees were present to answer any queries of the Shareholders directed to them by the Chairperson of the Company at the last AGM | ✓ |
| C.1.5 | Summary of Notice of General Meetings and procedures governing voting at General Meetings. | A summary of procedures governing voting at the AGM is provided in the Proxy form, which is circulated to the shareholders, fifteen working days prior to the AGM. The Company will inform the shareholders of the Annual General Meeting to be held in 2024 in due course | ✓ |
| C.2 | COMMUNICATION WITH SHAREHOLDERS | | |
| | Principle: The Board should implement effective communication with shareholders. | | |
| C.2.1 | There should be a channel to reach all shareholders of the Company in order to disseminate timely information. | All financial information released to the shareholders is authorised by two Directors and Chief Financial Officer. Any other information released to the shareholders are approved by the CEO and communicated through the Secretaries | ✓ |
| C.2.2 | Disclose the policy and methodology for communication with shareholders. | The Company keeps informed their Shareholders via AGM, responding to inquiries from shareholders and provides feedback. | ✓ |
| C.2.3 | Disclose how the Company has implemented the above policy and methodology | Company uses the annual report to inform its Shareholders on the affairs of the Company including major financial and non-financial information, regulatory requirements and other assurance reports issued by independent parties like external auditors and etc.; Our corporate website provides an additional channel for shareholders, information about the Company. Financial statements, details of the Company, Board of Directors and corporate managements the information on new products, can be accessed at www.ci.lk | ✓ |
| C.2.4 | Disclose the contact person for such communication. | CEO and Company Secretary will be the main contact persons with regard to any public disclosures. Therefore, any clarification or further information with regard to any information published about the Company should be directed to the CEO. Further, clarifications with regard to any financial information published can also be directed to the Senior Manager Finance of CICPLC through the details given on page 6. | ✓ |

COMPLIANCE STATUS

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|--|--|-------------------|
| C.2.5 | A process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company. | If there are any major issues and/or concerns raised by shareholders, they are brought to the attention of all Directors by the Company Secretary. No such issues and/or concerns were raised by the shareholders during the year | ✓ |
| C.2.7 | The process for responding to shareholder matters. | The Company's aim is to provide an appropriate reply to written requests from shareholders, within a reasonable time. If those queries raise a matter of general interest to shareholders, the Company will take this into account and will address them in subsequent corporate communications to all shareholders. | ✓ |
| C.3 | MAJOR AND MATERIAL TRANSACTIONS | | |
| | Principle: Directors should disclose to shareholders all proposed material transactions. | | |
| C.3.1 | Proposed major transactions | There were no major transactions during the year. | N/A |
| D. | ACCOUNTABILITY AND AUDIT | | |
| D.1 | FINANCIAL REPORTING | | |
| | Principle: Board responsibility for statutory and regulatory reporting. | | |
| D.1.1 | Present a fair and balanced annual report prepared following the laws and regulations with an explanation of deviations. | The Annual Report, which is the main communication tool between the Company and the shareholders, is prepared and presented in compliance with the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and other rules and regulations of the IRCSL and other applicable rules and regulations of the country. | ✓ |
| D.1.4 | Declarations by Directors in the Directors' Report | The Annual Report of the Board of Directors on the affairs of the Company is presented on page 86. | ✓ |
| D.1.5 | Statements of Directors' responsibilities and auditors responsibilities | The statement of responsibilities of the board for the preparation and presentation of financial statements is presented on page 146 The Auditor's Report is provided on page 148. | ✓ |
| D.1.6 | The Annual Report should contain a 'Management Discussion and Analysis. | The Management Discussion and Analysis is given on page 93 of this Annual Report, which covers the disclosure requirement under this Code. | ✓ |
| D.1.7 | Summon an Extraordinary General Meeting (EGM) | There has not been any requirement to summon an Extraordinary General Meeting (EGM) to notify serious loss of capital. Although the likelihood of such a situation is remote, if it arises, an EGM would be called to inform Shareholders. | N/A |
| D.2 | RISK MANAGEMENT AND INTERNAL CONTROL | | |
| D.2.1 | The Board should monitor risk management and internal control systems and carry out a review of their effectiveness and report on the same in the Annual Report. | The Board is ultimately responsible for the Company's system of Internal Controls and the continuous review of their effectiveness. Some of these responsibilities are delegated to Audit Committee, Investment Committee, HR Committee Purchasing Committee and Business Development Committee to ensure effectiveness of internal controls. | ✓ |

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|---|--|-------------------|
| D.2.3 | Internal audit function | The internal audit function is carried out by the team of Internal Auditors headed by a person well experienced and competent to carry out the internal audit functions. The Internal Auditor directly reports to the Board of Directors through Audit Committee. The Board is of the opinion that the function of the Internal Auditor would provide a more independent view on the Company's system of internal controls. | ✓ |
| D.2.4 | Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls. | Effective internal control system is ensured by the audit committee. It reviews the effectiveness of the internal control system through the Internal Audits. Risk management committee decisions are discussed at audit committee meeting reviews since the Audit Committee carries the responsibility over the Company's risk management practices. | ✓ |
| D.2.5 | Statement of internal control | The Board's Statement on Internal Control is given on pages 60 to 70 | ✓ |
| D.3 | AUDIT COMMITTEE | | |
| D.3.1 | Establish an Audit Committee of at least three Non-Executive Directors. | The Audit Committee is a sub-committee of the Board and comprises of four (4) Non-Executive Directors. The Audit Committee was chaired by a Chartered Accountant who was a professional Director. On 29th June 2022, Mr. A.T.D.S. Palitha, (Chairman to the audit committee) ceased to be a director of the company due to the expiry of term. Company has appointed Mr. Lalith Waragoda as new Chairman to the committee with effect from 9th June 2023. The term of reference under which the Committee has been appointed sets out its scope and responsibilities and enables it to operate with appropriate authority, independence and objectivity. | ✓ |
| D.3.2 | Terms of Reference for Audit Committee | The Audit Committee operates with clearly defined terms of reference, which are reviewed annually. Key areas of focus are; <ul style="list-style-type: none"> - Composition - Meetings - Internal audit - External audit - Financial reporting - Compliance and litigation - Risk management and internal control - Reporting responsibilities - Other responsibilities | ✓ |
| D.3.4 | Disclosures required by the Audit Committee in the Annual Report. | Audit committee report on page 147 includes names of the Directors in the Audit Committee and other disclosures. | ✓ |

COMPLIANCE STATUS

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|------------|--|---|-------------------|
| D.5 | CODE OF BUSINESS CONDUCT AND ETHICS | | |
| D.5.1 | Disclosure of Compliance with the Corporate Governance Code | Company has included Corporate Governance report in pages 60 to 70 setting out the manner and extent to which the Company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and the CA Sri Lanka. | ✓ |
| D.5.4 | Chairman's statement | Refer to the Chairperson's Message on page 28 and the Annual Report of the Board of Directors on the affairs of the Company on page 86. | ✓ |
| D.6 | CORPORATE GOVERNANCE DISCLOSURES | | |
| D.6.1 | Corporate Governance disclosures | The Corporate Governance Report on pages 60 to 70 comply with this requirement. | ✓ |
| E. | INSTITUTIONAL INVESTORS | | |
| E.1 | SHAREHOLDER VOTING | | |
| | Principle: Should ensure institutional shareholders' voting intentions are translated into practice. | | |
| E.1.1 | Communication with Shareholders | Please refer details on shareholder communication under C.2.1 and C.2.2 | ✓ |
| F. | OTHER INVESTORS | | |
| F.1 | Investing and divesting decision | Individual shareholders are encouraged to carry out adequate analysis or seeking dependent advice on their investing, holding or divesting decisions. The Annual Report contains sufficient information to make an informed decision. | ✓ |
| F.2 | Encouraging shareholder participation and exercise their voting right. | Refer Annual General Meeting section on page 272 | ✓ |
| G. | INTERNET OF THINGS AND CYBER SECURITY | | |
| G.1 | Internet of things and cyber security | IT department has competent staff and with the advice of the CEO they have identified the business process. IT department has taken mechanism to connect IT devices within the organisation and outside the organisation to the organisation network to send and receive information. Also they maintain proper risk mitigation mechanism to protect Company information from cyber treats. | ✓ |
| G.3 | Cyber risk management to be a regular item on the Board agenda | Please refer identified risk and risk control mechanism taken by the Company in Risk management section on page 53 | ✓ |
| G.4 | Independent periodic review and assurance | IT department ensures the effectiveness of cyber security periodically and suggests necessary actions to the CEO who is reports to the Board. Board of Directors takes necessary actions accordingly. | ✓ |
| G.5 | The process to identify and manage cyber security risks | Please refer identified risk and risk control mechanism taken by the Company in Risk management section on page 53. | ✓ |

| Section | Corporate Governance Requirement | CICPLC's Level of Compliance | Compliance Status |
|-----------|--|---|-------------------|
| H. | ENVIRONMENT, SOCIETY AND GOVERNANCE | | |
| H.1 | Environment, Society and Governance (ESG) | <p>Annual Report of the Board of Directors on page 86</p> <p>This report has been prepared following the IR Framework, and the Code of Best Practice on Corporate Governance.</p> <p>The following reports provide further information:</p> <p>Social Reporting</p> <p>Human Capital Report on page 126</p> <p>Social & Relationship Capital Report on page 132</p> <p>Environmental Reporting</p> <p>Natural Capital Report on page 143</p> <p>Governance</p> <p>Corporate Governance Report on page 60</p> | ✓ |

COMPLIANCE WITH LISTING RULES SECTION 7.10

The Company required compliant with the Corporate Governance Rules as per Section 7.10 of the Listing Rules and Colombo Stock Exchange. The following table has been published in accordance with the requirement to disclose the level of compliance with such rules.

| Rule No. | Subject | Requirement | CICPLC's level of compliance | Compliance Status |
|---------------------|-----------------------------------|--|--|-------------------|
| 7.10 (2) (a) (b) | Statement of Compliance | Publish a statement of compliance with Corporate Governance Rules (Section 7.10 of the Listing Rules) in the Annual Report | Please refer page 81 for the statement of compliance. The Company is compliant with the Corporate Governance Rules as per Section 7.10 of the Listing Rules. | ✓ |
| 7.10.1 | Non-Executive Directors | Two or one-third of the total number of Directors, whichever is higher, shall be Non-Executive Directors | 10 directors are non executive directors | ✓ |
| 7.10.2 (a) | Independent Directors | Two or one-third of Non-Executive Directors appointed to the Board, whichever is higher, shall be independent | 7 Non Executive Directors are independent | ✓ |
| 7.10.2 (b) | | Each Non-Executive Director shall submit a declaration of independence or non-independence in the prescribed format | Non-Executive Directors have submitted declarations during 2023. | ✓ |
| 7.10.3 (a) | Disclosures Relating to Directors | The Board shall disclose the names of the Independent Directors in the Annual Report. | Please refer page 67 of the Annual Report for the names of Independent Directors. | ✓ |

COMPLIANCE STATUS

| Rule No. | Subject | Requirement | CICPLC's level of compliance | Compliance Status |
|------------|------------------------|--|--|-------------------|
| 7.10.3 (b) | | In the event a Director does not qualify as independent as per the Rules on Corporate Governance, but if the Board is of the opinion that the Director is nevertheless independent, the Board shall specify the basis for that determination in the Annual Report. | No such situation has arisen during the year. | N/A |
| 7.10.3 (c) | | The Board shall publish a brief resume of Directors in the Annual Report, including their experience in relevant areas. | Please refer the profiles of Directors on pages 36 to 40 | ✓ |
| 7.10.3 (d) | | The Board shall provide a brief resume of newly appointed Directors to the Colombo Stock Exchange (CSE) for dissemination to the public. | Appointments of new Directors are disclosed after the approval from IRCSL with brief resume. | ✓ |
| 7.10.5 | Remuneration Committee | A listed entity shall have a Remuneration Committee. | Details of the Remuneration Committee is given on page 67 | ✓ |
| 7.10.5 (a) | | The Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom shall be independent. | The Remuneration Committee comprises 04 Non-Executive Directors, all four are Independent Non-Executive Directors. | ✓ |
| | | One Non-Executive Director shall be appointed as the Chairman of the Committee by the Board of Directors. | Mr. Laliith Waragoda (Independent Non-Executive Director) served as the Chairman of the Remuneration Committee. | ✓ |
| 7.10.5 (b) | | The Annual Report should set out names of the Directors serving in the Remuneration Committee. | Please refer page 67 for the composition of the Remuneration Committee. | ✓ |
| | | Aggregate remuneration paid to Executive and Non-Executive Directors. | Please refer Note 32 on page 210 | ✓ |
| 7.10.6 | Audit Committee | A listed entity shall have an Audit Committee. | Details of the Audit Committee are given on page 147 | ✓ |

| Rule No. | Subject | Requirement | CICPLC's level of compliance | Compliance Status |
|------------|---------|---|--|-------------------|
| 7.10.6 (a) | | The Audit Committee shall comprise Non-Executive Directors, a majority of whom shall be independent. | All Directors in Audit Committee are Independent Non-Executive Directors. | ✓ |
| | | One Non-Executive Director shall be appointed as the Chairman of the Committee by the Board of Directors. | Mr. Lalith Waragoda (Independent Non-Executive Director) served as the Chairman of the Committee. | ✓ |
| | | Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall attend Audit Committee meetings. | Both the CEO and the CFO attend the meetings by invitation. | ✓ |
| | | Chairman or one member of the Committee should be a member of a recognised professional accounting body. | And securities of CICPLC suspended on 18th April 2023 due to non compliance with Corporate Governance Rule 7.10.6(a) and 7.10.7. Mr. Lalith Waragoda was appointed to the board with effect from 9th June 2023 as the professional director and the Chairman of the Audit committee. Please refer page 37 for qualifications of the members of the Audit Committee. The Chairman is a Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). | ✓ |
| 7.10.6 (b) | | The functions of the Audit Committee shall be as set out in Section 7.10 of the Listing Rules. | Please refer page 147 for the Report of the Audit Committee. | ✓ |
| 7.10.6 (c) | | The Annual Report should set out: | | |
| | | - Names of the Directors serving in the Audit Committee. | Please refer page 147 for the composition of the Audit Committee. | ✓ |
| | | The Committee's determination of the independence of the Auditors and the basis for such determination. | Please refer page 147 for the Report of the Audit Committee. | ✓ |
| | | A Report by the Audit Committee setting out the manner of compliance with the requirements set out in Section 7.10 of the Listing Rules | Please refer pages 147 for the Report of the Audit Committee. | ✓ |

COMPLIANCE STATUS

COMPLIANCE WITH CORPORATE GOVERNANCE FRAMEWORK FOR INSURERS

Compliance of CICPLC group with direction No.17 on corporate governance issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) is given below:

| Section | Requirement | CICPLC's level of compliance | Compliance Status |
|-------------|---|---|-------------------|
| A | Insurers are recommended to adhere to the Code of Best Practice on Corporate Governance issued in 2017. | The Company's status of compliance with the relevant Corporate Governance Code is given from page 60. | |
| B | Insurers are required to comply with the following: | | |
| (1) | The Board of an insurer must be comprised of a minimum of two Directors who are citizens and residents of Sri Lanka. | All Directors of the Company are citizens and residents of Sri Lanka. | ✓ |
| (2) (a) | The total period of service of a Director of an insurer, other than Executive Directors, shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such Director up to 01st July 2019. | None of the directors exceed nine years of service | ✓ |
| (2) (a) (i) | Above 9 year rule shall not be applicable to major Shareholder Director representing a major corporate shareholder and /or Corporate groups with majority shareholding i.e. more than 50% shares of the insurer directly or an individual Shareholder Director holding more than 50% could hold the directorship of the insurer for more than 9 years and upon reaching 70 years she/he could nominate his/her representation to the Board. | Not Applicable | Not Applicable |
| (2)(a) (ii) | Above 9 year rule shall not be applicable to Technical Director, such Director be allowed to remain in office till the age of 75 provided such person is an Associate or above the Chartered Insurance Institute and having 10 years' experience in an insurance company at senior managerial level. | Not Applicable | Not Applicable |
| (3) (a) | The age of a person who serves as a Director shall not exceed 70 years. | No Directors have exceeded the Age of 70 years. | ✓ |
| (3) (b) | In this context following transitional exemption apply. | No such situation has arisen during the year. | |
| | (i) (ii) (iii) | | |
| (4) | The Board of an insurer must adhere to Section 7.10 of the Listing Rules of the CSE | The Company's compliance status with rule number 7.10 is given on page 81. | ✓ |
| (5) | A person shall not hold offices as a Director of more than 20 companies/entities/institutions including of subsidiaries or associate companies of the insurer, in not more than 10 specified business entities in terms of the Sri Lanka Accounting Standards Act, No.15 of 1995. | As at the date of this report, no Director holds directorship in more than 20 companies/ entities/ institutions and not more than 10 specified business entities. | ✓ |

| Section | Requirement | CICPLC's level of compliance | Compliance Status |
|---------|--|--|-------------------|
| (6) | The Company is required to demonstrate compliance with this Direction by way of disclosure in the Annual Report, including the disclosure requirements stated in 7.10 of the Listing Rules of the Colombo Stock Exchange. If the Company is unable to confirm compliance, disclose the reasons for its non-compliance and the action that will be taken rectifying the said non-compliance within the period. The Annual Report of the Company should be accessible to the IRCSL and the general public via the website of the Company within five months after the Balance Sheet date of the Company. | The Company has disclosed the Compliance status with Section 7.10 of the Listing Rules on page 81 of the Annual Report and It published on the Company's website. | ✓ |
| | The Insurer shall rectify its non-compliance in respect of B 1 to 6 above within three months from the date of Non-Compliance of same and inform the IRCSL immediately after three months. | The Company has disclosed the Compliance status with Section 7.10 of the Listing Rules on page 81 of the Annual Report Company has taken the corrective measures to comply with the section 7.10 of listing rules. | ✓ |

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors has pleasure in presenting the Annual Report to the members together with the Audited Financial Statements for the year ended December 31, 2023 and the Auditor's Report thereon of Co-operative Insurance Company PLC. This Report contains information required by Section 168 of the Companies Act No.7 of 2007 and other necessary information required by the Listing Rules of the Colombo Stock Exchange.

GENERAL

The Company is a limited liability company incorporated in Sri Lanka on August 11, 1997 under the Companies Act No. 17 of 1982 and re-registered on December 31, 2008 as required under the provisions of the Companies Act No. 07 of 2007.

PRINCIPAL ACTIVITIES

There was no significant change in the nature of the principal activities of the Company during the year and general insurance remained to be the principal activity of the company. The Company has not engaged in any activity which contravenes the Laws and Regulations of the country.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

A review of the financial and operational performance and future developments of the Company is contained in the Chairman's Report and the Management Discussion and Analysis of the Annual Report. 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 AUDITOR'S REPORT

The financial statements of the Company are prepared in conformity with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of the Companies Act No. 07 of 2007 and the Regulation of the Insurance Industry Act No. 43 of 2000 and other rules issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

The financial statements duly signed by the Directors are provided on pages 157 to 248 and Auditor's Report on financial statements is provided on page 148 to 151 of this annual report.

CORPORATE GOVERNANCE

The Corporate Governance principles and practices of the Company are described from pages 60 to 70 of this Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Statement of Directors' Responsibilities for Financial Reporting is given on page 146 which forms an integral part of the Annual Report of the Board of Directors.

The Directors are responsible for preparing and presenting the Financial Statements, which are set-out on pages 157 to 248. The Financial Statements have been prepared in conformity with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Directors are satisfied that, the Financial Statements, presented on pages 157 to 248 give a true and fair view of the state of affairs of the Company as well as the profit for the year then ended.

TURNOVER/GROSS WRITTEN PREMIUM (GWP)

The total turnover measured by the Gross Written Premium (GWP) of the group of companies for the financial year under review amounted to Rs. 5,703Mn (Rs. 6,198Mn in 2022).

FINANCIAL RESULTS AND APPROPRIATIONS

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | 2023 | 2022 | 2022 | 2021 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Net profit /(loss) before taxation | (374,021) | 763,067 | (337,224) | 563,348 |
| Income tax | 54,082 | (136,446) | 78,929 | (105,578) |
| Net profit /(loss) after taxation | (319,940) | 626,621 | (258,295) | 457,770 |
| Unappropriated profit brought forward | 2,645,384 | 2,255,311 | 1,992,173 | 1,767,966 |
| Funds available for appropriation | 2,330,507 | 2,645,384 | 1,736,965 | 1,992,173 |
| Other comprehensive income | 186,074 | 198,673 | 155,396 | 167,980 |
| Dividends Paid | - | 223,044 | - | 223,044 |
| Unappropriated profits carried forward | 2,330,507 | 2,645,384 | 1,736,965 | 1,992,173 |
| Earnings per share (Rs.) | (0.19) | 0.38 | (0.16) | 0.28 |

THE BOARD OF DIRECTORS

The Directors of the Company as at date are set out under “Corporate Information” on Page 36 to 38 and their profiles are given on pages 36 to 38 of the annual report.

The Directors of the Company who held office during the year are set out below together with the respective dates of change:

- A B Senadira
- D L Samarawickrama
- A A J Amarasinghe
- T B H Kumara
- P B Jayarathna
- M. Widanagamage
- Lalith Waragoda —
Appointed with effect from 09th June 2023
- K K G Sanirathne -
Appointed with effect from 28th August 2023
- G G Dayasumana -
Appointed with effect from 30th November 2023
- H.H.D.E.P. Herath -
Appointed with effect from 30th November 2023
- M G U P Kumara —
Removed with effect from 09th June, 2023
- K S S Weerasekera —
Retired with effect from 19th August 2023
- D Thilakawardhana -
Retired with effect from 19th August 2023

DIRECTORS’ MEETINGS

The number of Directors’ meetings which comprises Board meetings, Audit & Risk Management Committee meetings, Investment Committee meetings, Human Resources Committee Meetings, Business Development Committee Meetings, Purchasing and Tender Committee meetings and Remuneration Committee meetings together with the attendance of each Director at these meetings during the year are tabulated below:

| Name of e Director | Board Meetings | | Audit and Risk Committee Meetings | | Investment Committee Meetings | | Human Resources Committee Meetings | | Business Development Committee | | Purchasing and Tender Committee | | Remuneration Committee | | Related Party Transaction Review Committee | |
|----------------------|----------------|----|-----------------------------------|----|-------------------------------|----|------------------------------------|----|--------------------------------|----|---------------------------------|----|------------------------|----|--|---|
| | A | B | A | B | A | B | A | B | A | B | A | B | A | B | A | B |
| 1 A B Senadira | 15 | 13 | | | 08 | 08 | 07 | 07 | 02 | 02 | 06 | 06 | | | | |
| 2 D L Samarawickrama | 15 | 13 | | | 08 | 08 | 05 | 05 | 01 | 01 | 06 | 06 | | | | |
| 3 A A J Amarasinghe | 15 | 13 | | | 08 | 08 | 07 | 07 | 02 | 02 | 06 | 06 | | | | |
| 4 T B H Kumara | 16 | 16 | 07 | 07 | | | | | | | 01 | 01 | 02 | 02 | | |
| 5 P B Jayarathna | 15 | 13 | 07 | 07 | | | | | | | | | 02 | 02 | | |
| 6 M. Widanagamage | 15 | 13 | | | 06 | 06 | 07 | 07 | 02 | 02 | 04 | 03 | | | | |
| 7 Lalith Waragoda | 10 | 10 | 07 | 07 | | | | | | | | | 02 | 02 | | |
| 8 K K G Sanirathne | 04 | 04 | | | | | 03 | 03 | 01 | 01 | | | | | | |
| 9 G G Dayasumana | 01 | 01 | 01 | 01 | | | | | | | | | | | | |
| 10 H.H.D.E.P. Herath | 01 | 01 | | | | | | | | | | | | | | |
| 11 M G U P Kumara | 07 | 06 | | | 02 | 02 | 02 | 02 | | | 01 | 01 | | | | |
| 12 K S S Weerasekera | 11 | 08 | | | 05 | 04 | 02 | 02 | | | 01 | 01 | | | | |
| 13 D Thilakawardhana | 11 | 09 | | | 02 | 02 | 02 | 02 | | | 03 | 03 | | | | |

A — Number of Meetings held during the period while the director was holding office

B — Number of meetings attended

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

BOARD SUB COMMITTEES

The following Sub Committees were established by the Company:

Audit and Risk Management Committee
Investment Committee
Human Resource Committee
Purchasing and Tender Committee
Remuneration Committee
Business Development Committee
Related Party Transaction Review Committee

The Reports of the Sub Committees are on pages 66 to 67 In the Annual Report. The Composition of the Board and the sub-committees of the Company and their functions and responsibilities are set out in the Corporate Governance Report appearing on pages 60 to 70 of this Annual Report.

Directors' Interest with Contracts and Related Party Transactions
The Directors have no direct or indirect interest in contracts with the Company other than those disclosed in Note 35 to the Financial Statements.

DIRECTORS' FEES AND EMOLUMENTS

Directors' fees and emoluments in respect of the Company for the Financial Year Ended 31st December, 2023 are as follows.

Directors' Fees and emoluments are as follows.

| | 2023 | 2022 |
|---|------------|------------|
| | Rs. "000" | Rs. "000" |
| Board Expenses | 9,701,962 | 5,487,307 |
| Board Remuneration | 11,809,166 | 13,218,772 |
| Board Remuneration of Cooplife Insurance | 17,515,263 | 15,378,804 |
| | 39,026,391 | 34,084,883 |

DIRECTORS AND THEIR SHAREHOLDINGS

The Articles of Association of the Company does not stipulate the Directors to hold shares of the Company as qualifying shares. The Directors' shareholding as at 31st December 2023 are as follows:

| Name | No. of Shares 31st December 2023 |
|----------------------------|-------------------------------------|
| Mr. A.B. Senadira | Nil |
| Mr. D.L.Samarawickrama | Nil |
| Mr. P.B. Jayarathne | Nil |
| Mr. M Widanagamage | Nil |
| Mr.A A J Amarasinghe | 244,030 |
| Mr.T B H Kumara | Nil |
| Mr.L.Waragoda | Nil |
| Mr. K.K.Gawesha Sanirathne | Nil |
| Mr. G. G.Dayasumana | 1,467,470 |
| Mr. H.H.D.E.P Herath | Nil |

DIVIDENDS

The board of directors has not recommended a dividend for the financial year 2023.

INVESTMENTS

The details of investments held by the Company are disclosed in Note 06 to the Financial Statements.

PROPERTY, PLANT & EQUIPMENT

The book values of the Property, Plant & Equipment were Rs. 1,109Mn as at the Balance Sheet date. Details of the Property, Plant & Equipment and movement during the year are disclosed in Note 04 to the Financial Statements.

MAJOR SHAREHOLDERS

20 Major shareholders of the Company as at 31st December, 2023

| | NAME | SHAREHOLDING | % |
|----|---|--------------|-------|
| 1 | WENNAPPUWA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 216,895,920 | 13.13 |
| 2 | POST & TELECOM EMPLOYEES CO-OPERATIVE BANK SOCIETY LTD | 140,986,969 | 8.53 |
| 3 | WAYAMBA COOPERATIVE RURAL BANKS UNION LTD | 105,377,730 | 6.38 |
| 4 | GAMPAHA DISTRICT CO-OPERATIVE RURAL BANK UNION LTD. | 103,955,830 | 6.29 |
| 5 | PUBLIC SERVICE CO-OPERATIVE CREDIT & THRIFT SOCIETY LTD | 91,090,730 | 5.51 |
| 6 | MATARA DISTRICT TEA PRODUCERS CO-OPERATIVE SOCIETY LTD | 76,448,180 | 4.63 |
| 7 | BELIATTA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 65,431,230 | 3.96 |
| 8 | MATARA DISTRICT CO-OPERATIVE RURAL BANKS UNION LTD | 50,709,940 | 3.07 |
| 9 | PUTTALAM SALT LIMITED | 41,371,390 | 2.5 |
| 10 | BERALAPANATHARA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 31,637,250 | 1.91 |
| 11 | HOMAGAMA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 30,018,540 | 1.82 |
| 12 | KOTAPOLA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD. | 28,614,020 | 1.73 |
| 13 | COLOMBO DISTRICT CO-OPERATIVE RURAL BANK UNION LTD. | 27,808,570 | 1.68 |
| 14 | SRI LANKA CO-OPERATIVE RURAL BANKS FEDERATION LIMITED | 26,172,490 | 1.58 |
| 15 | HAMBANTHOTA DISTRICT CO-OPERATIVE RURAL BANK UNION LTD | 25,206,250 | 1.53 |
| 16 | PANDUWASNUWARA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 24,547,180 | 1.49 |
| 17 | CENTRAL PROVINCE CO-OPERATIVE RURAL BANK UNION LTD | 24,234,010 | 1.47 |
| 18 | BINGIRIYA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 22,181,190 | 1.34 |
| 19 | MIRIGAMA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 20,579,230 | 1.25 |
| 20 | KOLONNAWA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD. | 18,973,030 | 1.15 |

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

ANALYSIS OF SHAREHOLDERS

The percentage of Public Holding is 99.9% of the issued voting shares of the Company, represented by 4,781 shareholders.

The Company is in compliance with the minimum Public Holding requirement as at reporting date.

PROVISIONS

The Directors' have taken reasonable steps to ensure adequate provisioning for all known liabilities and insurance related reserves i.e. Unearned premiums reserves, Claims outstanding reserve and provisions for Claims Incurred but Not Reported (IBNR) and Claims Incurred but Not Enough Reported (IBNER) in Non-Life Insurance. The Directors also have consulted an Independent Actuary in this process of valuing IBNR and IBNER reserves and his report is given on page 91.

STATED CAPITAL

The Company's issued and fully paid stated capital as of the year end was Rs. 2198.3Mn

SHAREHOLDERS

The total Shareholder base of the Company as at 31st December, 2023 was 4,784.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge, are satisfied that all statutory payments in relation to the Government, the Insurance Regulatory Commission of Sri Lanka (IRCSL) and related to employees have been made on time.

DONATIONS

There were no charitable contributions made in the Year 2023

CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Details of contingencies and events occurring after the Balance Sheet date are disclosed in Note 36 and Note 37 respectively to the Financial Statements.

AUDITORS

The Financial Statements for the period under review have been audited by Messrs Jayasinghe & Company, Chartered Accountants. Rs. 1.98 Mn (2022 - Rs. 1.7Mn) has been paid as Audit Fee for the Year Ended 31st December, 2023.

AUDITORS' RELATIONSHIP WITH THE COMPANY

Messrs M/s Jayasinghe and Company, Chartered Accountants, did not provide other consultancy services to the company during the year under review

By Order of the Board,



Secretary
KALUPAHANA AND THILAKARATHNE LAW ASSOCIATES
Secretaries

22nd May 2024

CERTIFICATE OF IBNR AND LAT



Certification by the Actuary

Co-operative Insurance Company PLC 31 December 2023 IBNR and LAT Certification

I hereby certify that the undiscounted Central Estimate of IBNR (inclusive of CHE) provision of LKR 749,954,416 is adequate in relation to the Claim Liability of Co-operative Insurance Company PLC as at 31st December 2023. This IBNR provision, together with the Claims Outstanding Reserves held by the Company is expected to be adequate to meet the future liabilities in respect of the Company's incurred claims obligations as at 31st December 2023.

At the end of each reporting period, companies are required to carry out a Liability Adequacy Test (LAT) as laid out in SLFRS 4. The LAT performed to assess the adequacy of the carrying amount of the Unearned Premium Reserve (UPR). I hereby certify that the UPR provision of LKR 1,774,494,582 set by the Company, net of Reinsurance, is higher than the estimated undiscounted Central Estimate Unexpired Risk Reserve of LKR 1,261,856,079. This implies the carrying amount of UPR is adequate at a 50th percentile in relation to the unexpired risks of Co-operative Insurance Company PLC as at 31st December 2023 in many, but not all, scenarios of future experience. As such, there is no contribution deficiency to be recognized by the Company.

The results have been determined in accordance with internationally accepted actuarial principles.

I have relied upon information and data provided by the management of the Company, and I have not independently verified the data supplied, beyond applying checks to satisfy myself as to the reasonableness of the data.

Saket Singh

Saket Singhal, FIAI
COP No: 175/058
Acts Sure Lab (Pvt) Limited

Name of the Appointed Actuary of the report: Saket Singhal, FIAI
Qualification of Actuary: Fellow Member of The Institute of Actuaries, India
Contact Details of Actuary: Tel: +91 9987050647 | Email: saketsinghal@actsurelab.com,
saketsinghal@transvalueconsultants.com
Company Name and Address: Acts Sure Lab (Pvt) Ltd.
11/2, 1st Lane, Pagoda Road, Nugegoda, Sri Lanka
Date: 23-05-2023

Acts Sure Lab (Pvt) Limited
No 11/2, 1st Lane Pagoda Rd, Nugegoda, Sri Lanka
www.actsurelab.com | thoruja@actsurelab.com | iroshini@actsurelab.com | +94 77470289 / +94 772200424



MANAGEMENT DISCUSSION AND ANALYSIS



APPROACH TO STAKEHOLDER RELATIONS

APPROACH TO STAKEHOLDER RELATIONS

Engaging with our myriad stakeholders is a fundamental aspect of operational sustainability and our growth as an insurer. Maintaining ongoing relations with each stakeholder group requires planning, consulting, collaborating and communications; these are done to involve stakeholders in the business's operations and strategic direction and to achieve expected outcomes.

VALUES OF STAKEHOLDER ENGAGEMENT





At Co-operative Insurance, we have recognised the importance of stakeholder engagement to the continuity and success of the company. We cannot thrive without the direct involvement of stakeholders, especially in ensuring that what we do directly and positively affirms their expectations. When engaging in the process of engagement we ensure that our actions and interactions are based on consciously recognised values that underpin how effective stakeholder engagement can take place.

| Transparency | Accountability | Sustainability | Inclusiveness | Shared vision | Understanding |
|---|--|--|--|--|---|
|  |  |  |  |  |  |
| <ul style="list-style-type: none"> Promoting openness and honesty | <ul style="list-style-type: none"> Holding the company accountable for transparent engagement | <ul style="list-style-type: none"> Long term company viability by considering stakeholder interests | <ul style="list-style-type: none"> Enabling stakeholder engagement in decision-making | <ul style="list-style-type: none"> Seeking a balance between business goals and stakeholder interests | <ul style="list-style-type: none"> Recognising the need of certain stakeholders for organisational success |

IMPORTANCE TO GOVERNANCE

Stakeholder engagement is a vital aspect of our organisational success and governance. It ensures representation, transparency, and accountability, promoting a balance between business and social goals. Stakeholder engagement aids the Company in understanding and decision-making, strengthening it for long-term success. It's crucial for strategic planning, translating stakeholder needs into organisational goals, and developing effective strategies. Robust consultation through stakeholder engagement provides insights into the operating environment and growth opportunities, contributing to a clear vision for the Company's future.

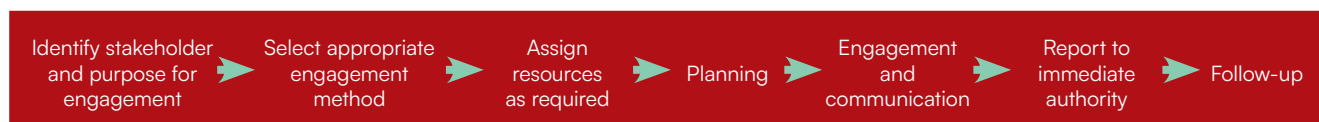
ENGAGEMENT MATRIX

| Stakeholder group | Level of interest | Influence | Engagement level |
|---|---|---|---|
|  |  |  |  |
| Shareholders | High | High | Engage closely |
| Employees | High | High | Consults regularly |
| Customers | Medium | Medium | Monitor and inform |
| Suppliers | Medium | Medium | Consults regularly |
| Regulatory bodies/Government | High | High | Engage closely |
| Community | Low | Low | Monitor and inform |
| Competitors | Low | High | Monitor |

- Level of Interest - How much the stakeholder cares about the outcomes
- Power - The influence stakeholder has over Company operations
- Engagement Approach - The strategy to engage with the stakeholder

STAKEHOLDER ENGAGEMENT PROCESS

The following underscores the process used to manage stakeholder needs and requirements.



MANAGING STAKEHOLDER EXPECTATIONS AND ENGAGEMENT METHODS

The following tables present crucial metrics that demonstrate how we engage with stakeholders and manage their expectations of the Company. Please follow the reference tags for more information on how their expectations have been managed.

| SHAREHOLDERS | | |
|--|---|-----------|
| Major shareholder — Wennappuwa Multi Purpose Co-Operative Society Ltd (13.13%) | | |
| 99.9% of shares held by the Public | | |
| 4,781 public shareholders | | |
| General Expectations | CICPLC response | Reference |
| Good reputation | Sound connectivity with community | Pages 94 |
| Strong financial performance | Transparent disclosures | Pages 24 |
| Accountability | Responsiveness to shareholder concerns | Pages 94 |
| Financial transparency | Audited financial statements within this report and Interim financial statements publicised across the year | Pages 148 |
| Future-forward thinking | New strategic direction | Pages 100 |
| EXPECTATIONS AND CONCERNS IN 2023: Business continuity, stability, good governance, ongoing communication and timely disclosures (Please refer the Risk Management Report on page xx and Governance report on page xx for information on how these concerns were dealt with) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| AGM (Board of Directors) | Held 25th AGM on 19.08.2023 (Adjourned meeting) | |
| Company secretary | Kalupahana and Thilakarathne Law Associates | |
| Annual Report | Digitally accessible on ci.lk and distribution of report copies | |
| Value created and delivered | | |
| GWP of CICPLC — Rs.4.5Bn | | |
| Debt to Equity Ratio — 0% | | |

APPROACH TO STAKEHOLDER RELATIONS

| CUSTOMERS | | |
|--|--|-----------|
| Around 1mn total policyholders (motor and non-motor) | | |
| corporate policy holders | | |
| Individual policyholders | | |
| General Expectations | CICPLC response | Reference |
| Timely and speedy financial indemnity | 80% claim settlement ratio | Pages 94 |
| Efficient services | Branch services and online services | Pages 104 |
| Approachability and reliability | Access to a strong and large distribution network. | Pages 52 |
| Confidentiality and data safety | Network security and data security protocols in place | Pages 70 |
| Affordable and diverse solutions | Promotion of recently launched products | Pages 101 |
| Contractual commitment | Indemnity for agreed sums based on complete documentation and genuine claims | Pages 94 |
| EXPECTATIONS AND CONCERNS IN 2023: Claims settlement due to operational disruptions, service continuation (social capital report demonstrates how these challenges were managed) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| Sales force/agents and brokers | Continued customer relations and interactions | |
| In branch experiences | Continued basis | |
| Corporate Website | Revamped | |
| Meetings | On a continued basis (based on requests) | |
| Call centre intimations/inquiries and complaints (24/7/ trilingual) | Initiation of the Call Hub for undertaking all customer related inquiries | |
| Regional promotions in towns/locales | Rural area activations (niche markets) | |
| Social media interactions on various platforms | Conducted social media programs | |
| Mass media (radio & TV) | Activations in line with several mass media TV and radio channel programs. LED screen promotions | |
| Mobile propaganda van (1) | Promotions and leaflet/brochure distribution | |
| Value created and delivered | | |
| Rs 3.6 Bn in Net claims and benefits CICPLC | | |
| 232,230 in new motor insurance policies | | |
| 36,957 - New non-motor insurance policies | | |

| REINSURANCE PARTNERS | | |
|---|--------------------------|-----------|
| 6 Reinsurance partners | | |
| General Expectations | CICPLC response | Reference |
| Commitment to agreements | Honoured our obligations | Pages 108 |
| Transparent conduct and disclosures | Transparent disclosures | Pages 152 |
| Financial stability | Payments on time | Pages 111 |
| Operational viability | Operational continuity | Pages 103 |
| EXPECTATIONS AND CONCERNS IN 2023: Timely payments and business continuity (Please refer the Social and Relationship capital report for approaches to managing their concerns) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| Reinsurance Manager | Actively Engaged | |
| Virtual meetings | Regular Meetings | |
| Value created and delivered | | |
| Premium ceded to reinsurers— Rs 723 Mn -CICPLC | | |

| EMPLOYEES | | |
|---|--|-----------|
| 1,268 employees (Both sales and non-sales) | | |
| General Expectations | CICPLC response | Reference |
| Career growth and succession | Promotions during the FY | Pages 126 |
| Job security | No redundancies | Pages 126 |
| Fair remuneration | Attractive remuneration | Pages 128 |
| Financial incentives and benefits | Salary increments | Pages 129 |
| Recognition | KPI based performance recognition and rewards | Pages 130 |
| Welfare, work-life balance | Organising employee Entertainment events | Pages 131 |
| Positive work environment | Peaceful work environment | Pages 130 |
| EXPECTATIONS AND CONCERNS IN 2023: Timely payments and business continuity (Please refer the Social and Relationship capital report for approaches to managing their concerns) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| Intranet, e-mail, Whatsapp and digital communications | Maintained consistently | |
| Staff meetings | Regular staff meetings | |
| Training programs | Effective training programs for both sales and non-sales staff | |
| Performance evaluations | Regular performance evaluations and awarding | |
| Satisfaction surveys | Employee engagements | |
| Recreational activities | Organising sports activities like cricket tournaments | |
| Value created and delivered | | |
| Investments in employees — Rs 684 Mn on staff expenses of CICPLC | | |

APPROACH TO STAKEHOLDER RELATIONS

| BUSINESS PARTNERS (AGENTS AND BROKERS) | | |
|---|---|-----------|
| 199 no. of Agents and 78 brokers | | |
| General Expectations | CICPLC response | Reference |
| Financial growth | Financial stability | Pages 110 |
| Timely payments | Releasing payments on time | Pages 111 |
| Business continuity | Going concern | Pages 110 |
| Contractual commitment | Commitment to contracts and timely payments | Pages 111 |
| Ethical business conduct | Sound relationship with suppliers | Pages 110 |
| EXPECTATIONS AND CONCERNS IN 2023: Timely payments and business continuity (Please refer the Social and Relationship capital report for approaches to managing their concerns) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| In-person meetings | Regular meetings | |
| Events | Organising interacting events | |
| Training sessions | Regular training sessions | |
| Digital correspondence | More convenient digital solutions | |
| Value created and delivered | | |
| CICPLC Incurred commission expense of Rs.411mn in 2023 | | |

| SUPPLIERS AND SERVICE PROVIDERS | | |
|---|---------------------------------|-----------|
| 61 registered suppliers and service providers | | |
| General Expectations | CICPLC response | Reference |
| Economic value | Reasonable prices for suppliers | Pages 19 |
| Timely payments | On time payments and monitoring | Pages 63 |
| Timely communications | Sound relationships | Pages 148 |
| Approachability | Convenience e-access | Pages 140 |
| EXPECTATIONS AND CONCERNS IN 2023: Timely payments and business continuity (Please refer the Social and Relationship capital report for approaches to managing their concerns) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| One to one meetings | Regular meetings | |
| Contractual agreements | Signed agreements | |
| Value created and delivered | | |
| payments to suppliers and service providers | | |

| REGULATORS, INDUSTRY BODIES AND THE GOVERNMENT | | |
|---|---|-----------|
| Immediate regulatory authorities: IRCSL ,CBSL, SEC, CSE,IRD,ROC,NITF etc | | |
| General Expectations | CICPLC response | Reference |
| Proper adherence to laws and regulations | Complied with regulations by the end of the calendar year | Pages 106 |
| Ethical conduct and accountability | Submissions with full disclosures | Pages 06 |
| Good governance practices | Change in Board composition according to the regulations | Pages 64 |
| EXPECTATIONS AND CONCERNS IN 2023: Compliance to governance regulations, Accountability, Transparency and good governance (Please refer to the Governance Report for a detailed account of how these were addressed) | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| Key personnel: Board of Directors, Chief Financial Officer, Risk and Compliance Officer and Technical Officer | | |
| Interim financial statements | Released quarterly | |
| Annual report submission | Timely submission of Annual Report | |
| CSE communications | Announcing changes to Directors | |
| Submissions on request | Undertaken by officers in charge of submissions when required | |
| Value created and delivered | | |
| Rs 38 Mn withholding tax on interest income | | |

| COMMUNITY | | |
|--|---|-----------|
| 758 new employment opportunities | | |
| General Expectations | CICPLC response | Reference |
| Sharing economic gains | On time commission paid to agents | Pages 96 |
| Economic growth | increase in employee financial remuneration and investments | Pages 119 |
| Community development | Engage with community activities | Pages 108 |
| Positive environmental impact | Positive contribution on environmental protection | Pages 142 |
| Affordable solutions | Economic pricing product strategies | Pages 132 |
| EXPECTATIONS AND CONCERNS IN 2023: | | |
| ENGAGEMENT METHODS | STATUS FOR 2023 | |
| Events | Religious events | |
| Donations | Donations to selected students | |
| Regional and township promotions | Multiple promotions across FY | |
| Employment opportunities | To 758 new employees. | |
| Above the line and below the line communications | Sustained across the year, but with target segments | |
| Value created and delivered | | |

OUR STRATEGY

WHAT WE WANT TO ACHIEVE

Our company strategy has undergone a transformation in recent years. This has been the result of having a holistic approach to value creation, which envisions a secure and financially rewarding future for all stakeholders.

STRATEGIC IMPERATIVES



HOW WE WANT TO ACHIEVE OUR STRATEGY (RESOURCE ALLOCATION)

| Strategic imperatives | What it implies | Plan |
|---|--|---|
| Paradigm shift | To position the company as a proactive risk manager and insurer with structural enhancements to improve efficiency and market growth | <ul style="list-style-type: none">• Increase brand engagements• Less soft rates• Increase customer convenience with increased accessibility and simplified processes• Change market perceptions• Targeted products• Direct marketing |
| Expanding our reach | Increasing physical access and setting in place digital access | <ul style="list-style-type: none">• New branches in the next five years• Digital insurance portal |
| Process optimisation through technology | Using tech solutions to harness process efficiencies | <ul style="list-style-type: none">• Process re-engineering• Digital insurance |
| A winning culture | Building a dynamic team and work culture to tackle challenges and proactively pursue growth | <ul style="list-style-type: none">• Increase a comprehensive strategy for training• Strongly adhere to the KPI-based performance evaluation system• Performance-based incentives |
| Productivity and profitability | Effectively meet financial metrics and ensure profitability | <ul style="list-style-type: none">• Targets based on product classes• Channel mix that reduces cost and capitalises on direct business channels• Strategies to bring down claim expense |

PARADIGM SHIFT

Paradigm shift entails a comprehensive overhaul of our market positioning, aiming to achieve a Rs. 10 Bn GWP milestone. Central to this endeavour is harnessing our current customer base through prioritised channels such as online sales and targeted channels. Additionally, our focus will be on delivering customised motor insurance solutions apart from conventional offerings.

- Process reengineering — A focus on business process reengineering beyond product transformation. Redesigned processes will not only optimise costs internally but also allow us to pass on these benefits to our valued customers.
- Market penetration — Expanding our market share through stages, including the retention of the existing customer base and enhance engagement to attract new policyholders.
- Portfolio expansion — Launch of new products to broaden the risk distribution. Measures to enhance underwriting to accommodate diverse insurance policies.
- Transformative growth - Enhancing customer access, improving value propositions, and investing in business promotion and technology to boost market share.

CAPITAL IMPACT OF PARADIGM SHIFT

| Value | Financial | Human | Social and relationship | Intellectual | Manufactured | Natural |
|------------------|-----------|-------|-------------------------|--------------|--------------|---------|
| Increase | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Decrease | ✓ | | | | | ✓ |
| Transformations | ✓ | ✓ | ✓ | ✓ | ✓ | |
| No direct impact | | | | | | |

Short to long term value creation, preservation and erosion

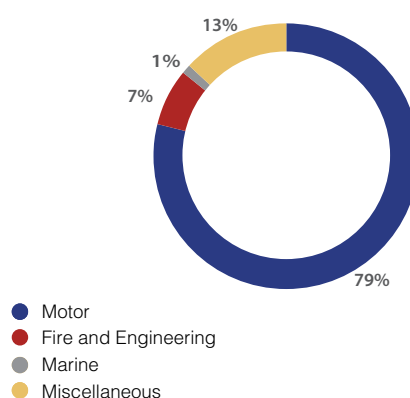
EXPANDING OUR REACH

New channels are being developed, with various streams added recently. Currently, we have distinct teams handling telemarketing, direct sales, and digital insurance. To ensure accountability, a target-based incentive structure will be implemented for all channel heads. Each unit will have individual targets for new business, with the telemarketing team also responsible for reactivating lapsed policies and implementing cross-selling and up-selling strategies.

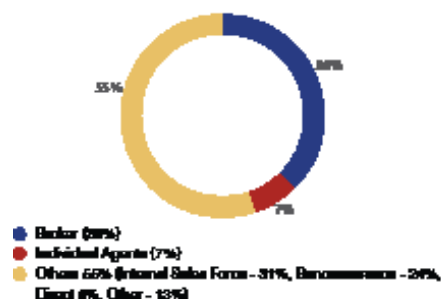
CHANNEL AND PRODUCT MIX

The proposed channel mix will be proportionately segregated amongst channels prudently, to lower the company's acquisition cost. Product mix will be changed for non motor and motor segments to reach an equilibrium status.

Product Mix - Company



Channel Mix - GWP



CAPITAL IMPACT OF EXPANDING REACH

| Value | Financial | Human | Social and relationship | Intellectual | Manufactured | Natural |
|------------------|-----------|-------|-------------------------|--------------|--------------|---------|
| Increase | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Decrease | ✓ | | | | | ✓ |
| Transformations | ✓ | | | | ✓ | |
| No direct impact | | | | | | |

Short to long term value creation, preservation and erosion

OUR STRATEGY

OPTIMISING PROCESSES THROUGH TECHNOLOGY

Achieving our core vision hinges on convenient and accessible insurance solutions, which are best delivered through digitalised processes and online services. Enhancing existing digital tools and integrating new solutions into our core tech infrastructure will further improve customer accessibility and convenience. We're currently exploring the implementation of core system modules to digitise key business processes beyond claims settlement and underwriting, benefiting both motor and non-motor operations.

CAPITAL IMPACT OF TECH-BASED PROCESS OPTIMISATION

| Value | Financial | Human | Social and relationship | Intellectual | Manufactured | Natural |
|---|-----------|-------|-------------------------|--------------|--------------|---------|
| Increase | ✓ | ✓ | ✓ | ✓ | | |
| Decrease | ✓ | | | | | |
| Transformations | ✓ | | | ✓ | | |
| No direct impact | | | | | ✓ | ✓ |
| Short to long term value creation, preservation and erosion | | | | | | |

A WINNING CULTURE

Creating a winning culture demands a dedicated approach to enhancing employee care and fostering their professional and personal growth. Critical improvements are needed in our team's customer interactions to elevate service standards, with a key emphasis on enhancing professionalism. Empowerment and increased decision-making autonomy are central to this effort. Equally crucial is the comprehensive training and development of our staff to adeptly navigate various internal and external scenarios, proactively addressing both risks and opportunities.

CAPITAL IMPACT OF BUILDING A WINNING CULTURE

| Value | Financial | Human | Social and relationship | Intellectual | Manufactured | Natural |
|---|-----------|-------|-------------------------|--------------|--------------|---------|
| Increase | ✓ | ✓ | ✓ | ✓ | | |
| Decrease | ✓ | | | | | |
| Transformations | ✓ | ✓ | | | | |
| No direct impact | | | | | ✓ | ✓ |
| Short to long term value creation, preservation and erosion | | | | | | |

PRODUCTIVITY AND PROFITABILITY

Sustaining and enhancing profitability remains paramount to our operational and strategic agenda, extending beyond 2022. Our primary focus remains on augmenting Gross Written Premium (GWP), with an innovative approach to pricing strategies and a market-focused product and channel mix. This approach is geared towards optimising key performance indicators such as claim ratio, combined ratio, expense ratio, and investment return, ensuring sustained financial growth.

CAPITAL IMPACT OF BEING PROFITABLE AND PRODUCTIVE

| Value | Financial | Human | Social and relationship | Intellectual | Manufactured | Natural |
|---|-----------|-------|-------------------------|--------------|--------------|---------|
| Increase | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Decrease | ✓ | | | | | |
| Transformations | ✓ | | | | | |
| No direct impact | | | | | | |
| Short to long term value creation, preservation and erosion | | | | | | |

OPERATING ENVIRONMENT

EXTERNAL ENVIRONMENT

The following provides a glimpse into the external operating environment, which existed through the year under review.

• INTERNATIONAL ENVIRONMENT

In 2023, the global economy demonstrated resilience amid numerous challenges. According to the IMF, the global economic growth rate remained steady at 3.0% throughout the year. This growth was mainly propelled by a slight uptick in growth pertaining to advanced economies. Nevertheless, emerging market and developing economies experienced a slight deceleration, in their respective economic development rates. Global inflation was projected to decline steadily, from 8.7% in 2022 to 6.9% in 2023. This decline outpaced expectations in many regions, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.



• SRI LANKAN CONTEXT

In 2023, Sri Lanka continued to encounter the effects of its economic crisis with glimpses of recovery. In the first six months of 2023, the local economy contracted by 7.9%, followed by a rebound in the third and fourth quarters. Headline inflation, which surged to 64.3% in August 2022 based on the Year-on-Year change of the Colombo Consumer Price Index (CCPI), stabilised in 2023 after reaching its peak in September 2022. By August 2023, the change in CCPI decreased to 4% Year-on-Year, indicating a significant decrease in volatility compared to the previous year.

In 2023 there was a reduction in the country's trade deficit, primarily due to a relative decline in merchandise imports, although exports also experienced a slowdown. In 2023, the Sri Lankan rupee appreciated against the USD, while the domestic foreign exchange market improved thanks to increased forex inflows from exports, workers' remittances, and investments in the government securities market.

The IMF approved a 48-month extended arrangement through the Extended Fund Facility (EFF) amounting to SDR 2.286 Bn (equivalent to approximately US\$3 billion) to strengthen Sri Lanka's economic policies and reforms. The goals of the EFF-supported program were to reinstate macroeconomic stability and debt sustainability, ensure financial stability, and promote structural reforms to unlock Sri Lanka's growth prospects. Despite uncertainties, Sri Lanka exhibited resilience, notably in its export performance. The country continued to narrow its trade deficit by curtailing imports to conserve foreign exchange outflows.

• LOCAL INDUSTRY CONTEXT

In 2023, the Gross Written Premium (GWP) of the Sri Lankan insurance sector experienced a notable growth of 9.07%, reaching Rs. 281 Bn compared to the same period in 2022. Within this, the life insurance business saw robust growth while the general insurance sector saw a more moderate increase. The life insurance segment constituted 54.4% of the total GWP, while the general insurance segment accounted for 45.5%.

At the end of 2023, Sri Lanka had 12 general insurance companies, 14 life insurance firms, two composite firms, and 78 brokering companies. Notably, one of the largest state-owned insurance companies divided its life and non-life operations into separate entities in January 2024. Industry profitability improved compared to the previous year, with life insurers reporting the highest Profit before Tax (PBT) at Rs. 30.6 Bn, followed by non-life insurers collectively recording a PBT of Rs. 23.5 Bn for 2023.

OPERATING ENVIRONMENT

INTERNAL ENVIRONMENT

Utilising our current strengths while acknowledging and addressing structural weaknesses is crucial for aligning our company's capabilities with our vision and strategy. By conducting a thorough analysis of our strengths, weaknesses, opportunities, and threats, we can enhance our strategic initiatives to achieve our goals effectively across all five strategic imperatives.

| Strengths | How we capitalise on strengths | Opportunities | Approach |
|---|--|--|--|
| Branch network/service centres | New branch investments Direct sales team to be set up each branch | Access to government and public insurance | Fill portfolio gaps through discussions and product development |
| Access to Co-operative societies /MPCS networks | Continuing to add rural banks and co-op society locations as third-party centres | Untapped market | Channel expansions and new channels |
| Our Staff | Targeted and general training to develop potential | Bancassurance | 7 partners |
| Brand recognition in the outskirts | Third-party centres that promote the brand | Telemarketing | Newly established telemarketing team |
| Being a 100% Sri Lankan company and its recognition | Continuing to focus on inclusive insurance solutions | Online Marketing | Social media promotions. Need targeted digital marketing strategies |
| Financial stability | Profits enable continued business expansion and strategic investments | Government focus on the SME sector | Requires identifying market gaps |
| Our customer base | New business acquisitions and focus on promoting motor and non-motor products | Development in infrastructures | Investments in physical assets and ICT |
| Cost structure of the company | Cost controls are used to increase profit margins | Rising awareness of health related insurance | New health insurance policy — Wellness Plus |
| | | Lifestyle changes | Looking into providing solutions based on individual needs |
| | | Access agro insurance requirement | Capitalise on existing solutions and consider new ones |

| Weaknesses | Our approach |
|---|---|
| <ul style="list-style-type: none"> Gaps in the succession plan | <ul style="list-style-type: none"> Succession planning policy to be revised |
| <ul style="list-style-type: none"> Over-dependency on motor line of business | <ul style="list-style-type: none"> Increasing focus on marine and property-based insurance; new health insurance product |
| <ul style="list-style-type: none"> Gaps in innovation | <ul style="list-style-type: none"> Implementing digital service solutions and innovative product ideas, moving away from homogenous products, incorporating solutions that address various market gaps |
| <ul style="list-style-type: none"> Resistance to change | <ul style="list-style-type: none"> Adopting change through a new transformative strategic focus and corporate plan |
| <ul style="list-style-type: none"> Higher attrition rate | <ul style="list-style-type: none"> Salary increments and removal of deposit when joining the company |
| <ul style="list-style-type: none"> Reliance on organic growth | <ul style="list-style-type: none"> Targeted communications through social media and outdoor promotions |
| <ul style="list-style-type: none"> Lack of cross-selling and up-selling | <ul style="list-style-type: none"> Tele-marketing team undertaking cross-selling and up-selling |







| Threats | Our approach |
|---|---|
| <ul style="list-style-type: none"> Decline in rates — Price war | <ul style="list-style-type: none"> Product bundling, cross-selling and up-selling through direct sales and telemarketing |
| <ul style="list-style-type: none"> Import restriction | <ul style="list-style-type: none"> Focus on existing market prices and second-hand auto market |
| <ul style="list-style-type: none"> Fluctuation of exchange rate | <ul style="list-style-type: none"> Strategies to offset exchange losses |
| <ul style="list-style-type: none"> Financial crisis/Industry degrowth | <ul style="list-style-type: none"> Prudent spending and investments and focus on revenue growth |
| <ul style="list-style-type: none"> Differentiated products from competitor | <ul style="list-style-type: none"> Focus on non-motor products and diversifications |
| <ul style="list-style-type: none"> Regulatory intervention | <ul style="list-style-type: none"> Regular compliances |
| <ul style="list-style-type: none"> Reduction in investment return | <ul style="list-style-type: none"> Strategies to offset reductions |
| <ul style="list-style-type: none"> Mass advertising and publicity campaigns from competitors | <ul style="list-style-type: none"> Cost-effective retail growth, telemarketing team and online marketing |
| <ul style="list-style-type: none"> Decline in disposable income | <ul style="list-style-type: none"> Affordable solutions |







EXTERNAL ENVIRONMENT

A PESTEL analysis encapsulates the external factors influencing a business directly, offering a comprehensive overview of their effects on both general and life insurance enterprises.

| | Political | Economic | Social | Technological | Environmental | Legal |
|-----------------|---|--|--|---|---|---|
| | | | | | | |
| What it entails | <ul style="list-style-type: none"> Government policy, changes, tax and employment laws | <ul style="list-style-type: none"> Changes in supply and demand. The impact of inflation, exchange rates and economic growth | <ul style="list-style-type: none"> Customer demographics and lifestyles | <ul style="list-style-type: none"> Tech changes in the insurance industry and digital financial services | <ul style="list-style-type: none"> Climate change, weather-related activities and environmental laws | <ul style="list-style-type: none"> Legalities that affect business, such as copyright law, consumer laws etc |

OPERATING ENVIRONMENT

| | Political | Economic | Social | Technological | Environmental | Legal |
|--------------------------------------|---|--|---|--|--|---|
| |  |  |  |  |  |  |
| Related developments | <ul style="list-style-type: none"> • Tax increase • Political instability • Trade policies • Government policy on debt management and fiscal stability. | <ul style="list-style-type: none"> • High-interest rates • Ban on vehicle imports • Depleted gross official foreign reserves and Significant rupee depreciation • Shortages and high costs of essentials including fuel and medicine | <ul style="list-style-type: none"> • Reduced disposable income due to the high cost of living and increase in the poverty line • Rise in non-communicable diseases • Increased interest in outward migration | <ul style="list-style-type: none"> • Digital insurance growth • Public access to AI • Cyber security threats • High-priced IT services • SLFRS-17 system changes | <ul style="list-style-type: none"> • Unprecedented floods and extreme weather conditions in several districts • Unpredictable weather patterns | <ul style="list-style-type: none"> • Issuance of new acts and directions in addition to circulars • Amendments to existing regulations and statutory requirements |
| Challenges to Co-operative Insurance | <ul style="list-style-type: none"> • Risk of a receding bottom line despite revenue growth. Instability and unrest create constrained economic activity and spending. | <ul style="list-style-type: none"> • High lending rates constrain funding options. The auto-import ban constrains new motor premiums. • Shortages of essentials disrupt daily lives, and medicine deficits pose a threat to the health of many. | <ul style="list-style-type: none"> • Adverse impact on advancing new business and risk of arrears and policy lapses. • Outward migration may impact the country's skilled and semi-skilled labour force. | <ul style="list-style-type: none"> • The threat of customers switching due to the subdued pace of digital services • Loss of valuable data due to lack of analytical software, in-house. • A proper gap assessment is needed to transition to SLFRS 17 on the due date. | <ul style="list-style-type: none"> • Possible rise in property, motor and life-related claims | <ul style="list-style-type: none"> • Non-compliance can result in fines and reputational loss. |
| Addressing concerns | <ul style="list-style-type: none"> • We focus on having a prudent product and channel mix to maximise revenue. We also focus on controlling expenditures by managing costs at each branch and head office. | <ul style="list-style-type: none"> • Focus on higher premium rates due to current high vehicle market prices | <ul style="list-style-type: none"> • Affordable solutions without burdening customers | <ul style="list-style-type: none"> • Digital portal for digital insurance and revamped website for other online quotes, claim submissions, payments etc. • In-house developments to minimise IT expenditure. | <ul style="list-style-type: none"> • Adopt climate-based risk analysis to assess future scenarios. • Explore ways in which we could provide advice to policyholders in reducing risks. | <ul style="list-style-type: none"> • Incorporate regulatory requirements and laws into decisions and strategies and ensure full compliance with all applicable laws and regulations. |

| Opportunities for Co-operative Insurance | Political | Economic | Social | Technological | Environmental | Legal |
|--|---|---|--|---|---|---|
| |  |  |  |  |  |  |
| | <ul style="list-style-type: none"> Securing the IMF bailout package provides some optimism for the country's economic recovery and positive sentiment. | <ul style="list-style-type: none"> High-interest income from higher deposit rates Increase in existing automobile market prices Opportunity to pursue exchange gains | <ul style="list-style-type: none"> The opportunity to provide more affordable insurance solutions in addition to solutions that cover critical illnesses and hospitalisations | <ul style="list-style-type: none"> Ability to target tech-savvy customers and convenience seekers, potential to reach people with physical | <ul style="list-style-type: none"> Diversify towards climate risk policies and proactively offer solutions | <ul style="list-style-type: none"> Change in internal accounting approaches and governance policies to enhance transparency and procedures |

OUTLOOK

For the Sri Lankan economy, efforts to address high debt levels and bolster official reserves will be crucial in mitigating financial vulnerabilities. The country's ability to navigate global economic uncertainties, particularly concerning food and energy prices, will play a significant role in stabilising inflation and fostering economic growth. While the economy is projected to contract, improvements compared to previous years are anticipated, supported by initiatives such as debt restructuring and external financial support from entities like the IMF.

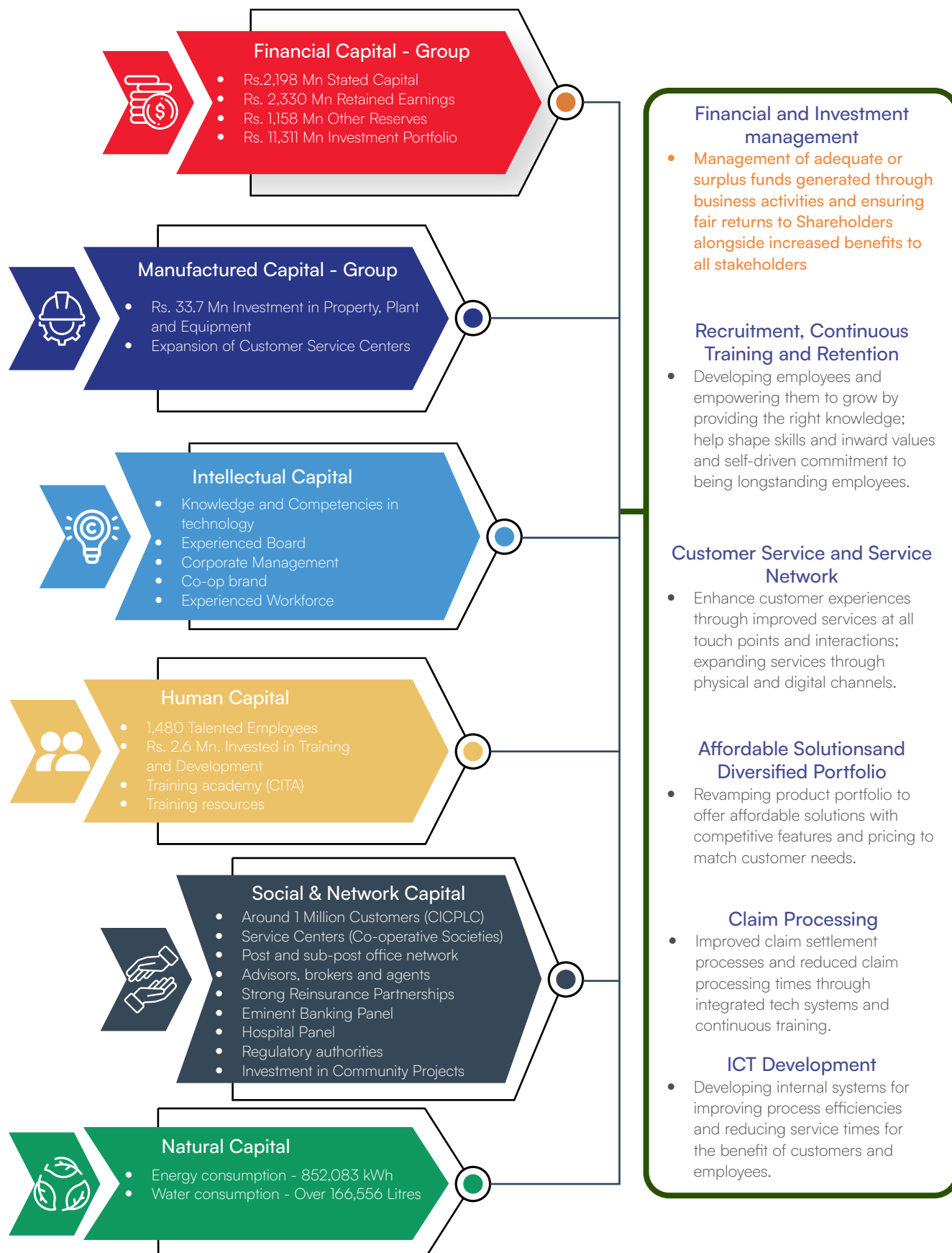
In the insurance industry, despite ongoing economic challenges, there are opportunities for resilience and expansion. The sector can capitalise on trends such as potential interest rate reductions, which may stimulate lending activities and drive demand for insurance products. Additionally, the rebound in tourism and export earnings presents opportunities for insurers to tap into growing market segments and diversify their offerings beyond traditional lines of business.

However, uncertainties such as the persistence of the motor vehicle ban, and the broader economic landscape could pose challenges for insurers in the short term. Adapting to changing consumer behaviours and preferences, embracing digitalisation and innovation, and strengthening risk management practices will be crucial for insurers to navigate these uncertainties and thrive in the evolving market environment.

Overall, while challenges persist, the Sri Lankan economy and insurance industry have the potential to rebound and achieve sustainable growth by leveraging opportunities, implementing sound financial strategies, and fostering innovation and resilience.

VALUE CREATION MODEL

CAPITAL INPUTS



CAPITAL OUTPUTS

Output Product

Motor Insurance Productst

- Fire Insurance Products
- Micro Insurance Products
- Liability Insurance Products
- Engineering Insurance Products
- Marine Cargo and Hull Insurance Products
- Life Insurance Products

Policy Underwriting

- Efficient and accurate policy underwriting based on policy buyer's risk exposures and assigning the right pricing.

Corporate Governance and Compliances

- Adherence to Company Governance Framework, regulatory stipulations and supporting regulatory decisions in the industry, for the common betterment of Stakeholders.

Risk Assessment

- Creating and implementing appropriate risk strategies to achieve strategic objectives while ensuring the maximum management of key operational risks.

Vision

To be an organisation that will stand "united" with its customers to the very end.

Mission

To be ever mindful of the needs of our customers and, thereby make 'true protection' a way of life via the provision of innovative, yet affordable insurance solutions, which confirm to the highest ethical and moral standards.

Financial Capital - Group

- 2.98 net assets per share
- Other Reserve Rs. 5,687 Mn
- Total Assets Rs. 15,908 Mn
- Rs. 5,703 Mn GWP



Manufactured Capital - Group

- 1 New Express Counter
- New ICT equipment
- In-house software development
- 07 acre property



Intellectual Capital

- Digital insurance card (e-card)
- Revamped web portal
- Digital tender process
- Continuous upgrades and additions to core systems



Human Capital

- Increase in employee training
- Rs. 3.9 Mn revenue per employee
- 96.8% employee retention



Social & Network Capital - Group

- Increased customer base
- Wider customer reach
- Increased accessibility to services
- Rs. 4,317 Mn claims paid



Natural Capital

- Reduced electricity consumption
- Reduced overall water consumption
- Saplings distributed towards long-term carbon offset
- Actions to reduce long-term plastic waste
- Digital solutions to offset resource-oriented processes



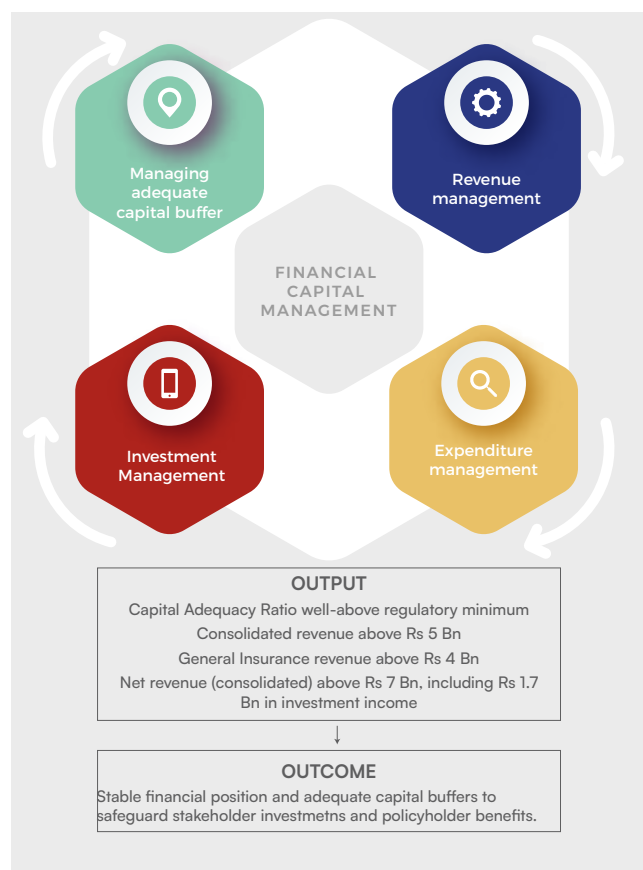
SOUND FINANCIAL PERFORMANCE



Efficiently managing financial capital is crucial for Co-operative Insurance, as it ensures long-term profitability and stability. This involves allocating resources effectively while maintaining a strong financial position to meet obligations to policyholders and maximise shareholder value.

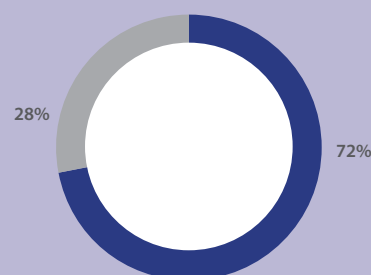
Despite facing significant challenges, both general and life insurance businesses achieved satisfactory performance in revenue, managing to secure a profitable financial year. This was primarily attributed to our proactive measures in mitigating adverse impacts. The strong financial performance was underpinned by various value drivers that contributed to our overall success.

VALUE DRIVERS



REVENUE

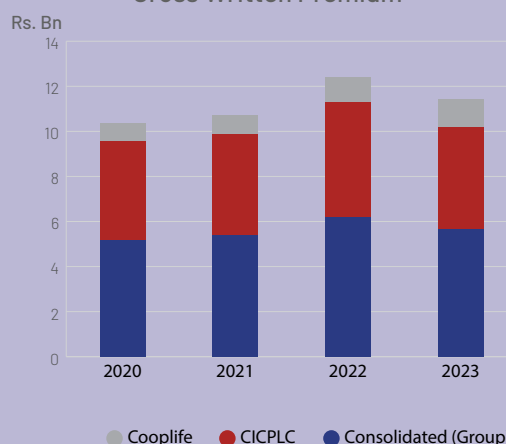
Total Net Revenue Composition



- Net earned premium
- Other income

In 2023, we achieved consolidated total revenue of Rs 7.2 Bn, driven by a satisfactory premium income and a commendable rise in investment income. From GWP to policy administration fees all contributed to total net revenue.

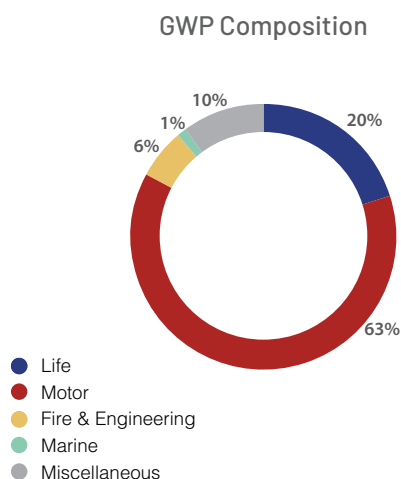
Gross Written Premium



Due to a prudent and timely pricing strategy, coupled with optimised efforts from our sales and channel partners, our Gross Written Premium (GWP) for the year amounted to Rs. 5.7 Bn. Although this represents a reduction from the Rs. 6.2 Bn achieved in 2022, it is a satisfactory achievement, considering the temporary operational halt experienced in 2023.

General insurance GWP equalled Rs. 4.5 Bn compared to Rs. 5.1 Bn achieved in 2022. Despite the overall reduction, GWP of fire and engineering and miscellaneous insurance segments has shown satisfactory growth. Motor GWP stood at Rs. 3.6 Bn encompassing 79% stake from total non-life GWP; Moreover, Rs. 588 Mn GWP was recorded from miscellaneous insurance policies.

Life insurance GWP for the year under review amounted to Rs. 1.16 Bn, which is a slight increase compared to 2022.



- Net written and Net Earned Premium

Consolidated net written premium (NWP) was reported as Rs. 4.9 Bn, which is a decline compared to Rs. 5.4 Bn reported in 2022. This includes Rs. 3.8 Bn in NWP from the general insurance business while another Rs. 1.1 Bn from the side of life insurance contributed to the total. Consolidated net earned premium (NEP) amounted to Rs 5.2 Bn with CICPLC recording Rs 4.1 Bn in NEP.

- Investment income

The group primarily generated its investment income from treasury bonds, fixed deposit income, asset backed securities and debentures etc. Additionally, there was a notable increase in commercial paper based income. The consolidated investment income increased by 46.2% to Rs. 1.7 Bn due to a substantial increase in the investment income of Cooplife Insurance Limited.

General insurance (CICPLC) holds over Rs. 1 Bn from the consolidated investment income while Cooplife holds just approximately Rs. 727 Mn, which is a 76% increase compared to the amount earned in 2022.

INCOME STATEMENT SUMMARISED

TOTAL COMPREHENSIVE INCOME

The total comprehensive income for the group, Rs. (134) Mn, showing a substantial decline compared to the previous year's Rs. 825 Mn. The total comprehensive income for the general insurance business decreased to Rs. (103) Mn from Rs. 626 million in the prior year. Meanwhile, the life insurance business recorded a total comprehensive income of Rs. (31) Mn for the current year.

The above decline in total comprehensive income net of tax is due to the deceleration in profit for the year 2023.

PROFITABILITY

Loss before tax of CICPLC, which represents the general insurance business, was reported as Rs 337 Mn while Loss after Tax totalled Rs. 258 Mn for the fiscal year which ended on 31st December 2023.

Cooplife Insurance Limited, which represents the life insurance segment, recorded a before tax loss of Rs 37 Mn while after tax loss amounted to Rs. 62 Mn.

Reflecting the subdued profit performance of CICPLC and its subsidiary, consolidated profit after tax plummeted to Rs. (320) Mn for the financial year under consideration.

CLAIMS AND EXPENSES

- Net benefits and claims

The consolidated gross benefits and claims rose by 33% to reach Rs. 4.3 Bn compared to the previous year. Compared to 2022, net benefits and claims reached Rs. 4.98 Bn in the year under review, as compensation for policyholders was fulfilled across the year. This has come after increased amount in claims ceded to reinsurers and a substantial increase in 'change in life contract liabilities', which reflect the future obligations to policyholders by Cooplife Insurance Limited. Gross benefits and claims insured by CICPLC through non-life insurance amounted to Rs. 4.04 Bn which increased by 41% in the year under review, from Rs. 2.9 Bn dispersed in 2022.

- Other expenses

From a consolidated standpoint, other expenses reached Rs. 2.7 Bn for 2023, increasing when compared to 2022. Rs. 2.2 Bn in expenses is attributed to expenses incurred by the general insurance business and Rs 503 Mn incurred by the life insurance operation.

The majority of the above expenditure is concentrated on other operating and administrative expenses, which accounted for the highest cost after net benefits and claims. 'Other operating and administrative expenses' included Rs. 823 Mn on staff expenses followed by Rs. 637 Mn in administrative and establishment expenditure; selling expenditure amounted to Rs. 411 Mn while depreciation for the financial year under review equalled Rs. 268 Mn.

From Rs. 2.1 Bn of total 'Other operating and administrative expenses', CICPLC insured Rs. 1.8 Bn while Cooplife incurred close to Rs 370 Mn.

REINSURANCE PREMIUMS AND CLAIMS CEDED

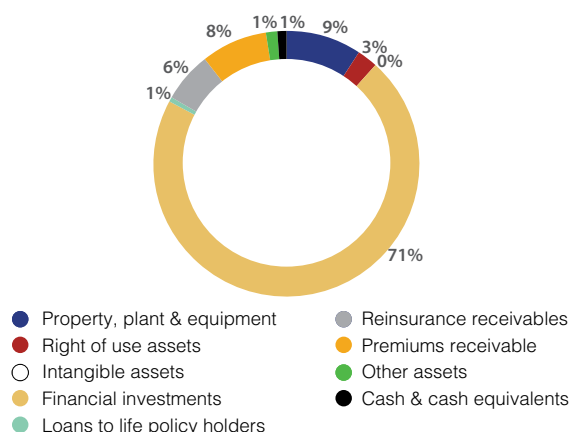
Reinsurance premiums (premiums ceded to reinsurers) totalled Rs. 768 Mn from a consolidated standpoint, with Rs. 723 Mn of premiums ceded to reinsurers by CICPLC. Claims ceded to reinsurers reached Rs. 467 Mn - the consolidated total.

SOUND FINANCIAL PERFORMANCE

FINANCIAL POSITION

Assets

Asset Composition (Consolidated)



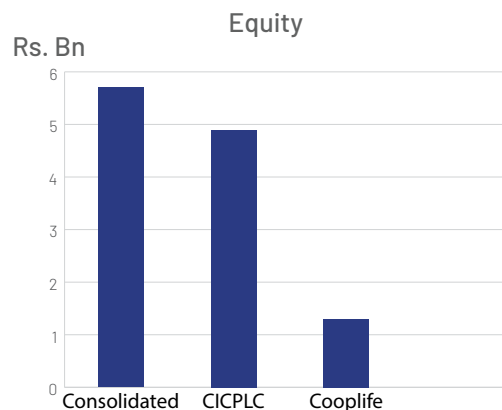
Total consolidated assets for the year under review amounted to Rs. 15.9 Bn, which included over Rs. 11 Bn assets of CICPLC and Rs 5.5 Bn in total assets pertaining to Cooplife Insurance Limited. Both companies saw an increase in their asset bases compared to the previous financial year. The rise in total assets was primarily driven by increased financial investments.

Financial investments of the general insurance business amounted to Rs. 6.47 Bn which grew slightly over the previous year's financial investments. Financial investments contribute to 59% of total assets at CICPLC.

Liabilities

Liabilities of Co-operative Insurance as a Group amounted to Rs. 10.2 Bn from Rs 8.4 Bn reported in 2022. Total liabilities of CICPLC as a company equalled Rs 6.1 Bn, which rose from Rs. 5.4 Bn reported in 2022. Liabilities of Cooplife amounted to Rs. 4.1 Bn in the period under review. Insurance liabilities became the largest liability at Rs. 7.5 Bn (consolidated), with Rs. 3.6 Bn attributed to CICPLC and Rs. 3.9 Bn to Cooplife Insurance Limited.

Equity



The total consolidated equity reached Rs. 5.7 Bn; this included Rs. 2.2 Bn in stated capital, Rs. 1.2 Bn in revaluation reserve and Rs. 2.3 Bn in retained earnings for the year under review. In the general insurance segment, the CICPLC recorded a total equity of Rs. 4.9 Bn, meanwhile, the life insurance business saw its total equity amount to Rs. 1.3 Bn.

CASHFLOW

In the group, Cashflow used in operating activities amounted to Rs. 689Mn from previous year's Rs. 152 Mn cash flows from operating activities. Net cash flow from investing activities reached Rs. 633 Mn from Rs. 99 Mn used, the year before. In addition, net cash flow from financing activities was reported as nil mainly as a result of no dividend payment during the year 2023.

PERFORMANCE INDICATORS

Capital Adequacy

Throughout the year, our capital adequacy ratio consistently remained above the regulatory minimum. Specifically, the Capital Adequacy Ratio (CAR) for our general insurance business (CICPLC) stood at 333%, while that of our life insurance business (Cooplife) was an 356%.

| | 2023 | | 2022 | |
|---|------------|------------|------------|------------|
| | CICPLC | Cooplife | CICPLC | Cooplife |
| Total available capital (TAC) | Rs 3.5 Bn | Rs 2.1 Bn | Rs 3.5 Bn | Rs 1.7 Bn |
| Minimum capital requirement | Rs. 500 Mn | Rs. 500 Mn | Rs. 500 Mn | Rs. 500 Mn |
| Risk-based capital adequacy ratio (CAR) | 333% | 356% | 204% | 317% |
| Regulatory minimum CAR | 120% | 120% | 120% | 120% |

- Earnings per share

At the end of the financial year, the Group's Earnings per Share (EPS) was reported at (0.19), marking a decrease from the 0.38 reported in the preceding financial year. Specifically, CICPLC's earnings per share stood at (0.16), down from 0.28 in the previous year.

| | CICPLC | |
|---------------------------------|----------|-------|
| | 2023 | 2022 |
| ROE % | -5% | 9% |
| Net asset value per share (Rs.) | 2.98 | 3.04 |
| Market price per share (Rs.) | 2.40 | 4.00 |
| Price earnings ratio (times) | - | 14.44 |
| Price to book ratio (times) | 0.80 | 0.85 |
| | Cooplife | |
| | 2023 | 2022 |
| ROE % | -5% | 13% |
| Net asset value per share (Rs.) | 23.94 | 24.66 |

INTERDEPENDENCIES AND TRADE-OFFS

Interdependencies

| Activity | Connectivity |
|--|--|
| Financial capital management value drivers | <ul style="list-style-type: none"> Manufactured: Efficient capital management enhances productivity and operational performance by investing in physical assets like infrastructure and technology. Human: Proper allocation of financial resources to initiatives like compensation and training attracts and retains talent, fostering employee engagement and organizational capability. Social and Relationship Capital: Investments in corporate social responsibility and stakeholder engagement programs bolster brand reputation, trust, and organizational resilience. Intellectual: financial resources support the development and utilization of knowledge assets, including research, innovation, and employee training. Natural: Financial decisions can mitigate environmental risks and promote sustainability through investments in green technologies and sustainable practices. |

WHAT WE ENVISION

In the coming year, our financial management will focus on enhancing financial stability and sustainability. We will strive to improve our risk assessment models to ensure more accurate pricing of our insurance products. Our investment strategies will be reviewed to optimise returns while adhering to regulatory requirements and managing risks effectively. We will also prioritise transparency in our financial reporting to maintain the trust of our stakeholders. Furthermore, we will explore opportunities for strategic partnerships that can provide financial synergies and enhance our market position. Furthermore, we will continue to invest in sustainable practices that not only reduce our environmental impact but also contribute to our financial performance in the long run.

BROADENING BOUNDARY LINES



Connectivity

Material topic



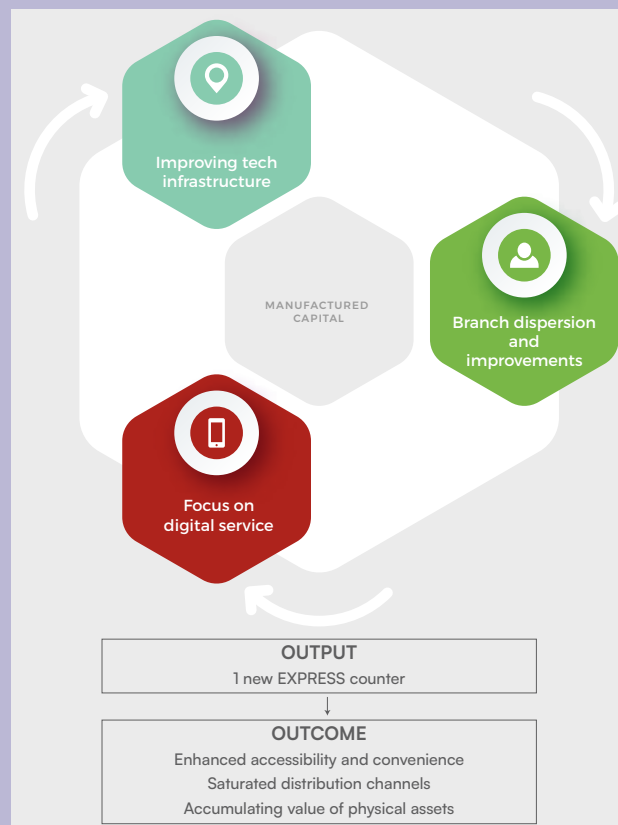
SDGs



Manufactured capital across Cooperative Insurance includes tangible and technological assets that power our ability to deliver services as an insurance provider. This is mainly facilitated through physical assets, such as office buildings and technological systems, including network infrastructure and digital service tools.

These resources are imperative to the smooth functioning of our operations while technological infrastructure helps connect our head office with branches and partner networks. Moreover, IT systems facilitate the swift handling of policy generation, claims processing and back office functions. Moreover, we continue to invest in infrastructure and technology to improve operational capacities and productivity while reaping long-term benefits and creating stakeholder value.

VALUE DRIVERS



In managing our technological infrastructure, we maintain a healthy balance that does not undermine the value of our employees and ensures that they capitalise on the benefits of technology.

BROADENING BOUNDARY LINES

TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT)

Our base of physical assets includes our branches (obtained on a rental/lease basis) and Company-owned land. The value of CICPLC's property, plant and equipment has reached Rs 1 Bn over the recent years. Group-wide this surpassed Rs. 1.5 Bn with Cooplife PPE amounting to Rs. 365 Mn. The Group PPE base also includes physical assets belonging to CITA — the Cooperative Insurance Training Academy, which amounted to Rs. 0.3 Mn in the year under review.

PPE showed a 3% increase across the year being considered, amounting to Rs. 43 Mn (Group-wide) and Rs.38 Mn (Company-wide).

PROPERTIES OWNED

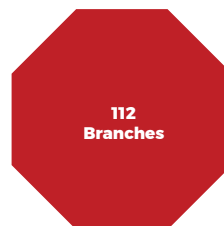
| Property | Land extent (perches) | Building area (sq ft) |
|--------------|--------------------------|--------------------------|
| Grandpass | 33.15 | 28,262 |
| Ja-ela | 991.29 | 4,000 |
| Ambalanthota | 4.27 | 2,534 |
| Nikaweratiya | 39.7 | 17,775 |

As a Group, CICPLC owns four properties estimated at a value of over Rs 1 Bn.

• BRANCHES AND PROPERTY

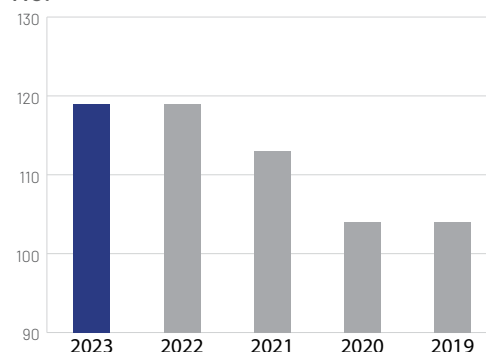
CICPLC manages and operates 112 branches across the island, with access to a wider audience and to our agents (sales force) spread across major towns and locales in every province and district of the country. Our branches fulfil an immense service to our strategy of expanding our market presence and contribute to growing our market share.

We have the most extensive retail network in the Western Province, followed by our operations in the Southern and Northwestern provinces. Notably, our expansion in the Northern Province has seen some positive growth in recent years. Collectively, all 112 branches provide a total of 197, 463 sq ft in floor space.



The majority of branches (36%) are located in the western province with the second majority in the Southern Province (14%). We have ensured a presence in every province. In addition, there are 114 service centres that operate for the convenience of customers, especially our co-operative sector clientele. These are located at Multi-Purpose Cooperative Societies or MPCS locations.

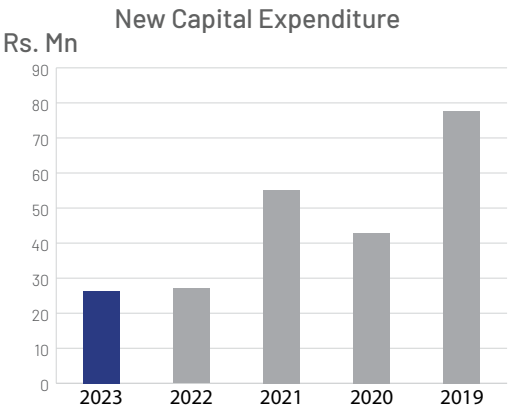
Total Branches with Sub Branches
No.



In 2023, we did not undertake the initiation of any new branches, due to our focus on operational continuity and financial stability amidst a turbulent operating environment. In 2022, we established 6 new branches at a sum of Rs. 25.6 Mn.

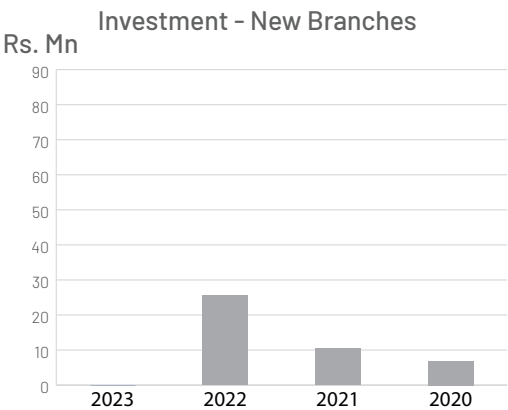
Nevertheless, capital expenditure for 2023 equalled Rs 26.3 Mn compared to Rs 27.1 Mn in 2022.

BROADENING BOUNDARY LINES



• BRANCH EXPANSION

In recent years the company has invested millions into initiating new branches. Despite the effects of the pandemic and the economic crisis, we continued to infuse new branches over the recent years. The sums invested are as depicted below.



• BRANCH MAINTENANCE AND OPTIMISATIONS

Branches are maintained regularly to provide employees with conveniences for a supportive and comfortable work environment. Moreover, branch amenities and appearance are improved to provide customers with a pleasant experience.

• DISTRIBUTION INFRASTRUCTURE

Our distribution framework comprises multiple avenues, all of which are established on the basis of creating value to serve mutually beneficial goals. When viewed from a broader perspective, the diversity of locations offered by these channel partners is extremely beneficial for establishing our presence in all regions of the nation. Therefore, these avenues play a crucial role in delivering our insurance products to both the general public and specific market segments.



COOP XPRESS

In 2023 and 2024, we expedited XPRESS service units with the purpose of providing a highly convenient and efficient service. Four units have been established in Ja-ela, Mannar, Trinco and Waikkal, with additional locations planned to be initiated in the year ahead..

TECHNOLOGICAL INFRASTRUCTURE

Technological infrastructure at Co-operative Insurance helps reinvent processes through automation, digitalisation and digitisation; this is done through the implementation of IT systems and digital solutions put into effect by periodically upgraded IT hardware. At CICPLC, our IT department undertakes the development and implementation of IT infrastructure (systems and hardware) apart from undertaking improvements and tweaks required.

Technological infrastructure provides us with a host of benefits, which not only enhance efficiency but enable scalability of operations and interconnectedness between various points within our distribution channels. Moreover, it facilitates the following:

- IT systems: Modernising legacy systems and manual processes, the Company has internally developed and implemented several systems. These include a claims settlement system, an in-house assessor application, a digital tender process, a travel system for in-house operations, motor and fire online systems, Online third-party and online cover note systems, and a Salvage system in addition to developments related to motor and non-motor underwriting.
- Digitised documentation: Reducing the need for physical documentation and document transfers between locations, we have in place a document management system, which was developed in-house. The system has reduced the need for storing and managing physical documentation and leverages the convenience and safety provided by digitised documentation.
- Customer relationship management: By using digital/ IT systems we can improve customer interactions and provide a personalised service. E.g. individualised reminders for policy renewals. Moreover, response times can be curtailed at the call centre and offices, by adopting digital communication channels. Importantly, we receive the capacity to integrate access to information between the sales team, marketing and customer services.
- Cloud computing: The use of cloud servers compared to data centres is being evaluated for future operations.
- Automation: Certain aspects have now been automated across the Company, including automated reminders to policyholders in relation to policy renewals and premium payments.

• DATA AND NETWORK SECURITY

The IT department also ensures network infrastructure and data security to help employees safeguard customer information while maintaining the confidentiality and safety of data processed during various stages of the policy life cycle. Due to the large volume of customer data processed regularly, data security and strong defensive mechanisms are essential and are bolstered through periodic upgrades to the latest security versions.

CHALLENGES AND OPPORTUNITIES

Manufactured capital remains one of our most financially dense investments, with longer periods for return on investments apart from incurring substantial expenditure on fixed and variable operational costs. Therefore, we approach expansions pragmatically.

| Challenges | Opportunities |
|---|--|
| Narrow customer which does not justify expanding to certain areas | Use digital interaction points and online marketing to reach potential audiences |
| Funding limitations to improve and expand branches | Relatively lesser investment and time spent on improving digital service delivery (e.g. digital portal — please refer to social and relationship capital report) |

INTERDEPENDENCIES AND TRADE-OFFS

Interdependencies

| Activity | Connectivity |
|---------------------------|--|
| New EXPRESS service units | <ul style="list-style-type: none"> • Allocated existing staff • Manufactured: Added to the total value of physical assets • Intellectual: Adds to the knowledge base, specifically on providing rapid services • Social: Enhances relations with customers |

Trade-off

Financial capital

| | |
|---------------|--|
| EXPRESS units | <ul style="list-style-type: none"> • Investment in express counters |
|---------------|--|

Natural capital

| | |
|-----------------------------|--|
| Increased physical presence | <ul style="list-style-type: none"> • Increases carbon footprint and geo print as well |
|-----------------------------|--|

BROADENING BOUNDARY LINES

WHAT WE ENVISION

In line with our growth strategy, we are set to broaden our reach through both retail and digital platforms. The Company is vested in making necessary expansions in our own physical presence through branches and third party counters. Moreover, necessary expansions in the retail distribution network will be undertaken — providing the right interaction points for customers.

2024 and beyond, our attention will be directed towards improving customer experiences by improving in-branch experiences and services at centres and third-party counters. Our attention will also be directed towards improving digital platforms and pathways, underpinned by our pledge to allocate resources towards advanced digital instruments and user interactions.

Furthermore, the adoption of appropriate technological solutions will streamline our operations and service delivery, thereby reducing operational timelines and enhancing efficiency for both our customers and staff.

Short to long term goals:

- Expand our retail distribution networks and customer interaction points
- Improve digital interaction points to enhance and amplify services
- Invest in IT systems to achieve efficiency in back office functions; provide efficient customer service by streamlining and making necessary digitalisations.

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT



Connectivity

Material topic

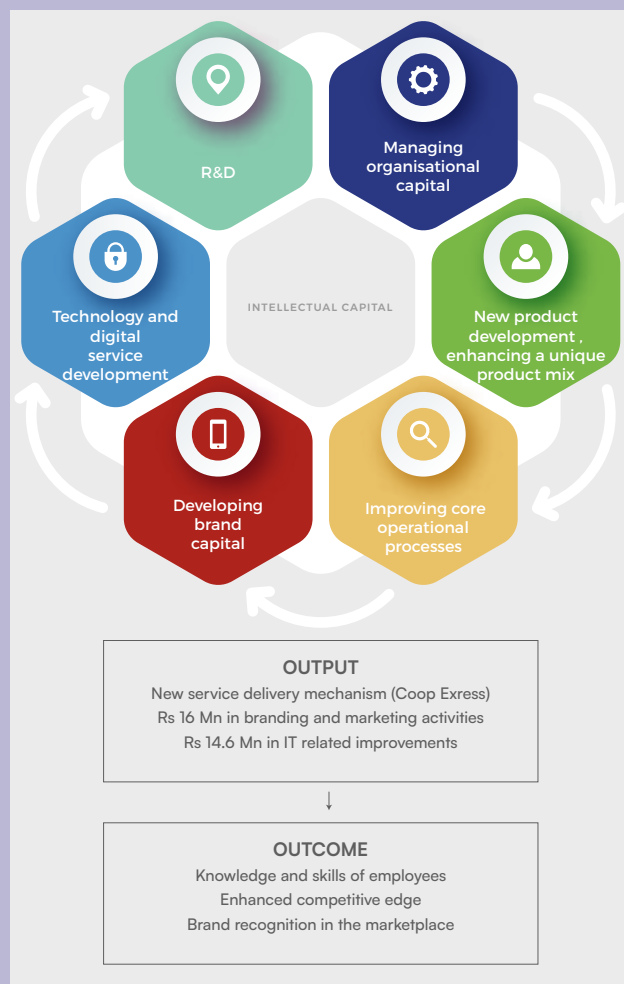


SDGs



Intellectual capital drives value for organisations within today's knowledge-driven economy, where service innovations and unique solutions pave the path towards growth and success. Our intellectual capital encompasses organisational knowledge (collective know-how and expertise and capabilities), which are vital assets for being strong industry contenders. In addition, our proprietary products, product names, unique services, company-specific technologies, relationships, brand worth and employee skills are part of this intangible capital.

VALUE DRIVERS



TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT

ORGANISATIONAL KNOWLEDGE

A critical asset, organisational knowledge involves the systematic gathering, management and development of knowledge across the Company. Such knowledge takes explicit and tacit forms, with explicit knowledge being collectively shared by management and employees. Tacit knowledge, on the other hand, entails individual experiences which cannot be easily transferred. At CICPLC, we strive with the best possible efforts to manage organisational knowledge, as it is pivotal to navigating our competitive industry landscape.

The employee turnover in the insurance industry is considerable, and CICPLC is also impacted by its effects. Loss of critical knowledge is one of the most concerning consequences of employee turnover, thrown in with the cost of recruiting and training new employees. Therefore, capturing our knowledge through technology and training remains a key strategy to ensure that CICPLC suffers minimal losses due to employee resignations, retirements and/or terminations.

PRESERVING AND ENHANCING ORGANISATIONAL KNOWLEDGE

To manage explicit knowledge across the organisation, the Company has digitized documents and digitalized several processes while establishing relevant databases that are critical for the success of core functions such as policy formulation, underwriting and claim settlement. In the year under review, the company continued to develop and improve the following explicit knowledge material.

• Process Documents

Updated and streamlined process documents to ensure accuracy and efficiency in operational workflows. Introduced new process maps for critical functions, enhancing clarity and reducing processing times.

• Databases

Developed and enhanced customer onboarding databases to improve data accuracy and facilitate seamless customer integration. Implemented advanced database management systems for better data retrieval and analytics, supporting strategic decision-making.

• Training Material

Created comprehensive training manuals for new employees, covering all essential operational and compliance aspects. Developed e-learning modules to provide ongoing training opportunities for staff, ensuring continuous professional development.

• Onboarding Material

Improved onboarding kits with detailed guides and resources to help new hires integrate smoothly into the company culture and processes. Digitalised onboarding forms and checklists to streamline the onboarding process and reduce paperwork.

• Research Reports

Commissioned and published research reports on industry trends, market analysis, and customer behaviour, aiding in strategic planning and policy formulation. Enhanced access to research databases, providing employees with up-to-date information and insights.

• Code of Conduct

Revised the company's Code of Conduct to reflect current ethical standards and regulatory requirements. Developed training programs to ensure all employees are familiar with the updated Code of Conduct and its implications.

• Human Resources

Digitalised HR records and processes, including performance evaluations and employee feedback systems. Updated employee handbooks and HR policies to reflect new practices and legal requirements.

• Information Technology

Established a comprehensive IT knowledge repository, including system manuals, troubleshooting guides, and security protocols. Improved IT infrastructure documentation to support maintenance, upgrades, and disaster recovery planning.

By focusing on these areas, the Company has reinforced its commitment to preserving and enhancing organisational knowledge, ensuring that critical information is easily accessible and up-to-date, thereby supporting the overall efficiency and effectiveness of its operations.

KNOWLEDGE DISSEMINATION AND RETENTION THROUGH TRAINING

Training remains the most effective strategy for disseminating and sharing explicit and tacit knowledge. It empowers staff to enhance their skills and knowledge and enables senior staff members to mentor junior employees. In addition to driving a culture of continued learning, it enables us to preserve organisational knowledge and retain the skills and knowledge of long-term employees by training newer employees. It ensures that valuable tacit knowledge gained through years of experience is passed on to the next cohort of company leaders. For a detailed account of 2023 training endeavours, please refer to the Human Capital report.

FORMS OF TRAINING

- Online Training
- Physical Training
- Hired Trainers
- Outbound Training
- On-the-Job Training

TRAINING PROGRAMS

- Motor and non-motor product training
- Motor claims
- Customer care
- Sales
- Outbound
- Motivational programs

STRATEGIC HIRING

Over the course of the year, we enhanced our intellectual capital through planned recruitment, targeting specific roles within our corporate hierarchy and operational teams. We identified gaps in our organisation and filled them with highly skilled individuals who brought fresh perspectives and innovative ideas. The new recruits, with their unique skills and expertise, have contributed to the collective knowledge base of our organisation, thereby strengthening our intellectual capital. This strategic enhancement of our intellectual capital has positioned us for greater success and competitiveness in our industry. It's a testament to our commitment to continuous learning, growth, and innovation.

UNIQUE PRODUCT MIX

CICPLC has developed a host of unique products that cater to target and niche market segments. Our portfolio is varied and covers motor insurance and a wide cross-section of essential non-motor insurance segments, such as fire and engineering, health, marine and other miscellaneous categories.

Our portfolio of insurance solutions is tailored to meet the unique requirements of various segments of the population. Moreover, we strive to keep our premiums affordable and within reach, while ensuring the best possible coverage. Our aim is to make insurance a priority, which could become a financial safety net for countless individuals. During the past year, we concentrated our efforts on Wellness Plus, our premier health insurance product. This is part of our commitment to providing comprehensive and accessible insurance solutions.

WELLNESS PLUS

- Protection against 21 critical illnesses
- Ability to enrol family members
- Special discounts upon renewal
- Medical expenses covered for hospitalization charges, including treatments without hospitalizations.

Amidst our focus on the existing product portfolio in 2023, we continue to provide a wide array of economically convenient products for customers within the low-income bracket. Our wide reach within rural communities ensures this possibility, as we continue to reach rural masses through our branch network and base of business partners.

NEW PRODUCTS

Our portfolio's latest product is the health insurance product 'Wellness Plus' introduced at the end of the previous financial year.

| Product Name | Description | Customer Group |
|---|--|---|
| Wellness Plus Insurance for individuals | This insurance policy is tailored to offer coverage for 21 critical illnesses to individuals, with coverage commencing after a waiting period of 90 days from the start of the policy. The scheme comprises three main sections: in-patient treatment, treatment without hospitalization, and pre- & post-hospitalization cover. | Sri Lankan residents / Sri Lankan Citizens aged between 10-65 years |

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT

PROCESS IMPROVEMENTS

As a contender within the dynamic insurance sector, we put our best efforts into improving processes and operations. Our initiatives are guided by multiple factors, with a central focus on elevating the customer experience and the quality of our services. In addition, we are committed to complying with regulatory shifts, harnessing the power of technological advancements, staying abreast with industry innovations, and enhancing operational efficiency. These elements are at the forefront of our efforts to continuously improve and excel in our sector.

• Underwriting

Updated underwriting procedures to incorporate advanced data analytics and machine learning algorithms, enabling more precise risk assessment and decision-making. Digitalised underwriting processes, ensuring faster turnaround times and improved documentation management.

• Regulatory and Compliance

Strengthened regulatory compliance by adopting comprehensive compliance management systems that monitor and ensure adherence to all relevant laws and regulations.

Regularly updated compliance protocols and training programs to keep all employees informed about regulatory changes and best practices.

• Claims Management

Upgraded claims management systems to provide a more seamless and transparent claims process for customers, from initial filing to final settlement.

Implemented advanced fraud detection technologies to identify and mitigate fraudulent claims, ensuring the integrity of our claims process.

• Data Management and Analytics

Implemented advanced data warehousing solutions to centralize and streamline data management. Developed robust data analytics capabilities to support data-driven decision-making across all functions. Ensured data privacy and security through stringent data governance policies and practices.

By focusing on these critical areas, we have been able to make significant strides in improving our processes and operations, thereby enhancing the overall quality of our services and customer satisfaction. Our commitment to continuous improvement ensures that we remain a leading player in the insurance sector, capable of adapting to changing market conditions and exceeding customer expectations.

In 2023 CICPLC distributed Rs. 3.59 Bn (Company) in net claims and benefits. CICPLC also has one of the highest net claim ratios in the industry at 87%. It reflects the Company's commitment to settling policyholder claims, irrespective of challenges and impacts from the external environment. Through process optimisations and a commitment to improving service delivery, we are now capable of settling claims within seven working days.

In 2023, we introduced an updated version of our Rapid Claim Settlement for claims under LKR 50,000. We committed to settling these claims within one day, provided all necessary documentation has been submitted. On average the time for other claim settlements falls between 4 to 5 days. In 2023, the IT department commenced work on digitising the letter of approval to enhance the efficiency of the settlement process.

SERVICE IMPROVEMENTS

• COOP EXPRESS

To facilitate faster more efficient delivery of services, Coop Xpress was initiated in 2023 in select locations: Waikkal, Ja-ela, Mannar and Trincomalee. The concept behind this initiation is to expedite policies similar to a drive-through concept.

• CALL HUB

Plans are underway to initiate a call hub, which will respond to and manage all customer and public-related inquiries and concerns, apart from undertaking intimations. At present, our call centre undertakes intimations. The planned call hub will address all customer inquiries while directing them to relevant departments and personnel for escalations and assistance. We expect to launch the operation in 2024.

BRAND CAPITAL

For a quarter of a century, CICPLC has been acknowledged as the country's premier insurer for the cooperative sector. Our proficiency and services have been devoted to catering to the needs of the co-operative and state sector communities, apart from offering tailored solutions to both individuals and institutions. The emblem of our co-operative insurance is a common sight nationwide, a testament to our established presence and increasing brand recognition through our network of 112 branches and 114 service centres.

MANAGING BRAND CAPITAL

We continuously convey our brand promise and product benefits to target market segments through concentrated branding and communication strategies. Our efforts are intended to convey our potential to provide economical and accessible insurance that takes care of peoples' indemnification needs.

• MARKETING AND COMMUNICATION ACTIVITIES

In 2023, we undertook several branding and communication activities designed to reach the optimum level of target audiences with cost-effective executions.

| Type | Description | Audience | Result |
|---|---|--|--|
| Above the line | Town storming program with radio support from a prominent channel | Undefined potential audience in rural areas | High brand recognition in rural segments |
| Branding | Activation — town storming in recognised and potential areas | Existing and middle-income earners | Higher brand recognition |
| Promotional activities/Direct marketing | Street Promotion — leaflet distribution | People who don't have an idea about cooperative insurance products | Increase 3rd party insurance |
| Mass communications | Spot advertising — Poya Day program | Home audience | Brand recognition |
| | Spots in prominent LED screen | Vehicle owners in Colombo | Brand recognition amongst three-wheel and bicycle owners |
| Social media | Promotional campaign | Targeting 16-24 ages | The most attractive social media insurance brand |
| | Competition - Introducing wellness plus health plan for social media audience | Targeting 20-35 ages | Direct Business through FB |
| Blog/content marketing | PR | Executive and above | Creating awareness of company progress |

- Mass media: Niche and rural markets became a key focus as we expedited mass media communications through two mainstream TV channels. Activations were conducted through sponsorships and paid advertisements on Derana and Hiru TV channels.
- Promotions for Wellness Plus during the first three months of 2023, followed by promotions for non-motor products
- Propaganda van promote the corporate brand and products to customers in towns and locales selected by the Head Office. Leaflet and brochure distribution is done through the van.
- LED screen advertising to promote motor insurance in Diyatha Uyana and Colombo 7.
- Content marketing through Press media outlets such as Daily Mirror, E-Lanka News
- Promotion of Wellness Plus for the first three months of 2023.
- Branch-based door-to-door campaigns
- 25th Anniversary based campaign
- Product branding

We have established several unique product brandings, which provide unique benefits to policyholders.



TECHNOLOGICAL AND DIGITAL SERVICE DEVELOPMENT

Reshaping how we conduct operations, our IT department has undertaken planned actions in recent years to digitise, digitalise and streamline operations through technological developments. The team continued to accelerate the Company's technological adoptions to support core insurance functions as well as operational processes, such as Finance and HR. The IT team has self-reliantly made efforts to solutions that have helped digitalise processes and streamline manual operations.

In recent years, the department has achieved, underwriting-related motor and non-motor developments, the development of a salvage system, an in-house motor claims solution, online third-party and online cover note systems, an assessor app with photo uploading mechanism, a document management system and a digital document uploading facility for claim settlement.

In 2023, the team undertook the following actions amidst operational and external blocks along the way. The operations carried out by our internal team result in significant cost savings, which in turn positively impact our operating profit and enhance our bottom line. Each year, the Company allocates a dedicated budget for technological developments and digital solution developments.

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT

Developments and Improvements

ICT Policies — Developed and implemented comprehensive ICT policies covering data security, access controls, incident response, and compliance to ensure robust governance and protection of digital assets.

Claim settlement - Introduced a digital document uploading facility, allowing for more efficient and faster claim settlements by reducing the reliance on physical documents and manual processing.

Motor insurance -Enhanced underwriting processes for both motor and non-motor insurance by developing specialized systems to streamline operations, including an in-house motor claims solution and a salvage system for handling claims more efficiently.

Network and data security- Strengthened network security measures with advanced firewall configurations, VPN implementations, and regular security audits. Updated data protection protocols, including encryption and access controls, to safeguard sensitive information against cyber threats.

Digital insurance and online services - Launched online third-party systems enabling customers to access and manage their insurance policies digitally. Developed an assessor app with a photo uploading mechanism to facilitate quicker assessments and claims processing.

Document management (digitization) - Implemented a comprehensive document management system, digitizing and organising documents to improve accessibility and reduce the time required for document retrieval. This system supports the digital document uploading facility for claim settlements, ensuring a streamlined and paperless process.

RESEARCH AND DEVELOPMENT

Market research and market interactions play a strategic role in enabling CICPLC to anticipate customer needs, especially within the cross-sections of the cooperative and state sectors. By assessing the local and global industries CICPLC has the potential and opportunities to identify gaps within the Company's offerings and strive to meet unmet customer needs; this becomes immensely beneficial in introducing new products.

Moreover, secondary research and market observations have enabled us to enhance customer services and take an active stance in developing digital services and online insurance. By adopting enhancement measures we are able to foster stronger relationships with clients while elevating convenience and accessibility in services. Due to concentrated and calculated approaches to product development and expansions, we are able to adopt a structured process for innovation without random, ad-hoc implementations.

Interactions with customers, target markets, niche segments and even partner stakeholders have been instrumental in fulfilling unmet potential through valuable insights on demographics and niche distribution opportunities.

As a group, CICPLC possesses deep expertise in risk management. This expertise positions us uniquely to think differently and creatively by developing solutions that address customer problems in novel and cost-effective ways and deliver value to customers.

INTERDEPENDENCIES AND TRADE-OFFS

Interdependencies

| Activity | Connectivity |
|---|---|
| Preserving and enhancing organisational knowledge | <ul style="list-style-type: none">• Human capital: Enhancing employee performance• Intellectual capital: Influences innovations and differentiations |
| New products | <ul style="list-style-type: none">• Financial capital: Potential for new business and revenue growth• Social capital: Enhances relationships with customers and partners• Intellectual capital: Process to develop and distribute products adds to organisational knowledge |
| Improving processes | <ul style="list-style-type: none">• Financial capital: Leads to enhanced efficiencies, cost savings and increased bottom line• Intellectual capital: Potential to enhance organisational capital• Social capital: Improves relations with customers and other stakeholders |

Interdependencies

| Activity | Connectivity |
|---|--|
| Marcom activities | <ul style="list-style-type: none"> Human capital: Better understanding about products and brand promise amongst employees Intellectual capital: Adds to brand capital Social capital: Enhanced customer relationships. Increased brand loyalty and potential for growth. |
| Tech system improvements and digital services | <ul style="list-style-type: none"> Financial capital: Paves the way for rising new business, which adds to revenue Human capital: Boosts productivity and efficiency in staff Social capital: Improves customer experience and interactions Natural capital: Reduces CICPLC's environmental impact by reducing resource dependence |
| Trade-off | |
| Financial capital | |
| Investments in the above activities | <ul style="list-style-type: none"> Rs 4.8 Mn in digital and tech improvements Rs 11.6 Mn spent on branding and communications Spending on R&D, marketing, development and distribution of new products Rs. 1.3 Mn on employee training and Rs 0.55Mn on recruitment |

WHAT WE ENVISION

As we look to the future, our roadmap for product portfolio, technological advancements, and digital integrations will entail numerous strategies set to be implemented with careful consideration.

Near to intermediate term: Our focus is on launching new customer-centric solutions and services that offer accessibility, affordability and convenience service at all times. We're also developing an underwriting system, ensuring compatibility and adaptations for SLFRS 17, creating a quotation module for spare parts, establishing a medical insurance portal, and a claim system for non-motor insurance.

From a product perspective, we're identifying gaps in our portfolio and planning to launch new offerings, particularly in the non-motor segment, and considering product bundling. To enhance our organisational knowledge, we're instituting a specialised training unit managed by a training manager.

Long run: Our vision is to build a comprehensive IT system with modules catering to all essential functions. We're striving to fully digitise the claim process, aiming for a completely paperless system. Furthermore, we're committed to ongoing enhancements and additions to our product range. These initiatives are part of our commitment to remain industry leaders and continue providing outstanding service to our customers.

In the coming years, our focus on IT will include advanced digital transformations to maximise customer experience and help increase our market presence while preparing the company to better adjust to regulatory changes and modernisations.

BUILDING A WINNING CULTURE



CULTIVATING SUCCESS

At CICPLC, our team members are the powerhouse that enables us to deliver effective risk management solutions, all while maintaining a balance between our corporate goals and regulatory responsibilities. The proficiency of our personnel paves the way for our organisation to consistently generate value for a wide array of stakeholders, which includes our shareholders in the cooperative sector. The competencies of our proficient employees and corporate management serve as the driving force for innovation in our rapidly evolving industry, where innovative services continue to be a key differentiator.

We strive to create an environment that encourages creative and innovative thinking as the means of driving growth and success. Across our branch network, we strive to promote a culture of openness where employees are encouraged to share ideas and take calculated risks.

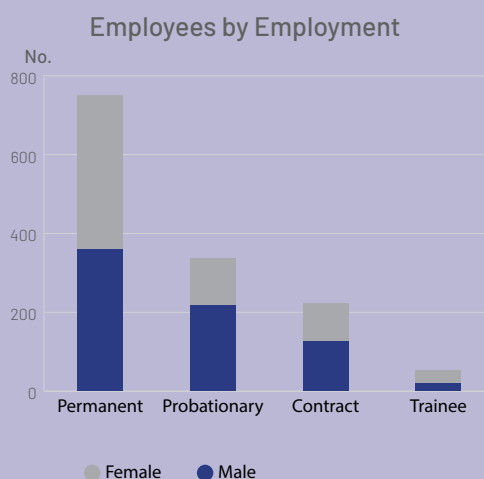
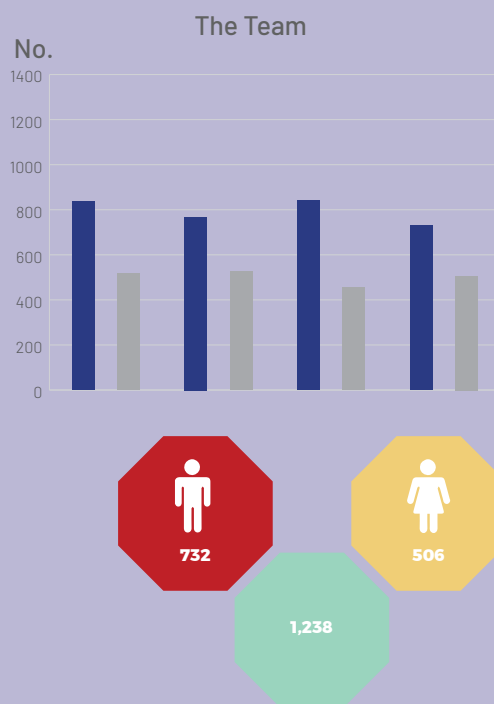
VALUE DRIVERS

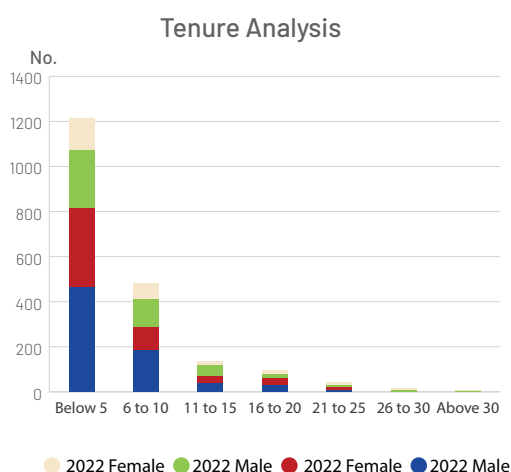
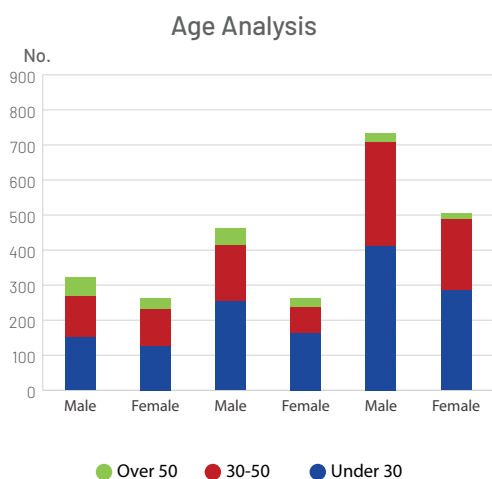


TEAM IN NUMBERS

Over the years, our team has grown in numbers and has also advanced in a wide variety of industry-based skills and capacities. Looking beyond the fulfilment of corporate goals, the Company ensures that employees become integral members in the value creation process. Importantly, CICPLC endeavours to foster an atmosphere that respects and upholds the rights of each employee, appreciating their perspectives, competencies and individual contributions.

Employees of CICPLC have receded slightly compared to the previous year to 1,238 formed by 732 male employees and 506 female colleagues.





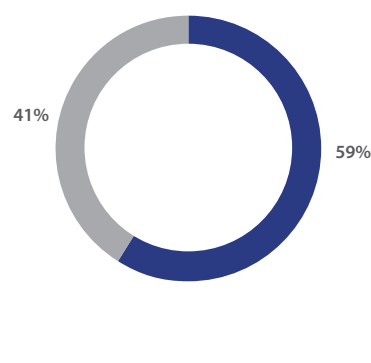
DIVERSITY, INCLUSION AND EQUITY

The Company has seen its DEI improve organically, due to recruitment that focuses mainly on individual competence. The regional spread of our branches has also contributed to this effect, as employees come from communities that surround our 112 branches. These individuals possess the capacity and understanding to respond to the needs of their regional population, which becomes critical in building trust and confidence in the Company. Due to the diversity of our employees, we have been able to carve recognition for ourselves amongst many a rural community across the island. Their unique dispositions enable them to extend inclusivity and equitable treatment to customers within their respective demographics and communities.

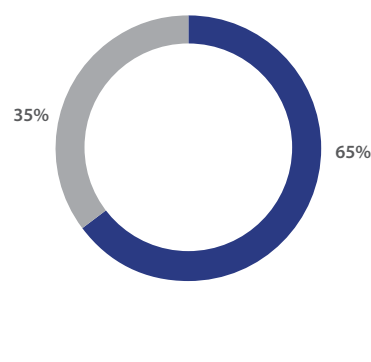
Gender equality is upheld with the highest concern, as we ensure that no individual is discriminated against their gender, biological or demographic profiles. Equality and inclusivity are ensured at all critical HR functions, including recruitment, compensation, training, performance assessment, workplace environment and feedback mechanisms.

GENDER PARITY

Gender Parity 2023



Gender Parity 2022



In the year under review, the Company's gender gap was organically narrowed, as the female population increased to 41% of the total workforce, from 35% in 2022.

POLICIES

The Human Resource Department plays a central role in creating and refining employee-related policies. Such policies provide the groundwork with which to benchmark HR-related functions and their effectiveness in creating a productive and satisfied workforce. At CICPLC, our Human Resource Committee oversees the development and implementation of policies and best practices and takes action to rectify any gaps or delayed developments.

Under the purview of the HR Committee, changes are made to policies each year. In the year under review, the staff medical policy was revised.

BUILDING A WINNING CULTURE

• ANTI-CORRUPTION AND NON-DISCRIMINATION

At CICPLC, we have adopted a staunch stance of zero tolerance towards any corrupt or unethical behaviours and transactions. One way of administering this is by adhering to the Company's code of conduct. Moreover, we adhere to the code of best practice on related party transactions by the Securities Exchange Commission of Sri Lanka, ensuring that our actions are governed by regulatory oversight and compliance with regulations. Appropriate action is taken against employees with unethical and corrupt behaviour while taking legal actions to safeguard the Group's reputation.

• NON-DISCRIMINATION AND ANTI CHILD LABOUR

Non-discrimination and the prohibition of child labour remain fundamental practices at CICPLC. The Human Resource Department ensures that each employee enjoys fair and equitable treatment regardless of their demographical, social and financial backdrops. Moreover, the prohibition of child labour ensures that no person below the age of 16 is employed within our offices.

• GRIEVANCE MANAGEMENT

We have in place a grievance management policy, which ensures that employees are given a fair and transparent opportunity to air their grievances. When such matters are brought to the management's attention, timely action is taken to address the matter in a formal and just manner.

• LABOUR-BASED COMPLIANCE

Our Human Resource Department ensures that the Company has adhered to all labour related laws and regulations.

TALENT ACQUISITION (RECRUITMENT)

Expedited through a proactive and systematic approach, talent acquisition entails the identification and recruitment of suitable professionals to fill existing vacancies. Recruitment at CICPLC took an accelerated approach in 2023 due to a higher number of key personnel resignations due to unavoidable circumstances. Recruitments were conducted with the Company's immediate and long-term goals in mind, to fill skill gaps and to build a robust talent pipeline that can meet future organisational requirements. Furthermore, recruiting staff with diversity brings in unique perspectives, essential for differential thinking.

The hiring process remained systematic and unbiased as we prioritised individual competencies and experiences to find the best fit for each respective vacancy. Internal recruitment became the preferred choice when fulfilling vacancies within the corporate management while non-managerial staff vacancies were filled through an external recruitment process.

In 2023, 758 persons were recruited to the team through 17 recruitment programs conducted across the year. A majority were recruited from the Western Province, followed by the Central and Southern provinces. 56% of recruits are below the age of 30 (428).



WORKFORCE STABILITY

RETIREMENT

In 2023, eight employees retired while 21 employees remained with the Company with extended retirement limits — a majority being male employees (16).

INVESTMENT IN EMPLOYEES

In 2023, the company's total expenditure on staff-related costs amounted to Rs. 683.60 Mn compared to Rs. 672.38 Mn in 2022. This includes salaries and wages, which constituted the majority of these expenses. When considering total group-related expenses, the cost stood at Rs. 823.27 compared to Rs. 823.36 Mn in 2022.

• REMUNERATION AND FINANCIAL INCENTIVES

Monetary benefits are a crucial aspect of our compensation structure. Financial perks include rewarding salary scales, annual bonuses related to performance and financial coverage for medical reasons. Insurance includes comprehensive medical coverage, which contributes to substantial cost savings. Employees of all levels are entitled to staff loans, fuel allowance and an annual increment tied to performance. In addition to the following, employees are financially assisted during the death of a loved one; loved ones are also financially cared for at the time of an employee's unfortunate demise. In non-monetary benefits, employees are given staff transportation facilities for long-distance employees, at a low cost.

| | Medical Insurance | Staff Loan | Fuel Allowance | Bonus | Annual Increment | Staff Promotion |
|------------------------|-------------------|------------|----------------|-------|------------------|-----------------|
| Cleaning Staff | ✓ | ✓ | | ✓ | ✓ | |
| Clerical & other staff | ✓ | ✓ | | ✓ | ✓ | |
| Technical Staff | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sales Staff | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Executive Grade Staff | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Managerial Staff | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

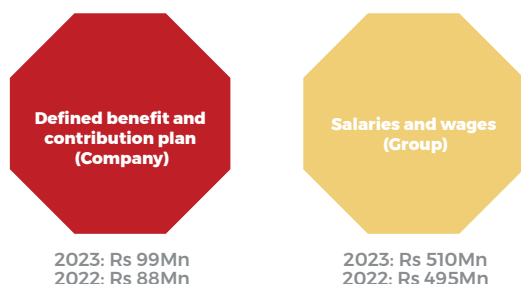
FAIR PAY

To attract and retain the best talent in an ever-competitive industry, we ensure that we provide fair and competitive remuneration levels for the knowledge, skills and experiences of our employees while providing increments and bonuses based on the level of performance against performance indicators. By achieving this we strive to retain the right talent that aligns with CICPLC's values and objectives. To maintain fair and equitable pay, the remuneration committee and the human resource department set the right remuneration levels for each job category and employment type based on individual aptitudes and performance apart from consideration of cost of living and industry standards.

PAYMENTS FOR POST EMPLOYMENT FINANCIAL WELLBEING

We have made timely continuations to the Employees' Provident Fund with CICPLC making a 12% contribution for each employee based on the salary amount. Similarly, we have made timely a contribution of 3% of each employee's salary to the Employees' Trust Fund, ensuring that post-employment benefits are maintained on behalf of our staff.

FINANCIAL CONTRIBUTIONS (COMPANY)



SALES FORCE REMUNERATION

Our sales force plays a crucial role in our journey toward growth and financial prosperity. They receive a salary along with bonus payments, including commissions based on premiums sold, designed to motivate their dedication. Bonuses are granted for surpassing targets and tied to revenue performance. This financial framework encourages agents to excel, aligning their goals with ours, and fostering their professional and personal development. We prioritise fair and transparent compensation for our agents, recognising their significance to the Group.

PERFORMANCE MANAGEMENT

For years, CICPLC has followed a performance evaluation system based on pre-determined key performance indicators. This structured evaluation method has become the basis for promotions and rewards across the Company. Key Performance Indicators (KPIs) serve as a compass for employees in achieving policy goals and revenue targets, as well as internal controls and service standards.

Having established clear expectations, employees received regular feedback on their performance to better apprehend their strengths and areas for improvement. Due to the KPI-based performance assessment and goal-setting the Company has in place an organically driven environment of learning and improvement for both individual and corporate growth.

PROMOTIONS AND CAREER PROGRESSION

In light of the past year's attrition, CICPLC promoted several of its competent members to fill the vacant positions. The vacancies resulted in the promotion of 128 promotions (male: 113 and female: 15).

In 2023, an insurance agent attached to Cooplife Insurance became the Company's first Court of the Table qualifier. Moreover, the Company also witnessed another one of its top-performing agents become the 3rd MDRT qualifier for 2023. Attached to the Chunnakkam branch, both agents are also MDRT achievers.

BUILDING A WINNING CULTURE

TRAINING AND GROWTH

In a constantly shifting external environment and industry trends, ongoing learning and development initiatives are imperative to thrive and succeed; therefore, learning programs at CICPLC are implemented to meet the needs of the Company and employees — based on technical areas and non-technical areas such as soft skill and leadership development.



Training programs are crucial to enhance employees' potential for Company success while elevating their understanding of the company's offerings, technical aspects, soft skills, and sales techniques, ensuring regulatory aptitude, and fostering a professional work ethic. Allocating resources for training initiatives is not merely advantageous for the employees, but it also substantially aids in the overall progression and prosperity of the company.

Six training programs were conducted during the year; this low number is a result of the brief operational hiatus taken to fulfil gaps in regulatory requirements. Additionally, we conducted training for underwriting employees and for claim settlement personnel to identify claim authenticity. RBC training programs by Acsture Lab (Pvt) Ltd prior to implementation in accordance with regulations.

| Program name | Participants (2023) |
|--|---------------------|
| 1. Cascade | 81 |
| 2.. Soft Skills | 226 |
| 3. Training for underwriters in Central Province | 52 |
| 4.. Training for Sales staff in North Province | 24 |
| 5. Training programme for Managers and above | 37 |

WORK-LIFE EQUILIBRIUM AND EMPLOYEE ENGAGEMENT

Highlighting the importance of a healthy balance between personal and job-related responsibilities, employees are facilitated with several recreational outlets and programs to help de-stress from work obligations. These measures are adopted to enhance employees' overall mental well-being while enabling them to adjust to the demands of personal life and the necessary time and effort at workplace.

PARENTAL LEAVE

During the evaluated year, 23 employees (female: 22 and male: 1) had obtained parental leave. 18 employees have returned to work before the end of 31st December 2023.

Each year, several programs are organised to enhance employees' engagement with peers and higher-ups, creating a familial sense within the organisation. In 2023, the following programs were organised by staff, which reflects their preference to maintaining camaraderie and the corporate spirit alive.

- Religious program (Pirith)
- Christmas carols
- Awurudu uthsawaya
- Pola
- Eye clinic programmes to uplift the morale of the employees
- Dansal

WORKPLACE HEALTH AND SAFETY

In the year under review, the Company did not receive any complaints pertaining to health and safety conditions. At CICPLC offices we have implemented all feasible facilities to ensure employee health and safety; these include proper hygiene and access to clean water, in addition to secure office premises equipped with CCTV cameras, security officers and proper signage to indicate exits. Additionally, fire extinguishers and smoke detectors have been set in place to ensure physical safety during an accidental fire.

WHAT WE ENVISION

In the year under evaluation, many of our planned human capital development strategies took a backseat due to the operational suspension and due to the now surpassed uncertainties. Having regained operational normalcy, we are now geared to continue with the same momentum in all our human capital development strategies with the objective of developing a competent and capable workforce. The following will be part of our focus in the coming year.

- Policy development and improvements: HR based policies will continue to be improved and gaps filled with new policies, ensuring that our team is ready to face the demands of the industry and any gaps which could challenge the hinder continuity.
- Succession planning: Part of our focus on policy improvements will include a look into succession planning. Preparing employees with high potential to take up crucial organisational/management roles will be an important aspect.
- Training and development: The establishment of a dedicated training unit will continue with renewed momentum, as we strive to accelerate training programs to address gaps in skills and knowledge among our staff.
- Rewards: In the year under review, We organised an award ceremony to reward our employees.

The effectiveness of our human capital development will be aligned with CICPLC's strategic objectives, as we regularly revise and modify plans as required. We feel that it is vital to convey the plan to all employees, so they comprehend how it benefits them and the organisation. This holistic strategy could guarantee that our human capital continues to be our most precious resource.

INTERDEPENDENCIES AND TRADE-OFFS

Direct impact on capitals

| Activity | Capitals | | | | | |
|-------------------|---|---|---|--|---|---------|
| | Financial | Manufactured | Human | Intellectual | Social | Natural |
| Training programs | Increases employee performance which contributes to financial gains | | | Fosters creative and innovative thinking towards proprietary products and services | Soft skill development boosts stakeholder relations | |
| Bonus payments | Motivates staff to work towards long-term financial gains | | Boosts employee satisfaction, adding to better work ethic | | | |
| New recruitments | | The fresh infusion of ideas for expansion | Adds to a diverse base of team members | Adds to the existing organisational knowledge capital | | |

Trade-off

Financial capital

- | | |
|---------------------|---|
| Investment in staff | <ul style="list-style-type: none"> Rs 823 Mn in total staff expenses (Group) 38% of total expenses operating & administration expenses Rs 684 Mn in total staff expenses (Company) |
|---------------------|---|

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION



Connectivity

Material topic



5



SDGs



At CICPLC, our Social and Relationship Capital embodies the positive results of creating value for our varied stakeholders. The interactions with stakeholders and the outcomes from those engagements help define and guide our strategic objectives, which align with stakeholder expectations. An integral component of our business, these relationships are maintained with and amongst policyholders (customers), business associates, service providers, regulatory authorities and the general public. These relationships mirror the company's essence and culture, and our success can be defined by the level of strength of our relationships with stakeholders.

POLICYHOLDERS

Managing and reinforcing relationships with our policyholders (existing and potential) is a vital component at CICPLC, which entails a focus on transforming our strengths and opportunities to create value for customers (retail and institutional).

As an insurer with its foundation in the country's cooperative sector, our journey has resonated with the needs of the masses: especially those in the rural and grassroots communities. The advent of technological advancements in service and the rapidly accelerating competitive nature of the insurance sector have driven us to adapt our approaches. When working with our clients, we aim to focus on need identification while balancing their financial concerns and our strengths.

We deploy various communication channels, including direct contact to maintain sustained communication. Moreover, having one of the largest service networks and distribution channels in the industry enables us to take our products and services to previously untapped locations and make a difference in the lives of thousands.

VALUE DRIVERS

Creating value for our policyholders and potential customers, is achieved through personalised solutions that address distinct needs; this entails flexible terms, economical pricing and accessible service. But creating customer-centric value also includes continuously adapting to meet their needs and market dynamics. At Cooperative Insurance we leverage our diverse portfolio and distribution channels to improve service delivery while gradually improving digital services to enhance policy purchasing, claims and customer support.

Our ultimate focus is to build, strong long-term relationships with customers, retaining their trust and loyalty towards mutual financial benefits and sustainable growth.



CUSTOMERS AND PRODUCTS

As a company, our customer base continued to reach new heights across the year in focus. There has been satisfactory growth across all customer segments depicted below.

| Retail | Institutional (private and state sector, including corporates and MSMEs) |
|-----------------|--|
| 2023: 2,602,570 | 2023: 1,935,987 |
| 2022: 3,054,710 | 2022: 2,032,235 |

POLICIES PRODUCT-WISE

At CICPLC, nearly 80-85% of our customers are motor insurance policyholders; this requires us to constantly improve our service offering in motor insurance while striving to expand our portfolios under non-motor insurance segments.

| Motor | Non Motor |
|---------------------|-------------------|
| 2023: 3,591,842,484 | 2023: 947,201,656 |
| 2022: 4,250,078,696 | 2022: 836,865,805 |

PRODUCT PORTFOLIO

With the purpose of providing financial security and peace of mind, Co-operative Insurance Company PLC and Cooplife Insurance Limited have created two distinct portfolios unique to their business sectors and service offerings. At CICPLC, our portfolio includes products such as motor, home, and health insurance, which offers protection against unforeseen circumstances, such as accidents, accidental fires and property damages, and illnesses.

• CICPLC - GENERAL INSURANCE PORTFOLIO

As a general insurance provider, we provide solutions covering all aspects of personal insurance needs and all areas of business related insurance.

PERSONAL AND CORPORATE SOLUTIONS

| Motor insurance | Home Solutions |
|--|--|
| Smart Drive | Kedella |
| Travel Solutions | Health Solutions |
| Travel care | Smart Wealth Wellness Plus (latest) |
| Personal Solutions | |
| Personal accident insurance solutions Udara | |

| Fire and Engineering | Cargo |
|--------------------------|-----------------------|
| Aviation and marine hull | Worker's compensation |
| Liability insurance | Other miscellaneous |

• COOPLIFE - LIFE INSURANCE PORTFOLIO

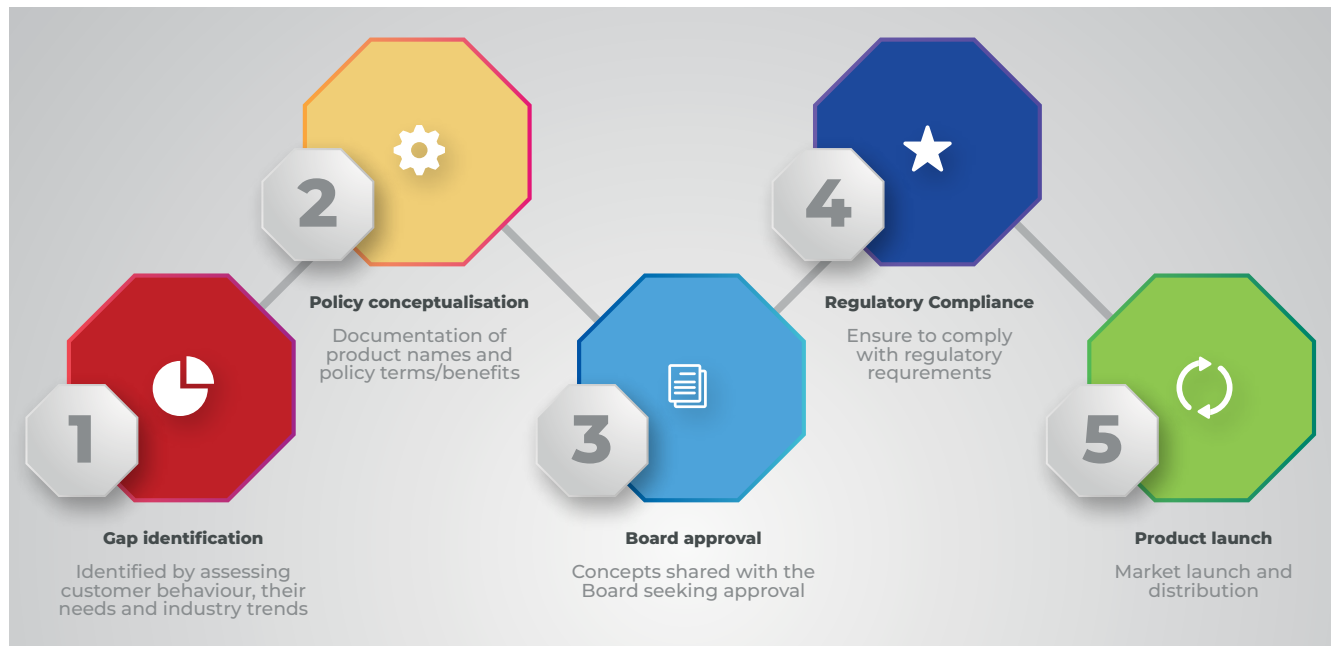
As a life insurance provider, Cooplife (a fully-owned subsidiary of CICPLC) covers life insurance related product categories, as depicted below. They offer flagship products as well as personalised solutions to suit individual and corporate requirements.

| Health Insurance | Retirement Solutions |
|--|--|
| Critical Illness Cover Surgical Benefit Hospital Cash Benefits (per day cover) | Pension Plus |
| Education Solutions | Investment Solutions |
| Sisusetha Plus | CoopLife Investment Plan Future Protector |

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

CUSTOMER-CENTRIC PRODUCT DEVELOPMENT

New product development serves several purposes; the primary is to fulfill gaps in our portfolio and address customer needs. Moreover, we strive to provide a competitive offering by identifying industry trends while conforming to regulations.



COMMUNICATING WITH CUSTOMERS

Establishing and nurturing customer loyalty and long-term relations hinges on our ability to connect with our policyholders. In this regard, utilising communication channels effectively plays a crucial role. This involves providing information about policies transparently, responding to inquiries timely and updating customers on changes to policies or updating them on claim status.

In this regard, we strive to maintain communications through email and by direct contact via telephone. Branch and agent interactions are critical to effective communications, as most of our clientele do not commonly use digital communication mediums. Nevertheless, customers are reminded of policy payments and renewals through SMSs, to enhance customer experience with Co-operative Insurance.

As an insurer who works with a unique market demographic from rural and cooperative sector communities, we understand the importance of breaking down insurance concepts into comprehensible language. We have informed our sales personnel and branch staff to avoid using insurance jargon or terms that might lead to miscommunication or confusion. Furthermore, our call centre plays a crucial role in handling intimations and handling inquiries.

CALL CENTRE

| | |
|---------------------------------|------------------|
| Average response time | Within 5 minutes |
| Average time to resolve queries | 10-15 minutes |

The Company is now in the process of implementing a 'Call Hub' which will handle a range of calls and customer inquiries, including policy requests, product information, service support and grievances and importantly intimations and accident reporting.

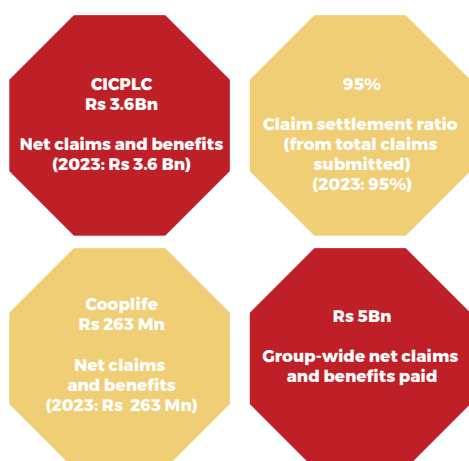
SOCIAL MEDIA

Co-operative Insurance has a steady online presence through its social media profile on FaceBook. The page has nearly 5,000 followers. Cooplife Insurance Limited also has a follower base of nearly 1,000 at the time of preparing this report.

BENEFITS AND CLAIMS

As the most crucial aspect of value proposition as an insurer, both CICPLC and Cooplife continued to provide compensated policyholders subsequent to damages or losses as per policy terms. The settlement process usually takes 7 days on average with rapid claim settlement for claims below Rs. 50,000/-. Claim ingenuity and availability of all completed documentation in addition to the policy terms are all evaluated by respective employees at the branch level or through the Head Office,

During 2023, CICPLC made net benefits and claims to the tune of Rs. 3.6 Bn, compared to Rs. 2.6 Bn made in 2022. Furthermore, Cooplife, our life insurance subsidiary, distributed a total of Rs. 263 Mn in net claims and benefits to policyholders.



INDICATORS OF CLAIM SETTLEMENT

| | |
|-------------------------|---|
| Claim settlement time | Within reasonable time from the date of document completion |
| Rapid claim settlements | Within minimum time period |
| | For genuine claims below Rs 50,000/- |

While we take prompt action to pay genuine claims, our subsidiary Cooplife pays proceeds on policy maturity. In 2023, the subsidiary paid out a total of Rs. 188 Mn in this regard.

MULTI-CHANNEL TOUCHPOINTS

A customer's journey with us begins at each touchpoint (physical location) when a policy is obtained or policy information has been requested. Their journey with us is defined by their experience with us at each of these touchpoints; therefore, we strive to continuously improve our services and accessibility points providing the experience and value they anticipate.

• PHYSICAL TOUCHPOINTS

Our physical touchpoints are one of our most formidable assets, providing a competitive advantage enjoyed by several competing insurers within the market. CICPLC-owned branches amounted to 119 during the year, while service centres affiliated to MPCS stood at 114. The following map provides the overall spread of branches, service centres and brokers. In addition, we have provided accessibility to policyholders through 768 post offices, as well as reach through 8 banking partners for bancassurance. Moreover, our agent (sales force) amounts to 199.

NEW BRANCHES

One new Express Counter was infused into the network, in the year in review. No branch closures or relocations were reported in the year being reviewed.

OTHER TOUCHPOINTS

In addition to the above branch dispersion, we extend additional services through 113 service centres, which are affiliated with Multi-Purpose Cooperative Societies (MPCS) spread all throughout the island. 895 third-party centres are also spread across the country, fulfilling services to those insured by third-party motor insurance. Broker offices are also touchpoints we consider essential to our touchpoints and distribution strategy.

| | |
|------------------------|-----------------------------|
| 114 Service centres | 1000 Third-party centres |
| 78 Broker locations | 768 Post offices |

| | Services |
|------------------------|----------|
| Service centres (MPCS) | 114 |
| Third-party centres | 1000 |
| Broker companies | 78 |
| Post offices | 768 |
| Others (Branches) r) | 121 |

In 2022/23 we established a unit to oversee our cooperative channel, realising their importance to our growth and success. The unit continues to run effectively.

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

PRODUCT DISTRIBUTION

At CICPLC and Cooplife, we adopt a direct selling approach to connect with a broad customer base. Our dedicated sales team and agent force are instrumental in this process, reaching out to customers directly, either at their preferred locations or our branches. Our branch teams, spread across 119 locations with sub branches actively participate in direct marketing of our products to both potential and existing clients and facilitate policy requests initiated by customers.

Our most significant channel of distribution is through agents and brokers, who, despite being intermediaries, contribute to the majority of our premium revenue. Our agents play a pivotal role in generating business from new policyholders, thereby making a substantial contribution to our overall business.

Bancassurance is another key channel we leverage. This involves collaborations with several of our banking partners who market our cooperative insurance products to their respective clients. This multi-channel approach allows us to effectively distribute our products and reach a diverse clientele.

New Policies Total in 2023- 269,187

DIGITAL ACCESSIBILITY

Despite the unique challenges we have faced in the past, we expedited several critical online and digital services for customer convenience. Our digital channels now offer substantial potential for us to expand our business reach while attracting and retaining policyholders with convenience. This becomes strategic when appealing to younger demographics with a preference for digital services.

CORPORATE WEBSITE

www.ci.lk now operates as a user-friendly and well-designed website with accessibility to convenient functions and features. Inclusive of product information and premium payments, the website continues to be enhanced and upgraded by our IT team.

DIGITAL PORTAL

The corporate website's most prominent functionality is its access to our digital portal, which now facilitates third-party motor insurance renewals and premium payments.

CUSTOMER DATA AND PRIVACY

With a growing base of data comes a greater need for security. Therefore, safeguarding customer information is a part of our internal risk management mechanisms; with our shifts towards tech-driven solutions in recent years and due to the vast amount of data that is collected when initiating policies and processing claims, proper storage and security have become a main priority. Moreover, the utilisation of such data goes through various approval processes from the branch level to the senior management.

We remain transparent about the data that we collect from policyholders, which are communicated clearly at various points of collection. In 2022, we implemented the Know Your Customer (KYC) process during customer onboarding, which ensures the effective capture of information, allowing us to segment clients based on income levels and other preferences. It also enhances our risk management capabilities, protecting us against fraudulent customer activities.

COMPLAINT RESOLUTION

Understanding the value of customer satisfaction, we prioritise swift and effective resolution of complaints, aiming to provide a positive outcome in the shortest possible time. This approach not only helps us retain our customers for a longer period but also encourages them to recommend our company within their social circles.

Over the past year, we received several complaints, all of which were addressed and resolved to our customers' satisfaction. We are committed to protecting consumer interests and adhere strictly to regulatory requirements. This ensures that all customer complaints are handled formally and transparently.

Furthermore, we have enhanced our website's complaint submission interface to make it more user-friendly and reliable. This improvement, which complies with regulations, allows our customers to present their complaints comprehensively. This way, we ensure that every concern is heard and addressed appropriately.

INTERDEPENDENCIES AND TRADE-OFFS

Interdependencies

| Activity | Connectivity |
|--------------------------------|--|
| Product development | <ul style="list-style-type: none"> Financial: Leads to increased revenue and market share Human: Growth and development of employees by upgrading creativity and skills to develop products Manufactured Intellectual: Increases company knowledge base Social: Enhances company reputation and bolster relationships |
| Call hub initiation | <ul style="list-style-type: none"> Human: Requirement of additional staff Manufactured: Physical assets and technological infrastructure required Intellectual: Customer service training will enhance employee skills Social: Enhanced responsiveness will strengthen relationships |
| Rapid claim settlement | <ul style="list-style-type: none"> Human: Special skills to required to expedite this Intellectual: Enhances ability to work efficiently and swiftly Social: Better customer relations |
| Enhanced digital accessibility | <ul style="list-style-type: none"> Financial: Cost-saving due to in-house development Human: Enhances employee knowledge of digital services Intellectual: Enhances organisational knowledge capital Social: Enhanced reach and convenience that increases customer satisfaction Natural: Gradually declining use of resources from the Company and clients |

Trade-off

Financial capital

| | |
|---------------------|---|
| Product development | <ul style="list-style-type: none"> Development costs (undefined) |
| Benefits and claims | <ul style="list-style-type: none"> 38% more claims and benefits compared to 2022 |

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

WHAT WE ENVISION

Our plans for the future have our customers at the centre of it all. We will continue to improvise and expand on the following in the near to long term.

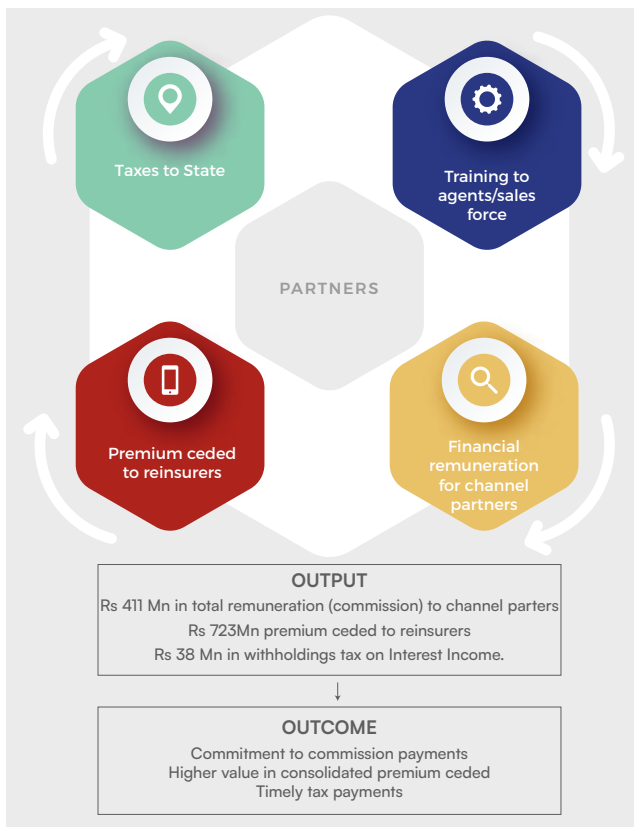
- Service-oriented approach — While retaining our focus on products and affordability, we will continue to delve deeper into enhancing our services. This will include improving customer experiences in branches and service centres, while also training our partners to improve their services to policyholders.
- Technology and efficiency: Adopting technology to support efficiency and reduce human errors to provide better service in claims processing and pricing. We further aspire to gradually move into AI and make necessary transformations, in time to come.
- Increase outreach programs: We plan to amplify our activations and outreach activities to extend our services and reach a wider audience. Our branch and partner network is a great strength in this regard, as we continue to reach individuals and communities with affordable coverage, by offering solutions to self-employed and those who do not receive coverage from employers. Such outreach programs will also serve as a means of increasing awareness of medical insurance.
- New offerings: A fresh infusion of products with new value propositions will continue to be added to existing general and life insurance portfolios.

PARTNERS, SUPPLIERS, REGULATORY BODIES AND THE GOVERNMENT

Our 25-year journey has been significantly influenced by the invaluable contributions of our diverse stakeholders. These include our trusted channel partners and suppliers, key industry bodies, regulatory authorities, and government entities, each of whom has played a crucial role in our growth trajectory.

The collaboration and synergy we have cultivated with these stakeholders have been vital, especially in navigating through challenging circumstances. The investment of time and resources in nurturing these relationships has proven to be invaluable, particularly evident in the past year amidst operational challenges. Despite encountering unexpected hurdles, our partners remained unwavering in their support. By acknowledging the importance of these partnerships and consistently nurturing them, we have not only reduced uncertainty but also strengthened our resilience in the face of adversity. As we move forward, we continue to be committed to nurturing these relationships, recognising their crucial role in our ongoing success and expansion.

VALUE DRIVERS



CHANNEL PARTNERS

Channel partners such as brokers, agents, and other intermediaries are pivotal in the operational structure of our value creation and business model. They act as a bridge between the Company and our policyholders, facilitating the marketing and distribution of our offerings, thereby broadening our influence and penetration across diverse market segments.

These channel partners utilise their regional networks and client relationships to stimulate sales and expansion. Their profound comprehension of local market trends and customer requirements is a priceless asset for us in customising products and strategies. Apart from an affiliation with our brand and an extensive array of products and services, they also receive assistance through training, marketing tools, and customer service, which empowers them to better cater to clients.

• Agents

In our operations across Sri Lanka, our agents play a pivotal role in fostering and maintaining relationships with our diverse clientele, both for our company and its subsidiary. By December 2023, our team comprised 199 agents, whose efforts contributed significantly to reaching the Rs. 299.6 Mn Gross Written Premium (GWP) milestones for the year.

We support our agents through comprehensive training, regular monthly evaluations, and motivational guidance. However, the cornerstone of our relationship lies in our commitment to fair compensation through commission payments, reflecting their dedication and success in nurturing client relationships and driving business growth. In the year under review, Monthly, Quarterly Product and Motivational Trainings were conducted for agents.

• Brokers

Brokerage firms wield considerable influence in advocating for our insurance solutions, particularly among customers desiring adaptable premiums and tailored solutions aligning with their needs and financial capabilities.

In recognition of their crucial role, we ensure timely commission payments as remuneration for the services rendered. Additionally, we equip them with comprehensive product knowledge to better serve their clientele, fostering a mutually beneficial relationship. Training and monthly evaluation meetings were conducted for brokers. In the year under review, we worked with 78 brokers.

• Bancassurance

Partnering with eight esteemed leaders in the banking sector, we extend our reach to a broader customer base. Throughout the year, we expanded our network by collaborating with the Bank of Ceylon, strategically targeting customers beyond our traditional scope.

Our commitment to nurturing robust banking partnerships remains unwavering. This strategic alliance empowers us to deliver tailor-made solutions that address the unique needs of their clientele effectively. Among our esteemed bancassurance partners are Sampath Bank, Seylan Bank, PABC, RDB, People's Bank, SMIB and NTB.

SHARING VALUE WITH BUSINESS PARTNERS

| Partner | 2023 | 2022 |
|----------------------|---------------------|------------------|
| | Premium received | Premium received |
| Agents | Rs. 300 Mn | Rs. 1,081 Mn |
| Brokers | Rs. 1,740 Mn | Rs. 2,032 Mn |
| Other intermediaries | Rs. 2,499 Mn | Rs. 1,974 Mn |
| Total | Rs. 4,539 Mn | Rs. 5,087 Mn |

Total commission expense for 2023 is Rs. 410.8 Mn and it was Rs. 472 Mn in 2022.

SUPPLIERS AND SERVICE PROVIDERS

Collaborating with both local and international suppliers and service providers is integral to our procurement strategy. From suppliers, we acquire a range of goods such as office equipment, furniture, fittings, tools, and machinery essential for our operations.

Similarly, we engage with service providers to access a variety of services vital for our business functions. These services encompass auditing, banking, telecommunications, IT, and more, ensuring seamless and efficient operations across all facets of our organisation.

During the year, we worked with 61 suppliers including service providers across head office and branch levels and provided payments for goods and services obtained.

REINSURANCE PARTNERS

In an industry characterised by diverse risk exposures and unforeseen losses, our reinsurance partners play a pivotal role in safeguarding our profitability. Through enduring partnerships with these reinsurers, we bolster our capacity to absorb risks from an expanding client base, underscoring our resilience in navigating volatile market conditions.

This sustained collaboration reaffirms our ability to maintain stability amidst the inherent risks inherent in our operations, ensuring continued profitability and sustainability.

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

INDUSTRY ASSOCIATIONS

We are proud members of the International Co-operative and Mutual Insurance Federation (ICMIF) based in the UK, a globally recognised organisation representing 120 cooperative insurance companies spanning 65 countries. Additionally, we hold membership in the Asia and Oceania Association (ACA). Our affiliation with the Chartered Insurance Institute — UK, facilitated through CITA, enables us to offer CII-UK authorised professional qualifications, ensuring our commitment to delivering accredited expertise in the insurance sector.

COMMITMENTS TO REGULATORS AND THE GOVERNMENT

In 2023, we took measures to rectify shortcomings in regulatory compliance pertaining to corporate governance. This is in relation to the scrutiny faced by the Company for non-compliance with board composition requirements in 2023. We have taken all required action to ensure the correct board composition and balance and have ensured ongoing operational viability and regulatory compliance. CICPLC and Cooplife made business decisions while staying firmly within regulatory boundaries, ensuring both compliance and transparency to safeguard the interests of stakeholders. Up to date, we have complied with all applicable rules of the Insurance Regulatory Commission of Sri Lanka, the rules of the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission (SEC).

Throughout the year, we maintained capital adequacy ratios comfortably above industry standards, in accordance with regulatory capital requirements. Both CICPLC and Cooplife sustained sufficient capital buffers consistently. In terms of taxation, the company tax payment totalled Rs. 38 Mn Withholding tax on interest income for the year, with both entities, CICPLC and Cooplife, meeting their tax obligations in accordance with applicable revisions.

In the year under review, we also incurred Rs 432,850/- in payment for fines and penalties.

CICPLC
CAR 333%
(2023)

Cooplife
CAR 356%
(2023)

Further, we are well into preparing and implementing SLFRS 17 by 2026, which will greatly enhance and impact the preparation of financial statements and disclosures. We have consulted expert services to ensure a smooth transition and to ensure that all requirements are adopted by 2026.

Interdependencies and trade-off

Interdependencies

| Activity | Connectivity |
|---------------------------------|---|
| Training to channel partners | <ul style="list-style-type: none"> Financial: Rs 4.5 Bn in premium income from partners Intellectual: Advances knowledge of products and sales Social: Enhances skills to maintain better cater to client requirements |
| Ensuring compliances | <ul style="list-style-type: none"> Ensures operational viability which positively impacts the organisation, stakeholders and our vital resource capitals |
| Reinsurance commitments | <ul style="list-style-type: none"> Financial: Ability to withstand sudden and substantial insurance claims Social: Maintain relations that help ensure operational viability and fulfilment of policyholder indemnification |
| Suppliers and service providers | <ul style="list-style-type: none"> Financial: Cost optimisations through negotiations and agreements Manufactured: Adds to physical resource base |

Trade-off

| Financial capital | Fines and penalties over Rs. 0.4 Mn |
|-------------------|--|
| | Over Rs 400 Mn in commission payments to business partners |
| | Rs 768 Mn in reinsurance premium |

WHAT WE ENVISION

As we progress forward, our dedication is unwavering in creating value that resonates with our stakeholders' expectations, creating business opportunities and continuing the economic growth of partners and regulators.

We have been committed to providing financial remuneration for the work done by our partners, recognising their valuable contributions to our organisation. In addition, we have implemented adequate training on products and services, ensuring that our partners are well-equipped to represent our brand effectively. Furthermore, we have focused on enhancing the economic value propositions for our partners and suppliers.

Moreover, we will continue to be committed to maintaining compliance with regulations, while also extending our support to various community projects. We have kept a close eye on the regulatory landscape, adapting to changes as they occur. Financial stability has been a priority, with adequate capital buffers maintained at all times.

COMMUNITY

As an insurance company with roots in the cooperative sector, we are committed to supporting members within the cooperative community, rural communities and MSMEs. Our duty to the general community involves ensuring that assurance and assistance are provided to communities and persons overlooked by other insurers. We make every possible effort to make positive and impactful changes in the lives of those who seek our services and support as we actively participate in outreach programs and engagements with cooperative societies and rural communities.

Our goal is to instil in rural communities the importance of insurance, particularly in communities where the concept of insurance has been overlooked due to economic limitations. To tackle this challenge, we provide affordable policies through niche channels that seep into the nerves of Sri Lanka's backcountry and rural communities — ensuring that insurance reaches the financially vulnerable. Our sales force, branches, service centres, cooperative society partners, and insurance agents and brokers all work to fulfil this endeavour as they reach such communities and deliver understanding and advice.

VALUE DRIVERS



AFFORDABLE AND INCLUSIVE SOLUTIONS

Co-operative Insurance administers the financial security of the economically burdened by enabling a model of collective pooling, which allows policyholders to combine their financial resources to afford insurance coverage. This approach provides tailored insurance coverage to meet specific needs but also supports small businesses and specific industries, such as agriculture.

The approach reflects our deep engagement with low-income and rural communities, and to reach such communities, we conduct outreach programs and activations across the country. In essence, we believe that collaborating with our partners in the cooperative sector, such as Multi-Purpose Cooperative Societies (MPCS), enables us to provide affordable insurance to protect financially vulnerable individuals and MSME businesses against losses —creating a safer future. Moreover, our work with the cooperative sector and rural communities ensures that low-income earners receive financial protection, which helps raise their standard of living.

RESPONSIBLE SOLUTIONS

The insurance e-card introduced in 2022 will be increasingly promoted amongst new and existing policyholders as a sustainable alternative to plastic card usage. While it provides the convenience of not carrying a plastic insurance card, it will also reduce the number of plastic cards disposed of into the environment at the end of a policy term.

REGIONAL EMPLOYMENT

By establishing our physical presence in cities outside of the Western Province, we have created hundreds of employment opportunities, for men and women residing in suburban and rural locales. In 2023, we have recruited 585 individuals to the cadre from provinces excluding Western province, which is 132% more than the previous year, as it amounted to 252 in 2022. This amount of 585 is 77% of the total 758 recruited in 2023 across the island.

COMMUNITY-BASED ACTIVITIES

• DANSAL

During the year, CICPLC organised several Dansals, practising the act of giving while enhancing engagement between coworkers. Staff from organising branches volunteered their time and energy to provide refreshments to the public.

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

• BEACH-CLEANUP

Our subsidiary, Cooplife organised a beach cleanup event which served its purpose of clearing the beach from waste and debris at Wellawatte in December of 2023. Additionally, it fulfilled the less tangible goal of enlightening employees and the general public on the importance of safe and clean beaches for humans and for the preservation of marine ecosystems.

THE FUTURE

Increasing future CSR investments will be a key focus while ensuring that we provide affordable solutions to those with financial difficulties. Our long-term objective is to improve the comprehensiveness of our policies to rural communities and those deserving affordable insurance — ensuring that their lives, assets and loved ones are covered against future losses.

For the benefit of citizens across the country, we endeavour to increase our efforts at environmental sustainability, while increasing digital insurance to reduce our operational footprint and impact on the environment.

INTERDEPENDENCIES AND TRADE-OFF

Interdependencies

| Activity | Connectivity |
|------------------------------------|--|
| Regional Recruitment | <ul style="list-style-type: none">• Financial: Increased GWP from agents and partners• Manufactured: Improvements to existing facilities to accommodate staffing requirements• Human: Increasing employee base• Intellectual: Increases organisational knowledge• Social: Increasing agents and staff to work in rural areas |
| Affordable and inclusive solutions | <ul style="list-style-type: none">• Financial: Enhanced GWP from MSME and cooperative sector economic solutions |
| Responsible solutions | <ul style="list-style-type: none">• Intellectual: Adds to the organisation's collective knowledge base• Natural: Innovations in digital insurance reduce environmental impact and use of resources |
| Community activities | <ul style="list-style-type: none">• Human: Increases engagement between employees• Social: Increasing relationship with the community |

DEVELOPING ENVIRONMENTAL SUSTAINABILITY



Connectivity

Material topic

11

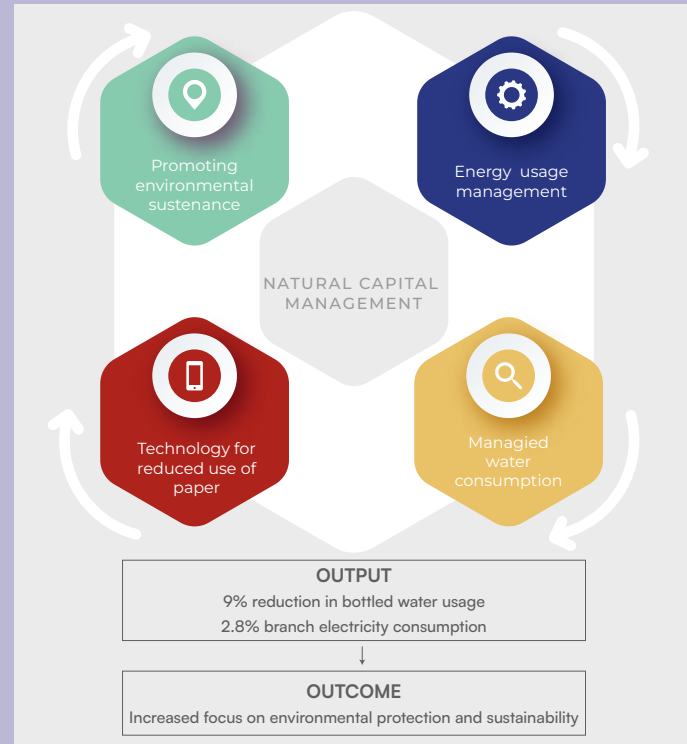
SDGs



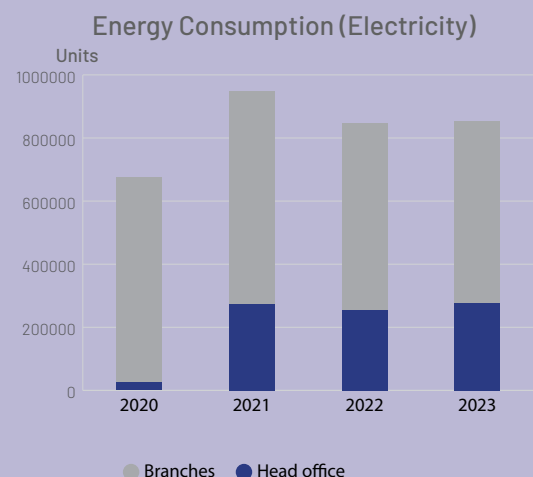
At CICPLC, we have increasingly prioritised the implementation of natural capital management in recent years. While we have encountered some operational and technical challenges in tracking and documenting resource use, we understand its significance on the triple bottom line. We recognise that our operations may indirectly affect our environment, even if these effects are not immediately apparent. As a result, we have put into action a number of practical strategies within our capacity to mitigate these impacts to the best possible extent, thereby positively contributing to the planet, people, and profits.

CICPLC as a Company consumes electricity from non-renewable energy, pipe and bottled water, and fuel to sustain operations at the head office and branch network (service centres are operated by MPCs). In managing our approach to consuming and conserving energy, water, fuel and waste, we have adopted certain responsible practices, with a focus on being environmentally sustainable in the near future. We intend to balance the needs of our business with the use of resources, to ensure that our work does not impact the environment unnecessarily.

VALUE DRIVERS



ENERGY CONSUMPTION AND MANAGEMENT



In recent years, the reduction of electricity consumed has been approached through several measures. These have yielded modest results.

- Controlled air conditioner usage for optimum power consumption
- LED lighting to conserve power and spending

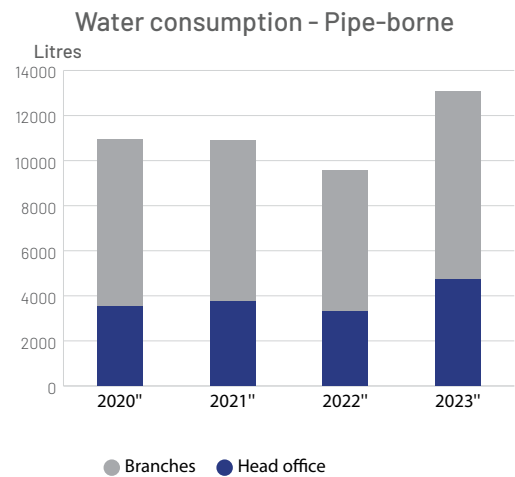
DEVELOPING ENVIRONMENTAL SUSTAINABILITY

- Use of natural lighting in areas with optimal exposure during daytime
- Emphasis and communications on the importance of conserving power

During the year under review, the consumed electricity volume amounted to 852,083 kWh, which exceeds/falls short when compared to that of 2022; although total consumption has increased slightly, electricity consumption at branches have reduced by 2.8%

MANAGING WATER USAGE

In 2023, CICPLC consumed a total of 13,104 pipe-borne water and 153,452 litres of bottled water across branches and head office. While pipe-borne water consumption has increased in 2023 when compared to 2022, bottled water consumption has reduced substantially, by 9.6%.



TECHNOLOGY TO REDUCE RESOURCE DEPENDENCE

With the use of IT platforms and software, through digitisation and digitalisation of documents and processes, we continue to gradually reduce the use of paper and documentation. The following are in place to support this endeavour:

- In 2022/23, we launched the e-card concept for motor insurance policyholders with the aim of reducing plastic insurance cards, which have a negative impact on the environment when disposed of.
- Digitalisation of the tender process
- In-house built assessor application which has reduced documentation and image printing
- Our Document Management System has provided convenience to staff and facilitated reduced use of paper when processing policy information and claim intimations.

WASTE MANAGEMENT

Across our branches and at the Head Office, waste disposal happens systematically. Waste that is collected by our cleaning staff daily is gathered and disposed of by municipal waste collectors. Waste is non-hazardous but will at times include electronic waste.

PROMOTING ENVIRONMENTAL SUSTENANCE

In 2023, the welfare societies of Cooplife Insurance Limited and Cooperative Insurance came together to clean a polluted area of the Wellawatte shoreline. A social service program by the Companies, employees and well-wishers joined in cleaning the area, by clearing debris and pollutants, including plastics from the debris-filled location. The project was part of 'ManPetha'.

INTERDEPENDENCIES AND TRADE-OFFS

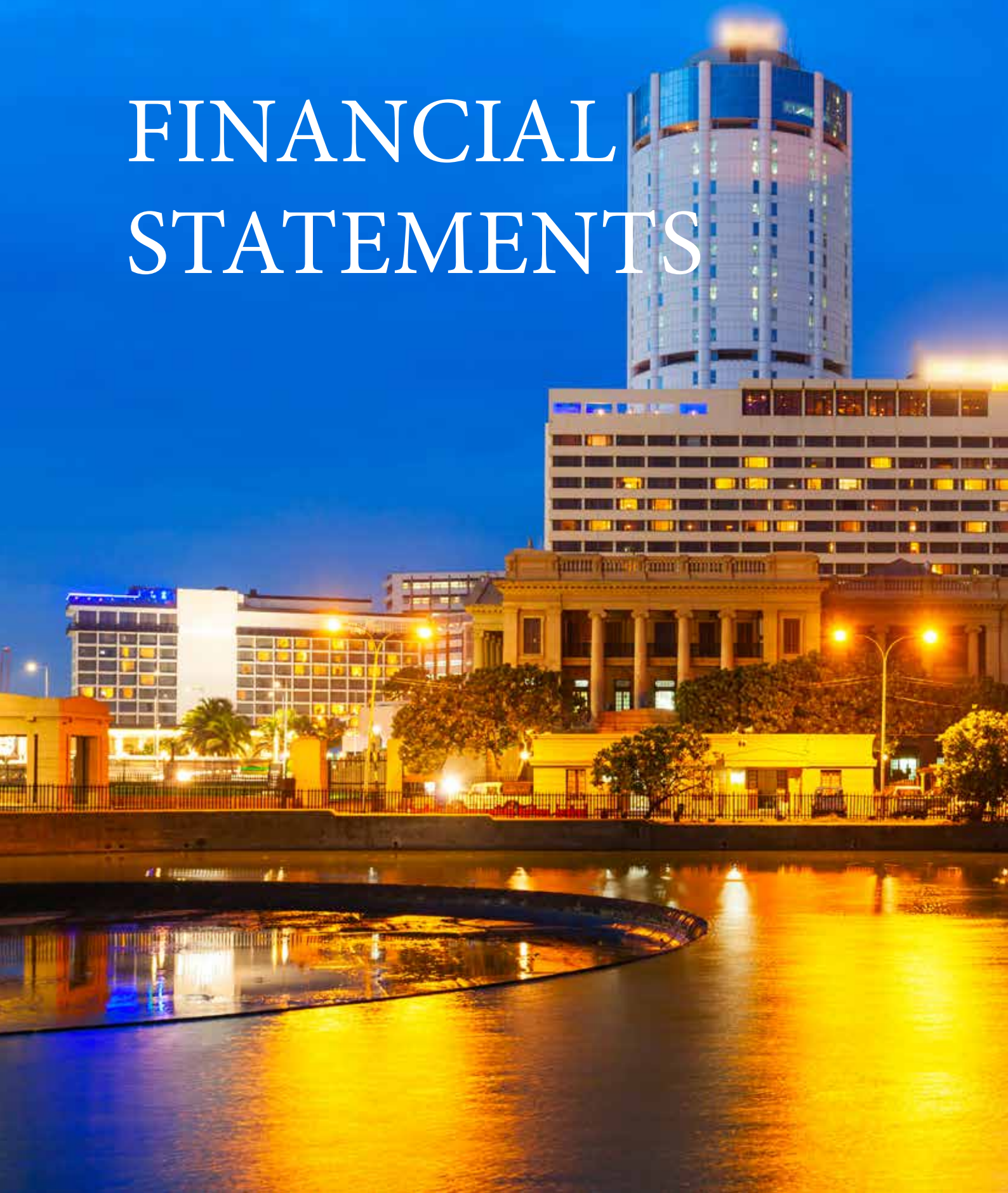
| Interdependencies | |
|-------------------------------|---|
| Activity | Connectivity |
| Natural capital value drivers | <ul style="list-style-type: none">• Manufactured: Striving to reduce the negative impact of physical resources• Human: Employee commitment is essential to ensure energy and water conservation. Moreover, the development of IT systems that helps reduce resource dependencies is driven by our IT team.• Intellectual: Intellectual capital receives a boost, as staff explores avenues of promoting environmental sustenance. |

WHAT WE ENVISION

Integrating natural capital considerations into our strategic plans and operational procedures remains part of the bigger goal at CICPLC. While this is an indefinite time away from realisation, we are making plausible efforts to make small but impactful increments in our environmental sustainability journey. By integrating natural capital management approaches into strategic and operational decision-making, we can become active stakeholders in promoting environmental sustainability, social equity, and economic vitality.

- Record consumption patterns of resources, including energy, water and fuel to make informed decisions
- Palpable reduction in paper use through digitisation and digitalisation
- Shift from modest to large-scale tree planting and other contributions to offsetting carbon footprint

FINANCIAL STATEMENTS



STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of Directors in relation to the preparation of Financial Statements of the Company is set out in the following statement.

The Companies Act No. 07 of 2007 places responsibility on the Directors to prepare Financial Statements as at the Balance Sheet date of the Company which gives a true and fair view of the state of affairs of the Company, Profit and Loss and cash flows of the Company as at end of the financial year.

The Financial Statements of the Company for the year ended 31st December, 2023 have been prepared in compliance with applicable Accounting Standards. It also provides 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.

In preparing the Financial Statements, the Directors have selected the appropriate accounting policies and have applied them consistently and reasonable and prudent estimates and judgments have been made. The Directors are of the view that adequate funds and other resource are available within the Company for the Company to continue in operation for the foreseeable future and continue to adopt the Going Concern basis in preparing the Financial Statements.

All reasonable steps have been taken by the Directors to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors confirm that they have provided the Auditors all the information and explanations which were considered necessary for the conduct of their audit.

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company as at the Balance Sheet date have been settled or accrued in the Financial Statements.

By Order of the Board,



Secretary
Kalupahana & Thilakaratne Law Associates
Secretaries to Co-operative insurance Company PLC
9th May 2024

AUDIT COMMITTEE REPORT

ROLE AND OBJECTIVES

Audit Committee oversees the financial reporting system with an aim of safeguarding the interest of all the Stakeholders of the Co-operative Insurance Company Limited. As defined in the Terms of Reference of Audit Committee, the Committee assist the Board of Directors in carrying out its responsibilities in the areas of financial reporting system, business risk management, internal controls and internal audit, related party transactions, compliance in specially with Sri Lanka Financial Reporting Standards, Companies Act No. 07 of 2007 and Regulation of Insurance Industry Act No. 43 of 2000 , Listing Rules of the CSE and External Audit and Auditor's independence.

COMPOSITION AND PROCEEDINGS

Mr. L.Waragoda (Chairman) -
Appointed with effect from 9th June 2023.

Mr. P. B. Jayarathne -
Resigned with effect from 24th January 2024

Mr. T.B.H.Kumara

Mr. G.G.Dayasumana -
Appointed with effect from 28th December 2023

Due to expiry of term of Mr. A. D. T. S. Palitha from the Board, with effect from 29th June 2022 the position of the Chairman of the Audit Committee felt vacant. However, the current Chairman was appointed to the Board as an Independent, Non-Executive director, effective from 09th June 2023 and he was appointed to the position of the Chairman of the Audit Committee on the same day. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Managing Director, Chief Executive Officer, and Heads of Finance, Marketing, Human Resources, Information Technology attend the meetings on invitation. Manager Internal Audit functions as the Secretary to the Audit Committee. During the Financial Year 2023, Seven (07) meetings have been conducted and all the matters material has been reported to the Board.

FINANCIAL REPORTING

Audit Committee reviews annual and quarterly financial statements along with their disclosure requirements. Extent of disclosures is discussed and reported to the Board of Directors.

INTERNAL CONTROLS AND INTERNAL AUDIT

Internal control framework is regularly reviewed and Manager Internal Audit is requested to report on areas of importance. Internal Audit reports were discussed in detail with the presence of respective Heads of Departments and branch level management. Further, a mechanism is in place to follow up actions and feedback. Related Parties and transactions with related parties were also identified and discussed at the meetings.

EXTERNAL AUDIT

The Audit Committee reviewed the independence and objectivity of the External Auditor and the effectiveness of the audit process. The Committee perused the independent auditor's report and Management Letters and other communications during the course of the audit of financial statements. Management Responses are followed up as well in implementing Auditor's recommendations.

CONCLUSION AND RECOMMENDATION

The Committee, together with the management reviewed the system of internal controls, risk management procedures and appropriateness and application of accounting policies of the Company and is satisfied with them. Further improvements are also encouraged to meet emerging challenges to the business processes. The Company's Internal Audit has been effective and External Auditor of the company has been independent throughout the year.



Mr. Lalith Waragoda
Chairman of the Audit Committee

INDEPENDENT AUDITORS' REPORT



Jayasinghe & Co.
CHARTERED ACCOUNTANTS

94/12, Kirulapone Avenue, Colombo 05, Sri Lanka.
Tel/fax: +94 11 2512514, 2512400, 2512069
Website: www.aajco.lk Email: info@aajco.lk

TO THE SHAREHOLDERS OF CO-OPERATIVE INSURANCE COMPANY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Co-operative Insurance Company PLC ("the Company") and the consolidated financial statements of the Company and its Subsidiaries ("Group"), which comprise of the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at December 31, 2023, and of their financial performance and its cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards (SLFRS /LKAS).

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri

Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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 most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Member of Russell Bedford International - a global network of independent professional services firms

L.D.A. Jayasinghe FCA, FCMA
G.D.N. Mendis B.Sc. (B. Adm.) Sp., FCA, FCIT, FCMA
A.K. Weerasinghe B.Sc. (Accounting)Sp., ACA, ACIT
D.M. Nirmla P. Deegalla B.Sc.(B.Adm.)Sp., ACA

I.S. Jayasinghe FCA, FCMA, MPA(Harvard)USA, PG Dip.(ISS)Netherlands
P.I.S. Jayathilaka B.Sc (B.Adm.)Sp., FCA, FCMA
T.M. Salgado B.Sc.(B.Adm.) Sp., FCA
S.I.D. Vithanage B.Sc. (Accounting) Sp., ACA, MAAT

Key Audit Matters

How our Audit addressed the Key Audit Matters

1. Life Insurance Contract Liabilities

Life Insurance Contract liabilities amounting to Rs. 3.92 Bn (note 15) represent 38% of the total liabilities of the Group as at 31 December 2023.

These were key audit matters due to:

- materiality of the reported Life Insurance Contract Liabilities;
- the degree of assumptions, judgements and estimations of uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities; and
- Liability Adequacy Test carried out to ensure the adequacy of the carrying value of Life Insurance Contract Liabilities.

Key areas of significant judgments, estimates and assumptions used in the valuation of the Life Insurance Contract Liabilities included the following:

- determination of assumptions such as mortality, morbidity, lapses and surrenders, loss ratios, bonus, interest rates, discount rates and related claim handling expenses.

To assess the reasonableness of the Life Insurance Contract Liabilities, our audit procedures included, amongst others the following, based on the best available information up to the date of our report;

- checked the completeness and accuracy of the data used in the valuation of Life Insurance Contract Liabilities by agreeing significant details to source documents and accounting records.
- performed procedures to understand and evaluate the work of management's specialists.
- engaged specialized resources to assess the reasonableness of the assumptions used in the actuarial valuations of Life Insurance Contracts with reference to the market data and policyholder experience.
- assessed the adequacy of the disclosures in note 15 to the financial statements.

2. Non-Life Insurance Contract Liabilities

Non-Life Insurance Contract liabilities amounting to Rs 3.57 Bn (note 15) represent 35% of the total liabilities of the Group as at 31 December 2023.

Non-Life Insurance Contract Liabilities include provision for reported claims, provision for claims IBNR & IBNER and provision for unearned premium.

Non-Life Insurance Contract Liabilities are determined as described in note 15.

These were key audit matters due to:

- materiality of the reported Non-Life Insurance Contract Liabilities;
- the degree of assumptions, judgements and estimations of uncertainty associated with valuation of Non-Life Insurance Contract Liabilities; and
- liability adequacy test carried out to ensure the adequacy of the carrying value of Non-Life Insurance Contract Liabilities.

Key areas of significant judgments, estimates and assumptions used in the valuation of the Non-life Insurance Contract Liabilities included the following:

- determining historical experience and business expectations such as previous claim experience, existing knowledge of risk events, industry ultimate loss ratio, claims handling expenses and management expenses; and,
- determining methods used for unearned premium calculations

To assess the reasonableness of the Non-Life Insurance Contract Liabilities, our audit procedures included, amongst others the following:

- checked the completeness and accuracy of the data used in the valuation of Non-Life Insurance Contract Liabilities by agreeing significant details to source documents and accounting records.
- test-checked the unearned premium calculations.
- engaged specialized resources to assess the reasonableness of the assumptions used in the valuation of Non-life Insurance Contracts with reference to the industry data, considering both historical experience and business expectations.
- assessed the adequacy of the disclosures in note 15 to the financial statements.

INDEPENDENT AUDITORS' REPORT

Key Audit Matters

How our Audit addressed the Key Audit Matters

3. Investments in Financial Instruments

Financial instruments amounting to Rs.11.31 Bn (note 6) representing 71% of the total assets of the Group. Financial instruments include financial instruments measured at amortized cost amounting to Rs. 11.29 Bn and financial instruments measured at fair value amounting to Rs. 16.05 Mn.

These were key audit matters due to:

- the materiality of the reported financial instrument balances;
- high volume of transactions transacted during the year;
- significantly exercise of management judgements for classification and reclassification of financial instruments and related impacts on subsequent measurements and presentations of those instruments; and
- significant time required to verify existence of financial instruments.

Our audit procedures included amongst others the following:

- assessed the adequacy of the disclosures in note 6 to the financial statements.
- tested the key controls over the process of recognition and classification of financial instruments.
- engaged specialized resources to assess the design, implementation and operating effectiveness of relevant automated controls including IT general controls within the system.
- assessed the valuation of financial instruments by agreeing details to source documents on sample basis and agreed balances with independent confirmations.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises of the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be furnished to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereof.

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 are 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if we have identified an uncorrected material misstatement of the other information obtained after the date of the auditor's report, we have a legal obligation to take specific action in response.

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 controls as the management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to 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 audit in accordance with SLAuSs, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performing of audit procedures responsive to those risks, and obtained 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 one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the overriding of internal controls.
- Obtained an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty existed related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we concluded that a material uncertainty existed, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represented the underlying transactions and events in a manner that achieved the fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

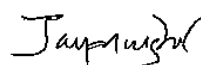
We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identified during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

As required by Section 47(2) of the Regulation of Insurance Industry Act, No.43 of 2000, as far as appears from our examination, the accounting records of the Company have been maintained in the manner required by the rules issued by the Insurance Board 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 557.



JAYASINGHE & CO.
CHARTERED ACCOUNTANTS
Colombo.
14th May 2024
AJ/IJ/HM/1277/1379/1410

STATEMENT OF FINANCIAL POSITION

| AS AT 31ST DECEMBER (All amounts are in Sri Lanka Rupees) | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | |
| Property, plant & equipment | 04 | 1,474,141,604 | 1,430,782,550 | 1,108,685,485 | 1,071,181,539 |
| Right of use assets | 04.01 | 381,507,040 | 399,318,710 | 326,506,466 | 329,708,172 |
| Intangible assets | 05 | 23,033,573 | 28,271,021 | 22,797,959 | 27,378,598 |
| Deferred tax asset | 21 | - | 8,678,227 | - | - |
| Financial investments | 06 | 11,311,021,166 | 10,242,080,539 | 6,465,953,900 | 6,433,921,984 |
| Investments in subsidiaries | 07 | - | - | 544,260,050 | 544,260,050 |
| Loans to life policy holders | 08 | 71,346,801 | 34,789,350 | - | - |
| Reinsurance receivables | 09 | 983,827,328 | 527,479,181 | 971,307,802 | 514,122,730 |
| Premiums receivable | 10 | 1,304,668,277 | 1,339,449,705 | 1,285,546,668 | 1,321,254,103 |
| Related party receivables | 35 | - | - | 8,830,924 | 6,479,613 |
| Other assets | 11 | 195,084,072 | 128,314,641 | 136,862,743 | 89,625,353 |
| Cash & cash equivalents | 12 | 163,863,534 | 106,750,441 | 133,580,333 | 71,918,536 |
| Total Assets | | 15,908,493,395 | 14,245,914,365 | 11,004,332,330 | 10,409,850,678 |
| Equity & Liabilities | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| Stated capital | 13 | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 |
| Revaluation reserve | | 1,234,556,800 | 1,057,497,653 | 1,004,461,996 | 856,105,427 |
| Available for sales reserve | | (76,851,123) | (80,281,013) | (12,432,304) | (24,198,263) |
| Retained earnings | | 2,330,506,942 | 2,645,383,748 | 1,736,965,015 | 1,992,173,103 |
| | | 5,686,528,134 | 5,820,915,903 | 4,927,310,223 | 5,022,395,782 |
| Non-controlling interest | 16 | - | - | - | - |
| Total Equity | | 5,686,528,134 | 5,820,915,903 | 4,927,310,223 | 5,022,395,782 |
| Liabilities | | | | | |
| Preference shares | 17 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Retirement benefit obligations | 18 | 123,591,400 | 111,337,156 | 103,240,942 | 92,256,948 |
| Lease liability | 14 | 457,265,086 | 462,460,819 | 386,976,373 | 377,192,259 |
| Insurance liabilities | 15 | 7,499,054,550 | 6,048,498,362 | 3,574,763,101 | 3,249,134,938 |
| Reinsurance creditors | 19 | 835,341,873 | 531,740,057 | 830,449,668 | 513,045,287 |
| Deferred tax liability | 21 | 67,069,765 | 78,137,283 | 46,748,533 | 78,137,283 |
| Other liabilities | 20 | 1,097,054,645 | 1,162,841,981 | 992,255,548 | 1,047,705,377 |
| Bank overdrafts | 12 | 131,587,942 | 18,982,804 | 131,587,942 | 18,982,804 |
| Total liabilities | | 10,221,965,261 | 8,424,998,462 | 6,077,022,107 | 5,387,454,896 |
| Total Equity & Liabilities | | 15,908,493,395 | 14,245,914,365 | 11,004,332,330 | 10,409,850,678 |
| Net Assets per Share | | 3.44 | 3.52 | 2.98 | 3.04 |

Notes on pages 157 to 248 form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



W D K Gunasena
Senior Manager Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board;



A B Senadira
Chairman
Colombo.
9th May 2024



D L Samarawickrama
Vice Chairman

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

| FOR THE YEAR ENDED 31ST DECEMBER (All amounts are in Sri Lanka Rupees) | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Gross written premium | 22 | 5,702,803,079 | 6,198,211,634 | 4,538,557,140 | 5,086,944,501 |
| Less: premium ceded to reinsurers | 23 | (768,481,876) | (752,327,221) | (722,660,216) | (705,591,000) |
| Net written premium | | 4,934,321,203 | 5,445,884,413 | 3,815,896,924 | 4,381,353,501 |
| Net change in reserves for unearned premium | 24 | 290,573,360 | (220,115,574) | 290,573,360 | (220,115,574) |
| Net earned premium | | 5,224,894,563 | 5,225,768,839 | 4,106,470,284 | 4,161,237,927 |
| Other revenue | | | | | |
| Investment income | 25 | 1,735,120,387 | 1,186,498,862 | 1,007,889,084 | 770,932,512 |
| Unrealized changes in losses of financial instruments | | 403,778 | (815,619) | - | - |
| Policy administration fees | 26 | 279,529,101 | 232,371,976 | 279,529,101 | 232,371,975 |
| Other income | 27 | 18,327,215 | 17,163,935 | 9,559,127 | 14,744,100 |
| | | 2,033,380,481 | 1,435,219,154 | 1,296,977,312 | 1,018,048,587 |
| Total net revenue | | 7,258,275,044 | 6,660,987,993 | 5,403,447,596 | 5,179,286,514 |
| Net benefits & claims | | | | | |
| Gross benefits & claims incurred | 28 | 4,316,930,038 | 3,253,546,199 | 4,038,678,306 | 2,867,224,251 |
| Claims ceded to reinsurers | | (467,475,737) | (295,063,571) | (452,168,237) | (268,491,750) |
| Change in life contract liabilities | | 1,132,109,991 | 433,141,538 | - | - |
| | | 4,981,564,292 | 3,391,624,166 | 3,586,510,069 | 2,598,732,501 |
| Other expenses | | | | | |
| Underwriting & policy acquisition cost | 29 | 446,213,956 | 476,468,581 | 322,268,438 | 324,022,548 |
| Other operating & administrative expenses | 30 | 2,148,811,023 | 1,977,162,919 | 1,786,022,266 | 1,651,657,763 |
| Finance cost | 31 | 55,707,096 | 52,665,319 | 45,871,087 | 41,525,841 |
| | | 2,650,732,075 | 2,506,296,819 | 2,154,161,791 | 2,017,206,152 |
| Profit/ (loss) before income tax | 32 | (374,021,323) | 763,067,008 | (337,224,264) | 563,347,861 |
| Income tax expenses | 33 | 54,081,572 | (136,446,165) | 78,929,130 | (105,578,295) |
| Profit / (loss) for the year | | (319,939,751) | 626,620,843 | (258,295,134) | 457,769,566 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss : | | | | | |
| Revaluation of property, plant & equipment | | 186,164,506 | 324,225,644 | 153,309,037 | 242,844,351 |
| Actuarial gain/ (loss) on defined benefit plan | | 4,561,304 | (16,594,844) | 2,585,407 | (13,609,141) |
| Items that may be reclassified subsequently to profit or loss : | | | | | |
| Net change in fair value of available-for-sale financial assets | | 5,328,723 | 4,854,624 | 5,328,723 | 4,854,624 |
| Tax on other comprehensive income | | (9,980,221) | (113,812,344) | (5,827,330) | (66,109,599) |
| | | 186,074,312 | 198,673,080 | 155,395,836 | 167,980,233 |
| Total comprehensive income for the year, net of tax | | (133,865,439) | 825,293,923 | (102,899,298) | 625,749,799 |
| Profit attributable to : | | | | | |
| Equity holders of the Company | | (319,939,751) | 626,620,843 | (258,295,134) | 457,769,566 |
| Non controlling interest | | - | - | - | - |
| | | (319,939,751) | 626,620,843 | (258,295,134) | 457,769,566 |
| Total comprehensive attributable to : | | | | | |
| Equity holders of the Company | | (133,865,439) | 825,293,923 | (102,899,298) | 625,749,799 |
| Non controlling interest | | - | - | - | - |
| | | (133,865,439) | 825,293,923 | (102,899,298) | 625,749,799 |
| Earnings per share | | | | | |
| Basic earnings per share | 34 | (0.19) | 0.38 | (0.16) | 0.28 |

Notes on pages 157 to 248 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December 2023
(All amounts are in Sri Lanka Rupees)
Group

| | Stated capital (note 13) | Revaluation reserve | Available for sales reserve | Retained earnings | Non controlling interests | Total |
|---|--------------------------------|------------------------|--------------------------------|----------------------|---------------------------------|---------------|
| Balance as at 01st January 2022 | 2,198,315,515 | 849,446,220 | (73,891,343) | 2,255,311,384 | - | 5,229,181,776 |
| Prior year adjustment | - | - | - | 30,828 | - | 30,828 |
| | 2,198,315,515 | 849,446,220 | (73,891,343) | 2,255,342,212 | - | 5,229,212,604 |
| Total comprehensive income | | | | | | |
| Profit for the year | - | - | - | 626,620,845 | - | 626,620,845 |
| Other comprehensive income for the year | | | | | | |
| Net change in revaluation of property, plant & equipment | - | 324,225,644 | - | - | - | 324,225,644 |
| Net change in fair value of available for sale financial assets | - | - | 4,854,624 | - | - | 4,854,624 |
| Amortization of available for sales reserve to profit or loss due to re-classification of financial instruments of cooplife Insurance Ltd | - | - | (10,546,650) | - | - | (10,546,650) |
| Actuarial gain / (loss) on defined benefit plan | - | - | - | (16,594,844) | - | (16,594,844) |
| Tax on other comprehensive income | - | (116,174,211) | (697,644) | 3,059,511 | - | (113,812,344) |
| | - | 208,051,433 | (6,389,670) | (13,535,333) | - | 188,126,430 |
| Total comprehensive income for the year | - | 208,051,433 | (6,389,670) | 613,085,512 | - | 814,747,275 |
| Ordinary dividends | - | - | - | (223,043,976) | - | (223,043,976) |
| Balance as at 31st December 2022 | 2,198,315,515 | 1,057,497,653 | (80,281,013) | 2,645,383,748 | - | 5,820,915,903 |
| Balance as at 01st January 2023 | 2,198,315,515 | 1,057,497,653 | (80,281,013) | 2,645,383,748 | - | 5,820,915,903 |
| Total comprehensive income | | | | | | |
| Loss for the year | - | - | - | (319,939,749) | - | (319,939,749) |
| Other comprehensive income for the year | | | | | | |
| Net change in revaluation of property, plant & equipment | - | 186,164,506 | - | - | - | 186,164,506 |
| Net change in fair value of available for sale financial assets | - | - | 5,328,723 | - | - | 5,328,723 |
| Amortization of available for sales reserve to profit or loss due to re-classification of financial instruments | - | - | (522,332) | - | - | (522,332) |
| Actuarial gain / (loss) on defined benefit plan | - | - | - | 4,561,304 | - | 4,561,304 |
| De-recognition of revaluation reserve | - | (5,360,003) | - | 5,360,003 | - | - |
| Tax on other comprehensive income | - | (3,745,356) | (1,376,501) | (4,858,364) | - | (9,980,221) |
| | - | 177,059,147 | 3,429,890 | 5,062,943 | - | 185,551,980 |
| Total comprehensive income for the year | - | 177,059,147 | 3,429,890 | (314,876,806) | - | (134,387,769) |
| Balance as at 31st December 2023 | 2,198,315,515 | 1,234,556,800 | (76,851,123) | 2,330,506,942 | - | 5,686,528,134 |

Notes on pages 157 to 248 form an integral part of these Financial Statements.

For the Year ended 31st December 2023
(All amounts are in Sri Lanka Rupees)
Company

| | Stated capital (note 13) | Revaluation reserve | Available for sales reserve | Retained earnings | Total |
|---|--------------------------------|------------------------|--------------------------------|----------------------|---------------|
| Balance as at 01st January 2022 | 2,198,315,515 | 681,732,542 | (28,355,243) | 1,767,966,316 | 4,619,659,130 |
| Prior year adjustment | | | | 30,828 | 30,828 |
| | 2,198,315,515 | 681,732,542 | (28,355,243) | 1,767,997,144 | 4,619,689,958 |
| Total comprehensive income | | | | | |
| Profit for the year | - | - | - | 457,769,566 | 457,769,566 |
| Other comprehensive income for the year | | | | | |
| Net change in revaluation of property, plant & equipment | - | 242,844,351 | - | - | 242,844,351 |
| Net change in fair value of available for sale financial assets | - | - | 4,854,624 | - | 4,854,624 |
| Actuarial gain/ (loss) on defined benefit plan | - | - | - | (13,609,141) | (13,609,141) |
| Tax on other comprehensive income | - | (68,471,467) | (697,644) | 3,059,511 | (66,109,599) |
| | - | 174,372,884 | 4,156,980 | (10,549,630) | 167,980,235 |
| Total comprehensive income for the year | - | 174,372,884 | 4,156,980 | 447,219,936 | 625,749,801 |
| Ordinary dividends | - | - | - | (223,043,976) | (223,043,976) |
| Balance as at 31st December 2022 | 2,198,315,515 | 856,105,427 | (24,198,263) | 1,992,173,103 | 5,022,395,784 |
| Balance as at 01st January 2023 | 2,198,315,515 | 856,105,427 | (24,198,263) | 1,992,173,103 | 5,022,395,784 |
| Total comprehensive income | | | | | |
| Loss for the year | - | - | - | (258,295,134) | (258,295,134) |
| Other comprehensive income for the year | | | | | |
| Net change in revaluation of property, plant & equipment | - | 153,309,037 | - | - | 153,309,037 |
| Net change in fair value of available for sale financial assets | - | - | 5,328,723 | - | 5,328,723 |
| Amortization of available for sales reserve to profit or loss due to re-classification of financial instruments | - | - | 7,813,738 | - | 7,813,738 |
| Actuarial gain/ (loss) on defined benefit plan | - | - | - | 2,585,407 | 2,585,407 |
| De-recognition of revaluation reserve | - | (5,360,003) | - | 5,360,003 | - |
| Tax on other comprehensive income | - | 407,535 | (1,376,501) | (4,858,364) | (5,827,330) |
| | - | 148,356,569 | 11,765,960 | 3,087,045 | 163,209,574 |
| Total comprehensive income for the year | - | 148,356,569 | 11,765,960 | (255,208,089) | (95,085,560) |
| Balance as at 31st December 2023 | 2,198,315,515 | 1,004,461,996 | (12,432,304) | 1,736,965,015 | 4,927,310,224 |

Notes on pages 157 to 248 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

| FOR THE YEAR ENDED 31ST DECEMBER (All amounts are in Sri Lanka Rupees) | Note | Group | | Company | |
|---|------|-----------------|-----------------|-----------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities | | | | | |
| Net profit/(Loss) before taxation | | (374,021,323) | 763,067,008 | (337,224,264) | 563,347,861 |
| Adjustments for: | | | | | |
| Interest income | | (1,735,120,387) | (1,186,498,862) | (1,007,889,084) | (770,932,512) |
| Interest expense | | 55,707,096 | 52,665,319 | 45,871,087 | 41,525,841 |
| Depreciation on property, plant & equipment | | 174,427,444 | 210,336,988 | 140,495,076 | 177,521,299 |
| Depreciation on right of use asset | | 95,070,663 | 95,790,612 | 74,839,953 | 71,268,080 |
| Impairment loss on premiums receivable | | 129,960,464 | 57,080,057 | 127,138,623 | 67,045,671 |
| Amortization of intangible assets | | 9,987,968 | 1,989,057 | 9,331,161 | 292,936 |
| Amortization of available for sales reserve to profit or loss due to re-classification of Financial Instruments | | (522,332) | (10,546,650) | 7,813,738 | - |
| (Profit) / loss on sale of tangible assets | | (3,508,532) | 124,183 | (3,369,782) | 124,183 |
| Provision for employee benefits | | 33,617,035 | 22,802,374 | 28,210,167 | 19,130,896 |
| Operating profit before working capital changes | | (1,874,322,832) | 6,810,086 | (1,169,060,572) | 169,324,255 |
| Changes in operating assets | | (314,453,137) | (193,173,904) | (336,616,091) | (188,294,303) |
| Changes in operating liabilities | | 280,485,025 | (7,647,338) | 305,124,705 | (192,735,943) |
| Changes in general insurance reserves | | 325,628,163 | 122,334,999 | 325,628,163 | 285,328,151 |
| Increase in long term insurance provision | | 1,124,928,025 | 414,581,932 | - | - |
| Cash flows from operating activities | | (538,214,755) | 342,905,775 | (874,920,295) | 73,622,160 |
| Gratuity paid | | (14,297,199) | (7,296,353) | (12,136,478) | (6,080,939) |
| Taxation paid | | - | (59,392,670) | - | (59,392,670) |
| Rent & advances paid | | (136,295,881) | (124,167,485) | (105,859,278) | (97,369,331) |
| Cash flows from / (used in) operating activities | | (688,807,835) | 152,049,267 | (992,916,051) | (89,220,781) |
| Cash flows from investing activities | | | | | |
| Purchase of investments net of sales proceeds | | (1,068,940,627) | (1,205,287,531) | (39,845,654) | (578,678,534) |
| Redemption of Preference share | | - | (39,500,000) | - | (39,500,000) |
| Interest received | | 1,734,496,332 | 1,186,429,177 | 1,007,336,489 | 770,932,512 |
| Dividend received | | 624,055 | 69,685 | 552,595 | - |
| Interest paid for preference shares | | - | (954,493) | - | (954,493) |
| Proceeds on sale of tangible assets | | 5,598,516 | 140,000 | 4,998,516 | 139,999 |
| Purchase of intangible assets | | (4,750,521) | (5,526,053) | (4,750,521) | (5,526,053) |
| Purchase of tangible assets | | (33,711,965) | (34,560,452) | (26,318,715) | (27,172,688) |
| Net cash flows from / (used in) investing activities | | 633,315,791 | (99,189,667) | 941,972,710 | 119,240,744 |
| Cash flows from financing activities | | | | | |
| Dividend paid | | - | (223,043,976) | - | (223,043,976) |
| Net cash flows from / (used in) financing activities | | - | (223,043,976) | - | (223,043,976) |
| Decrease in cash & cash equivalents | | (55,492,044) | (170,184,376) | (50,943,340) | (193,024,013) |
| Cash & cash equivalents at the beginning of the year | | 87,767,637 | 257,952,013 | 52,935,732 | 245,959,745 |
| Cash & cash equivalents at the end of the year | | 32,275,592 | 87,767,637 | 1,992,391 | 52,935,732 |
| Note A | | | | | |
| Cash & cash equivalents at the end of the year | | | | | |
| Cash at banks | | 156,961,901 | 98,155,901 | 130,264,767 | 67,953,593 |
| Cash in hand | | 6,823,943 | 7,660,112 | 3,315,566 | 3,964,943 |
| Cash in transit | | 77,690 | 934,428 | - | - |
| Bank overdrafts | | (131,587,942) | (18,982,804) | (131,587,942) | (18,982,804) |
| | | 32,275,592 | 87,767,637 | 1,992,391 | 52,935,732 |

Notes on pages 157 to 248 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 REPORTING ENTITY

Co-operative Insurance Company PLC is a Company incorporated on 11th August 1997 with limited liability and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is situated at 74/5, Grandpass Road, Colombo 14, while the registered offices of its Subsidiaries (Cooplife Insurance Limited and Coopinsu Training Academy) are situated at "Coop House", No. 455, Galle Road, Colombo 03 and No. 70/3, Grandpass Road, Colombo 14 respectively.

The ordinary shares of the Company are listed on the Colombo Stock Exchange (CSE) and the Company is a licensed insurance company registered under the Regulation of Insurance Industry Act No. 43 of 2000.

1.2 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the period ended and as at 31st December 2023 comprise "the Company" referring to Co-operative Insurance Company PLC as the Holding Company and "the Group" referring to Co-operative Insurance Company PLC and its Subsidiaries listed in note 3.1.1.

The financial statements of all Companies within the Group were prepared based on uniform accounting policies for a common financial period, which ends on 31st December.

1.3 PRINCIPAL ACTIVITIES & NATURE OF OPERATIONS

The Group is primarily involved in the non-life and life insurance business. In compliance with the requirements of the Regulations of Insurance Industry (Amendment) Act No 3 of 2011, the Company completed the segregation of life and non-life insurance businesses on 1st January 2015.

The Company provides general insurance solutions for both individual and corporate customers. Insurance other than 'life insurance' falls under the category of general insurance. Fire, motor, marine and miscellaneous insurance are the main categories under general insurance.

Cooplife Insurance Limited provides life insurance solutions for both individual and corporate customers. Coopinsu Training Academy provides insurance education training, mostly to employees as well as for external parties.

There were no significant changes in the principal activities during the financial period under review.

1.4 NUMBER OF EMPLOYEES

The staff strength as at 31st December 2023, of the Company was 1268 (2022 — 1295) and for the Group was 1510 (2022 — 1572).

1.5 DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements for the period ended 31st December 2023 were authorized for issue by the Board of Directors on 9th May 2024.

1.6 RESPONSIBILITY OF FINANCIAL STATEMENTS

The directors are responsible for these financial statements as per the provisions of the Companies Act, No. 07 of 2007, the Sri Lanka Accounting Standards and the Regulations of Insurance Industry Act, No. 43 of 2000 and the Listing Rules of Colombo Stock Exchange.

The responsibility of the directors in relation to these financial statements is set out in detail in the annual report of the directors and in the statement of financial position.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, as per the requirements of the Companies Act No 7 of 2007 and the Regulations of Insurance Industry Act, No. 43 of 2000, taken together with subsequent amendments thereto, rules and regulations of the Insurance Regulatory Commission of Sri Lanka and listing rules of the Colombo Stock Exchange (CSE).

The Company has not adopted any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of these financial statements. The Group has opted to defer full application of SLFRS 9 — Financial Instruments and adopting SLFRS -17 Insurance Contracts until 2026, exercising the temporary exemption provided to an insurer.

These financial statements, except for information on cash flows have been prepared following the accrual basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements have the following components:

| Components | Page |
|---|------------|
| Consolidated statement of financial position | 152 |
| Consolidated statement of profit or loss and other comprehensive income | 153 |
| Consolidated statement of changes in equity | 154 |
| Statement of cash flows | 156 |
| Notes to the financial statements | 157 to 248 |

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on accrual basis and under the historical cost convention except for the following material items which are measured on alternative basis, at the reporting date:

| Item | Measurement Basis | Note No. |
|---|--|----------|
| Land and buildings | Fair value | 4 |
| Motor vehicles | Fair value | 4 |
| Held to maturity instruments | Amortized cost | 6.1 |
| Loans and receivables | Amortized cost | 6.2 |
| Available for sale financial assets | Fair value | 6.3 |
| Non derivative financial instruments at fair value through profit or loss | Fair value | 6.4 |
| Policyholder liabilities | Actuarial valuation | 15 |
| Defined benefit liabilities | Actuarially valued and recognized at present value | 18 |

The Group and the Company presents statement of financial position broadly in order of liquidity. An analysis pertaining to recovery of settlements within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) are presented hereto. No adjustments have been made for inflationary factors affecting these financial statements.

SUPPLEMENTARY STATEMENTS – STATEMENT OF FINANCIAL POSITION OF THE LIFE INSURANCE FUNDS

Supplementary statement of financial position of the Life Insurance Fund together with the notes are disclosed as required by Statement of Recommended Practice (SORP) for Insurance, specified by the Institute of Chartered Accountants of Sri Lanka.

2.3 MATERIALITY AND AGGREGATION

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Sri Lanka Accounting Standard — LKAS 1 on 'Presentation of Financial Statements' and as specified in the subsequent amendments.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.4 GOING CONCERN

The management has made an assessment of the parent company's ability to continue as a going concern and is satisfied that the parent company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the parent company's ability to continue as a going concern. Therefore, consolidated financial statements continue to be prepared on a going concern basis.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional currency and the Group's presentation currency. Except where indicated, financial information presented in Sri Lankan Rupees have been rounded to the nearest Rupee.

OFFSETTING

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Assets and liabilities or income and expenses are not offset unless required or permitted by Sri Lanka Accounting Standards or Interpretations (issued by the IFRS Interpretations Committee and Standard Interpretations Committee).

2.6 COMPARATIVE INFORMATION

The comparative information has been reclassified, where relevant for better presentation and to be comparable with those of the current period.

These financial statements provide comparative information in respect of the previous financial year.

2.7 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with Sri Lanka Accounting Standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

| Critical Accounting Estimates/Judgments | Disclosure Note |
|---|-----------------|
| Useful lives of property and equipment | 3.5.7 |
| Impairment of non-financial assets | 3.7 |
| Classification of financial instruments | 3.3 |
| Unearned premium | 3.11.3a |
| Insurance provision— Life | 3.11.1 |
| Liability adequacy | 3.11.2 |
| Provision for IBNR/IBNER | 3.11.3b |
| Employee benefits | 3.14 |
| Deferred taxation | 3.21.2 |

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods indicated in these financial statements, unless otherwise stated. The accounting policies of the Company have been consistently applied by the Group where necessary and deviations, if any have been disclosed accordingly.

3.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent and its investees that are considered as Subsidiaries as at 31st December 2023, in terms of SLFRS 10 - Consolidated Financial Statements.

3.1.1 SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investees. The financial statements of the Subsidiaries are included in the consolidated financial statements from the date on which control commences, until the date on which the control ceases.

Critical Judgments in Applying the Entity's Control

The directors have concluded that the Group controls all Subsidiaries, as it has the majority control and voting rights over its Subsidiaries as depicted below:

Interest in Subsidiaries

The interest in Group's principal Subsidiaries as at 31st December 2023 are set out below.

| Name of Entity | Place of Business/ Country of Incorporation | Percentage of Ownership | | Principal Activities |
|-------------------------------------|--|-------------------------|------|------------------------------|
| | | 2023 | 2022 | |
| Cooplife Insurance Limited | Colombo / Sri Lanka | 100% | 100% | Life Insurance |
| Coopinsu Training Academy (Pvt) Ltd | Colombo / Sri Lanka | 100% | 100% | Insurance Training Education |

NOTES TO THE FINANCIAL STATEMENTS

Acquisition

NCI are measured at their proportionate share of acquiree's identifiable net assets at the date of the acquisition.

Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Loss of Control

Upon the loss of control of a Subsidiary, the Group de-recognizes the assets (including goodwill) & liabilities, any related non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognized in their of it or loss. Any interest retained in a former Subsidiary, is measured at fair value at the date, the control is lost. Subsequently it is accounted for as equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

3.2 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rate at the date of the transaction. Group's practice is to use the buying rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences arising on retranslation are recognized in the profit or loss; except for the difference arising on the retranslation of available for sale equity instruments, which are recognized in other comprehensive income.

3.3 FINANCIAL INSTRUMENTS

The Group classifies non-derivative financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity financial assets
- Loans and receivables
- Available-for-sale financial assets.

Judgments are made in the classification of financial instruments based on the intentions of the management with regard to acquisition.

The Company classifies non-derivative financial liabilities into the other financial liability category.

3.3.1 NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES – RECOGNITION AND DE-RECOGNITION

The Group initially recognizes loans and receivables and debt securities issued on the date they originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value and, for an asset not at fair value through profit or loss with transaction costs that are directly attributable to its acquisition or issue.

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.3.2 NON-DERIVATIVE FINANCIAL ASSETS – SUBSEQUENT MEASUREMENT

(a) Available-For-Sale Financial Assets (AFS)

Available-for-sale financial investments are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement at fair value, available-for-sale financial investments are subsequently measured at fair value and changes therein are recognized in other comprehensive income and accumulated in the available-for-sale reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Group is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Group in rare circumstances may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and the management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

Available for sale financial investments of the Group comprise of equity and debt securities, which are neither classified as held for trading nor designated at fair value through profit or loss.

Interest earned whilst holding available for sale investments is reported as 'interest income' using the EIR. Dividends earned whilst holding available for sale investments are recognized in profit or loss as 'Dividend Income' when the right of the payment has been established. When the asset is de-recognized, the cumulative gain or loss is recycled to profit or loss as 'realized gain or loss'.

(b) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset is classified as at fair value through profit or loss, if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

The assets and liabilities are part of a Group's financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with the Group's investment strategy. Financial assets at fair value through profit or loss of the Group comprise of listed equity investments.

Subsequent to initial recognition, these investments are re-measured at fair value. Changes in fair value are recorded in 'fair value gains and losses' in profit or loss. Gains and losses are recognized in profit or loss when assets are disposed.

(c) Held to Maturity Financial Assets (HTM)

These are non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has both the intention and ability to hold until maturity. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, held to maturity financial assets are measured at amortized cost, using the Effective Interest Rate (EIR), less impairment. The EIR amortization is included in 'interest income' in profit or loss.

Held to maturity financial assets comprise of treasury bills and treasury bonds invested by the Group.

Gains and losses are recognized in profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

(d) Loans & Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial measurement, loans and receivables are measured at amortized cost, using the EIR, less allowance for impairment.

Loans and receivables comprise of investments in unquoted corporate debt, term deposits, asset backed securities, development bonds, commercial paper and other loans and receivables as well as cash and cash equivalents.

Gains and losses are recognized in profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

Reinsurance Receivables

Group cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements.

NOTES TO THE FINANCIAL STATEMENTS

Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. 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 arise during the reporting period.

Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group 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 Group will receive from the reinsurer. The impairment loss, if any is recorded in the profit and loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished, expired or when the contract is transferred to another party.

Premiums Receivable

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premium are reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Board of Sri Lanka (IBSL), non-life insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days, if not settled.

The Company decided to account for life insurance premium on accrual basis in accordance with Sri Lanka Accounting Standards. Accordingly, life insurance premium for policies within one-month grace period are considered as due premium, subject to a provision for premium default as at each reporting date.

Impairment losses on premiums receivable are the difference between the carrying amount and the present value of the estimated discounted cash flows. The impairment losses are recognized in profit or loss.

Other Receivables and Dues from Related Parties

Other receivables and dues from related parties are recognized at cost less accumulated impairment losses.

Cash & Cash Equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments.

3.3.3 NON-DERIVATIVE FINANCIAL LIABILITIES - MEASUREMENT

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

3.3.4 FAIR VALUE MEASUREMENT

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in orderly transactions between market participants, at the measurement date.

A fair value measurement requires an entity to determine all the following:

- 1) the particular asset or liability that is the subject of the measurement
- 2) For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)
- 3) The principal (or most advantageous) market for the asset or the liability.
- 4) The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs, are categorized.

5) Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability taking place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model, is subsequently recognized in the profit or loss on an appropriate basis over the life of the instrument, but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

3.3.5 DETERMINATION OF FAIR VALUES

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

- Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

3.3.6 AMORTIZED COST MEASUREMENT

The amortized 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 amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.3.7 RECLASSIFICATION

Reclassifications of financial assets, other than as set out below, or of financial liabilities between measurements categories, are not permitted following initial recognition.

Held for trading non-derivative financial assets are transferred out of the held at fair value through the profit or loss category in the following circumstances: to the available-for-sale category, where, in rare circumstances, they are no longer held for the purpose of selling or repurchasing in the near term; or to the loans and receivables category, when they are no longer held for the purpose of selling or repurchasing in the near term and they would have met the definition of a loan or receivable at the date of reclassification and the Company has the intent and ability to hold the asset for the foreseeable future or until maturity.

Financial assets are transferred out of the available-for-sale category to the loans and receivables category where they would have met the definition of a loan or receivable at the date of reclassification and the Company has the intent and ability to hold the assets for the foreseeable future or until maturity.

Held-to-maturity assets are reclassified to the available-for sale category, if the portfolio becomes tainted following the sale of other than an insignificant amount of held-to-maturity assets prior to their maturity.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets are reclassified at their fair value on the date of reclassification. For financial assets reclassified out of the available-for-sale category into loans and receivables, any gain or loss on those assets recognized in shareholder's equity prior to the date of reclassification are amortized to the profit or loss over the remaining lives of those financial assets, using the effective interest method.

3.3.8 IMPAIRMENT

a) Non-Derivative Financial Assets

Financial assets not classified at fair value through the profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of an active market for a security; or observable data, indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

| | |
|---|--|
| Financial Assets Measured at Amortized Cost | The Company considers evidence of impairment for these assets at both an individual asset and at collective level. All individually significant assets are individually assessed for impairment. |
| Available-for-Sale Financial Assets | Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through the statement of profit or loss; otherwise, it is reversed through other comprehensive income. |

b) Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax asset) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 INSURANCE CONTRACTS

As permitted by SLFRS 4 Insurance Contracts, the Company continues to apply the existing accounting policies for insurance contracts that were applied prior to the adoption of SLFRS.

Contracts which transfer significant insurance risk are classified as insurance contracts whereas others are classified as investment contracts.

3.4.1 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 those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is 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 price 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.

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.

All products sold by the Company are insurance contracts and therefore classified as insurance contracts under the SLFRS 4 — Insurance Contracts. Thus, the Company does not have any investment contracts within its product portfolio as at the reporting date.

3.5 PROPERTY PLANT & EQUIPMENT

3.5.1 RECOGNITION & MEASUREMENT

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal, with the carrying amount of the item of property and equipment, and is recognized in other income/other expenses in the profit or loss.

3.5.2 COST MODEL

The Group applies cost model to property, plant and equipment except for freehold land, buildings and motor vehicles and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

3.5.3 REVALUATION MODEL

The Group applies the revaluation model to the entire class of freehold land, buildings and motor vehicles. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings are revalued annually on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

When an asset is revalued, any increase in the carrying amount is credited directly to equity under the caption revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit or loss and other comprehensive income, in which case the increase is recognized in that statement.

Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense to profit or loss. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

3.5.4 SUBSEQUENT COSTS

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the statement of profit or loss and other comprehensive income as expenses as incurred.

3.5.5 DEPRECIATION

Provision for depreciation is calculated by using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets.

The estimated useful lives for the current and comparative periods are as follows:

| | 2023 | 2022 |
|-----------------------|--------------------------|-------------------|
| Buildings | 40 years-60 years | 40 years-60 years |
| Building improvements | 20 years | 10 years |
| Office equipment | 8 years | 8 years |
| Computers | 6 years | 6 years |
| Motor vehicles | 5 years | 5 years |

NOTES TO THE FINANCIAL STATEMENTS

| | 2023 | 2022 |
|----------------------------|----------------|---------|
| Furniture and fittings | 8 years | 8 years |
| Motor vehicles — leasehold | 4 years | 4 years |

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial period end.

3.5.6 DE-RECOGNITION

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in the profit or loss when the item is de-recognized.

3.5.7 USEFUL LIVES OF PROPERTY AND EQUIPMENT

As described in accounting policies the Group reviews the estimated useful lives over which its property and equipment's are depreciated. Judgment of the management is exercised in the estimation of these values, rates, methods and hence is subject to uncertainty. The Group's management is satisfied that the estimates of useful lives are appropriate.

3.5.8 GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognized net within "other income/ other expenses" in the statement of profit or loss and other comprehensive income.

3.5.9 CAPITAL WORK-IN-PROGRESS

Capital work in progress is carried at cost, in respect of incomplete projects. Once the project is over and ready for use, the amount will be transferred to property, plant and equipment and depreciated over the useful life time of the asset.

3.5.10 RIGHT OF USE ASSETS

SLFRS 16 "Leases" supersedes LKAS 17 "Leases", IFRIC 4 in determining whether an arrangement contains a lease, SIC-15 Operating Leases- Incentives and SIC-27 in evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 01st January 2019, without restating comparatives for 2018 reporting period, as permitted under the specific transitional provisions in the standard.

3.5.11 ESTIMATING THE INCREMENTAL BORROWING RATE

The Company uses its incremental borrowing rate ("IBR") to measure the lease liabilities, as it cannot readily determine the interest rate implicit in the lease. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, IBR reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific adjustments.

3.5.12 RECOGNITION

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognizes a right of using an asset and a lease liability at the lease commencement date. The right of use assets of the Group consists of branch premises taken on rent, which were previously recognized as operating leases under LKAS 17.

3.5.13 MEASUREMENT

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate) adjusted for any lease payment made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred.

Where the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of using the asset is subsequently depreciated adopting the straight-line method from the commencement date to the earlier of the end of the useful life of the right of using asset or at the end of the lease term. Right of using assets are subject to impairment. The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

3.6 INTANGIBLE ASSETS – SOFTWARE

3.6.1 BASIS OF RECOGNITION

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

All computer software cost incurred, licensed to be used by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and is probable that they will lead to future economic benefits, are included in the balance sheet under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment loss.

3.6.2 SUBSEQUENT EXPENDITURE

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.6.3 AMORTIZATION

Amortization is recognized in the profit or loss on straight-line basis over the estimated useful life of the software, from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three years.

Amortization method of each software, useful life and residual value are reviewed at each financial period-end and adjusted if appropriate.

3.6.4 DE-RECOGNITION

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from the de-recognition of each intangible asset is included in the profit or loss, when the item is de-recognized.

3.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

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. The fair value less costs to sell calculation is based on available data from binding sales transactions 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 discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.8 INVENTORIES

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

Salvage inventory is recognized based on the salvage value on the claim reporting date supported by realizable values from independent sources or at a value realized if subsequently sold.

3.9 FOREIGN CURRENCY TRANSLATION

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rate of exchange prevailing at the time the transaction was effected. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalent using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resultant gains and losses are accounted for in the statement of profit & loss.

NOTES TO THE FINANCIAL STATEMENTS

3.10 STATED CAPITAL

3.10.1 ORDINARY SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

3.10.2 DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's Board of Directors in accordance with the Articles of Association. Dividends for the year that are approved after the reporting date are dealt with, as an event after the reporting date.

The shares of the Company are quoted in the Colombo Stock Exchange-Dirisavi Board. All issued shares are fully paid. The ordinary shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a general meeting of the members of the Company.

3.11 INSURANCE CONTRACT AND LIABILITIES

3.11.1 INSURANCE PROVISION – LIFE INSURANCE

Life insurance liabilities are recognized when contracts are entered into and when premiums are charged. These liabilities are measured by using the gross premium method as specified by the Insurance Regulatory Commission of Sri Lanka (IRCSL) based on the recommendation of the independent actuary. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premium that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is computed based on IRCSL specified guidelines and current assumptions, which vary based on the contract type.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

3.11.2 LIABILITY ADEQUACY TEST (LAT) – LONG TERM INSURANCE

As required by SLFRS 4 – Insurance Contracts, the Company performed a Liability Adequacy Test (LAT) in respect of life insurance contract liabilities with the assistance of an external actuary. In performing the LAT, 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.

3.11.3 INSURANCE CONTACTS LIABILITIES – NON-LIFE INSURANCE

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities, known as the policy liability provisions include the premium and claim liabilities. The premium liabilities relate to policies for which the premiums have been received but the exposure not fully expired, while the claim liabilities relate to those that have been incurred but not yet reported (IBNR) / incurred but not enough reported (IBNER).

a) Unearned Premium

The provision for unearned premium represents premiums received or receivable for risks that have not yet expired at the reporting date. Generally, the reserve is released over the term of the contract and is recognized as premium income.

The provision is recognized when contracts are entered and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance services provided under the contract. Provision for unearned premium is calculated on a 1/24 basis except for marine / cargo class which is subject to 60 / 40 basis.

At each reporting date, the Group reviews its unexpired risk and LAT is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premium. If these calculations show that the carrying amount of the unearned premium (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the statement of profit or loss and other comprehensive income, by setting up a provision for premium deficiency.

b) Claims Payable including IBNR

The claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, with a reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviations. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the contract expires, is discharged or cancelled.

IBNR reserve is decided by an independent external actuary.

3.11.4 LIABILITY ADEQUACY TEST (LAT) – NON-LIFE INSURANCE

At each reporting date the Group reviews its unexpired risk and LAT is performed as laid out under SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premium. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premium (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the statement of profit or loss and other comprehensive income, by setting up a provision for liability adequacy.

3.11.5 INSURANCE CONTRACT LIABILITIES – NON-LIFE INSURANCE

Non - life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported (IBNR), at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. The main assumption underlying estimating the amounts of outstanding claims, is the past claims development experience.

3.12 REINSURANCE ASSETS

The Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Reinsurance assets represent balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. 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, if any is recorded in the profit or loss.

3.13 REINSURANCE LIABILITIES

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance assets or liabilities are de-recognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Gross and net of reinsurance liabilities have been calculated as required in the RBC submission template. In determining the policy liabilities provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the current agreements.

3.14 EMPLOYEE BENEFITS

3.14.1 SHORT-TERM BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or a constructive obligation to pay this amount as a result of past service, provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

3.14.2 DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an expense in the profit and loss, when incurred.

a) 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 amount to EPF.

b) Employees' Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes 3% of the salary of each employee to ETF.

3.14.3 DEFINED BENEFIT PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield on government bonds at the reporting date and have maturity dates approximating to the terms of the Company's obligations.

The Group recognizes actuarial gains and losses that arise in calculating the Company's obligation in respect of a plan in other comprehensive income.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 18. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long-term nature of the plans such estimates are subject to significant uncertainty.

3.14.4 DEFINED BENEFIT PLAN

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 "Employee Benefits". However, 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.

3.15 PROVISIONS (OTHER THAN INSURANCE PROVISION)

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.16 CAPITAL COMMITMENTS AND CONTINGENCIES

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's share of any contingencies and capital commitments and of its Subsidiaries for which the Company is also liable severally or otherwise, are also included with appropriate disclosures.

3.17 REVENUE RECOGNITION – NON-LIFE INSURANCE

3.17.1 GROSS PREMIUM

Gross written premium (GWP) comprises the total premium received/ receivable for the whole period of cover provided by contracts entered into during the accounting period. GWP is generally written upon inception of the policy as written and is earned primarily on a pro-rata basis over the term of the related policy coverage. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross written premium.

3.17.2 UNEARNED PREMIUM RESERVE (UPR)

Unearned premium are those proportions of premium written in a period that relate to periods of risk after the reporting date. UPR represents the portion of the premiums written in the period but relating to the unexpired term of the coverage. Unearned premiums are calculated on the 1/24 basis except for the marine and title policies which are computed on a 60-40 basis. The proportion attributable to subsequent period is deferred as a provision for unearned premium.

3.17.3 REINSURANCE PREMIUM

Gross reinsurance premium on insurance contracts are recognized as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurers.

3.17.4 UNEARNED REINSURANCE PREMIUM

Unearned reinsurance premiums are the proportions of premium written in a period that relate to periods of risk after the reporting date. Unearned reinsurance premiums are calculated on 1/24 basis except for marine policies which are computed on a 60-40 basis.

3.17.5 UNEXPIRED RISK

Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force as at the reporting date.

3.17.6 ACQUISITION COSTS

Acquisition costs comprise commissions and other variable costs directly connected with acquisition or renewal of insurance contracts, are deferred to the extent that these costs are recoverable out of future premium. All other acquisition costs are recognized as an expense when incurred.

3.17.7 REINSURANCE COMMISSION INCOME

Reinsurance commission income on outward reinsurance contracts are recognized as revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outward reinsurance contracts is deferred and amortized on straight-line basis over the term of the expected premium payable.

3.17.8 GROSS BENEFITS & CLAIMS

Gross benefits and claims for non-life insurance include all claims occurring during the period, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous periods.

Claims expenses and liabilities for outstanding claims are recognized in respect of direct and inward reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported (IBNR) claims, incurred but not enough reserved (IBNER) claims and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing of individual claim files and estimating changes in the ultimate costs of settling claims. The provision in respect of IBNR and IBNER claims are actuarially valued on an annual basis to ensure a more realistic estimation of the future liability based on past experience and trends.

While the directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

Recoveries from salvage sales and the movement in salvage inventory are netted off against claims expense.

3.17.9 REINSURANCE CLAIMS RECOVERIES

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract. This includes reinsurance exposure of IBNR.

3.18 REVENUE RECOGNITION -LIFE INSURANCE

3.18.1 GROSS PREMIUM

Gross written premium on life insurance contracts are recognized as revenue when payable by the policyholders (policies within one-month grace period are considered as due premium, subject to a provision for premium default).

For single premium business, revenue is recognized on the date on which the policy is effective.

3.18.2 REINSURANCE PREMIUM

Gross reinsurance premium on insurance contracts are recognized as an expense on the earlier of the date when premium are payable or when the policy becomes effective. Reinsurance premium are decided based on rates agreed with reinsurers.

NOTES TO THE FINANCIAL STATEMENTS

3.18.3 ACQUISITION COSTS

All acquisition costs are recognized as an expense when incurred.

3.18.4 REINSURANCE COMMISSION INCOME

Gross reinsurance premiums on insurance contracts are recognized as income on the earlier of the date when premium is payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurers.

3.18.5 GROSS BENEFITS AND CLAIMS EXPENSES

Claims by death and maturity are charged against revenue on notification of death or on expiry of the term. The interim payments and surrenders are accounted for only at the time of settlement.

Expenses on life insurance relating to the acquisition expenses and expenses for maintenance of life insurance business, investment related expenses not treated as a part of the capital cost of investment, etc. are accounted for on accrual basis.

3.18.6 REINSURANCE CLAIMS RECOVERIES

Reinsurance claims recoveries are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

3.19 OTHER REVENUE

3.19.1 INTEREST INCOME

Finance income comprise of interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognized in the income statement, as it accrues and is calculated by using the Effective Interest Rate (EIR) method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

3.19.2 DIVIDENDS

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

3.19.3 FINANCE EXPENSES

Finance expenses consisting of costs relating to investment include custodial fees, bank guarantee fees and brokerage fees. These expenses are recognized on accrual basis.

3.19.4 REALIZED GAINS AND LOSSES

Realized gains and losses recorded in the income statement on investments, include gains and losses on financial assets.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

3.19.5 FAIR VALUE GAINS AND LOSSES

Fair value gains and losses recorded in the income statement on investments include fair value gains on financial assets at fair value through the profit or loss.

3.19.6 OTHER INCOME

Other income comprises of fees charged for policy administration services, disposal gains on property, plant and equipment, gains on foreign currency translations and miscellaneous income.

Gains on foreign currency translations are recognized on a net basis.

3.20 EXPENSES RECOGNITION

Other expenses are recognized on accrual basis. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment have been charged to profit or loss.

- a) Expenses are recognized in the profit or loss on the basis of a direct association between the costs incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to statement of profit or loss and other comprehensive income, in arriving at the profit for the period.
- b) For the purpose of presentation of the statement of profit or loss and other comprehensive income, the Board of Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

3.21 INCOME TAX EXPENSES

Tax expenses comprise of current and deferred tax. Current tax and deferred tax are recognized in items recognized directly in equity or in the income statement and in the statement of profit or loss and other comprehensive income.

3.21.1 CURRENT TAXATION

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

Provisions for taxation is based on the profit for the period adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto and the Inland Revenue Act No. 24 of 2017 at the rates specified in note 33.

In terms of Inland Revenue (Amended) Act, No 10 of 2021, following concessions are available for any company which were listed its shares on or after 01st January 2021, but prior to 31st December 2021, in the Colombo Stock Exchange;

- i) The aggregate income tax payable shall be reduced by 50% for the year of assessment 2021/2022 and;
- ii) Taxable income shall be taxed at the rate of 14% for 03 year of assessment commencing from 01st April 2022. (2022/2023)

Co-operative Insurance Company PLC was successfully listed on Colombo stock Exchange on 30th December 2021. Therefore the 50% tax concession could be enjoyed in the year of assessment (2021/2022).

As per the Inland Revenue (Amendment) Act, No 45 of 2022, standard rate of income tax is increased from 24% to 30% with effect from 01st October 2022 taxation on reduced rate was removed.

Life insurance taxation

The gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017 and as amended subsequently by Inland Revenue (The Amendment) Act, No. 45 of 2022. Accordingly, gains and profits on which tax payable is the aggregate of;

- Surplus distributed to shareholders from the life insurance policyholders fund as certified by the actuary at the rate of 30%)
- Investment income of the shareholder fund less any expenses incurred in the production of such income at the rate 30%)
- Surplus distributed to a life insurance policyholders who shares the profits of a person engaged in the business of life insurance at the rate of 30%

3.21.2 DEFERRED TAXATION

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- Temporary difference 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 nor loss.
- Temporary difference related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group 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.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets/liabilities will be realized/ settled simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax is not recognized for the undistributed profits of subsidiaries as the parent company has control over the dividend policy of its subsidiaries and distribution of those profits. 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.

3.21.3 TAX EXPOSURE

In determining the amount of current and deferred tax, the Group 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 judgments about future events. New information may become available that cause the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

3.22 CROP INSURANCE LEVY (CIL)

The Crop Insurance Levy was introduced under the provisions of the Section 14 of the Finance Act No. 12 of 2013, and came into effect from 1st April 2013. The levy is payable to the National Insurance Trust Fund and is liable at 1% of the profit after tax.

3.23 CASH FLOW STATEMENT

The cash flow statement has been prepared using the “indirect method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

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. The cash and cash equivalents include cash in-hand, balances with banks and short-term deposits with banks. For cash flow purposes, cash and cash equivalents are indicated as cash at banks and in hand net of bank overdrafts.

3.24 EVENTS OCCURRING AFTER THE REPORTING DATE

All material subsequent events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

3.25 EARNINGS PER SHARE (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3.26 NEW ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARD ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the following new Sri Lanka Accounting Standards. However, these standards have not been applied in preparing these financial statements as those were not effective as of the reporting date.

SLFRS 9 – FINANCIAL INSTRUMENTS: CLASSIFICATION & MEASUREMENT

SLFRS 9, as issued, reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets & liabilities, depending on the entity’s business model for managing contractual cash flows characteristics of the financial asset.

This is generally effective for annual periods beginning on or after 1st January 2018, subject to exemption of application, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

TEMPORARY EXEMPTION FROM SLFRS 9

An insurer that meets the criteria in paragraph 20B of SLFRS 4 (amended) provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 — Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1st January 2026.

An insurer may apply the temporary exemption from SLFRS 9 if, and only if:

- it has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses of financial liabilities designated at fair value through profit or loss and;
- Its activities are predominantly connected with insurance, at its annual reporting date that immediately proceeds 1st April 2016, or at a subsequent annual reporting date.

Taking into account the above criteria, Co-operative Insurance Company PLC and Coop Life Insurance Limited being predominantly connected with insurance activities; both Companies may continue to apply LKAS 39 — Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1st January 2026.

SUMMARY OF THE REQUIREMENTS: CLASSIFICATION AND MEASUREMENT

Financial Assets

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics and contains three principal classification categories for financial assets measured at:

- Amortized Cost
- Fair Value through Other Comprehensive Income (FVTOCI)
- Fair Value through Profit or Loss

The standard eliminates the existing LKAS 39 categories of held to maturity, loans and receivables and available for sale financial assets.

Financial Liabilities

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, under LKAS 39 all fair value changes of liabilities designated as FVTPL are recognized in profit or loss, whereas under SLFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of change in the fair value is presented in the profit or loss.

Impairment

SLFRS 9 replaces the 'Incurred Loss' model in LKAS 39 with a forward-looking 'Expected Credit Loss' (ECL) model. This will require considerable judgment about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

- To financial assets measured at amortized cost or FVTOCI, the new impairment model will apply, except for investments in equity instruments, and to contract assets.
- Loss allowances will be measured on either of the following bases: 12-month ECLs (these are ECLs that result from possible default events within the 12 months after the reporting date), and Lifetime ECLs (these are ECLs that result from all possible default events over the expected life of a financial instrument).

Disclosure to Provide Comparability

The Group will make an assessment of the objective of the business model when a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

SLFRS 17 – Insurance Contracts

SLFRS 17 adopted by the Institute of Chartered Accountants of Sri Lanka is in line with IFRS 17 issued by the International Accounting Standard Board will come in to effect from 01st January 2026. SLFRS 17 will supersede SLFRS 4 - "Insurance Contracts". The Company is intended to adopt the new standard on its mandatory effective date.

Objective & Scope

The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of SLFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives basis for users of financial statements to access the effect that insurance contracts have on entity's financial position, financial performance and cash flows.

An entity shall apply SLFRS 17 Insurance Contracts to:

- insurance contracts, including reinsurance contracts, it issues;
- reinsurance contracts it holds; and
- investment contracts with discretionary participation features issues, provided the entity also issues insurance contracts.

Recognition

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 if facts and circumstances indicate that there is such a group.

SLFRS — 17 specify three measurement approaches:

- I. Building Block Approach (BBA) / General Measurement Model
- II. Premium Allocation Approach (PAA)
- III. Variable Fee Approach (VFA)

Other New Accounting Pronouncements

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) - effective for annual periods beginning on or after 1st January 2023.
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) effective for annual periods beginning on or after 1st January 2023.
- Definition of Accounting Estimates (Amendments to LKAS 8) effective for annual periods beginning on or after 1st January 2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 04 - PROPERTY, PLANT AND EQUIPMENT - GROUP

| Cost/valuation | Land | Building | Building improvements | Partitions | Computers |
|---|--------------------|--------------------|-----------------------|-------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 01st January 2022 | 299,375,150 | 450,084,001 | 70,655,000 | 41,186,683 | 302,192,152 |
| Additions during the year | 45,000 | - | - | 8,062,180 | 5,354,530 |
| Disposals during the year | - | - | - | (220,480) | (164,720) |
| Revaluation | 30,198,950 | 149,934,144 | 65,944,667 | - | - |
| Depreciation reversal on revaluation | - | (9,191,645) | (23,551,667) | - | - |
| Balance as at 31st December 2022 | 329,619,100 | 590,826,500 | 113,048,000 | 49,028,383 | 307,381,962 |
| Balance as at 01st January 2023 | 329,619,100 | 590,826,501 | 113,048,000 | 49,028,381 | 307,381,962 |
| Additions during the year | - | 1,450,000 | - | 2,405,397 | 7,110,957 |
| Disposals during the year | - | - | - | - | (5,126,005) |
| Revaluation | 17,516,050 | 23,949,495 | 23,551,667 | - | - |
| Depreciation reversal on revaluation | - | (12,365,996) | (9,420,667) | - | - |
| Balance as at 31st December 2023 | 347,135,150 | 603,860,000 | 127,179,000 | 51,433,778 | 309,366,914 |
| Depreciation | | | | | |
| Balance as at 01st January 2022 | - | - | - | 12,892,009 | 243,144,876 |
| Depreciation for the year | - | 9,191,645 | 23,551,667 | 5,863,346 | 20,210,502 |
| Depreciation on disposals | - | - | - | (84,977) | (36,040) |
| Depreciation on revaluation | - | (9,191,645) | (23,551,667) | - | - |
| Balance as at 31st December 2022 | - | - | - | 18,670,378 | 263,319,338 |
| Balance as at 01st January 2023 | - | - | - | 18,670,379 | 263,319,338 |
| Depreciation for the year | - | 12,365,997 | 9,420,667 | 6,264,661 | 16,412,840 |
| Depreciation on disposals | - | - | - | - | (3,926,935) |
| Depreciation on revaluation | - | (12,365,997) | (9,420,667) | - | - |
| Balance as at 31st December 2023 | - | - | - | 24,935,040 | 275,805,243 |
| Carrying amounts | | | | | |
| As at 31st December 2022 | 329,619,100 | 590,826,500 | 113,048,000 | 30,358,005 | 44,062,624 |
| As at 31st December 2023 | 347,135,150 | 603,860,000 | 127,179,000 | 26,498,738 | 33,561,671 |

| Office equipment | Furniture & fittings | Motor vehicles | Total |
|---------------------|-------------------------|--------------------|----------------------|
| Rs. | Rs. | Rs. | Rs. |
| 203,947,698 | 302,279,457 | 223,530,000 | 1,893,250,140 |
| 6,557,261 | 13,069,380 | 1,472,101 | 34,560,452 |
| - | - | - | (385,200) |
| - | - | 78,147,881 | 324,225,642 |
| - | - | (106,304,979) | (139,048,291) |
| 210,504,959 | 315,348,837 | 196,845,003 | 2,112,602,743 |
| 210,504,961 | 315,348,836 | 196,845,002 | 2,112,602,743 |
| 2,141,044 | 6,135,238 | 14,469,329 | 33,711,965 |
| (536,361) | (189,218) | (5,360,000) | (11,211,584) |
| - | - | 121,147,293 | 186,164,505 |
| - | - | (85,545,621) | (107,332,284) |
| 212,109,644 | 321,294,856 | 241,556,003 | 2,213,935,345 |
| 130,092,918 | 224,522,700 | - | 610,652,503 |
| 18,431,710 | 26,783,139 | 106,304,979 | 210,336,988 |
| - | - | - | (121,017) |
| - | - | (106,304,979) | (139,048,291) |
| 148,524,628 | 251,305,839 | - | 681,820,183 |
| 148,524,628 | 251,305,838 | - | 681,820,183 |
| 17,522,585 | 22,846,739 | 89,593,955 | 174,427,444 |
| (957,114) | (189,218) | (4,048,333) | (9,121,600) |
| - | - | (85,545,623) | (107,332,287) |
| 165,090,099 | 273,963,359 | - | 739,793,740 |
| 61,980,331 | 64,042,998 | 196,845,003 | 1,430,782,561 |
| 47,019,545 | 47,331,497 | 241,556,003 | 1,474,141,604 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 04 - PROPERTY, PLANT AND EQUIPMENT - COMPANY

| Cost/valuation | Land | Building | Building improvements | Partitions | Computers |
|---|--------------------|--------------------|-----------------------|-------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 01st January 2022 | 272,970,150 | 272,489,000 | 70,655,000 | 41,186,683 | 270,287,292 |
| Additions during the year | 45,000 | - | - | 8,062,178 | 4,493,350 |
| Disposals during the year | - | - | - | (220,480) | (164,720) |
| Revaluation | 25,086,450 | 78,893,685 | 65,944,667 | - | - |
| Depreciation reversal on revaluation | - | (5,038,685) | (23,551,667) | - | - |
| Balance as at 31st December 2022 | 298,101,600 | 346,344,000 | 113,048,000 | 49,028,381 | 274,615,922 |
| Balance as at 01st January 2023 | 298,101,600 | 346,344,000 | 113,048,000 | 49,028,381 | 274,615,921 |
| Additions during the year | - | 1,450,000 | - | 2,405,395 | 5,885,898 |
| Disposals during the year | - | - | - | - | (4,316,005) |
| Revaluation | 10,418,550 | 17,204,027 | 23,551,667 | - | - |
| Depreciation reversal on revaluation | - | (6,523,027) | (9,420,667) | - | - |
| Balance as at 31st December 2023 | 308,520,150 | 358,475,000 | 127,179,000 | 51,433,776 | 276,185,814 |
| Depreciation | | | | | |
| Balance as at 01st January 2022 | - | - | - | 12,892,009 | 223,289,046 |
| Depreciation for the year | - | 5,038,685 | 23,551,667 | 5,863,346 | 16,128,265 |
| Depreciation on disposals | - | - | - | (84,977) | (36,040) |
| Depreciation on revaluation | - | (5,038,685) | (23,551,667) | - | - |
| Balance as at 31st December 2022 | - | - | - | 18,670,378 | 239,381,271 |
| Balance as at 01st January 2023 | - | - | - | 18,670,379 | 239,381,271 |
| Depreciation for the year | - | 6,523,027 | 9,420,667 | 6,264,661 | 12,997,314 |
| Depreciation on disposals | - | - | - | - | (3,578,185) |
| Depreciation on revaluation | - | (6,523,027) | (9,420,667) | - | - |
| Balance as at 31st December 2023 | - | - | - | 24,935,040 | 248,800,400 |
| Carrying amounts | | | | | |
| As at 31st December 2022 | 298,101,600 | 346,344,000 | 113,048,000 | 30,358,000 | 35,234,653 |
| As at 31st December 2023 | 308,520,150 | 358,475,000 | 127,179,000 | 26,498,736 | 27,385,414 |

| Office equipment | Furniture & fittings | Motor vehicles | Total |
|---------------------|-------------------------|--------------------|----------------------|
| Rs. | Rs. | Rs. | Rs. |
| 165,710,877 | 206,576,916 | 181,274,999 | 1,481,150,917 |
| 3,558,299 | 9,541,762 | 1,472,100 | 27,172,688 |
| - | - | - | (385,200) |
| - | - | 72,919,548 | 242,844,350 |
| - | - | (97,086,647) | (125,676,999) |
| 169,269,176 | 216,118,678 | 158,580,000 | 1,625,105,756 |
| 169,269,176 | 216,118,678 | 158,580,000 | 1,625,105,756 |
| 1,161,191 | 1,146,903 | 14,269,328 | 26,318,715 |
| (536,361) | (189,218) | (5,360,000) | (10,401,584) |
| - | - | 102,134,793 | 153,309,037 |
| - | - | (74,313,121) | (90,256,815) |
| 169,894,006 | 217,076,363 | 195,311,000 | 1,704,075,110 |
| 107,758,739 | 158,261,140 | - | 502,200,934 |
| 13,718,135 | 16,134,553 | 97,086,648 | 177,521,299 |
| - | - | - | (121,017) |
| - | - | (97,086,647) | (125,676,999) |
| 121,476,874 | 174,395,693 | - | 553,924,217 |
| 121,476,874 | 174,395,692 | - | 553,924,215 |
| 12,914,779 | 14,013,174 | 78,361,454 | 140,495,076 |
| (957,114) | (189,218) | (4,048,333) | (8,772,851) |
| - | - | (74,313,121) | (90,256,815) |
| 133,434,539 | 188,219,647 | - | 595,389,626 |
| 47,792,302 | 41,722,985 | 158,580,000 | 1,071,181,539 |
| 36,459,467 | 28,856,716 | 195,311,000 | 1,108,685,485 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 04 - PROPERTY, PLANT AND EQUIPMENT

REVALUATION OF LAND AND BUILDINGS AND MOTOR VEHICLES

The land and buildings of the Group were valued by Mr. P.G.L.P Ranaweera (AIV) a professional valuer and the freehold motor vehicles were valued based on open market by Thisaru Motors & Travels - consultant vehicle valuer, approved valuer for motor vehicles on 31st December 2023. The excess of Rs. 186.16 million over the net book value as at 31st December 2023 arisen thereby, has been credited to the revaluation reserve.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value measurement for all the lands has been categorized as a level 3 fair value based on the inputs to the valuation technique used. A significant increase in the market value per perch used in arriving at fair value would result in a significant increase, and vice versa in case of significant decrease.

| As at 31st December | Land extent | Building area | No of buildings | Date of valuation | Fair value (Rs.) |
|--------------------------|----------------|--------------------|-----------------|-------------------|------------------|
| Property at Grandpass | 33.15 Perches | 28,262 square feet | 1 | 31.12.2023 | 730,000,000 |
| Property at Ambalanthota | 4.27 Perches | 2,534 square feet | 1 | 31.12.2023 | 36,000,000 |
| Property at Nikaweratiya | 39.7 Perches | 17,775 square feet | 1 | 31.12.2023 | 248,000,000 |
| Property at Ja -Ela | 991.29 Perches | 4,000 square feet | 1 | 31.12.2023 | 65,000,000 |
| | | | | | 1,079,000,000 |

FAIR VALUE HIERARCHY

The table below analyses, non financial instruments measured at fair value at the end of the reporting period.

| Land and buildings | Level 1 (Rs.) | Level 2 (Rs.) | Level 3 (Rs.) | Total (Rs.) |
|--------------------|---------------|---------------|---------------|---------------|
| Year 2023 | - | - | 1,079,000,000 | 1,079,000,000 |
| Year 2022 | - | - | 1,033,242,000 | 1,033,242,000 |

The fair value measurement has been categorised as level 3 fair value, based on the inputs to the valuation techniques used.

VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table shows the valuation techniques used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used.

| Location | Valuation technique | Significant | Significant unobservable inputs - valued at |
|--------------------------|---------------------|---------------------------------|--|
| Property at Grandpass | Contractors method | Price per perch and square foot | 7,500,000/-per perch and 12,500/- per square foot |
| Property at Ambalanthota | Contractors method | Price per perch and square foot | Rs. 3,000,000/-per perch and Rs.9,000/- per square foot |
| Property at Nikaweratiya | Contractors method | Price per perch and square foot | Rs. 650,000/- per perch and Rs. 12,500/- per square foot |
| Property at Ja-Ela | Contractors method | Price per perch and square foot | 140,000/- per perch and 1,300/- per square foot |

If the revalued land and buildings under property, plant and equipment were stated on the historical cost basis, the carrying amount would be as follows:

| Class of asset | Property at Grandpass (Rs.) | Property at Ambalanthota (Rs.) | Property at Nikaweratiya (Rs.) | Property at Ja-Ela (Rs.) |
|---|-----------------------------|--------------------------------|--------------------------------|--------------------------|
| Land | | | | |
| Cost | 205,000,000 | 1,120,415 | 8,217,747 | 59,684,070 |
| Accumulated depreciation | - | - | - | - |
| Net book value as at 31st December 2023 | 205,000,000 | 1,120,415 | 8,217,747 | 59,684,070 |
| Net book value as at 31st December 2022 | 205,000,000 | 1,120,415 | 8,217,747 | 59,684,070 |
| Buildings | | | | |
| Cost | 340,000,000 | 10,423,590 | 88,712,132 | 5,346,693 |
| Accumulated depreciation | 30,219,498 | 4,408,897 | 17,509,016 | 132,324 |
| Net book value as at 31st December 2023 | 314,872,602 | 6,014,693 | 71,203,116 | 5,312,515 |
| Net book value as at 31st December 2022 | 315,447,169 | 6,202,668 | 72,898,539 | 3,896,693 |

FULLY DEPRECIATED ASSETS

The Company property, plant and equipment include fully depreciated assets having a gross carrying amount of Rs.438,270,145/- (2022 - Rs. 368,246,701/-) and Cooplife Insurance Ltd property plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 66,523,424/- (2022 - Rs.29,023,840/-).

SECURITY

During the year there were no property, plant and equipment in the Group and in the Company, pledged as security for liabilities. (2022 - nil)

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT ARE AS FOLLOWS:

| | 2023 | 2022 |
|---------------------------|-----------------|----------|
| Buildings | | |
| Grandpass | 60 years | 60 years |
| Ambalanthota | 40 years | 40 years |
| Nikaweratiya | 50 years | 50 years |
| Ja-Ela | 60 years | 60 years |
| Office equipment | 8 years | 8 years |
| Computers | 6 years | 6 years |
| Motor vehicles | 5 years | 5 years |
| Furniture & fittings | 8 years | 8 years |
| Partitions | 8 years | 8 years |
| Improvements to buildings | 20 years | 10 years |

Improvements to buildings useful life has been reviewed and total useful life of that has been changed from 10 years to 20 years with effect from 01.01.2023

NOTES TO THE FINANCIAL STATEMENTS

ASSESSMENT OF IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT (PPE)

The Board of Directors have assessed the potential impairment indicators of PPE as at 31st December 2023. Based on the assessment impairment indicators were identified.

CAPITALISATION OF BORROWING COSTS

There were no capitalised borrowing costs relating to the acquisition of PPE during the year. (2022 — Nil)

TEMPORARILY IDLE PROPERTY, PLANT AND EQUIPMENT

There were no temporarily idle property as at the year ended 31st December 2023. (2022 — Nil)

NOTE 04.01 - RIGHT OF USE ASSETS

| | Group Rs. | Company Rs. |
|---|--------------------|--------------------|
| Cost | | |
| Balance as at 01st January 2022 | 622,131,742 | 496,368,635 |
| Additions during the year | 99,909,566 | 84,090,797 |
| Disposals during the year | (11,951,101) | (11,951,101) |
| Balance as at 31st December 2022 | 710,090,207 | 568,508,331 |
| Balance as at 01st January 2023 | 710,090,207 | 568,508,331 |
| Additions during the year | 79,704,771 | 74,084,024 |
| Disposals during the year | (4,311,719) | (4,311,719) |
| Balance as at 31st December 2023 | 785,483,259 | 638,280,636 |
| Depreciation | | |
| Balance as at 01st January 2022 | 220,297,257 | 167,532,079 |
| Depreciation for the year | 95,790,612 | 76,584,452 |
| Depreciation on disposals | (5,316,372) | (5,316,372) |
| Balance as at 31st December 2022 | 310,771,497 | 238,800,159 |
| Balance as at 01st January 2023 | 310,771,497 | 238,800,159 |
| Depreciation for the year | 95,070,663 | 74,839,953 |
| Depreciation on disposals | (1,865,941) | (1,865,941) |
| Balance as at 31st December 2023 | 403,976,219 | 311,774,171 |
| Balance as at 31st December 2022 | 399,318,710 | 329,708,173 |
| Balance as at 31st December 2023 | 381,507,040 | 326,506,466 |

| | Group | | Company | |
|---|----------------------|---------------|----------------------|--------------|
| | 2023 Rs. | 2022 Rs. | 2023 Rs. | 2022 Rs. |
| Amount recognized in profit or loss | | | | |
| Depreciation on right-of-use assets | 95,070,663 | 95,790,612 | 72,974,012 | 71,268,080 |
| Finance cost on lease liability | 55,707,096 | 51,710,826 | 45,871,087 | 40,571,348 |
| Amount recognized in statement of cash flows | | | | |
| Total cash outflow for leases including for rent advances | (136,295,881) | (124,167,485) | (105,859,278) | (97,369,331) |

NOTE 05 - INTANGIBLE ASSETS

| Cost/ valuation | Computer software | | Development costs | | Total | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Group Rs. | Company Rs. | Group Rs. | Company Rs. | Group Rs. | Company Rs. |
| Balance as at 01st January 2022 | 27,576,659 | 10,433,668 | 22,071,552 | 22,071,552 | 49,648,211 | 32,505,220 |
| Acquisitions - internally developed | - | - | 5,526,053 | 5,526,053 | 5,526,053 | 5,526,053 |
| Transfers | 7,884,261 | 7,884,261 | (7,884,261) | (7,884,261) | - | - |
| Balance as at 31st December 2022 | 35,460,920 | 18,317,929 | 19,713,344 | 19,713,344 | 55,174,264 | 38,031,273 |
| Balance as at 01st January 2023 | 35,460,920 | 18,317,929 | 19,713,344 | 19,713,344 | 55,174,264 | 38,031,273 |
| Acquisitions - internally developed | - | - | 4,750,521 | 4,750,521 | 4,750,521 | 4,750,521 |
| Transfers | 24,463,865 | 24,463,865 | (24,463,865) | (24,463,865) | - | - |
| Balance as at 31st December 2023 | 59,924,785 | 42,781,794 | - | - | 59,924,785 | 42,781,794 |
| Amortization | | | | | | |
| Balance as at 01st January 2022 | 25,807,617 | 10,359,739 | - | - | 25,807,617 | 10,359,739 |
| Amortization for the year | 1,095,625 | 292,936 | - | - | 1,095,625 | 292,936 |
| Balance as at 31st December 2022 | 26,903,242 | 10,652,675 | - | - | 26,903,242 | 10,652,675 |
| Balance as at 01st January 2023 | 26,903,242 | 10,652,675 | - | - | 26,903,242 | 10,652,675 |
| Amortization for the year | 9,987,968 | 9,331,161 | - | - | 9,987,968 | 9,331,161 |
| Balance as at 31st December 2023 | 36,891,212 | 19,983,835 | - | - | 36,891,212 | 19,983,835 |
| Carrying amounts | | | | | | |
| Balance as at 31st December 2022 | | | | | 28,271,021 | 27,378,597 |
| Balance as at 31st December 2023 | | | | | 23,033,573 | 22,797,959 |

INTANGIBLE ASSETS

Computer software represents the costs incurred to improve performance of core (Oracle) system. Development cost represents the investment on new system development undertaken by the Company software development unit.

AMORTISATION

The amortization of software and development costs is included in the operating expenses.

NOTE 06 - FINANCIAL INVESTMENTS

| | Note | Group | | Company | |
|---|-------|-----------------------|-----------------------|----------------------|----------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Held to maturity financial assets (HTM) | 06.01 | 7,310,711,675 | 5,870,415,814 | 3,246,734,530 | 3,179,774,650 |
| Loans & receivables (L&R) | 06.02 | 3,984,261,227 | 4,361,374,878 | 3,204,646,562 | 3,244,903,248 |
| Available for sale financial assets (AFS) | 06.03 | 14,572,808 | 9,244,086 | 14,572,808 | 9,244,086 |
| Financial assets at fair value through profit or loss (FVTPL) | 06.04 | 1,475,456 | 1,045,761 | - | - |
| Total | | 11,311,021,166 | 10,242,080,539 | 6,465,953,900 | 6,433,921,984 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 06.01 - HELD TO MATURITY FINANCIAL ASSETS (HTM)

| | Note | Group | | Company | |
|--------------------------|-----------|---------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Amortized cost | | | | | |
| Treasury bonds | 06.01(a) | 3,790,870,179 | 2,317,656,700 | 1,292,443,146 | 1,016,197,007 |
| Quoted debentures | 06.01(b) | 3,468,729,558 | 3,501,642,301 | 1,954,291,383 | 2,163,577,643 |
| Assets backed securities | 06.01(c) | 51,111,938 | 51,116,813 | - | - |
| | | 7310,711.675 | 5,870,415.814 | 3,246,734.530 | 3,179,774.650 |

NOTE 06.01 (A) - TREASURY BONDS

2023

| Maturity date | Group | | Company | |
|---------------|----------------------|----------------------|----------------------|----------------------|
| | Face value | Amortized cost | Face value | Amortized cost |
| | Rs. | Rs. | Rs. | Rs. |
| 2024 | 452,014,771 | 467,769,793 | 130,000,000 | 137,364,384 |
| 2025 | 1,538,584,156 | 1,497,406,891 | 765,584,156 | 734,207,774 |
| 2026 | 640,000,000 | 653,419,877 | 250,000,000 | 271,610,879 |
| 2027 | 285,476,730 | 263,735,644 | - | - |
| 2028 | 184,000,000 | 157,095,330 | - | - |
| 2029 | 228,247,782 | 239,436,986 | 144,511,428 | 149,260,109 |
| 2030 | 400,000,000 | 409,539,621 | - | - |
| 2032 | 143,000,000 | 102,466,037 | - | - |
| | 3,871,323,439 | 3,790,870,179 | 1,290,095,584 | 1,292,443,146 |

2022

| Maturity date | Group | | Company | |
|---------------|----------------------|----------------------|----------------------|----------------------|
| | Face value | Amortised cost | Face value | Amortised cost |
| | Rs. | Rs. | Rs. | Rs. |
| 2023 | 558,525,552 | 498,088,250 | 508,525,552 | 447,670,773 |
| 2024 | 200,000,000 | 211,563,425 | 130,000,000 | 136,069,450 |
| 2025 | 337,000,000 | 321,624,526 | 100,000,000 | 112,415,807 |
| 2026 | 200,000,000 | 229,302,891 | 150,000,000 | 170,555,805 |
| 2027 | 160,476,730 | 152,745,245 | - | - |
| 2028 | 184,000,000 | 152,860,726 | - | - |
| 2029 | 228,247,782 | 240,273,583 | 144,511,428 | 149,485,172 |
| 2030 | 400,000,000 | 410,009,254 | - | - |
| 2032 | 143,000,000 | 101,188,801 | - | - |
| | 2,411,250,064 | 2,317,656,700 | 1,033,036,980 | 1,016,197,007 |

NOTE 06.01 (B) - QUOTED DEBENTURES - GROUP

| | Maturity date | 2023 | | |
|--|---------------|-------------------|-----------------------------------|---------------|
| | | No. of debentures | Carrying value amortised cost Rs. | Interest rate |
| Seylan Bank PLC | 18-Apr-24 | 1,500,000 | 155,436,215 | 14.50% |
| LOLC Holdings PLC | 27-Sep-24 | 3,842,000 | 405,544,459 | 15.00% |
| LOLC Holdings PLC | 27-Sep-24 | 700,000 | 74,899,124 | 15.00% |
| Nations Trust Bank PLC | 23-Dec-24 | 1,367,800 | 139,292,263 | 12.80% |
| First Capital Treasuries LTD | 30-Jan-25 | 1,384,000 | 148,889,157 | 12.75% |
| First Capital Treasuries LTD | 30-Jan-25 | 495,000 | 53,630,837 | 12.75% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 2,900,000 | 299,193,281 | 10.50% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 950,000 | 98,812,226 | 10.50% |
| National Development Bank PLC | 24-Sep-25 | 379,900 | 38,911,947 | 9.50% |
| DFCC Bank PLC | 23-Oct-25 | 830,000 | 84,357,716 | 9.00% |
| National Development Bank PLC | 19-Dec-25 | 250,000 | 27,644,125 | 14.00% |
| First Capital Holdings PLC | 8-Feb-26 | 2,561,200 | 277,822,024 | 10.00% |
| Commercial Credit PLC | 4-Mar-26 | 500,000 | 53,680,641 | 9.00% |
| Seylan Bank PLC | 12-Apr-26 | 3,000,000 | 317,681,087 | 9.75% |
| Singer Finance (Lanka) PLC | 25-Jun-26 | 1,020,000 | 106,780,581 | 9.25% |
| Siyapatha Finance PLC | 1-Sep-26 | 500,000 | 50,310,344 | 9.46% |
| Commercial Bank PLC | 21-Sep-26 | 500,000 | 49,452,566 | 9.00% |
| National Development Bank PLC | 23-Nov-26 | 1,283,300 | 131,630,582 | 11.90% |
| DFCC Bank PLC | 23-Oct-27 | 1,000,000 | 96,342,333 | 9.25% |
| Sampath Bank PLC | 9-Feb-28 | 436,000 | 54,337,192 | 28.00% |
| Merchant Bank of Sri Lanka | 9-Apr-28 | 1,000,000 | 106,151,974 | 28.00% |
| Merchant Bank of Sri Lanka & Finance PLC | 10-Apr-28 | 80,000 | 9,649,526 | 29.50% |
| Merchant Bank of Sri Lanka & Finance PLC | 10-Apr-28 | 390,000 | 47,041,438 | 29.50% |
| Merchant Bank of Sri Lanka & Finance PLC | 10-Apr-28 | 60,000 | 7,237,144 | 29.50% |
| Merchant Bank of Sri Lanka & Finance PLC | 10-Apr-28 | 240,000 | 28,948,577 | 29.50% |
| Sampath Bank PLC | 12-Apr-28 | 3,000,000 | 309,963,185 | 9.00% |
| Commercial Bank PLC | 20-Dec-28 | 251,500 | 25,256,037 | 15.00% |
| Bank of Ceylon | 27-Dec-28 | 100,000 | 10,015,311 | 15.00% |
| Bank of Ceylon | 27-Dec-28 | 550,000 | 55,084,210 | 15.00% |
| Bank of Ceylon | 27-Dec-28 | 470,000 | 47,071,962 | 15.00% |
| Bank of Ceylon | 27-Dec-28 | 600,000 | 60,091,866 | 15.00% |
| Hatton National Bank PLC | 28-Jul-31 | 1,046,700 | 97,569,627 | 9.50% |
| | | 33,187,400 | 3,468,729,558 | |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 06.01 (B) - COMPANY

| Issuer | Maturity date | 2023 | | |
|----------------------------------|---------------|-------------------|-----------------------------------|---------------|
| | | No. of debentures | Carrying value amortised cost Rs. | Interest rate |
| Seylan Bank PLC | 18-Apr-24 | 1,000,000 | 103,222,172 | 14.50% |
| LOLC Holdings PLC | 27-Sep-24 | 2,200,000 | 228,509,589 | 15.00% |
| LOLC Holdings PLC | 27-Sep-24 | 700,000 | 74,899,124 | 15.00% |
| Nations Trust Bank PLC | 23-Dec-24 | 683,900 | 68,601,061 | 12.80% |
| First Capital Treasuries LTD | 30-Jan-25 | 1,384,000 | 148,889,157 | 12.75% |
| First Capital Treasuries LTD | 30-Jan-25 | 495,000 | 53,630,837 | 12.75% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 1,500,000 | 154,379,508 | 10.50% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 950,000 | 98,812,226 | 10.50% |
| National Development Bank PLC | 24-Sep-25 | 307,000 | 31,509,556 | 9.50% |
| DFCC Bank PLC | 23-Oct-25 | 830,000 | 84,357,716 | 9.00% |
| National Development Bank PLC | 19-Dec-25 | 250,000 | 27,644,125 | 14.00% |
| First Capital Holdings PLC | 8-Feb-26 | 1,500,000 | 163,322,432 | 10.00% |
| Commercial Credit PLC | 4-Mar-26 | 500,000 | 53,680,641 | 9.00% |
| Seylan Bank PLC | 12-Apr-26 | 1,500,000 | 159,604,101 | 9.75% |
| Singer Finance (Lanka) PLC | 25-Jun-26 | 1,020,000 | 106,780,581 | 9.25% |
| National Development Bank PLC | 23-Nov-26 | 746,800 | 75,564,046 | 11.90% |
| Sampath Bank PLC | 9-Feb-28 | 436,000 | 54,337,192 | 28.00% |
| Merchant Bank of Sri Lanka | 9-Apr-28 | 1,000,000 | 106,151,974 | 28.00% |
| Sampath Bank PLC | 12-Apr-28 | 1,500,000 | 160,395,345 | 9.00% |
| | | 18,502,700 | 1,954,291,383 | |

NOTE 06.01 (B) - QUOTED DEBENTURES - GROUP

| Issuer | Maturity date | 2022 | | |
|--|---------------|-------------------|-----------------------------------|---------------|
| | | No. of debentures | Carrying value amortised cost Rs. | Interest rate |
| Citizen Development Business Finance PLC | 27-Mar-23 | 1,100,000 | 121,708,851 | 14.20% |
| Lanka Orix Finance PLC | 31-Jul-23 | 1,000,000 | 106,148,742 | 14.75% |
| Lanka Orix Finance PLC | 31-Jul-23 | 550,000 | 58,541,440 | 14.75% |
| Hatton National Bank PLC | 29-Aug-23 | 120,000 | 12,143,992 | 8.00% |
| Hatton National Bank PLC | 29-Aug-23 | 324,832 | 33,228,433 | 8.00% |
| Bank of Ceylon | 24-Oct-23 | 26,800 | 2,700,091 | 13.75% |
| National Development Bank PLC | 19-Dec-23 | 100,000 | 11,200,479 | 13.90% |

2022

| Issuer | Maturity date | No. of debentures | Carrying value amortised cost Rs. | Interest rate |
|----------------------------------|---------------|-------------------|-----------------------------------|---------------|
| Softlogic Capital PLC | 19-Dec-23 | 500,000 | 50,237,551 | 14.75% |
| National Development Bank PLC | 19-Dec-23 | 87,500 | 9,739,957 | 13.50% |
| Softlogic Capital PLC | 19-Dec-23 | 600,000 | 63,578,827 | 14.75% |
| Seylan Bank PLC | 18-Apr-24 | 1,000,000 | 103,250,903 | 14.50% |
| Seylan Bank PLC | 18-Apr-24 | 500,000 | 54,660,470 | 14.50% |
| LOLC Holdings PLC | 20-Sep-24 | 1,642,000 | 185,204,789 | 15.00% |
| LOLC Holdings PLC | 27-Sep-24 | 2,200,000 | 228,540,801 | 15.00% |
| LOLC Holdings PLC | 27-Sep-24 | 700,000 | 77,648,459 | 15.00% |
| Nations Trust Bank PLC | 23-Dec-24 | 683,900 | 68,605,446 | 12.80% |
| Nations Trust Bank PLC | 23-Dec-24 | 683,900 | 72,691,333 | 12.80% |
| First Capital Treasuries LTD | 30-Jan-25 | 1,384,000 | 151,541,276 | 12.75% |
| First Capital Treasuries LTD | 30-Jan-25 | 495,000 | 54,902,477 | 12.75% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 1,500,000 | 154,399,505 | 10.50% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 950,000 | 99,406,019 | 10.50% |
| National Development Bank PLC | 24-Sep-25 | 307,000 | 31,512,970 | 9.50% |
| Commercial Leasing & Finance PLC | 24-Sep-25 | 1,400,000 | 145,296,809 | 10.50% |
| National Development Bank PLC | 25-Sep-25 | 72,900 | 7,370,592 | 9.50% |
| DFCC Bank PLC | 23-Oct-25 | 830,000 | 84,366,358 | 9.00% |
| National Development Bank PLC | 19-Dec-25 | 250,000 | 27,298,603 | 14.00% |
| First Capital Holdings PLC | 8-Feb-26 | 1,500,000 | 163,339,395 | 10.00% |
| First Capital Holdings PLC | 8-Feb-26 | 1,061,200 | 114,089,069 | 10.00% |
| Commercial Credit PLC | 4-Mar-26 | 500,000 | 53,685,933 | 9.00% |
| Seylan Bank PLC | 12-Apr-26 | 1,500,000 | 159,620,282 | 9.75% |
| Seylan Bank PLC | 12-Apr-26 | 1,500,000 | 157,237,828 | 9.75% |
| Singer Finance (Lanka) PLC | 25-Jun-26 | 1,020,000 | 106,791,400 | 9.25% |
| Siyapatha Finance PLC | 1-Sep-26 | 500,000 | 49,940,946 | 9.46% |
| Commercial Bank PLC | 21-Sep-26 | 500,000 | 48,920,066 | 9.00% |
| National Development Bank PLC | 23-Nov-26 | 746,800 | 75,574,195 | 11.90% |
| National Development Bank PLC | 24-Nov-26 | 536,500 | 56,574,295 | 11.90% |
| DFCC Bank PLC | 23-Oct-27 | 1,000,000 | 95,269,355 | 9.25% |
| Sampath Bank PLC | 12-Apr-28 | 1,500,000 | 160,412,475 | 9.00% |
| Sampath Bank PLC | 12-Apr-28 | 1,500,000 | 147,825,920 | 9.00% |
| Hatton National Bank PLC | 28-Jul-31 | 1,046,700 | 96,435,969 | 9.50% |
| | | 33,419,032 | 3,501,642,301 | |

NOTES TO THE FINANCIAL STATEMENTS

RECLASSIFICATION OF TREASURY BONDS AND DEBENTURES FROM AFS TO HTM CATEGORY IN COOPLIFE INSURANCE LTD

The Company has reclassified all of its Treasury Bond and Debenture portfolio from Available-For-Sale (AFS) financial asset category to Held to Maturity (HTM) category on 01st January 2022 due to change in intention from “holding or selling” to “hold until maturity” after assessing the projected business plans and the need for liquidity. As per LKAS 39, reclassification to Held to Maturity is permitted when the entity has the ability and intention to hold financial assets until maturity. At the reclassification date, the market value of the Treasury Bonds and Debentures become its new cost or amortized cost and subsequently, HTM assets are measured at amortized cost. Further, 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 amortized to profit or loss over the remaining life of the asset using the EIR (Effective Interest Rate). Such amortization has been recognized under interest income line in the profit or loss.

The financial effect on reclassification is summarized in the table below as at the reclassification date:

| | Treasury Bonds | | Debentures | |
|--|--------------------|------------------|--------------------|------------------|
| | Available-for-sale | Held to maturity | Available-for-sale | Held to maturity |
| | Rs. | Rs. | Rs. | Rs. |
| Carrying value of instruments as at 01st January 2022 | 291,454,427 | 477,884,609 | 1,412,330,033 | - |
| Fair value of instruments reclassified | (291,454,427) | 291,454,427 | (1,412,330,033) | 1,412,330,033 |
| New carrying value of instruments as at 01st January 2022 | - | 769,339,037 | - | 1,412,330,033 |
| AFS reserve to be amortized to P&L over the remaining life of assets | | (13,708,779) | | (689,834) |
| Amortization recognized during the year | | 1,406,395 | | (11,953,044) |

NOTE 06.01 (B) - COMPANY

| Issuer | Maturity date | No. of debentures | 2022 | |
|--|---------------|-------------------|-----------------------------------|---------------|
| | | | Carrying value amortised cost Rs. | Interest rate |
| Citizen Development Business Finance PLC | 27-Mar-23 | 1,100,000 | 121,708,851 | 14.20% |
| Lanka Orix Finance PLC | 31-Jul-23 | 1,000,000 | 106,148,742 | 14.75% |
| Lanka Orix Finance PLC | 31-Jul-23 | 550,000 | 58,541,440 | 14.75% |
| Hatton National Bank PLC | 29-Aug-23 | 120,000 | 12,143,992 | 8.00% |
| Bank of Ceylon | 24-Oct-23 | 26,800 | 2,700,091 | 13.75% |
| National Development Bank PLC | 19-Dec-23 | 100,000 | 11,200,479 | 13.90% |
| Softlogic Capital PLC | 19-Dec-23 | 500,000 | 50,237,551 | 14.75% |
| Seylan Bank PLC | 18-Apr-24 | 1,000,000 | 103,250,903 | 14.50% |
| LOLC Holdings PLC | 27-Sep-24 | 2,200,000 | 228,540,801 | 15.00% |
| LOLC Holdings PLC | 27-Sep-24 | 700,000 | 77,648,459 | 15.00% |
| Nations Trust Bank PLC | 23-Dec-24 | 683,900 | 68,605,446 | 12.80% |
| First Capital Treasuries LTD | 30-Jan-25 | 1,384,000 | 151,541,276 | 12.75% |
| First Capital Treasuries LTD | 30-Jan-25 | 495,000 | 54,902,477 | 12.75% |

| 2022 | | | | |
|----------------------------------|---------------|-------------------|-----------------------------------|---------------|
| Issuer | Maturity date | No. of debentures | Carrying value amortised cost Rs. | Interest rate |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 1,500,000 | 154,399,505 | 10.50% |
| Commercial Leasing & Finance PLC | 23-Sep-25 | 950,000 | 99,406,019 | 10.50% |
| National Development Bank PLC | 24-Sep-25 | 307,000 | 31,512,970 | 9.50% |
| DFCC Bank PLC | 23-Oct-25 | 830,000 | 84,366,358 | 9.00% |
| National Development Bank PLC | 19-Dec-25 | 250,000 | 27,298,603 | 14.00% |
| First Capital Holdings PLC | 8-Feb-26 | 1,500,000 | 163,339,395 | 10.00% |
| Commercial Credit PLC | 4-Mar-26 | 500,000 | 53,685,933 | 9.00% |
| Seylan Bank PLC | 12-Apr-26 | 1,500,000 | 159,620,282 | 9.75% |
| Singer Finance (Lanka) PLC | 25-Jun-26 | 1,020,000 | 106,791,400 | 9.25% |
| National Development Bank PLC | 23-Nov-26 | 746,800 | 75,574,195 | 11.90% |
| Sampath Bank PLC | 12-Apr-28 | 1,500,000 | 160,412,475 | 9.00% |
| | | | 2,163,577,643 | |

NOTE 06.01 (C) - ASSET BACK SECURITIES - GROUP & COMPANY

| | 2023 | | 2022 | |
|-------------------------|----------------|--------------------|----------------|--------------------|
| | Face value Rs. | Amortized cost Rs. | Face value Rs. | Amortized cost Rs. |
| Asset backed securities | 50,000,000 | 51,111,938 | 50,000,000 | 51,116,813 |

NOTE 06.02 - LOANS & RECEIVABLES (L&R)

Amortised cost

| | Group | | Company | |
|--------------------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Fixed deposits | 2,578,482,136 | 2,868,095,952 | 2,491,035,709 | 2,439,241,145 |
| Investments in repos | 82,400,001 | 909,713,170 | 82,400,001 | 474,401,306 |
| Commercial paper | 858,659,597 | 374,719,540 | 529,025,458 | 229,075,013 |
| Money market | 362,534,099 | 13,703,885 | - | - |
| Savings accounts | 432,536 | 414,415 | 432,536 | 414,415 |
| Assets backed securities | 101,752,858 | 101,771,369 | 101,752,858 | 101,771,369 |
| Treasury bills | - | 92,956,547 | - | - |
| | 3,984,261,227 | 4,361,374,878 | 3,204,646,562 | 3,244,903,248 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 06.03 - AVAILABLE FOR SALE (AFS)

| | Group | | | | | |
|---|------------------------|-----------------------|-------------------|------------------------|-----------------------|-------------------|
| | 2023 | | | 2022 | | |
| | Cost/face value Rs. | Amortised cost Rs. | Fair value Rs. | Cost/face value Rs. | Amortised cost Rs. | Fair value Rs. |
| Unquoted equity instruments - | | | | | | |
| Co-operative Leasing Company Ltd | 4,115,420 | - | 6,125,993 | 4,115,420 | - | 5,218,034 |
| Quoted equity instruments - | | | | | | |
| People's Leasing & Finance Company PLC | 11,590,979 | - | 8,446,815 | 11,590,979 | - | 4,026,052 |
| | 15,706,399 | - | 14,572,808 | 15,706,399 | - | 9,244,086 |

| | Company | | | | | |
|--------------------------------------|------------------------|-----------------------|-------------------|------------------------|-----------------------|-------------------|
| | 2023 | | | 2022 | | |
| | Cost/face value Rs. | Amortised cost Rs. | Fair value Rs. | Cost/face value Rs. | Amortised cost Rs. | Fair value Rs. |
| Unquoted equity instruments - | | | | | | |
| Co-Operative Leasing Company Ltd | 4,115,420 | - | 6,125,993 | 4,115,420 | - | 5,218,034 |
| Quoted equity instruments - | | | | | | |
| Peoples Leasing Company PLC | 11,590,979 | - | 8,446,815 | 11,590,979 | - | 4,026,052 |
| | 15,706,399 | - | 14,572,808 | 15,706,399 | - | 9,244,086 |

NOTE 06.04 - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| Description | No. of shares | Group | | Company | |
|-----------------------------|---------------|-------------------|------------------|-------------------|------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Fair value Rs. | | Fair value Rs. | |
| Colombo Dockyard PLC | 2,000 | 101,000 | 118,000 | - | - |
| Commercial Bank PLC(N) | 4,024 | 384,297 | 190,844 | - | - |
| Commercial Bank PLC(X) | 1,989 | 159,916 | 76,818 | - | - |
| Galadari Hotels (Lanka) PLC | 20,000 | 320,000 | 250,000 | - | - |
| Hemas Holdings PLC | 1,265 | 84,376 | 71,310 | - | - |
| Lanka Tiles PLC | 5,000 | 211,000 | 230,500 | - | - |
| Nations Trust Bank PLC | 1,329 | 142,868 | 57,889 | - | - |
| Singer Sri Lanka PLC | 6,000 | 72,000 | 50,400 | - | - |
| Total | | 1,475,456 | 1,045,761 | - | - |

NOTE 07 - INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|--------------------|--------------------|
| | 2023 | 2022 |
| | Rs. | Rs. |
| Coop Life Insurance Ltd - ordinary shares | 544,260,040 | 544,260,040 |
| Coopinsu Training Academy (Pvt) Ltd | 10 | 10 |
| Total | 544,260,050 | 544,260,050 |

NOTE 08 - LOANS TO LIFE POLICYHOLDERS

| | Group | | Company | |
|---------------------|-------------------|-------------------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Loans | 58,400,845 | 24,118,210 | - | - |
| Interest receivable | 12,945,956 | 10,671,140 | - | - |
| Total | 71,346,801 | 34,789,350 | - | - |

NOTE 09 - REINSURANCE RECEIVABLES

| | Group | | Company | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| On claims | 890,732,445 | 495,695,931 | 878,212,918 | 482,339,478 |
| On IBNR | 93,094,883 | 31,783,250 | 93,094,883 | 31,783,250 |
| Balance at the end of the year | 983,827,328 | 527,479,181 | 971,307,802 | 514,122,730 |

FAIR VALUE OF REINSURANCE RECEIVABLES

The carrying values disclosed above approximate the fair value at the reporting date.

IMPAIRMENT OF REINSURANCE RECEIVABLES

No impairment was observed in the case of reinsurance receivables.

COLLATERAL DETAILS

The Company does not hold any collateral as security against potential default by reinsurance counter parties.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - PREMIUM RECEIVABLES

| | Group | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Premiums receivable - Non Life Insurance | 1,511,149,594 | 1,419,718,405 | 1,511,149,594 | 1,419,718,405 |
| Premiums receivable - Life Insurance | 22,654,144 | 18,906,297 | - | - |
| Impairment allowance on premiums receivable | (229,135,461) | (99,174,997) | (225,602,925) | (98,464,302) |
| | 1,304,668,277 | 1,339,449,705 | 1,285,546,668 | 1,321,254,103 |
| Movement in the allowance for doubtful debts ; | | | | |
| Balance at beginning of the year | 99,174,998 | 42,094,940 | 98,464,302 | 34,532,409 |
| Impairment allowance recognized during the year | 130,252,657 | 67,045,671 | 127,138,623 | 67,045,671 |
| Amounts written off during the year as uncollectible | (287,192) | - | - | - |
| Amounts recovered during the year | - | (9,965,613) | - | (3,113,777) |
| Foreign exchange gain/ (loss) | (5,001) | - | - | - |
| Balance at end of the year | 229,135,462 | 99,174,998 | 225,602,925 | 98,464,302 |

FAIR VALUE OF PREMIUM RECEIVABLES

The carrying amount disclosed above, approximates the fair value at the reporting date.

IMPAIRMENT OF PREMIUM RECEIVABLES

Impairment charges for the year are recognised in other operating and administrative expenses.

COLLATERAL DETAILS

The Company does not hold any collateral as security against potential default by policyholders or intermediaries.

NOTE 11 - OTHER ASSETS

| AS AT 31ST DECEMBER | Note | Group | | Company | |
|----------------------------------|------|--------------------|--------------------|--------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Deposits, advances & prepayments | | 40,518,507 | 33,609,630 | 40,518,507 | 33,609,630 |
| Withholding tax receivables | 11.1 | 74,825,207 | 21,873,845 | 38,591,788 | 735,309 |
| Staff loans | | 16,568,735 | 20,053,101 | 7,817,400 | 10,403,665 |
| Salvage inventory | | 28,230,000 | 30,041,000 | 28,230,000 | 30,041,000 |
| Inventory - complimentary items | | 7,370,573 | 6,101,019 | 99,000 | 20,740 |
| Inventory - stationery items | | 14,435,075 | 9,521,503 | 14,435,075 | 9,521,503 |
| Other receivables | | 13,135,975 | 7,114,543 | 7,170,977 | 5,293,506 |
| Total | | 195,084,072 | 128,314,641 | 136,862,743 | 89,625,353 |

FAIR VALUE

The fair value of staff loans are based on the cash flow discounting rate. Discount rate is equal to AWPLR plus appropriate risk margin.

NOTE - 11.1 WITHHOLDING TAX RECEIVABLES - SUBSIDIARY

TAXES RECOVERABLE FROM THE COMMISSIONER GENERAL OF INLAND REVENUE

| | Note | Group | | Company | |
|-----------------------------------|------|-------------------|-------------------|---------|------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Withholding tax receivable | | 36,228,026 | 21,138,536 | - | - |
| | | 36,228,026 | 21,138,536 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - CASH & CASH EQUIVALENTS

| | Group | | Company | |
|--|----------------------|--------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Cash at banks | 156,961,901 | 98,155,901 | 130,264,767 | 67,953,593 |
| Cash in hand | 6,823,943 | 7,660,112 | 3,315,566 | 3,964,943 |
| Cash in transit | 77,690 | 934,428 | - | - |
| Cash & cash equivalents | 163,863,534 | 106,750,441 | 133,580,333 | 71,918,536 |
| Bank overdrafts | (131,587,942) | (18,982,804) | (131,587,942) | (18,982,804) |
| Cash & cash equivalents (net) in the statement of cashflows | 32,275,592 | 87,767,637 | 1,992,391 | 52,935,732 |

NOTE 13 - STATED CAPITAL

| | Note | Group | | Company | |
|------------------|-------|----------------------|---------------|----------------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Ordinary shares | 13.01 | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 |
| Number of shares | 13.02 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 |

NOTE 13.01 - VOTING ORDINARY SHARES

| | | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| Balance at the beginning of the year | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 |
| Share issue | - | - | - | - |
| Balance at the end of the year | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 |

NOTE 13.02 - RECONCILIATION OF NUMBER OF SHARES - VOTING ORDINARY SHARES

| | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| No of shares at the beginning of the year | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 |
| Shares issued during the year | - | - | - | - |
| No of shares at the end of the year | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 |

NOTE 13.03 - ORDINARY SHARES & RIGHTS OF SHAREHOLDERS

All issued shares are fully paid. There is only one class of ordinary shares. All shares issued carry equal voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the general meetings of the Company.

NOTE 14 - LEASE LIABILITY UNDER SLFRS 16

| | Group | | Company | |
|-----------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Lease creditors | 457,265,086 | 462,460,819 | 386,976,373 | 377,192,259 |
| Total | 457,265,086 | 462,460,819 | 386,976,373 | 377,192,259 |

NOTE 14.01 - MATURITY ANALYSIS FOR LEASE LIABILITY UNDER SLFRS 16

The Group has entered into commercial lease agreements for certain properties. These leases have an average life time of between three and five years. Future minimum lease rentals payable under non cancellable operating leases as at 31/12/2023 are as follows;

| | Within 1 year Rs. | 1-3 years Rs. | Above 3 years Rs. | Total operating lease rentals payable Rs. |
|------------------------------------|----------------------|--------------------|----------------------|--|
| Balance as at 31st December 2023 | | | | |
| Co-operative Insurance Company PLC | 64,816,309 | 112,853,675 | 209,306,400 | 386,976,383 |
| Cooplife Insurance Ltd | 1,280,032 | 10,461,776 | 58,546,904 | 70,288,712 |
| | 66,096,342 | 123,315,451 | 267,853,304 | 457,265,096 |

| | Within 1 year Rs. | 1-3 years Rs. | Above 3 years Rs. | Total operating lease rentals payable Rs. |
|------------------------------------|----------------------|------------------|----------------------|--|
| Balance as at 31st December 2022 | | | | |
| Co-operative Insurance Company PLC | 47,046,133 | 169,953,007 | 160,193,119 | 377,192,259 |
| Cooplife Insurance Ltd | 341,781 | 23,301,408 | 61,625,371 | 85,268,560 |
| | 47,387,914 | 193,254,415 | 221,818,490 | 462,460,819 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 - INSURANCE LIABILITIES

| | Note | Group | | Company | |
|---|-------|---------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Life Insurance | | | | | |
| Long-term insurance fund | 15.01 | 3,892,644,913 | 2,760,534,922 | - | - |
| Unclaimed benefits | | 31,646,535 | 38,828,501 | - | - |
| | | 3,924,291,448 | 2,799,363,423 | - | - |
| Non-Life Insurance | | | | | |
| Premium | | | | | |
| Unearned premium | 15.02 | 1,921,472,392 | 2,212,045,752 | 1,921,472,392 | 2,212,045,752 |
| Net deferred acquisition cost | 15.03 | (146,977,809) | (182,496,763) | (146,977,809) | (182,496,763) |
| Gross claims reserve | 15.04 | | | | |
| Claims outstanding | | 957,219,220 | 792,260,683 | 957,219,220 | 792,260,683 |
| Claims incurred but not reported (IBNR) - net | | 843,049,299 | 427,325,267 | 843,049,298 | 427,325,266 |
| | | 3,574,763,102 | 3,249,134,939 | 3,574,763,101 | 3,249,134,938 |
| Total | | 7,499,054,550 | 6,048,498,362 | 3,574,763,101 | 3,249,134,938 |

NOTE 15.01 - LONG-TERM INSURANCE FUND

The movement in the life insurance fund is as follows:

| | 2023 | | | 2022 | | |
|--|--|----------------------|--|--|-----------------|--|
| | Gross Insurance Contract Liabilities Rs. | Reinsurance Rs. | Net Insurance Contract Liabilities Rs. | Gross Insurance Contract Liabilities Rs. | Reinsurance Rs. | Net Insurance Contract Liabilities Rs. |
| Balance as at 01st January | 2,868,184,889 | (107,649,966) | 2,760,534,922 | 2,415,729,723 | (88,336,339) | 2,327,393,385 |
| Premiums received/ reinsurance expenses | 1,168,279,877 | (45,821,660) | 1,122,458,218 | 1,114,975,610 | (46,736,221) | 1,068,239,389 |
| Liabilities released for payments on death, surrender and other terminations during the year | (278,251,732) | 15,307,500 | (262,944,232) | (386,321,946) | 26,571,821 | (359,750,124) |
| Net finance and other income | 776,043,122 | 4,320,247 | 780,363,369 | 314,169,271 | 850,772 | 315,020,043 |
| Expenses | (507,767,364) | - | (507,767,364) | (490,367,771) | - | (490,367,771) |
| Increase in Life Insurance Fund before surplus distribution | 1,158,303,903 | (26,193,912) | 1,132,109,991 | 552,455,164 | (19,313,627) | 533,141,537 |
| Surplus distributed to shareholders | - | - | - | (100,000,000) | - | (100,000,000) |
| Increase in Life Insurance Fund | 1,158,303,903 | (26,193,912) | 1,132,109,991 | 452,455,164 | (19,313,627) | 433,141,537 |
| Balances as at 31st December | 4,026,488,793 | (133,843,878) | 3,892,644,913 | 2,868,184,887 | (107,649,966) | 2,760,534,922 |

As at 31st December 2023 the fund pertaining to long term insurance business has been valued by Mr.Saket Singhal Appointed Actuary of Actsure Lab (Pvt) Limited who estimated the value at Rs. 3,893 million (2022- 2,760 million). In the opinion of the Actuary, this amount is adequate to cover the liabilities of the life insurance business.

In the opinion of the Appointed Actuary, the Company as at 31st December 2023 maintains a capital adequacy ratio (CAR) and the total available capital (TAC) as per the solvency margin (risk based capital) rules 2015 requirement, prescribed in section 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

ONE-OFF SURPLUS DUE TO CHANGE IN VALUATION METHOD

With effect from 1st January 2016, the Insurance Regulatory Commission of Sri Lanka (IRCSL) has implemented the risk based capital (RBC) framework for solvency purposes. As per the guidelines issued by IRCSL the surplus created due to change in the valuation method from net premium valuation (NPV) to gross premium valuation (GPV) requires to be maintained within the long term insurance fund. The details with regard to the surplus created on 1st January 2016, due to change in valuation method from NPV to GPV are as follows,

| | Participating Rs. | Non- participating Rs. | Total Rs. |
|---|----------------------|------------------------------|-------------------|
| Value of insurance contract liability as per NPV as at 31st December 2015 | 700,495,000 | 347,370,000 | 1,047,865,000 |
| Value of insurance contract liability as per GPV as at 31st December 2015 | 664,836,000 | 333,258,000 | 998,094,000 |
| Surplus created due to change in valuation method from NPV to GPV | 35,659,000 | 14,112,000 | 49,771,000 |

The surplus created as at 1st January 2016, due to change in valuation method from NPV to GPV, was valued by Mr.M.Poopalanathan a Professional Value from Actuarial and Management Consultants (Private) Limited. Subsequently the IRCSL, through the Direction No.16 issued on 20th March 2018 on "identification and treatment of One-off Surplus" the life insurance Companies were allowed to transfer one-off surplus attributable to Non-participating Fund to Shareholders' Fund in the relevant period. However, according to consultation and opinion of Actuary, Mr. M Poopalanathan the surplus has to be maintained within the long term insurance fund without being transferred to shareholders.

LIFE INSURANCE PROVISION

Long duration contract liabilities included in the life insurance fund, result primarily from traditional participating and non-participating life insurance products as short duration contract liabilities are primarily accident and health insurance products. The insurance provision has been established based on the following;

- Interest rates which vary by product and year of assurance.
- Mortality rates based on published mortality tables adjusted for actual experience by geographic area and modified to allow the variations in policy form.
- Surrender rates based on actual experience by geographic area and modified to allow for variations in policy form.

The amount of policy holder dividend to be paid is determined annually by the Company. The dividend includes life policy holders' share of net income that is required to be allocated by the insurance contract or by insurance regulations.

LIABILITY ADEQUACY TEST (LAT) - LIFE

A liability adequacy test ("LAT") for life insurance contract liability has been carried out by Mr.Saket Singhal a Professional Actuary as at 31st December 2023 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Actuary discounted all contractual cash flows and compared this amount with the carrying value of the liability. In his opinion as at 31st December 2023 the assets are not adequate when compared to the discounted cash flow reserves and in contrast to the reserves. Therefore 155 million of additional funds were trasfered from shareholder to policy holder fund as at 31st December 2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15.02 - UNEARNED PREMIUM

| | Group | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Balance as at 1st January | 2,212,045,752 | 1,991,930,177 | 2,212,045,752 | 1,991,930,177 |
| Transferred to income statement during the year | (290,573,360) | 220,115,575 | (290,573,360) | 220,115,575 |
| Balance as at 31st December | 1,921,472,392 | 2,212,045,752 | 1,921,472,392 | 2,212,045,752 |

NOTE 15.03 - NET DEFERRED ACQUISITION COST

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Deferred acquisition cost | | | | |
| Balance as at 1st January | 240,396,818 | 215,974,728 | 240,396,818 | 215,974,728 |
| Transfers during the year | (29,625,389) | 24,422,088 | (29,625,389) | 24,422,088 |
| Balance as at 31st December | 210,771,429 | 240,396,816 | 210,771,430 | 240,396,818 |
| Deferred reinsurance commission | | | | |
| Balance as at 1st January | (57,900,055) | (69,952,211) | (57,900,055) | (69,952,211) |
| Transfers during the year | (5,893,565) | 12,052,158 | (5,893,565) | 12,052,158 |
| Balance as at 31st December | (63,793,620) | (57,900,053) | (63,793,621) | (57,900,055) |
| Net deferred acquisition cost | 146,977,809 | 182,496,763 | 146,977,809 | 182,496,763 |

NOTE 15.04 - GROSS CLAIM RESERVE

| | Group | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Balance as at 1st January | 792,260,683 | 886,934,092 | 792,260,683 | 886,934,092 |
| Increase/(decrease) in outstanding claims | 164,958,537 | (94,673,409) | 164,958,537 | (94,673,409) |
| Balance as at 31st December | 957,219,220 | 792,260,683 | 957,219,220 | 792,260,683 |
| IBNR/IBNER balance as at 1st January | 427,325,266 | 393,958,186 | 427,325,266 | 393,958,186 |
| Increase/(decrease) in IBNR/IBNER | 415,724,032 | 33,367,079 | 415,724,032 | 33,367,079 |
| IBNR/IBNER balance as at 31st December | 843,049,298 | 427,325,266 | 843,049,298 | 427,325,266 |
| Total reserve for gross outstanding claims | 1,800,268,518 | 1,219,585,949 | 1,800,268,518 | 1,219,585,949 |

NOTE 15.05 - RECONCILIATION BETWEEN INSURANCE PROVISION AND TECHNICAL RESERVE

| | Company | |
|--------------------------------|----------------------|----------------------|
| | 2023 | 2022 |
| | Rs. | Rs. |
| Insurance provision - Non-life | 3,574,763,101 | 3,249,134,938 |
| Reinsurance on claims reserves | (878,212,918) | (482,339,478) |
| | 4,452,976,019 | 3,731,474,416 |

Significant delays occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be determined with certainty as at the reporting date. The reserves are determined based on the information currently available. However, it is inherent to the nature of the business that the ultimate liability may vary as a result of subsequent developments.

The incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claims reserve have been actuarially computed by Mr.Saket Singhal Appointed Actuary of Actsure Lab (Pvt) Limited The valuation is based on internationally accepted actuarial methods and is performed on an annual basis.

The non life insurance technical reserve of Rs. 3,574,763,101 as at 31st December 2023 includes the provision of IBNR claims of Rs. 878,212,918, that has been certified by the independent appointed actuaries, Actsure Lab (Pvt) Limited.

LIABILITY ADEQUACY TEST (LAT) - NON LIFE

As per LAT test performed by Mr.Saket Singhal Appointed Actuary of Actsure Lab (Pvt) Limited, it was concluded that the liability value is sufficient to meet future benefits and expenses. Hence no provision has been made for premium deficiency.

NOTE 16 - NON-CONTROLLING INTEREST

The table below shows details of non-wholly owned subsidiaries of the parent company that have material non-controlling interests:

| Name of subsidiary | Country of incorporation & principal place of business | Proportion of ownership interests held by non-controlling interests as at 31st December | | (Loss)/ profit allocated to non-controlling interests for the year ended 31st December | | Accumulated non-controlling interests as at 31st December | |
|------------------------|--|---|-----------|--|------|---|------|
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Coplife Insurance Ltd. | Sri Lanka | 0.00% | 0.00% | - | - | - | - |
| | | 0.00% | 0% | - | - | - | - |

NOTE 17 - PREFERENCE SHARES

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Health Department Co-operative Thrift and Credit Society | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 - RETIREMENT BENEFIT OBLIGATION

Amounts recognised in the statement of financial position are made up of as follows:

| | Group | | Company | |
|---|---------------------|--------------------|---------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Balance as at 1st January | 111,337,156 | 79,236,291 | 92,256,948 | 65,597,849 |
| Past service cost | - | - | - | - |
| Interest cost | 20,040,689 | 8,715,992 | 16,606,251 | 7,215,764 |
| Current service cost | 13,576,346 | 14,086,382 | 11,603,916 | 11,915,132 |
| Actuarial (gain) / loss on obligation | (4,561,304) | 16,594,844 | (2,585,407) | 13,609,141 |
| Payments made during the year /payable for the year | (16,801,487) | (7,296,353) | (14,640,765) | (6,080,939) |
| Balance as at 31st December | 123,591,400 | 111,337,156 | 103,240,942 | 92,256,948 |
| Expenses on retirement benefit obligation | | | | |
| Recognized in profit or loss | | | | |
| Interest cost | 20,040,689 | 8,715,992 | 16,606,251 | 7,215,764 |
| Current service cost | 13,576,346 | 14,086,382 | 11,603,916 | 11,915,132 |
| | 33,617,035 | 22,802,374 | 28,210,167 | 19,130,896 |
| Recognized in other comprehensive income | | | | |
| Net actuarial (gain) / loss on obligation | (4,561,304) | 16,594,844 | (2,585,407) | 13,609,141 |
| | (4,561,304) | 16,594,844 | (2,585,407) | 13,609,141 |

As at 31st December 2023, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M.Poopalanathan of Actuarial and Management Consultants (Private) Limited (Consultants and Actuaries), as required by LKAS 19 - Employee Benefits.

The liability is not externally funded. The valuation is performed on an annual basis.

During 2023, the gratuity arrangement for employees were adjusted to reflect the new legal requirement namely minimum retirement age specified in Workers Act No.28 of 2021 regarding the retirement age.

PRINCIPAL ASSUMPTIONS AS AT REPORTING DATE

| As at 31st December | 2023 | 2022 |
|------------------------|-------------------|------------|
| Discount rate | 13% | 18% |
| Future salary increase | 12% annual | 15% annual |
| Retirement age (years) | 60 | 60 |

Assumptions regarding future mortality are based on published statistics and mortality tables.

SENSITIVITY OF ASSUMPTIONS USED IN ACTUARIAL VALUATION

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of profit or loss and other comprehensive income statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity, based on the assumptions indicated.

Group

| 2023 | Effect on charge to the statement of profit or loss & other comprehensive income | | Effect on employee benefit obligation | |
|--------------------------------------|--|--------------------|--|--------------------|
| | Increase Rs. | Decrease Rs. | Increase Rs. | Decrease Rs. |
| Discount rate (change by 1%) | 4,382,708 | (4,751,394) | (4,382,708) | 4,751,394 |
| Salary increment rate (change by 1%) | (5,014,069) | 4,702,592 | 5,014,069 | (4,702,592) |

| 2022 | Effect on charge to the statement of profit or loss & other comprehensive income | | Effect on employee benefit obligation | |
|--------------------------------------|--|-----------------|--|-----------------|
| | Increase Rs. | Decrease Rs. | Increase Rs. | Decrease Rs. |
| Discount rate (change by 1%) | 2,878,971 | (3,142,816) | 2,878,971 | (3,142,816) |
| Salary increment rate (change by 1%) | (3,341,910) | 3,106,126 | (3,341,910) | 3,106,126 |

Company

| 2023 | Effect on charge to the statement of profit or loss & other comprehensive income | | Effect on employee benefit obligation | |
|--------------------------------------|--|--------------------|--|--------------------|
| | Increase Rs. | Decrease Rs. | Increase Rs. | Decrease Rs. |
| Discount rate (change by 1%) | 3,732,683 | (4,055,845) | (3,732,683) | 4,055,845 |
| Salary increment rate (change by 1%) | (4,276,795) | 4,001,981 | 4,276,795 | (4,001,981) |

| 2022 | Effect on charge to the statement of profit or loss & other comprehensive income | | Effect on employee benefit obligation | |
|--------------------------------------|--|-----------------|--|-----------------|
| | Increase Rs. | Decrease Rs. | Increase Rs. | Decrease Rs. |
| Discount rate (change by 1%) | 3,546,853 | (3,862,008) | (3,546,853) | 3,862,008 |
| Salary increment rate (change by 1%) | (4,126,513) | 3,845,527 | 4,126,513 | (3,845,527) |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19 - REINSURANCE CREDITORS

| | Group | | Company | |
|--------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Foreign | 835,341,873 | 531,740,057 | 830,449,668 | 513,045,287 |
| Total | 835,341,873 | 531,740,057 | 830,449,668 | 513,045,287 |

NOTE 20 - OTHER LIABILITIES

| | Note | Group | | Company | |
|---------------------------|------|----------------------|----------------------|--------------------|----------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Commission payable | | 121,237,456 | 113,253,610 | 107,205,364 | 96,906,988 |
| Government levies & taxes | | 111,677,895 | 226,000,169 | 111,077,241 | 226,000,208 |
| Dividend - Ordinary | | 1,629,648 | 456,082 | 1,629,648 | 456,082 |
| Accrued expenses | | 55,468,682 | 59,657,673 | 32,616,088 | 22,296,309 |
| Deposits & other funds | | 807,040,964 | 763,474,447 | 739,727,207 | 702,045,790 |
| Total | | 1,097,054,645 | 1,162,841,981 | 992,255,548 | 1,047,705,377 |

NOTE 20.01 - GOVERNMENT LEVIES & TAXES

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Income tax | 25 | 114,763,251 | 25 | 114,763,290 |
| Value Added Tax | 93,915,075 | 91,839,213 | 93,915,075 | 91,839,213 |
| Advance Personal Income Tax | 797,098 | 120,791 | 415,941 | 120,791 |
| Withholding Tax | 219,496 | - | - | - |
| Diesel tax | 374,500 | 296,500 | 374,500 | 296,500 |
| Social Security Contribution Levy | 16,371,700 | 18,980,413 | 16,371,700 | 18,980,413 |
| Total | 111,677,894 | 226,000,168 | 111,077,241 | 226,000,208 |

NOTE 21 - DEFERRED TAX LIABILITY

The amount shown in the statement of financial position represents the following:

| | Group | | Company | |
|---|----------------------|---------------------|----------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Deferred tax comprises of | | | | |
| Deferred tax assets - subsidiary company | - | 8,678,227 | - | - |
| Deferred tax liabilities - parent company | (67,069,765) | (78,137,283) | (46,748,533) | (78,137,283) |
| | (67,069,765) | (69,459,055) | (46,748,533) | (78,137,283) |
| Deferred tax liabilities | (312,743,720) | (316,409,620) | (248,459,657) | (256,278,449) |
| Deferred tax assets | 245,673,953 | 328,787,143 | 201,711,124 | 178,141,167 |
| | (67,069,765) | 12,377,524 | (46,748,533) | (78,137,283) |

UNRECOGNISED DEFERRED TAX ASSETS - SUBSIDIARY

A deferred tax asset is recognized only to the extent that it is probable that the taxable profit will be available in the foreseeable future.

The breakdown of un-accounted deferred tax assets is given below;

| | 2023 | 2022 |
|---------------|------|-------------------|
| | Rs. | Rs. |
| On tax losses | - | 16,728,035 |
| | - | 16,728,035 |

The Company recognised a deferred tax asset consequent to the changes in the Inland Revenue No. 24 of 2017 described in Note 3.21.2. As per the Inland Revenue act No. 24 of 2017 which is effective from 1 April 2018, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new Act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19. The Company assessed future taxable profit recognizing the deferred tax assets based on the brought forward tax loss, to the extent it is probable that future taxable profits will be available.

The movement in the deferred tax account is as follows:

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Balance as at 1st January | (69,459,055) | 46,194,562 | (78,137,284) | (54,108,230) |
| Recognised in profit or loss | 12,369,514 | 11,185,910 | 37,216,082 | 42,080,545 |
| Recognised in other comprehensive income | (9,980,221) | (113,812,343) | (5,827,330) | (66,109,599) |
| Balance as at 31st December | (67,069,765) | (56,431,870) | (46,748,533) | (78,137,284) |

Differed tax assets and liabilities -Group

| | Assets | | Liabilities | | Net | |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|----------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Property plant & equipment | 116,092,912 | 181,967,077 | (308,596,699) | (310,586,845) | (192,503,787) | (128,619,768) |
| Intangible assets | - | - | (4,147,021) | (5,822,775) | (4,147,021) | (5,822,775) |
| Available for sale financial assets | 6,390,613 | 7,767,113 | - | - | 6,390,613 | 7,767,113 |
| Employee benefits | 30,972,283 | 40,704,263 | - | - | 30,972,283 | 40,704,263 |
| Carryforward tax losses | 67,680,878 | 68,809,399 | - | - | 67,680,878 | 68,809,399 |
| Provisions | 24,537,268 | 29,539,291 | - | - | 24,537,268 | 29,539,291 |
| Net tax assets/(liabilities) | 245,673,953 | 328,787,143 | (312,743,720) | (316,409,620) | (67,069,765) | 12,377,523 |

NOTES TO THE FINANCIAL STATEMENTS

Movement in deferred tax balances during the year - Group

| | Balance as at 1st January 2022 Rs. | Recognised in profit or loss Rs. | Recognised in other comprehensive income Rs. | Balance as at 31st December 2022 Rs. | Balance as at 1st January 2023 Rs. | Recognised in profit or loss Rs. | Recognised in other comprehensive income Rs. | Balance as at 31st December 2023 Rs. |
|-------------------------------------|---------------------------------------|-------------------------------------|---|---|---------------------------------------|-------------------------------------|---|---|
| Property, plant & equipment | (95,917,618) | 14,662,664 | (116,174,211) | (197,429,164) | (197,429,167) | 8,670,737 | (3,745,356) | (192,503,786) |
| Intangible assets | (3,115,054) | (2,707,721) | - | (5,822,775) | (5,822,776) | 1,675,755 | - | (4,147,021) |
| Available for sale financial assets | 8,464,757 | - | (697,644) | 7,767,113 | 7,767,113 | - | (1,376,501) | 6,390,612 |
| Employee benefits | 28,770,663 | 8,874,089 | 3,059,511 | 40,704,263 | 27,677,082 | 8,153,563 | (4,858,364) | 30,972,280 |
| Carry forward tax loss | 99,704,034 | (30,894,635) | - | 68,809,399 | 68,809,399 | 38,141,587 | - | 106,950,986 |
| Provisions | 8,287,778 | 21,251,513 | - | 29,539,291 | 29,539,291 | (44,272,129) | - | (14,732,838) |
| | 46,194,560 | 11,185,910 | (113,812,343) | (56,431,873) | (69,459,058) | 12,369,514 | (9,980,221) | (67,069,766) |

Deferred tax asset and liability - Company

| | Assets | | Liabilities | | Net | |
|---------------------------------------|---------------------|--------------------|----------------------|----------------------|----------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Property plant & equipment | 116,092,912 | 113,157,678 | (244,312,636) | (250,455,674) | (128,219,724) | (137,297,996) |
| Intangible assets | - | - | (4,147,021) | (5,822,776) | (4,147,021) | (5,822,776) |
| Available for sale financial assets | 6,390,613 | 7,767,114 | - | - | 6,390,613 | 7,767,114 |
| Employee benefits | 30,972,283 | 27,677,084 | - | - | 30,972,283 | 27,677,084 |
| Provisions | 67,680,878 | 29,539,291 | - | - | 67,680,878 | 29,539,291 |
| Carried forward tax losses | (19,425,561) | - | - | - | (19,425,561) | - |
| Net tax assets / (liabilities) | 201,711,124 | 178,141,167 | (248,459,657) | (256,278,449) | (46,748,532) | (78,137,284) |

Movement in deferred tax balances during the year - company

| | Balance as at 1st January 2022 Rs. | Recognised in profit or loss Rs. | Recognised in other comprehensive income Rs. | Balance as at 31st December 2022 Rs. | Balance as at 1st January 2023 Rs. | Recognised in profit or loss Rs. | Recognised in other comprehensive income Rs. | Balance as at 31st December 2023 Rs. |
|---|---------------------------------------|-------------------------------------|---|---|---------------------------------------|-------------------------------------|---|---|
| Property plant & equipment with right of use assets | (83,489,192) | 14,662,664 | (68,471,467) | (137,297,995) | (137,297,995) | 8,670,737 | 407,535 | (128,219,722) |
| Intangible assets | (3,115,054) | (2,707,721) | - | (5,822,775) | (5,822,775) | 1,675,755 | - | (4,147,020) |
| Available for sale financial assets | 8,464,756 | - | (697,644) | 7,767,113 | 7,767,113 | - | (1,376,501) | 6,390,612 |
| Employee benefits | 15,743,482 | 8,874,089 | 3,059,511 | 27,677,082 | 27,677,082 | 8,153,563 | (4,858,364) | 30,972,280 |
| Provisions | 8,287,778 | 21,251,513 | - | 29,539,291 | 29,539,291 | 38,141,587 | - | 67,680,878 |
| Carried forward tax losses | - | - | - | - | - | (19,425,561) | - | (19,425,561) |
| | (54,108,230) | 42,080,545 | (66,109,599) | (78,137,284) | (78,137,284) | 37,216,082 | (5,827,330) | (46,748,533) |

The Company has applied 30% tax rate for deferred tax computation for year 2023. (2022-30%)

NOTE 22 - GROSS WRITTEN PREMIUM

| | Group | | Company | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Life insurance | 1,164,245,939 | 1,111,315,010 | - | - |
| Non-life insurance | | | | |
| Motor | 3,591,355,484 | 4,250,030,819 | 3,591,355,484 | 4,250,078,696 |
| Fire and Engineering | 318,851,655 | 265,194,289 | 318,851,655 | 265,194,289 |
| Marine | 40,252,054 | 54,925,861 | 40,252,054 | 54,925,861 |
| Miscellaneous | 588,097,947 | 516,745,655 | 588,097,947 | 516,745,655 |
| Total | 5,702,803,079 | 6,198,211,634 | 4,538,557,140 | 5,086,944,501 |

NOTE 23 - PREMIUM CEDED TO REINSURERS

| | Group | | Company | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Life | 45,821,660 | 46,736,221 | - | - |
| Non-life insurance | | | | |
| Motor | 182,025,508 | 211,040,276 | 182,025,508 | 211,040,276 |
| Fire and Engineering | 150,617,254 | 120,393,129 | 150,617,254 | 120,393,129 |
| Marine | 26,975,781 | 34,151,962 | 26,975,781 | 34,151,962 |
| Miscellaneous | 135,248,425 | 129,568,889 | 135,248,425 | 129,568,889 |
| Riots & strikes | | | | |
| Motor | 92,967,172 | 100,508,541 | 92,967,172 | 100,508,541 |
| Fire and Engineering | 112,883,329 | 92,678,078 | 112,883,329 | 92,678,078 |
| Marine | 3,006,104 | 4,137,662 | 3,006,104 | 4,137,662 |
| Miscellaneous | 18,936,643 | 13,112,463 | 18,936,643 | 13,112,463 |
| Total | 768,481,876 | 752,327,221 | 722,660,216 | 705,591,000 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24 - NET CHANGE IN RESERVES FOR UNEARNED PREMIUM

| | Group | | Company | |
|----------------------|----------------------|--------------------|----------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Unearned premium | | | | |
| Motor | (330,354,258) | 249,554,233 | (330,354,258) | 249,554,233 |
| Fire and Engineering | (10,439,440) | 2,144,135 | (10,439,440) | 2,144,135 |
| Marine | (2,546,428) | 2,176,896 | (2,546,428) | 2,176,896 |
| Miscellaneous | 52,766,766 | (33,759,690) | 52,766,766 | (33,759,690) |
| Total | (290,573,360) | 220,115,574 | (290,573,360) | 220,115,574 |

NOTE 25 - INVESTMENT INCOME

| | Group | | Company | |
|-----------------------------------|----------------------|----------------------|----------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Held to maturity | | | | |
| Treasury bonds | 642,717,683 | 233,449,273 | 192,154,340 | 116,194,401 |
| Debentures | 403,459,513 | 393,023,070 | 246,369,441 | 248,018,088 |
| Asset backed securities | 5,022,522 | 4,995,568 | - | - |
| Loans & receivables | | | | |
| Fixed deposits | 459,452,053 | 380,723,813 | 430,509,643 | 292,824,974 |
| Repo | 22,766,493 | 38,943,900 | 20,913,472 | 35,749,201 |
| Overnight deposits | 7,302,600 | 14,139,883 | 7,302,600 | 14,139,883 |
| Commercial paper | 136,095,060 | 71,857,202 | 94,340,993 | 48,576,045 |
| Money market | 28,695,727 | 14,143,004 | - | - |
| Treasury bills | 7,043,454 | 15,960,541 | - | - |
| Asset backed securities | 9,981,489 | 9,983,169 | 9,981,489 | 9,983,169 |
| Fair value through profit or loss | | | | |
| Quoted shares - dividend | 624,055 | 69,685 | 552,595 | - |
| Interest income on | | | | |
| Savings deposits | 4,513,558 | 5,209,747 | 4,513,558 | 5,209,747 |
| Policy loans | 5,832,246 | 3,445,093 | - | - |
| Staff loans | 1,613,934 | 554,914 | 1,250,953 | 237,005 |
| Total finance income | 1,735,120,387 | 1,186,498,862 | 1,007,889,084 | 770,932,513 |
| Net finance income | 1,735,120,387 | 1,186,498,862 | 1,007,889,084 | 770,932,513 |

NOTE 26 - POLICY ADMINISTRATION FEES

| | Group | | Company | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Motor | 260,371,234 | 222,612,311 | 260,371,234 | 222,612,311 |
| Fire and Engineering | 4,137,237 | 953,783 | 4,137,237 | 953,783 |
| Marine | 2,888,793 | 1,354,008 | 2,888,793 | 1,354,008 |
| Miscellaneous | 12,131,837 | 7,451,874 | 12,131,837 | 7,451,874 |
| Total | 279,529,101 | 232,371,976 | 279,529,101 | 232,371,975 |

NOTE 27 - OTHER INCOME

| | Note | Group | | Company | |
|---|------|-------------------|-------------------|------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Gain/(loss) on foreign currency transaction | | 299,149 | 5,045,929 | 299,149 | 5,045,929 |
| Gain on sale of property, plant and equipment | | 3,508,532 | (124,183) | 3,369,782 | (124,183) |
| Miscellaneous income | 27.1 | 14,519,534 | 12,242,189 | 5,890,196 | 9,822,354 |
| Total | | 18,327,215 | 17,163,935 | 9,559,127 | 14,744,100 |

NOTE 27.01 - MISCELLANEOUS INCOME

| | Group | | Company | |
|----------------------------|-------------------|-------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Fees and commission Income | 932,814 | 3,371,331 | 223,137 | 2,150,931 |
| Policy renewal charges | 3,215,900 | 2,591,454 | 3,215,900 | 2,591,454 |
| Sundry income | 9,310,163 | 5,147,116 | 1,390,502 | 3,947,681 |
| Policy fee charges | 454,238 | 676,504 | 454,238 | 676,503 |
| Non refundable tender fees | 606,419 | 455,785 | 606,419 | 455,785 |
| | 14,519,534 | 12,242,189 | 5,890,196 | 9,822,354 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28 - GROSS BENEFITS & CLAIMS INCURRED

| | Group | | Company | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Life insurance contracts | | | | |
| Death, disability and hospitalization | 46,245,594 | 65,242,621 | - | - |
| Survival benefits | 14,703,312 | 9,087,365 | - | - |
| Policy surrenders | 26,380,945 | 20,968,854 | - | - |
| Pension benefits | 2,827,545 | 2,622,547 | - | - |
| Policy maturity | 188,094,336 | 288,400,560 | - | - |
| | 278,251,732 | 386,321,948 | - | - |
| Non-life insurance contracts | | | | |
| Motor | 3,385,771,197 | 2,600,489,259 | 3,385,771,197 | 2,600,489,259 |
| Fire and Engineering | 267,120,090 | 21,496,236 | 267,120,090 | 21,496,236 |
| Marine | 19,184,097 | 13,242,268 | 19,184,097 | 13,242,268 |
| Miscellaneous | 530,124,112 | 291,766,326 | 530,124,112 | 291,766,326 |
| | 4,202,199,496 | 2,926,994,089 | 4,202,199,496 | 2,926,994,089 |
| Less: salvage income | (156,832,190) | (44,573,838) | (156,832,190) | (44,573,838) |
| Movement in salvage stock | (6,689,000) | (15,196,000) | (6,689,000) | (15,196,000) |
| | 4,038,678,306 | 2,867,224,251 | 4,038,678,306 | 2,867,224,251 |
| Total | 4,316,930,038 | 3,253,546,199 | 4,038,678,306 | 2,867,224,251 |

NOTE 29 - UNDERWRITING & POLICY ACQUISITION COST

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Net underwriting & policy acquisition cost | 534,765,215 | 624,837,175 | 410,819,697 | 471,540,370 |
| Increase/(decrease) in deferred acquisition cost | 29,625,388 | (36,474,247) | 29,625,388 | (36,474,247) |
| Reinsurance commission | (118,176,647) | (111,894,347) | (118,176,647) | (111,043,575) |
| Total | 446,213,956 | 476,468,581 | 322,268,438 | 324,022,548 |

NOTE 30 - OTHER OPERATING & ADMINISTRATIVE EXPENSES

| | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Staff expenses | 30.1 | 823,274,065 | 823,361,005 | 683,596,895 | 672,378,471 |
| Administrative & establishment expenses | | 636,674,879 | 428,947,416 | 513,694,130 | 358,131,178 |
| Selling expenses | | 411,241,943 | 422,947,644 | 365,930,992 | 372,065,800 |
| Depreciation | | 267,632,167 | 300,811,230 | 213,469,089 | 248,789,379 |
| Amortization of intangible assets | | 9,987,969 | 1,095,624 | 9,331,161 | 292,936 |
| Total | | 2,148,811,023 | 1,977,162,919 | 1,786,022,266 | 1,651,657,763 |

NOTE 30.01 - STAFF EXPENSES

| | | Group | | Company | |
|---|--|--------------------|--------------------|--------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Salaries & wages | | 628,715,929 | 617,116,405 | 510,055,167 | 495,203,015 |
| Contributions to defined contribution plan | | 85,298,437 | 83,807,893 | 71,244,813 | 69,038,265 |
| Contributions to defined benefit plan | | 33,617,035 | 22,802,375 | 28,210,167 | 19,130,896 |
| Contribution for staff group term assurance | | 577,387 | 405,750 | 4,232,925 | 3,660,600 |
| Staff welfare | | 16,412,377 | 15,724,840 | 14,099,363 | 14,188,286 |
| Staff bonus | | 31,869,236 | 73,286,077 | 31,869,235 | 63,774,302 |
| Staff training & development | | 1,735,698 | 3,440,583 | 1,314,367 | 2,654,483 |
| Other staff expenses | | 25,047,968 | 6,777,082 | 22,570,858 | 4,728,624 |
| Total | | 823,274,067 | 823,361,005 | 683,596,895 | 672,378,471 |

NOTE 31 - FINANCE COST

| | | Group | | Company | |
|------------------------------------|--|-------------------|-------------------|-------------------|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Preference dividends | | - | 954,493 | - | 954,493 |
| Finance cost - right to use assets | | 55,707,096 | 51,710,826 | 45,871,087 | 40,571,348 |
| Total finance cost | | 55,707,096 | 52,665,319 | 45,871,087 | 41,525,841 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 32 - PROFIT BEFORE INCOME TAX

The profit from operations for the year is stated after charging the following expenses.

| | Group | | Company | |
|---------------------------------------|--------------------|------------------|--------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Directors remuneration | 39,026,391 | 34,084,883 | 21,511,128 | 18,706,079 |
| Auditor's remuneration | 2,798,440 | 2,277,712 | 2,267,440 | 1,778,587 |
| Impairment loss on premium receivable | 130,252,656 | 65,148,676 | 127,138,623 | 63,931,894 |
| Depreciation | 174,427,444 | 210,336,988 | 140,495,076 | 177,521,299 |
| Amortization of intangible assets | 9,987,968 | 1,095,625 | 9,331,161 | 292,936 |

NOTE 33 - INCOME TAX EXPENSES

| | Group | | Company | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Current tax expense | | | | |
| Current year | 990 | 148,483,494 | - | 148,483,494 |
| (Over)/under provision for the last year | (41,713,048) | (851,419) | (41,713,048) | (824,654) |
| | (41,712,058) | 147,632,075 | (41,713,048) | 147,658,840 |
| Deferred Tax Expense | | | | |
| (Origination)/reversal of deferred tax asset | (12,369,514) | (11,185,910) | (37,216,082) | (42,080,545) |
| | (12,369,514) | (11,185,910) | (37,216,082) | (42,080,545) |
| Income tax expense | (54,081,572) | 136,446,165 | (78,929,130) | 105,578,295 |

NOTE 33.01 - RECONCILIATION OF ACCOUNTING PROFIT AND TAXABLE INCOME

| | Group | | Company | |
|--|----------------------|--------------------|----------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Profit/(Loss) for the year | (319,939,749) | 626,620,845 | (258,295,134) | 457,769,566 |
| Current tax expense | (41,712,058) | 147,632,075 | (41,713,048) | 147,658,840 |
| (Origination) / reversal of deferred tax asset | (12,369,514) | (11,185,910) | (37,216,082) | (42,080,545) |
| Profit/(Loss) before tax | (374,021,321) | 763,067,010 | (337,224,264) | 563,347,861 |
| Less: Tax deductible expenses | (155,623,440) | (157,230,419) | (155,623,440) | (157,230,419) |
| Other sources & exempt amounts | (1,006,165,639) | (770,935,230) | (1,006,038,907) | (770,808,330) |
| Add: Disallowable expenses | 477,211,971 | 386,080,304 | 428,323,809 | 383,789,903 |
| Bonus declared to policyholders | 17,571,917 | 53,649,419 | - | - |
| Assessable charge on disposal of depreciable assets | 4,991,984 | (27,984) | 4,991,984 | (27,984) |
| Taxable profit/(Loss) from business | (932,205,768) | 274,537,768 | (1,070,790,777) | 19,071,030 |
| Deductions under section 19 of the IR Act No. 24 of 2017 | (138,582,009) | (255,466,737) | - | - |
| Add: Income from other sources | 1,006,165,639 | 771,059,413 | 1,006,038,907 | 770,932,513 |
| Less: Tax loss claimed during the year | (126,732) | (126,900) | - | - |
| Total Taxable Income/(Loss) | (64,751,870) | 790,003,544 | (64,751,870) | 790,003,543 |
| Tax on Taxable Income @14% | - | 77,452,873 | - | 77,452,873 |
| @ 30% | - | 71,030,621 | - | 71,030,621 |
| Gross income tax liability | - | 148,483,494 | - | 148,483,494 |
| Tax credits | | | | |
| Withholding Tax | (38,345,975) | - | (38,345,975) | - |
| Income tax paid on self assessment Basis | - | (59,392,670) | - | (59,392,670) |
| Total current tax | (38,345,975) | 89,090,824 | (38,345,975) | 89,090,824 |

As per schedule 1 of Inland Revenue Act (Amendment) of No.10 of 2021, 50% rebate has been granted due to listing the Company in Colombo Stock Exchange after 1st January 2021 but prior to 31st December 2021.

With effect from 1st October 2022, Concessionary rates applied on gains and profits of company which listed its shares in the Colombo Stock Exchange during from 1st January 2021, to 31st December 2021, has removed. Therefore, profit earned after 1st October 2022 taxed at 30%.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 34 - BASIC EARNINGS PER SHARE

The basic earnings per share is based on net profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding for the year, calculated as follows:

| | | Group | | Company | |
|--|--------------|----------------------|---------------|----------------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | Note | Rs. | Rs. | Rs. | Rs. |
| Profit/(Loss) attributable to ordinary shareholders (Rs.) | | (319,939,751) | 626,620,843 | (258,295,134) | 457,769,566 |
| Weighted average number of ordinary shares in issue applicable to basic earnings per share (Rs.) | 34.01 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 |
| Earnings per share (Rs.) | | (0.19) | 0.38 | (0.16) | 0.28 |
| Net assets per share (Rs.) | | 3.44 | 3.52 | 2.98 | 3.04 |

NOTE 34.01 - WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

| | | Group | | Company | |
|---|--|----------------------|---------------|----------------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| No. of shares held as at 1st January | | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 |
| No. of shares held as at 31st December | | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 | 1,652,177,600 |

NOTE 35 - RELATED PARTY TRANSACTION

NOTE 35.01 - TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

The Board of Directors of the Company have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly, they have been identified as the KMP of the Company.

The emoluments paid to KMP of the Group are disclosed as follows:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | Rs. | Rs. |
| Board expenses | 9,701,962 | 5,487,307 |
| Board remuneration | 11,809,166 | 13,218,772 |
| Board remuneration of Cooplife Insurance Limited | 17,515,263 | 15,378,804 |
| | 39,026,391 | 34,084,883 |

Post employment benefits accrued are not included above as these cannot be identified separately, due to the actuarial valuation.

LOANS GIVEN TO DIRECTORS

The Company has not given any loans for the directors of the Company during the year ended 31st December 2023.

LOANS OBTAINED FROM DIRECTORS

The Company has not obtained any loans from the directors of the Company during the year ended 31st December 2023.

NOTE 35.02 - DIRECTORS & THEIR DIRECTORSHIPS IN OTHER ENTITIES ARE LISTED BELOW AS THE SOCIETIES REPRESENTED BY THE DIRECTORS ON THE BOARD ARE CONSIDERED AS RELATED PARTIES.

| Director | Company | Relationship |
|------------------------------|---|---------------|
| Mr. A.B Senadira | New Thalawakale MPCs Ltd | Chairman |
| | Cooperative District Council Nuwaraeliya | Chairman |
| | Senadi Sewwandi transport & contact agent | Chairman |
| | Sri Lanka Consumer Cooperative Federation | Director |
| | Central Province Rural Bank Union Ltd | Director |
| | Co-op Life Insurance Company Ltd | Director |
| Mr. D.L Samarawickrama | Co-op Life Insurance Company Ltd | Director |
| | Colombo District Co-operative Council | Director |
| Mr. P.B Jayarathna | New Nochiyagama MPCs | Chairman |
| | Anuradhapura district Co-operative council | Vice chairman |
| Mr. M Widanagamage | Beliatta Multi Purpose Co-operative Society Ltd | Chairman |
| | Hambanthota District Co-operative Rural Bank Union Ltd | Vice chairman |
| Mr. A.A.J Amarasinghe | Wennappuwa Multi Purpose Co-operative Society Ltd | Vice chairman |
| | Kammal Pattu Coconut Producers Co-operative Society Ltd | Director |
| Mr.T.B.H Kumara | N/A | |
| Mr.L.Waragoda | N/A | |
| Mr. K.K.Gawesha Sanirathna | Katana Multi Purpose Co-operative Society Ltd | Chairman |
| | National Housing Development Authority | Director |
| | Ocean View Development Company (Pvt) Ltd | Director |
| | Co-operative Rural Bank Society -Gampaha District | Director |
| Mr. H.H.D.E.Priyantha Herath | Panduwasnuwara Multi Purpose Cooperative Society Ltd | Chairman |
| | Kuliyapitiya District co-operative council | Director |
| Mr.G.Gamage Dayasumana | Dhakshina Enterprises (Pvt) Ltd | Director |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 35.03 - TRANSACTIONS & BALANCES WITH RELATED PARTIES

The Multi-Purpose Co-operative Societies represented on the Board are considered as related parties due to the joint shareholdings and representation on the Board. Related party balances and transactions are listed below:

| Entity | Nature of transaction | Transactions with Parent Company | | Transactions with Group Companies | |
|--|--------------------------------------|----------------------------------|--------------|-----------------------------------|------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Cooplife Insurance Ltd | Receiver for shared service expenses | 23,407,832 | (23,300,087) | - | - |
| | Insurance premium | - | 47,877 | - | - |
| | Life GTA | 4,033,938 | (8,781,754) | - | - |
| | Vehicle rent | 1,425,000 | 2,100,000 | - | - |
| | Building rent | (3,742,622) | 6,074,950 | - | - |
| | Other | (372,037) | - | - | - |
| Coopinsu Training Academy (Pvt) Ltd | Expenses incurred | 406,941 | 1,370,999 | - | - |
| Wennappuwa Multi Purpose Co-operative Society | Office rent | 961,750 | 424,000 | 405,000 | 371,250 |
| | Commissions | 141,831 | 464,206 | 25,951 | 34,155 |
| | Claims and benefits paid- Non Life | 673,702 | - | - | - |
| | Dividend | - | 27,449,215 | - | - |
| | Sales promotion | 100,000 | - | - | - |
| | Claims and benefits paid- Life | - | - | - | 36,600,000 |
| | Vehicle fuel | - | - | 819,945 | 1,608,194 |
| Sri Lanka Co-operative Marketing Federation | Fuel | 1,157,214 | 941,084 | - | - |
| | Commission | - | 52,009 | - | - |
| | Claim | 21,700 | - | - | - |
| Sri Lanka Co-operative Rural Bank Federation | Claims | 136,988 | - | - | - |
| Dambadeniya Multi Purpose Co-operative Society Ltd | Commission incentive | - | 292,644 | - | - |
| Health Department Co-operative Thrift & Credit Society Ltd | Claims and benefits paid | - | - | 499,975 | - |
| | Printing | - | - | 1,488,743 | - |
| Weligama Multi Purpose Co-operative Society | Dividend | - | 185,451 | - | - |
| | Name board charges | - | 440,000 | - | - |
| | Claim | - | 991,030 | - | - |
| | Other | - | 5,653 | - | - |
| | Fuel | - | 47,680 | - | - |

| Entity | Nature of transaction | Transactions with Parent Company | | Transactions with Group Companies | |
|--|-------------------------------------|----------------------------------|------------|-----------------------------------|---------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Beliatta Multi Purpose Co-operative Society Ltd | Dividend | - | 8,833,216 | - | - |
| | Commissions | 305,970 | 173,968 | - | - |
| Colombo South Coop Society Ltd | Claim | 37,279 | 191,931 | - | - |
| | Fuel | - | 1,011,197 | - | - |
| | Name board charges | - | 500,000 | - | - |
| | Purchase of goods for staff welfare | 2,376,403 | 1,989,820 | 470,277 | 461,184 |
| | Dividends | - | 5,149 | - | - |
| | Sales promotion | 25,000 | - | - | - |
| | | | | | |
| Public Service Cooperative Society | Commission | - | 201,713 | - | - |
| | Dividend | - | 12,297,249 | - | - |
| | Claim | 482,500 | 986,035 | - | - |
| | Redemption of preference shares | - | 44,009,493 | - | - |
| New Thalawakale MPCs Ltd | Claim | 30,000 | 34,500 | - | - |
| | Tea items | - | 1,867 | - | - |
| Pela Holidays (Pvt) Ltd | Office rent | - | 588,000 | - | - |
| Matara District Co-operative Rural Bank Union | Dividend | - | 6,845,842 | - | - |
| Matara District Co-operative Council | Dividend | - | 45,459 | - | - |
| Matara District Tea Producers Co-operative Society Union | Dividend | - | 10,320,504 | - | - |
| | Claim | - | 50,275 | - | - |
| | Other | - | 22,000 | - | - |
| Colombo District Coop Rural Bank Union Ltd | Claim | 385,081 | 74,250 | - | - |
| | Dividend | - | 3,754,157 | - | - |
| | Commission | - | 20,107 | - | - |
| | Sales promotion | 25,000 | - | - | - |
| Sri Lanka Consumer Cooperative Federation | Dividend | - | 377,391 | - | - |
| Post & Telecom Employees Co-operative | Commission | 11,576 | 13,909 | - | - |
| Bank Society Limited | Dividend | - | 21,148,673 | - | - |
| | Other | - | 60,000 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| Entity | Nature of transaction | Transactions with Parent Company | | Transactions with Group Companies | |
|--|-----------------------|----------------------------------|-----------|-----------------------------------|------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| National Co-operative Council of Sri Lanka | Electricity | 261,914 | 287,160 | - | - |
| | Sales promotion | - | 25,000 | - | - |
| | Dividend | 30,000 | 43,382 | - | - |
| | Claim | - | 133,253 | - | - |
| Anuradhapura District Cooperative council | Sales promotion | - | 97,000 | - | - |
| Kolonnawa Multi Purpose Co-operative Society Ltd. | Commission | 101,055 | 91,219 | - | - |
| | Dividend | - | 2,561,359 | - | - |
| | Claim | 247,542 | - | - | - |
| | Office Rent | 2,400,000 | - | - | - |
| Nochchiyagama Multi Purpose Co-operative Society Ltd | Dividend | - | 102,473 | - | - |

| Entity | Nature of transaction | Balances with CICPLC | | Balances with Group Companies | |
|-------------------------------------|--|----------------------|-------------|-------------------------------|------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Rs. | Rs. | Rs. | Rs. |
| Cooplife Insurance Ltd | Equity investment | 544,260,040 | 544,260,040 | - | - |
| | Receivable for shared service expenses | 2,991,832 | 1,047,461 | - | - |
| Coopinsu Training Academy (Pvt) Ltd | Equity investment | 10 | 10 | - | - |
| | Payment of reimbursements | 5,839,093 | 5,432,152 | - | - |

NOTE 35.04 - RECURRENT AND NON RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions which exceeds 10% of the gross revenue or non-recurrent related party transactions which exceeds 10% of the equity or 5% of the total assets which requires additional disclosures 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 the Securities and Exchange Commission Act.

NOTE 36 - CONTINGENCIES

There were no significant contingent liabilities for which no provision has been made in the accounts or approved by the Board, but not contracted as at the reporting date that would require adjustments to or disclosure in the financial statements, other than what has been described below.

NOTE 36.01 COMPANY

(A) VALUE ADDED TAX ON FINANCIAL SERVICES ASSESSMENTS ISSUED BY THE COMMISSIONER GENERAL OF INLAND REVENUE

The Co-operative Insurance Company PLC (Company) received notices of assessment on Value Added Tax (VAT) on Financial Services (FS) and NBT on Financial Services informing that the Company is liable for VAT and NBT on financial services for the taxable periods from 01.01.2017 to 31.12.2017. The Company has appealed against the assessments and based on that, the Company is in the business of insurance and is not liable for VAT and NBT on financial services. Other insurers have also received similar assessments and they have also appealed against the assessments. Consequently, no provision has been made in the financial statements for the taxes in dispute and the penalties, which cumulates to Rs. 11.26 million. Further to the above assessments company received a notice of assessment on Value Added Tax (VAT) on Financial Services (FS) for the period 01.01.2018 to 31.12.2018 on 11th January 2022, which was amounting of Rs.13.5 million including penalty.

(B) LITIGATIONS RELATED TO CO-OPERATIVE INSURANCE COMPANY PLC

Case no CHC/ 37/2022/CO has been filed by the former chairman Mr K S S Weerasekara to obtain interim orders to suspend the decisions taken by majority directors at the board meeting held on 31st August 2022 at 11.30 am.

Court has granted ex party interim orders by suspending board decisions as marked by the petition. However the court has dismissed the case due to falls information submitted in the petition in May 2023.

Further to that court has grant an interim orders against former chairman (K S S Weerasekara), former MD (M G U P Kumara) and former company secretary (G R T Associates) by preventing to change status quo of the board of directors in February 2023 under the same case number considering the application made by respondent directors.

Even the case has dismissed by the the court, contempt of court inquiry is still on going against chairman (K S S Weerasekara), former MD (M G U P Kumara) and former company secretary (G R T Associates) due to violation of interim orders issued by court. In addition to that contempt of court inquiry is on going against former chairman Mr K S S Weerasekara due to submissions falls affidavit to the court.

NOTE 36.02 - SUBSIDIARY (COOPLIFE INSURANCE LIMITED)

(A) INCOME TAX ASSESSMENTS ISSUED BY THE COMMISSIONER GENERAL OF INLAND REVENUE

The Commissioner General of Inland Revenue has issued determination on the appeal filed by the Company for the years of assessment 2015/16 and 2016/17 amounting to Rs.17.4 million together with Rs.8.7 million penalty and Rs.15.4 million together with Rs.7.6 million penalty respectively. The Company lodged appealed against the said assessments with the Tax Appeals commission (TAC).The bank guarantees valued to Rs.6.5 million and Rs.5.7 million in favor of TAC have been provided with the appeal, taken from peoples' bank and NDB bank against Rs.8.8 million and 7.2 million fixed deposit. The company now is going ahead with the appeal hearing with the Tax Appeals commission.

The commissioner General of Inland Revenue has issued a determination on the appeal file by the company for the year of assessments 2017/18 amounting in to 30.8 million rupees together with the 15.4 million rupees penalty in his favor. The company has furnished a petition of appeal to the Tax Appeals commission with a bank guarantee valued to 11.5 million rupees taken from peoples' bank against the fixed deposit of 12 million rupees.

The board of directors and tax consultants of the company of the view that the company has followed the due process and has acted in accordance with the prevailing laws in its tax submissions. Therefore the probability of the company having to settle any of these tax assessment is remote.

(B) LITIGATIONS RELATED TO COOPLIFE INSURANCE LIMITED

There were no material contingent liabilities outstanding as at the date of reporting for Cooplife Insurance Limited.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 37 - EVENTS OCCURRING AFTER THE REPORTING DATE

There is no significant events occurred after the reporting date.

NOTE 37.01 - SUBSIDIARY (COOPLIFE INSURANCE LIMITED)

There is no significant events occurred after the reporting date.

NOTE 38 - FINANCIAL RISK MANAGEMENT

Primary objective of the Group's business and financial risk management frame work is to protect the Group's shareholders from events that could hinder the delivery of financial objectives. The risk management process comprises the identification and evaluation of existing and potential risks associated with the Group's operations and strategy, followed by appropriate management responses such as tolerance, mitigation, transfer, avoidance, termination or a combination of such responses. It is of paramount important that the management identify the uncertainties that hinder the achievement of financial objectives of the Group and implement effective mitigating strategies to safeguard the financial expectations of the stakeholders.

Risk reporting entails not only accounting but also the activities of risk management. The disclosures in the risk report largely adopt an economic view. The Company has exposure to the following risks;

- Insurance risk (business risk)
- Financial risk
 - Credit risk
 - Liquidity risk
 - Market risk
 - Operational risk

This section deals in detail with the various risks from insurance contracts and describe uncertainties in measuring them. In accordance with the requirements of SLFRS 4, the effects of a change in the assumptions underlying the measurement of insurance contracts and / or in the market environment are also quantified. In relation to financial instruments, SLFRS 7 stipulates that the disclosures must comprise information on the maximum credit risk exposure, the remaining terms, the rating, and a sensitivity analysis regarding the market risk. This information is also relevant for assessing the risk stemming from financial instruments.

FINANCIAL INSTRUMENTS – FAIR VALUES & RISK MANAGEMENT

A. ACCOUNTING CLASSIFICATION & FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

| As at 31st December 2023 | Note | FVTPL | Held to maturity | Loans & receivables & other financial assets | Available for sale | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|--------|------------------|--|--------------------|-----------------------------|------------|---------|---------|---------|--------|
| Group | | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 |
| Financial assets measured at fair value/amortized cost | | | | | | | | | | | |
| Treasury bonds | 6.01 (a) & 6.03 (a) | - | 3,790,870 | - | - | - | 3,790,870 | - | - | - | - |
| Unquoted equity instruments | 6.3 | - | - | - | 6,126 | - | 6,126 | - | - | 6,126 | 6,126 |
| Quoted equity instruments | 6.4 | 1,475 | - | - | 8,447 | - | 9,922 | 9,922 | - | - | 9,922 |
| Quoted debentures | 6.01 (b) & 6.03 (b) | - | 3,468,730 | - | - | - | 3,468,730 | - | - | - | - |
| Fixed deposits | 6.2 | - | - | 2,578,482 | - | - | 2,578,482 | - | - | - | - |
| Investments in repo | 6.2 | - | - | 82,400 | - | - | 82,400 | - | - | - | - |
| Commercial paper | 6.2 | - | - | 858,660 | - | - | 858,660 | - | - | - | - |
| Money market | 6.2 | - | - | 362,534 | - | - | 362,534 | - | - | - | - |
| Reinsurance receivables | 9 | - | - | 983,827 | - | - | 983,827 | - | - | - | - |
| Premium receivables | 10 | - | - | 1,304,668 | - | - | 1,304,668 | - | - | - | - |
| Asset back securities | 6.01(d) | - | 51,112 | 101,753 | - | - | 152,865 | - | - | - | - |
| Cash & cash equivalents | 12 | - | - | 163,864 | - | - | 163,864 | - | - | - | - |
| Total assets | | 1,475 | 7,310,712 | 6,436,187 | 14,573 | - | 13,762,947 | 9,922 | - | 6,126 | 16,048 |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Lease creditors | 14 | - | - | - | - | 457,264 | 457,264 | - | - | - | - |
| Re-insurance creditors | 19 | - | - | - | - | 835,342 | 835,342 | - | - | - | - |
| Bank overdrafts | 12 | - | - | - | - | 131,588 | 131,588 | - | - | - | - |
| Total liabilities | | - | - | - | - | 1,424,194 | 1,424,194 | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| As at 31st December 2022 | | | | Loans & receivables & other financial assets | Available for sale | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------------|--------|---------------------|--|-----------------------|-----------------------------------|------------|---------|---------|---------|--------|
| | Note | FVTPL | Held to maturity | | | | | | | | |
| Group | | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 |
| Financial assets measured at fair value/amortized cost | | | | | | | | | | | |
| Treasury bonds | 6.01 (a) & 6.03 (a) | - | 2,317,657 | - | - | - | 2,317,657 | - | - | - | - |
| Unquoted equity instruments | 6.3 | - | - | - | 5,218 | - | 5,218 | - | - | 5,218 | 5,218 |
| Quoted equity instruments | 6.4 | 1,046 | - | - | 4,026 | - | 5,072 | 5,072 | - | - | 5,072 |
| Quoted debentures | 6.01 (b) & 6.03 (b) | - | 3,501,642 | - | - | - | 3,501,642 | - | - | - | - |
| Financial assets not measured at fair value | | | | | | | | | | | |
| Fixed deposits | 6.2 | - | - | 2,868,096 | - | - | 2,868,096 | - | - | - | - |
| Investments in repo | 6.2 | - | - | 909,713 | - | - | 909,713 | - | - | - | - |
| Commercial paper | 6.2 | - | - | 374,720 | - | - | 374,720 | - | - | - | - |
| Money market | 6.2 | - | - | 13,704 | - | - | 13,704 | - | - | - | - |
| Treasury bills | | - | - | 92,957 | - | - | 92,957 | - | - | - | - |
| Reinsurance receivables | 9 | - | - | 527,479 | - | - | 527,479 | - | - | - | - |
| Premium receivables | 10 | - | - | 1,339,450 | - | - | 1,339,450 | - | - | - | - |
| Asset back securities | 6.01(d) | - | 51,117 | 101,771 | - | - | 152,888 | - | - | - | - |
| Cash & cash equivalents | 12 | | | 106,750 | - | - | 106,750 | - | - | - | - |
| Total assets | | 1,046 | 5,870,416 | 6,334,640 | 9,244 | - | 12,215,346 | 5,072 | - | 5,218 | 10,290 |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Lease creditors | 14 | - | - | - | - | 462,461 | 462,461 | - | - | - | - |
| Re-insurance creditors | 19 | - | - | - | - | 531,740 | 531,740 | - | - | - | - |
| Bank overdrafts | 12 | - | - | - | - | 18,983 | 18,983 | - | - | - | - |
| Total liabilities | | - | - | - | - | 1,013,184 | 1,013,184 | - | - | - | - |

| As at 31st December 2023 | Note | FVTPL | Held to maturity | Loans & receivables & other financial assets | Available for sale | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
|---|---------|--------|------------------|--|--------------------|-----------------------------|-----------|---------|---------|---------|--------|
| Company | | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 |
| Financial assets measured at fair value | | | | | | | | | | | |
| Treasury bonds | 6.1 (a) | - | 1,292,443 | - | - | - | 1,292,443 | - | - | - | - |
| Unquoted equity instruments | 6.3 | - | - | - | 6,126 | - | 6,126 | - | - | 6,126 | 6,126 |
| Quoted equity instruments | 6.3 | - | - | - | 8,447 | - | 8,447 | 8,447 | - | - | 8,447 |
| Quoted debentures | 6.1(b) | - | 1,954,291 | - | - | - | 1,954,291 | - | - | - | - |
| Financial assets not measured at fair value | | | | | | | | | | | |
| Fixed deposits | 6.2 | - | 2,491,036 | - | - | - | 2,491,036 | - | - | - | - |
| Investments in repo | 6.2 | - | 82,400 | - | - | - | 82,400 | - | - | - | - |
| Commercial paper | 6.2 | - | 529,025 | - | - | - | 529,025 | - | - | - | - |
| Reinsurance receivables | 9 | - | 971,308 | - | - | - | 971,308 | - | - | - | - |
| Premium receivables | 10 | - | 1,285,547 | - | - | - | 1,285,547 | - | - | - | - |
| Asset back securities | | - | 101,753 | - | - | - | 101,753 | - | - | - | - |
| Cash & cash equivalents | 12 | - | 133,580 | - | - | - | 133,580 | - | - | - | - |
| Total assets | | - | 3,246,735 | 5,594,649 | 14,573 | - | 8,855,956 | 8,447 | - | 6,126 | 14,573 |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Lease creditors | 14 | - | - | - | - | 386,976 | 386,976 | - | - | - | - |
| Reinsurance creditors | 19 | - | - | - | - | 830,450 | 830,450 | - | - | - | - |
| Bank overdrafts | 12 | - | - | - | - | 131,588 | 131,588 | - | - | - | - |
| Total liabilities | | - | - | - | - | 1,349,014 | 1,349,014 | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| As at 31st December 2022 | Note | FVTPL | Held to maturity | Loans & receivables & other financial assets | Available for sale | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|--------|------------------|--|--------------------|-----------------------------|-----------|-----------|---------|---------|-----------|
| Company | | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 | Rs.000 |
| Financial assets measured at fair value | | | | | | | | | | | |
| Treasury bonds | 6.1 (a) | - | 1,016,197 | - | - | - | 1,016,197 | 1,016,197 | - | - | 1,016,197 |
| Unquoted equity instruments | 6.3 | - | - | - | 5,218 | - | 5,218 | - | - | 5,218 | 5,218 |
| Quoted equity instruments | 6.3 | - | - | - | 4,026 | - | 4,026 | 4,026 | - | - | 4,026 |
| Quoted debentures | 6.1(b) | - | 2,163,578 | - | - | - | 2,163,578 | - | - | - | - |
| Financial assets not measured at fair value | | | | | | | | | | | |
| Fixed deposits | 6.2 | - | - | 2,439,241 | - | - | 2,439,241 | - | - | - | - |
| Investments in repo | 6.2 | - | - | 474,401 | - | - | 474,401 | - | - | - | - |
| Commercial paper | 6.2 | - | - | 229,075 | - | - | 229,075 | - | - | - | - |
| Reinsurance receivables | 9 | - | - | 514,123 | - | - | 514,123 | - | - | - | - |
| Premium receivables | 10 | - | - | 1,321,254 | - | - | 1,321,254 | - | - | - | - |
| Asset back securities | | - | - | 101,771 | - | - | 101,771 | - | - | - | - |
| Cash & cash equivalents | 12 | - | - | 71,919 | - | - | 71,919 | - | - | - | - |
| Total assets | | - | 3,179,775 | 5,151,784 | 9,244 | - | 8,340,803 | 1,020,223 | - | 5,218 | 1,025,441 |
| Financial liabilities not measured at fair value | | | | | | | | | | | |
| Lease creditors | 14 | - | - | - | - | 377,192 | 377,192 | - | - | - | - |
| Reinsurance creditors | 19 | - | - | - | - | 513,045 | 513,045 | - | - | - | - |
| Bank overdrafts | 12 | - | - | - | - | 18,983 | 18,983 | - | - | - | - |
| Total liabilities | | - | - | - | - | 909,220 | 909,220 | - | - | - | - |

B. MEASUREMENT OF FAIR VALUE

I. VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table shows the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs & fair value measurement |
|-------------------------------|----------------------------------|---|---|
| Equity instruments - Unquoted | Net assets based valuation | Net assets value and number of shares outstanding | Positive |
| Debentures | Future cash flow based valuation | Discounting factor | Negative |

II. LEVEL 3 FAIR VALUES

RECONCILIATION OF LEVEL 3 FAIR VALUE

The following table shows a reconciliation of the opening balances with the closing balances, for level 3 fair values.

| | Group/Company |
|--|--|
| | Available for sale financial assets Rs. |
| Balance as at 1st January 2022 | 5,214,655 |
| Total gains or losses recognized in other comprehensive income | 3,379 |
| Closing balance as at 31st December 2022 | 5,218,034 |
| Balance as at 1st January 2023 | 5,218,034 |
| Total gains or losses recognized in other comprehensive income | 907,959 |
| Closing balance as at 31st December 2023 | 6,125,993 |

NOTES TO THE FINANCIAL STATEMENTS

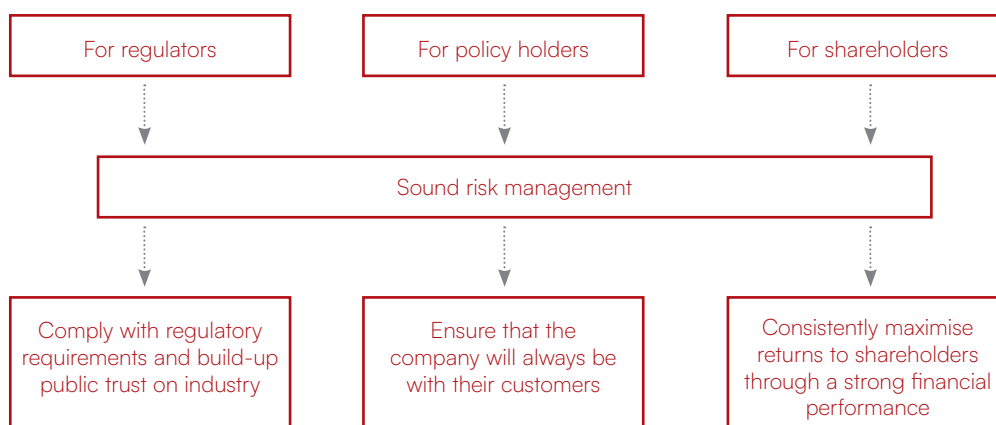
NOTE 38.01 - FINANCIAL RISK MANAGEMENT

INTRODUCTION & OVERVIEW

Effective risk management is very important for an organization to identify, measure, mitigate and manage the various types of risks falling within the Group and the industry. CICL Group recognizes the importance of sound risk management in every aspect of the Company business and the responsibility to the stakeholders.

The Company is exposed to a range of financial risks through its;

- Financial assets
- Financial liabilities
- Reinsurance receivables and
- Insurance liabilities



NOTE 38.01.01 - RISK & CAPITAL MANAGEMENT

(A) Governance framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. They have established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and a constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place. The risks are identified with clear understanding of market environment, regulatory environment and macroeconomic changes.

(B) Regulatory framework

Insurance Regulatory Commission of Sri Lanka, (IRCSL) safeguards the policyholders through the supervisory control of insurance companies in Sri Lanka. The Group operates according to the regulatory requirements set out by the IRCSL. The Group has successfully implemented the risk based capital (RBC) framework on solvency margin, as required by IRCSL. The capital positions of the Group's operating companies as of 31st December 2023 and 2022 are as follows.

The insurance business is regulated by Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of protecting shareholders and policy holders. There are various regulations and directives the insurance business is expected to adhere in order to achieve the expected norms, which leads the insurance business to maintain required solvency and maintain sufficient capital.

| | 31st December 2023 | | | | 31st December 2022 | | | |
|------------------------------------|--|--|---|------------------------|--|--|---|------------------------|
| | Total available capital (TAC) Rs.'000 | Minimum capital requirement Rs.'000 | Risk-based capital adequacy ratio (CAR) | Regulatory minimum CAR | Total available capital (TAC) Rs.'000 | Minimum capital requirement Rs.'000 | Risk-based capital adequacy ratio (CAR) | Regulatory minimum CAR |
| Co-operative Insurance Company PLC | 3,485,027 | 500,000 | 333% | 120% | 3,470,044 | 500,000 | 204% | 120% |
| Cooplife Insurance Limited | 2,147,484 | 500,000 | 356% | 120% | 1,728,046 | 500,000 | 317% | 120% |

Total available capital and CAR of the Company have been maintained throughout the year, in excess of the minimum requirement as prescribed by the IRCSL. Thus, the operations of the Group are in compliance with the regulatory requirements of the IRCSL. Further the Group comply with other regulators such as the Central Bank of Sri Lanka (CBSL) and Department of Inland Revenue (IRD). The Group is also regulated by the Companies Act, No. 07 of 2007 and listing rules of the Colombo Stock Exchange (CSE).

Approach to capital management

The Company allocates sufficient capital to corroborate ample returns to main stakeholders who are shareholders and policyholders. Capital management oversees the assets and liabilities by establishing required liquidity level. This is managing the risks in coordinated way by assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

(C) Capital management framework

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate action to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. The capital requirements are forecasted on a periodic basis by the management and the Board of Directors.

There were no significant changes from the previous year, to its policies and processes. There were no significant changes in the capital structure in the Company during the year.

The Company and its Subsidiaries are subject to regulatory guidelines and framework which includes minimum capital requirement, solvency margin, approved assets requirements to minimize the risk of default and insolvency on the part of the Company to meet unforeseeable liabilities as they arise. During the year the Group has complied with all regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.
- To maintain the required level of solvency of the Company in order to provide a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that return on capital employed meets the requirements of its shareholders.
- To align the profile of assets and liabilities taking account of risks inherent to the business.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets

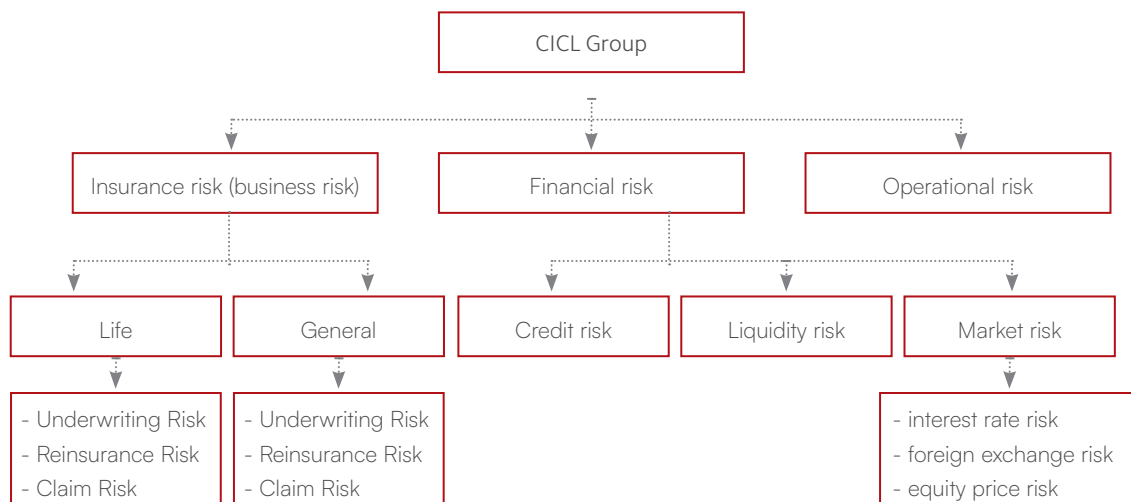
(D) Asset & liability management (ALM) framework

The Group manages assets & liabilities to achieve long-term investment returns in excess of its obligations under insurance contracts. ALM framework is a process of formulating, implementing, monitoring and revising strategies related to our assets and liabilities. Also, it is used to manage the risks arising from mismatch of investment and liability cash flow. Financial risks arising from interest rates, currency and equity products, all of which are exposed to general and specific market movements will have an impact on asset & liability management (ALM). The main risk that the Group faces, due to the nature of its investments and liabilities, is the interest rate risk. The Group manages these positions within a clearly defined ALM framework.

NOTE 38.02 - INSURANCE & FINANCIAL RISKS

This section deals in detail with the various risks from insurance contracts and describe uncertainties in measuring them. In accordance with the requirements of SLFRS 4, the effects of changes in the assumptions underlying the measurement of insurance contracts and / or in the market environment are also quantified.

The Group has exposure to the following risks;



NOTE 38.02.01 - INSURANCE RISK (BUSINESS RISK)

Due to the very nature of insurance contracts, risk is based on fortuity and is therefore unpredictable. The risks under any insurance contract is the possibility that the insured event occurs and the uncertainty regarding the amount of the resulting claims.

For a portfolio of insurance contracts, where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces is that the actual claims and the benefit payments could exceed the carrying amount of the insurance liability. This could occur because the frequency or severity of claims and benefits could be greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established, using statistical techniques.

Our material risks are identified through the risk management framework and the following risks are considered to have the most significant impact

| Risk | Description |
|-------------------|---|
| Underwriting Risk | <p>The risk of the premium received from policyholders being insufficient to cover claims if the event or contingency insured against takes place. It can include underestimated liabilities arising from unpaid business written in previous years and underpriced policies in current use.</p> <p>Limits are set on underwriting capacity, and authority granted to individuals based on their specific expertise.</p> <p>Appropriate pricing guidelines have been set, with a focus on consistent technical pricing across the organization.</p> |
| Reinsurance Risk | <p>Reinsurance risk refers to retention of risks beyond the company's net retention capacity without having adequate reinsurance and the inability of reinsurers to meet their commitments due to insufficient financial strength.</p> <p>The Company obtains reinsurance to limit its exposure to individual risks and aggregation of risks arising from individual large claims and catastrophe events. The types of reinsurance obtained are as follows;</p> <p>Excess of loss reinsurance obtained to protect a range of individual inwards contracts which could give rise to individually large claims.</p> <p>Facultative reinsurance obtained to reduce risk relating to an individual specific inwards contract.</p> <p>Review adequacy of reinsurance support for catastrophe / extreme events on a regular basis</p> <p>Re-insurance is done with Hannover Reinsurance for life insurance.</p> |
| Claim Risk | <p>Claim risk refers to the risk of over or under payment of claims, risk of not meeting the service standards set for claims payment process and claims cost exceeding the budgeted levels.</p> |

NOTE 38.02.01.01 - LIFE INSURANCE CONTRACTS

(A) Risk management identification

Life insurance products include protection and annuity covers.

Protection products carry mortality, longevity and morbidity risks as well as market and credit risks. The most significant factors that could increase the frequency of mortality claims are epidemics, such as Covid-19, strains of influenza, or lifestyle changes such as eating, drinking and exercise habits, resulting in earlier or more claims than expected. Morbidity claims experience would not only be affected by the factors mentioned above, but because disability is defined in terms of the ability to perform an occupation, it could also be affected by economic conditions. In order to reduce cross-subsidies in the pricing basis, premium are differentiated, where permitted, for example by product, age, gender and smoker status.

The policy terms and conditions and the disclosure requirements contained in insurance applications are designed to mitigate the risks arising from non-standard and unpredictable risks that may result in severe financial loss.

In the life annuity business, the most significant insurance risk is continued medical advances and improvement in social conditions that lead to increase in longevity. Annuitant mortality assumptions include allowance for future mortality improvements.

In addition to the specific risks listed above, the Company is exposed to policyholder behavior and expense risks. Policyholder behavior risk is mitigated by product design that match revenue and expenses associated with the contract as closely as possible. Expense risk is mitigated by careful control of expenses and by regular expense analyses and allocation exercises.

NOTES TO THE FINANCIAL STATEMENTS

The Group is exposed to two main types of concentration risks in its life business:

Market risk: interest rate guarantees expose the Group to financial losses that may arise as a result of adverse movements in financial markets.

Insurance risk: main factors include mortality risk, morbidity risk, longevity risk, policyholder behavior risk (lapse, anti-selection) and expense risk.

Accordingly having a well-diversified portfolio of products reduces risks associated with the life insurance business.

The Group's exposure to life insurance risks varies significantly by product lines and may change over time. The insurance risk described above is also affected by the contract holder's right to pay reduced premium or no future premium, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behavior.

Following table illustrate the strategies followed by the Group to mitigates risk associated with life insurance.

| | |
|--|--|
| Strategies associated with life insurance undertaking | <ul style="list-style-type: none"> • Focused training is provided to insurance advisors on proper selling in Sinhala, Tamil and English. • Maximum input is obtained from the consultant actuary and reinsurer in deciding on the terms and conditions of products in order to ensure that products are adequately priced. |
| Strategies associated with life insurance claims to manage within expected level | <ul style="list-style-type: none"> • Claims are reserved immediately at the intimation or on the availability of information of the death or injury of an insured. • The support of the reinsurers is obtained on reserving such claim liability and the share of reinsurers. |
| Reinsurance strategies associated with life insurance undertaking | <ul style="list-style-type: none"> • A very close and professional relationship is maintained with all reinsurers and reinsurance brokers • Frequent review of the outstanding reinsurance receivables. |

(B) Concentration risk

The Group defines concentration risk in the life business as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and /or obligations.

A more diversified portfolio of risks is less likely to be affected across the Board by a change in any subset of risks.

The Company defines concentration risk in the life business as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and /or obligations.

Concentration risk within the Life Business

The following table shows the concentration of the participating and non-participating funds position of the Group.

| | Insurance contract liabilities as at 31st December 2023 | Insurance contract liabilities as at 31st December 2022 |
|---|---|---|
| | Rs. | Rs. |
| Participating | 2,276,963 | 1,902,506 |
| Non-participating | 1,598,110 | 804,380 |
| Liability in respect of bonuses declared in the current year- for participating policyholders | 17,572 | 53,649 |
| Total | 3,892,645 | 2,760,535 |

(C) Assumptions in determining life insurance contract liabilities

Life insurance contracts, estimates are made in two stages. At the inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

Details of key assumptions used and basis of arriving for the same are summarised in following table:

| Assumption | Basis of estimation |
|--------------------------|---|
| Risk free rate | The risk free rates have been set based on Sri Lankan Government Bond yields issued by IRCSL for the industry as at 31st December 2023 |
| Participating Fund yield | Based on the weighted average of projected asset mix and based on the expected yields for various asset types |
| Mortality | Experience calibrated for the best estimate assumptions of mortality. |
| Morbidity | Morbidity rates based on mortality rates and reinsurance morbidity rates. |
| Expenses | Best estimate expense assumption is based on the Company specific expenses. For the purpose of the expense study, a functional split of expenses between acquisition or maintenance costs have been identified. These have been further identified as either fixed or variable based on the nature of expenses to determine a unit cost loading for use in the valuation. maintenance costs have been identified. These have been further identified as either fixed or variable based on the nature of expenses to determine a unit cost loading for use in the valuation. |
| Expense inflation | This is derived based on the weighted salary increment experience and the CPI inflation for non-salary expense items. |
| Lapse ratio | Lapse assumption of the Company is based on the experience analysis and historical trends during intervals of the policy tenure |
| Bonus rates | Bonus rate scale assumption has been arrived based on bonus declared for the latest year, based on the Company management's views on policyholder reasonable expectations. This assumes that Company is at least expecting to maintain the current bonus levels into the future This assumes that Company is at least expecting to maintain the current bonus levels into the future. |

(D) Sensitivity analysis

Following table presents the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. 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 2023 or 2022, based on the results of the liability adequacy test. The table D indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the value of insurance liabilities

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. 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 2023 and 2022, based on the results of the liability adequacy test. The table D indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

| | Change in assumptions | Impact on liabilities | |
|---------------|-----------------------|-----------------------|-------|
| | | 2023 | 2022 |
| Mortality | 10% | 3,227 | 2,068 |
| | -10% | 3,206 | 2,048 |
| Discount rate | 5% | 3,189 | 2,052 |
| | -5% | 3,246 | 2,065 |
| Expenses | 10% | 3,212 | 2,133 |
| | -10% | 3,122 | 1,984 |

Note 38.02.01.02 - General Insurance Contracts

(A) Risk management identification

General insurance risks include the reasonable possibility of significant loss due to uncertainty in the frequency of the occurrence of the insured event as well as in the severity of the resulting claim. An overview of the Group's main lines of business is as follows:

| Line of business | Description |
|----------------------|---|
| Motor | Includes automobile physical damage, loss of the insured vehicle and automobile third party liability insurance. |
| Fire & engineering | Includes fire risks (for example fire, explosion and business interruption), natural perils (for example earthquake and flood), engineering lines (for example boiler explosion, machinery breakdown and construction). |
| Accident & liability | Includes general/public and product liability, excess and professional liability including medical malpractice, errors and omissions of liability. |
| Marine/ cargo | Coverage for special risk insurance and trip cargo insurance and contracts with open policy cargo insurance that covers all of a shipper's good in transit. |

The Group's underwriting strategy is to take advantage of the diversification of general insurance risks across industries. The Group seeks to optimize shareholder value by achieving its equity goals. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Group's underwriting is a robust governance process.

Following table illustrate the strategies followed by the Company to mitigates risk associates with life insurance.

| | |
|---|---|
| Strategies associated with general insurance undertaking | <ul style="list-style-type: none"> Limits are set on underwriting capacity, and authority granted to individuals based on their specific expertise. Appropriate pricing guidelines have been set, with a focus on consistent technical pricing across the organization. Diversified large portfolio of insurance contracts and geographical areas. Careful selection and implementation of underwriting strategies. |
| Strategies associated with general insurance claims to manage within expected level | <ul style="list-style-type: none"> Claims are assessed immediately upon intimation and reserved accordingly. As we reserved the previous claim estimation upon intimation, after finalizing the actual claim liability company adjust the actual claim amount accordingly. The service of a qualified independent actuary is obtained to assess the adequacy of reserves made in relation to incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claims. |
| Reinsurance strategies associated with general insurance undertaking | <ul style="list-style-type: none"> There are strict controls to ensure that no insurance cover is issued without a proper reinsurance arrangement backing the cover. Review adequacy of reinsurance support for catastrophe / extreme events on a regular basis. Periodic review of the credit rating and ensuring all reinsurers maintain the rating throughout the year. |

(B) Assumptions in determining general insurance contract liabilities

The principal assumption underlying the liability estimates is that general insurance's future claims development may follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are also used to assess the extent to which liabilities may arise in the future, but exclude one-off occurrences, changes in market factors such as public attitude to claiming, economic conditions, and internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

(C) Sensitivity analysis

The following analysis is performed for possible movements in claims outstanding with all other assumptions held constant, showing the impact on gross and net liabilities. It should be noted that movements in these assumptions are non- linear.

| | Change in assumptions | Impact on liabilities | |
|------------------------------|-----------------------|-----------------------|------------------|
| | | 2023 Rs.'000' | 2022 Rs.'000' |
| Reported claims outstandings | 10% | 3,670,485 | 3,328,361 |
| | -10% | 3,479,041 | 3,169,909 |

(D) Reinsurance risk

The Group obtains reinsurance to limit its exposure to individual risks and aggregation of risks arising from individual large claims and catastrophic events. The types of reinsurance obtained are as follows;

- Excess of loss reinsurance obtained to protect a range of individual inwards contracts which could give rise to individually large claims.
- Facultative reinsurance obtained to reduce risk relating to an individual specific inwards contracts.

NOTES TO THE FINANCIAL STATEMENTS

Notwithstanding to the advantages reinsurance provides insurers, it can expose them, 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
- legal risk
- counterparty risk
- liquidity risk

Considering the above factors the overall risk management strategy cedes insurance risk through proportional, non-proportional and specific reinsurance treaties.

As at 31st December 2023, 99% of our reinsurance receivable were due from reinsurers with a rating of 'B+' or better and from the National Insurance Trust Fund (NITF). There were no collateral against reinsurance receivables as at the reporting date.

The ratings of reinsurer's and their related rating agencies are as follows:

| Reinsurer | Country of origin | Rating | Rating agency |
|---|-------------------|---------------------|-----------------|
| General Insurance Corporation of India | India | bbb+ | A M Best |
| African Reinsurance Corporation | Nigeria | a (Excellent) | A M Best |
| Malaysian National Reinsurance Berhad | Malaysia | a- | A M Best |
| Swiss Re International SE | Luxembourg | aa Superior | A M Best |
| First Capital Insurance Limited | Singapore | a+ (Excellent) | A M Best |
| Santam Re | Switzerland | BB | Standard & Poor |
| National Insurance Trust Fund | Sri Lanka | Government security | Not applicable |
| Qatar Insurance Company | Qatar | A- (Excellent) | Standard & Poor |
| Ocean International Reinsurance Company Ltd | Panama | A- (Excellent) | A M Best |
| AXA XL Reinsurance | Ireland | aa- | A M Best |
| Odyssey Reinsurance | USA | A+ | A M Best |
| Swiss Life | France | A+ | Standard & Poor |
| Best meridian insurance company | Cayman Islands | A- | A M Best |
| Oman re insurance | Oman | BBB - | Fitch |
| Hannover Re | Germany | AA - Stable | Standard & Poor |
| New India Re | India | bbb+ | A M Best |

(E) Concentration risk

For general insurance contracts, the most significant risks arise from the motor class.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts into different classes as mentioned earlier. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of types of risk and levels of insured benefits.

Concentration risk based on classes within the general insurance business based on the gross written premium is as follows:

| Class | 2023 | | | | 2022 | | | |
|--------------------|-----------------------|----------------|---------------------|-------------|-----------------------|----------------|---------------------|-------------|
| | Gross written premium | Reinsurance | Net written premium | % | Gross written premium | Reinsurance | Net written premium | % |
| | Rs.'000' | Rs.'000' | Rs.'000' | | Rs.'000' | Rs.'000' | Rs.'000' | |
| Motor | 3,591,355 | 274,993 | 3,316,363 | 79% | 4,250,079 | 311,549 | 3,938,530 | 84% |
| Fire & engineering | 318,852 | 263,501 | 55,351 | 7% | 265,194 | 213,071 | 52,123 | 5% |
| Marine | 40,252 | 29,982 | 10,270 | 1% | 54,926 | 38,290 | 16,635 | 1% |
| Miscellaneous | 588,098 | 154,185 | 433,913 | 13% | 516,746 | 142,681 | 374,064 | 10% |
| Total | 4,538,557 | 722,660 | 3,815,897 | 100% | 5,086,945 | 705,592 | 4,381,353 | 100% |

(F) Sources of uncertainty in the estimation of future claim payments

The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and large element of the claims provision related to incurred but not reported (IBNR) claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management they adopt.

(G) Estimation of IBNR reserve

The IBNR claims reserve has been actuarially computed by Actsüre Lab (Pvt) Limited. The valuation is determined using internationally accepted actuarial techniques.

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate the quantitative sensitivity analysis. Actsüre Lab (Pvt) Limited uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate costs of claims. The two methods more commonly used are the Chain-Ladder and the Bornhuetter-Ferguson.

Generally, Actsüre Lab (Pvt) Limited has given higher credibility to the chain ladder method on cumulative claims reported basis for each class of business. In general, the reported basis would display more stability relative to the paid basis, especially for more recent accident years. To increase consistency, the BF method uses results from the 31st December 2011 analysis as the seed loss ratio for each accident year and a projected loss ratio for the latest accident year. Loss development factors, Actsüre Lab (Pvt) Limited has used loss development factors based on weighted averages except where:

- The weighted average is contrary to a trend in the recent ratios. For some classes, the trend in loss development factors applies only to certain development years.
- Payments in particular years are clearly out of line relative to those in other years, in which case such outliers are disregarded in selecting the loss development factors.

Sensitivity of profit before tax and net assets due to increase in net claims ratio:

| | 2023 | 2022 |
|---------------------------------|----------------|---------|
| | Rs.'000 | Rs.'000 |
| Net impact to profit before tax | (3,861) | 9,021 |
| Impact to net assets | 56,417 | 80,421 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 38.02.02 - CREDIT RISK

(A) Introduction to risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures (such as individual obligor default risk, country and sector risk). The Group is exposed to credit risk on securities issued by third parties. The debt security investments are broadly categorized into investments in government securities and investments in corporate debt securities.

The Group's credit risk could mainly arise from;

- Financial investments in debt securities
- Reinsurance receivables
- Premiums receivable
- Loans to life policyholders and others
- Cash and cash equivalents, excluding cash in hand
- Other financial receivables

The Group manages credit risk exposure within parameters that reflect the Group's strategic objectives and risk tolerance. Sources of credit risk are identified, assessed and monitored, and the Group has policies to manage the specific risks within the various subcategories.

(B) Credit risk exposure

Group's exposure to credit risk as at the financial position date is given in the tables below with the comparative figures and has been derived as per the Group risk management policy of using the carrying values in the statements of financial position.

| | Note | 2023 | | | | 2022 | | | |
|---------------------------------------|------|-------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | | Group | % of allocation | Company | % of allocation | Group | % of allocation | Company | % of allocation |
| Debt securities - held to maturity | 6.2 | 7,310,712 | 72% | 3,246,735 | 55% | 5,870,416 | 66% | 3,179,775 | 56% |
| Debt securities - loans & receivables | 6.2 | 82,400 | 1% | 82,400 | 1% | 909,713 | 10% | 474,401 | 8% |
| Debt securities - available for sale | 6.3 | 1,475 | 0% | | 0% | - | 0% | - | 0% |
| Total debt securities | | 7,394,587 | 73% | 3,329,135 | 57% | 6,780,129 | 76% | 3,654,176 | 65% |
| Life policyholders loans | 8 | 71,347 | 1% | | 0% | 34,789 | 0% | - | 0% |
| Reinsurance receivables | 9 | 983,827 | 10% | 971,308 | 17% | 527,479 | 6% | 514,123 | 9% |
| Premium receivables | 10 | 1,304,668 | 13% | 1,285,547 | 22% | 1,339,450 | 15% | 1,321,254 | 23% |
| Other assets | 11 | 195,084 | 2% | 136,863 | 2% | 128,316 | 1% | 89,625 | 2% |
| Cash & cash equivalents | 12 | 163,864 | 2% | 133,580 | 2% | 106,750 | 1% | 71,919 | 1% |
| Total credit risk exposure | | 10,113,376 | 100% | 5,856,432 | 100% | 8,916,913 | 100% | 5,651,097 | 100% |

The Group is exposed to credit risk on securities issued by third parties. The Group limits its exposure by analyzing the creditworthiness of each debt security investment. The credit worthiness of a potential debt security investment is assessed mainly through ratings assigned to the issuing institution or the ratings assigned to an issue. The debt security investments are broadly categorized into investments in government securities and investments in corporate debt securities.

Cooplife Insurance Limited has reclassified all of its Treasury Bond and Debenture portfolio from Available-For-Sale (AFS) financial asset category to Held to Maturity (HTM) category on 01st January 2022 due to change in intention from “holding or selling” to “hold until maturity” after assessing the projected business plans and the need for liquidity. As per LKAS 39, reclassification to Held to Maturity is permitted when the entity has the ability and intention to hold financial assets until maturity. At the reclassification date, the market value of the Treasury Bonds and Debentures become its new cost or amortized cost and subsequently, HTM assets are measured at amortized cost. Further, 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 amortized to profit or loss over the remaining life of the asset using the EIR (Effective Interest Rate). Such amortization has been recognized under interest income line in the profit or loss.

The tables below set out information about the credit quality of financial investments (government securities and corporate debt securities) and the allowance for impairment loss held by the Group against the assets.

| Carrying amount as at 31st December 2023 | | | | | | | |
|--|--------------------------------------|------------------------|---|--|----------------------------|-------------------|-------------|
| Group | Held to maturity financial assets | Loans & receivables | Available for sale financial assets | Financial assets at fair value through profit or loss | Cash & cash equivalents | Total | % |
| | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | |
| AA+ to AA- | - | 383,386 | - | - | - | 383,386 | 3% |
| A+ to A- | 2,755,911 | 2,816,223 | - | - | - | 5,572,135 | 49% |
| BBB+ to BBB- | 763,930 | 702,251 | - | - | - | 1,466,181 | 13% |
| Government guaranteed | 3,790,870 | 82,400 | - | - | - | 3,873,270 | 34% |
| Not rated | - | - | 14,573 | 1,475 | 163,864 | 179,912 | 2% |
| Total | 7,310,712 | 3,984,261 | 14,573 | 1,475 | 163,864 | 11,474,884 | 100% |
| As at 31st December 2023 | 7,310,712 | 3,984,261 | 14,573 | 1,475 | 163,864 | 11,474,884 | 100% |

NOTES TO THE FINANCIAL STATEMENTS

Carrying amount as at 31st December 2022

| Group | Held to maturity financial assets Rs.'000' | Loans & receivables Rs.'000' | Available for sale financial assets Rs.'000' | Financial assets at fair value though profit or loss Rs.'000' | Cash & cash equivalents Rs.'000' | Total Rs.'000' | % |
|---------------------------------|--|------------------------------------|---|---|--|-------------------|-------------|
| AAA+ to AAA- | - | 337,521 | - | - | - | 337,521 | 3% |
| AA+ to AA- | 250,027 | 1,057,586 | - | - | - | 1,307,613 | 13% |
| A+ to A- | 2,927,077 | 1,331,328 | - | - | - | 4,258,404 | 41% |
| BBB+ to BBB- | 375,656 | 630,948 | - | - | - | 1,006,603 | 10% |
| Government guaranteed | 2,317,657 | 1,001,506 | - | - | - | 3,319,163 | 32% |
| Not rated | - | 2,487 | 9,244 | 1,046 | 106,750 | 119,527 | 1% |
| As At 31st December 2022 | 5,870,416 | 4,361,375 | 9,244 | 1,046 | 106,750 | 10,348,831 | 100% |

Carrying amount as at 31st December 2023

| Company | Held to maturity financial assets Rs.'000' | Loans & receivables Rs.'000' | Available for sale financial assets Rs.'000' | Cash & cash equivalents Rs.'000' | Total Rs.'000' | % |
|---------------------------------|--|------------------------------------|---|--|-------------------|-------------|
| A+ to A- | 1,741,359 | 2,421,855 | - | - | 4,163,214 | 63% |
| BBB+ to BBB- | 212,933 | 700,391 | - | - | 913,323 | 14% |
| Government guaranteed | 1,292,443 | 82,400 | - | - | 1,374,843 | 21% |
| Not rated | - | - | 14,573 | 133,580 | 148,153 | 2% |
| Total | 3,246,735 | 3,204,646 | 14,573 | 133,580 | 6,599,534 | 100% |
| As at 31st December 2023 | 3,246,735 | 3,204,646 | 14,573 | 133,580 | 6,599,534 | 100% |

Carrying amount as at 31st December 2022

| Company | Held to maturity financial assets Rs.'000' | Loans & receivables Rs.'000' | Available for sale financial assets Rs.'000' | Cash & cash equivalents Rs.'000' | Total Rs.'000' | % |
|---------------------------------|--|------------------------------------|---|--|-------------------|-------------|
| AAA+ to AAA- | - | 337,521 | - | - | 337,521 | 5% |
| AA+ to AA- | 216,798 | 914,270 | - | - | 1,131,069 | 17% |
| A+ to A- | 1,896,542 | 1,061,183 | - | - | 2,957,725 | 45% |
| BBB+ to BBB- | 50,238 | 457,527 | - | - | 507,765 | 8% |
| Government guaranteed | 1,016,197 | 473,236 | - | - | 1,489,433 | 23% |
| Not rated | - | 1,166 | 9,244 | 71,919 | 82,329 | 1% |
| As at 31st December 2022 | 3,179,775 | 3,244,904 | 9,244 | 71,919 | 6,505,841 | 100% |

Following are some strategies followed by the Group to mitigate credit risk in investments.

- Checking the credit worthiness of potential investees, mainly through ratings assigned to the issuing institution or the ratings assigned to the issue.
- Deciding on single party exposure limits based on the credit ratings and regulatory requirements and monitoring them closely at different levels.
- Adhering to the guidelines on selection of primary dealer with regard to government security investments.
- Conducting a detailed analysis of individual counterparties for each equity and corporate debt investment before taking investment decisions.

The following table provides information relating to credit risk exposure of other financial assets:

| Group | Reinsurance receivables | | Premium receivables | |
|--|-------------------------|----------------|---------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' |
| Maximum exposure to credit risk | | | | |
| Neither past dues nor impaired | 207,838 | 69,489 | 1,170,880 | 1,199,704 |
| Past dues but not impaired | | | | |
| 61-90 days | 30,042 | 36,381 | 133,932 | 140,137 |
| 91-365 days | 271,900 | 261,724 | 145,511 | 68,614 |
| 365 days + | 380,953 | 128,101 | 83,483 | 30,169 |
| Total | 890,733 | 495,696 | 1,533,805 | 1,438,624 |
| Impaired | - | - | (229,135) | (99,174) |
| IBNR | 93,095 | 31,783 | - | - |
| Total | 983,828 | 527,479 | 1,304,669 | 1,339,450 |

NOTES TO THE FINANCIAL STATEMENTS

| | Reinsurance receivables | | Premium receivables | |
|--|-------------------------|----------------|---------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Company | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' |
| Maximum exposure to credit risk | | | | |
| Neither past dues nor impaired | 203,804 | 68,647 | 1,151,758 | 1,181,508 |
| Past dues but not impaired | | | | |
| 61-90 days | 29,340 | 34,562 | 133,828 | 139,745 |
| 91-365 days | 266,735 | 254,434 | 142,463 | 68,296 |
| 365 days + | 378,334 | 124,696 | 83,102 | 30,169 |
| Total | 878,213 | 482,339 | 1,511,150 | 1,419,718 |
| Impaired | - | - | (225,603) | (98,464) |
| IBNR | 93,095 | 31,783 | - | - |
| Total | 971,308 | 514,123 | 1,285,547 | 1,321,254 |

(C) Credit risk relating to reinsurance receivable

As part of its overall risk management strategy, the Group cedes insurance risk through proportional, non-proportional and specific risk reinsurance treaties. While these mitigate insurance risk, the recoverable from reinsurers and receivables arising from ceded reinsurance, exposes the Group to credit risk.

Reinsurance is placed in line with policy guidelines approved by the Board of Directors on an annual basis in line with the guidelines issued by the Insurance Board of Sri Lanka and concentration of risk is managed by reference to counterparties' limits that are set each year and are subject to regular reviews.

There were no collateral against reinsurance receivables as at the reporting date.

The Group follow policies and procedures to mitigate credit risk in premium receivables by conducting follow-up meetings on debt collections on a monthly basis and processing claims only for the premium settled policies.

Credit risk of reinsurance receivables by rating class have been illustrated below in order to ensure that the Company has significant control over managing them.

| Ratings - Non-life | 2023 | | | | 2022 | | | |
|--------------------------------------|---------------------------|-----------------------|------------------|-------------|---------------------------|-----------------------|------------------|-------------|
| | On paid claims Rs.'000 | On reserve Rs.'000 | Total Rs.'000 | % | On paid claims Rs.'000 | On reserve Rs.'000 | Total Rs.'000 | % |
| AAA | - | - | - | - | 39,221 | 18,455 | 57,676 | 11% |
| A+ | 122 | - | 122 | - | - | - | - | - |
| A | - | - | - | - | 149 | 382 | 531 | - |
| A- | 194,746 | 109,340 | 304,086 | 31% | 16,186 | 32,120 | 48,307 | 9% |
| BB+ | - | - | - | - | - | 1,921 | 1,921 | - |
| BB | 80,097 | 24,173 | 104,271 | 11% | - | - | - | - |
| B++ | - | - | - | - | 156,239 | 76,446 | 232,685 | 45% |
| BBB+ | 211,500 | 34,088 | 245,588 | 25% | - | - | - | - |
| BBB- | - | 1,921 | 1,921 | - | - | - | - | - |
| NITF | 148,277 | 73,947 | 222,224 | 23% | 68,127 | 73,092 | 141,219 | 27% |
| Total | 634,743 | 243,470 | 878,213 | 90% | 279,923 | 202,417 | 482,339 | 94% |
| IBNR | - | - | 93,095 | 10% | - | - | 31,783 | 6% |
| Total reinsurance receivables | 634,743 | 243,470 | 971,308 | 100% | 279,923 | 202,417 | 514,123 | 100% |

| Ratings - Life | 2023 | | | | 2022 | | | |
|--------------------------------------|----------------------------|------------------------|-------------------|-------------|----------------------------|------------------------|-------------------|-------------|
| | On paid claims Rs.'000' | On reserve Rs.'000' | Total Rs.'000' | % | On paid claims Rs.'000' | On reserve Rs.'000' | Total Rs.'000' | % |
| A- | - | - | - | - | 7,067 | 6,289 | 13,356 | 100% |
| AA- | 2,727 | 9,792 | 12,519 | 100% | - | - | - | - |
| Total reinsurance receivables | 2,727 | 9,792 | 12,519 | 100% | 7,067 | 6,289 | 13,356 | 100% |

NOTES TO THE FINANCIAL STATEMENTS

(D) Credit risk relating to reinsurance receivables

The following table provides information relating to credit risk exposure of reinsurance assets.

| Group | Up to 30 days Rs.'000 | 31-60 days Rs.'000 | Above 60 days Rs.'000 | Total receivables Rs.'000 |
|-------------------------------------|--------------------------|-----------------------|--------------------------|------------------------------|
| As at 31st December 2023 (Rs.'000') | 75,265 | 133,273 | 682,193 | 890,731 |
| As at 31st December 2022 (Rs.'000') | 40,874 | 29,494 | 425,327 | 495,695 |

| Company | Up to 30 days Rs.'000 | 31-60 days Rs.'000 | Above 60 days Rs.'000 | Total receivables Rs.'000 |
|-------------------------------------|--------------------------|-----------------------|--------------------------|------------------------------|
| As at 31st December 2023 (Rs.'000') | 74,612 | 129,192 | 674,409 | 878,213 |
| As at 31st December 2022 (Rs.'000') | 39,923 | 28,723 | 413,693 | 482,339 |

(E) Credit risk relating to loans

The following table illustrates how the loans have been segregated amongst different categories.

| Loan categories | Group | | Company | |
|------------------------|---------------|---------------|--------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| Staff loans | 11,524 | 14,017 | 7,817 | 10,404 |
| Loans to policyholders | 71,346 | 34,789 | - | - |
| Loans to field staff | 5,044 | 6,036 | - | - |
| Total | 87,914 | 54,842 | 7,817 | 10,404 |

The Group grants loan facilities to staff including field staff after a robust process of evaluating the credit worthiness of the individual, value of the facility and the related collateral. The field staff loan and 45% of staff loan portfolios are largely made-up of vehicle loans and the Group has undertaken the absolute ownership of those vehicles as collateral.

(F) Credit risk relating to cash & cash equivalents

The Group held cash and cash equivalents of Rs. 164 million at 31 December 2023 (2022 - 107 million). The cash and cash equivalents are held with banks and financial institutional counterparties, which are rated BBB+ or better except for cash in hand & cash in transit of Rs. 6.9 million (2022 - 8.59 million)

(G) Collateral of debt securities

Reverse repo investments which fall under government securities is backed up 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. As at the financial position date, the Group held treasury bonds and bills worth Rs. 1,378 million as collateral for reverse repo investments amounting to Rs. 909 million.

(H) Concentration of credit risk - financial investments in debt securities

The Group actively manages its investment mix to ensure that there is no significant concentration of credit risk. The Group monitors concentration of credit risk by sector and instruments. An analysis of concentration of credit risk from financial investments is shown below:

| As at 31st December | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Government securities & related institutions | 34% | 36% | 21% | 23% |
| Corporate debt securities | 38% | 37% | 38% | 37% |
| Equity instruments | 23% | 27% | 39% | 38% |
| Others | 5% | 1% | 2% | 2% |
| Total | 100% | 100% | 100% | 100% |

NOTE 38.02.03 - LIQUIDITY RISK

Liquidity risk is the risk that the Group 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 following policies and procedures are in place to mitigate the exposure to liquidity risk:

- The investment committee 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.
- Maintaining sufficient cash balances, repurchase agreements and other short tenure investments to accommodate expected obligations and commitments of the Group.
- Reviewing the maturity mix of the investment portfolio by the management and the investment committee on a regular basis.
- Reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments, should claim events exceed a certain size.

NOTES TO THE FINANCIAL STATEMENTS

(A) MATURITY ANALYSIS

Following table summarizes the maturity profiles of non-derivative financial assets and financial liabilities based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contract liabilities and reinsurance receivables, maturity profiles are determined based on estimated timing of net cash outflows from recognized insurance liabilities.

(B) MATURITY PROFILE

| As at 31st December 2023 | | | | | |
|--|-------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| Group | Total Rs.'000' | Less than one year Rs.'000' | One to three years Rs.'000' | Three to Five years Rs.'000' | More than Five years Rs.'000' |
| Assets | | | | | |
| Financial investments | 11,311,021 | 4,751,969 | 4,790,620 | 1,105,691 | 662,741 |
| Loans to policyholders | 71,347 | 10,803 | 35,336 | 17,541 | 7,667 |
| Reinsurance receivables | 983,828 | 983,828 | - | - | - |
| Premium receivables | 1,304,669 | 1,304,669 | - | - | - |
| Cash and cash equivalents | 163,864 | 163,864 | - | - | - |
| Total assets | 13,834,728 | 7,215,132 | 4,825,956 | 1,123,232 | 670,408 |
| Liabilities | | | | | |
| Insurance contract liabilities- non life | 3,574,763 | 2,914,888 | 288,999 | 173,466 | 197,410 |
| Lease creditors | 457,264 | 66,096 | 123,316 | 121,487 | 146,365 |
| Reinsurance payables | 835,342 | 835,342 | - | - | - |
| Other financial liabilities | 1,097,055 | 1,097,055 | - | - | - |
| Bank overdrafts | 131,588 | 131,588 | - | - | - |
| Total liabilities | 6,096,012 | 5,044,969 | 412,315 | 294,953 | 343,775 |

| As at 31st December 2022 | | | | | |
|--|-------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| Group | Total Rs.'000' | Less than one year Rs.'000' | One to three years Rs.'000' | Three to Five years Rs.'000' | More than Five years Rs.'000' |
| Assets | | | | | |
| Financial investments | 10,242,081 | 4,845,819 | 3,353,731 | 893,936 | 1,148,594 |
| Loans to policyholders | 34,789 | 4,175 | 6,610 | 6,958 | 17,047 |
| Reinsurance receivables | 527,479 | 527,479 | - | - | - |
| Premium receivables | 1,339,450 | 1,339,450 | - | - | - |
| Cash and cash equivalents | 106,750 | 106,750 | - | - | - |
| Total assets | 12,250,549 | 6,823,673 | 3,360,341 | 900,894 | 1,165,641 |
| Liabilities | | | | | |
| Insurance contract liabilities- non life | 3,249,135 | 2,649,369 | 262,674 | 157,664 | 179,428 |
| Lease creditors | 462,461 | 47,388 | 189,281 | 104,997 | 120,795 |
| Reinsurance payables | 531,740 | 531,740 | - | - | - |
| Other financial liabilities | 1,162,842 | 1,162,870 | - | - | - |
| Bank overdrafts | 18,983 | 18,983 | - | - | - |
| Total liabilities | 5,425,161 | 4,410,350 | 451,955 | 262,661 | 300,222 |

As at 31st December 2023

| Company | Total Rs.'000' | Less than one year Rs.'000' | One to three years Rs.'000' | Three to Five years Rs.'000' | More than Five years Rs.'000' |
|--|-------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| Assets | | | | | |
| Financial investments | 6,465,954 | 3,347,660 | 2,648,149 | 320,885 | 149,260 |
| Reinsurance receivables | 971,308 | 971,308 | - | - | - |
| Premium receivables | 1,285,547 | 1,285,547 | - | - | - |
| Cash and cash equivalents | 133,580 | 133,580 | - | - | - |
| Total assets | 8,856,389 | 5,738,095 | 2,648,149 | 320,885 | 149,260 |
| Liabilities | | | | | |
| Insurance contract liabilities- non life | 3,574,763 | 2,914,888 | 288,999 | 173,465 | 197,409 |
| Lease creditors | 386,976 | 64,816 | 112,854 | 91,013 | 118,293 |
| Reinsurance payables | 830,450 | 830,450 | - | - | - |
| Other financial liabilities | 992,256 | 992,256 | - | - | - |
| Bank overdrafts | 131,588 | 131,588 | - | - | - |
| Total liabilities | 5,916,033 | 4,933,998 | 401,853 | 264,479 | 315,703 |

As at 31st December 2022

| Company | Total Rs.'000' | Less than one year Rs.'000' | One to three years Rs.'000' | Three to Five years Rs.'000' | More than Five years Rs.'000' |
|--|-------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|
| Assets | | | | | |
| Financial investments | 6,433,922 | 3,689,110 | 2,434,914 | 160,412 | 149,485 |
| Reinsurance receivables | 514,123 | 514,123 | - | - | - |
| Premium receivables | 1,321,254 | 1,321,254 | - | - | - |
| Cash and cash equivalents | 71,919 | 71,919 | - | - | - |
| Total assets | 8,341,217 | 5,596,405 | 2,434,914 | 160,412 | 149,485 |
| Liabilities | | | | | |
| Insurance contract liabilities- non life | 3,249,135 | 2,649,369 | 262,674 | 157,664 | 179,428 |
| Lease creditors | 377,192 | 47,046 | 169,953 | 79,209 | 80,984 |
| Reinsurance payables | 513,045 | 513,045 | - | - | - |
| Other financial liabilities | 1,047,705 | 1,047,733 | - | - | - |
| Bank overdrafts | 18,983 | 18,983 | - | - | - |
| Total liabilities | 5,206,061 | 4,276,176 | 432,627 | 236,874 | 260,411 |

NOTES TO THE FINANCIAL STATEMENTS

Financial assets pledged as collateral

There were no financial assets pledged as collateral during the year ended 31st December 2023.

NOTE 38.02.04 - MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks:

Note 38.02.04.01 - Equity price risk

Note 38.02.04.02 - Foreign exchange risk

Note 38.02.04.03 - Interest rate risk

Exposure to market risk on these products is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The following policies and procedures are in place to mitigate the Group's exposure to market risk.

- Macro-economic indicators and their impact on the Group's investment portfolio are monitored closely by the management.
- Impact from the market movement is monitored and warnings are sent to the managing director and the Board of Directors of high volatilities in the market.
- Total exposure to equity investments is made strictly within the agreed target asset allocation and sectorial equity limits.
- Equity investments are made in fundamentally sound stocks which are identified after an in-depth research and evaluation process.

NOTE 38.02.04.01 - EQUITY PRICE RISK

Listed equity securities are susceptible to market price risk arising from uncertainties of future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity portfolio investments. The Group's equity risk management policies are;

- 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 Group performance.

The risk exposure to listed equity securities as at 31st December 2023 with the comparatives are as follows;

| | Life | | Non-Life | |
|---------------------------|--------------|---------|--------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Segment | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Listed equity investments | 9,922 | 1,046 | 8,447 | 4,026 |

Following table shows the sector diversity of quoted equity investments of the Group.

| Sector | Group | | | | Company | | | |
|---------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Rs.'000 | % | Rs.'000 | % | Rs.'000 | % | Rs.'000 | % |
| Capital goods | 687 | 7% | 420 | 8% | - | - | - | - |
| Retail | 72 | 1% | 50 | 1% | - | - | - | - |
| Banks finance & insurance | 8,843 | 89% | 4,352 | 86% | 8,447 | 100% | 4,026 | 100% |
| Hotels & travels | 320 | 3% | 250 | 5% | - | - | - | - |
| Total | 9,922 | 100% | 5,072 | 100% | 8,447 | 100% | 4,026 | 100% |

The table below shows the estimated impact from a 10 percent decline in the stock market, on the net assets of the Company.

| | Group | | Company | |
|-----------------------------|--------------------------|----------|----------|----------|
| | Net impact on net assets | | | |
| | 2023 | 2022 | 2023 | 2022 |
| 10% decline in stock market | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' |
| Investments | 9,922 | 5,072 | 8,447 | 4,026 |
| Net impact on net assets | (992) | (507) | (845) | (403) |

NOTE 38.02.04.02 - FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of loss resulting from changes in exchange rates. The Group's principal operation is based in Sri Lanka and therefore is not exposed to the financial impact arising from changes in the exchange rates of various currencies.

(A) Foreign currency exposures other than in respect of foreign operations

| | Group | | | | Company | | | |
|---------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount in foreign currency USD | Amount in local currency Rs. | Amount in foreign currency USD | Amount in local currency Rs. | Amount in foreign currency USD | Amount in local currency Rs. | Amount in foreign currency USD | Amount in local currency Rs. |
| Foreign currency deposits | 14,718 | 4,768,320 | 29,646 | 10,850,445 | 14,718 | 4,768,320 | 29,646 | 10,850,445 |

NOTES TO THE FINANCIAL STATEMENTS

(B) Sensitivity analysis

The table below shows the estimated impact to the profitability when the foreign currency rate movements against the domestic currency.

| | Group | | Company | |
|---------------------------|---------------|-----------|--------------|-----------|
| | Impact to PBT | | | |
| | 2023 | 2022 | 2023 | 2022 |
| | Rs. | Rs. | Rs. | Rs. |
| 5% Strengthening of Rupee | (238,416) | (542,522) | (238,415.99) | (542,522) |
| 5% Weakening of Rupee | 238,416 | 542,522 | 238,415.99 | 542,522 |
| +/- Impact on profit | -0.064% | 0.071% | -0.071% | 0.096% |

NOTE 38.02.04.03 - 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.

The Group has adopted the following policies to manage interest rate risk

- The investment committee members keep a regular track of macroeconomic scenarios and their likely impact on interest rates
- Initial recognition of investments is closely monitored

Floating rate instruments expose the Group to cash flow fluctuations, whereas fixed interest rate instruments expose the Group to changes in fair values.

As at 31st December 2023 there were no cash flow interest rate exposures, as the Group did not have any floating rate investments. However, the Group is exposed to fair value fluctuations on fixed rate investments which are measured at fair value. The following table present the financial assets and financial liabilities which are subjective to the interest rate risk by the Group and the Company.

(A) Exposure to interest rate risk

| | 2023 | | | 2022 | | | | |
|---|---------------------------|------------------------|-----------------------------|-------------------|---------------------------|------------------------|-----------------------------|-------------------|
| | Variable interest rate | Fixed interest rate | Non- interest bearing | Total | Variable interest rate | Fixed interest rate | Non- interest bearing | Total |
| Financial assets- Group | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' |
| Financial instruments - held maturity | - | 7,310,712 | - | 7,310,712 | - | 5,870,416 | - | 5,870,416 |
| Financial instruments - loans & receivables | 362,534 | 3,621,727 | - | 3,984,261 | - | 4,361,375 | - | 4,361,375 |
| Financial instruments - available for sale | - | - | 14,573 | 14,573 | - | - | 9,244 | 9,244 |
| Financial instruments - FCTP | - | 1,475,46 | - | 1,475 | - | - | 1,046 | 1,046 |
| Loans to life policyholders | - | 71,347 | - | 71,347 | - | 34,789 | - | 34,789 |
| Staff & other loans | 7,817 | 8,751 | - | 16,569 | 10,404 | 9,649 | - | 20,053 |
| Cash & cash equivalents | | 134,350 | 29,513 | 163,864 | - | 98,156 | 8,594 | 106,750 |
| Total assets - Group | 370,351 | 11,148,363 | 44,086 | 11,562,800 | 10,404 | 10,374,385 | 18,884 | 10,403,673 |
| Commission payable | - | 107,205 | 14,032 | 121,237 | - | 113,243 | - | 113,243 |
| Bank overdrafts | - | 131,588 | - | 131,588 | - | 18,983 | - | 18,983 |
| Total liabilities - Group | - | 238,793 | 14,032 | 252,825 | - | 132,226 | - | 132,226 |

| | 2023 | | | 2022 | | | | |
|---|---------------------------|------------------------|-----------------------------|------------------|---------------------------|------------------------|-----------------------------|------------------|
| | Variable interest rate | Fixed interest rate | Non- interest bearing | Total | Variable interest rate | Fixed interest rate | Non- interest bearing | Total |
| Financial assets- Company | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' | Rs.'000' |
| Financial instruments - held maturity | - | 3,246,735 | - | 3,246,735 | - | 3,179,775 | - | 3,179,775 |
| Financial instruments - loans & receivables | - | 3,204,647 | - | 3,204,647 | - | 3,244,903 | - | 3,244,903 |
| Financial instruments - available for sale | - | - | 14,573 | 14,573 | - | - | 9,244 | 9,244 |
| Staff & other loans | 7,817 | - | - | 7,817 | 10,404 | - | - | 10,404 |
| Cash & cash equivalents | - | 130,265 | 3,316 | 133,580 | - | 67,954 | 3,965 | 71,919 |
| Total assets - Company | 7,817 | 6,581,646 | 17,888 | 6,607,352 | 10,404 | 6,492,632 | 13,209 | 6,516,245 |
| Commission payable | - | 107,205 | - | 107,205 | - | 96,897 | - | 96,897 |
| Bank overdrafts | - | 131,588 | - | 131,588 | - | 18,983 | - | 18,983 |
| Total liabilities - Company | - | 238,793 | - | 238,793 | - | 115,879 | - | 115,879 |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 41.02.04.04 - OPERATING RISK

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational failures could result in dire consequences such as producing misleading financial information, loss of return, financial penalties from regulators or damage to the reputation of the Group. Operational risks arise from all operations of the Group.

While it is acknowledged that the Group cannot eliminate all operational risks, it is in a position to manage such risks by initiating a rigorous control framework and by monitoring and responding to potential risks.

Group's risk management team assesses all foreseeable risk involved in its operations and they develop and implement action plans to control those identified operational risks. These action plans recommended by the team is to manage the operational risks in the following areas:

- requirements for having appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- training and professional development
- risk mitigation where it is cost effective.

SEGMENTAL REVIEW - STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - 2023

FOR THE YEAR ENDED 31ST DECEMBER

2023

| | Company (Non Life) | Subsidiary (Coop Life) | Subsidiary (CITA) | Consolidation adjustments | Total |
|--|-----------------------|---------------------------|----------------------|------------------------------|---------------|
| (All amounts are in Sri Lanka Rupees) | Rs. | Rs. | Rs. | Rs. | Rs. |
| Gross written premium | 4,538,557,140 | 1,168,279,877 | - | (4,033,938) | 5,702,803,079 |
| Less: premium ceded to reinsurers | (722,660,216) | (45,821,660) | - | - | (768,481,876) |
| Net written premium | 3,815,896,924 | 1,122,458,218 | - | (4,033,938) | 4,934,321,204 |
| Net change in reserves for unearned premium | 290,573,360 | - | - | - | 290,573,360 |
| Net earned premium | 4,106,470,284 | 1,122,458,218 | - | (4,033,938) | 5,224,894,564 |
| Other income | | | | | |
| Investment income | 1,007,889,084 | 727,104,570 | 126,732 | - | 1,735,120,387 |
| Unrealized changes in losses of financial instruments | - | 403,778 | - | - | 403,778 |
| Net realized gain in financial investments | - | - | - | - | - |
| Policy administration fees | 279,529,101 | - | - | - | 279,529,101 |
| Other income | 9,559,127 | 11,630,283 | 880,427 | (3,742,622) | 18,327,215 |
| | 1,296,977,312 | 739,138,632 | 1,007,160 | (3,742,622) | 2,033,380,482 |
| Total revenue | 5,403,447,596 | 1,861,596,849 | 1,007,160 | (7,776,560) | 7,258,275,046 |
| Net benefits & claims | | | | | |
| Gross benefits & claims incurred | 4,038,678,306 | 278,251,732 | - | - | 4,316,930,039 |
| Claims ceded to reinsurers | (452,168,237) | (15,307,500) | - | - | (467,475,737) |
| Change in life contract liabilities | - | 1,132,109,991 | - | - | 1,132,109,991 |
| | 3,586,510,069 | 1,395,054,223 | - | - | 4,981,564,293 |
| | 1,816,937,527 | 466,542,627 | 1,007,160 | (7,776,560) | 2,276,710,753 |
| Other expenses | | | | | |
| Underwriting & policy acquisition cost | 322,268,438 | 123,945,518 | - | - | 446,213,956 |
| Other operating & administrative expenses | 1,786,022,266 | 369,665,589 | 899,726 | (7,776,560) | 2,148,811,022 |
| Finance cost | 45,871,087 | 9,836,009 | - | - | 55,707,096 |
| | 2,154,161,791 | 503,447,117 | 899,726 | (7,776,560) | 2,650,732,075 |
| Profit/(Loss) before tax | (337,224,264) | (36,904,489) | 107,433 | - | (374,021,322) |
| Income tax expenses | 78,929,130 | (24,846,568) | (990) | - | 54,081,572 |
| Profit/(Loss) for the year | (258,295,134) | (61,751,057) | 106,443 | - | (319,939,749) |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss ; | | | | | |
| Revaluation of land & buildings | 153,309,037 | 32,855,469 | - | - | 186,164,506 |
| Actuarial gains / (loses) on defined benefit plan | 2,585,407 | 1,975,897 | - | - | 4,561,304 |
| Items that may be reclassified subsequently to profit or loss ; | | | | | |
| Net change in fair value of available for sale of financial assets | 5,328,723 | - | - | - | 5,328,723 |
| Tax on other comprehensive income | (5,827,330) | (4,152,891) | - | - | (9,980,221) |
| Total comprehensive income for the year | (102,899,298) | (31,072,581) | 106,443 | - | (133,865,439) |

SEGMENTAL REVIEW - STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - 2022

FOR THE YEAR ENDED 31ST DECEMBER 2022

2022

| | Company (Non Life) | Subsidiary (Coop Life) | Subsidiary (CITA) | Consolidation adjustments | Total |
|---|------------------------|---------------------------|----------------------|------------------------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Gross written premium | 5,086,944,501 | 1,114,975,610 | - | (3,708,477) | 6,198,211,634 |
| Less: premium ceded to reinsurers | (705,591,000) | (46,736,221) | - | - | (752,327,221) |
| Net written premium | 4,381,353,501 | 1,068,239,389 | - | (3,708,477) | 5,445,884,413 |
| Net change in reserves for unearned premium | (220,115,574) | - | - | - | (220,115,574) |
| Net earned premium | 4,161,237,927 | 1,068,239,389 | - | (3,708,477) | 5,225,768,839 |
| Other income | | | | | |
| Investment income | 770,932,512 | 415,439,449 | 126,900 | - | 1,186,498,862 |
| Unrealized changes in losses of financial instruments | - | (815,619) | - | - | (815,619) |
| Net realized gain in financial investments | - | - | - | - | - |
| Policy administration fees | 232,371,975 | - | - | - | 232,371,975 |
| Other income | 14,744,100 | 5,763,435 | 1,220,400 | (4,564,000) | 17,163,935 |
| | 1,018,048,587 | 420,387,265 | 1,347,301 | (4,564,000) | 1,435,219,153 |
| Total revenue | 5,179,286,514 | 1,488,626,654 | 1,347,301 | (8,272,477) | 6,660,987,992 |
| Net benefits & claims | | | | | |
| Gross benefits & claims incurred | 2,867,224,251 | 386,321,946 | - | - | 3,253,546,198 |
| Claims ceded to reinsurers | (268,491,750) | (26,571,821) | - | - | (295,063,571) |
| Change in life contract liabilities | - | 433,141,538 | - | - | 433,141,538 |
| | 2,598,732,501 | 792,891,662 | - | - | 3,391,624,164 |
| Other expenses | | | | | |
| Underwriting & policy acquisition cost | 324,022,548 | 152,446,033 | - | - | 476,468,581 |
| Other operating & administrative expenses | 1,651,657,763 | 332,622,563 | 1,155,069 | (8,272,477) | 1,977,362,919 |
| Finance cost | 41,525,841 | 11,139,478 | - | - | 52,665,319 |
| | 2,017,206,152 | 496,208,075 | 1,155,069 | (8,272,477) | 2,506,296,820 |
| Profit before tax | 563,347,861 | 199,526,918 | 192,231 | - | 763,067,008 |
| Income tax expenses | (105,578,295) | (30,894,635) | 26,765 | - | (136,446,165) |
| Profit for the year | 457,769,566 | 168,632,283 | 218,996 | - | 626,620,845 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified subsequently to profit or loss ; | | | | | |
| Revaluation of land & buildings | 242,844,351 | 81,381,293 | - | - | 324,225,644 |
| Actuarial gains / (losses) on defined benefit plan | (13,609,141) | (2,985,703) | - | - | (16,594,844) |
| Items that may be reclassified subsequently to profit or loss ; | | | | | |
| Net change in fair value of available for sale of financial assets | 4,854,624 | - | - | - | 4,854,624 |
| Tax on other comprehensive income | (66,109,599) | (47,702,744) | - | - | (113,812,343) |
| Total comprehensive income for the year | 625,749,799 | 199,325,130 | 218,996 | - | 825,293,923 |

SEGMENTAL REVIEW - STATEMENT OF FINANCIAL POSITION - 2023

AS AT 31ST DECEMBER

2023

| | Company (Non Life) | Subsidiary (Coop Life) | Subsidiary (CITA) | Consolidation adjustments | Total |
|---------------------------------------|-----------------------|---------------------------|----------------------|------------------------------|-----------------------|
| (All amounts are in Sri Lanka Rupees) | Rs. | Rs. | Rs. | Rs. | Rs. |
| Assets | | | | | |
| Property, plant & equipment | 1,108,685,485 | 365,171,115 | 285,000 | - | 1,474,141,601 |
| Right of use assets | 326,506,466 | 55,000,575 | - | - | 381,507,041 |
| Intangible assets | 22,797,959 | 235,616 | - | - | 23,033,574 |
| Financial investments | 6,465,953,900 | 4,843,567,265 | 1,500,000 | - | 11,311,021,164 |
| Investments in subsidiaries | 544,260,050 | - | - | (544,260,050) | - |
| Loans to policy holders | - | 71,346,801 | - | - | 71,346,801 |
| Reinsurance receivables | 971,307,802 | 12,519,527 | - | - | 983,827,327 |
| Premium receivables | 1,285,546,668 | 19,121,608 | - | - | 1,304,668,276 |
| Related party receivables | 8,830,924 | - | - | (8,830,924) | - |
| Other assets | 136,862,743 | 57,308,089 | 913,213 | - | 195,084,063 |
| Cash & cash equivalents | 133,580,333 | 26,197,582 | 4,085,621 | - | 163,863,535 |
| Total Assets | 11,004,332,330 | 5,450,468,178 | 6,783,834 | (553,090,975) | 15,908,493,383 |
| Equity & Liabilities | | | | | |
| Equity | | | | | |
| Stated capital | 2,198,315,515 | 544,260,040 | 10 | (544,260,050) | 2,198,315,515 |
| Revaluation reserve | 1,004,461,996 | 248,323,743 | - | (18,228,939) | 1,234,556,805 |
| Available for sales reserve | (12,432,304) | (33,281,333) | - | (31,137,497) | (76,851,130) |
| Retained earnings | 1,736,965,015 | 543,449,554 | 725,937 | 49,366,436 | 2,330,506,942 |
| Non controlling interests | - | - | - | - | - |
| Total equity | 4,927,310,223 | 1,302,752,004 | 725,947 | (544,260,051) | 5,686,528,132 |
| Liabilities | | | | | |
| Preference shares | 11,000,000 | - | - | - | 11,000,000 |
| Retirement benefit obligations | 103,240,942 | 20,350,458 | - | - | 123,591,398 |
| Lease liability under SLFRS 16 | 386,976,373 | 70,288,714 | - | - | 457,265,086 |
| Insurance liabilities | 3,574,763,101 | 3,924,291,448 | - | - | 7,499,054,549 |
| Reinsurance creditors | 830,449,668 | 4,892,205 | - | - | 835,341,873 |
| Related party payables | - | 2,991,832 | 5,839,093 | (8,830,924) | - |
| Deferred tax liability | 46,748,533 | 20,321,232 | - | - | 67,069,765 |
| Other liabilities | 992,255,548 | 104,580,285 | 218,794 | - | 1,097,054,637 |
| Bank overdrafts | 131,587,942 | - | - | - | 131,587,942 |
| Total liabilities | 6,077,022,107 | 4,147,716,174 | 6,057,887 | (8,830,924) | 10,221,965,250 |
| Total Equity & Liabilities | 11,004,332,330 | 5,450,468,178 | 6,783,834 | (553,090,975) | 15,908,493,383 |

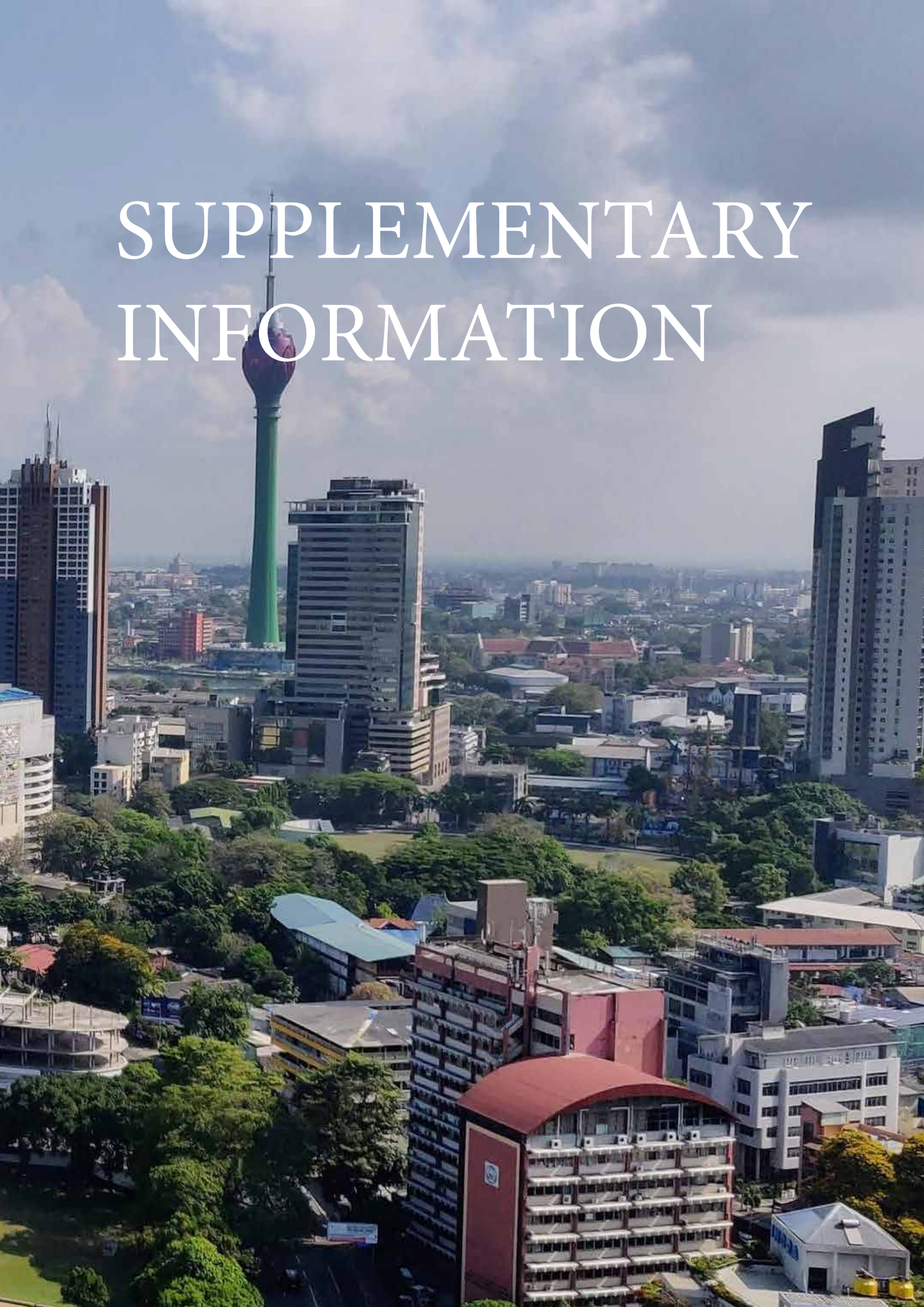
SEGMENTAL REVIEW - STATEMENT OF FINANCIAL POSITION - 2022

AS AT 31ST DECEMBER

2022

| | Company (Non Life) | Subsidiary (Coop Life) | Subsidiary (CITA) | Consolidation adjustments | Total |
|---------------------------------------|-----------------------|---------------------------|----------------------|------------------------------|-----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Assets | | | | | |
| Property, plant & equipment | 1,071,181,539 | 358,663,511 | 937,500 | - | 1,430,782,552 |
| Right of use assets | 329,708,172 | 69,610,538 | - | - | 399,318,710 |
| Intangible assets | 27,378,598 | 892,424 | - | - | 28,271,022 |
| Deferred tax asset | - | 8,678,227 | - | - | 8,678,227 |
| Financial investments | 6,433,921,984 | 3,806,658,555 | 1,500,000 | - | 10,242,080,538 |
| Investments in subsidiaries | 544,260,050 | - | - | (544,260,050) | - |
| Loans to policy holders | - | 34,789,350 | - | - | 34,789,350 |
| Reinsurance receivables | 514,122,730 | 13,356,453 | - | - | 527,479,181 |
| Premium receivables | 1,321,254,103 | 18,195,602 | - | - | 1,339,449,705 |
| Related party receivables | 6,479,613 | - | - | (6,479,613) | - |
| Other assets | 89,625,353 | 40,813,583 | 765,397 | (2,889,713) | 128,314,637 |
| Cash & cash equivalents | 71,918,536 | 31,805,186 | 3,026,720 | - | 106,750,441 |
| Total Assets | 10,409,850,678 | 4,383,463,429 | 6,229,617 | (553,629,379) | 14,245,914,364 |
| Equity & Liabilities | | | | | |
| Equity | | | | | |
| Stated capital | 2,198,315,515 | 544,260,040 | 10 | (544,260,050) | 2,198,315,515 |
| Revaluation reserve | 856,105,427 | 219,621,165 | - | (18,228,943) | 1,057,497,653 |
| Available for sales reserve | (24,198,263) | (24,945,263) | - | (31,137,492) | (80,281,014) |
| Retained earnings | 1,992,173,103 | 603,224,715 | 619,494 | 49,366,435 | 2,645,383,747 |
| Non controlling interests | - | - | - | - | - |
| Total equity | 5,022,395,782 | 1,342,160,656 | 619,504 | (544,260,051) | 5,820,915,901 |
| Liabilities | | | | | |
| Preference shares | 11,000,000 | - | - | - | 11,000,000 |
| Retirement benefit obligations | 92,256,948 | 19,080,210 | - | - | 111,337,156 |
| Lease liability under SLFRS 16 | 377,192,259 | 85,268,561 | - | - | 462,460,819 |
| Insurance liabilities | 3,249,134,938 | 2,799,363,423 | - | - | 6,048,498,361 |
| Reinsurance creditors | 513,045,287 | 18,694,770 | - | - | 531,740,057 |
| Related party payables | - | 3,937,175 | 5,432,152 | (9,369,327) | - |
| Deferred tax liability | 78,137,283 | - | - | - | 78,137,283 |
| Other liabilities | 1,047,705,377 | 114,958,634 | 177,961 | - | 1,162,841,982 |
| Bank overdrafts | 18,982,804 | - | - | - | 18,982,804 |
| Total liabilities | 5,387,454,896 | 3,041,302,773 | 5,610,113 | (9,369,327) | 8,424,998,462 |
| Total Equity & Liabilities | 10,409,850,678 | 4,383,463,429 | 6,229,617 | (553,629,378) | 14,245,914,364 |

SUPPLEMENTARY INFORMATION



STATEMENT OF VALUE ADDED

For the Year Ended 31st December

| | 2023 Rs. | % | 2022 Rs. | % |
|--|------------------------|----------------|-----------------|---------|
| Net earned Premium | 5,224,894,563 | | 5,225,768,839 | |
| Investment Income and other Income | 2,033,380,481 | | 1,435,219,154 | |
| | 7,258,275,044 | | 6,660,987,993 | |
| Net Claims and benefits | (3,849,454,301) | | (2,958,482,628) | |
| Cost of External Services | (970,978,066) | | (745,050,080) | |
| Value Added | 2,437,842,677 | | 2,957,455,285 | |
| To employees as salaries and other benefits | 823,274,065 | 33.77% | 823,361,005 | 27.85% |
| To Intermediaries as Commission | 534,765,215 | 21.94% | 624,837,175 | 21.13% |
| To the Government as Taxes | 990 | 0.00% | 148,483,494 | 5.02% |
| To life policyholders as increase in the life fund | 1,132,109,991 | 46.44% | 433,141,538 | 14.65% |
| Retained Within the Business | | | | |
| - As Depreciation | 267,632,167 | 10.98% | 300,811,230 | 10.17% |
| - As Profit | (319,939,751) | -13.12% | 626,420,843 | 21.18% |
| | 2,437,842,677 | 100.00% | 2,957,455,285 | 100.00% |

INSURANCE REVENUE ACCOUNT

For the Year Ended 31st December

2023
Rs.

2022
Rs.

Insurance Business - Non Life

| | | |
|---|---------------|---------------|
| Gross written Premium | 4,538,557,140 | 5,086,944,501 |
| Less premium ceded to reinsurers | (722,660,216) | (705,591,000) |
| Net Written Premium | 3,815,896,924 | 4,381,353,501 |
| Net Change In Reserves for Unearned Premium | 290,573,360 | (220,115,574) |
| Net Earned Premium | 4,106,470,284 | 4,161,237,927 |
| Finance Income | 1,007,889,084 | 770,932,512 |
| Policy administration fee | 279,529,101 | 232,371,975 |
| other operating revenue | 9,559,127 | 14,744,100 |
| Total Other Income | 1,296,977,312 | 1,018,048,587 |
| Total Revenue | 5,403,447,596 | 5,179,286,514 |
| Gross benefits and claims incurred | 4,038,678,306 | 2,867,224,251 |
| claims ceded to reinsurers | (452,168,237) | (268,491,750) |
| Underwriting and policy acquisition cost | 322,268,438 | 324,022,548 |
| Other operating and administration expense | 1,786,022,266 | 1,651,857,763 |
| Total Expense | 5,694,800,773 | 4,574,612,812 |
| Operating profit from non Life Business (Before Interest) | (291,353,177) | 604,673,702 |

Insurance Business - Life

| | | |
|------------------------------------|---------------|---------------|
| Gross written premium | 1,168,279,877 | 1,114,975,610 |
| Less Premium ceded to reinsurers | (45,821,660) | (46,736,221) |
| Net written Premium | 1,122,458,218 | 1,068,239,389 |
| Finance Income | 727,104,570 | 415,439,449 |
| Unrealized Realized gains/(losses) | 403,778 | (815,619) |

Net fair value gains/(losses)

| | | |
|--|---------------|---------------|
| Other operating revenue | 11,630,283 | 5,763,435 |
| Total Other Income | 739,138,632 | 420,387,265 |
| Total Revenue | 1,861,596,850 | 1,488,626,654 |
| Gross benefits and claims | 278,251,732 | 386,321,946 |
| Claim ceded to reinsurers | (15,307,500) | (26,571,821) |
| Change in contract liabilities- Life | 1,132,109,991 | 433,141,538 |
| Underwriting and policy acquisition cost | 123,945,518 | 152,446,033 |
| Other operating and administration expense | 369,665,589 | 332,622,563 |
| Total other expenses | 1,888,665,332 | 1,277,960,260 |
| Operating profit from life business (before interest) | (27,068,482) | 210,666,394 |

Reconciliation of statement of insurance revenue account

| | | |
|---|---------------|---------------|
| Operating profit from non life Business | (291,353,177) | 604,673,702 |
| Surplus from life insurance Business | (27,068,482) | 210,666,394 |
| Profit from operations | (318,421,659) | 815,340,096 |
| interest expenses | (55,707,096) | (52,665,319) |
| Profit before tax (Life and Non Life) | (374,128,755) | 762,674,777 |
| Income tax | 54,081,572 | (136,472,930) |
| Net profit for the year (Life insurance and Non Life insurance) | (320,047,183) | 626,201,847 |
| Profit from Coopinsu Training Academy | 107,433 | 218,996 |
| Net profit for the year | (319,939,751) | 626,420,843 |

TEN YEAR SUMMARY - STATEMENT OF INCOME

For the Year Ended 31st December

| | 2023 Rs. | 2022 Rs. | 2021 Rs. | 2020 Rs. |
|---|----------------------|--------------------|--------------------|--------------------|
| Non-Life Insurance (Company) | | | | |
| Gross written premium | 4,538,557,140 | 5,086,944,501 | 4,519,359,369 | 4,400,098,871 |
| Net earned premium | 4,106,470,284 | 4,161,237,927 | 3,760,133,803 | 3,633,778,687 |
| Insurance claims and benefits (net) | (3,586,510,069) | (2,598,732,501) | (2,125,214,297) | (1,982,740,412) |
| Underwriting and policy acquisition cost | (322,268,438) | (324,022,548) | (293,817,293) | (244,837,049) |
| Income from investments and other income | 1,296,977,312 | 1,018,048,587 | 753,253,872 | 728,716,496 |
| Expenses | (1,831,893,353) | (1,693,183,604) | (1,355,013,859) | (1,264,839,582) |
| Profit/Losses before tax | (337,224,264) | 563,347,861 | 739,342,226 | 870,078,140 |
| Life Insurance | | | | |
| Gross written premium | 1,168,279,877 | 1,114,975,610 | 840,558,515 | 775,410,100 |
| Net earned premium | 1,122,458,218 | 1,068,239,389 | 794,464,871 | 728,425,643 |
| Insurance claims and benefits (net) | (262,944,232) | (359,750,124) | (251,324,485) | (331,219,193) |
| Underwriting and policy acquisition cost (Including reinsurers) | (123,945,518) | (152,446,033) | (136,854,463) | (97,645,436) |
| Income from investments and other income | 739,138,632 | 420,387,265 | 306,033,964 | 290,303,742 |
| Other operating and administration expenses | (379,501,598) | (343,762,041) | (304,295,708) | (282,092,874) |
| Change in contract liabilities- Life fund | (1,132,109,991) | (433,141,538) | (191,271,608) | (237,966,209) |
| Profit/(Loss) before tax | (36,904,489) | 199,526,917 | 216,752,573 | 69,805,673 |
| Group | | | | |
| Gross written premium | 5,702,803,079 | 6,198,211,634 | 5,356,222,663 | 5,171,822,516 |
| Net earned premium | 5,224,894,564 | 5,225,768,839 | 4,550,343,197 | 4,358,517,875 |
| Insurance claims and benefits (net) | (3,849,454,301) | (2,958,482,628) | (2,376,538,783) | (2,313,959,605) |
| Underwriting and policy acquisition cost (Including reinsurers) | (446,213,956) | (476,468,581) | (430,671,756) | (342,482,485) |
| Income from investments and other income | 2,033,380,482 | 1,435,219,154 | 1,030,766,313 | 1,015,568,399 |
| Other operating and administration expenses | (2,204,518,119) | (2,030,028,238) | (1,649,591,862) | (1,539,628,410) |
| Change in contract liabilities- Life fund | (1,132,109,991) | (433,141,538) | (191,271,608) | (237,966,209) |
| Profit/(Loss) before tax | (374,021,322) | 762,867,008 | 933,035,501 | 940,049,565 |

| 2019 Rs. | 2018 Rs. | 2017 Rs. | 2016 Rs. | 2015 Rs. | 2014 Rs. |
|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| 4,305,789,306 | 3,750,838,457 | 3,055,835,664 | 2,475,543,314 | 1,724,542,837 | 1,386,207,634 |
| 3,426,597,330 | 2,844,440,066 | 2,351,320,143 | 1,936,570,424 | 1,441,556,142 | 1,258,325,523 |
| (2,381,993,056) | (1,926,867,312) | (1,528,846,896) | (1,283,478,692) | (870,577,602) | (927,929,186) |
| (214,255,963) | (140,612,881) | (93,500,473) | (153,697,752) | (121,603,219) | (107,574,794) |
| 617,100,470 | 531,260,412 | 403,773,308 | 294,491,336 | 219,150,061 | 218,285,742 |
| (1,050,194,564) | (902,443,863) | (733,634,684) | (604,743,561) | (493,080,780) | (373,169,602) |
| 397,254,212 | 405,776,422 | 399,111,399 | 189,141,754 | 175,444,602 | 67,937,682 |
| 772,782,378 | 619,881,069 | 626,972,292 | 466,997,348 | 494,597,627 | 402,046,246 |
| 720,805,954 | 574,047,900 | 587,044,481 | 425,981,838 | 462,585,041 | 371,098,731 |
| (210,010,243) | (426,009,102) | (607,497,095) | (70,642,166) | (91,124,011) | (63,432,117) |
| (80,783,712) | 98,338,985 | (77,109,647) | 66,576,558 | (68,039,104) | (59,091,627) |
| 236,393,520 | 206,035,541 | 193,151,817 | 84,774,207 | 117,523,804 | 117,595,252 |
| (279,167,251) | 322,735,364 | (289,965,945) | (229,270,775) | 186,559,272 | (227,482,891) |
| (328,131,183) | 110,736,893 | (249,255,888) | 151,532,183 | 206,761,950 | 121,882,712 |
| 59,107,085 | 43,736,883 | 54,879,499 | (7,265,638) | 27,624,508 | 16,804,638 |
| 5,075,046,995 | 4,368,316,886 | 3,677,800,345 | 2,940,072,597 | 2,216,521,622 | 1,788,253,880 |
| 4,143,878,595 | 3,416,085,326 | 2,933,357,013 | 2,360,084,198 | 1,901,522,341 | 1,629,424,254 |
| (2,592,003,299) | (2,131,402,628) | (2,136,343,991) | (1,354,120,858) | (961,701,613) | (991,361,303) |
| (295,039,683) | 238,951,866 | 170,610,120 | 220,274,311 | (189,642,323) | (166,666,421) |
| 819,803,788 | 697,665,431 | 591,083,237 | 356,752,583 | 334,934,585 | 335,880,995 |
| (1,321,577,643) | 1,217,911,302 | (1,012,751,129) | (829,033,312) | (675,281,930) | (600,652,493) |
| (328,131,183) | 110,736,893 | (249,255,888) | 151,532,183 | 206,761,950 | 121,882,712 |
| 426,930,575 | 414,748,068 | 453,990,898 | 161,876,118 | 203,069,110 | 84,742,320 |

TEN YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION

COMPANY

| As at 31st December Rs. | 2023 Rs. | 2022 Rs. | 2021 Rs. | 2020 Rs. |
|--------------------------------------|-----------------------|-----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Property, plant and equipment | 1,108,685,485 | 1,071,181,539 | 978,949,984 | 924,285,766 |
| Right of Use Assets | 326,506,466 | 329,708,172 | 328,836,556 | 276,751,236 |
| Intangible Assets | 22,797,959 | 27,378,598 | 22,145,481 | 16,229,209 |
| Financial Investments | 6,465,953,900 | 6,433,921,984 | 5,850,388,827 | 4,411,648,309 |
| Investment in subsidiary | 544,260,050 | 544,260,050 | 544,260,050 | 574,260,050 |
| Deferred tax asset | - | - | - | - |
| Loans to life policyholders | - | - | - | - |
| Reinsurance receivables | 971,307,802 | 514,122,730 | 655,095,061 | 364,005,542 |
| Premium receivables | 1,285,546,668 | 1,321,254,103 | 1,010,997,067 | 1,096,720,671 |
| Related party receivables | 8,830,924 | 6,479,613 | 10,635,220 | 15,650,469 |
| Other assets | 136,862,743 | 89,625,353 | 133,674,987 | 78,457,475 |
| Cash and cash equivalents | 133,580,333 | 71,918,536 | 267,833,246 | 177,828,759 |
| TOTAL ASSETS | 11,004,332,330 | 10,409,850,678 | 9,802,816,480 | 7,935,837,486 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Stated capital | 2,198,315,515 | 2,198,315,515 | 2,198,315,515 | 1,515,756,670 |
| Revaluation reserve | 1,004,461,996 | 856,105,427 | 681,732,543 | 515,270,012 |
| Available for sale reserves | (12,432,304) | (24,198,263) | (28,355,243) | (33,538,944) |
| Revenue reserves - Retained earnings | 1,736,965,015 | 1,992,173,103 | 1,767,966,317 | 1,401,972,797 |
| TOTAL EQUITY | 4,927,310,223 | 5,022,395,782 | 4,619,659,132 | 3,399,460,535 |
| LIABILITIES | | | | |
| Interest bearing borrowings | - | - | - | - |
| Preference shares | 11,000,000 | 11,000,000 | 50,500,000 | 50,500,000 |
| Insurance provision - Life | - | - | - | - |
| Lease liability under SLFRS 16 | 386,976,373 | 377,192,259 | 361,850,546 | 295,985,027 |
| Insurance provision - Non-Life | 3,574,763,101 | 3,249,134,938 | 3,126,799,940 | 2,956,779,172 |
| Retirement benefit obligations | 103,240,942 | 92,256,948 | 65,597,849 | 53,222,055 |
| Reinsurance Creditors | 830,449,668 | 513,045,287 | 622,122,585 | 212,724,701 |
| Deferred tax liability | 46,748,533 | 78,137,283 | 54,108,229 | 48,624,012 |
| Other liabilities | 992,255,548 | 1,047,705,377 | 880,304,699 | 858,075,370 |
| Bank Over draft | 131,587,942 | 18,982,804 | 21,873,500 | 60,466,614 |
| TOTAL LIABILITIES | 6,077,022,107 | 5,387,454,896 | 5,183,157,348 | 4,536,376,951 |
| TOTAL EQUITY AND LIABILITIES | 11,004,332,330 | 10,409,850,678 | 9,802,816,480 | 7,935,837,486 |

| | 2019 Rs. | 2018 Rs. | 2017 Rs. | 2016 Rs. | 2015 Rs. | 2014 Rs. |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 915,227,525 | 856,627,241 | 827,891,117 | 782,372,876 | 792,220,399 | 660,185,284 |
| | 284,133,939 | - | - | - | - | - |
| | 9,260,615 | 2,861,955 | 2,136,027 | 3,073,679 | 4,847,582 | 5,683,179 |
| | 3,498,089,564 | 2,887,575,982 | 2,365,950,814 | 1,903,630,823 | 1,337,622,691 | 2,317,275,108 |
| | 455,260,050 | 445,260,050 | 410,000,040 | 400,000,040 | 500,000,040 | 100,000,040 |
| | - | - | 30,250,575 | 39,207,757 | 6,915,144 | - |
| | - | - | - | - | - | 11,213,065 |
| | 394,409,744 | 331,971,907 | 245,140,054 | 82,931,657 | 21,272,032 | 43,879,481 |
| | 923,241,077 | 750,717,081 | 593,207,932 | 418,971,726 | 293,536,246 | 231,625,872 |
| | 16,676,075 | 11,535,904 | 7,956,943 | 11,998,559 | 5,277,178 | - |
| | 53,763,400 | 85,488,497 | 70,086,779 | 69,296,033 | 78,289,728 | 133,054,792 |
| | 119,168,796 | 120,708,829 | 114,938,091 | 75,831,464 | 36,865,532 | 327,560,284 |
| | 6,669,230,785 | 5,492,747,446 | 4,667,558,372 | 3,787,314,614 | 3,076,846,572 | 3,830,477,105 |
| | | | | | | |
| | 1,515,756,670 | 1,430,194,585 | 1,260,251,770 | 1,115,367,950 | 1,004,909,610 | 1,004,909,610 |
| | 421,742,144 | 322,407,068 | 333,597,638 | 268,847,038 | 233,220,060 | 113,274,337 |
| | (39,439,817) | (48,607,352) | (67,029,162) | (87,476,248) | (39,017,836) | 19,510,661 |
| | 748,360,117 | 656,163,366 | 553,311,055 | 398,604,509 | 349,965,668 | 326,438,579 |
| | 2,646,419,114 | 2,360,157,667 | 2,080,131,301 | 1,695,343,249 | 1,549,077,502 | 1,464,133,188 |
| | | | | | | |
| | - | 1,763,819 | 8,414,249 | 17,625,419 | 28,027,997 | 132,304,326 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | 869,227,132 |
| | 290,817,618 | - | - | - | - | - |
| | 2,735,576,692 | 2,229,943,843 | 1,900,064,983 | 1,653,884,388 | 1,277,037,794 | 1,105,611,903 |
| | 53,695,603 | 40,738,427 | 37,993,692 | 32,130,390 | 22,679,048 | 31,403,673 |
| | 309,664,298 | 291,709,148 | 196,593,172 | 100,183,584 | 8,007,050 | - |
| | 61,110,824 | 51,698,297 | - | - | - | - |
| | 539,162,386 | 422,227,958 | 374,392,781 | 247,075,734 | 134,855,172 | 220,225,276 |
| | 32,784,250 | 94,508,287 | 69,968,193 | 41,071,850 | 57,162,009 | 7,571,607 |
| | 4,022,811,671 | 3,132,589,779 | 2,587,427,071 | 2,091,971,365 | 1,527,769,070 | 2,366,343,918 |
| | 6,669,230,785 | 5,492,747,446 | 4,667,558,372 | 3,787,314,614 | 3,076,846,572 | 3,830,477,105 |

INVESTOR INFORMATION

STATED CAPITAL

| Stated Capital Rs. | Number of Shares | Class of Shares | Voting Rights |
|-----------------------|---------------------|--------------------|--------------------------------|
| 2,198,315,515 | 1,652,177,600 | Ordinary Shares | One Vote per Ordinary Share |

SHARE PERFORMANCE - MARKET RELATED

| Description | 2023 | 2022 |
|--|-------------|-------|
| Highest Price Per Share (Rs.) | 4.50 | 12.00 |
| Lowest Price Per Share (Rs.) | 2.30 | 2.40 |
| Last Traded Price Per Share as at 31st December | 2.40 | 4.00 |
| P/E Ratio (Times) - Group | - | 10.53 |

SHARE PERFORMANCE - OTHER RATIOS

| Description | 2023 | 2022 |
|---|---------------|--------|
| Dividend per share (Rs.) | - | - |
| Dividend Payment (Rs. Mn) | - | 223.04 |
| Dividend Pay-out (%) | - | - |
| Basic Earnings per share (Rs.) — Group | (0.19) | 0.38 |
| Basic Earnings per share (Rs.) — Company | (0.16) | 0.28 |
| Net Asset Value per share (Rs.) — Group | 3.44 | 3.52 |
| Net asset per share — Company | 2.98 | 3.04 |

SHAREHOLDING

ANALYSIS OF SHAREHOLDERS - RESIDENT/NON-RESIDENT

| Type | 2023 | | 2022 | |
|--------------|----------------------|---------------|---------------|------|
| | No. of Shares | % | No. of Shares | % |
| Resident | 1,652,087,013 | 99.99% | 1,652,177,600 | 100% |
| Non-Resident | - | - | - | - |
| Total | 90,587 | 0.01% | 1,652,177,600 | 100% |

PUBLIC SHAREHOLDING

| Description | 2023 | 2022 |
|---|--------------|-------|
| Float Adjusted Market Capitalization (Rs.mn) | 3,961 | 4,256 |
| Percentage of Shares held by the Public | 99.9% | 64% |
| Number of Public Shareholders | 4,781 | 4,867 |

The Company complies the minimum public Shareholding requirement under option O2 of section 7.14.1 (b) of the Listing Rules.

**Float Adjusted Market Capitalisation = Market Capitalisation x Public Holding Percentage*

TOP 20 SHAREHOLDERS AS AT 31ST DECEMBER 2023.

| | NAME | SHAREHOLDING | % |
|----|---|---------------|--------|
| 1 | WENNAPPUWA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 216,895,920 | 13.13 |
| 2 | POST & TELECOM EMPLOYEES CO-OPERATIVE BANK SOCIETY LTD | 140,986,969 | 8.53 |
| 3 | WAYAMBA COOPERATIVE RURAL BANKS UNION LTD | 105,377,730 | 6.38 |
| 4 | GAMPAHA DISTRICT CO-OPERATIVE RURAL BANK UNION LTD. | 103,955,830 | 6.29 |
| 5 | PUBLIC SERVICE CO-OPERATIVE CREDIT & THRIFT SOCIETY LTD | 91,090,730 | 5.51 |
| 6 | MATARA DISTRICT TEA PRODUCERS CO-OPERATIVE SOCIETY LTD | 76,448,180 | 4.63 |
| 7 | BELIATTA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 65,431,230 | 3.96 |
| 8 | MATARA DISTRICT CO-OPERATIVE RURAL BANKS UNION LTD | 50,709,940 | 3.07 |
| 9 | PUTTALAM SALT LIMITED | 41,371,390 | 2.50 |
| 10 | BERALAPANATHARA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 31,637,250 | 1.91 |
| 11 | HOMAGAMA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 30,018,540 | 1.82 |
| 12 | KOTAPOLA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD. | 28,614,020 | 1.73 |
| 13 | COLOMBO DISTRICT CO-OPERATIVE RURAL BANK UNION LTD. | 27,808,570 | 1.68 |
| 14 | SRI LANKA CO-OPERATIVE RURAL BANKS FEDERATION LIMITED | 26,172,490 | 1.58 |
| 15 | HAMBANTHOTA DISTRICT CO-OPERATIVE RURAL BANK UNION LTD | 25,206,250 | 1.53 |
| 16 | PANDUWASNUWARA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 24,547,180 | 1.49 |
| 17 | CENTRAL PROVINCE CO-OPERATIVE RURAL BANK UNION LTD | 24,234,010 | 1.47 |
| 18 | BINGIRIYA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 22,181,190 | 1.34 |
| 19 | MIRIGAMA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD | 20,579,230 | 1.25 |
| 20 | KOLONNAWA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD. | 18,973,030 | 1.15 |
| | Total | 1,172,239,679 | 70.95% |

SHAREHOLDING OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

| Name | No. of Shares 31st December 2023 |
|--|-------------------------------------|
| Mr. A.B. Senadira | Nil |
| Mr. D.L. Samarawickrama | Nil |
| Mr. P.B. Jayarathne | Nil |
| Mr. M. Widanagamage | Nil |
| Mr. A.A.J. Amarasinghe | 244,030 |
| Mr. T B H Kumara | Nil |
| Mr. L. Waragoda | Nil |
| Mr. K.K. Gawesha Sanirathne | Nil |
| Mr. G. G.Dayasumana | 1,467,470 |
| Mr. H.H.D.E.P Herath | Nil |
| Ms. W.A.L.W. Perera (Resigned on 29/01/2024) | 5,225 |

INVESTOR INFORMATION

Distribution of Shareholding

| | No. of Holders | Holding | Total Holding % |
|--------------------------|----------------|---------------|-----------------|
| 1-1000 Shares | 1,246 | 492,345 | 0.03 |
| 1,001-10,000 Shares | 1,673 | 7,981,844 | 0.48 |
| 10,001-100,000 Shares | 1,425 | 50,544,649 | 3.06 |
| 100,001-1,000,000 Shares | 343 | 101,658,688 | 6.15 |
| Over 1,000,000 Shares | 97 | 1,491,500,074 | 90.27 |
| Total | 4,784 | 1,652,177,600 | 100 |

UTILIZATION OF FUNDS RAISED BY THE INITIAL PUBLIC OFFERING

Issue proceeds utilization as at 31st December 2023

| Objective Number | Objective as per the Prospectus | Amount Allocated as per the Prospectus Rs. | Proposed Date of Utilization as per the Prospectus | Amount Allocated from Proceeds in Rs. (A) | % of Total Proceeds | Amount Utilized in Rs. (B) | % of Utilization against Allocation (B/A) | Clarification if not fully utilized including where the fund are invested |
|------------------|------------------------------------|--|--|---|---------------------|----------------------------|---|---|
| 01 | Business Expansion | 325,000,000 | 1-2 Years from 2022 | 325,000,000 | 54% | 46,800,287 | 14% | Considering the prevailing economic situation in the country company is still progressing to speed up the projects. Unutilized funds are invested in Government Securities in accordance with approved investment procedures. |
| 02 | Digital Transformation of business | 250,000,000 | 1-3 Years from 2022 | 250,000,000 | 42% | 7,840,712 | 3% | |
| 03 | Construction of Salvage Yard | 25,300,000 | 1-2 Years from 2022 | 25,300,000 | 4% | 5,410,953 | 21% | |
| Total | | 600,300,000 | | 600,300,000 | 100% | 60,051,952 | 10% | |

The Company did not encounter any material issues pertaining to employees and industrial relations during the year 2023 therefore Company complied with section 7.6 (vii) of listing rules

GLOSSARY OF INSURANCE TERMS

ACTUARY

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

ACTUARIAL VALUATION

A determination by an actuary at a specific date of the value of a life insurance company's assets and its liabilities. The purpose of a valuation is to determine if the Company holds adequate assets to fund the Company's liabilities.

ADMISSIBLE ASSETS

Value of assets that are included in determining an insurer's statutory solvency margin specified under the rules made by the Insurance Board of Sri Lanka under Regulation of Insurance Industry Act No. 43 of 2000.

ANNUITY

A contract that provides an income for a specific period.

APPROVED ASSETS

Assets that represent the technical reserve and the long-term insurance fund as per the determination made under Regulation of Insurance Industry Act No. 43 of 2000.

BENEFICIARY

A person or financial institution named by the policyholder as the recipient of the sum insured and other benefits due in the event of the policyholder's death.

BONUS

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company.

A bonus is an enhancement to the basic sum assured under a contract, and is declared as a percentage of the sum assured.

BROKER

A sales and service representative who handles insurance for clients, generally selling insurance of various kinds and for several companies.

CLAIMS

The amount payable under a contract of insurance arising from the occurrence of an insured event such as destruction or damage of property and related death or injuries, the insuring of hospital or medical bills, death or disability of the insured and gratuity claims.

CLAIMS INCURRED

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate adjusted by the gross claims reserve at the beginning and end of the accounting period.

CLAIM INCURRED BUT NOT REPORTED (IBNR)

A reserve to cover the expected cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.

CLAIMS INCURRED BUT NOT ENOUGH REPORTED (IBNER)

A reserve made in respect of to cover expected cost of losses that have occurred, but no comprehensive information is available to make adequate provision as at the Balance Sheet date.

CLAIMS OUTSTANDING - LIFE INSURANCE

The amounts provided to cover estimated ultimate cost of settling claims arising out of events, which have been notified by the Balance Sheet date, being sums due to beneficiaries together with claims handling expenses, less amounts already paid in respect of those claims.

CLAIMS OUTSTANDING - NON-LIFE INSURANCE

The amount provided to cover the estimated ultimate cost of settling claims arising out of events, which have occurred by the Balance Sheet date, including IBNR and IBNER claims and claims handling expenses.

COMMISSION

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.

DEFERRED ACQUISITION EXPENSE RESERVE

Expenses which vary with and primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they related to a period of risk subsequent to the Balance Sheet date.

GLOSSARY OF INSURANCE TERMS

DEPOSIT PREMIUM

A premium paid on the inception of a contract of insurance or reinsurance, which is subject to adjustment at a latter date. A deposit premium may represent the minimum amount payable.

EARNED PREMIUM

Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.

ENDOWMENT

Life Insurance payable to the policyholder if living on the maturity date in the policy or to a beneficiary if the insured dies before that date.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Those events both favourable and unfavourable, that occurs between the Balance Sheet date and the date when the Financial Statements are authorised for issue.

EX-GRATIA PAYMENTS

A payment by an insurer to an insured for which there is no liability under the contract. In some cases an insurer may feel there has been a mistake or a misunderstanding and he may pay a claim, even though he does not appear to be liable.

FACULTATIVE REINSURANCE

Oldest form of reinsurance. This is the reinsurance of an individual risk on terms and conditions agreed with the reinsurer specially for that risk. Particulars of each risk are submitted by the ceding company to the reinsurer who may accept or decline at will. This is useful when dealing with risks outside the ceding company's treaty arrangements.

GROSS CLAIMS RESERVE - NON-LIFE

The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.

GROSS WRITTEN PREMIUM - LIFE

Premium to which the insurer is contractually entitled and received in the accounting period.

GROSS WRITTEN PREMIUM - NON-LIFE

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

INSURANCE

Insurance is a contract whereby one party the insurer, in return for a consideration, i.e., the premium, undertakes to pay to the other party the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

INSURANCE PROVISION - NON-LIFE

This comprises of the gross claims reserve, unearned premium reserve net of reinsurance and the deferred acquisition expenses.

INSURANCE PROVISION - LONG-TERM

The fund or funds to be maintained by an insurer in respect of its long-term insurance business in accordance with Act No. 43 of 2000.

INTERIM PAYMENTS

Periodic payments to the policyholders on a specific type of policy.

LIFE SURPLUS

The excess of the assets cover the liabilities as determined by the actuary (taking into account the solvency requirements) and after distribution of Bonus to policyholders.

LONG-TERM INSURANCE

Commonly referred to as life insurance contracts, as opposed to annual non-life Insurance policies.

MATURITY

The time at which payment of the sum insured under a life insurance policy falls due at the end of its term.

NET ASSETS

Total assets less total liabilities. Also equal to the shareholders' equity.

NET COMBINED RATIO - NON-LIFE

This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio. The combined ratio does not take account of investment income.

NET EARNED PREMIUM

Gross written premium adjusted for the reinsurance incurred and for the increase or decrease in unearned premium.

FORMULA:

$$\frac{(\text{Net claims incurred} + \text{Expenses})}{\text{Net earned premium}} \times 100$$

NET EXPENSE RATIO - NON-LIFE

A formula used by insurance companies to relate income to acquisition and administrative expenses (e.g. commissions, taxes, staff, operating expenses).

FORMULA:

$$\frac{\text{Net Expenses}}{\text{Net earned premium}} \times 100$$

NET CLAIMS RATIO - NON-LIFE

A formula used by insurers to relate net claims incurred to net earned premium (i.e., after deducting relevant reinsurances).

FORMULA:

$$\frac{\text{Net claims incurred}}{\text{Net earned premium}} \times 100$$

NET WRITTEN PREMIUM

Gross written premium less reinsurance premium payable. Net Claims Incurred Claims incurred less reinsurance recoveries.

POLICY LOANS

A loan given to the policyholder on the security of the surrender value of a Life Insurance policy. The loan is limited to a percentage of the current surrender value of the policy and interest is charged on such loan.

PREMIUM

The consideration payable by the insured for an insurance contract.

PROFIT COMMISSION

Commission received from the reinsurer based on the net profit of the reinsurer as defined in the accounting period.

REINSURANCE

Transfer of all or part of the risk assumed by an insurer under one or more insurance to another insurer, called the reinsurer.

REINSURANCE COMMISSION

Commission received or receivable in respect of premium paid or payable to a reinsurer.

REINSURANCE PREMIUM

The premium payable to the reinsurer.

REVENUE ACCOUNT

An account which shows a financial summary of the insurance related revenue transactions for the accounting period.

SEGMENT

Constituent business units grouped in terms of nature and similarity of operation.

SURRENDER

Termination of an insurance policy by the insured before the expiry of its term (more common in life insurance).

SURRENDER VALUE

The sum payable by an insurance company upon the surrender of a life insurance policy before it has run its full course.

TECHNICAL RESERVE

This comprises of the claims reserve net of reinsurance, unearned premium reserve net of reinsurance and the deferred acquisition costs.

TITLE INSURANCE

Insurance which indemnifies the owner of real estate in the event that his clear ownership of property is challenged by the discovery of fault in the title that was passed to him.

UNDERWRITING RESULT

This is the profit generated purely from the non-life insurance business without taking into account the investment income and expenses.

UNEARNED PREMIUM

It represents the portion of premium already entered in the account as due, but which relates to a period of risk subsequent to the Balance Sheet date.

UNEARNED PREMIUM RESERVE

A fund kept by the general insurer to provide for claims that may arise in the future under insurance that are still in course.

BRANCH NETWORK

BRANCHES NETWORK - GENERAL

| | NAME | ADDRESS | Tel. CODE | TELE. NO. | FAX NO. |
|----|-----------------|---|-----------|------------------------------|-------------|
| 1 | Akuressa | D.C.Wanigasekara Mawatha, New Bangam Rd, Akuressa | 5001 | 041-2284973 041-2285574 | 041-2284974 |
| 2 | Akkaraipattu | Main Street, Akkaraipattu (Near the Education Office) | 5104 | 067-2055122 | 067-2055123 |
| 3 | Anamaduwa | 1/4, Puttalam Road, Anamaduwa | | 032-2050414 | 032-2050417 |
| 4 | Ambalangoda | 26B ½, Galle Rd, Ambalangoda | 5002 | 091-2256500 | 091-2255581 |
| 5 | Ambalantota | 59, Main Street, Ambalantota | 5003 | 047-2225045 047-2225047 | 047-2225511 |
| 6 | Aluthgama | 3/160, Galle Road, Aluthgama | 5105 | 034-2296166 | 034-2296167 |
| 7 | Ampara | 16, D S Senanayake Mw, Ampara | 5004 | 063-2223122 | 063-2223586 |
| 8 | Anuradhapura | 08, Maithreepala Senanayake Mw, Anuradhapura | 5005-6 | 025-2226777-8 025-2227533 | 025-2225457 |
| 9 | Avissawella | No.35, Gem Land, Kudagama Road, Avissawella | 5007 | 036-2233881 | 036-2233704 |
| 10 | Badulla | 81, 2nd Floor, Bank Road, Badulla | 5008 | 055-2222620 | 055-2225512 |
| 11 | Balangoda | 133A 1/1, Brans Rathwaththa Mw, Balangoda | 5009 | 045-2287494 | 045-2288438 |
| 12 | Batticaloa | Dist. Co-op Council Bldg, Pioneer Rd, Batticaloa | 5010 | 065-2227984 | 065-2228844 |
| 13 | Bandarawela | Shopping Complex, Thanthiriya, Bandarawela | 5064 | 057-2221657 | 057-2221701 |
| 14 | Battaramulla | No.153, Pannipitiya Road, Battaramulla | 5065 | 011-2872791 | 011-2872792 |
| 15 | Baddegama | 1st Floor, DFCC Building, Udukumbura, Baddegama | 5071 | 091-2294411 | |
| 16 | Bibila | Wagolla Waththa, Bibila | 5072 | 055-2265036 | |
| 17 | Chilaw | No.05, Bauddaloka Mawatha, Chilaw | 5011 | 032-2224745 | 032-2220360 |
| 18 | City | No.455, Co-op House, Galle Road, Colombo 03 | 5012 | 011-2556648 | 011-2556574 |
| 19 | Colombo Metro | 1st Floor, No.70, Grandpass Road, Colombo 14 | | | |
| 20 | Chunnakam | Rajah Building, K K S Road, Chunnakam | | | |
| 21 | Dambulla | No.719 (717), Anuradhapura Road, Dambulla | 5066 | 066-2285624 | 066-2285625 |
| 22 | Ganemulla | 191/1, 1st Floor, Kirindiwita Road, Ganemulla | | 033-2260532 | |
| 23 | Dankotuwa | Pannala Road, Dankotuwa | 5092 | 031-2265685 | 031-2265418 |
| 24 | Deniyaya | No.98/02, Near the Bridge, Main Street, Deniyaya | 5021 | 041-2273353 | 041-2273519 |
| 25 | Dehiwala | No.11, Galle Road, Mount Lavinia | 5073 | 011-2725265 | 011-2725261 |
| 26 | Dehiattakandiya | No.01 Commercial Town, Dehiattakandiya | | 027-2250028 | |
| 27 | Digana | No.04, New Town, Digana, Rajawella | | 081-2072394 | |
| 28 | Divulapitiya | No.100, Kurunegala Road, Divulapitiya | | 031-2248080 | 031-2248105 |
| 29 | Eheliyagoda | 58/A, Main Street, Eheliyagoda | | 036-2260426 | 036-2260428 |
| 30 | Elpitiya | No.29/10, Mahapola Road, Ismoruwatta, Igala, Elpitiya | 5074 | 091-2297019 | 091-2297095 |
| 31 | Embilipitiya | 66 1/1, Pallegama Rd, Embilipitiya | 5014 | 047-2230177 | 047-2261394 |
| 32 | Galle | 36, Sri Dewamiththa Mw, China Garden, Galle | 5015 | 091-2227688 091-2232258 | 091-2227687 |

| | NAME | ADDRESS | Tel. CODE | TELE. NO. | FAX NO. |
|----|-------------------|---|-----------|---|-------------|
| 33 | Galewela | No.45, Kalawewa Road, Galewela | 5093 | 066-2287282 | 066-2287283 |
| 34 | Gampaha | No.114/1/1, Bauddaloka Mawatha, Gampaha | 5016 | 033-2248600 | 033-2231122 |
| | | | 5017 | 033-2231618 | |
| 35 | Gampola | No.110, Nuwara Eliya Road, Gampola | 5075 | 081-2077121 | 081-2077122 |
| 36 | Galenbindunuwewa | Infront of Nenasala, Kannimaduwa Road, Galenbindunuwewa | | 025-2121022 | 025-2121023 |
| 37 | Giriulla | No.105/B, 1st Floor, Negombo Road, Giriulla | 5083 | 037-2288710 | 037-2288711 |
| 38 | Hatton | Co-op Building, Co-op Square, Hatton | 5076 | 051-2225146 | 051-2225175 |
| 39 | Homagama | 77, High Level Rd, Homagama | 5018-19 | 011-2895270-1 011-2748307 011-2098740 | 011-2855392 |
| 40 | Ja-Ela | No.68, Negombo Road, Kandana | 5077 | 011-2234817 | 011-2234816 |
| 41 | Horana | No.257, Rathnapura Road, Horana | 5059 | 034-2260310 | 034-2260444 |
| 42 | Jaffna | No.570, Hospital Road, Jaffna | 5020 | 021-2224561 | 021-2217495 |
| 43 | Kadawatha | 645/G/2, Bandarawaththa, Kandy Road, Kadawatha | 5084 | 011-2927501 | 011-2927502 |
| 44 | Kalawana | 1st Floor, No.76, Mathugama Road, Kalawana | 5085 | 045-2256033 | 045-2256088 |
| 45 | Kaduwela | No.51, Avissawella Road, Kaduwela | 5030 | 011-2548544 | 011-2548666 |
| 46 | Kaluthara | 219/3, Galle Road, Kaluthara | 5022-23 | 034-2238131-2 | 034-2223450 |
| 47 | Kandy | No.117, D S Senanayake Veediya, Kandy | 5024-25 | 081-2205661/3 | 081-2202055 |
| 48 | Kanthale | Kanthale MPCs Bldg, Awanhala, Kanthale | | 026-2234302 | |
| 49 | Katugastota | 206, Katugastota Road, Kandy | 5078 | 081-2226687 | 081-2226688 |
| 50 | Kalmunai | No.170, Batticaloa Road, Kalmunai | 5106 | 067-2059996 | 067-2059997 |
| 51 | Kalpitiya Sub | No.146D, Main Street, Periyakudirippu | 5107 | 032-2260607 | |
| 52 | Kamburupitiya Sub | No.17, Aluth Walauwa, Akuressa Road, Kamburupitiya | 5079 | 041-2294495 | |
| 53 | Karapitiya | No.185 2/1, Hirimbura Road, Karapitiya, Galle | 5086 | 091-2228586 | 091-2228711 |
| 54 | Kegalle | No.261/1, Kandy Road, Kegalle | 5026 | 035-2221461 | 035-2231911 |
| 55 | Kekirawa | 12, Dambulla Rd, Kekirawa | 5027 | 025-2265333 | 025-2265332 |
| 56 | Kelaniya | 369, Kandy Road, Peliyagoda | 5087 | 011-2918312 | 011-2918311 |
| 57 | Kolonnawa | No.166, Kolonnawa Road, Kolonnawa | 5094 | 011-2533372 | 011-2533373 |
| 58 | Kiribathgoda | 67 D/3, Kandy Rd, Kiribathgoda | 5028 | 011-2907858 | 011-2907859 |
| 59 | Kilinochchi | C/O Pillaiyar Arul Vanachchola, A9 Road, Kilinochchi | 5029 | 021-2285790 | 021-2285791 |
| 60 | Kuliyapitiya | No.286, Madampe Road, Kuliyapitiya | 5081 | 037-2282249 | 037-2282248 |
| 61 | Kirindiwela | 27/16/1, Nugahena Watththa, Kirindiwela | 5095 | 033-2253100 | 033-2253101 |
| 62 | Kurunegala | 13 1/1, Rajapihilla Road, Kurunegala | 5031-32 | 037-2233601-2 | 037-2221749 |
| 63 | Kurunegala North | 250/252, Negombo Road, Kurunegala | 5108 | 037-2050000 | 037-2050064 |
| 64 | Maharagama | 218A 1/1, High Level Rd, Maharagama | 5033 | 011-2845144 011-2089007 011-2089010 | 011-2843422 |

BRANCH NETWORK

| | NAME | ADDRESS | Tel. CODE | TELE. NO. | FAX NO. |
|----|----------------|--|-----------|---|---------------|
| 65 | Mahiyanganaya | No.102/4, Padiyathalawa Road, Mahiyanganaya | 5096 | 055-2257451 | 055-2257497 |
| 66 | Malabe | 411, Athurugiriya Road, Malabe | 5034 | 011-2156045 011-2742501 011-2080159 | 011-2742058 |
| 67 | Mathugama | No.203, Agalawaththa Rd, Mathugama | 5057 | 034-2240972 | 034-2240973 |
| 68 | Mannar | 1st floor, Sinnakadai, Mannar | 5035 | 023-2250833 | 023-2251682 |
| 69 | Mawanella Sub | Mawanella-Hemmathagama MPCS Bldg, Mawanella | 5109 | 035-2246231 | |
| 70 | Matale | No. 577, Trincomalee Street, Matale | 5036 | 066-2224498 | 066-2232222 |
| 71 | Melsiripura | Near the Fuel Station, Dambulla Road, Melsiripura | 5110 | 037-2250183 | 037-2250648 |
| 72 | Medawachchiya | Opposite the Hospital, A9 Road, Medawachchiya | | 025-2121013 | 025-2121014 |
| 73 | Matara | 320/15, Anagarika Dharmapala Mawatha, Nupe, Matara | 5038-39 | 041-2234701-2 041-2234707 | 041-2230649 |
| 74 | Minuwangoda | No. 39 1/1, Airport Road, Minuwangoda | 5037 | 011-2299151 | 011-2288044 |
| 75 | Metro | No.63, Bauddaloka Mawatha, Colombo 03 | 5013 | 011-2556578 | (011-2574358) |
| 76 | Monaragala | 210, Wellawaya Rd, Monaragala | 5041 | 055-2277534 055-2277401 | 055-2276113 |
| 77 | Moratuwa | 490A, Galle Road, Rawathawatta, Moratuwa | 5042 | 011-2644891 011-2649054 | 011-2644893 |
| 78 | Mullaitive | Manalkudiriyuupu, Mullaitivu | | 021-2061056 | 021-2061057 |
| 79 | Negombo | No.160/A, Thaladuwa Road, Negombo | 5043 | 031-2222426 031-2121018 | 031-2228270 |
| 80 | Narammala | No.60, Kuliyaipitiya Road, Narammala | | 037-2249851 | 037-2249956 |
| 81 | Nelliady | No. 82, Point Pedro Road, Nelliady, Karaveddy | 5100 | 021-2265737 | |
| 82 | Neluwa | Manuka Building, Dellawa Road, Neluwa | 5089 | 091-2285410 | 091-2285411 |
| 83 | Nikaweratiya | No.79, Maho Road, Nikaweratiya | 5047 | 037-2260946 | 037-2260994 |
| | | | 5060 | 037-2260995 | |
| 84 | Nittambuwa | No.48/4, Kandy Road, Nittambuwa | 5044 | 033-2246294 | 033-2287748 |
| 85 | Nochchiyagama | 19/B, Puttalam Road, Nohchiyagama | | 025-2257108 | 025-2257113 |
| 86 | Nugegoda | 1st Floor, No.36, Nawala Road, Nugegoda | 5061 | 011-2890851 | 011-2890850 |
| 87 | Nugegoda South | 2nd Floor, No.36, Nawala Road, Nugegoda | 5101 | 011-2814234 | 011-2814254 |
| 88 | Nuwara Eliya | 72, Park Rd, Nuwara Eliya | 5048 | 052-2235570 | 052-2222811 |
| 89 | Padiyathalawa | Main Street, Padiyathalawa | | 063-2246057 | |
| 90 | Pilimathalawa | No.206, Colombo Road, Pilimathalawa | | 081-2560007 | |
| 91 | Pelmadulla | No.40/01/04, Chandara Building, Rakwana Road, Pelmadulla | 5045 | 045-2276216 | 045-2274732 |
| 92 | Panadura | No.36A, Cyril Janz Mawatha, Panadura | 5111 | 038-2234133 | 038-2234933 |
| 93 | Piliyandala | No.165, Moratuwa Road, Piliyandala | 5062 | 011-2615702 | 011-2615701 |
| 94 | Polonnaruwa | No.292/1, Batticaloa Road, Polonnaruwa | 5049 | 027-2226880 | 027-2227310 |
| 95 | Pottuvil | Main Street, Pottuvil | 5112 | 063-2248858 | 063-2248859 |

| | NAME | ADDRESS | Tel. CODE | TELE. NO. | FAX NO. |
|-----|--------------------|--|--------------|------------------------------|-------------|
| 96 | Puttalam | 97/B, Cargills Food City Bldg, Kurunegala Road, Puttalam | 5050 | 032-2267211 | 032-2267336 |
| 97 | Rikillagaskada | 72/2, Kandy Road, Rikillagaskada | 5102 | 081-2071622 | 081-2071330 |
| 98 | Rathnapura | No.28, Bandaranayake Mw, Rathnapura | 5051-52 | 045-2222983-4 045-2221042 | 045-2225335 |
| 99 | Trincomalee | No.316, Inner Harbor Road, Trincomalee | 5053 | 026-2226751 | 026-2221126 |
| 100 | Siyambalanduwa Sub | No.38, Main Road, Siyambalanduwa | 5082 | 055-2279123 | |
| 101 | Thalawathugoda | No.1136, Pannipitiya Road, Thalawathugoda | 5063 | 011-2774261 | 011-2774262 |
| 102 | Thambuttegama | No.141, Kurunegala Road, Business Town, Thambuttegama | 5090 | 025-2275689 | 025-2275688 |
| 103 | Thissamaharama | Mathagasinghe Building, Palliyawaththa Road, Tissamaharama | 5067 | 047-2239820 | 047-2238596 |
| 104 | Urubokka Sub | Upper Floor, IOC Filling Station, Uruobokka | | 041-2272159 | |
| 105 | Vauniya | 99, Station Road, Vavuniya | 5054-55 | 024-2225536-7 | 024-2224122 |
| 106 | Wariyapola | 92/A, Puttalam Road, Wariyapola | 5068 | 037-2268206 | 037-2268205 |
| 107 | Walasmulla | No.60, Beliatta Road, Walasmulla | 5113 | 047-2254490 | 047-2254491 |
| 108 | Wellawaya | No.167, Tissa Road, Wellawaya | 5069 | 055-2274214 | |
| 109 | Welimada | No.232, Nuwara Eliya Road, Welimada | 5114 | 057-2245627 | 057-2245628 |
| 110 | Weligama Sub | No.172/B, Hettiweediya, Weligama | 5091 | 041-2254935 | |
| 111 | Wennappuwa | Wenco Super Market, Chilaw Rd, Wennappuwa | 5056 5070 | 031-2253541 031-2245000 | 031-2253363 |
| 112 | Warakapola Sub | Warakapola MPCs Building, Warakapola | 5103 | 035-2269575 | |

REGIONAL OFFICES

REGIONAL OFFICE FOR GENERAL INSURANCE

| REGION | REGIONAL OFFICE ADDRESS | TELE. NO. | MOBILE NO. |
|-----------------|---|-------------|-------------|
| Colombo (North) | Ceyesta Building, No.327, Galle Road, Colombo 03 | 011-2675469 | 071-6840790 |
| Colombo (South) | 77, High Level Rd, Homagama | 011-2895271 | |
| ARM (Gampaha) | 114/1/1, Baudhaloka Mawatha, Gampaha | 033-2238574 | 071-6840781 |
| North Central | 08, Maithreepala Senanayake Mw, Anuradhapura | 025-2227429 | 071-4562992 |
| North | 2nd Floor, Sathya Bld, 1st Cross Street, Vavuniya | 024-2228035 | |
| Southern | 45A/2, Anagarika Dharmapala Mw, Matara | 041-2234703 | |
| ARM Kurunegala | 13 1/1, Rajapihilla Road, Kurunegala | 037-2226370 | |
| Central | | 081-2202065 | |

BRANCH NETWORK

BRANCHES NETWORK - LIFE

| | NAME | ADDRESS | TELE. NO. | FAX NO. |
|----|---------------|--|----------------------------|-------------|
| 1 | Akuressa | D.C.Wanigasekara Mawatha, New Bangam Rd, Akuressa | 041-2285564 | 041-2284878 |
| 2 | Ambalangoda | 26B ½, Galle Rd, Ambalangoda | 091-2255875 | |
| 3 | Ambalantota | 59, Main Street, Ambalantota | 047-2225346 | |
| 4 | Ampara | 16, D S Senanayake Mw, Ampara | 063-2222887 | 063-2222877 |
| 5 | Anuradhapura | No.521/116, II Part, 7th Avenue, Anuradhapura | 025-2227638 | 025-2227637 |
| 6 | Avissawella | No.35, Gem Land, Kudagama Road, Avissawella | 036-2234862 | |
| 7 | Badulla | 81, 2nd Floor, Bank Road, Badulla | 055-2231692 | 055-2231693 |
| 8 | Balangoda | 133 1/1, Brans Rathwaththa Mw, Balangoda | 045-2289522 | |
| 9 | Batticaloa | Dist. Co-op Council Bldg, Pioneer Rd, Batticaloa | 065-2229896 | 065-2229875 |
| 10 | Chilaw | No.05, Bauddaloka Mawatha, Chilaw | 032-2224252 | 032-2224263 |
| 11 | Dambulla | No.719 (717), Anuradhapura Road, Dambulla | 066-2285377 | 066-2285477 |
| 12 | City Office | 1st Floor, "Co-op House", No.455, Galle Road, Colombo 03 | 011-2504801 | 011-2504802 |
| 13 | Chunnakam | Rajah Building, K K S Road, Chunnakam | 021-2240530 | 021-2240550 |
| 14 | Embilipitiya | 66 1/1, Pallegama Rd, Embilipitiya | 047-2262162 | 047-2262163 |
| 15 | Galle | 36, Sri Dewamiththa Mw, China Garden, Galle | 091-2223155 | 091-2223295 |
| 16 | Gampaha | No.114/1/1, Bauddaloka Mawatha, Gampaha | 033-2248601 | 033-2231617 |
| 17 | Homagama | 79/1, High Level Rd, Homagama | 011-2893916 | 011-2895424 |
| 18 | Horana | No.257, Rathnapura Road, Horana | 034-2265984 | 034-2265985 |
| 19 | Jaffna | No.570, Hospital Road, Jaffna | 021-2228071 | 021-2217496 |
| 20 | Jaffna Metro | No.69 1/1, Palaly road, Thirunelvely, Jaffna | 021-2225561 | |
| 21 | Kaluthara | 358/A, Kaluthara North, Kaluthara | 034-2238252 | |
| 22 | Kalawana | 1st Floor, No.76, Mathugama Road, Kalawana | | |
| 23 | Kandy | No.45/3/1, Katugastota Road, Kandy | 081-2223440 | 081-2205662 |
| 24 | Kegalle | No.261/1, Kandy Road, Kegalle | 035-2231912 | 035-2222215 |
| 25 | Kekirawa | 12, Dambulla Rd, Kekirawa | 025-2264995 025-2265945 | 025-2264996 |
| 26 | Kiribathgoda | 67 D/3, Kandy Rd, Kiribathgoda | 011-2907920 | 011-2987332 |
| 27 | Kilinochchi | C/O Pillaiyar Arul Vanachchola, A9 Road, Kilinochchi | 021-2285792 | |
| 28 | Kuliypitiya | No.194, Main Street, Kuliypitiya | 037-2281630 | 037-2281633 |
| 29 | Kurunegala | 11 1/1, Rajapihilla Road, Kurunegala | 037-2221915 037-2225463 | 037-2225462 |
| 30 | Maharagama | 218A 2/1, High Level Rd, Maharagama | 011-2088744 | 011-2089508 |
| 31 | Medawachchiya | Oposite the Hospital, A9 Road, Medawachchiya | 025-2221998 | |
| 32 | Mahiyanganaya | No.102/4, Padiyathalawa Road, Mahiyanganaya | 055-2258491 | |
| 33 | Malabe | 903/A, Udawaththa Road, Malabe | 011-2077454 | 011-2185841 |
| 34 | Mannar | 1st floor, Sinnakadai, Mannar | 023-2251336 | 023-2251681 |
| 35 | Matale | No. 577, Trincomalee Street, Matale | 066-2224499 | 066-2232222 |
| 36 | Matara | 320/15, Anagarika Dharmapala Mawatha, Nupe, Matara | 041-2237765 | |

| | NAME | ADDRESS | TELE. NO. | FAX NO. |
|----|----------------|--|----------------------------|-------------|
| 37 | Metro | 60/1/1, Maligawaththa New Rd, Colombo 10 | 011-2554358 | 011-2554357 |
| 38 | Medawachchiya | Opposite the Hospital, A9 Road, Medawachchiya | 025-2221998 | |
| 39 | Monaragala | 72, Wellawaya Rd, Monaragala | 055-2276155 | 055-2277533 |
| 40 | Moratuwa | 177 2/1, New Galle Rd, Moratuwa | 011-2644841 | 011-2644510 |
| 41 | Morawaka | 1st Floor, MPCs Building, Deniyaya Road, Warallawa | 041-2282697 | |
| 42 | Negombo | No.160/A, Thaladuwa Road, Negombo | 031-2228446 | 031-2230320 |
| 43 | Nelliady | No.82, Point Pedro Road, Karaveddi, Nelliadi | 021-2261351 | 021-2264945 |
| 44 | Nikaweratiya | No.79, Maho Road, Nikaweratiya | 037-2260996 037-2260945 | 037-2260923 |
| 45 | Nuwara Eliya | 72, Park Rd, Nuwara Eliya | 052-2235590 | 052-2235594 |
| 46 | Polonnaruwa | No.292/1, Batticaloa Road, Polonnaruwa | 027-2226696 | 027-2227311 |
| 47 | Puttalam | 97/B, Cargills Food City Building 1st Floor, Kurunegala Road, Puttalam | 032-2265292 | 032-2265366 |
| 48 | Rathnapura | No.22, Kiriella Bld, Panadura Rd, Moragahayata, Rathnapura | 045-2233237 | 045-2233238 |
| 49 | Siyambalanduwa | No.38, Main Road, Siyambalanduwa | | |
| 50 | Trincomalee | No.316, Inner Harbor Road, Trincomalee | 026-2062121 | 026-2062122 |
| 51 | Thambuttegama | Rejina Junction, Thambuttegama | 025-2275729 | 025-2275728 |
| 52 | Vauniya | 2nd Floor, Sathya Bld, 1st Cross Street, Vavuniya | 024-2227961 | 024-2227962 |
| 53 | Wennappuwa | Wenco Super Market, Chilaw Rd, Wennappuwa | 031-2255910 | |

REGIONAL OFFICE FOR LIFE INSURANCE

| REGION | REGIONAL OFFICE ADDRESS | TELE. NO. | MOBILE NO. |
|------------------|---|-------------|-------------|
| Colombo | | 011-2675469 | |
| Nikaweratiya | No.81, Maho Road, Nikaweratiya | 037-2260321 | |
| North | No.521/116, II Part, 7th Avenue, Anuradhapura | 025-2227638 | 071-3842178 |
| East | 81, 2nd Floor, Bank Road, Badulla | 055-2231694 | 071-7546390 |
| Southern | 36, Sri Dewamiththa Mw, China Garden, Galle | 091-2223295 | 071-4541163 |
| DGM - SSU Zone 1 | 13 1/1, Rajapihilla Road, Kurunegala | | 071-6810926 |

NOTICE OF MEETING

ANNUAL GENERAL MEETING

The Company will inform the Shareholders of the Annual General Meeting to be held in 2024, in due course.

By Order of the Board of Directors,



Kalupahana and Thilakerathne Law Associates

Secretaries to the Company

22nd May 2024

CORPORATE INFORMATION

NAME OF THE COMPANY

Co-operative Insurance Company PLC (CICPLC).

LEGAL FORM

A Public Quoted Limited Liability Company Incorporated in Sri Lanka on August 11, 1997 under Companies Act No. 17 of 1982. The Company was re-registered on December 31, 2008 under Companies Act No. 07 of 2007. Co-operative Insurance Company Limited has become a General Insurance Company licensed by the Insurance Regulatory Commission of Sri Lanka (IRCSL) with effect from 1st January 2015. Company has being Listed on Colombo Stock Exchange in 30th December 2021.

COMPANY REGISTRATION NUMBER

PB 834/PQ 00255274

TAX PAYER IDENTIFICATION NUMBER

TIN - 134007168

VAT REGISTRATION NUMBER

134007168 - 7000

BALANCE SHEET DATE

December 31st

PRINCIPAL ACTIVITIES

With effect from 1st January 2015, principal activities of the Company are carrying on General Insurance Business and providing services to its subsidiary Cooplife Insurance Limited which is carrying on Life Insurance Business.

REGISTERED OFFICE

"Co-operative Insurance House"
No. 74/5, Grandpass Road, Colombo 14.
Telephone : +94 (0)112 55 73 00 - 8
Facsimile : +94 (0)112 55 73 09
E-mail : info@coopinsu.com
Web : www.ci.lk

RATING

Insurer Financial Strength BB (Ika) Outlook stable (Fitch Ratings)

SUBSIDIARY

Cooplife Insurance Limited

No. 455, Co-op House, Galle Road, Colombo 03.
Telephone : +94 (0)112 57 48 01

Coopinsu Training Academy (Pvt) Ltd.

No. 70/3, Grandpass Road, Colombo 14.
Telephone : +94 (0)112 55 73 00

AUDITORS

Jayasinghe & Company — Chartered Accountants
No. 94/12, Kirulapone Avenue, 2nd Lane, Colombo 05.

DIRECTORATE

Mr. A B Senadira
Mr. D L Samarawickrama
Mr.A.A.J.Amarasinghe
Mr.T.B.H.Kumara
Mr. P B Jayarathne
Mr. M.Widanagamage
Mr. L. Waragoda
Mr. K.K.Gawesha Sanirathne
Mr. G. G.Dayasumana
Mr. H.H.D.E.P Herath

SECRETARIES

Kalupahana and Thilakerathne Law Associates
No. 11/1/1, Belmont Street, Colombo 12

CORPORATE MANAGEMENT

Mr. D.U.P. Rajapakshe -
Chief Executive Officer (With Effect from 30.01.2024)
Mr. L.A.N.C. Weerasinghe - General Manager Sales & Marketing
Mr. S.V. Pethangoda -
Assistant General Manager - General Insurance
Ms. D.D.S. Gamage - Senior Manager - Finance and Operations
Ms. Preethimalee Wijerama - Senior Manager - Legal
Ms. H.L.N.T. Gunawardena - Manager - Human Resources
Mr. Danushka De Silva - Manager - Administration and Logistics
Mr. A.M.R.A.L. Lakmal - Manager - Information Technology
Mr. H.P.D.K. Kumarathunga - Acting Manager - Internal Audit
Mr. W.D.K. Gunasena - Senior Manager - Finance
Mr. K.M. Jayasundara - National Sales Manager
Ms. A.H.T. Priyadarshani - Manager - Reinsurance
Mr. R.K. Kapila - Motor Engineer
Mr. W.J. De Silva - Consultant - Marine & Medical Insurance
Mr. S.R.S. Epa - Senior Manager - Non-Motor Underwriting

BANKERS

People's Bank
Commercial Bank
Sampath Bank
RDB Bank
Seylan Bank
DFCC Bank
Bank of Ceylon
Nations Trust Bank
Pan Asia Bank
SDB Bank
SMIB
Cargills Bank

CONSULTANT ACTUARIES

General Insurance

Actsure Lab (Pvt) Limited
No. 11/2, 1st Lane, Pagoda Road, Nugegoda

Life Insurance Fund

Actsure Lab (Pvt) Limited
No. 11/2, 1st Lane, Pagoda Road, Nugegoda

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Annual Reports

